

City of Piedmont  
COUNCIL AGENDA REPORT

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DATE: August 16, 2021

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Consideration of the Issuance of Requests for Proposals for Underwriting Services and for Registrar and Paying Agent Services Related to the Issuance of General Obligation Bonds for the Piedmont Community Pool as Approved at the General Election of November 3, 2020 (Measure UU)

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RECOMMENDATION

Approve the issuance of Requests for Proposals for 1) Underwriting Services and 2) Registrar and Paying Agent Services related to the issuance, in one or more series, of general obligation bonds for the Piedmont Community Pool approved at the general election of November 3, 2020 (Measure UU).

BACKGROUND

The City is empowered under Section 1 of Article XIII A of the California Constitution, the City of Piedmont Charter, and the California Government Code to issue general obligation bonds that have been authorized by two-thirds of the electors voting on the proposition, and to levy an ad valorem property tax sufficient to pay such bonds. At the General Municipal Election of November 3, 2020, an election measure (Measure UU) to issue General Obligation Bonds and levy the related tax was passed by the requisite two-thirds of the electors, for the purpose of financing the costs of municipal improvement projects of the City to prevent the permanent closure of, and replace, the Piedmont Community Pool and to make improvements to adjacent areas (the “Improvements”).

On July 19, 2021, the City Council approved the issuance of a Request for Qualifications/Proposal for design services related to the Community Pool project. The next critical step in this project is the issuance of Tax Exempt Bonds. The following is a tentative timeline for this process:

1. August 16, 2021 City Council Meeting:
  - a. 1<sup>st</sup> Reading of an Ordinance authorizing the issuance of general obligation bonds and levying an ad valorem property tax.
  - b. City Council approval of Requests for Proposals for Underwriting Services as well as for Registrar and Paying Agent Services
2. September 7, 2021 City Council Meeting:
  - a. 2<sup>nd</sup> Reading of an Ordinance authorizing the issuance of general obligation bonds

- and levying an ad valorem property tax
- b. Selection of Underwriter and Registrar and Paying Agent
- 3. October 18, 2021 City Council Meeting:
  - a. Adoption of Authorizing resolution to approve the structure and terms of the general obligation bonds proposed to be issued.
- 4. November 1, 2021 – Receipt of credit rating
- 5. Week of November 16 – Pricing of Bonds
- 6. December – Closing, bond proceeds received

On August 4, 2021, City Staff met with the Budget Advisory and Financial Planning Committee (BAFPC) to review the proposed structure of the bond sale as well as the methods of bond sale. The two methods available to the City are either a “negotiated sale” or a “competitive sale”. After a thorough review of the two methods, it is the BAFPC’s recommendation that the sale of general obligation bonds approved at the general election held on November 3, 2020 (Measure UU) be through a negotiated sale as this approach allows the City significant control over timing, sale and distribution of such bonds. In order to pursue a negotiated sale approach, underwriters need to be retained by the City. It is recommended that interest be solicited through the issuance of a Request for Proposals (RFP) for Underwriting Services. This will allow the City to review the qualifications of interested investment banks and competitively secure such services. Subsequent to the receipt and review of responses to the RFP, proposals will be summarized and an investment bank recommended for consideration by the City Council.

In addition to soliciting Underwriter Services, the City must also solicit the services of a commercial bank or bank and trust company to serve as Registrar and Paying Agent with respect to the general obligation bonds. This entity will be expected to provide a full range of services generally associated with the administration of a trust estate for tax-exempt state and local government obligations. Through the issuance of a Request for Proposal, the City can receive the qualifications of interested financial institutions and secure such services on a competitive basis.

The expected services of the firms to be engaged to provide underwriting services and registrar and paying agent services are detailed in the attached Requests for Proposals.

