



Legislation Details (With Text)

**File #:** 2024-0330    **Version:** 1    **Name:**

**Type:** Consent    **Status:** Agenda Ready

**File created:** 4/22/2024    **In control:** City Council

**On agenda:** 5/7/2024    **Final action:**

**Title:** CONSIDER SELECTION AND AWARD OF A PROFESSIONAL SERVICES AGREEMENT FOR UNDERWRITING SERVICES RELATED TO LEASE REVENUE BONDS, SERIES 2024, FOR THE CITY OF CARSON (CITY COUNCIL)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No. 1 - Contract with Samuel A. Ramirez & Company, Inc. for underwriting services, 2. List of Proposed Projects

Date	Ver.	Action By	Action	Result
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**Report to Mayor and City Council**

Tuesday, May 07, 2024

Consent

**SUBJECT:**

**CONSIDER SELECTION AND AWARD OF A PROFESSIONAL SERVICES AGREEMENT FOR UNDERWRITING SERVICES RELATED TO LEASE REVENUE BONDS, SERIES 2024, FOR THE CITY OF CARSON (CITY COUNCIL)**

**I. SUMMARY**

This item was continued from the April 2, 2024, City Council agenda and transmits a recommendation for the City Council to approve an award of a professional services agreement for underwriting services related to lease revenue bonds, series 2024, for the City of Carson, for the City and on behalf of its related entities, including the Carson Public Financing Authority.

Staff recommends the City Council approve the proposed professional services agreement (Exhibit 1) between the City of Carson and Samuel A. Ramirez & Company, Inc. for a total not to exceed amount of \$500,000.00 over two years.

Should the City Council approve this item, staff anticipates a minimum lead time of 90 days for the funds to be received by the City of Carson. A list of proposed projects to be funded, for a grand total amount of \$90 million, is included as Exhibit 2.

The purpose of this item is only for the selection and award of the firm that will provide the professional underwriting services to the City of Carson for lease revenue bonds, series 2024. A subsequent item and public hearing will be introduced for City Council consideration at the time of bond issuance, which is anticipated in June 2024.

## **II. RECOMMENDATION**

1. AWARD a two-year professional services contract to Samuel A. Ramirez & Company, Inc. at a discount (fee) of \$5.00/bond of the total amount of bonds sold (bonds are sold in \$1,000 denominations) for an anticipated not-to-exceed amount of \$500,000.00.
2. AUTHORIZE the Mayor to execute the contract after approval as to form by the City Attorney.

## **III. ALTERNATIVES**

TAKE another action deemed appropriate by City Council that is consistent with applicable laws.

## **IV. BACKGROUND**

### Selection Process

Staff initiated a formal Request for Qualifications process on March 8, 2024, and received bids from five firms to provide underwriting services for lease revenue bonds, Series 2024. The bids were reviewed by a panel of staff from the Finance Department and the City Manager's Office. The panel scored the firms and identified Samuel A. Ramirez & Company, Inc. as being a top candidate based on their experience and qualifications.

The firms that provided bids are listed below in alphabetical order:

- Hilltop Securities, Inc.
- Piper Sandler & Co.
- Samuel A. Ramirez & Company, Inc.
- Raymond James & Associates, Inc.
- Stifel

All underwriting fees will be paid at a rate of \$5.00/bond based on the total amount of bonds sold for a total not to exceed \$500,000.00 over two years (bonds are sold in \$1,000 denominations), comprised of underwriting expenses, takedown, and a management fee, and will be paid to the consultant in the form of an underwriting discount set forth in the Bond Purchase Agreement to be later entered into between City and consultant where payment will be taken and made directly from bond proceeds upon closing and not directly by the City. All fees are contingent on the successful closing of the sales transaction and no hourly rates are applied.

### Procurement Standard

Carson Municipal Code Section 2611(c) provides that the procurement of professional services shall be based on demonstrated competence, the professional qualifications necessary for satisfactory performance of the required services, and a fair and reasonable price, after notice to a number of potential offerors adequate to permit reasonable competition consistent with the nature and requirements of the procurement. The proposed underwriting services for the lease revenue bonds involves specialized professional services, so any award is required to be made in accordance with Section 2611(c). Award of the contract to Ramirez & Co. is consistent with this procurement standard.

### Municipal Advisory Services and Bond Disclosure Services

As part of the standard bond issuance process, staff also solicited written proposals from qualified firms for municipal financial advisory services and for bond disclosure counsel services to work alongside the firm that will provide professional underwriting services.

The proposals were reviewed and scored by staff within the Purchasing Division of the Finance Department and resulted in Harrell & Company Advisors being selected for municipal financial advisory services, and Norton Rose Fulbright being selected for disclosure counsel services. Because the proposed contract sums for these services each fall below \$75,000.00, these two contracts were approved through the Purchasing Authority of the City Manager, consistent with Carson Municipal Code Section 2611(a).

These two firms together with Samuel A. Ramirez & Company constitute the proposed team of professionals that will support the City in navigating the bond issuance process.

## **V. FISCAL IMPACT**

No fiscal impact because the fees for all services are paid from bond proceeds.

## **VI. EXHIBITS**

1. Agreement with Samuel A. Ramirez & Company, Inc. for underwriting services (pgs. 4 - 29)
2. List of Proposed Projects (pg. 30)

Prepared by: Michael George, Assistant to the City Manager and William Jefferson, Finance Director