

MOTION NO. M2018-157
Contract for Debt Management & Financial Advisory Services

MEETING:	DATE:	TYPE OF ACTION:	STAFF CONTACT:
Operations and Administration Committee	12/06/2018	Final Action	Tracy Butler, CFO Jessica Jaeger, Director of Financial Operations

PROPOSED ACTION

Authorizes the chief executive officer to execute a five-year contract with two, one-year options to extend with Piper Jaffray & Co. to provide on-call debt financing advisory services for a total authorized contract amount not to exceed \$500,000.

KEY FEATURES SUMMARY

- The contract scope includes debt issuance and management, asset liability management, ongoing financial modeling assistance, and innovative financing advisory services for Sound Transit.
- It is a standard practice to have financial advisors to advise large municipal issuers on financing and debt transactions. This approach allows Sound Transit to obtain competitive pricing and optimize debt structure and therefore minimize cost of borrowing.
- Piper Jaffray & Co. was the top ranked independent financial advisors with extensive experiences in sales tax and transportation bond issuance.
- Services contained in this contract are not taxable.

BACKGROUND

Sound Transit has engaged financial advisory firms to provide, on an on-call basis, specialized services in the area of debt management and asset liability management (ALM). Debt transactions are highly complex and require specialized knowledge and information, and it is a standard practice to have financial advisors to advise large municipal issuers on financing and debt transactions.

The scope of this contract covers advisory services for debt transactions planning and management, innovative financing, ongoing financial modeling support, asset liability management and public private partnership and TIFIA. Sound Transit plans to submit the Federal Way TIFIA loan under the current Master Credit Agreement in early 2019 and approximately \$2.27 billion in bonds are assumed in the current financial plan for the next seven years.

PROCUREMENT INFORMATION

Sound Transit advertised a Request for Proposals (RTA/RP 0055-18) on June 8, 2018. Three firms submitted proposals which were evaluated on the following evaluation criteria: key personnel knowledge and experience, firm experience, price, practice and approach to provision services, and commitment to and compliance with equal opportunity employment law. All three Proposers participated in an extensive evaluation process that included revised proposals, interviews, revised

pricing approach worksheets and references, which all used the same advertised evaluation criteria. Piper Jaffray & Co. was identified as the top ranked firm.

Sound Transit recommends award of this contract based upon the determination that Piper Jaffray & Co.'s negotiated proposal best meets the evaluation criteria and offers the best value, and this contract award is in the best interest of Sound Transit.

Piper Jaffray & Co. rates are fair and reasonable based on comparison to competitive market rates and in comparison to the independent cost estimate (ICE).

FISCAL INFORMATION

The proposed action will execute a new on-call contract with Piper Jaffray & Co. beginning January 2019, for up to seven years for a total amount not to exceed \$500,000. The services described in this proposed action will be assigned on an as-needed basis after available budget is verified. Since the proposed services will be assigned on an as-needed basis, the distribution of costs will also be determined as needed.

SMALL BUSINESS/DBE PARTICIPATION AND APPRENTICESHIP UTILIZATION

Sound Transit promotes and encourages small business participation, which also includes Disadvantaged Business Enterprises (DBEs). Small Business and DBE goals are based upon an examination of subcontracting opportunities contained in the work of this contract and the number of Small Businesses/DBEs available to perform such subcontracting work.

Sound Transit determined that there were few Small Business and DBE subcontracting opportunities based upon the work described in this contract, so Small Business/DBE goals were not established.

PUBLIC INVOLVEMENT

Not applicable to this action.

TIME CONSTRAINTS

The current contract expires December 31, 2018. A delay past that date would result in a lapse of on-call debt financing advisory services for the 4th quarter 2018 ALM performance reporting and financial modeling support.

ENVIRONMENTAL REVIEW

KH 11/30/18

LEGAL REVIEW

MT 11/30/2019

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A motion of the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority authorizing the chief executive officer to execute a five-year contract with two, one-year options to extend with Piper Jaffray & Co. to provide on-call debt financing advisory services for a total authorized contract amount not to exceed \$500,000.

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MOTION:

It is hereby moved by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute a five-year contract with two, one-year options to extend with Piper Jaffray & Co. to provide on-call debt financing advisory services for a total authorized contract amount not to exceed \$500,000.

APPROVED by the Operations and Administration Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on December 6, 2018.



Paul Roberts
Operations and Administration Committee Chair

ATTEST:



Kathryn Flores
Board Administrator