

**GEORGIA STUDENT FINANCE AUTHORITY**

**DECEMBER 11, 2007**

**REQUEST FOR PROPOSAL FOR BOND TRUSTEE SERVICES**

**Section I  
Overview**

The Georgia Student Finance Authority (the “Authority”) desires to engage a qualified financial institution to provide Trustee, Paying Agent, Tender Agent and Bond Registrar Services.

The Authority contemplates an initial issuance of tax exempt Variable Rate Demand Bonds (“Bonds”) in one or more series in an aggregate amount of up to \$100 million in the spring of 2008. To meet this deadline the Authority is seeking to enter into a contract with the successful respondent by January 11, 2008. The proposer selected will be required to review and provide comments on the draft Indenture and other documents immediately following that date. The Bonds are expected to be issued under a new Indenture of Trust consisting initially of a General Indenture of Trust, and one or more series or Supplemental Indentures to accompany each Series in the issuance.

The Authority contemplates award of the proposal to that financial institution whose proposal demonstrates the most advantageous services to the Authority, based on the proposed services, their costs, experience and other factors considered.

**Background**

**The Georgia Student Finance Authority**

The Georgia Student Finance Authority is one of three organizations comprising what is collectively known as the Georgia Student Finance Commission. These entities are the Georgia Student Finance Commission (“GSFC,” “Commission”), the Georgia Student Finance Authority (“GSFA,” “Authority”) and the Georgia Higher Education Assistance Corporation (“GHEAC,” Corporation”). These organizations have a common mission to “promote and increase access to education beyond high school for Georgians.”

Although statutorily created in Georgia law as separate entities, GSFC, GSFA, and GHEAC work closely together to provide integrated state student financial aid services. They have the same mission and vision; share common board members, executive leadership, facilities and administrative support and operate for all intents and purposes as a single organization.

The Georgia Student Finance Commission is a public corporation created by the General Assembly of the State of Georgia in 1980 as successor to the State Scholarship Commission (See O.C.G.A. §20-3-230 et seq). GSFC is the state agency that administers state and lottery funded scholarship and grant programs including the Helping Outstanding Pupils Educationally (HOPE) Scholarship Program. Programs administered by GSFC are supported by state lottery proceeds and state general fund appropriations.

The Georgia Higher Education Assistance Corporation is a nonprofit public corporation created in 1965 by the General Assembly of the State of Georgia in accordance with state law and the requirements of the Federal Higher Education Act of 1965 (“The Act”), as amended (See O.C.G.A. §20-3-260 et seq.). As the state designated guarantor for the Federal Family Education Loan Program (“FFELP”), the Corporation determines eligibility for FFELP student and parent loans and assists lenders with minimizing loan defaults through default prevention and training programs and default aversion activities.

The Georgia Student Finance Authority is a non-profit public corporation created in 1980 as successor to the Georgia Higher Education Assistance Authority (See O.C.G.A. §20-3-310 et seq.). The Authority originates and services FFELP loans and state and lottery funded service cancelable loans. GSFA also administers state funded scholarship and grant assistance programs and performs all managerial, supervisory, clerical and administrative functions required by GHEAC and GSFC.

The Authority currently finances origination of new FFELP loans through a line of bank credit and periodically sells loans from its portfolio to pay down the outstanding balance. The Authority is authorized to raise funds through the sale of bonds and notes, which are not obligations of the State of Georgia, and to originate student loans in accordance with the provisions of the Higher Education Act of 1965, as amended or acquire student loans from lenders originating loans in accordance with the Act. GSFA has never issued debt under this authority and does not currently have a long term debt financing program.

GSFA’s authority to establish a loan financing program and issue Bonds is subject to approval of the Georgia State Financing and Investment Commission (“GSFIC”). GSFA has received approval from GSFIC to retain the services of a bond underwriter required to develop the financing program and structure the debt but has not yet received approval to establish a bond program or issue debt. Establishment of the program and issuance of Bonds is contingent upon final approval by the GSFIC.

