



STATE OF MICHIGAN

JENNIFER M. GRANHOLM
GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

KEITH MOLIN
EXECUTIVE DIRECTOR

Dear interested parties:

The Michigan State Housing Development Authority (MSHDA) is seeking Request for Proposal (RFP) responses from investment banks interested in providing underwriting services for various MSHDA programs over a three year period of time. Therefore, MSHDA is requesting that all interested parties submit their qualifications for review and possible selection as the senior managing underwriter of MSHDA bonds.

MSHDA intends to select a number of firms with experience in single-family and multi-family housing finance. Firms must have the ability to distribute bonds of these types and in the volume typically issued by MSHDA to both retail and institutional investors. For further information on MSHDA's issuances and programs refer to the Web site, www.michigan.gov/mshda (financial information can be found by clicking on 'About MSHDA' then click on 'Publications & Reports').

A selection committee will be established to review and evaluate all candidates and proposals. The appointment of senior managing underwriter(s) will be made based on recommendations by the selection committee after it has evaluated the proposals.

Interested firms should submit proposals containing information on each of the following topics listed in the order in which they are listed. The information that is submitted should be no more than fifteen (15) pages in total text, not including a one-page cover letter and requested charts. (Please begin a new page with each section below, and use a font no smaller than 10.) In particular, the following information should be included:

I. Recent History (since 1/1/07)

- A list of state housing finance agencies for which the firm has acted as a managing underwriter, if any;
- From the list, provide three (3) references including names, addresses, and telephone numbers; and
- For negotiated state HFA issues, a chart outlining by bond issue the date of each financing, the amount and type of financing, and whether the firm acted as the book-running senior manager, as a senior managing underwriter or a co-managing underwriter. Please note any special or innovative features. Please identify the banker involved in the transactions noted.



II. Marketing

Ability and experience marketing:

- Tax-exempt multi-family and single-family bonds
- Taxable multi-family and single-family bonds
- Variable rate bonds
- Bonds issued by Michigan issuers

Ability and experience marketing bonds to:

- Institutional investors
- Retail investors (Please identify any relationships created with other firms to market to this category.)
- Michigan investors

III. Housing Finance

Ability and experience with:

- State housing finance agencies
- Local housing agencies
- Federal housing programs

IV. Structuring

Ability and experience in:

- Providing financial products such as swaps
- Assisting housing agencies in managing unhedged/hedged variable rate debt
- Proposing innovative financing structures (Please provide examples)
- Assisting housing agencies in obtaining liquidity for variable rate demand bonds or put bonds
- Running cash flows for single-family and multi-family bonds
- Assisting housing agencies in using cash flows and other tools to forecast income into the future under different circumstances/scenarios

V. Personnel

- Names and experience of bankers and key underwriting personnel expected to work on this account (Please note that the naming of personnel is considered by MSHDA to be a commitment by the firm to assign these particular individuals, unless otherwise requested by MSHDA)

VI. Capital

- Ability and experience to commit capital to purchase bonds (which have not been committed or sold to investors) when acting as a managing underwriter
- Ability to commit capital to clients in the form of a standby bond purchase agreement/liquidity (please provide examples)
- MSHDA does not have the statutory authority to post collateral. Describe the firm's ability to be a swap counterparty under such circumstances

VII. Underwriter Fees (subject to negotiation by MSHDA with selected firm(s))

- Takedown by maturity and bond type for negotiated offerings (including variable rate bonds)
- Designation rules
- Management fee, including division between co-senior managers and co-managers
- Cost of running cash flows
- Profit and total transaction costs on swap transactions in basis points
- Remarketing fees (if the firm is interested in providing this service)
- Liquidity fees (if the firm is interested in providing this service)

VIII. Legal and Compliance

- Describe any existing or potential conflicts of interest your firm might have in the course of your service to MSHDA.
- Describe any existing or potential conflict of interest arising from your relationships with or representations of other parties that should be considered in determining your qualifications. Provide sufficient facts, legal implications, and possible effects in order for us to appreciate the significance of each potential conflict.
- Please describe any investigations by the Securities and Exchange Commission, or any other regulatory body or court, or pertinent litigation regarding the conduct of your firm, its management, and public finance/municipal bond department(s). Indicate whether your firm is in compliance with the State of Michigan Executive Order 2003-1. The executive orders can be accessed through the State's web site at www.michigan.gov. In addition, please provide a statement indicating that your firm has adopted and is adhering to the principals set forth in the agreement reached between Merrill Lynch & Co., Inc. and the New York State Attorney General Spitzer dated May 21, 2002.

IX. Additional Information

- Please provide any additional information about the firm that may set it apart from other bond underwriting firms

An electronic proposal may be submitted (Microsoft product or Adobe .pdf files only). The proposal must be submitted to sykesj@michigan.gov by 5:00 p.m. Eastern Time on February 5, 2010.

If the proposal is to be sent as a hard copy, send ten (10) copies of each proposal package to MSHDA prior to 5:00 p.m. Eastern Time on February 5, 2010 at the address below:

Michigan State Housing Development Authority
Attn: Jeff Sykes, Director of Finance
735 E. Michigan Avenue
P.O. Box 30044
Lansing, MI 48909

Please also submit a copy of the electronic proposal to the Authority's Financial Advisor at:

Tim Rittenhouse
CSG Advisors
trittenhouse@csgadvisors.com

All questions concerning this RFP must be submitted in writing to Jeff Sykes at the above address or via e-mail to sykesj@michigan.gov by January 27th. Interested firms should not contact any other employee, elected official, member, or agent of MSHDA or the State concerning this RFP. Questions submitted after January 27th may not receive a response. Please note that all questions and responses may be made available to all firms participating as well as to the general public. A letter of intent, with e-mail address and contact person, should be submitted by January 22nd if the firm wishes to receive a list of the submitted questions.

MSHDA reserves the right to extend or terminate an engagement at any time during its term. Selection of a firm or firms for future MSHDA administered issues will be made as those issues are scheduled. Omission from appointment as senior or co-senior manager on a financing does not exclude consideration for any future MSHDA administered issues. Conversely, selection as senior or co-senior manager for one transaction does not assure any role in future financings.

Firms are advised that MSHDA is a public agency and its records, including statements submitted in response to this RFP, are public records. MSHDA reserves the right to retain all submitted materials; to withdraw this RFP, or any part of the RFP; to reject any or all responses and to waive any irregularities with respect thereto; to waive any requirements of this RFP; to modify or amend, with the consent of the respective firm, any statement; and to effect any agreement deemed by MSHDA to be in its interest. MSHDA also reserves the right to seek additional information from any and all firms, to select finalists, and if necessary, to schedule interviews. MSHDA shall not be responsible for any cost incurred by firms in the preparation, submission, or presentation of their proposals.

Thank you for your interest in the Michigan State Housing Development Authority and the State of Michigan. We look forward to receiving your response.

Sincerely,



Jeff Sykes, Director of Finance
Michigan State Housing Development Authority