By: Michael Szczech, Finance Director

Attachments:

- A. Request for Proposal (RFP) for Underwriting Services
- B. Request for Proposal (RFP) for Registrar and Paying Agent Services



*City of Piedmont, California*  
*120 Vista Avenue*  
*Piedmont, CA 94611*

## Request for Proposal (RFP) for Underwriting Services #2021 - 001

### **CITY OF PIEDMONT, CALIFORNIA**

The City of Piedmont, California (the “City”) is a small, residential community incorporated as a municipal corporation in 1907. It is located in the East Bay Hills, approximately ten miles east of San Francisco, surrounded on all sides by the City of Oakland, in Alameda County. The City’s population was approximately 11,317 as at June 30, 2020. The City is almost entirely zoned for single-family dwelling residential use, and has minimal commerce compared with statistically similar cities. The City provides its own fire and police services but does not have its own public library or federal post office; these services are shared with the City of Oakland.

The City is included in the Oakland-Hayward-Berkeley Metropolitan Division (“MD”). The unemployment rate in the Oakland-Hayward-Berkeley MD was 7.7% in December 2020, up from a revised 6.8% in November 2020, and above the prior year estimate of 2.6%. This compares with an unadjusted unemployment rate of 8.8% for the State of California and 6.5% for the nation during the same period. The unemployment rate was 7.6% in Alameda County and 7.9% in Contra Costa County.

The following table summarizes the median household effective buying income for the City, Alameda County, the State of California, and the United States for the period 2017 through 2020, and projected 2021. “Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income, proprietor’s income, rental income, dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes, nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance.

**CITY OF PIEDMONT, ALAMEDA COUNTY, STATE OF CALIFORNIA,  
AND THE UNITED STATES  
Effective Buying Income  
Median Household  
As of January 1, 2017 Through 2021**

<b>Year</b>	<b>Area</b>	<b>Buying Income (000's Omitted)</b>	<b>Effective Buying Income</b>
2017	City of Piedmont	\$943,491	\$164,370
	Alameda County	56,091,066	67,631
	California	1,036,142,723	55,681
	United States	8,132,748,136	48,043
2018	City of Piedmont	\$1,005,819	\$188,466
	Alameda County	61,987,949	73,633
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Piedmont	\$993,373	\$188,155
	Alameda County	67,609,653	79,446
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Piedmont	\$964,461	\$182,776
	Alameda County	72,243,436	84,435
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Piedmont	\$1,039,447	\$214,754
	Alameda County	77,794,202	88,389
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790

*Source: The Nielsen Company (US), Inc for years 2017 and 2018; Claritas, LLC for 2019 through 2021.*

The City of Piedmont does not currently have a public credit rating, but plans to obtain a public credit rating in connection with the proposed bond issue. Additional information about the City, including audited financial statements, can be found on its website at [www.ci.piedmont.ca.us](http://www.ci.piedmont.ca.us).

## PROPOSALS

The City is seeking proposals from “qualified” investment banks to serve as senior and sole underwriter for its proposed issuance of General Obligation Bonds in a principal amount not to exceed \$19,500,000 to fund the construction of a new community pool facility. The issuance of General Obligation Bonds secured by the full faith, credit and taxing authority of the City for such purpose was approved by the eligible voters of the City on November 3, 2020. The firm chosen will be expected to work with representatives of the City, its financial advisor (Hilltop Securities Inc.) and Bond Counsel (Jones Hall), as well as other members of the working group to execute the proposed financing. Proposers must be willing to work with the City on a contingency basis. No fee or other compensation will be paid unless the City completes the transaction.

The information provided in response to this solicitation must demonstrate to the City that the individuals with whom the City will work would be “qualified” and the ability of the firm to assist in carrying out the proposed financing. To be considered “qualified”, firms must demonstrate their skills and experience necessary to provide the services listed in this Request for Proposal. Services shall be undertaken in a manner consistent with prevailing accepted standards for similar services with respect to projects of comparable function and complexity and with the applicable laws and regulations published and in effect at the time of performance of the services.

## INTRODUCTION AND BACKGROUND

The City of Piedmont is soliciting proposals from qualified investment banks to provide underwriting services in connection with the issuance by the City of tax-exempt bonds in a principal amount not to exceed \$19,500,000 to fund construction of a new community pool facility. The bonds will bear a fixed rate of interest to maturity, with a final maturity of 30 years, and be structured to provide level annual debt service. The City currently has no outstanding General Obligation Bonds and no publicly rated long-term indebtedness. The City expects to pursue a public credit rating in connection with the issuance of the bonds.

