

**Georgia Student Finance Authority  
Request for Proposals**

**Underwriters/Remarketing Agents/Broker-Dealers for  
Student Loan Program  
RFP No: 476-019-101107-026**

**I. Introduction**

The Georgia Student Finance Authority (“GSFA”) plans to undertake a student loan financing program to issue approximately \$100,000,000 of Tax Exempt Student Loan Floating Rate Revenue Bonds (the “Bonds”) in 2008. The Georgia State Financing and Investment Commission (“GSFIC”) will be working with the GSFA to develop a long-term approach to providing liquidity and various benefits to student and parent borrowers. The Bonds have not been authorized by GSFIC at this time. Approval is anticipated, but is contingent upon the presentation of the student loan financing program.

The proceeds of the Bonds will be used to provide the initial funding of a new student loan financing program being undertaken by the GSFA. Based upon advice of the successful firm and the financial advisor, GSFA will determine whether to solicit bids from banks for a liquidity facility to support variable rate demand bonds, or whether to consider an auction rate product. Further, the successful firm will work with GSFA and its financial advisor to determine a rating agency and rating strategy. Bond counsel will be selected by the State’s Department of Law. The financial advisor is Public Resources Advisory Group (“PRAG”). GSFA intends to retain its own disclosure counsel.

This Request for Proposals (“RFP”) is being issued by GSFA in accordance with GSFIC policies and procedures. GSFA is requesting proposals from firms to serve in developing a student loan financing program. Upon the approval by GSFIC for GSFA to incur debt in the form of revenue bonds, the firm will also serve as the initial underwriter and the remarketing agent or broker-dealer for the Bonds. It is GSFA’s desire to retain the prospective underwriter(s) for a three (3) year period. However, for subsequent bond issues, GSFA reserves the right to select co-senior managers for the first bond issue from respondents not chosen as the senior book-running manager, and for subsequent bond issues, GSFA reserves the right to (1) rotate senior managers selected through this RFP or (2) issue an additional RFP.

**II. Background**

GSFA is a nonprofit public corporation of the State of Georgia and is responsible for providing student financial aid to eligible Georgians through loan, service cancelable loan, scholarship and grant assistance programs as determined by the General Assembly. GSFA is authorized by statute to be a lender in the Georgia Higher Education Loan Program and as such is authorized to make guaranteed educational loans to eligible students and parents, to purchase guaranteed educational loans made by other lenders, and to sell its guaranteed student loans to eligible lenders.

GSFA's loan volume for fiscal year 2006 (July 1 – June 30) was \$72,485,939.

Currently GSFA funds its Federal Family Education Loans Program ("FFELP") student loans using a line of credit facility and from funds generated from the sale of loans.

### **III. Scope of Work**

Services to be provided by the underwriter/remarking agent/broker-dealer may include, but not necessarily be limited to, the following :

Advise GSFA on establishing financing programs designed to achieve GSFA's objectives. Also advise on the structure of the master indentures for financing programs, taking into account resources available, long-term financing plan development, legislative or policy constraints, rating analysis and investor requirements. Advise GSFA on innovative financing techniques.

Once GSFA has received the authorization to incur debt, the services to be provided by the underwriter/remarking agent/broker-dealer for the bonds may include, but not necessarily be limited to, the following tasks:

- A. Coordinate financing activities and work with GSFA and other members of the financing team in planning and developing individual financings. This includes but is not limited to: the preparation, supervision, review of, and /or assistance in the writing, preparation, content, design, printing and distribution of the preliminary and final Official Statements, and such other materials as are customarily necessary to further prepare for the issuance of obligations, such as cash flow projections, bond structuring strategies, and assistance in reviewing arbitrage calculations. Participate in document review.
- B. Develop and present specific recommendations as to the details of bond issues, including but not limited to issue amounts, dates of issue, interest rates, maturity schedules, call features, revenues, flow of funds, debt-service coverage and parity requirements, security provisions and protective and other covenants to be included for the maximum marketing benefit to GSFA.
- C. Participate in pre-pricing discussions (proposed interest rates must be provided before the sale).
- D. If requested, appear before the GSFIC and GSFA Boards at or prior to the time of the sale and present the pricing and marketing of the bonds to the Boards.
- E. Pre-market the securities and participate in any investor meetings that may be arranged.
- F. Price and market the securities.
- G. At GSFA's request, assist the financial advisor and the bond counsel with communications and meetings with the rating agencies, investors, and the financial community.

- H. Assist with closing arrangements.
- I. Prepare a post sale analysis report detailing results of the sale including market segments and major purchasers of securities. The report should also detail the performance of other members of the underwriting group, when applicable. If requested, appear before the GSFIC and GSFA Boards and present the post sale analysis report.

