

UNIVERSITY OF HAWAII NOTICE OF EXEMPTION FROM CHAPTER 103D, HRS

The President, University of Hawaii, is in the process of reviewing the request from
Financial Management Office (Department/Campus) for exemption
from Chapter 103D, HRS, for the following goods, services, or construction:

Financial Advisory Services Relating to Issuance of University of Hawaii Revenue Bonds.

Vendor: To be determined
(If known)
Address:

Term of Contract: (If known)	From:	To:	Cost: \$10,000 - \$25,000(est)
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Direct any inquiries to: Department: Office of the Vice President for Budget & Finance/Chief Financial Officer Contact Name/Title: Howard Todo, Administrative Program Officer Address: 2444 Dole Street, Bachman 109H Honolulu, Hawaii 96822	Phone Number: (808) 956-4590 Fax Number: (808) 956-5286
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Date Posted: June 19, 2015

Submit written objections to this notice to issue an exemption from Chapter 103D, HRS, within seven (7) calendar days from the date posted to:

Office of Procurement and Real Property Management
1400 Lower Campus Road, Room 15
Honolulu, Hawaii 96822

REQUEST FOR EXEMPTION FROM CHAPTER 103D, HRS

TO: OFFICE OF PROCUREMENT AND REAL PROPERTY MANAGEMENT

FROM: Financial Management Office

(Department/Program)

Pursuant to APM Section A8.220, the Department requests a procurement exemption to purchase the following:

Description of goods, services, or construction:

See attached.

Estimated Cost: \$ \$10,000 - \$25,000

(1) Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University;

See attached.

(2) Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable;

See attached.

(3) A description of the Department's internal controls and approval requirements for the exempted procurement; and
See attached.

(4) A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract:
See attached.

Direct questions to: Howard Todo Phone: (808) 956-4590

I CERTIFY THAT THE INFORMATION PROVIDED ABOVE IS TO THE BEST OF MY KNOWLEDGE, TRUE AND CORRECT.

Susan Lin
Full Name of Principal Investigator, Department Head, or Administrator

[Signature] 6/17/2015
Signature Date

Neal Kumasaka
Full Name of Fiscal Officer

[Signature] 6/17/15
Signature Date

APPROVED:

Kalbert Young
Full Name of Vice President or Chancellor

[Signature] June 17 '15
Signature Date

FOR OPRPM USE ONLY

OPRPM COMMENTS:

APPROVED DENIED
[Signature]
PRESIDENT, UNIVERSITY OF HAWAII

DATE

Request for Exemption from 103D, HRS
Attachment to OPRPM Form 138
(Financial Advisory Services Relating to Issuance of
University of Hawai'i Revenue Bonds)

Description of goods, services, or construction:

Financial advisory services are being sought relating to the planned issuance of University of Hawai'i revenue bonds. The services being sought require specialized expertise involving technical analysis and advice with regard to financial and capital plans, debt structuring, capital markets and bond pricing.

1. Explanation describing how procurement by standard competitive means is either not practicable or not advantageous to the University

Procurement by standard competitive means is not practicable and not advantageous to the University because of the specialized and highly subjective nature of services to be provided and the need to proceed expeditiously. The University is striving to proceed with projects to be funded by the revenue bonds within timelines required by legislative authorizations and to issue the bonds while advantageous market conditions exist.

In addition, the contractor's effectiveness will be critical to the success of the bond offering and will depend in significant part on technical expertise, experience and familiarity with the State of Hawai'i's and the University's debt structure and debt management and bond environments. Few potential contractors possess the necessary combination of expertise and experience required, and standard competitive means are not well suited to identifying them.

Accordingly, conducting a standard competitive selection through preparation and advertising of a formal request for proposals would entail a prolonged timeline that would not significantly contribute to the effectiveness of a contractor selection. Furthermore, the length of the standard process would delay the overall process, putting the University at undue and unnecessary risk by jeopardizing interest rate flexibility, nimble market timing and executing an expeditious transaction.

2. Details of the process or procedures to be followed in selecting the vendor to ensure as fair and open competition as practicable

Because of the nature of the services to be provided, consultation with knowledgeable individuals in the industry and other State of Hawai'i departments who have had experience with such services is the most effective way of identifying potential contractors with suitable experience and expertise. Following consultation with the Vice President for Budget and Finance/CFO, a review committee comprised of three individuals with appropriate education, experience and background, will contact at least three to five potential contractors and request submittal of proposals to provide the financial advisory services relating to the issuance of University of Hawai'i revenue bonds. See attached Invitation to Submit Proposals for further information. The proposals received will be reviewed by the review committee taking into consideration the following factors: prior experience in providing financial advisory services relating to revenue bond offerings by State agencies and State of Hawai'i agencies in particular; familiarity with the University's and the State's debt structure and bond environment; technical expertise and experience of the firm and the individuals to be assigned to this contract; client references; and the proposed cost of the services to be provided.

The review committee will review and evaluate each proposal, and present its comparative evaluation of the proposals to the Vice President for Budget and Finance/CFO, who will select the proposal which can best meet the University's needs and objectives with respect to the services to be performed.

3. A description of the Department's internal controls and approval requirements for the exempted procurement

The Office of Procurement and Real Property Management will assist in reviewing and/or drafting a contract with the firm whose proposal is determined by the Vice President for Budget and Finance/CFO to best match the needs of and to be most advantageous to the University. All services performed will be pre-approved and expenditures will be subject to review, approval and processing in conformity with University expenditure policies and procedures.