## SCOPE OF SERVICES REQUESTED

The scope of services to be provided by the selected investment bank is expected to be the full range of investment banking, marketing and underwriting services required in connection with the successful authorization, offering, and delivery of the General Obligation Bonds of the City. These services will be solely at the direction of the City and will include, but not be limited to the following:

1. Assessment of Financing Structure

The Underwriter chosen to work with the City on the financing will be expected to provide a detailed assessment of the financing structure to execute the proposed plan of finance.

2. Structuring of Proposed Issue

The Underwriter will be called upon to work with the staff of the City and its financial advisor, among others, to recommend a structure that is consistent with the approved bond issue measure. The Underwriter selected will assist with the evaluation of a variety of structural options and will be expected to describe the advantages and disadvantages of each approach.

3. Assist with Development of Legal Documentation

The selected investment bank will be expected to work with staff of the City, its financial advisor, and Bond Counsel to develop all required legal documentation for a proposed financing. Emphasis will be on development of a framework that offers the City favorable terms and conditions for the proposed indebtedness, and facilitates the future issuance of indebtedness by the City.

4. Assist with Development of Disclosure Materials

The City is committed to the development of disclosure materials that satisfy all applicable requirements and are consistent with industry practices. The selected firm will work closely with the City, its financial advisor, and Bond Counsel in the preparation of all disclosure materials.

5. Participate in the Acquisition of Credit Ratings and/or Credit Enhancements, as requested

The Underwriter may be called upon to participate in the solicitation of credit ratings and/or municipal bond insurance. The role of the selected firm in this process will be determined by the City and its financial advisor, and may be limited to the development of supporting materials.

6. Preparation of Pre-Pricing Information

The Underwriter will be required to provide certain market information prior to the pricing of the proposed issue. Such information is to include, but not be limited to: (i) a description of general market conditions leading up to the scheduled pricing date; (ii) detailed sales results for recent comparable issues; (iii) suggested coupon rates and yields for the proposed issue; (iv) a schedule of other offerings expected to be in the market on the scheduled pricing date (including U.S. Treasury offerings and refinancings); (v) a calendar of financial and economic reports that may affect market conditions at the time the bonds are to be priced (e.g., Consumer Price Index, Producer Price Index, employment reports, etc.); and (v) other information that may affect the marketing of the proposed indebtedness.

7. Negotiate the Pricing of the Offering

The Underwriter will negotiate the pricing of the proposed issue with the City and its financial advisor. The selected firm will be required to provide justification for the proposed pricing and any proposed re-pricings.

8. Assist with Development of a Marketing Plan

The City is committed to the development of a marketing plan that will result in the most favorable interest rates on its proposed General Obligation Bonds. The selected Underwriter will be expected to assist the City and its financial advisor with the development of rules that clearly describe the priority of orders. During the order period, the Underwriter will be required to provide regular reports on order activity, with such information broken down by priority of order, size and maturity.

9. Work with City and its Financial Advisor on Bond Allotment

The selected Underwriter will be required to coordinate the allotment of the bonds with the City and its financial advisor.

10. Prepare a Post-Sale Analysis

The selected Underwriter will be expected to prepare a post-sale analysis that includes, at a minimum, the following: (i) a debt schedule for the issue that includes principal and interest requirements, as well as the true interest cost; (ii) a comparison of orders and allotments by year; (iii) a comparison of the coupon rates and reoffering yields with issues of similar term and credit quality marketed at or about the same time; and (iv) a discussion of any circumstances relating to the market or the City's offering that may have impacted the sale results.

## **LENGTH OF CONTRACT**

The Underwriter is expected to remain in place until the proposed issuance of General Obligation Bonds is completed. However, the City retains the right to remove and replace the selected firm.

