



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

Legislation Text

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TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 3, 2016

COMMITTEE ON PROCUREMENT

Mr. David St. Pierre, Executive Director

Authorization to enter into agreements for contract 14-RFP-07, Financial Advisory Services Related to the District Financing Program, appointing A.C. Advisory, Inc., as Lead Financial Advisor, and Columbia Capital Management, LLC, as Co-Financial Advisor, to the District in a total amount not to exceed \$281,000.00, in connection with the sale of up to a total of \$500,000,000 of General Obligation Capital Improvement and Refunding Bonds of the Metropolitan Water Reclamation District of Greater Chicago, Accounts 401-50000-767300 and 767400

Dear Sir:

The District intends to sell up to a total of \$500,000,000 of General Obligation Capital Improvement and Refunding Bonds at its upcoming bond sale. This sale will include Limited and Unlimited Tax Series Bonds to fund both TARP and non-TARP capital improvement projects; Alternate Revenue Series Bonds to fund capital improvement projects for the Stormwater Management program; and Limited and Unlimited Tax Series refunding bonds for savings in debt service cost. The size and structure of the bond sale will be determined with the assistance of the Underwriters and Financial Advisors based upon the market interest rates, investor cash positions, supply of bonds for sale, liquidity of the market, and other conditions.

The Financial Advisors serve on the District's behalf as liaison to the Bond Counsel, Underwriters' Counsel, the Bond Underwriting Group, and the Bond Rating Agencies; maintain the sale participants' contact list and calendar schedule of necessary sale events, communicating dates of events and meetings to group members; prepare and schedule the District presentation for Bond Rating Agency meetings; assist in producing and reviewing documents, including the preliminary and final official statements; work with District Treasurer and Bond Underwriting Group in determining structure of the Bonds being sold; review pricing and allocation of bonds sold; study and evaluate secondary market post-sale activity; assist with bond sale closing arrangements; evaluate and provide advice related to compliance with arbitrage regulations; and provide Financial Advisors' Certificates relative to the bond sale.

The Request for Proposal 14-RFP-07 was advertised on December 4, 2013. One hundred and six (106) firms were notified, and thirty-eight (38) firms requested proposal documents. Ten (10) acceptable proposals were received by January 17, 2014.

The RFP process was coordinated through the Director of Procurement and Materials Management. The evaluation committee which reviewed and evaluated the submitted RFP's consisted of staff from the Treasury, Finance, Law, and Procurement and Materials Management Departments. Responses were evaluated according to the criteria defined in the RFP, including the firm's understanding of the project, technical competence, approach to the work, financial stability, and proof of registration with the SEC as a municipal advisor. Firms were ranked based on the technical score calculated by this evaluation.

The committee reached a consensus that seven proposers met the technical qualifications portion of the RFP.

These firms were interviewed by the committee and requested to submit their best and final offers on cost. The composite evaluation rankings were based on each firm's technical score, interview score, and best and final offer for cost of services. A.C. Advisory, Inc. was highest-ranked overall by this composite evaluation and is recommended to act as Lead Financial Advisor for the 2016 bond sale.

The Co-Financial Advisor is recommended from the firms remaining on the eligible list based upon their technical score; the cost proposal does not apply to the co-financial advisory firms. Columbia Capital Management, LLC, is recommended to act as Co-Financial Advisor for the 2016 bond sale.

A minimum of 30% of the work and services required by the RFP for each bond sale will be awarded to one or more Minority-Owned (MBE) and Women-Owned (WBE) business enterprises from the list of candidates identified by the RFP process. The Affirmative Action Section has reviewed the proposed financial advisor appointments for this bond sale and concluded that the group identified is in accordance with the District's Affirmative Action Policy.

The fee for services as Financial Advisor is proposed to be fifty-five cents (\$0.55) per \$1,000 principal amount of bonds sold up to \$500,000,000, a fee not to exceed \$275,000.00 to be apportioned 60% to A.C. Advisory, Inc., and 40% to Columbia Capital Management, Inc., plus up to \$6,000.00 of out-of-pocket expenses to be reimbursed by the District. The total fee to the Financial Advisors is an amount not to exceed \$281,000.00.

Accordingly, authority is requested to enter into agreements with A.C. Advisory, Inc., as Lead Financial Advisor, and Columbia Capital Management, LLC, as Co-Financial Advisor, in a total amount not to exceed \$281,000.00, per Section 11.4 of the Purchasing Act. Funds will be paid from the bond sale proceeds Accounts 401-50000-767300 (\$59,010.00) and 401-50000-767400 (\$221,990.00). Fees as noted above will only be disbursed if and when the transaction is completed.

It is further requested that the Board of Commissioners authorize and direct the Chairperson of the Committee on Finance, the Treasurer, the Executive Director, the Director of Procurement and Materials Management, and the Clerk to execute professional services agreements on behalf of the District on account of the aforesaid services after the professional services agreements have been approved by the Treasurer as to technical matters, and by the General Counsel as to form and legality.

Requested, Mary Ann Boyle, Treasurer, MAB:st

Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management

Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement

Disposition of this agenda March 3, 2016