



CITY OF CARSON

Legislation Text

File #: 2018-750, Version: 1

Report to Mayor and City Council

Tuesday, October 16, 2018

Consent

SUBJECT:

CONSIDER AWARD OF CONTRACT TO HARRELL & COMPANY ADVISORS, LLC FOR FINANCIAL ADVISORY SERVICES RELATED TO BONDED INDEBTEDNESS (CITY COUNCIL AND SUCCESSOR AGENCY)

I. SUMMARY

On September 5th, the City Council directed staff to move forward with an expedited solicitation for proposals for Financial Advisors and Underwriters, in anticipation of upcoming bond issues.

The purpose of this report is to recommend the City Council and the Successor Agency Board award a contract to one of the Financial Advisors for the Measure R and Measure M bonds and the 2007 redevelopment bond refunding.

II. RECOMMENDATION

1. AWARD the proposed financial advisor contract to Harrell & Company Advisors, LLC for a not-to-exceed maximum of \$60,000 (see Exhibit A).

2. AUTHORIZE the Mayor to execute the contract upon award.

1.

III. ALTERNATIVES

TAKE another action deemed appropriate by City Council.

IV. BACKGROUND

On September 5, 2018, the City Council directed staff to move forward with next steps related to 3 potential bond issues, listed in the following order of priority.

1. Raise \$25 million of capital by bonding against the City's local allocations of

Measure M and Measure R transportation sales tax revenues.

2. Potentially raise as much as \$2 million of capital for an infrastructure project that benefits the Dominguez Technology Center West, by refunding the assessment district's 2006 bonds. The debt service for the 2006 bonds is paid by the property owners in the assessment district, not by the City.
3. Refund the 2007 redevelopment bonds to generate debt service savings, and increased property tax revenue for all the taxing entities including the City. The City's share of additional revenue that may become available is approximately \$7,500 per year.

Due to the interest expressed by multiple financial advisors and underwriters, staff released an informal request for proposals on September 6th, per City Council direction to move expeditiously.

The informal solicitation was sent to 6 financial advisors and 6 underwriters. On September 17th, the City received proposals from 4 financial advisors and 5 underwriters listed alphabetically below.

Financial Advisors	Underwriters
C.M. de Crinis & Co., Inc.	Cabrera Capital Markets, LLC
Harrell & Company Advisors, LLC	FTN Financial Capital Markets
Urban Futures, Inc.	PiperJaffray
Wolf & Company Inc.	Ramirez & Co., Inc.
	Stifel

Staff reviewed the proposals, and developed the following recommendation in conjunction with Ms. Anita Luck of Aleshire & Wynder, the City Manager, Assistant City Manager Raymond and Assistant City Manager Roberts. The recommendation is listed in order of process.

1. Recommend award of a contract for financial advisory services to Harrell & Company Advisors, LLC for the Measure R & Measure M bonds, and the 2007 redevelopment bond refunding (2 of the 3 potential bond issues). The recommendation is based upon the high level of service and competitive pricing proposed by Ms. Harrell, and her past experience working with the City Manager and Assistant City Manager Raymond.
2. Utilize Ms. Harrell in the selection of the underwriter(s) for the bond issues.
3. Fine-tune the plan for the potential 2006 assessment district bond refunding, including discussion with the affected property owners. If the recommendation is to proceed with the 2006 assessment district bond refunding, then staff would recommend award of a contract for financial advisory services to C.M. de Crinis & Co., Inc. for the refunding (1 of the 3 potential bond issues). The recommendation is based upon Mr. de Crinis past experience with the complex structure of the assessment district debt, as he provided financial advisory services for the 2006 bonds.

4. After the plans are in place for the first 2 bond issues, then proceed with planning the 2007 redevelopment bond refunding.

Ms. Harrell has over 30 years of experience providing service to cities in California, and has acted as the financial advisor on over \$1.7 billion of bond issuances in the last 5 years alone. The proposed contract is for a not-to-exceed maximum of \$60,000. Services include planning, advising, coordinating the financing team, fiscal and cash flow analysis, bond structure, document review, and report preparation. The proposed fees are contingent upon bond issuance, and would be paid from bond proceeds. If the bond issues are abandoned after work has commenced, there is a maximum non-contingent fee of up to \$10,000 per bond issue based upon work performed to date. This maximum fee would be paid from the City's General Fund.

Municipal Advisors are required to register with the Securities & Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). Staff confirmed that Harrell & Company Advisors, LLC is registered with both the SEC (file number 867-00023) and the MSRB (ID K0336); and that Ms. Harrell has passed the Municipal Advisor Representative Qualification Series 50 exam.

The City Attorney's Office has reviewed the proposed contract attached to this report.

1. V. **FISCAL IMPACT**

The financial advisor's fee would be paid from bond proceeds. If bonds are not issued, there is a maximum non-contingent fee of \$10,000, based upon work performed.

VI. **EXHIBITS**

- A. Agreement with Harrell & Company Advisors, LLC for Financial Advisory Services (pages 4-34)

Prepared by: Kathryn Downs, Director of Finance