



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 AUGUST 5, 2021

COMMITTEE ON PROCUREMENT

Mr. Brian A. Perkovich, Executive Director

Authorization to enter into agreements for Contract 20-RFP-03, Financial Advisory Services related to the District Financing Program, appointing Acacia Financial Group, Inc., as Financial Advisor, and Columbia Capital Management, LLC, as Co-Financial Advisor, in a total amount not to exceed \$120,000.00, 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 401-50000-767400

Dear Sir:

The District intends to sell new money and refunding bonds (taxable and tax-exempt). The new money component will be approximately \$150 million. The refunding bonds could approximate \$350 million on the date of the sale depending upon market conditions. The total bond sale requirement of an estimated \$500 million would be sold in one sale on the same date. Refunding candidates include the 2011 and 2014 District bond sales and SRF outstanding loan amounts. 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, Underwriter's 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 (RFP), Contract 20-RFP-03 was advertised on January 8, 2020. Eighty-seven (87) firms were notified, and twenty-three (23) firms requested proposal documents. Three (3) acceptable proposals were received by February 7, 2020.

The RFP process was coordinated through the Director of Procurement and Materials Management. The evaluation committee which reviewed and evaluated the proposals consisted of staff from the Treasury, 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 the three 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. Acacia Financial, Inc., was highest ranked overall by this composite evaluation and is recommended to act as Financial Advisor for the 2021 bond sale.

The Co-Financial Advisor is recommended from the firms remaining on the eligible list based upon their technical score and the District's aspirational participation goals for Minority-Owned (MBE), Women-Owned (WBE), and Veteran-Owned (VBE) business enterprises; 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 2021 bond sale.

For each bond sale, the District shall aspire to award a minimum of 30% of the work and services required by the RFP to one or more MBE or WBE firm(s) and a minimum of 3% of the work and services to one or more VBE firm(s). The Diversity 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 forty cents (\$0.40) per \$1,000 principal amount of bonds sold up to \$300,000,000, a fee not to exceed \$120,000.00; and zero cents (\$0.00) per \$1,000 principal amount of bonds sold in excess of \$300,000,000. The total fee is therefore not to exceed \$120,000.00, to be apportioned 60% to Acacia Financial, Inc., and 40% to Columbia Capital Management, Inc., plus up to \$7,000.00 of out-of-pocket expenses to be reimbursed by the District. The total fee to the Financial Advisors is an amount not to exceed \$127,000.00.

Accordingly, authority is requested to enter into agreements with Acacia Financial, Inc., as Financial Advisor, and Columbia Capital Management, LLC, as Co-Financial Advisor, in a total amount not to exceed \$127,000.00, per Section 11.4 of the Purchasing Act. Funds will be paid from the bond sale proceeds Accounts 401-50000-767300 (\$38,100.00) and 401-50000-767400 (\$88,900.00). 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:sn
Recommended, Darlene A. LoCascio, Director of Procurement and Materials Management
Respectfully Submitted, Barbara J. McGowan, Chairman Committee on Procurement
Disposition of this agenda August 5, 2021

Attachment