

Request for Proposals for Investment Banking Services



Date Issued:	April 4, 2023
Questions Due:	April 14, 2023 by 10:00 pm ET
Proposals Due:	April 28, 2023 by 10:00 pm ET

TABLE OF CONTENTS

ISSUER OVERVIEW 3
 DIRECTORS & OFFICERS 4
 HISTORY 4
BACKGROUND 6
SCOPE OF SERVICES 6
RESERVATIONS OF RIGHTS 7
EVALUATION 7
COMMUNICATION & TIMELINE 8
SUBMISSION QUESTIONS 9
ATTACHMENT A 13

This Request for Proposals (“RFP”) is issued with the intent for the Vermont Bond Bank (“Bond Bank”) to select qualified underwriters to work with the Bond Bank’s independent registered municipal advisor (Omnicap), bond counsel (Mintz), and trustee (US Bank) in issuing Vermont Bond Bank bonds. The Bond Bank expects to name an “underwriting pool” from which a senior manager will be selected for the summer 2023 bond sale with participation from the remaining pool members as co-managers within the syndicate.

On an on-going basis, the Bond Bank expects to rotate and/or award senior manager responsibilities given the relatively frequent basis by which the Bond Bank participates in the municipal market. Unique ideas or extraordinary support for the Bond Bank may result in multiple senior manager assignments within a rotation cycle.

ISSUER OVERVIEW

The Vermont Municipal Bond Bank (d/b/a the Vermont Bond Bank) (the “Bond Bank”) was created by the Vermont legislature in 1970 to assist eligible governmental units access public financing markets.

The Bond Bank provides municipal loans for local infrastructure projects through the pooled loan program. Loans are primarily financed through the Bond Bank’s issuance of publicly offered tax-exempt and taxable bonds and secured by general obligation or revenue bonds issued by the respective Borrowers. On an on-going basis, the Bond Bank services its loans and provides outreach and planning assistance to potential borrowers.

The Bond Bank also co-manages the State’s Revolving Funds with the Department of Environmental Conservation. Loans are issued for the planning and construction of municipal drinking water and clean water projects.

The Bond Bank is additionally pursuing multiple sources of financing to undertake new energy efficiency and other clean energy lending programs.

Please visit vtbondbank.org for more information.

DIRECTORS & OFFICERS

The Bond Bank is governed by a five-member Board of Directors with four appointed by the Governor and the State Treasurer as an ex-officio member.

Mission	Vision
To assist Vermont's municipalities and other qualified public bodies in gaining access to affordable, innovative and appropriate financing to meet their capital needs.	To support Vermont's municipalities and other qualified bodies in making informed and knowledgeable financing decisions for present and future generations.

HISTORY

The Bond Bank was created by the Vermont legislature in 1970 to assist governmental units access public financing markets. The Bond Bank has issued over \$2.7 billion in bonds for local infrastructure projects across Vermont over its history.

Loans are primarily capitalized with funds raised by tax exempt bond issuances. Over the last five years, the Bond Bank has issued nearly \$276 million in new money and refunding bonds.

WHO WE SERVE

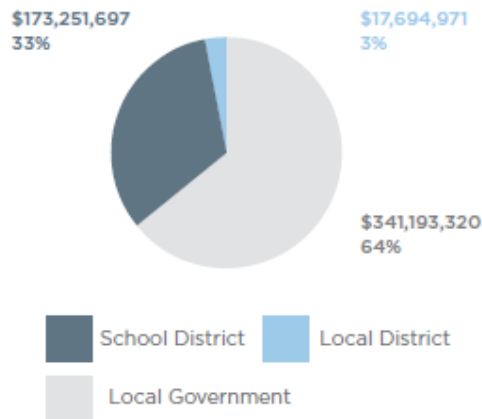
The Bond Bank pooled loan program makes loans to governmental units throughout the state. Borrowers can include any county, municipality, school district, or other public body. The distribution of borrowers among the several Vermont counties, and the number and amount of loans to different classes of borrower, are shown below.

The Bond Bank's pooled loan program makes loans to governmental units around the state, which include any county, municipality, school district, or other public body.
All data below as of 12/31/2022.