### **Proprietary Information**

The Authority operates under a public disclosure law (O.C.G.A. 50-18-70 et seq.). Any restrictions on the use of material contained within a proposal, such as information of a proprietary nature, must be clearly identified in the proposal. Such restrictions will be protected as far as possible.

### **Incurring Costs**

The Authority shall not be liable for any cost incurred by the proposer for the preparation of the proposal or in connection with any interview or negotiation relating to this Request for Proposal.

## **Inquiries**

Prospective proposers should direct all inquiries concerning this Request for Proposal or development or submission of the proposal to:

Bill Petway, Procurement Officer  
Georgia Student Finance Commission  
2082 East Exchange Place  
Tucker, GA 30084-5305

Telephone: 770/724-9105 FAX: 770/724-9101  
E-Mail: [procurement@gsfc.org](mailto:procurement@gsfc.org)

The Authority will publicly and formally respond only to inquiries submitted in writing (USPS or email) by December 14, 2007 at 4:00 p.m. Answers to all inquiries submitted by this deadline will be posted to the Georgia Procurement Registry, the [Authority's website](#) (at [http://www.gsfc.org/Main/dsp\\_rfp.cfm](http://www.gsfc.org/Main/dsp_rfp.cfm)) and the [GSEIC website](#) (at [http://gsfic.georgia.gov/00/channel\\_title/0,2094,77323081\\_90376350,00.html](http://gsfic.georgia.gov/00/channel_title/0,2094,77323081_90376350,00.html)) on December 17, 2007 at or about 1:00 p.m. Answers will also be provided via email to interested parties as requested. Requests should be made to [procurement@gsfc.org](mailto:procurement@gsfc.org).

## **General Conditions for the Proposal**

1. The issuance of this Request for Proposal in no way constitutes a commitment by the Authority to award a contract.
2. Any agreement or contract entered into pursuant to this solicitation will incorporate the proposer's response to this RFP (including any subsequent clarifications or revisions).
3. Failure to conform to proposal rules, including failure to submit any requested information or to follow the proposal format requested in this Request for Proposal, may disqualify the proposal. Any exceptions to the scope of work must be justified in the proposal. The proposal must give the evaluation committee the complete information needed for evaluation.
4. Services are to be provided as specified, or an improvement may be suggested. Suggested modifications or improvements should be shown as an option.
5. All proposals become the property of the Authority upon receipt and will not be returned to the proposer. Selection or rejection of the proposal will not affect this right.
6. Each proposer shall furnish the information required; the cost for each service will be shown; a total cost for services must be entered; in case of error in extension, cost per item prevails.

7. The contractor shall not at any time during this contract permit any individual employed by the Authority to benefit directly from this contract or to benefit therefrom because of a financial interest in the contractor, any affiliate of the contractor, or any subcontractor.
  
8. From the issue date of this RFP until a proposer is selected and the selection is announced, proposers are not allowed to communicate for any reason concerning this RFP with any Board member or staff of the Authority, Commission, or Corporation, with any Board member or staff of the Georgia State Finance and Investment Commission, nor with representatives of any entity providing goods or services to the Authority, Commission, or Corporation in connection with the purpose or intent for which proposals are being solicited, except through the Procurement Officer named herein or as provided by existing work agreement(s). For violation of this provision, the Authority shall reserve the right to reject the proposal of the offending proposer. See Appendix A for a list of Authority, Commission, and Corporation Board members, Appendix B for a list of Georgia State Finance and Investment Commission Board members, and Appendix C for a list of entities providing goods or services to the Authority, Commission or Corporation in connection with the purpose or intent for which proposals are being solicited.
  
