



## Legislation Text

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**File #:** 20-0173, **Version:** 1

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Consider and take action on a resolution authorizing a three-year agreement with Hilltop Securities for municipal advisory services (Director of Finance)

Approval of this item will authorize the City Manager to execute an agreement with Hilltop Securities to provide municipal advisory services. Public entities engage municipal advisors to assist in the planning, issuance and monitoring of debt. Municipal advisors work with the City staff to minimize the cost of debt through the proper timing and structure of bond sales. The firm will also work with staff to maximize the City's opportunity for credit rating improvement, further reducing the cost of debt. By monitoring outstanding debt relative to market conditions on an ongoing basis, the municipal advisor will look for opportunities to refund (refinance) that debt at lower interest rates to further reduce costs. An ever-increasing role of the municipal advisor is to assist staff in monitoring federal compliance and reporting issues related to municipal debt.

In January, staff worked with the Finance Committee to put together a request for proposal for municipal advisory services, specifically focusing on the evaluation criteria and the weight of each performance measure. The following are the evaluation criteria included in the municipal services RFP:

- |           |                                                                                                                                            |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 25 points | 1) Experience and capability of the firm and its assigned consultants in performing financial advisory services for municipal governments. |
| 20 points | 2) Understanding of the City's financial condition and needs.                                                                              |
| 20 points | 3) Demonstrated competence and provided references on similar or related services.                                                         |
| 10 points | 4) Cost of Services (lowest bid/other bid x 10 = Proposer's Price Score).                                                                  |
| 15 points | 5) Experience in providing innovative financing strategies and non-traditional services.                                                   |
| 10 points | 6) Completeness and responsiveness of proposal.                                                                                            |

The City released the RFP for municipal advisory services in February and received four responses. Members of a selection committee, comprised of City staff and members of the Finance Committee, independently reviewed and evaluated all proposals. To ensure pricing was evaluated consistently and with no subjectivity across all proposals, the Purchasing Department calculated the pricing formula based on a \$25M and \$35M bond issuance and provided the scoring for each proposal.

Ultimately, the committee selected Hilltop Securities as having the best proposal. The majority of the committee found that Hilltop scored much higher in all the criteria over the other proposals, and all committee members are confident in recommending Hilltop to provide the City municipal advisory services for the next three years.

Hilltop Securities has an extensive history with this City, as the firm has been our advisors several years in the past and is our current advisor. Very recently, in November 2019, Hilltop Securities assisted us in the first of several upcoming bond issues approved by the 2019 bond election, and staff was pleased at the results of that issuance and the services Hilltop provided.

The fee for financial advisory services is based on the scale included in the contract and determined by the par value of the bonds issued.

Attachments:

1. Data Sheet
2. Proposed Resolution
3. Exhibit A - Municipal Advisory Contract
4. Award Recommendation
5. Evaluation Summary Matrix

CONTRACT ORIGINATION: Hilltop Securities with review and approval by the City Attorney

FUNDING

{ } NOT APPLICABLE

{x } Funds are available from Account #1400000-53050 for Accounting Professional Services