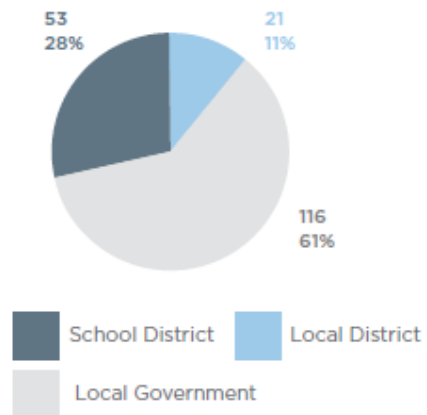


Addison	Essex	Orange	Windham
Total Amount \$43,376,608	Total Amount \$900,000	Total Amount \$16,295,797	Total Amount \$41,974,197
Borrowers 14	Borrowers 1	Borrowers 13	Borrowers 17
Bennington	Franklin	Orleans	Windsor
Total Amount \$17,214,067	Total Amount \$56,691,728	Total Amount \$5,875,365	Total Amount \$69,094,908
Borrowers 8	Borrowers 14	Borrowers 8	Borrowers 24
Caledonia	Grand Isle	Rutland	Multiple
Total Amount \$7,525,878	Total Amount \$6,461,821	Total Amount \$38,388,660	One borrower has loans in multiple counties; project location used for balance summary.
Borrowers 8	Borrowers 5	Borrowers 23	
Chittenden	Lamolle	Washington	
Total Amount \$135,551,596	Total Amount \$35,855,927	Total Amount \$56,933,437	
Borrowers 26	Borrowers 6	Borrowers 22	

Outstanding Balance



Borrowers



BACKGROUND

The Bond Bank is a highly rated (“Aa2” and “AA+”) issuer with regular debt issuances (see vtbondbank.org/investors). The Bond Bank has long enjoyed strong bond sale participation from retail investors of all types.

The below strategic objectives inform the Bond Bank’s capital markets activities and selected firms work collaboratively to advance these objectives.

Capital Markets Strategic Objectives

- Achieve lowest relative cost of capital for Bond Bank borrowers.
- Minimize risk to both borrowers and the Bond Bank.
- Maintain or improve credit ratings.
- Seek Vermont ownership of Bond Bank bonds through both retail and institutional distribution.
- Broaden the Bond Bank investor base by increasing distribution of its bonds to more first-time investors and other individuals that have not regularly participated in past bond sales.
- Develop new capital solutions for emerging Bond Bank programs.

SCOPE OF SERVICES

A scope of services for both the senior manager and other pool participants is described below.

All Underwriter Pool Participants

- Independently maintain an understanding and model of Bond Bank cash flow requirements.
- Assisting the senior underwriter to market the financing—including identifying appropriate institutional and retail investors.
- Developing sales memoranda to raise investor awareness and conducting informational meetings for investors.
- Contributing to Bond Bank investor relations efforts through contribution of personnel to events, investor meetings, or other information conveyance efforts.
- Assisting the senior underwriter to price the bonds in order to achieve the lowest cost financing possible.
- Accepting proportionate share of syndicate liability for unsold balances.
- Assisting in the financing plan.
- Presenting the Bond Bank with financing ideas and refunding updates.
- Collaborating with the Bond Bank and Omnicap on structuring ideas and portfolio optimization.

Senior Managers

- Assisting in development of financing documents including the Preliminary and Final Official Statements and all program documents in conjunction with Mintz, Omnicap, and underwriter’s counsel.
- Contributing in the creation and implantation of a plan of finance.
- Creating a working cash flow sufficiency model for each transaction, incorporating loan revenues, bond debt service, and debt service reserve fund revenues, to be verified by Omnicap.
- Assisting the Bond Bank and full financing team in the preparation of information for rating agencies and/or investors including potential virtual roadshows.
- Providing analysis of market conditions relating to the issuance of the bonds.

- Working with the Bond Bank and its municipal advisor to develop a marketing plan, which shall include identifying appropriate institutional and retail investors including developing a sales memoranda.
- Conducting informational meetings for investors and organizing the Bond Bank's syndicate of investment banking firms.
- In addition to the Bond Bank's underwriting syndicate, collaborate with the Bond Bank's primarily retail based selling group while ensuring fair distribution of bonds under the syndicate rules.
- Providing detailed data to the Bond Bank on orders and allocations of bonds during and following the sale.
- Underwriting bonds in conjunction with the Bond Bank's syndicate as needed.
- Assisting in the closing of any securities issuance.
- Providing other underwriting services as requested by the Bond Bank.

RESERVATIONS OF RIGHTS

The Bond Bank reserves the right to use alternative resolutions, indentures, and/or other financing approaches to finance its program loans. The Bond Bank reserves the right to use other underwriters or finance firms and institutions for these purposes.

The Bond Bank also intends to pursue direct placements and competitive sales from time to time based on an evaluation of market conditions and capital needs. Selection of the Bond Bank's underwriting syndicate will not preclude use of these alternative methods of bond placement.

The Bond Bank reserves the right to request any additional information to assist in the review process, including requiring oral presentations of proposals to Bond bank staff members, municipal advisor and/or the Board of Directors.