9. The following schedule of events and deadlines will be strictly adhered to (all times are Eastern Standard Time):

Activity	Schedule/Deadline
Request for Proposal issued	December 11, 2007
Deadline for inquiries from prospective proposers	December 14, 2007, 4:00 p.m.
Answers posted to the Georgia Procurement Registry and emailed to interested parties	December 17, 2007, 1:00 p.m.
Proposals due	December 20, 2007, 4:00 p.m.
Discussions with finalists	Week of January 7, 2008
Selection	On or about January 11, 2008

## **Section II Services to be Provided**

The Trustee will provide services required to carry out all administrative functions required of it under the bond indenture and related student loan documents. The Trustee selected shall have extensive experience administering bonds and student loan programs. The responsibilities of the Trustee to be included in the indenture and the various supplemental Indentures of Trust are expected to include the roles of bond trustee, registrar, tender agent, and paying agent and include, but are not necessarily limited to, the following:

### **A. Trustee**

#### **1. Participate in Bond Issuance**

- a. Participate in any and all meetings and conference calls relating to the issuance of the Bonds.
- b. Review documents relating to the issuance of the Bonds, including without limitation, the Resolutions, Indenture of Trust, any Series or Supplemental Indentures, Official Statement, Bond Purchase Agreement, Remarketing Agreement, Interest Rate Swap Agreements, Liquidity Facility Agreements, Investment Agreements, Student Loan Purchase Agreements, Servicer and Subservicer Agreements, and Guarantor Agreements.
- c. Attend the closing of the Bonds to be held in Atlanta, Georgia.
- d. Authenticate the Bonds at closing and hold for DTC through FAST system.

#### **2. Establish Accounts and Manage Funds**

- a. Establish required accounts – typically 6-12 per bond issue – and apply bond proceeds according to the requirements of the Indenture.
- b. Manage all funds and accounts according to the provisions of the Indenture and in compliance with federal tax law.
- c. Process incoming wires and/or ACHs and immediately deposit the funds in the proper account.
- d. Monitor reserve funds to ensure that amounts required by the Bond Indentures are maintained.
- e. Calculate interest on outstanding Bonds for periodic payment of accrued interest.
- f. Pay or transfer funds to issuer or others as requested by the Authority for costs of issuance, funding of loan originations or purchases, and other expenses provided for in the Indenture.
- g. Provide detailed monthly reporting of all transactions in all funds or accounts identified in the Bond Indenture by account, to be received by the 5<sup>th</sup> day of the following month, and prepare such other reports as the Authority may request.
- h. Take all actions necessary to create and maintain perfected security interest on all assets in the Trust
- i. Make valuations of all assets in the Trust as required by the Bond Indenture



3. Invest all Monies Held by the Trust

- a. Invest funds in accordance with provisions of the Indenture and Authority investment policy until used or applied as provided in the Indenture.
- b. Provide an automatic money market sweep vehicle for investing monies not held under an investment agreement.
- c. Enter into agreement(s) with investment providers as directed by the Authority, and send and receive funds when appropriate pursuant to such agreements(s). Verify interest rate and interest paid by provider, notify Authority of any discrepancies and work with provider and Authority to have errors corrected.
- d. Provide detailed monthly statements of all investment transactions by account including cost and market value, to be received by the 5<sup>th</sup> day of the following month.

4. Coordinate and Execute Bond Redemptions

- a. Contact and provide the Authority with exact balances of monies available for Bond redemption.
- b. Work with Authority staff to determine the application of these monies to the Bonds for redemption in compliance with the Bond Indentures.
- c. Select Bonds for redemption and mail notices to the correct person or institution.
- d. Cancel or destroy paid bonds.

5. Provide Disclosure Services

- a. Provide notice to bondholders and other financing participants as required by the financing documents.
- b. Report certain material events to the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs) including:
  1. Principal and interest payment delinquencies;
  2. Non-payment related defaults;
  3. Unscheduled draws on debt service reserves reflecting financial difficulties;
  4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  5. Substitution of credit or liquidity providers, or their failure to perform;
  6. Adverse tax opinions or events affecting the tax-exempt status of the security;
  7. Modifications to rights of security holders;
  8. Bond calls;
  9. Defeasances;
  10. Release, substitution, or sale of property securing repayment of the securities; and
  11. Rating changes.

