



Agenda Report

Fullerton City Council

MEETING DATE: MAY 5, 2020

TO: CITY COUNCIL / SUCCESSOR AGENCY

FROM: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: MUNICIPAL ADVISORY SERVICES CONTRACT AWARD

SUMMARY

Request to award a contract to Urban Futures, Inc. to provide the City of Fullerton municipal advisory, fiscal consultant, and pension and other post-employment benefits services.

RECOMMENDATION

1. Award contract to Urban Futures, Inc. (UFI) to provide municipal advisory, fiscal consultant and pension and Other Post-Employment Benefits (OPEB) consulting services.
2. Authorize City Manager, or designee, to execute agreement with UFI, in a form approved by the City Attorney.
3. Authorize \$15,000 appropriation for pension and OPEB consulting services.

BUDGET POLICY PRIORITY STATEMENT

This item matches the following Budget Policy Priority Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

Any municipal advisory services will be paid from any debt refundings. Further, any refunding costs for bond counsel, disclosure counsel, underwriters, fiscal consultant report, trustee, verification agent, etc. will be paid from any debt refundings. The estimated cost for both phases of pension and OPEB advisory services is \$15,000.

The municipal advisor will assist with refunding the 2005 Tax Allocation Revenue Bonds (TARBs), support Staff with ongoing debt and liability assessments, including Pensions and OPEB, and with drafting a Debt Policy. The selected municipal advisor will work with Staff to obtain required County Oversight Board approvals and assist with the competitive bids for refinancing services such as underwriters, trustee, verification agent, etc.

DISCUSSION

On February 4, 2020, Staff provided a report to City Council summarizing the City's existing debt and opportunities for refinancing. Based on the estimated savings for the City and other taxing entities (such as school districts) which would benefit from the refunding, City Council authorized refunding of the 2005 TARBs for interest savings and authorized Staff to obtain municipal advisory services.

On February 10, 2020, Staff issued a Request for Proposals (RFP) for Municipal Advisory Services to provide professional consulting services in relation to debt issuance services and additional general financial advisory services (on an as-needed basis).

The firm must have experience with debt issuances for municipalities in the State of California and with developing and assisting agencies with executing strategies to address pension and OPEB liabilities.

The City received a total of three proposals by the RFP closing date of February 25, 2020. The proposals were reviewed by an evaluation team comprised of the Deputy City Manager, the Deputy Director of Community and Economic Development and the Revenue Manager. The firms were evaluated based on the criteria specified in the RFP, including knowledge, expertise and relevant debt financing experience and financial consulting experience related to pension and OPEB liabilities. UFI was selected based on proposal clarity, company and proposed team qualifications and experience, methodology, references and price per the evaluation criteria provided in the RFP. UFI was ranked highest overall in all areas assessed.

Below is a brief description of the roles and activities of the Municipal Advisor and Fiscal Consultant as it pertains to debt issuance / refundings and an outline of next steps for refunding the 2005 Tax Allocation Revenue Bonds.

Municipal Advisor

Local governments retain a municipal advisor to assist in the structuring and issuance of bonds. The municipal advisor represents the City, and only the City, in the sale of bonds and works as an extension of staff with a specialty focus on the proposed financing and has an explicit fiduciary duty to their government clients. They assist the agency in solicitation of fee proposals and make recommendations on the selection of Bond and Disclosure Counsel, Underwriter and other necessary parties to complete financings. The Municipal Advisor will make recommendations as to the structure, timing and terms of the bonds and reviews all fees and expenses, coordinate the financing team, assists in verifying coupons and yields on the date of sale and reviews and comments on all documents. The Government Finance Officers Association (GFOA) recommends that a municipal advisor be selected independent of the bond underwriter and that a RFP process be utilized to select the consultant.

In addition to municipal advisory services related to debt financing, a municipal advisor could also provide financial consulting services related to a City's funding strategies Pension and OBEB liabilities.

Fiscal Consultant

The Fiscal Consultant prepares a Fiscal Consultant's Report used as an exhibit to the official statement and prepares the tables contained in the body of the document. The report and tables describe all the information and data related to the project area including a projection of future tax increment expected to be received by the Agency for the remaining term of the bonds.

Next Steps Related to Refunding of 2005 TARBs

The remaining steps for formal approval are as follows:

- 1) Municipal Advisor prepares RFP for other financing team members, including Underwriter and Bond Counsel / Disclosure Counsel.
- 2) Bond Counsel prepares the appropriate documentation for the issuance of the refunding bonds.
- 3) Successor Agency Board reviews the documentation and approves the refunding, moving the item to the Oversight Board.
- 4) Oversight Board reviews the documentation and approves the refunding, moving the documentation to County Auditor-Controller and the DOF.
- 5) DOF will have sixty days to review and reply with formal approval / denial.
- 6) Disclosure Counsel prepares the official statement.
- 7) Municipal Advisor prepares the rating presentation and financing team meets with rating agency.
- 8) Municipal Advisor solicits insurance and surety bids.
- 9) Successor Agency Board reviews and approves the official statement.
- 10) Post the preliminary official statement.
- 11) Sell the bonds.
- 12) Close the transaction.

Attachments:

- Attachment 1 – Professional Services Agreement – Urban Futures, Inc.
- Attachment 2 – Debt Profile (from February 4, 2020 report)