

**Request for Proposals**  
**For**  
**Line of Credit and Fixed-Rate Financing**

**Rhode Island Student Loan Authority**  
Suite 3000  
935 Jefferson Boulevard  
Warwick, RI 02886

**December 12, 2016**

**Please note the following critical dates:**

**RFP Issued, Posted to RI Division of Purchases Website**  
**Conference Call for Questions**  
**Due Date for Receipt of Proposals**  
**Anticipated Decision Date**

**December 12, 2016**  
**December 21, 2016**  
**January 13, 2017**  
**Mid February, 2017**

# Background

The Rhode Island Student Loan Authority (RISLA) was established in 1981 as a public agency of the State of Rhode Island and is a leading originator of state-based education loans. RISLA also offers free college planning services through the College Planning Center of Rhode Island (CPCRI), hosts RIScholarships.org, a statewide database of hard-to-find local scholarships, and Bridge.jobs, a web-based tool that helps students find internships.

RISLA has been making non-federal education loans for twenty two years and has an excellent track record with low defaults and delinquencies. Public offering statements are available at RISLA.com and rating reports may be obtained from S&P and Fitch.

# Objectives

RISLA is asking for firm commitments for fixed-rate financing that will be used to refinance eligible higher education loans for credit worthy borrowers. The new refinancing loans would have a term of either five, ten or fifteen year repayment period, however based on our experience these loans will amortize over a shorter period of time from prepayment which is reflected in the attached Exhibit.

RISLA projects that it will need up to \$20,000,000 in fixed-rate funding over the next twelve months. As the exact distribution of five, ten or fifteen year loans cannot be accurately predicted, the Authority needs the flexibility to draw down the appropriate permanent financing only after it has originated the loans.

RISLA uses the same or more stringent underwriting criteria for the refinanced education loans as it does for loans made to students and parents while the student is still in school. Over the last two years RISLA has originated well over \$20,000,000 in refinancing loans and as of the date of this RFP there have not been any defaults and there is only one loan that is over 30 days delinquent.

The Authority's objectives are to:

- 1) Market the appropriate fixed-rate refinancing loans then place these loans into the bank's permanent financing at a fixed rate based on specific spread over agreed upon public benchmarks.
- 2) RISLA expects that this would occur every three to six months.

During the loan acquisition phases, the Authority may use other funds to acquire loans until the loans are permanently financed. The Authority would, however, entertain proposals for a non-revolving line of credit of up to \$20,000,000, the proceeds of which would be used to acquire and hold the student loans until they are permanently financed.

# Financial Information

Interested parties can obtain the Authority's most recent audited financials and a recent bond investor information presentation from the Authority's web site [risla.com](http://risla.com) or by contacting RISLA's Controller, Kevan McAleer, via email at [kmcaleer@risla.com](mailto:kmcaleer@risla.com).

## Required Response Information

Respondents should complete the attached Exhibit A and return to the Authority along with any other information that it deems appropriate. Each response must be valid for at least 90 days from January 20, 2017.

## Selection Process

Review of the proposals will be undertaken by a committee comprised of staff from RISLA and RISLA's attorneys and financial advisors. This committee will review all proposals and make a recommendation to the RISLA Board of Directors as soon as appropriate with the expectation being late January. Final selection will be made based on the lowest cost of funds and terms that best meet the Authority's needs.

**A conference call will be held on Tuesday, December 20, 2016 @ 3:00 p.m. to publicly address any questions that interested parties responding to this RFP may have. The conference call in number is 800-704-9804. The participant code is 355339#.**

With the exception of a question and answer process and other communications which might be initiated by the RFP review committee in the course of its review, please note that while the RFP is outstanding no member or representative of your organization may discuss the RFP or your proposal with any employee or board member of RISLA, or any other Rhode Island state official, office holder, or employee (including general officers, state legislators and their staffs, etc.) or any other party who might reasonably be considered to have any influence on vendor selection until RISLA has announced a decision with respect to this RFP.

**Proposals must be received no later than 4:00 p.m. on January 13, 2017.** Please submit five hard copies of your response to 560 Jefferson Boulevard, Warwick, RI 02886-1371. Attention: Charles Kelley and email a PDF of your response to [ckelley@risla.com](mailto:ckelley@risla.com).

RISLA reserves the right to cancel this request for proposals, to reject any and all proposals submitted, to request any additional clarifying information from any proposers, and to negotiate separately with any and all proposers. Issuance of this RFP does not commit RISLA to pay costs incurred in the preparation of proposals and RISLA reserves the right to accept or reject any and/or all proposals, in part or in their entirety.

Rhode Island Student Loan Authority  
Date: December 12, 2016

# EXHIBIT A

## General Background:

### Desired Fixed Rate Term Loan Amounts:

#### Term:

4 years	\$ 5,000,000
7 years	10,000,000
11 years	<u>5,000,000</u>
Total	\$20,000,000

#### Conditions:

No general obligation of the Authority  
The Authority will not enter into any  
SWAP agreements  
The Authority will originate and service the  
loans as it is currently doing

### Advance Rate or Over Collateralization:

Please provide a percentage of the face amount of the loan that your institution would finance or the amount of additional RISLA loan collateral, not cash equivalents, that would have to be pledged.

### Optional Variable Rate Line of Credit:

Purpose - to finance the origination of loans before they are put into term financing.

Amount: Maximum of \$20 million

Non-renewable line should be for a term of one year.

### Collateral:

Fixed-rate refinanced education loans and in school loans that are in repayment to credit worthy borrowers

No federal or private gu

Loans enter repayment with 45 days of refinancing, standard mortgage amortization

Underwriting criteria as well as data on existing refinancing loans can be provided upon execution of a Confidentiality Agreement

The Authority will originate loans either, using its own funds or a line of credit, then several times a year transfer them to permanent financing.

As the loans to the individual borrowers will be made at a fixed-rate, the Authority must match fund these loans with fixed-rate funds to determine the appropriate spread.

PLEASE PROVIDE THE FOLLOWING WITH YOUR RESPONSE

Fixed Rate Loan Term	Specify Benchmark	Spread over Benchmark	Rate w/ Spread As of __/__/2017
4 years	_____	+ ____%	= ____%
7 years	_____	+ ____%	= ____%
11 years	_____	+ ____%	= ____%

Interest Rate Cap (Optional):

While RISLA will not enter into a SWAP it may consider an interest rate CAP to protect the Authority from interest rate risk during the period where it is accumulating a pool of loans to permanently finance up to 24 months.

If your institution would like to bid on an interest rate cap, please provide costs, details and who the counterparty would be

Issues:

Prepayment of term loan to your institution

If there is a prepayment penalty, please indicate how it would be calculated and provide two examples using the following assumptions and for each example if the benchmark rate is the same or 100 basis points higher than they are when the fixed rate financing was initially made

For the 4 yr term loan: \$1,000,000 prepayment at the end of the 2nd year.

For the 7 year term loan: \$1,000,000 prepayment at the end of the 5th year.

If the Authority is expected to pay legal fees, please provide a preliminary estimate of the maximum fees for the bank's attorney. Legal fees must be capped at a specific dollar amount