**IV. Schedule of Events**

The following is the schedule for this request for proposal process:

Issuance of Request for Proposal	October 11, 2007
Deadline for Questions Related to Request for Proposal	October 16, 2007 – 4:00 PM (EDT)
Answers to written questions posted to <a href="http://www.gsfc.org">www.gsfc.org</a> and <a href="http://www.gsfc.georgia.gov">www.gsfc.georgia.gov</a>	October 19, 2007
Deadline for Submission of Proposal	October 23, 2007 – 4:00 PM (EDT)
Interviews (if necessary)	November 5, 2007
Anticipated Notification of Successful Firm(s) (subject to GSFIC approval)	November 8, 2007
Issuance of Bonds (estimated)	April 2008

**V. Restrictions on Communications**

All questions related to this request for proposals should be directed by email to the GSFA Procurement Officer no later than 4:00 PM (EDT) on October 16, 2007 as follows:

Procurement Officer  
 Georgia Student Finance Authority  
 2082 East Exchange Place  
 Tucker, Georgia 30084  
[procurement@gsfc.org](mailto:procurement@gsfc.org)  
 FAX 770-724-9101  
 Phone 770-724-9082

It is the responsibility of each potential responder to ensure that their question(s) have been received by the GSFA Procurement Officer. GSFA will not provide automatic confirmation. Written responses to the questions will be posted at [www.gsfc.org](http://www.gsfc.org) and [www.gsfc.georgia.gov](http://www.gsfc.georgia.gov) no later October 19, 2007. Except as provided herein, any contact with GSFIC or GSFA Board members or staff, PRAG principals or employees, or other members of the financing team regarding issues raised by this request for proposals is prohibited and may result in disqualification. No questions other than written will be accepted.

It is the responsibility of the responder to view the [www.gsfc.org](http://www.gsfc.org) and [www.gsfc.georgia.gov](http://www.gsfc.georgia.gov) websites during the solicitation period to determine if any addenda have been issued regarding this RFP.

## **VI. Submission Guidelines**

Hard copy proposals are due no later than 4:00 PM (EDT) on October 23, 2007. No electronic proposals will be accepted. Proposals must be submitted to:

Procurement Officer  
Georgia Student Finance Authority  
2082 East Exchange Place  
Tucker, Georgia 30084

**Failure to meet the submission deadline will result in automatic disqualification of the response.**

Respondents must submit one (1) original and ten (10) copies of their proposal.

Each respondent to this request for proposals must provide its response to the questions contained in Exhibit A. (Please answer each question consecutively.) In addition, a cover letter signed by individuals authorized to bind the respondent should be included. The letter must contain the following:

1. The respondent's name, mailing address, email address and telephone and facsimile numbers.
2. A statement expressing the respondent's willingness to perform the services described in this RFP.
3. A statement that the staff and other resources that are required to perform the services described in this request will be made available by your organization.
4. The respondent's Federal Employer Identification number.

GSFA requests that responses to this request for proposals be limited to no more than 20 pages (excluding the cover letter, appendices, and item G below) and a minimum font size of 10 points.

The expenses of your proposal will not be the responsibility of GSFA, GSFIC or any other State entity. Neither GSFA, GSFIC or any other State entity will reimburse respondents for any costs associated with responding to this request, including, but not limited to, travel, copying and personnel expenses. A response to this RFP, including all appendices and exhibits, is considered to be a public document and is therefore subject to public disclosure under the Georgia Open Records Act. GSFA reserves the right to waive any irregularity in any proposal and to reject any or all proposals. GSFA may conduct interviews in Tucker, Georgia with short listed firms. GSFA reserves the right to select more than one underwriter/remarketing agent/broker-dealer. In addition, GSFA reserves the right not to proceed with the floating rate program.

GSFA reserves the right to amend this RFP prior to the proposed due date. All amendments and additional information will be posted to [www.gsfc.org](http://www.gsfc.org) and [www.gsfc.georgia.gov](http://www.gsfc.georgia.gov). Potential respondents are encouraged to check these websites frequently.

### **Selection Criteria**

The selection of underwriters/remarketing agents/broker-dealers will be made upon review of the following factors:

- Experience with Structuring Student Loan Bond Transactions
- Experience with Floating Rate Bonds in Georgia
- Experience with Floating Rate Bonds Nationally
- Initial Ideas on Optimal Structure
- Project Team Assigned and Services Provided
- Price
- Overall Quality of Response to RFP and Interview (if any)
- Firm presence in Georgia and/or qualification as a small, minority, or women-owned firm.

## **Exhibit A**

### **A. Staffing of the Project.**

1. Provide a list of individuals to be assigned to this transaction and their roles for this engagement. (Include phone numbers and e-mail addresses.)
2. Provide details of relevant experience, qualifications and availability of the individuals listed in the preceding question.
3. Identify who would serve as the lead banker for your firm. The GSFA expects the lead banker to be actively involved in all aspects of the transaction. Discuss the availability of and the GSFA's access to the lead banker and other assigned individuals. Please note that any changes made to the representation for the GSFA during any engagement must be approved by GSFA.

