



AUDIT COMMITTEE MEETING

INDIVIDUAL POST-SOLICITATION BRIEFING FOR FINANCIAL UNDERWRITING SERVICES

May 30, 2017

**Troy Elliott, CPA
Deputy Chief Financial Officer
Finance Department**

Solicitation Overview



Originating Department: Finance



Solicitation Type: Request for Qualifications (RFQ)



High Profile Designation: Complex terms and conditions



Estimated Value: Not Applicable



Current Contract Status: Expired September 30, 2016



Proposed Term: 3 Years with 2, 1 Year renewal options

Project Timeline

Pre-Solicitation

Goal Setting Committee:

- June 13, 2016

Audit Pre Solicitation Briefing:

- June 21, 2016

Release RFQ:

- **June 27, 2016**

Solicitation

Pre-Submittal Conference:

- July 13, 2016

Deadline for Questions:

- July 15, 2016

RFQ Due:

- **July 29, 2016**

Post – Solicitation

Evaluation Complete:

- May 1, 2017

Audit Committee Post Solicitation Briefing:

- **May 30, 2017**

Finalization

City Council Consideration:

- **June 2017**

Pool Start Date:

- June 2017

Project Scope

Underwriting Pool

- The Pool will represent a well diversified group of large, medium, small, local, and SBEDA investment banking firms
- Will be in place for three years, with an option to extend for two additional one year periods
- Firms will be utilized by the City for financial underwriting services over the term of the Pool

Selection of Syndicates

- The City will select syndicates of firms to provide financial underwriting services with firms serving in the following roles:
 - Senior Managing Underwriter
 - Co-Senior Managing Underwriter
 - Co-Managing Underwriter
- The City may select firms to provide other services including remarketing agent for variable rate debt

Services

- Manage the sale and delivery of bonds, certificates, and other debt instruments
- Develop structure and overall marketing strategy on debt transaction
- Provide market analysis and advise on market timing and the development of marketing plan

Solicitation Requirements



Evaluation Criteria

- Experience, Background, Qualifications: 20 Points
- Proposed Plan: 45 Points
- Local Preference Program: 10 Points
- Veteran Owned Small Business Program: 5 Points
- SBEDA: 20 Points
 - SBE Prime Contract Program: 10 Points
 - MWBE Prime Contract Program: 10 Points



Additional Requirements

- SBEDA Subcontracting Requirements: Not Applicable
- Audited Financial Statements: Required

Project Evaluation Committee Members

| Voting Members | Advisory Members |
|---|--|
| Ben Gorzell, Jr., CPA, Chief Financial Officer | Jorge Rodriguez, FTN, Inc. |
| Troy Elliott, CPA, Deputy Chief Financial Officer | Anne Burger Entrekin, FirstSouthwest, a Division of Hilltop Securities, Inc. |
| Margaret U. Villegas, Assistant Director of Finance | Bob Nordhaus, City Attorney |
| Cappi Arriola, Financial Management Administrator | |
| Alejandro Tijerina, Financial Manager | |
| Cara DeAnda, Private Sector | |

Capital Evaluation



Evaluation by Net Excess Capital

- The firms were evaluated within three categories based on net excess capital:
 - Firms with net excess capital greater than \$500,000,000
 - Firms with net excess capital ranging from \$20,000,000 to \$500,000,000
 - Firms with net excess capital less than \$20,000,000
- This evaluation methodology allows for the selection of a well diversified Pool comprised of large, medium, small, local, and SBEDA firms

Score Matrix

| RFQ Financial Underwriting Services RFQ-16-085 | Maximum Points | Vendor A | Vendor B | Vendor C | Vendor D | Vendor E | Vendor F | Vendor G | Vendor H | Vendor I | Vendor J | Vendor K | Vendor L | Vendor M | Vendor N | Vendor O | Vendor P | Vendor Q | Vendor R | Vendor S | Vendor T | Vendor U | Vendor V | Vendor W | Vendor X | Vendor Y | Vendor Z | Vendor AA | Vendor AB | Vendor AC | Vendor AD | Vendor AE | Vendor AF | Vendor AG | Vendor AH | Vendor AI |
|--|----------------|---------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------------------------------|----------|----------|----------|----------|----------|----------|-----------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | <\$20 Million | | | | | | | | | | | | | | | | | | > \$20 Million but < \$500 Million | | | | | | | > \$500 Million | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A - Experience, Background, Qualifications | 20 | 17.67 | 11.50 | 17.17 | 15.00 | 15.50 | 15.83 | 14.50 | 10.17 | 12.83 | 11.67 | 11.83 | 9.00 | 10.00 | 10.33 | 10.33 | 10.50 | 8.17 | 5.67 | 18.33 | 17.17 | 17.17 | 15.00 | 13.83 | 12.67 | 11.83 | 18.67 | 17.50 | 17.50 | 17.33 | 16.83 | 16.67 | 16.83 | 16.83 | 16.00 | 11.33 |
| B - Proposed Plan | 45 | 39.67 | 25.83 | 37.00 | 34.67 | 34.17 | 32.50 | 31.00 | 27.17 | 27.67 | 26.50 | 25.00 | 22.83 | 21.17 | 25.50 | 23.00 | 22.83 | 20.33 | 15.83 | 42.50 | 38.83 | 38.00 | 32.00 | 27.83 | 27.17 | 27.00 | 41.67 | 39.83 | 39.00 | 37.33 | 35.67 | 37.00 | 36.50 | 35.17 | 35.17 | 27.33 |
| C - SBEDA - SBE Prime Contract and M/WBE Prime Contract Programs | 20 | 0.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| D - Local Preference Program | 10 | 0.00 | 10.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| E - VOSB Preference Program | 5 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 0.00 | 5.00 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL SCORE | 100 | 57.34 | 57.33 | 54.17 | 49.67 | 49.67 | 48.33 | 45.50 | 42.34 | 40.50 | 38.17 | 36.83 | 36.83 | 36.17 | 35.83 | 33.33 | 33.33 | 28.50 | 21.50 | 60.83 | 56.00 | 55.17 | 47.00 | 41.66 | 39.84 | 38.83 | 65.34 | 62.33 | 61.50 | 59.66 | 57.50 | 53.67 | 53.33 | 52.00 | 51.17 | 38.66 |
| RANK BASED ON SCORE | | 1 | 2 | 3 | 4 | 4 | 6 | 7 | 8 | 9 | 10 | 11 | 11 | 13 | 14 | 15 | 15 | 17 | 18 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |



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Deputy Chief Financial Officer
and
Kevin Barthold
City Auditor**

Procurement Overview - Due Diligence

| | |
|--|--|
| Number of vendors notified: | 342 |
| Number of vendors at pre-submittal conference: | 17 |
| Number of responses received: | 37 |
| Results of Minimum Requirements Review | FTN Financial Capital Markets withdrew RFQ response from consideration |
| Results of Due Diligence Review | No Findings |
| Respondent Background Check | No Findings |
| Financial Statement Review | No Findings |
| References, Proof of Insurability Review and Litigation Disclosure | No Findings |
| Contracts Disclosure Form | One proposal disqualified due to political contribution during prohibited period |

Procurement Overview - Due Diligence

City Auditor Briefing on Due Diligence Review



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