6. Review and execute key documents related to the Trustee's performance of its duties

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in connection with this or any future bond issue

**B. Registrar**

1. Register Bonds
2. Maintain bondholder records.
3. Transfer and exchange Bonds.
4. Cancel and reissue certificates
5. Update Bond registers.

**C. Paying Agent**

1. Verify, authenticate and deliver Bonds.
2. Pay interest and principal for the Bonds.

**D. Tender Agent**

1. In the event of a put or mandatory tender event, coordinate receipt of bonds tendered
2. Upon receipt of bonds, make final settlement with the securities depository (if book entry)
3. Provide certain notices to remarketing agent, liquidity provider and Authority regarding tenders and remarketing.

### **Section III Proposal Submission Requirements**

Twelve (12) hard copies of the proposal must be received at the Authority's offices no later than 4:00 p.m., December 20, 2007. Proposals must be organized according to the following outline and contain on the cover the proposing company's name and the name of and contact information for the individual representing the company with respect to the response to this RFP.

#### **A. Financial Institution Background**

1. Brief summary of your experience in providing similar corporate trust services including:
  - a. Experience with student loan bonds. Please provide details about your experience with both FFELP programs as well as programs which include alternative loans.
  - b. General experience with municipal bonds.
  - c. Amount of assets held or administered by your corporate trust department.
  - d. The ratings of your financial institution by nationally recognized rating agencies.
  - e. Provide a list of your existing student loan issuer clients.
  - f. Provide an explanation of your experience with variable rate demand obligations.
  - g. Confirm that you have the capability to facilitate DTC FAST closings.
  - h. Confirm that you have served as eligible lender trustee on FFELP loans and provide your lender number.
2. Disclosure of pending mergers, sales or consolidations.

#### **B. Legal Issues**

1. Describe your procedures for handling defaults and defeasances. Provide a list of any defaulted or defeased bond issues your firm has handled in the last three years. For any defaults, provide an explanation of the circumstances.
2. Under what circumstances has the trust department resigned or been removed from a trusteeship in the last three years?
3. Have there been any losses through negligence, errors or omissions in connection with your trust operations during the past five years (including those losses covered by Errors and Omissions Insurance)? If yes, provide by attachment annual losses and complete details on individual losses exceeding \$10,000.
4. During the last five years, have there been or are there now pending any litigation involving the trust department which have been made against the applicant or any of its directors, officers or employees? During the last five years, have there been or are there now pending any investigations involving the trust department? If yes, please provide the following details by attachment: date of action, damages claimed or settlement paid and current status if pending.

**C. Services**

Brief discussion of your plan to manage the portfolio and provide the services identified in Section II. Include such topics as:

1. Level and frequency of communication with the Authority.
2. Information provided/required.
3. Extent of automated systems capabilities and interface features.
4. Indicate city and state where central operations, account administrators, and information systems support would be located.
5. Indicate the standards for customer service and the response time for inquiries and problem resolution.
6. Identify any additional services or enhancements available.
7. Provide other information, if any, which may be relevant for consideration by the Authority in connection with your proposal.

**D. Staffing**

Identify the individual who would be the primary contact person with the Authority, as well as the names of other individuals who would provide services to the Authority. Describe the nature of services that each person would perform, and his or her related professional experience with student loan financings. In addition, for each individual named provide the following information:

1. Title.
2. Resumes.
3. Management reporting structure.
4. Contact information.

Please also indicate two firms to serve as possible Trustee's counsel, and provide the primary contact person and legal fees for each.

**E. Fees**

The Authority will consider fee proposals expressed either as a fixed annual dollar amount or as a fixed percentage (or basis points) of bonds outstanding. Respondents may propose fees in one or both forms.