## **INSTRUCTIONS AND CONDITIONS FOR SUBMITTING PROPOSALS**

From the date of release of this Request for Proposals until an investment bank is selected to provide underwriting services by the City, interested firms shall limit their contact with the City by communicating only in writing via email with Mr. Michael Szczech, Finance Director of the City at [mszczech@piedmont.ca.gov](mailto:mszczech@piedmont.ca.gov) or Mr. Michael Newman of Hilltop Securities Inc. as financial advisor to the City at [michael.newman@hilltopsecurities.com](mailto:michael.newman@hilltopsecurities.com). **No contact with any other City personnel or members of the City Council is permitted during the Request for Proposal process, and any such communication shall be grounds for excluding such firm from this procurement process.**

### **Proposal Submission**

Firms must submit their proposal by email to Mr. Michael Szczech at [mszczech@piedmont.ca.gov](mailto:mszczech@piedmont.ca.gov) AND Mr. Michael Newman at [michael.newman@hilltopsecurities.com](mailto:michael.newman@hilltopsecurities.com) no later than 4:00 P.M. Pacific Time on September 1, 2021. Proposals must be clearly marked "Proposal to Provide Underwriting Services to City of Piedmont, California 2021 - 001". Proposals received after the deadline will not be considered for selection, and joint proposals will not be accepted.

The City reserves the right to (i) reject any and all proposals, (ii) waive irregularities in any proposal, (iii) request clarification of any information submitted, and (iv) negotiate with the firm submitting the "best" proposal to obtain more favorable terms and conditions. The City assumes no liability for expenses incurred by firms in the preparation of their responses to this Request for Proposal for Underwriting Services. Once received, all proposals become the property of the City.

### **Compensation**

All compensation paid to the investment banking firm selected pursuant to this Request for Proposal will be contingent upon the sale and delivery of the General Obligation Bonds approved by the voters on November 3, 2020.

### **INSTRUCTIONS FOR PREPARING PROPOSAL**

Each proposal is to contain specific responses to each of the following requests. Firms are encouraged to respond fully to each inquiry, but to be as concise as possible. Submit the response to each item under each item request. The responses should be concise and limited to not more than ten (10) pages (8 ½ x 11), written in a font size of 11, and the cover letter and appendices do not count towards such page limit. A response must be submitted in pdf format.

1. Submit a cover letter summarizing your proposal. The cover letter should specify that the signatory is legally authorized to commit the firm to all terms and conditions contained in the proposal. Please limit the cover letter to no more than two (2) pages.
2. Provide the firm name, address, telephone, facsimile number, and e-mail address of the primary contact. Where personnel in more than one office are to be involved in the financing, please indicate which office will be primary and which will be secondary. Include a brief description of the firm, covering ownership, organizational structure, size, and capitalization (total capital, equity capital and excess net capital).
3. Provide a list of the individuals who will be assigned to work with the City on the proposed financing. Describe the role of each individual and include the telephone, facsimile number, and e-

mail address of each, and experience with similar transactions. Include a brief (not to exceed one page) resume of each individual's education, training and experience.

