

Mayor and Council Communication

DATE: 12/14/21

M&C FILE NUMBER: M&C 21-0948

LOG NAME: 13FINANCIAL ADVISOR SERVICES

SUBJECT

(ALL) Authorize Execution of Professional Services Agreement with PFM Financial Advisors LLC and Tijerina Galvan Lawrence LLC for Financial Advisor Services and Continuing Disclosure Services for the City of Fort Worth for a Three-Year Initial Term with Two One-Year Renewal Options

RECOMMENDATION:

It is recommended that the City Council authorize execution of a professional services agreement with PFM Financial Advisors LLC and Tijerina Galvan Lawrence LLC to provide financial advisory services and continuing disclosure services for the City of Fort Worth for a three-year initial term with two one-year renewal options.

DISCUSSION:

The Financial Management Services Department (FMS) will manage the professional services agreement with PFM Financial Advisors LLC (PFM) and Tijerina Galvan Lawrence LLC (TGL) under which the firms will deliver financial advisory and continuing disclosure services to the City of Fort Worth (City).

The financial advisors will assist the City in the management of its debt program as well as the design and issuance of debt obligations such as bonds, certificates, tax notes, and other financial instruments as may be required. The firms' services include, but are not limited to, quantitative analysis; evaluation and presentation of financing options; provision of timely credit market information; preparation of offering documents; and provision of advice and assistance with the issuance, sale and delivery of debt instruments as well as attending meetings and the provision of ongoing services after the successful delivery of a debt issuance.

On September 22, 2021, a request for qualifications (RFQ) for external financial advisor services was issued by FMS with a proposal deadline of October 20, 2021. The city received joint proposals from (i) PFM Financial Advisors LLC in conjunction with Tijerina Galvan Lawrence LLC and (ii) Hilltop Securities Inc. in conjunction with Estrada Hinojosa & Company, Inc.; the city also received standalone proposals from RBC Capital Markets LLC, Masterson Advisors LLC, and TKG and Associates LLC.

The proposals were evaluated by a selection committee (Committee), which consisted of key staff from the FMS, Water and Law Departments. The proposals were evaluated based on the following criteria:

- Firm's Qualifications and Experience (50%)
- Understanding the Needs of the City (20%)
- Commitment to Business Equity (15%)
- Reasonableness of Costs (10%)
- Soundness of Approach (5%)

Staff from the DVIN office scored the commitment to business equity component of the evaluation criteria. The Committee selected and invited finalists to give a presentation and participate in an interview process. Interviews were held on November 19, 2021. Based on ratings received in both processes, PFM and TGL were ranked the highest. The Committee agrees the recommended firms meet specifications and that the price is fair and reasonable.

Typically, no charges for financial advisory services related to bond transactions are incurred unless bonds are actually sold. Funds required to pay financial advisory fees will be available from proceeds of bond sales. The financial advisor firm will also be able to provide special financial consulting work not directly related to a bond sale, with compensation paid based on an hourly rate ranging from the amount of \$150.00 for work performed by administrative assistants to the amount of \$350.00 per hour for work performed by managing directors. An individual engagement letter will be executed for each special project compensated on an hourly basis.

Business Equity

PFM the lead financial advisor, and TGL, a certified minority-owned firm and the co-financial advisor, are in compliance with the City's BDE Ordinance by committing to the work fees on bond transactions being split 50/50 between the two firms respectively.

Agreement Terms

Upon City Council's approval, a contract will be executed with an initial three-year term beginning on execution and ending three years thereafter.

Renewal Options

This agreement may be renewed for up to two successive one-year terms at the City's option. This action does not require specific City Council

approval provided that the City Council has appropriated sufficient funds to satisfy the City's obligations during the renewal term.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds will be available from proceeds of bond sales upon issuance of bonds, to support the approval of the recommendation and execution of the contracts. Prior to any expenditure being incurred, the Financial Management Services Department has the responsibility to validate the availability of funds.

Submitted for City Manager's Office by: Jay Chapa 5804

Originating Business Unit Head: Reginald Zeno 8517

Additional Information Contact: Alex Laufer 2268

Expedited