JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
DAVID C. HOLLISTER, DIRECTOR

MSHDA
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
RICK L. LABER
ACTING EXECUTIVE DIRECTOR

Dear interested parties:

The purpose of this letter is to issue a request for proposals (RFP) in connection with bond underwriting for the Michigan State Housing Development Authority (MSHDA). MSHDA is undertaking a periodic review of MSHDA bond underwriting, including an assessment of the current team and selection of a new underwriting team, if needed. Therefore, MSHDA is requesting that all interested parties submit their qualifications for review and possible selection as the underwriter of MSHDA bonds.

MSHDA intends to select a number of firms with experience in single-family and multi-family housing finance. The Authority will also be looking at firms to work on a new program in connection with various Public Housing Authorities (PHAs) around the State. This new program would involve working with the Department of Housing and Urban Development (HUD) and the PHAs to leverage the annually appropriated capital improvement funds that the PHAs receive from HUD. Firms must also have the ability to distribute bonds of these types and in the volume typically issued by MSHDA to both retail and institutional investors. For further information on MSHDA's issuances and programs refer to the Web site, www.michigan.gov/mshda (financial information can be found be clicking on 'About MSHDA' then 'Publications & Reports').

Interested firms should submit proposals containing information on each of the following topics listed in the order in which they are listed. The information that is submitted should be no more than fifteen pages. In particular, the following information should be included:

Recent History

- A list of housing finance agencies for which the firm has acted as a managing underwriter since 2001, if any; and

- A chart outlining by bond issue the date of each financing, the amount and type of financing, and whether the firm acted as the book-running senior manager, as a senior managing underwriter or a co-managing underwriter

Marketing

Ability and experience marketing:

- Tax-exempt multi-family and single-family bonds
- Taxable multi-family and single-family bonds
- Variable rate bonds, including variable rate demand bonds and auction rate bonds
- Bonds issued by Michigan issuers

Ability and experience marketing bonds to:

- Institutional investors
- Retail investors
- Michigan investors

Housing Finance

Ability and experience with:

- State housing finance agencies
- Local housing agencies
- Federal housing programs

Structuring

Ability and experience in:

- Providing financial products such as swaps
- Assisting housing agencies in managing unhedged/hedged variable rate debt
- Proposing innovative financing structures (please provide an example)
- Assisting housing agencies in obtaining credit enhancement including letters of credit and bond insurance
- Assisting housing agencies in obtaining liquidity for variable rate demand bonds or put bonds
- Experience in running cash flows for single-family and multi-family bonds
- Assisting housing agencies in using cash flows and other tools to forecast income into the future under different circumstances

Personnel

- Names and experience of individuals expected to work on this account

Capital

- Ability and experience to commit capital to purchase bonds, which have not been committed to investors when acting as a managing underwriter

Underwriter Fees

- Takedown by maturity and bond type or method of sale
- Management fee, including division between co-senior managers and co-managers
- Cost of running cash flows
- Profit on swap transactions in basis points
- Remarketing fees, if the firm is interested in providing this service

Additional Information

- Please provide any additional information about the firm that may set it apart from other bond underwriting firms

Ten (10) copies of each proposal package must be received by MSHDA prior to 5:00 p.m. local time on March 12, 2004 at the address below:

Michigan State Housing Development Authority
Attn: Jeff Sykes
735 E. Michigan Avenue
P.O. Box 30044
Lansing, MI 48909

Firms selected for interview will be notified by March 19, 2004; with interviews tentatively scheduled for April 1st and 2nd. All questions concerning this RFP must be submitted in writing to the above address or via e-mail to sykesj@michigan.gov by March 9th. Questions submitted after March 9th may not receive a response. Please note that all questions may be made available to all firms participating. A letter of intent, with e-mail address and contact person, should be submitted by March 1st if the firm wishes to receive a list of the submitted questions.

Please note that any contact made by the firm with any member of the selection committee (selected board members and MSHDA staff) regarding the RFP, the firm's response, or the RFP process from the date of the advertisement of the RFP until an award of the services, is required to be disclosed by such committee member to the entire committee and will become a part of the permanent file for this selection process.