EVALUATION

Responses to this RFP will be evaluated based on experience as well as completeness and brevity of answers to questions below. *The primary responses to questions should not exceed 20 pages and 35 pages when including appendices.*

The primary purpose of the RFP is to select members of the underwriting syndicate that will work with the Bond Bank for the foreseeable future. Additionally, the senior underwriter for the summer 2023 bond pool will be named alongside the underwriting syndicate. The Bond Bank expects to name four underwriters to the syndicate.

Selection will be based on the experience and information provided by respondents and based on the following criteria:

- Experience underwriting and structuring transactions for non-SRF pooled loan issuers.
- Experience underwriting and structuring transactions for SRF pooled loan issuers.
- Experience working with the Bond Bank and/or history of presenting ideas to the Bond Bank.
- History supporting either the Bond Bank or similar issuers by underwriting bonds as a senior manager.
- Strength of responses to the RFP questions and ideas for advancing the Bond Bank’s capital markets strategic objectives.
- Understanding of the Bond Bank’s structure and credit strategies.
- Depth and quantitative capabilities of all assigned staff.
- Stability of public finance practice.

The Bond Bank reserves the right to award the engagement to a respondent that does not propose the lowest cost. The Bond Bank further reserves the right to remove and/or add underwriters to the underwriting syndicate after the initial awards.

All responses must include a signed copy of the Proposer Warranties included in Attachment A.

COMMUNICATION & TIMELINE

Written questions regarding this RFP will be accepted via email to the contacts provided below until 10:00 pm ET on Friday, April 14th, 2023. Responses to questions will be provided on a rolling basis, no later than 5:00 pm ET on Wednesday, April 19th, 2023.

Candidates are expected to be available for virtual interviews the day of Thursday, May 25th, 2023.

Responses to this RFP are due via email to the contacts provided below by 10:00 pm ET on Friday, April 28th, 2023.

Email Submission Distribution	
Michael Gaughan Vermont Municipal Bond Bank michael@vtbondagency.org	Jeff Smith Omnicap Group LLC jsmith@omnicap.net

The Bond Bank reserves the right to delay, postpone, or not select selling group and distribution partners. Selection is expected to occur on or before the Bond Bank’s June 29th, 2023 board meeting.

SUBMISSION QUESTIONS

1. Provide an organizational chart for the firm's primary contacts including name, title, years of experience at your firm, and contact information for the Bond Bank's primary contact. Include resumes as an appendix.
2. Highlight the quantitative capabilities of your firm and process used to ensure quality control.
3. Provide a URL link to a description of your firm's public finance practice. Describe any other relevant details not included on the website narratively. Include any major reorganization, acquisition, or restructuring that has occurred to your firm in the past three years. In tabular format, show total FTEs by banking, sales, trading, and underwriting from 2020 to 2023. (limit responses to this question to one (1) page)
4. Disclose any sanctions, findings, and/or settlements with the SEC, FINRA, or other regulators related to municipal activities over the past five years. As an appendix, provide a Broker Check (brokercheck.finra.org) summary for key professionals assigned to the Bond Bank.
5. Please indicate your firm's capital structure, including total capital, equity capital, and uncommitted excess net capital as of your firm's most recent quarter. Please include the following:
 - indicate how much of your firm's excess net capital is allocated to the municipal finance area of your firm, with comparable annual data since 2020; and,
 - indicate the dollar amount your firm could put at risk for participation in a single Bond Bank bond transaction as a practical limit in accordance with firm policy and practices.
6. Describe your public finance practice's commitment to diversity including major initiatives and/or staff demographics, as relevant.
7. Describe your firm's commitment to Vermont.
8. In tabular format, provide relevant experience with non-SRF pooled loan issuers since January 1, 2020, including:
 - Issuer;
 - Firm role;
 - Liability;
 - Bonds underwritten;
 - Series;
 - Sale date;
 - Retail sale period (yes or no);
 - Retail definition;
 - Par size; and;
 - Individual orders placed by firm (# and \$) and number of accounts.

9. In tabular format, provide relevant experience with SRF pooled loan issuers since January 1, 2020, including:
 - Issuer;
 - Firm role;
 - Liability;
 - Bonds underwritten;
 - Series;
 - Sale date;
 - Retail sale period (yes or no);
 - Retail definition;
 - Par size; and,
 - Individual orders placed by firm (# and \$) and number of accounts.

10. In tabular format, list experience with Bond Bank transactions and ideas presented to Bond Bank over the last three years. Please use the following format:
 - Date of sale or presentation;
 - Firm role;
 - Description of experience or idea (i.e. underwriter, refunding update, etc...)
 - As applicable, par amount of transaction; and,
 - As applicable, selling group order amount.