### **B. Student-Loan Specific Experience.**

1. Provide a list of student loan revenue bond financings for which you have provided underwriter and remarketing services or broker-dealer services in the last five years. Include the issuer, date, amount issued (taxable and tax-exempt), fixed or floating rate (if floating rate, include interest rate mode), ratings and any credit enhancement.
2. Provide a discussion of relevant underwriter and remarketing agent or broker-dealer experience of the project team in the area of student loan revenue bond financings. Specific experience with (a) tax-exempt education loan bonds collateralized with Title IV, (b) tax-exempt education loan bonds collateralized with non-Title IV loans, (c) arbitrage regulations as applied to student loan bonds and (d) associated U.S. Treasury regulations. Include any recent experiences with start up student loan programs with specific state and non-profit student loan agency issuers.
3. Discuss the services you would expect to provide in connection with developing a student loan program and prior to the issuance of the bonds. Describe any services or methods of approach to the services which your firm believes to be either "unique" or "outstanding".

### **C. Cash Flow and Credit Analyses.**

1. Discuss issues that GSFA will need to consider in structuring its initial issuance.
2. Provide a recommended structure for the GSFA's program, including the choice of mode or modes, number of remarketing agents or broker-dealers, for auction rate bonds, open or closed auctions, circumstances in which taxable bonds should be considered, and circumstances in which subordinate series should be considered. Discuss your firm's initial recommendations relating to how to optimize the structure of the proposed Bond issue in light of the intention of the GSFA that this be the first borrowing in a multi-year, long term endeavor.
3. Provide an analysis of demand for the GSFA's Bonds. Discuss your firm's institutional distribution capabilities.

D. Georgia-Specific Experience.

1. Provide a list of Georgia issuers for whom you have provided underwriter and remarketing services or broker-dealer services in connection with AMT and non-AMT tax-exempt floating rate bonds in the last five years. Include the issuer, amount issued, amount outstanding, interest rate mode, ratings, AMT status, credit enhancement and liquidity, credit facility provider, and average spread to SIFMA over the last 12 months.
2. Provide the number, locations and functions of and total number of employees in any offices in the State of Georgia. Indicate whether your firm is small, minority or women-owned. Indicate the number of senior staff that are women and that are minority.

E. Floating Rate Experience.

1. Provide the total amount of tax-exempt floating rate bonds for which you serve as remarketing agent or as broker-dealer and list the ten largest variable rate demand bond programs and the ten largest auction rate securities programs. Provide the total amount of taxable floating rate bonds for which you serve as remarketing agent or broker-dealer and list the ten largest programs. For all lists, include the issuer, amount issued, amount outstanding, interest rate mode, ratings, AMT status, credit enhancement and liquidity, credit facility provider, and average spread to SIFMA over the last 12 months.
2. Discuss how your short-term debt department is organized.
3. How would you expect the bond rates to be set as a spread to SIFMA in the modes you would consider for the program? What existing program that you are familiar with should be most comparable to the GSFA's proposed program? How would you recommend GSFA monitor the performance of its remarketing agents or broker-dealers? How would you expect your firm to perform relative to others?

F. Fees and Pricing.

1. Indicate three firms, any one of which you would propose to serve as underwriter's counsel, what you would expect their fees to be, a list of their engagements during the past three years on student loan revenue bonds, and what expenses you would expect to be incurred in connection with this transaction (other than those provided in "2" below).
2. Provide the estimated fees and expenses assuming \$100 million for both variable rate demand bond and auction rate bonds, including:
  - a. Takedown
  - b. Management Fee
  - c. Expenses (itemized, including underwriter's counsel)
  - d. On-going remarketing and broker-dealer fees
  - e. Any other fees (itemized)

## G. Technology.

1. Describe the firm's in-house computer and software applications that would be available to GSFA for:
  - a. Optimizing debt service structure
  - b. Technical analysis relating to arbitrage calculations, and/or
  - c. Preparing complex cash flows and stress tests required in education loan transactions.
2. Describe any technology systems, hardware or software that you would recommend GSFA utilize in connection with transfers of data and the implementation of the bond program.

## H. Regulatory Issues.

1. Disclose any conflicts of interest or potential conflicts of interest that may arise as a result of your being hired for this engagement.
2. Identify fully the extent to which your firm's individual partners, officers, directors, controlling shareholders, or employees who are in public finance investment banking are the subject of any ongoing securities investigation, are a party to any securities litigation or arbitration, or are the subject of a subpoena in connection with a municipal securities investigation. In addition, include any such investigations which concluded in an enforcement or disciplinary action ordered or imposed in the last three years.
3. Disclose any arrangement your firm may have with any individual or entity with respect to the sharing of any compensation, fees or profit received from or in relation to acting as an underwriter for GSFA. If so, provide a copy of any contract relating to the arrangement and a description of the matter in which compensation or fees would be shared. In addition, disclose whether your firm employs a consultant who acts on your behalf in the State of Georgia to secure public finance business. Provide a copy of any documentation related to the employment of your consultant.
4. Provide a statement to certify that your firm is currently in compliance with MSRB rules G-37 and G-38. Note that members of the Authority's Board and GSFIC are considered "officials of an issuer" within the scope of MSRB rule G-37.
5. Provide your capital position as of the date of your **most recently** published statement of financial position (include information on your total capital, equity capital, excess net capital and daily average uncommitted capital).