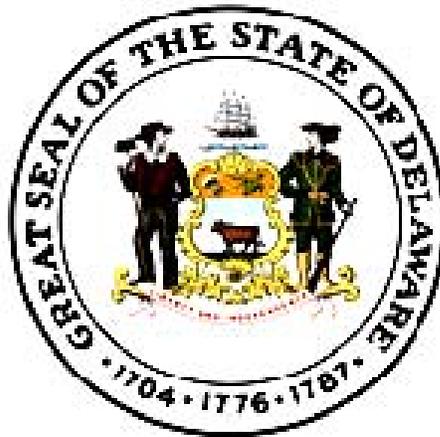


State of Delaware



**Department of Finance
Carvel State Office Building
820 N. French Street
Wilmington, DE 19801**

**REQUEST FOR PROPOSALS
to provide
UNDERWRITING SERVICES
for
STATE OF DELAWARE
GENERAL OBLIGATION BONDS**

**REQUEST FOR PROPOSALS (“RFP”)
to provide
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for
STATE OF DELAWARE
GENERAL OBLIGATION BONDS**

Executive Summary

The State of Delaware (“State”) is requesting proposals for underwriting services related to the sale of the State’s general obligation bonds, which may take the form of Build America Bonds, Qualified School Construction Bonds, Qualified Zone Academy Bonds or any other taxable, tax-credit or tax-exempt bond provided by the American Recovery and Reinvestment Act of 2009 (“RFP”). In addition, the State intends to select underwriters for bond sales to retail investors and to refund outstanding debt. This RFP covers debt proposed to be issued before December 31, 2010.

The State reserves the right to select multiple underwriters for the same or multiple transactions. Further, the State may continue to sell its bonds on a competitive bid basis, as required by 29 *Del. C. c. 74*, and reserves the right to issue additional RFP’s for these or other services.

This RFP will define the scope of the work to be performed, the requirements of the underwriter(s), the method for response and the administrative requirements that must be followed. The State also reserves the right to modify and/or cancel this solicitation at any time during the RFP process.

RFP Schedule

Date/Time	Activity
August 25, 2009	Request for Proposal issued, First Public Notice posted. Posted on Department of Finance, http://www.state.de.us/finance , and the State’s Bid Solicitation Directory, http://www.bids.delaware.gov .
September 1, 2009	Second Public Notice posted
September 1, 2009	Questions regarding RFP due
September 3, 2009	State answers questions regarding the RFP via Department of Finance website and State’s Bid Solicitation Directory.
September 9, 2009 3:00 p.m. EDT	RFP Response due date and time
September 14, 2009	Evaluation Period Ends; Negotiation Period Begins
September 21, 2009	Final Selections made

All interested firms should submit an original proposal (the “Proposal”) as well as an electronic copy to the contact person. The original Proposal should be mailed or hand-delivered for receipt no later than 3:00 p.m. EDT on September 9, 2009 (“Closing Date”). All timely Proposals become the property of the State. Requests for extensions of the Closing Date will not be granted. Any Proposal, request for modification, or request for withdrawal received after 3:00 p.m. on the Closing date is late and may not be considered. The Proposal may be delivered by Express Delivery (e.g., FedEx, UPS, etc.), U.S. Mail, or by hand. Proposal shall be submitted to:

Stephanie M. Scola, Director of Bond Finance
State of Delaware, Department of Finance
Email: stephanie.scola@state.de.us

Mail:
Carvel State Office Building
820 N. French Street, 8th Floor
Wilmington, DE 19801

Each proposal must be accompanied by a transmittal letter, which briefly summarizes the proposing firm's interest in providing the required professional services. The transmittal letter must also clearly state and justify any exceptions to the requirements of the RFP, which the applicant may have taken in presenting the Proposal. The State reserves the right to deny any and all exceptions taken to the RFP requirements.

The cost of preparing Proposals will be borne solely by the offerors. Proposals shall address all the questions posed by the Issuers in the order in which they appear in this request.

Please submit all questions and requests for information to:

Geoffrey Stewart
Public Financial Management, Inc.
Email: stewartg@pfm.com

Mail:
Two Logan Square
18th & Arch Streets
Suite 1600
Philadelphia, PA 19103
(215) 557-1484

All questions submitted, along with the State's answers will be consolidated into a single Q&A document. The source of the questions will not be disclosed in the document. The Q&A document will be posted on the Department of Finance's website at <http://www.state.de.us/finance> and the State's Bid Solicitation Directory at <http://bids.delaware.gov>.

I. GENERAL INFORMATION

A. Scope and Objectives

The State issues general obligation (“GO”) bonds to finance its capital needs and to refinance existing debt to reduce its interest costs. The GO bonds described in this RFP are direct obligations of the State to which the full faith and credit of the State will be pledged. Ending fiscal 2009 with \$1,469.3 million in GO debt outstanding, the State is rated AAA/Aaa/AAA by Standard & Poor’s, Moody’s Investor Service and Fitch Ratings, respectively. Pursuant to 29 *Del. C.* § 7406, maturities on Delaware’s GO bonds are limited to 20 years and, with the exception of the tax-credit bonds which maturities are set by the U.S. Department of Treasury, principal should be repaid in equal annual installments.

