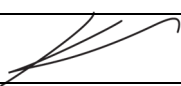


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## Alameda Corridor Transportation Authority

April 15, 2021

<b>To:</b>	Governing Board
<b>From:</b>	Kevin L. Scott, Chief Financial Officer 
<b>Subject:</b>	<i>Approval of Selection of Investment Banking Pool to Provide Investment Banking and Underwriting Services (APPROVAL)</i>

### Recommendation

Staff requests approval of a pool of fourteen investment banking firms for a period of five years to provide investment banking and underwriting services.

ACTA will enter into agreements with the investment banks at the time of each transaction detailing responsibilities and expectations from each firm.

It is recommended that the Governing Board (Board) approve the following fourteen investment banking firms for a pool for a period of five years to provide ACTA with investment banking services: Barclays; BofA Securities, Inc.; Citigroup Global Markets Inc.; Goldman Sachs & Co. LLC; J.P. Morgan Securities LLC; Jefferies LLC; Loop Capital Markets; Morgan Stanley; Piper Sandler & Co.; Ramirez & Co.; RBC Capital Markets; Siebert Williams Shank & Co., LLC; UBS Financial Services Inc.; Wells Fargo Securities.

### Background

Investment banks play a key role in ACTA's financing team as these underwriters assist in the structuring, marketing and distribution of bonds. The banks' market reach, access, and understanding of the needs of the investor base provide a direct benefit to ACTA in the form of wide distribution and efficient cost of borrowing. Based on the complexity of the work to be completed, market conditions, and the financial risk associated with large-scale financing transactions, using investment banks to aid ACTA is warranted and required.

### Pool Selection Process

On February 11, 2021, ACTA issued a Request for Qualifications (RFQ) for investment banking and underwriting services. This RFQ was posted to ACTA's website as well as on the websites of the Ports of Los Angeles and Long Beach. The RFQ was also submitted electronically to 47 firms doing business in California. This outreach utilized the latest edition of the Bond Buyer's Municipal Marketplace, a leading directory of public finance professionals and information from firms that have contacted ACTA.



Twenty-four statements of qualifications (SOQ) were received by the March 3, 2021 deadline (Transmittal 1). The SOQs were reviewed and evaluated by a selection panel comprised of four professional level finance staff, two of whom are ACTA employees and one each from the Ports of Los Angeles and Long Beach.

The selection panel evaluated and ranked the firms utilizing the evaluation form provided in Transmittal 2. Based on the evaluation process firms were scored and a cut-off score of 70 was established. Based on the scoring, staff recommend the inclusion of fourteen firms in the pool: three are minority and woman owned business enterprises (MBE/WBE), and eleven are other business enterprises (OBE). Creating a large, diverse pool of underwriters provides ACTA with access to a wider range of investors. The banks being recommended would allow ACTA to obtain the broadest range of financing choices when the need arises. A five-year term will allow the pool to be used for the range of services that are anticipated to be required, which may include a near-term financing and a longer term financing.

### **Services to be Performed**

The pool includes firms deemed eligible to serve as senior managers and/or co-managers for fixed rate debt, and security exchanges and tenders. ACTA will select firms from the pool on an as-needed basis to perform investment banking services based on the specific needs of future financings. Prior to each transaction, the firms in the pool will be selected through a questionnaire focusing on bond structuring, marketing strategies, and fees as primary selection criteria. ACTA will enter into agreements with the underwriters at the time of each transaction, detailing responsibilities and expectations from each firm. All such transactions and agreements will obtain prior Board approval.

Prospective transactions over the course of the next twelve months may include refinancing previously issued debt to lower near-term debt service and reduce the need for shortfall advances from the ports.

### **Budget Impact**

There are no costs beyond staff time and materials associated with the establishment of a pool of investment banks. Costs associated with utilizing the services of one or more of the investment banks in the proposed pool will be incurred when a Board approved financing transaction is required, and will be paid out as a cost of issuance from the bond proceeds.

### **Co-General Counsel Review**

ACTA's Co-General Counsel has reviewed this Board Report and there are no legal issues at this time.

Transmittals:

- Transmittal 1. List of Responding Firms
- Transmittal 2. Selection Evaluation Form (RFQ Exhibit C)
- Transmittal 3. Ranking of Selected Firms by Score