11. Highlight two transactions that are relevant to this potential engagement. Provide contact information for the issuer(s) as a reference.

12. Describe your firm's ability to place bonds with Vermont based institutions or residents. Describe the number of captive accounts held by your firm that are anticipated to participate in the Bond Bank's sale. Highlight Vermont versus non-Vermont accounts as well as location (via zip code or other metric) of Vermont accounts. Describe any unique marketing ideas that differ from the Bond Bank's current program, which includes radio, digital, and email notifications as well as a bi-annual investor market update.

13. As applicable, describe distribution agreements your firm may have with other firms for the sale of municipal bonds. Detail the conditions of the agreement and term of the agreement with the partner firm.

14. Please identify the twenty (20) largest holders of the Bond Bank's outstanding debt. Please list any investors that do not currently hold any of the Bond Bank's debt but whose participation in a transaction could lower the overall cost of funds and/or expand/diversify its investor base.

15. Discuss your firm's current distribution to exchange traded funds (ETFs) and outlook for this sector's participation in the municipal market. Note any opportunities for the Bond Bank with ETF buyers.

16. The Bond Bank currently has two taxable issues outstanding (2010 Series 5 and 2015 Series 4) that were issued with make-whole redemption provisions that challenge refunding economics. The 2010 Series 5 presents a risk to the Bond Bank due to the potential for further sequestration of interest subsidy payments. Provide potential restructuring and refunding ideas related to these bonds.
17. The Bond Bank's General Resolution includes springing amendments as described in the last Official Statement. This structure is likely to result in two series of bonds for new money issuances after the new structure is effectuated. Identify any strategies to maximize the credit impact of this structure and overcome the anticipated smaller size of the subordinate series of bonds.
18. The change to the General Resolution was undertaken, in part, to accommodate an expected school construction finance need across the state that is expected significantly increase the Bond Bank's portfolio. Discuss relevant credit considerations of this expected increase in issuance and potential limits on market absorption of related bonds if construction occurs over the next 10 to 15 years.
19. Provide an overview of the current buy-side environment for municipal-specific funds that cater to social or environmental criteria. Discuss what, if anything, the Bond Bank should consider changing to benefit from these funds. Discuss any pricing differentials and the benefit of designating bonds (i.e. Green, Social, etc...) versus the Bond Bank's current practice of in-depth disclosure.
20. Demonstrate your firm's understanding of the current credit outlook for bond banks and/or finance agencies nationally. Highlight how these considerations may be different or the same as individual issuers. Identify any credit considerations the Bond Bank should consider to maintain or to improve its rating.
21. Provide ideas for how the Bond Bank or other rural issuers can overcome liquidity premiums associated with smaller bond issuance sizes significantly smaller than index eligible issues.
22. Describe your firm's experience with USDA Rural Development guarantees or alternative methods to access low-cost capital. Describe the relationship between the firm's related experience and the public finance group.
23. The Bond Bank is actively pursuing grant or low-cost financing through the Greenhouse Gas Reduction Fund within the Inflation Reduction Act and USDA's Rural Energy Savings Program (RESP) through the Rural Utility Service. Identify any ideas to enhance the Bond Bank's ability to provide low-cost dollars for related projects in Vermont.
24. Provide a current taxable and tax exempt scale for the Bond Bank from one (1) to thirty (30) years based \$30 million in par with level principal payments and market conditions as of April 21, 2023.

25. Provide a tabular summary of refunding opportunities for the Bond Bank’s outstanding debt based on the scale from question twenty-four (24) assuming costs of issuance of \$150,000. Indicate tax status of the refunding as applicable.

26. Provide your proposed compensation for the below transaction sizes in the format provided. Do not include underwriter’s counsel.

	Expressed as \$ / \$1,000		
	< \$20 mm	\$20 mm to \$40 mm	> \$40 mm
Takedown			
Expenses			
MSRB, DTC, CUSIP, etc..			
Fed Funds / Wires			
Other (explain)			
Total			

ATTACHMENT A

PROPOSER WARRANTIES

- A. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.
- B. Proposer warrants that it holds all required licenses and authorizations to undertake the services described in this RFP.
- C. Proposer warrants that there are no existing or potential conflicts of interest that would prevent the proposer from fully performing the tasks described in the RFP. Should a conflict of interest be discovered, the proposer shall make immediate disclosure to the Bond Bank.

Signature of Official

Authorized to Commit Firm: _____

Name: _____

Title: _____

Firm Name: _____

Date: _____



Vermont
Bond Bank