

REGIONAL TRANSIT ISSUE PAPER

Revised page only
Date change -
Discussion 4/9/12

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Agenda Item No.	Board Meeting Date	Open/Closed Session	Item	Issue Date
3	04/09/12	Open	Action	03/28/12

Subject: Awarding a Contract for Financial Advisory Services to Ross Financial

ISSUE

Whether or not to award a Contract for Financial Advisory Services to Ross Financial.

RECOMMENDED ACTION

Adopt Resolution No. 12-04-____, Awarding a Contract for Financial Advisory Services to Ross Financial.

FISCAL IMPACT

The cost of the bond service will be contingent on successful completion of the bond Issuance, therefore there is no fiscal impact to the operating budget. The total fee for the financing transaction service is \$95,000, plus direct expenses, currently estimated not to exceed \$105,000. Any additional financial advisory services will be on a Work Order basis. The contract allocates \$100,000 for work orders. The Work Order fees will be based either on an hourly rate or fixed price, depending on the work to be performed. Under the Procurement Ordinance, the General Manager/CEO will be authorized to execute Work Orders up to a cumulative amount of \$100,000 over the 5-year term of the Contract. Any amount exceeding the cumulative amount would be presented to the Board for approval.

DISCUSSION

On December 12, 2011, the RT Board authorized the release of a Request for Proposals (RFP) for a contract for Financial Advisory Services for the purpose of assisting RT with its first direct issuance of revenue bonds. Staff released the RFP on February 7, 2012. The solicitation was advertised in publications of general circulation and posted on RT's website under Contracting Opportunities. Twenty-seven firms received the RFP. In response, RT received three proposals on March 1, 2012 from: First Southwest Company, Ross Financial, and Public Financial Management, Inc. (PFM).

The Selection Committee scored the written proposals and created a short list for oral presentations. The qualifying criteria in the RFP included the Proposer's understanding of the project (30%), staffing and experience (40%), project work plan (20%), and competitiveness of price (10%). Ranking was based on a maximum of 100 points, using a scoring range of 1 to 10, and weighted in the four aforementioned categories. Applicable Small and Local Business Enterprise (SBE/LBE) point preferences were added. Ross Financial is the only firm that qualified for the 10% SBE point preference and none of the firms qualified for the LBE point preference. Ross Financial is a certified SBE with the California Department of General Services and with the Santa Clara Valley Transportation Authority.

Approved:

Presented:

Final Revised 4/9/12

General Manager/CEO

Chief Financial Officer

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The Selection Committee consisted of: Bruce Behrens, Chief Legal Counsel; Dee Brookshire, Chief Financial Officer; Diane Nakano, AGM of Engineering and Construction; Brent Bernegger, Director, Finance and Treasury; Les Tyler, Director, Office of Management and Budget; and Brian Williams, Executive Director of Sacramento Transportation Authority.

Ross Financial, and Public Financial Management, Inc. scored in the competitive range and were invited to oral interviews that were held on March 21, 2012. The final results are as follows:

	Ross Financial	PFM	
Project Understanding	165	156	
Project Staffing & Exp.	200	220	
Project Work Plan	102	108	
Price	38	48	
Subtotal	505	532	
SBE Point Preference:	53 (rounded)	0	
Total Points:	558	532	600 Points Available

While both proposers were very qualified and competitive, the scoring, including the application of the Districts SBE/LBE policy, resulted in Ross Financial's proposal as the winning proposal.

Ross Financial specializes in public finance and has experience with many transit and other agencies in California including Valley Transportation Authority, CalTrain, SamTrans, San Mateo County Transportation Authority and San Francisco Municipal Transportation Authority (SF Muni). Peter Ross has more than 33 years of industry experience first as Bond Counsel, then as an Investment Banker, and as a Financial Advisor since forming Ross Financial. Mr. Ross has participated in more than \$11 billion of financings, in addition to approximately \$22.5 billion of financings prior to forming his sole proprietorship. Mr. Ross has worked with RT since 2001. His experience includes: implementing three tranches of RT's leveraged lease transactions; negotiating and implementing restructuring of the leveraged leases in 2011; developing the farebox revenue structure for the 2003 Certificates of Participation (COPs); serving as a technical advisor on RT's TransitAction plan; advising RT in its discussions with the Sacramento Transportation Authority regarding pledging RT's portion of the Measure A sales tax; performing numerous bonding capacity and other financing analyses associated with the Blue Line project; and advocating for and assisting in the drafting, research and legislative process relating to the passage of AB 1143.

Ross Financial's proposal presented a strong work plan, outlining the steps required for RT to consider in undertaking the bond issue. The proposal addressed the importance of the Full Funding Grant Agreement for the Blue Line Project, along with the timing of the bonds and cash flow items. The proposal contained very detailed recommendations and details on the implementation process. A sample timeline for actions needed was also provided.

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The RFP was structured for services to include: 1) the financing transaction, and 2) "Special Projects" that would be performed pursuant to Work Orders as hourly-based services, on an as-needed basis. The contract term will be 5 years.

All of the Proposers' prices fell with the Independent Cost estimate range of \$65,000 to \$100,000 for the financial transaction and are considered fair and reasonable.

Staff recommends the Board award the Financial Advisory Services contract to Ross Financial.

RESOLUTION NO. 12-04-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

April 9, 2012

**AWARDING A CONTRACT FOR FINANCIAL ADVISORY SERVICES TO ROSS
FINANCIAL**

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Contract between Sacramento Regional Transit District, therein referred to as "RT," and Ross Financial, therein referred to as "Consultant," whereby Consultant agrees to provide Financial Advisory Services, as specified, for an amount not to exceed \$105,000 for the financing transaction, and not to exceed \$100,000 for Work Orders, for a five-year term, is hereby approved.

THAT, the Chair and General Manager/CEO are hereby authorized and directed to execute said Contract.

BONNIE PANNELL, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary