

EXECUTIVE SUMMARY

Recommendation of \$500,000 or Less 19-008V – Investment Banking Services

This request is to approve the Request for Proposal (RFP) 19-008V - Investment Banking Services, for five (5) years starting August 1, 2018 through July 31, 2023. This RFP will provide the District with services from investment banking firms registered with Financial Industry Regulatory Authority and U.S. Securities and Exchange Commission for the issuance of long-term debt and tax-exempt lease purchase obligation.

The issuance of debt includes, but is not limited to, the following functions:

- a) The issuance of Certificates of Participation (COPs) to provide financing for the District's school facilities needs,
- b) The possible refinancing of the existing debt with the object of reducing debt service,
- c) The issuance of General Obligation Bonds (GOBs).

The Underwriting Team of Senior Managers and Co-Managers will rotate for each bond financing (i.e., new issuance and refunding). When one (1) firm is servicing as the Senior Manager in the rotation, the other three (3) Senior Managers serve as Co-Managers, along with the other awarded Co-Managers. The Senior Manager firm works closely with the District to determine the offering price of the bonds, purchases them from the District, and sells them to investors in the open market.

The Financial Advisory Committee negotiated with each of the Investment Banking firms to include minority participation in the area of Underwriters Counsel. The good faith effort may include the participation of a minority firm as co-counsel, thereby providing for a greater pool of minority firm ability to participate in any contract award. J.P. Morgan's proposal included minority participation with minority firm, Steve Bullock P. A., as its Underwriter Counsel.

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 or more responsive, responsible proposers in accordance with the selection criteria published in the request for proposal. Procurement & Warehousing Services released RFP 19-008V – Investment Banking Services on April 2, 2018, and was due on April 27, 2018. Fourteen (14) proposal were received. The FAC evaluated twelve (12) of the proposals that met the minimum qualifications of the RFP. The committee selected the top six (6) ranked firms for the recommendation of award. The top four (4) firms were recommended for the award as the Senior Managers - Merrill Lynch, J.P. Morgan, Morgan Stanley and Wells Fargo; two (2) firms were recommended for the award as Co-Managers – Citigroup Global and PNC Capital Markets.

Due to the robust financial markets out-performing past trends and the growth of the U.S. economy, there is consensus among several economists that inflation may pick up in the upcoming months. Therefore, awarding a five year (5) 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 July 31, 2023.

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All investment bankers new cost proposals show an overall cost savings of approximately five (5.0) percent, which was achieved through negotiations with the Committee. The Financial Advisory Committee recommends exercising the five (5) year agreement to ensure continuity of these vital services; continue successful issuance of refunding and/or other various financings; and to lock-in the fixed price over the term of the contract award.

Financial Impact

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