

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor’s Legislative Team

at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**. Contact the Mayor’s Legislative team with questions

Date of Request: December 2, 2020

Please mark one: Bill Request or Resolution Request

1. Type of Request:

- Contract/Grant Agreement Intergovernmental Agreement (IGA) Rezoning/Text Amendment
- Dedication/Vacation Appropriation/Supplemental DRMC Change
- Other: Bond Financing Transaction

2. Title: (Start with *approves, amends, dedicates*, etc., include name of company or contractor and indicate the type of request: grant acceptance, contract execution, contract amendment, municipal code change, supplemental request, etc.)

Authorizes a first amendment to the contract with Hilltop Securities, Inc. (contract control number: FINAN-201738726), for municipal financial advisory services to the City, to add \$400,000 (for a new contract total of \$800,000) and to extend the term by up to three years (through 12/31/2023).

3. Requesting Agency: Department of Finance

4. Contact Person:

Contact person with knowledge of proposed ordinance/resolution	Contact person to present item at Mayor-Council and Council
Name: Beth Strauss	Name: Kiki Turner / Beth Strauss
Email: beth.strauss@denvergov.org	Email: Kiki.Turner@denvergov.org

5. General description or background of proposed request. Attach executive summary if more space needed:

The proposed resolution authorizes a first amendment to the contract with Hilltop Securities, Inc. (“Hilltop Securities”). Hilltop Securities currently serves as financial advisor to the City, for non-airport financial obligations, pursuant to a contract that was initiated on January 1, 2018, and expires on December 31, 2020. This first amendment will extend the contract for up to three years (one-year initial term plus two (2) one-year renewals) and will add \$400,000 to the total contract amount.

Hilltop Securities was selected as financial advisor to the City as part of a competitive bid process that was conducted in late 2017. Currently, given the challenging economic times and ongoing COVID-19 pandemic, the continuity and superior active management of the City’s debt portfolio and financial obligations is paramount. Due to the essential and satisfactory advisory services provided by Hilltop Securities, the specialized nature of these services, and the extremely limited number of firms providing municipal financial advisory services with a local presence and experience in Denver, the Department of Finance is recommending a first amendment to the original contact with Hilltop Securities, for up to an additional three years (to total a maximum of six years).

A similar amendment recently passed under CB20-1302. However, this amendment is being refiled to correct a clerical error.

6. City Attorney assigned to this request (if applicable): Laurie Heydman

7. City Council District: Citywide

8. **For all contracts, fill out and submit accompanying Key Contract Terms worksheet**

To be completed by Mayor’s Legislative Team:

Resolution/Bill Number: RR20 1455

Date Entered: _____

Key Contract Terms

Type of Contract: (e.g. Professional Services > \$500K; IGA/Grant Agreement, Sale or Lease of Real Property): Professional Services

Vendor/Contractor Name: Hilltop Securities, Inc.

Contract control number: FINAN-201738726

Location: N/A

Is this a new contract? Yes No **Is this an Amendment?** Yes No **If yes, how many?** One (first)

Contract Term/Duration (for amended contracts, include existing term dates and amended dates):

Original contract (FINAN-201738726): 1/1/2018 – 12/31/2020

Proposed first amendment (FINAN-201738726-01): 1/1/2021 – 12/31/2023 (one year initial-term plus the option for two (2) one-year renewals)

Contract Amount (indicate existing amount, amended amount and new contract total):

<i>Current Contract Amount</i> (A)	<i>Additional Funds</i> (B)	<i>Total Contract Amount</i> (A+B)
\$400,000	\$400,000	\$800,000

<i>Current Contract Term</i>	<i>Added Time</i>	<i>New Ending Date</i>
1/1/2018 – 12/31/2020	Up to three years (one year initial-term plus the option for two (2) one-year renewals)	12/31/2023 maximum

Scope of work: Hilltop Securities will work under the direction of the Manager of Finance and/or his/her designee(s), to provide municipal financial advisory services in connection with direct financial obligations of the City and its non-Airport Enterprises, including but are not limited to General Obligation Bonds, Certificates of Participation, Excise Tax Revenue Bonds and Revenue Bonds for the City’s Wastewater and Golf Enterprises.