Under its current plan of finance, the State intends to issue \$170 million to \$200 million of its new money GO bonds in October 2009 financing a variety of capital projects including local school construction. The State will consider Build America Bonds (“BAB”)s comparing the cost of these taxable bonds with the cost of traditional tax-exempt bonds. The State intends to receive the 35% subsidy from the federal government.

In addition, the State will consider refunding opportunities in October depending on market conditions. Current and advance refunding opportunities are carefully monitored by the State and its financial advisors and this opportunity may include from \$10 million to \$50 million in existing GO bonds.

In a separate bond sale expected in the first quarter of 2010, the State hopes to take advantage of its allocation of Qualified School Construction Bonds (“QSCB”), which includes \$29.784 million in 2009 and an assumed similar allocation in 2010. The State may also consider the issuance of its allocation of Qualified Zone Academy Bonds (“QZAB”) expected to be \$3.963 million, depending on the requisite private contributions. QZAB proceeds will be directed to an ongoing project that entails the replacement of a gymnasium at the Central Middle School in the Capital School District.

Additionally, an underwriter may be selected to help the State market and sell its GO bonds to retail investors. Up to 20% of the general obligation bonds authorized for issue by the State’s General Assembly may be offered to retail purchasers (the “Retail Bonds”.) Retail Bonds are offered on a best efforts basis intending to obtain the widest and broadest distribution possible at market rates and at reasonable cost. The negotiation and sale of these bonds are normally held in the days prior to a competitive bid for the remainder of the bonds to be issued. In the event that any Retail Bonds remain unsold at the end of an order period, the remaining bonds will be sold through a competitive bidding process. A Retail Bond sale may be added at any time. The State will select a senior manager and multiple co-managers for the sale and distribution of the Retail Bonds.

Underwriters will be expected to:

- Make recommendations on aspects of the assigned financing including, but not limited to, the timing of the sale, maturity schedule and call provisions, marketing and evaluation of refinancing opportunities.
- Provide pricing information and purchase the bonds upon terms and conditions mutually acceptable to the State and the underwriter.

- Assist with investor relations efforts and provide regular reports to the Department of Finance and to the State's financial advisory firm.
- Participate in drafting of the Official Statement and other documents.
- Provide such specific information as may be reasonably requested by the Department of Finance and its financial advisors regarding orders and allotments of bonds.

The State through the Delaware Department of Finance will be selecting and reviewing qualifications of underwriters from the pool of qualified respondents to this RFP to serve in the following capacities: (1) as one of a group of firms who will be selected on an issue-by-issue basis to serve as underwriter to provide services for one or more series of bonds, including BABs, QSCBs, QZABs and refunding bonds; (2) as one of a group of firms who will be selected on an issue-by-issue basis to serve as senior manager, or bookrunner, to provide services for the sale of Retail Bonds, and (3) as one of a group of co-managers, or selling group members, who will work with the senior manager for Retail Bonds on an issue-by-issue basis.

The Department of Finance reserves the right to select the underwriters for each issue based on the experience and expertise of the underwriters and the nature of the issues.

The selected underwriters, senior managers, co-managers and selling group members will work closely with the Department of Finance and the State's financial advisors assigned to assist the State in these matters.

B. Minimum Required Qualifications

1. Minimum net capital, current licensing, experience and accessibility
 - a. All firms must demonstrate a minimum net capital of \$500,000. Please provide your firm's capital position as of the date of your most recently published statement of financial position including total capital, equity capital, excess net capital and daily average uncommitted capital.
 - b. All licenses and registrations required by applicable Federal and State laws for businesses offering brokerage services must be current and in good standing with each of the following:
 - i. the U.S. Securities and Exchange Commission;
 - ii. the National Association of Securities Dealers; and,
 - iii. the State of Delaware.
 - c. For Retail Bonds, bidders must maintain offices in Delaware.
 - d. Firms must be listed in the current edition of The Bond Buyer's Municipal Marketplace ("Red Book") as Dealers and Underwriters.

C. Professional Liability Insurance

Potential bidders shall agree to maintain in full force and effect professional liability insurance in an aggregate amount of not less than \$2 million. In order to satisfy this requirement, firms must:

1. Include a statement in its proposal affirmatively responding to this requirements; and
2. Include in its proposal a certificate of insurance or letter from its insurer demonstrating that the firm meets this requirement.

D. Sufficient Capacity

Each firm must demonstrate the capacity to perform the type of services required by the State described above.

II. TECHNICAL PROPOSAL FORM

The following information shall be provided in each proposal in the order listed below. A firm is expected to provide a response for each requirement listed in this RFP. Failure to respond to any request for information within this proposal may result in rejection of the proposal at the sole discretion of the State.

A. General

All technical proposals shall be prepared with a concise description of the firms capabilities to satisfy the minimum qualifications in Section I.B. above and the information requested in this section. Firms should format their proposals so that their responses correspond to the specific sections to the extent possible without unnecessary repetition.