4. A list of Department personnel, by position title, who will be involved in the approval process and administration of the contract

Susan Lin, Director of Financial Management and Controller
Duff Zwald, Director of Procurement
Kalbert Young, Vice President for Budget and Finance/CFO
James Yoneda, University Bond System Controller
Howard Todo, Administrative Program Officer
Neal Kumasaka, Fiscal Administrator

**UNIVERSITY OF HAWAI'I
INVITATION TO SUBMIT PROPOSALS TO PROVIDE
FINANCIAL ADVISORY SERVICES RELATING TO
ISSUANCE OF UNIVERSITY OF HAWAI'I REVENUE BONDS**

BACKGROUND INFORMATION

Financial advisory services are being sought relating to the planned issuance of University of Hawai'i revenue bonds. The University is planning to issue approximately \$8.5 million of new money revenue bonds and refunding bonds (some of which may be taxable) in an amount to be determined based on market conditions at the time. Pricing and closing of the bond issuance is anticipated to occur between September 1 and November 30, 2015.

STATEMENT OF WORK

The financial advisory firm shall provide the following services as financial advisor to the University in connection with the issuance of the revenue bonds:

1. In planning the issuance, analyze and discuss with the University and the underwriters pertinent issues such as the bond structure, selection of bond candidates for refinancing/refunding, pricing levels, and market dynamics and provide recommendations on the aforementioned items.
2. Analyze the University's current overall debt structure and debt policies and assist the University in developing an optimal debt issue to minimize interest while maximizing flexibility to meet its capital and operational needs.
3. Advise the University as to market supply, economic data, and pricing levels of comparable issues.
4. Provide an independent view of appropriate pricing levels and set expectations for pricing performance.
5. Join the University representative(s) at pricing to be held over a period of approximately two (2) days and participate in pre-pricing and pricing calls with the underwriter.
6. Monitor the order flow during the pricing period.
7. Advise the University as to the final bond structure and interest rate levels.
8. Recommend accepting, modifying, or rejecting pricing provided by the underwriter.
9. Provide the University with a Post Pricing Summary within fourteen (14) business days of bond closing. The Post Pricing Summary must include, at a minimum, a summary of the transaction as well as information on the final bond structure, market conditions, and pricing results.

EXPECTATIONS OF FINANCIAL ADVISORY FIRM

1. **Experience.** In order to be awarded this contract, the winning bidder must be able to provide evidence of having provided financial advisory services to an agency or agencies of the State of Hawai'i or a large US state-university system comparable to the University of Hawai'i within the last four (4) years for successful bond issuances accumulating at least \$100 million.
2. **Deadlines.** Offerors shall have a track record of working under and meeting tight deadlines.
3. **Interpersonal and Organizational Skills.** Offerors shall have strong interpersonal and organizational skills.

4. **Fiduciary Duty.** Offerors shall act as fiduciaries of the University, providing unbiased advice with the University's needs and interests as the primary goal.

PROPOSALS

Interested offerors should submit a comprehensive proposal that provides, at a minimum, the following information:

1. **Firm Background.** Background information on the firm's experience and expertise, and the consultant(s) who will be assigned to the University for this engagement. The University will expect that the consultant(s) named in the proposal will be the primary individual(s) providing the financial advisory services for the offeror and will serve as the principal liaison between the offeror and the University. Provide the names and backgrounds of those consultants, and others that will be assigned to the University by the offeror to provide additional support services, as appropriate.
2. **Previous Clients.** Lists of institutions or government agencies, including public higher education and State of Hawai'i agencies that you are currently engaged by or have successfully assisted in the last four (4) years to provide financial advisory services in connection with a bond offering. Provide the name of the entity, and the date and amount of the successful bond issuance.
3. **Approach to Providing Services.** Furnish a description of how the offeror would approach providing the services described in the Statement of Work.
4. **Qualifications to Meet Expectations.** Describe how the offeror's qualifications will enable the offeror to meet the University's expectations as described in this invitation.
5. **Fee for Services.** Provide a fee proposal for the scope of financial advisory services described in the Statement of Work above. The proposed fee for services may not exceed the following parameters:
 - A. **Flat Fee.** Offerors shall propose a flat fee to cover the provision of all services during and in connection with the University's revenue bond issuance.
 - B. **Other Costs and Expenses.** The flat fee shall include and cover all other costs and expenses, including but not limited to travel, per diem, administrative and support expenses, taxes, and any other direct or indirect expenses.
 - C. **Payment.** Please note that payment for services rendered will be made from cost of issuance, and as such, is subject to the successful closing of the University of Hawai'i Revenue Bonds.

SUBMISSION OF PROPOSALS

Each interested offeror should submit six (6) hardcopies of its proposal to the Office of the Vice President for Budget and Finance/Chief Financial Officer, University of Hawai'i, Attention: Howard Todo, Bachman Hall, Room 201, 2444 Dole Street, Honolulu, Hawai'i 96822, no later than _____ . For additional information, please contact Howard Todo by telephone at (808)956-4590 or by email at htodo@hawaii.edu.

Please note that State of Hawai'i law requires certification of compliance through the Hawai'i Compliance Express (<http://vendors.ehawaii.gov>) prior to formal award of any contract. Further, a second, final tax clearance will be required prior to final payment.

OTHER

The University reserves the right to negotiate a final contract with the selected offeror including but not limited to: a detailed scope of work, final timeline for completion of services, final compensation and payment schedule, and terms and conditions.