4. Provide a list of your firm's experience with similar transactions, with an emphasis on those involving the individuals that will be assigned to this transaction.
5. Provide three (3) references from the transactions listed in item #4. The references should be the individual with whom your firm worked most closely on the transaction. For each reference, provide the individual's name, title, mailing address, email, and telephone number. Please provide references that are familiar with the work of the individuals who will be assigned to this transaction.
6. Identify any issues or concerns, if any, relating to the proposed issuance of General Obligations Bonds by the City and describe how each could be addressed by the City.
7. Provide your thoughts with respect to the rating on the General Obligation Bonds of the City, and any steps the City can consider to achieve the highest credit rating possible on its General Obligation Bonds.
8. Describe the approach you would use to market the General Obligation Bonds of the City.
9. Provide your views on the length of an order period; and order priority. Describe how this approach will benefit the City. The City will require that representatives of the City and its financial advisor be provided with an electronic means of viewing orders submitted by Underwriter on a real time basis.
10. Provide a breakdown of your proposed underwriting spread on Appendix I for "AA/Aa" rated tax-exempt fixed rate General Obligation Bonds with a final maturity of 30 years structured to provide level annual debt service. Please note that the City expects the firm selected to adhere to the quotes provided for underwriting risk, takedown, and management fee through the completion of the financing. Changes in such quotes may be permitted, at the discretion of the City. Approved and documented underwriting expenses will be reimbursed.
11. Please identify three law firms from which your firm will select one firm to use as Underwriter's Counsel in connection with the issuance of General Obligation Bonds by the City, and verify with said firms and confirm in your response that Underwriter's Counsel agrees to perform the required services for the quoted fee. In preparing the quoted fee, please assume that Underwriter's Counsel will be responsible for preparation of the Bond Purchase Agreement and Preliminary and Final Official Statement. The City reserves the right to approve any firm employed to serve as Underwriter's Counsel. Payment of Underwriter's Counsel will be made from the underwriting spread - expense component.
12. Disclose any relationship, contractual or otherwise, that your firm has with any individual, organization or firm that may be a party to or beneficiary of the proposed issuance of General Obligation Bonds by the City. Disclose any relationships, contractual or otherwise, that your firm has with any individual, organization or firm that would present a conflict of interest, or appearance thereof, with your role as underwriter.
13. Provide a summary of any inquiries, investigations or litigation over the past five years (including those in progress) that concern your firm's (or any employee's) underwriting, investment banking or financial advisory activities, including but not limited to guaranteed investment contracts, interest

rate swaps, and other derivative products. Include a description of any inquiries or actions taken against your firm or employees by any court or regulatory authority, including fines, suspensions, censure, etc.

## **SCHEDULE OF EVENTS**

- August 17, 2021**      Distribution of Request for Proposals
- September 1, 2021**      **Deadline for submitting proposals 4:00 PM PDT.** Proposals will be opened immediately after 4:00 PM deadline.
- September 7, 2021**      Tentative Award date

## **EVALUATION PROCESS**

A committee will review each proposal submitted in response to this Request for Proposal for Underwriting Services, and recommend engagement of a firm for consideration by the City Council. The City may conduct interviews with two or more finalists. If interviews are to be held, the finalists will be notified of the date and time.

The following will be considered when reviewing the Proposals and determining successful bidder:

- a) Qualifications of the firm and the assigned professionals;
- b) Relevant experience of the assigned professionals;
- c) Responsiveness to, and understanding of, the Request for Proposal; and
- d) Proposed fee.

## **CONTRACTUAL OBLIGATION**

The contents of this Request for Proposal and the proposal of the successful firm shall become the basis of a contractual obligation if procurement ensues. Failure to accept these obligations as a contractual agreement would result in cancellation of the award.

## **CANCELLATION OF CONTRACT**

**The City and contracted firm may cancel their contract by giving 30 days written notice to the other party. This written notice must be sent certified mail with return receipt requested.**

## **OTHER TERMS AND CONDITIONS**

No work resulting from this Request for Proposal may be sublet or assigned without prior written consent of the City. If you plan to use a subcontractor, the information provided must clearly show the proposed division of responsibility and staffing.

## Appendix I

## BREAKDOWN OF PROPOSED UNDERWRITER SPREAD

<u>Component of Spread</u>	“AA/Aa” Tax-Exempt Fixed Rate Bonds	
	<u>As \$</u>	<u>As \$/000</u>
Takedown		_____
Management Fee		_____
Underwriting		_____
Underwriting Expenses: *		
- Underwriter's Counsel	_____	
- Overnight Delivery	_____	
- DalComp	_____	
- DalNet	_____	
- Cost of Funds	_____	
- Travel	_____	
- Public Relations/ Investor Relations	_____	
- Information Technology	_____	
- Advertising		
Direct Marketing	_____	
Mass Marketing	_____	
- CUSIP	_____	
- Other (Specify)	_____	
_____	_____	
_____	_____	
_____	_____	
Total Expenses		_____
TOTAL UNDERWRITING SPREAD **		=====

\* All expense reimbursements are subject to documentation in a form acceptable to the City.