B. Required Information

The proposal shall contain the information described below.

1. General Information

- a. Please provide your firm's identifying information including:
 - i. the name and address of the organization with whom the contract will be entered into and any trade names associated with that entity;
 - ii. the firm's Federal Employer Identification Number;
 - iii. the name, telephone number and e-mail address of the representative of the firm who is authorized to discuss the firm's proposal; and
 - iv. the names, titles, addresses and e-mail addresses, including telephone and fax numbers, of other individuals in the firm who might provide relevant services to the State.

- b. For Retail Bonds, Experience in Delaware
 - i. Provide a brief description of your firm and its capabilities. Specifically, describe your firm's municipal sales and distribution capabilities in Delaware and surrounding states, including:
 - the number of offices maintained nationally and in Delaware;
 - the number of registered representatives nationally and in Delaware;
 - the number of Delaware accounts and the value of municipal assets within the firm;
 - the volume of tax-exempt bonds (new issue and secondary market) sold to retail investors for YTD 2009;
 - the volume of Delaware bonds (new issue and secondary market) sold to retail investors for YTD 2009; and
 - your firm's role as book-running senior manager, co-senior manager, co-manager or selling group member. Please attach as

an exhibit any list of transactions you wish to describe in this section.

2. Sales and Pricing Methodology

- a. As of close of business September 1, 2009, please indicate, by maturities of one through twenty years, an estimate for where Delaware:
 - tax-exempt general obligation bonds would price relative to Municipal Market Data's ("MMD") AAA scales;
 - taxable general obligation bonds would price relative to U.S. Treasuries.
- b. Please describe specific marketing ideas and efforts for the sale of taxable general obligation bonds, QSCB and QZAB tax-credit bonds. Please include a discussion of call options and how Delaware can take advantage of its "AAA" credit quality in the sale of tax-credit bonds.
- c. Please describe how your firm would generate retail orders from Delaware investors in connection with the sale of the State's Retail Bonds. In particular, please provide:
 - the length of time required for pre-marketing efforts;
 - the length of time required for finalizing retail orders;
 - the threshold above which an order would be verified as retail and methods of verifying that order;
 - any market conditions or other factors that may affect marketing, sales, distribution and pricing; and,
 - preferred maturities the State might consider making available to retail investors.

3. Fees and Expenses

- a. Please provide your expectation with regard to any and all fees and expenses, including management fees, and takedown by maturity for one through twenty years. Assume a level principal amortization structure.
 - traditional tax-exempt GO bonds
 - taxable GO BAB
 - tax-credit QSCB
 - tax-credit QZAB
 - Retail Bonds
- b. Other
 - Please discuss any other factors or alternate proposals not mentioned above which should be considered in connection with the consideration of your firm.
 - Please provide details of any criminal or regulatory investigation or pertinent litigation pending against your firm or members of your municipal bond or public finance departments related to the offering and sale of retail bonds.

III. Evaluation Process

All proposals submitted in response to the RFP shall be reviewed by a selection committee, which may consist of staff members from the Department of Finance, the State Treasurer’s Office, the Office of Management and Budget and representatives of the State’s financial advisory firm (“Committee”). The Committee shall determine the firms that meet the minimum requirements pursuant to selection criteria of the RFP and procedures established in 29 Del. C. §§ 6981, 6982. The Committee may interview at least one of the qualified firms but may negotiate with one or more firms during the same period and may, at its discretion, terminate negotiations with any or all firms. The Committee shall develop a list of qualified underwriters, senior managers as well as qualified co-managers.

Proposal Selection Criteria

The selection of the firms to provide services will be based on an evaluation of the proposals to determine which proposals represents not only the lowest cost to the State, but can also demonstrate expertise, experience and ability to perform in the specific debt instruments described in this RFP.

The proposals should contain all the essential information on which the decision shall be made. The information required to be submitted in response to this RFP has been determined to be essential for use by the Committee in the bid evaluation and award process.

The Committee reserves the right to:

- Select more than one firm to provide the specified services.
- Select for contract or for negotiations a proposal other than that with lowest costs.
- Reject any and all proposals received in response to this RFP or to make no award or issue a new RFP.
- Waive or modify any information, irregularity, or inconsistency in proposals received.
- Request modification to proposals from any or all contractors during the review and negotiation.
- Negotiate any aspect of the proposal with any firm and negotiate with more than one firm at the same time.
- Purchase all of the services or less than all of the services sought in the proposal.

All proposals shall be evaluated using the same criteria and scoring process. The following criteria shall be used by the Committee to evaluate proposals:

Evaluation Item	Maximum Points
Experience	30
Sales and Pricing Methodology	30
Fees and Expenses	30
Other	10
Total Points	100 Points

Contract Conditions

The Bond Purchase Agreement will include the usual and customary terms and conditions. The form and content of the agreement will be provided by the State. If retained, underwriters' counsel must be selected from a pre-qualified list of firms which will be provided upon request.