



AGENDA MEMORANDUM
Action Item for the City Council Meeting January 31, 2023

DATE: January 31, 2023

TO: Peter Zanoni, City Manager

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Financial Advisor Services

CAPTION:

Motion authorizing a three-year service agreement with two one-year options with Specialized Public Finance, Inc., of San Antonio, for financial advisor services, for an estimated amount of \$1,770,846.00, and an estimated potential amount not to exceed \$2,500,000.00 if the options are exercised, with FY 2023 funding of \$600,000.00 from bond proceeds.

SUMMARY:

The purpose of this agenda item is to execute a contract for financial advisor services to perform financial planning and analysis along with providing assistance to staff and executive management to plan and execute debt issuances for the City.

BACKGROUND AND FINDINGS:

The City uses a Municipal Financial Advisor (FA) to perform financial planning and analysis and assist staff and executive management to plan and execute debt issuances for the City. The City's current contract which was awarded in 2017, expired December 31, 2022 and no extensions remain. In anticipation of the contract expiration staff issued a request for proposals (RFP) and five proposals were received. The proposals were evaluated by an evaluation team, which included the City's contracted investment advisor, against the published criteria in the RFP. The top three firms were interviewed and scored based on the same published criteria and a final score was developed for each firm. Finally pricing for each firm was then evaluated to determine the pricing scores. A pricing formula based on anticipated bond issuances for the next 5 years was applied to determine a five-year cost for each firm and a score was calculated based off these

calculations. While all firms are well qualified to perform the services and the scoring was very close, one firm scored highest based on the published criteria. The staff recommends awarding a service agreement to Specialized Public Finance Inc for the financial advisor services for the City as the highest scoring proposer. The City's current financial advisor, Estrada Hinojosa, was ranked second highest by the committee.

Specialized Public Finance was formed in 2008 and focuses solely on providing financial advisory services to over 400 governmental entities across Texas. They maintain offices in San Antonio, Austin, Dallas and Amarillo. Victor Quiroga, Jr, Managing Director with over 20 years of experience, and Dan Wegmiller, Managing Director and Partner with over 30 years of experience, will serve as Co-Lead Advisors for the City's financial advisory team. Mr. Quiroga has focused primarily on Central and South Texas clients including several in the Coastal Bend such as CCISD, Corpus Christi RTA, Flour Bluff ISD, Tuloso-Midway ISD, and London ISD. Specialized Public Finance has the experience and expertise to provide excellent financial advisory services to the City.

PROCUREMENT DETAIL:

Finance-Procurement conducted a competitive Request for Proposal (RFP 4339) to obtain qualified firms to provide financial advisor services and received five responsive, responsible proposals which were evaluated by the City's evaluation committee, and the top three firms were interviewed according to technical and evaluation criteria on the Request for Proposals.

The evaluation committee was comprised of five members from executive leadership, Finance, Budget and the City's investment advisor, and proposals were evaluated against the published criteria in the RFP. The evaluation committee rated each proposer and was scored according to 1) firm's experience, 2) understanding the project scope, 3) local preference, and finalist included 4) price. Final scores were tabulated for each firm to determine the highest-ranking firm offering the best value to the City.

Staff is recommending award to Specialized Public Finance, Inc., as the highest-ranking firm. Estrada Hinojosa & Company, Inc. is the incumbent and did submit a proposal but did not receive the highest score.

ALTERNATIVES:

City Council could choose not to award a contract and staff would have to award a contract for individual debt issuances.

FISCAL IMPACT:

The funding for this contract will be provided from bond proceeds for the general obligation, revenue, certificates of obligation, and refunding bond sales.

FUNDING DETAIL:

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

RECOMMENDATION:

Staff recommends award of the contract to Specialized Public Finance Inc.

LIST OF SUPPORTING DOCUMENTS:

Professional Service Agreement

Evaluation Matrix