**NOTE: DO NOT PROVIDE RANGES FOR ANY REQUESTED ITEM.**



*City of Piedmont, California  
120 Vista Avenue  
Piedmont, CA 94611*

**Request for Proposal (RFP)  
for Registrar and Paying Agent Services  
#2021 - 002**

**CITY OF PIEDMONT, CALIFORNIA**

The City of Piedmont, California (the “City”) is a small, residential community incorporated as a municipal corporation in 1907. It is located in the East Bay Hills, approximately ten miles east of San Francisco, surrounded on all sides by the City of Oakland, in Alameda County. The City’s population was approximately 11,317 as at June 30, 2020. The City is almost entirely zoned for single-family dwelling residential use, and has minimal commerce compared with statistically similar cities. The City provides its own fire and police services but does not have its own public library or federal post office; these services are shared with the City of Oakland.

The City of Piedmont does not currently have a public credit rating, but plans to obtain a public credit rating in connection with the proposed bond issue. Additional information about the City, including audited financial statements, can be found on its website at [www.ci.piedmont.ca.us](http://www.ci.piedmont.ca.us).

**INTRODUCTION AND BACKGROUND**

The City of Piedmont is soliciting proposals from qualified banks and trust companies to provide Registrar and Paying Agent services in connection with the issuance by the City of tax-exempt bonds in a principal amount not to exceed \$19,500,000 to fund construction of a new community pool facility. The bonds will bear a fixed rate of interest to maturity, with a final maturity of 30 years, and be structured to provide level annual debt service. The City currently has no outstanding General Obligation Bonds and no publicly rated long-term indebtedness. The City expects to pursue a public credit rating in connection with the issuance of the bonds.

The firm chosen will be expected to work with representatives of the City, its financial advisor (Hilltop Securities Inc.) and Bond Counsel (Jones Hall), as well as other members of the working group to execute the proposed financing. Proposers must be willing to work with the City on a contingency basis. No fee or other compensation will be paid unless the City completes the transaction.

The information provided in response to this solicitation must demonstrate to the City that the individuals with whom the City will work would be “qualified” and the ability of the firm to assist in carrying out the proposed financing. To be considered “qualified”, firms must demonstrate their skills and experience necessary to provide the services listed in this Request for Proposal. Services shall be undertaken in a manner consistent with prevailing accepted standards for similar services with respect to projects of comparable function and complexity and with the applicable laws and regulations published and in effect at the time of performance of the services.

## SCOPE OF SERVICES

The firm selected as Registrar and Paying Agent by the City will be expected to provide a full range of services generally associated with the administration of a trust estate for tax-exempt state and local government obligations.

These services are to include, but not necessarily limited to, the following:

- 1) Serving as paying agent, registrar and authentication agent for the Bonds pursuant to an authorizing resolution adopted by the City Council (the “Resolution”) and, if necessary, a paying agent agreement.
- 2) Coordination of closing arrangements with the City, Bond Counsel, financial advisor to the City, and the underwriter for the proposed bond issue by the City. This shall include: (a) authentication of the bonds; and (b) making arrangements for delivery, against payment, of the bonds.
- 3) Creation and administration of the required funds and accounts anticipated for the Bonds, which is anticipated to consist of a principal and interest account for paying the Bonds.
- 5) Provision of regular monthly accounting reports in a form acceptable to the City. Such reports are to include both cumulative and current figures as to account balances, cash receipts and disbursements, investment transactions and accruals thereon.
- 6) Investment, upon the direction and advice of the City, of funds in a manner consistent with current law, regulations and the provisions of the Resolution.
- 7) Assisting the City’s arbitrage consultant with the generation of reports necessary to conduct rebate calculations.
- 8) Making payment of interest and principal on the proposed bonds, when due, from the designated accounts and providing redemption notices and publications, if any, pursuant to the procedures established in the Resolution.
- 9) Assisting the City’s dissemination agent with the disclosure of material events pursuant to the City’s Continuing Disclosure Agreement.

