



Contra
Costa
County

To: Board of Supervisors
From: Monica Nino, County Administrator
Date: March 30, 2021

Subject: Amendments to Disclosure Counsel and Bond/Tax Counsel Contracts related to 2021 Lease Revenue Bonds

RECOMMENDATION(S):

APPROVE and AUTHORIZE the County Administrator, or designee, to execute contract amendments with Schiff Hardin LLP and Nixon Peabody LLP for work performed related to issuance of the County's 2021 Lease Revenue Bonds.

FISCAL IMPACT:

\$47,500; 100% 2021 Lease Revenue bond proceeds (deposited into Cost of Issuance Fund). The repayment of bond proceeds deposited into the Cost of Issuance fund are incorporated into the debt service for the bonds. The debt service for the bonds is repaid by the General Fund, Enterprise Fund I, the Airport Enterprise Fund and the Contra Costa County Fire Protection District.

BACKGROUND:

Disclosure Counsel Contract

On April 4, 2016, the County issued a Request for Proposals (RFP) for bond disclosure

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **03/30/2021** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: March 30, 2021

, County Administrator and Clerk of the Board of Supervisors

By: Laura Cassell, Deputy

Contact: Timothy Ewell, (925)
655-2043

cc:

counsel services. The RFP contemplated a three-year contract cycle with an option to extend for an additional two-years. After review by the Debt Affordability Advisory Committee (DAAC) and firm interviews, Schiff Hardin was selected to serve as disclosure counsel to the County.

Schiff Hardin LLC has provided excellent disclosure services to the County in the issuance and sale of periodic lease revenue and pension obligation bonds. The staff assigned is extremely familiar with the County and are able to prepare the required legal and other documents related to these issues with a quick turnaround time. The firm is also familiar with the County's outstanding bond portfolio and have proven to be an invaluable resource to staff responsible for the ongoing management of the County's debt.

On June 21, 2016, the Board of Supervisors approved a three-year contract with Schiff Hardin LLC with a term expiration of June 30, 2019. On June 18, 2019 the Board approved an extension of the contract with Schiff Hardin LLC through June 30, 2021.

BACKGROUND: (CONT'D)

Bond and Tax Counsel Contract

On April 4, 2016, the County issued a RFP for tax, bond and disclosure counsel services. After review by the DAAC and firm interviews, Nixon Peabody, LLP was recommended to the County Administrator for consideration of a contract award to provide bond and tax counsel services to the County for the period July 1, 2016 through June 30, 2019.

The County successfully conducted two bond transactions during the contract time period to fund new capital projects and refund existing debt at lower interest rates. In addition to assistance with bonds, the services provided by Nixon Peabody LLP on an ad hoc basis include preparation of presentations for rating agencies and other bond-related projects in support of County business. It is important to retain a firm with these particular skills to ensure that the County is able to take advantage of potential refunding opportunities as they arise and stay updated on both market trends and other public finance related legal issues.

On June 21, 2016, the Board of Supervisors approved a three-year contract with Nixon Peabody LLP with a term expiration of June 30, 2019. On June 18, 2019 the Board approved an extension to the contract with Nixon Peabody LLP through June 30, 2021. The contractor has been meeting the expectations of the County in performing services under the contract.

2021 Lease Revenue Bonds

For this issuance, the County commenced work to refund its 2010 lease revenue bonds (Build America and Recovery Zone Economic Development bonds) in mid-2019 in anticipation of an approaching 2020 call option date. That process was substantially underway when the COVID-19 pandemic forced the County Administrator's Office to focus on emergency response activities. Once the County was in a place to reengage with the bond team a decision was made to consolidated two separate issuances, the County issuance and a separate Contra Costa County Fire Protection District issuance to save the Fire District cost of issuance fees and interest costs due to the County's outstanding credit ratings.

Given the unique circumstances, the County Administrator's Office consulted with members of the DAAC, including the Auditor-Controller, Treasurer Tax Collector and County Finance Director to consider requests from various bond consultants to provide additional compensation for the work completed, some of which had to be re-done due to putting the transaction on hold during the initial response to COVID-19. The DAAC members acknowledged this is one example of the non-medical impacts of COVID-19 and thought it appropriate to recommend to the County Administrator an equitable sharing of cost impacts. After negotiating with Schiff Hardin LLP, the proposal is to increase the transaction fee by an additional \$32,500 due to work on the County's Preliminary Official Statement (POS) having to be reworked due to the transaction being put on hold. In addition, negotiations with Nixon Peabody resulted in a proposed increase of \$15,000 to the transaction fee related

to the inclusion of the Fire District's borrowing into the 2021 lease revenue bonds.

Today's action is necessary because the existing contracts with both firms above does not allow for discretion of County staff to increase the pre-negotiated fees for the services outlined above. Due to the unique circumstances surrounding the timing of this transaction, including the interruptions caused by COVID-19, staff believes the additional compensation is fair and equitable to all parties for the services rendered and supports the recommendation of DAAC members.

CONSEQUENCE OF NEGATIVE ACTION:

The contract amendments would not be approved and the only authority to compensate Disclosure and Bond/Tax Counsel will come from the existing, pre-negotiated contract rates.

CHILDREN'S IMPACT STATEMENT:

No impact.