

# BOARD OF DIRECTORS

## ACTION ITEM

**Item Number:** BA2020-58  
**Item Title:** Award of Contract for Financial Advisory Services

**Meeting Date:** May 18, 2020

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### **BACKGROUND**

As the City of Fort Worth, Tarrant County, and our regional partners continue to seek alternatives for increased public transportation, Trinity Metro must consider financial and funding options and scenarios that are becoming increasingly complex for capital planning, financing, underwriting, and capital structure development. Trinity Metro may be required to develop financial strategy and plans, including potential financing options that may look forward as much as five to 20 years into the future. Such financial planning may be incorporated into future Full Funding Grant Agreement (FFGA) applications.

Additional financial tasks may include the review and evaluation of additional regional innovative plans developed by North Central Texas Council of Governments (NCTCOG) for corridor expansion. This future planning requires Trinity Metro to seek trusted advice from a financial advisory firm who can provide consultation, analysis, arbitrage rebate calculations, evaluation, continuing disclosure, and recommendations concerning future debt financing and bond sales.

### **PROCUREMENT**

In accordance with Trinity Metro's Procurement Policy, Request for Proposal (RFP 20-T023) for Financial Advisory Services, was issued on March 2, 2020.

Two firms responded to the RFP and complied with the RFP solicitation requirements. Responses were received from:

#### **Firms**

Hilltop Securities Inc. &  
Estrada Hinojosa & Company, Inc.

#### **Proposed Fees**

Bond Offering Fees  
Base Fee - \$25,000 any size  
Plus \$1.00 per \$1,000 up to \$50,000,000  
Plus \$.75 per \$1,000 over \$50,000,000

Hourly Fees  
Managing Directors - \$325 per hour  
Directors and Senior VP - \$275 per hour  
Vice President and Associates - \$200 per hour  
Analysts and Clerical - \$125 per hour

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PMF Financial Advisors LLC

Bond Offering Fees  
Base Fee - \$29,700 up to \$15,000,000  
Plus \$.72 per \$1,000 up to \$30,000,000  
Plus \$.60 per \$1,000 thereafter

Hourly Fees  
Managing Directors - \$350 per hour  
Directors - \$350 per hour  
Senior Analyst - \$250 per hour  
Analysts - \$250 per hour

Proposal documents were evaluated by Trinity Metro staff against a matrix of requirements and ranked by the evaluation committee.

Proposals were evaluated based on: 1.) Qualifications and Related Experience (30 points), 2.) Project Approach and Written Presentation (30 points), 3.) Transit Industry and Funding Knowledge (25 points), 4.) Cost proposal (15 points).

Based on the evaluations, Hilltop Securities Estrada-Hinojosa was rated the highest in score and are recommended for award.

The selected firm is proposing fees based on bond transaction size and an hourly fee structure. Any bond service financing fees of the firm will be funded as part of the financing cost package for the offering and such cost will be include in the total financing cost, along with other professional services fees.

Trinity Metro's Procurement Department has followed procurement policy with the Request for Proposal and is in compliance with all applicable Federal, State, and the Trinity Metro procurement requirements.

**FINANCING**

Future hourly financial consultant fees for consultation, analysis, evaluation, and recommendations will be funded out of the FY2020 and FY2021 Operating Budgets.

**DBE UTILIZATION**

A Disadvantaged Business Enterprise (DBE) subcontracting goal of 5% was established for this solicitation. Estrada Hinojosa is a certified Minority Business Enterprise (MBE) and will be participating as co-financial advisor. Hilltop and Estrada Hinojosa has proposed to split the revenue 70% to Hilltop Securities and 30% to Estrada Hinojosa.

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**RECOMMENDATION**

The Finance and Audit Committee recommends that Trinity Metro Board of Directors authorize the President/Chief Executive Officer to enter into a three (3) year contract with two (2) optional one-year extensions with Hilltop Securities Inc. & Estrada Hinojosa & Company, Inc., in the not to exceed amount of \$170,000.

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**Disposition by Board of Directors**

DocuSigned by:  
  
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**Secretary Approval:**

May-20-2020

**DATE**