City of San Antonio

Legislation Details (With Text)

File #:	18-6420
Type:	Miscellaneous Item
	In control: City Council A Session
On agenda:	12/13/2018
Title:	Ordinance approving the extension of the City of San Antonio Arbitrage Rebate Compliance Services Contract with The Bank of New York Mellon Trust Company, N.A. for arbitrage rebate compliance services for a two (2) year term commencing April 1, 2019 and terminating March 31, 2021, under the same terms and conditions. [Ben Gorzell, Jr., Chief Financial Officer, Troy Elliott, Deputy Chief Financial Officer]
Sponsors:	
Indexes:	
Code sections:	
Attachments:	1. Draft Ordinance, 2. Ordinance 2018-12-13-1022

Date	Ver.	Action By	Action	Result

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Approving the extension of the Arbitrage Rebate Compliance Services Contract

SUMMARY:

This ordinance approves the extension of the City of San Antonio Arbitrage Rebate Compliance Services Contract with The Bank of New York Mellon Trust Company, N.A. for arbitrage rebate compliance for a two (2) year term commencing April 1, 2019 and terminating March 31, 2021, under the same terms and conditions.

BACKGROUND INFORMATION:

This Contract provides a qualified firm to provide Arbitrage Rebate Compliance Services in connection with the City's financings. Laws codified in Internal Revenue Service Code Section 148 and regulations promulgated by the United States Treasury mandate that interest income derived from the investment of tax-exempt proceeds in excess of the permitted arbitrage rate must be rebated to the United States Government.

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Arbitrage rebate compliance requires that computations be performed which are consistent with the complex technical requirements contained in the aforementioned laws and regulations to determine the rebate amount, if any. Any rebate amount due must be reported and paid to the United States Government. The scope of Arbitrage Rebate Compliance Services includes a comprehensive review of the City's outstanding tax-exempt obligations, debt service funds, debt service reserve funds, capital projects funds and other funds, into which tax-exempt proceeds have been deposited. Such services also encompass calculation and verification of the arbitrage rate for each tax-exempt obligation for which an arbitrage rebate computation is required, on-going service with respect to questions that may arise from time to time concerning arbitrage rebate, and assisting the City in responding to queries posed to the City related to arbitrage.

On December 21, 2015 a Request for Proposal (RFP) for Arbitrage Rebate Compliance Services was issued, and four (4) proposals were received on February 2, 2016.

A selection committee comprised of representatives from the Department of Finance's Director's Office and Accounting and Financial Management Divisions evaluated and scored the firms based on the following criteria: Experience, Background, and Qualifications; Proposed Plan; Fee Schedule; Local Preference Program; Veteran Preference Program; and Small Business Economic Development Advocacy Program (SBEDA), which includes the SBE Prime Contract Program and the M/WBE Prime Contract Program.

The selection committee recommended The Bank of New York Mellon Trust Company, N.A., to provide Arbitrage Rebate Compliance Services for the City. The initial term for the Contract with The Bank of New York Mellon Trust Company, N.A. was to provide Arbitrage Rebate Compliance Services for a period of three years, April 1, 2016 and terminate March 31, 2019, with an option to extend the contract for one additional two -year period under the same terms and conditions.

ISSUE:

The extension of the Arbitrage Rebate Compliance Services contract is consistent with the City's prior actions.

ALTERNATIVES:

The City could choose to release a new Request for Proposal for Arbitrage Rebate Compliance Services; however, this process could delay the City's various arbitrage compliance calculations.

FISCAL IMPACT:

Fees for arbitrage rebate compliance services are paid from tax-exempt proceeds and the interest earned on the investment of such proceeds. Therefore, there is no impact on the City's Operating Budget.

RECOMMENDATION:

Staff recommends approval of this Ordinance that authorizes the contract with The Bank of New York Mellon Trust Company, N.A. to provide Arbitrage Rebate Compliance Services for a period to commence April 1, 2019 and terminating March 31, 2021.