Services to be provided by the financial advisor may include, but are not be limited to, the following ongoing and transaction-specific tasks:

1. Provide ongoing independent financial advice, serving solely the interests of the City and acting as City fiduciary, and contribute creative and innovative ideas for financings for various City projects and management of the City’s debt portfolio.
2. Advise the City on its overall approach to the City’s financings, as directed, including working collaboratively with other City agencies, bond attorneys, feasibility consultants, underwriters, rating agencies, trustees, the SEC, MSRB and other professionals involved in the City’s financings.
3. Assist in developing and evaluating financial alternatives, strategies, funding sources, financing mechanisms, and financial risk and exposure with a holistic approach (Citywide financial objectives and fiscal management) for assigned project portfolios. This may require working with other City advisors when applicable.
4. Assist in preparing and evaluating financing structures, financial analysis, and financing strategies, including but not limited to revenue projections, cash flow analysis, capital plans, sensitivity analysis, risk modeling, benchmarking analysis, and cost benefit analysis.
5. Assist the City in reviewing and negotiating legal documents, including but not limited to bond ordinances, indentures and other financing documents, intergovernmental agreements, reimbursement agreements, revenue sharing agreements, etc. Advise the City on terms and conditions of credit and liquidity facilities and direct placements.

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6. Advise the City on an appropriate method of sale. Assist the City in negotiated financings, including but not limited to assisting with the preparation and evaluation of the underwriter RFP, advising on market timing, syndicate policies, issue price and structure. Assist the City in competitive financings, including but not limited to assisting with preparing, publication and distribution of the sale documents, communication with syndicates and verification of bids.
7. Assist the City in developing and presenting information to various stakeholders, including but not limited to executive management, financial markets, investors, and ratings agencies. Advise and assist the City in the implementation of investor relations programs in connection with the City's financings and debt portfolio.
8. Evaluate and analyze proposals, including unsolicited proposals, on new financing tools, refunding opportunities and other financing ideas.
9. Assist the City in the review and analysis of local, state, and federal legislation and regulations pertaining to the City's financing program.
10. Assist the City in special projects relating to debt issuance and debt management, as assigned.
11. Serve as qualified independent representative to the City for non-Airport derivative related matters. Assist the City in the review, negotiation, execution, bidding and monitoring of interest rate derivative products, including the review of related policies as needed. Perform swap payment calculations as requested.
12. Provide recommendations on the management of the City's debt as requested, including but not limited to bond fund investments, asset/liability strategies, bond documentation and disclosure.
13. Provide ongoing advice and guidance on post issuance matters. Assist in the development of post transaction monitoring and reporting mechanisms as requested.

Other Projects as Assigned

1. Upon the request of the Manager of Finance, or his/her designee(s), the MA may provide other financial consulting services as may be mutually agreed upon by the parties. A separate engagement letter or Task Order will be entered into for each task which will include the scope of services, timeline, and fees.

- **Was this contractor selected by competitive process? Yes If not, why not?**

Hilltop Securities was awarded this contract (effective January 1, 2018) via a competitive bid process that was conducted in late 2017. The City structured the term of the original contract to be 1-year with two (2) 1-year renewals, to allow the City the opportunity to evaluate the services provided by Hilltop Securities mid-point through the engagement and provide the City with options to cancel if the level of service provided was not satisfactory.

Due to the essential and satisfactory advisory services provided by Hilltop Securities, the indispensable services provided by and the unparalleled institutional knowledge possessed by Hilltop Securities, and the specialized nature and limited number of firms providing municipal financial advisory services with a local presence and experience in Denver, the Department of Finance is recommending a first amendment to the original contact with Hilltop Securities, for up to an additional three years (to total a maximum of six years). Continuity of knowledge and a superior level of service provided by Hilltop Securities are especially critical during this time of economic crisis, due to the COVID-19 pandemic, during which the City is conducting robust portfolio management.

Has this contractor provided these services to the City before? Yes No

Source of funds: Department of Finance-Cash Risk & Capital Funding's professional services budget and/or cost of issuance for debt transactions

Is this contract subject to: W/MBE DBE SBE XO101 ACDBE N/A

WBE/MBE/DBE commitments (construction, design, Airport concession contracts): N/A

Who are the subcontractors to this contract? None

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