

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 02/13/24 M&C FILE NUMBER: M&C 24-0106

LOG NAME: 12WATER AUDIT OUTSIDE COUNSEL

SUBJECT

(ALL) Adopt a Resolution Authorizing the City Attorney to Retain the Law Firms of McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman, LLP as Outside Legal Counsel to Provide Representation Related to an Internal Revenue Service Inquiry Involving Revenue Bonds of the City's Water and Sewer System for a Cost Up to \$20,000.00

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution approving the retention of the law firms of McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman, LLP as outside legal counsel to provide representation related to an Internal Revenue Service inquiry involving revenue bonds of the City's Water and Sewer System for a cost up to \$20,000.00.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to authorize engagement of two law firms to represent the City in connection with an inquiry of the Internal Revenue Service (IRS) regarding City of Fort Worth, Texas Water and Sewer System Revenue Refunding and Improvement Bonds, Series 2015A (the Bonds).

In early December the IRS contacted the City requesting documents and information about the Bonds. While there is currently no reason to believe this inquiry is anything more than a routine, random audit, the Law Department is recommending engagement of outside attorneys who specialize in public finance tax matters to aid in navigating IRS processes and regulations.

The law firms of McCall, Parkhurst & Horton L.L.P. and Kelly Hart & Hallman, LLP have successfully served as co-bond counsel for the City on its general obligation and water system revenue bonds for many years. Their co-bond counsel engagement addresses debt issuance and related matters but does not encompass IRS inquiries or audits.

Therefore separate, matter-specific engagement is required. Stefano Taverna, a partner with McCall, is a recognized expert in the field of public finance and tax law and will be leading the engagement. Jonathan Craz, a public finance partner with Kelly Hart, will be assisting.

Services will be billed at an hourly rate plus reimbursement of out of pocket expenses. The attached resolution authorizes a cost up to \$20,000.00. The Water Department projects being able to absorb the costs of this engagement in its Fiscal Year 2024 operating budget. Funding is budgeted in the Consultant & Other Prof Service account within the Water & Sewer Fund for the Water and Wastewater Administration Departments.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Water & Sewer Fund. Prior to an expenditure being incurred, the Water Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: ALL ACMS 6122

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