## INSTRUCTIONS AND CONDITIONS FOR SUBMITTING PROPOSALS

From the date of release of this Request for Proposals until a commercial bank or trust company is selected to provide services as Registrar and Paying Agent by the City, interested firms shall limit their contact with the City by communicating only in writing via email with Mr. Michael Szczech, Finance Director of the City at [mszczech@piedmont.ca.gov](mailto:mszczech@piedmont.ca.gov) or Mr. Michael Newman of Hilltop Securities Inc. as financial advisor to the City at [michael.newman@hilltopsecurities.com](mailto:michael.newman@hilltopsecurities.com). **No contact with any other City personnel or members of the City Council is permitted during the Request for Proposal process, and any such communication shall be grounds for excluding such firm from this procurement process.**

***Proposal Submission***

Firms must submit their proposal by email to Mr. Michael Szczech at [mszczech@piedmont.ca.gov](mailto:mszczech@piedmont.ca.gov) **AND** Mr. Michael Newman at [michael.newman@hilltopsecurities.com](mailto:michael.newman@hilltopsecurities.com) no later than 4:00 P.M. Pacific Time on September 1, 2021. Proposals must be clearly marked "Proposal to Provide Registrar and Paying Agent Services to City of Piedmont, California 2021 - 001". Proposals received after the deadline will not be considered for selection, and joint proposals will not be accepted.

The City reserves the right to (i) reject any and all proposals, (ii) waive irregularities in any proposal, (iii) request clarification of any information submitted, and (iv) negotiate with the firm submitting the "best" proposal to obtain more favorable terms and conditions. The City assumes no liability for expenses incurred by firms in the preparation of their responses to this Request for Proposal for Underwriting Services. Once received, all proposals become the property of the City.

***Compensation***

All compensation paid to the commercial bank or trust company selected pursuant to this Request for Proposal will be contingent upon the sale and delivery of the General Obligation Bonds approved by the voters on November 3, 2020.

***Instructions for Preparing Proposal***

Each proposal is to contain specific responses to each of the following requests. Firms are encouraged to respond fully to each inquiry, but to be as concise as possible. Submit the response to each item under each item request. The responses should be concise and limited to not more than ten (10) pages (8 ½ x 11), written in a font size of 11, and the cover letter and appendices do not count towards such page limit. A response must be submitted in pdf format.

***Proposal Content***

Each proposal must contain specific responses to each of the following requests. Firms are encouraged to respond fully to each inquiry, but to be as concise as possible. Submit the response to each item on a separate page, with the information request reproduced at the top of the first page of the response.

- 1) Provide the name of your institution, its address, telephone number and facsimile number. Include the name, title, direct telephone number and facsimile number of the individual who will serve as the principal contact person for this engagement.
- 2) Describe the organization, size and structure of your institution, including the number of corporate trust professionals employed for the administration of state and local government securities issuances. Identify the trust professionals in your institution located in California. Describe and discuss any professional staff reductions since January 1, 2018, and any pending staff reductions in the corporate trust area.
- 3) State that your institution is licensed to provide services as Registrar and Paying Agent in the State of California and possess minimum capital of \$50,000,000. In addition, include a statement regarding your institution's capital, surplus and undivided profits.
- 4) Provide a brief statement of your understanding of the scope of services being requested and discuss your institution's ability to perform the required duties in a timely manner and the ability to perform the requested services for the 30-year term of the proposed bonds.

