



"The Best Waterfront City in Which to Live, Work And Play."

CITY OF RIVIERA BEACH

TO: HON. MAYOR, CHAIRPERSON, AND CITY COUNCIL

FROM: RANDY M. SHERMAN, DIRECTOR OF FINANCE & ADMINISTRATIVE SERVICES

THROUGH: JONATHAN EVANS, CITY MANAGER, MPA, MBA, ICMA-CM

DATE: OCTOBER 20, 2021

CC: GENERAL PUBLIC

Background:

The Utility Special District (District) is taking steps toward the construction of a new water treatment facility. As such, the District issued RFQ 1039-21-3 for a Design-Build-Finance project. The responses to the RFQ are currently being evaluated. Concurrently, through Resolution No. 19-21UD, the District Board authorized and directed the Finance Director to proceed with the issuance of Water and Sewer Revenue Bonds in accordance with the Debt Management Policy.

In accordance with the direction of the District's Board and the City of Riviera Beach Procurement Code, RFP 1038-21-3 was issued July 6, 2021 For Investment Banking Services to select the firms to serve as part of the District's Underwriting Syndicate. Responses to the RFP were received from twelve firms:

- JP Morgan Capital Partners
- Loop Capital Markets
- Siebert Williams Shank & Co
- Stern Brothers
- RBC Capital Markets
- Janney Montgomery Scott
- BofA Securities
- Samuel A Ramirez & Co
- Jefferies
- Raymond James
- Morgan Stanley & Co
- PNC Capital Markets

On August 31, 2021, the evaluation committee met to review, discuss and score the proposals. The proposals were evaluated on:

- Responsiveness to the RFP
- Experience of the Firm's primary personnel, expertise and past performance

- Credit and marketing analysis
- Pricing gross spread and takedown
- Demonstrated willingness to underwrite the bonds

Staff recommends for the underwriter syndicate to include the top three ranked firms, Morgan Stanley & Co., RBC Capital Markets and PNC Capital Markets plus the top ranked minority firm of Siebert Williams Shank Co. for a total of four firms.

Underwriter Role:

The primary function of the underwriter in a bond transaction is to purchase securities (bonds) from a government issuer and resell the securities to investors. In a negotiated sale, the underwriters are able to discuss the issue in advance with potential investors, and develop a structure that both meets the investors needs and is cost-effective for the issuer. The underwriter is in a better position to determine an appropriate time to sell bonds based on market conditions. The final purchase price is determined through negotiation between the underwriter and the issuer, culminating in a bond purchase agreement.

Underwriter Syndicate:

The amount of bonds issued is, at times, too large for one underwriting firm to handle exclusively. In addition, certain firms have particular strengths in selling bonds to specific types of investors or in meeting policy objectives of the issuer. As a result, a team known as a syndicate is formed to purchase the bonds and redistribute them to final investors.

City Goals:

The City wide goals are to Achieve a Sustainable Economy, Strengthen Community Engagement and Enhance Government Stewardship

Fiscal/Budget Impact:

To fiscal impact is unknown at this time as market conditions the day of the sale will determine the true interest costs and the present value savings generated from a refunding of the Series 2014 and Series 2016 bonds. At the time the responses to the RFP were received, the proposers consensus true interest cost was in the range of 2.6%-2.8% and the refunding savings were \$3.1 million.

Recommendation:

Staff recommends approval of Resolution No. 29-21 for the establishment of an underwriter syndicate to include the top three ranked firms, Morgan Stanley & Co., RBC Capital Markets and PNC Capital Markets plus the top ranked minority firm of Siebert Williams Shank Co. for a total of four firms.