



CITY COUNCIL AGENDA STATEMENT



July 28, 2020

File ID: 20-0209

TITLE

- A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT WITH NHA ADVISORS, LLC FOR FINANCIAL ADVISORY SERVICES

- B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AGREEMENT WITH HARRELL & COMPANY ADVISORS, LLC FOR FINANCIAL ADVISORY SERVICES

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

The City of Chula Vista solicited proposals for a non-exclusive award from qualified firms interested in performing the duties and functions for services as financial advisor. This non-exclusive award allows the City to select multiple consultants for financial advisory services. It also allows the City to award future financial advisory services to any of the selected firms based on their expertise and on the City's needs.

A total of seven (7) firms submitted proposals. Four (4) firms were invited to an interview and two (2) firms were selected to perform financial advisory services. NHA Advisors, LLC was selected to perform advisory services for the potential issuance of Pension Obligation Bonds and Harrell & Company Advisors, LLC was selected to perform financial advisory services for the potential issuance of Community Facilities District Bonds for CFD No. 16-I (Millenia). The City will have the option to choose between these two firms on future land based and non-land based bond advisory work.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) State Guidelines and has determined that the activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not applicable

DISCUSSION

The City of Chula Vista ("the City") solicited proposals from qualified firms to provide Financial Advisory Services for the potential issuance of Pension Obligation Bonds as well as future bond issuances.

Scope of Work

The selected financial advisor will assist the City in determining the best type of financing for the agency, selecting other finance professionals, planning the bond sale and successfully selling and closing the bonds. In order to assist the City, the firm selected as Financial Advisor will be required to have the capabilities to perform the following services including but not limited to:

- A. Coordinate and participate in all aspects of the bond issuance process, from creating and maintaining a schedule, conducting independent analysis of financing alternatives, reviewing bond documents, reviewing all aspects of negotiated pricings, monitoring performance of underwriting teams, to post issuance analysis and all related tasks during the process;
- B. Coordinate closing arrangements with the City, bond counsel and underwriter. Assist the Director of Finance in coordinating receipt and disbursement of funds on the settlement date;
- C. Review the overall financial status of the City and provide advice and recommendation related to the issuance of bonds and project-specific financing programs to maximize resources available for the implementation of each specific project;
- D. Assist the City in developing credit rating strategies. Coordinate presentations with these parties on behalf of the City to the extent needed or as requested. Clearly communicate any considerations that may impact the City's credit rating and work with the Director of Finance in examining the City's financials related to the bond sales(s);
- E. Serve as the City's bond market expert, including tax-exempt and taxable markets, fixed-rate and variable rate markets, and provide on-going analysis of current and upcoming trends and events in these and related areas;
- F. Be available on a regular basis for consultations with City Staff;
- G. Advise and assist the City in its overall debt management and provide consistent, ongoing and value-added advisory services;
- H. Provide Section 115 Trust and Pension stabilization consultation;
- I. Assist the City in reviewing opportunities to refinance and restructure its existing debt in order to reduce costs or to otherwise implement the City's financial objectives;
- J. Perform special projects, including but not limited to, assisting with capital improvement programs and debt affordability analysis.

Consultant Selection Process

Finance staff followed Chula Vista Municipal Code Section 2.56.110 in the financial advisor selection process. As required, a Request for Proposal (RFP) was prepared, advertised and posted on PlanetBids, the City's third-party bid platform. A total of 240 vendors were notified through the posting of this RFP.

The RFP included a description of the scope of work and the time frames for completion. Each firm was asked to indicate in its proposal: 1) proof of general familiarity with various types of bond issues; 2) past record of performance and references; 3) names and qualifications of all key personnel to be used in the project, including any subconsultants; 4) proof of capacity, resources and specialized equipment or expertise to perform the work; and 5) a cost estimate.

The following seven (7) firms submitted responses to this RFP:

<u>Firm Name</u>	<u>Location</u>
Columbia Capital Municipal Advisors	Glendale, CA
Fieldman Rolapp & Associates	Irvine, CA
Harrell & Company Advisors, LLC	Orange, CA
KNN Public Finance	Oakland, CA
NHA Advisors	San Rafael, CA
PFM Financial Advisors, LLC	San Francisco, CA
Urban Futures, Inc.	Tustin, CA

The Selection Committee consisted of the following members:

David Bilby, Director of Finance/Treasurer
Tiffany Allen, Assistant Director of Development Services
Kimberly Elliot, Facilities Finance Manager
Patricia Macias, Management Analyst

The Selection Committee members were provided with individual copies of the proposals from the 7 firms. Four firms were invited to participate in the interview process. On June 23, 2020 and June 24, 2020 the Selection Committee interviewed, judged, and discussed the firms based on the qualification of personnel, adherence of firm's proposal to RFP guidelines, resources available to perform tasks on time and within budget, firm experience directly related to contract, quality of presentation, response to interview questions, and total cost and justification. NHA Advisors, LLC and Harrell & Company Advisors, LLC were selected as the most qualified to perform the services required for the City of Chula Vista. The former was selected to provide services related to the issuance of Pension Obligation Bonds and the latter to provide services related to the issuance of Community Facilities District Bonds for CFD No. 16-I (Millenia). This decision was based on evaluating many criteria, including project team and area knowledge, experience handling similar bond issues for other agencies and municipalities, and quality of work based on results achieved through similar contracts. In regard to all of these factors, the Selection Committee concluded that the case for NHA Advisors, LLC and Harrell & Company Advisors, LLC were the strongest among the competing firms.

The Agreements

The proposed agreements with NHA Advisors, LLC and Harrell & Company Advisors, LLC use the City's standard two-party agreement. Under this contract, the Consultant agrees to perform the scope of work from July 28, 2020 through June 30, 2021. This section is extremely precise in order to ensure that all of the City requirements are included in the fee. The compensation schedule can be reviewed in Exhibit A of the agreement. The City will procure the services of NHA Advisors, LLC or Harrell & Company Advisors, LLC for any future bond issuances to be completed through June 30, 2025. At which time the City will draft a new two-party agreement with the scope of services specific to said bond issuance for Council approval. The City reserves the right to select the financial advisor among the two firms under this agreement for any future work at its discretion.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the real property holdings of the City Council members do not create a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code §87100, et seq.).

Staff is not independently aware, and has not been informed by any City Council member, of any other fact that may constitute a basis for a decision-maker conflict of interest in this matter.

CURRENT-YEAR FISCAL IMPACT

The costs associated with the work performed by the City’s financial advisor(s) will be paid out of the Cost of Issuance from bond proceeds.

ONGOING FISCAL IMPACT

None.

ATTACHMENTS

1. Agreement with NHA Advisors for Financial Advisory Services.
2. Agreement with Harrell & Company Advisors, LLC for Financial Advisory Services.

Staff Contact: Patricia Macias, Management Analyst