- 5) Provide a list, or an indicative list, of state and local governments for which your institution has provided Trustee, Paying Agent and Registrar services since January 1, 2018. Include the name of the issue, issue size, and type of security. Select two representative engagements from this list and describe the scope of services provided.
- 6) Provide the names and titles of the individuals (not more than three) who will be assigned to carry out the responsibilities of this engagement. Include a brief (not more than one page) description of their professional qualifications, including years working in the public trust area, years with your institution, and specific responsibilities in this engagement.
- 7) Provide a statement of assurance that the individuals identified in item #6 will be available to assist the City with the successful completion of its transaction, and on-going maintenance of its proposed bonds. Include a statement that at least one of the individuals identified will be (a) available for all meetings necessary to review documents associated with the proposed financing, and (b) serve as the relationship manager to the City.
- 8) Provide a description of your institution's investment services as it relates to the investment of deposits for the payment of debt service on the bonds of the City.
- 9) Describe any known or pending material change in your institution, with particular emphasis on any such changes in the corporate trust area. Discuss the effect such changes might have on your institution's ability to effectively serve as Registrar and Paying Agent for the term of the City's proposed bonds.
- 10) Provide three (3) references of local governments or local governmental public trusts or authorities for which you have provided trustee, registrar and/or paying agent services since January 1, 2018. Include the name, title, and telephone number of a contact person who will be familiar with the work of both your institution and the individuals identified in item #6.
- 11) Each proposal must contain a statement of fees and estimated expenses to provide the services described herein with respect to the proposed bonds of the City. Please complete Attachment I. The statement of fees and expenses should include the following information:

<u>Acceptance Fee:</u>	Stated as fixed dollar. The acceptance fee must include your institution's expenses and any fees or expenses of your counsel.
<u>Annual Administration Fee:</u>	Stated as fixed dollar amount or, in the alternative, as a percentage of the principal amount of Outstanding Bonds, if the fee is to be based on the declining principal balance of the Bonds.
<u>Investment Transaction Charges:</u>	Describe any fees, commissions, or other charges (direct or indirect) for investment transactions. Please <b>do not</b> include pre-printed materials, i.e. prospectus in the proposal submission.
<u>Additional Charges:</u>	Detail any additional charges your institution proposes to charge in connection with the services described herein.

**SCHEDULE OF EVENTS**

- August 17, 2021**      Distribution of Request for Proposals
- September 1, 2021**      **Deadline for submitting proposals 4:00 PM PDT.**  
Proposals will be opened immediately after 4:00 PM deadline.
- September 7, 2021**      Tentative Award date

**EVALUATION PROCESS**

A committee will review each proposal submitted in response to this Request for Proposal for Trustee, Registrar and Paying Agent Services, and recommend engagement of a firm for consideration by the City Council. The City may conduct interviews with two or more finalists. If interviews are to be held, the finalists will be notified of the date and time.

The following will be considered when reviewing the Proposals and determining successful bidder:

- a)      Qualifications, experience and stability of the firm;
- b)      Qualifications and relevant experience of the assigned professionals;
- c)      Responsiveness to, and understanding of, the Request for Proposal; and
- d)      Proposed fee.

**CONTRACTUAL OBLIGATION**

The contents of this Request for Proposal and the proposal of the successful firm shall become the basis of a contractual obligation if procurement ensues. Failure to accept these obligations as a contractual agreement would result in cancellation of the award.

**CANCELLATION OF CONTRACT**

**The City and contracted firm may cancel their contract pursuant to the terms of the Resolution for the proposed General Obligation Bonds of the City.**

**OTHER TERMS AND CONDITIONS**

No work resulting from this Request for Proposal may be sublet or assigned without prior written consent of the City.

**ATTACHMENT I****CITY OF PIEDMONT, CALIFORNIA  
TRUSTEE, REGISTRAR AND PAYING AGENT FEE PROPOSAL**

1. Acceptance Fee \_\_\_\_\_

2a. Flat Annual Fee Method  
(State Flat Annual Fee) \_\_\_\_\_

AND/OR

2b. Annual Fee Expressed as a Percentage of Declining Principal Balance  
(State Percentage) \_\_\_\_\_

Total Fee Quote \_\_\_\_\_

3. Investment Transaction Charges: Please describe below any fees, commissions, or other charges (direct or indirect) for investment transactions or drawings under bank facilities issued in support of the Bonds.

\_\_\_\_\_  
\_\_\_\_\_

4. Additional Charges: Detail any additional charges your institution proposes to charge in connection with the services described herein.

\_\_\_\_\_  
\_\_\_\_\_

Name of Institution: \_\_\_\_\_

Submitted By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**NOTE: DO NOT PROVIDE RANGES FOR ANY REQUESTED ITEM.**