



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 4/20/2021

ALL

Item Creation Date: 3/22/2021

T29506 - Arbitrage Rebate Computation and Consulting Services - ORDINANCE

Agenda Item#: 56.

Summary:

ORDINANCE approving and authorizing a contract between the City of Houston and **HILLTOP SECURITIES ASSET MANAGEMENT, LLC** for arbitrage rebate computation and consulting services for the Office of the City Controller; providing a maximum contract amount of \$476,820.00.

Background:

Request for Proposals received January 21, 2021 for S76-T29506 - Approve an ordinance awarding a contract to Hilltop Securities Asset Management, LLC for Arbitrage Rebate Computation and Consulting Services for the Office of the City Controller.

Specific Explanation:

The City Controller and the Chief Procurement Officer recommend that City Council approve an ordinance awarding a **three (3) year contract with two (2) one-year options** to **Hilltop Securities Asset Management, LLC** in the maximum contract amount of **\$476,820.00** to provide Arbitrage Rebate Computation and Consulting Services for the Office of the City Controller. The City Controller or the Chief Procurement Officer may terminate this contract at any time upon giving thirty (30) days written notice to the contractor.

The Scope of Work requires the contractor to perform arbitrage computation services for various types of debt issues and provide consulting related to new methodologies and post-insurance compliance that may be required as a result of new debt issuance or changes in the federal tax law regulations.

The services include but are not limited to:

- Performing a review of all legal documents supplied by the City relating to the transaction to identify the funds subject to rebate, determine the cash flow, and identify any special tax considerations relating to the debt issue.
- Conferring with the City on the funds subject to rebate.
- Verifying the bond yield calculated on the 8038-G.
- Collecting, analyzing, and adjusting average invested balances for any material posting.
- Performing expenditure corrections; applying the Fair Market Value (FMV) earnings rate and calculating investment earnings for the funds.
- Reviewing documents submitted to the IRS by the City for subsidies related to the issuance of Build America Bonds.

The Request for Proposals was advertised in accordance with the requirements of the State of Texas bid laws. As a result, proposals were received from the following firms: Hilltop Securities Asset Management, LLC and PFM Asset Management, LLC.

The Evaluation Committee was comprised of City of Houston voting members from the Houston Airport System, Houston Public Works, Finance Department, and the Office of the City Controller. The evaluation was based on the following criteria:

1. Responsiveness of Proposal
2. Technical Competence
3. Price

Based on the evaluation of the proposals, Hilltop Securities Asset Management, LLC was deemed the best proposer having met all requirements and was recommended for contract award.

MWBE Participation:

This professional services contract is being issued with a 24% goal for MWBE participation and the below named company has been named as the certified MWBE subcontractor:

Contracting Firm	Subcontractor	Type of Work	Percentage
Hilltop Securities Asset Management	McConnell & Jones, LLP	Arbitrage Calculation Data Analysis and Conversion	24%

Pay or Play Program:

The proposed contract requires compliance with the City's Pay or Play ordinance regarding health benefits for employees of City


The proposed contract requires compliance with the City's Pay or Play Ordinance regarding health benefits for employees of City Contractors. In this case, the contractors provide health benefits to eligible employees in compliance with City policy.

Hire Houston First:

The proposed contract requires compliance with the City's Hire Houston First ordinance that promotes economic opportunity for Houston businesses and supports job creation. In this case, Hilltop Securities Asset Management, LLC is not a designated company and therefore, the HHF preference was not applied to the contract award.

Fiscal Note:

Funding for this item is included in the FY2021 adopted budget. Therefore, no Fiscal Note is required as stated in the Financial Policies.

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4/12/2021

Jerry Adams, Chief Procurement Officer
Finance/Strategic Procurement Division

Estimated Spending Authority			
DEPARTMENT	FY21	OUT YEARS	TOTAL
Office of the Controller	\$18,800.00	\$ 75,200.00	\$ 94,000.00
Convention & Entertainment	3,200.00	12,000.00	15,200.00
Finance	27,020.00	112,000.00	139,020.00
Houston Airport System	16,920.00	67,680.00	84,600.00
Houston Public Works	28,200.00	115,800.00	144,000.00
Totals	\$94,140.00	\$382,680.00	\$476,820.00

Amount of Funding:

\$233,020.00 General Fund (1000)
 \$ 15,200.00 Convention & Entertainment Facility Revenue Fund (8601)

 \$ 84,600.00 HAS-Revenue Fund (8001)
 \$144,000.00 Water & Sewer Systems Operating Fund (8300)

\$476,820.00 Total

Contact Information:

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ATTACHMENTS:

Description	Type
AM Best	Backup Material
Caption	Other
Certification of Funds - FiN	Backup Material
Certification of Funds - CTR	Backup Material
Certification of Funds - HAS	Backup Material
Certification of Funds - C&E	Backup Material
Certification of Funds - HPW	Backup Material
Department Award Recommendation	Backup Material
COI and Endorsements	Backup Material
Delinquent Tax Report	Backup Material
Form B	Backup Material
MWBE Forms	Backup Material
Ownership Information Form	Backup Material
Pay or Play 2 Compliance	Backup Material