

# Memorandum



CITY OF DALLAS

DATE October 13, 2011

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair), Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Financial Advisory Services Contract

On Monday, October 17, 2011, you will be briefed on the Financial Advisory Services Contract. The presentation is attached for your review.

If you have questions or need additional information, please let me know.

A handwritten signature in cursive script that reads "Jeanne Chipperfield".

Jeanne Chipperfield  
Chief Financial Officer

## Attachment

cc: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa A. Rios, Acting City Secretary  
Thomas P. Perkins, Jr., City Attorney  
Craig D. Kinton, City Auditor  
C. Victor Lander, Administrative Judge  
A.C. Gonzalez, First Assistant City Manager  
Ryan S. Evans, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Interim Assistant City Manager  
Helena Stevens-Thompson, Assistant to the City Manager  
Jack Ireland, Director, Office of Financial Services  
Edward Scott, City Controller

**CITY OF DALLAS  
FINANCIAL ADVISORY SERVICES  
CONTRACT**

**BUDGET, FINANCE & AUDIT  
COMMITTEE**

**October 17, 2011**



# PURPOSE

- Review the selection process
- Make an award recommendation

# FINANCIAL ADVISORY SERVICES

- Assist the City in all aspects of debt issuance
  - Develop financing plan
  - Set financing terms and coordinate related services
  - Prepare documentation
  - Coordinate bond rating process
  - Conduct marketing and sale of bonds
  
- Provide other services, including:
  - Monitor legislative, economic, budgetary and regulatory changes
  - Evaluate financing alternatives and products

# SELECTION PROCESS

- Request for Proposals issued in June
- Four proposals received on July 27<sup>th</sup>:
  - First Southwest and Estrada Hinojosa & Company
    - Joint proposal
  - The PFM Group
  - Specialized Public Finance
  - TKG & Associates

# SELECTION PROCESS

- Evaluation committee reviewed and evaluated the proposals:
  - Aviation
  - Chief Financial Officer
  - Controller's Office
  - Convention Center and Event Services
  - Economic Development
  - Water Utilities
  - Business Development and Procurement Services
    - Evaluated Business Inclusion and Development Plan and Cost

# SELECTION PROCESS

## ■ Selection Criteria

- 20% Demonstrated understanding of and ability to meet the City's needs
  - Responsiveness to the Request for Proposals
- 20% Capability, experience, and reputation of the firm
- 30% Fees
- 15% Qualifications, time commitments, and availability/accessibility of assigned staff
  - References
- 15% Business Inclusion and Development (BID) Plan

# SELECTION PROCESS

- Evaluation committee recommends award of co-financial advisory services contracts to First Southwest and Estrada Hinojosa & Company
- First Southwest and Estrada Hinojosa have served as Co-Financial Advisors to the City since 1995
- First Southwest has served as Financial Advisor to the City since 1957



# CO-FINANCIAL ADVISORS

- Two separate, five-year term contracts
- Fees for bond issuance will be divided as follows:
  - 60% First Southwest
  - 40% Estrada Hinojosa
- Fees for other services, such as structuring bond refinancing issuances, will be divided as follows:
  - 70% First Southwest
  - 30% Estrada Hinojosa

# FEE STRUCTURE FOR BOND ISSUANCE

	<b>First Southwest</b>	<b>Estrada Hinojosa</b>	<b>Total</b>
First \$15,000,000	\$13,500	\$9,000	\$22,500
Next \$15,000,000	\$0.54 per \$1,000	\$0.36 per \$1,000	\$0.90 per \$1,000
Over \$30,000,000	\$0.32 per \$1,000	\$0.22 per \$1,000	\$0.54 per \$1,000

- Advisory services related to a bond issuance are contingent upon the sale and delivery of the bonds
- Fee schedule is 10% less than previous contract
- Consulting services not directly related to a bond issuance are at the City's discretion and are billed at an hourly rate up to a maximum of \$100,000 annually

# RECOMMENDATION

- Award contracts for co-financial advisory services to First Southwest and Estrada Hinojosa & Company on October 26<sup>th</sup> Council agenda