



CITY COUNCIL AGENDA STATEMENT



July 28, 2020

File ID: 20-0210

TITLE

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AWARDING THE AGREEMENT BETWEEN THE CITY OF CHULA VISTA, AND STIFEL NICOLAUS & COMPANY, INC. TO PROVIDE UNDERWRITING SERVICES.

RECOMMENDED ACTION

Council adopt the resolutions.

SUMMARY

The City of Chula Vista solicited proposals from qualified firms interested in performing the duties and functions for services as Underwriter. A total of nine (9) firms submitted proposals, four (4) firms were interviewed and one (1) firm was selected to perform underwriting services for land-based financings and non-land-based (General Fund) financings.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) 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 serve as the City's Underwriter in connection to the potential issuance of pension obligation bonds, as well as for future bond issuances.

Scope of Work

Consultant shall:

- A. Provide review and comment on all documents related to the financing.
- B. Identify, evaluate, and explain the benefits and risks of alternative financing structures.
- C. Optimize the overall debt structure.
- D. Work with the financing team to seek the highest possible credit ratings for the proposed bonds.
- E. Assist the financing team to assess the benefits of credit enhancement for the bonds.

- F. Advise the financing team regarding the timing, sizing and structure of the bond issue.
- G. Develop and execute a marketing plan that will result in the most favorable for the bonds.
- H. Assist in the preparation of the official statement and other legal and disclosure documents used in connection with the sale of bonds.
- I. Participate in meetings with and presentations to the City Council, City Staff, consultants, rating agencies, and insurance companies.
- J. Keep the City apprised of regulatory developments, as appropriate.
- K. Provide assistance in closing the bond issue.
- L. Prepare post-sale analyses, including but not limited to, information on placement of the bonds, market conditions at the time of sale, orders, designations, allocations, and results of comparable sales.

Consultant Selection Process

Finance staff followed Chula Vista Municipal Code Section 2.56.110 in the Underwriter 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 242 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 underwriting Pension Obligation Bonds; 2) names and qualifications of all key personnel to be used in the project, including any subconsultants; 3) past record of performance and references 4) Approach to work; 5) Bond issuance experience with different types of financings (i.e. COPs, LRBs, etc.); and 6) a cost estimate.

The following nine (9) firms submitted responses to this RFP:

<u>Firm Name</u>	<u>Location</u>
Bank of America Securities, Inc.	Los Angeles, CA
Brandis Tallman, LLC	San Francisco, CA
Citigroup Global Markets, Inc.	Los Angeles, CA
Hilltop Securities	Cardiff, CA
JP Morgan	San Francisco, CA
Piper Sandler	San Francisco, CA
Raymond James	Solana Beach, CA
Samuel A. Ramirez & Co., Inc.	Los Angeles, CA
Stifel Nicolaus & Company, Inc.	Los Angeles, CA

The Selection Committee consisted of the following members:

- David Bilby, Director of Finance/Treasurer
- Tiffany Allen, 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 nine (9) firms. Four (4) firms were invited to participate in the interview process. On July 07, 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. Stifel Nicolaus & Company, Inc. was selected as the most qualified to perform the services required for the City of Chula Vista. 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 Stifel Nicolaus & Company, Inc. was the strongest among the competing firms.

The Agreements

The proposed agreement with Stifel Nicolaus & Company, Inc. uses 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 Stifel Nicolaus & Company, Inc. 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 use the services of Stifel Nicolaus & Company, Inc. or Raymond James (number two (2) firm in the RFP process) for future bond issuances through 06/30/2025 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 Underwriter(s) will be paid out of the Cost of Issuance from bond proceeds.

ONGOING FISCAL IMPACT

None.

ATTACHMENTS

1. Agreement with Stifel Nicolaus & Company for Underwriting Services (Pension Obligation Bonds).
2. Agreement with Stifel Nicolaus & Company, Inc. for Underwriting Services (CFD 16-I [IA 2] [Millenia]).

Staff Contact: Patricia Macias, Management Analyst