1. Please provide a fee for all proposed services expressed as a fixed annual amount or fixed percentage (or basis points) of bonds outstanding with any minimum applicable. Please include annual fees (as a fixed annual amount or fixed percentage) applicable to any subsequent transactions going forward.
2. Identify any and all other upfront or ongoing fees that may be charged to or incurred by the Authority in connection with the services proposed including fund sweep fees, if applicable.

3. Please describe your preferred billing frequency and payment terms.

Note: The fees proposed by the respondents is one factor in the awarding of this engagement. The Authority reserves the right to award the engagement to a respondent who does not propose the lowest overall cost to the Authority.

**F. Attachments**

1. Financial information.
  - a. Copy of your latest annual report.
  - b. Copy of your most recent internal control review for the corporate trust department and your ratings.
  - c. Copy of your latest SAS 70 audit letter.
2. Sample contract and engagement letter.
3. Minimum of three references from issuers of tax-exempt student loan revenue bonds including contact names, titles, phone number and description of the volume and services provided. If your firm has serviced fewer than three issuers of tax-exempt student loan revenue bonds, you may provide references from other issuers of student loan revenue bonds or issuers of municipal bonds.

**All Proposals must be received in GSFC offices no later than 4:00 p.m., Eastern Standard Time, December 20, 2007.**

## **Section IV Selection Process**

### **Selection procedures will be based upon the following criteria:**

- I. Cost Factors
  - a. Cost of basic services
  - b. Administrative costs to the Authority
  
- II. Qualification
  - a. Level of service
  - b. Quality of service
  - c. Firm's financial condition
  - d. Firm personnel assigned to the Authority's account
  - e. Quality of proposal (clarity, feasibility, innovation)

### **Rights of the Authority**

The Authority reserves the right to request and receive additional information from you, as it may reasonably require.

The issuance of this Request for Proposal for Trustee, Paying Agent, Tender Agent and Bond Registrar Services in no way constitutes a commitment by the Authority to award the proposal. The Authority further reserves the right to reject any or all proposals, waive minor irregularities in proposals submitted and to select the firm which demonstrates to the satisfaction of the Authority (in its sole discretion) that its proposal will best serve the needs of the Authority. The Authority will not necessarily select the firm with the lowest cost proposal.

The Authority reserves the right to make an award without further discussion of proposals received. Therefore, it is important that each technical and cost proposal be submitted initially in the most complete and favorable manner possible.

**APPENDIX A**  
**Commission, Authority and Corporation Board Members**  
**(Georgia Student Finance Commission Members by law also serve as board members of**  
**the Georgia Student Finance Authority and the Georgia Higher Education Assistance**  
**Corporation)**

Vacant – District 1

District 2

Mr. J. Joseph Edwards – District 3

Vacant - District 5

Mr. Kip Mercer – District 7

Mr. A. Middleton Ramsey – District 9

Mr. Lindsey Tippins – District 11

Mr. John Cowherd – District 13

Mr. Patrick Millsaps –

Thomas Bowen – District 4

Mr. Warren “Rhubarb” Jones –  
District 6

Mr. Billy Jerles – District 8

Dr. Patricia Burd – District 10

Dr. Kay C. Brown – District 12

**APPENDIX B**  
**Georgia State Finance and Investment Commission Members**

Chairman and Chief Executive Officer  
SONNY PERDUE- Governor

Vice-Chairman  
CASEY CAGLE – Lieutenant Governor and President of the Senate

Secretary and Treasurer  
RUSSELL W. HINTON - State Auditor

GLENN RICHARDSON  
Speaker of the House of Representatives

THURBERT E. BAKER  
Attorney General

THOMAS T. IRVIN  
Commissioner of the Georgia Department of Agriculture

W. DANIEL EBERSOLE  
Director, Office of Treasury and Fiscal Services

**APPENDIX C**

**Entities Providing Goods or Services to the Authority, Commission or Corporation in Connection with the Purpose or Intent for Which Proposals are Being Solicited.**

Public Resources Advisory Group (“PRAG”)  
RBC Capital Markets  
Kutak Rock, L.L.P.  
Troutman Sanders L.L.P.