

EXECUTIVE SUMMARY

Recommendation of \$500,000 or Less 19-005V – Financial Advisory Services

This request is to approve the recommendation to award Request for Proposal 19-005V for five (5) years starting July 1, 2018 through June 30, 2023. The District's current Financial Advisory Services (FAS) provider is an integral member of the District's financing team. The FAS role on the financing team is critical, as they assist the District in determining the appropriate form of financing (i.e., type of debt – General Obligation Bonds, Certificates of Participation, Bank Loans, etc.) structure of debt (i.e., maturity, interest, call/non-call, etc.), and sale (i.e., competitive, negotiated, private placement, etc.).

Procurement Method

Per Purchasing Policy 3320 Part II, D (3), and pursuant to the Department of Education, Rule 6A-1.012(7) Florida Administrative Code, in acceptance of responses to requests for proposals, The School Board may award contracts to one (1) or more responsive, responsible proposers in accordance with the selection criteria published in the request for proposal. Procurement & Warehousing Services (PWS) released RFP 19-005V – Financial Advisory Services on April 2, 2018, with a due date of April 27, 2018. This RFP replaces RFP 14-008V – Financial Advisory Consultant Services that was awarded by the School Board on July 23, 2013, and expires June 30, 2018. There was only one (1) proposal received, PFM Financial Advisor LLC.

While only one (1) proposal was received, it was not surprising due to the following, including, but not limited to:

- The 2017 Tax Cuts and Job Act (TCJA) eliminated Advance Refunding, a tool that all districts used to refund existing bonds to generate interest savings. This elimination decreased the amount of activity in the bond market, as well as the appetite for financial advisors to enter a subsidizing market.
- The TCJA elimination of advance refunding caused many states, school districts and city issuers to complete their refunding prior to year-end (December 2017), as no more advance refunding were permitted after January 1, 2018.
- The market is transitioning from a low-interest environment to modestly higher interest market. Therefore, bond activity has certainly slowed down and is not as robust as when rates were lower.
- Any new potential responders to the District's RFPs are hesitant to submit proposals due to the extremely restrictive indemnification language required.

The Financial Advisory Committee proceeded with the evaluation scoring of the one proposal. After scoring this proposal, the Committee recommended that the District award RFP –19-005V to PFM Financial Advisor LLC. Per Purchasing Policy 3320 Part II, J, if less than two (2) responsive proposals for a commodity or contractual services are received; the school district may negotiate on the best terms and conditions or decide to reject all proposals

PFM Financial Advisors LLC is the current vendor on RFP 14-008V – Financial Advisory Consultant Services. The PWS staff contacted other school districts within the State of Florida regarding Financial Advisory Services. PFM Financial Advisors LLC is currently the Financial advisor for Miami-Dade, Palm Beach, and Orange County school districts. Hillsborough County current financial advisor is Ford and Associates.

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PFM is one of the premier financial advisory firms in the nation, and they assist us to ensure that the optimal financing vehicle is utilized and determines the appropriate time to enter the market to sell the District's bonds to investors. PFM was instrumental in assisting the District with compliance of new federal regulations/legislation requirements (i.e., U.S. Securities and Exchange Commission, Dodd-Frank, Wall Street Reform and Consumer Protection Act, Commodity Futures Trading Commission Regulation, etc.).

Since December 2013, PFM assisted with completing seven (7) refunding, which resulted in approximately \$95 million in present value savings. In the next twelve (12) months, the District will start the planning process for several debt issuances (i.e., General Obligation Bonds – second tranches, Tax Anticipation Notes, etc.) and the possibility of several lease financings for the District's facilities.

As evidenced by the TCJA, the Internal Revenue Service (IRS) and Securities and Exchange Commission (SEC), rules and regulations with financing and reporting can be changed and implemented quickly. Therefore, awarding a five (5) year contract for these crucial services enables the District to "lock-in" prices, avoiding any increases for the duration of the contract from July 1, 2018 through June 30, 2023.

PFM Financial Advisors LLC's new cost proposal shows an overall cost savings of approximately eighteen- point nine (18.9) percent, which was achieved through negotiations with the Committee.

The Financial Advisory Committee recommends the selection of PFM Financial Advisors LLC as the District's financial advisor to ensure continuity of these vital services and the continued successful issuance of future tranches of the General Obligation Bonds and other various financings/re-financings.

Financial Impact

There is no financial impact to the district, as fees will be paid from proceeds of financings completed