



CITY OF HOUSTON
FINANCE DEPARTMENT
Strategic Procurement Division

Annise D. Parker

Mayor

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March 12, 2015

SUBJECT: Letter of Clarification No. 1

REFERENCE: RFP No.: S67-I00425 Request for Information (RFI) for Underwriting Services

TO: All Prospective Proposers:

CLARIFICATION NO. 1

FOR

**REFERENCE: SOLICITATION NO.: S67-I00425
REQUEST FOR INFORMATION (RFI) FOR UNDERWRITING SERVICES**

For which responses are scheduled to be received to the Finance Department Strategic Procurement Division, 5:00 p.m., Central Time on March 16, 2015.

- I. Notice of Revisions and Changes**
- II. Answers to questions submitted for clarification**
- III. Questions Deadline**

1. The following questions and requests for clarification were submitted. Communications between the City and Respondents. The City's response (**in bold italics**) follows each question or request for clarification in the table below:

Revision No. 1: Pg. 7, Section K, of the UNDERWRITING QUALIFICATIONS AND EXPERIENCE has been revised and shall read "Is your firm a participant in any litigation involving a governmental issuer?"

Revision No. 2: Pg. 7, Section L, of the UNDERWRITING QUALIFICATIONS AND EXPERIENCE has been revised and shall read "Is any individual in your public finance group a participant in any litigation involving a governmental Issuer?"

Deadline for questions Friday, March 13, 2015 no later than 11:00 a.m.

CLARIFICATIONS TO QUESTIONS

Vendor Question 1:	H. Document the underwriter's participation in the issuer's recent competitive sales or the competitive sales of other issuers in the same state. Can you provide us with a timeframe of transactions you would like included?
COH Response:	<i>2012-2014. Same time frame as other tables requested in the RFI.</i>
Vendor Question 2:	Regarding Table 4 – Is it your preference we only include Negotiated deals in this table or would you prefer us to include Competitive deals as well?
COH Response:	<i>Negotiated only</i>
Vendor Question 3:	Also, for the "Issue" Column – what types of identifiers do you want us to include? Data we have seen requested in other RFIs include some or all of the following: Sale Date, Issuer Name, State, Series Name, Bid Type, and Total Par of Deal?
COH Response:	<i>Issuer Name, Series Name, Total Par of Deal</i>
Vendor Question 4:	Regarding the Table 4 column titled "Total Par Amount Taken Down" – We are pleased to be able to submit this information for all deals in which we served as Senior Manager. Please note that when serving as Co-Senior or Co-Manager, while we record the "Par Amount Taken Down by Your Firm," we typically are not knowledgeable of the "Total Par Amount Taken Down" by the entire syndicate and likely would therefore need to note that in the column as "Not Available" and footnote it as well. While we are happy to do so in our response, we wanted to ensure that you are aware in advance of the challenge likely faced by firms in identifying this information for any deals in which they served as Co-Senior Manager and Co-Manager.
COH Response:	<i>A response of "NA" in Total Par Amount Taken Down, when this information is not known, is appropriate.</i>
Vendor Question 5:	Regarding Tables 1, 2, 3 and those included in Part "c" of the RFI - We are very appreciative of the City's taking note of risk levels in bond transactions. While responses to the tables will accurately present a firm's level of risk when serving as Co-Manager (due to the table's requirement to multiply the liability percentage by the deal's par amount), it may overestimate the level of risk taken by firms when serving as Senior Manager if 100% of a deal's par amount is included in the calculation of "Total Par Amount" (column 5) rather than requiring the size of a senior managed deal to be similarly multiplied by the liability percentage (typically 40-60%). Would the City please consider including a new column in these tables (perhaps "2a. Liability Portion of Par Amount" with direction to multiply the liability percentage by the total par amount for senior managed transactions) and require column 5 to be the sum of such a new column and the current column #4, to ensure it receives an accurate and comparable estimate of each firms' level of risk since 2012?

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COH Response:	<i>We definitely appreciate the point being made regarding risk levels. However, for co-managers the performance expectations coincide relatively closely to the liability percentage, but the performance expectations of a Senior Manager are higher than just the liability percentage. For a Senior Manager, despite a liability of 40-60% it is typical and expected that they bring in not just member orders, but priority orders of more than 100% of the par amount.</i>
Vendor Question 6:	Should we include national or only Texas?
COH Response:	<i>National</i>
Vendor Question 7:	Should we include co-managed transactions?
COH Response:	<i>Yes</i>
Vendor Question 8:	Could you clarify if we should include each transaction in the body of the RFP?
COH Response:	<i>Yes, utilize Table 4 to provide a list of transactions where your firm has taken down bonds. If no bonds were taken down, the issue should not be included on the list.</i>
Vendor Question 9:	Is there a page limit on the responses for the City's RFI for underwriting services? We want to be thoughtful in our answers but also want to be mindful of the City's desire to minimize the submission of unnecessary RFI material, per submission format bullet #1.
COH Response:	<i>There is no page limit, but as you are aware, please limit submissions to necessary material.</i>

Communications between the City and Respondents, the deadline for questions has passed. No additional questions will be answered prior to the proposal deadline except as the Chief Procurement Officer, in her sole discretion, deems to be in the best interest of the City.

END OF CLARIFICATION NO. 1

CITY OF HOUSTON
STRATEGIC PROCUREMENT DIVISION

LOURDES COSS
CHIEF PROCUREMENT OFFICER

Should you have any additional questions or request further clarification regarding this Proposal, please contact Brenda Chagoya at brenda.chagoya@houstontx.gov, or at (832) 393-8723.

Sincerely,



Brenda Chagoya
Senior Staff Analyst

LC/bc

cc. J. Olenick
File

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