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Metropolitan  
Transportation  
Authority

One Gateway Plaza  
Los Angeles, CA  
90012-2952

FINANCE AND BUDGET COMMITTEE  
SEPTEMBER 18, 2003

**SUBJECT: PS-5210-1304, ARBITRAGE REBATE CALCULATION SERVICES, BOND LOGISTIX, LLC**

**ACTION: AWARD CONTRACT FOR ARBITRAGE REBATE CALCULATION SERVICES**

### **RECOMMENDATION**

Authorize the Chief Executive Officer to award Contract PS-5210-1304 to Bond Logistix, LLC for a not-to-exceed amount of \$142,500, for the three year base period, plus \$51,500 and \$54,000, for option years one and two respectively, for a total contract not-to-exceed amount of \$248,000, effective November 1, 2003.

### **RATIONALE**

MTA requires the services of an arbitrage rebate consultant to ensure compliance with Federal Treasury regulations that require MTA to track interest earnings over the life of each bond issue and periodically rebate to the IRS any excess earnings above the permitted amount. The penalties for lack of compliance with the Treasury regulations can be expensive and severe, including the loss of tax-exempt status for a bond issue that is not in compliance. Given the complexities of the tax code, including changes to the code over time, these rebate calculations are best prepared by a qualified consultant.

### **FINANCIAL IMPACT**

The funding of \$47,000 for this service is included in the FY2003-04 budget in cost center number 0521, cost center name Treasury Non-Departmental, under project number 610308, project name Debt Service Other. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the cost in future years, including any option exercised. In FY2002-03, \$62,500 was expended on arbitrage rebate calculation services.

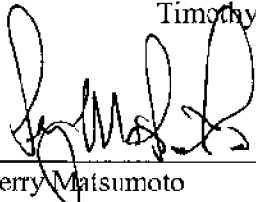
### **ALTERNATIVES CONSIDERED**

An alternative would be to let the existing contract expire and have staff maintain the records and prepare the rebate calculations. This alternative is not recommended because it would not be practical for MTA to develop and maintain this technical expertise in-house.

**ATTACHMENT(S)**

- A Procurement Summary
- A-1 Procurement History
- A-2 List of Subcontractors

Prepared by: Tim Mengle, Senior Administrative Analyst  
Timothy Godfrey, Contract Administrator



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Terry Matsumoto  
Executive Officer, Finance and Treasurer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY  
ARBITRAGE REBATE CALCULATION CONSULTING SERVICES**

1.	Contract Number: PS52101304		
2.	Recommended Vendor: Bondlogistix, LLC		
3.	Cost/Price Analysis Information:		
	Proposed Price: \$248,000	Recommended Price: \$248,000	
	B. Details of Significant Variances are in Attachment A-1.D.		
4.	Contract Type: Fixed Price Annual Retainer		
5.	Procurement Dates:		
	A. Issued: June 20, 2003		
	B. Advertised: June 25, 2003		
	C. Pre-proposal Conference: A Dial-In Teleconference was held on July 10, 2003		
	D. Proposals Due: July 17, 2003		
	E. Pre-Qualification Completed: August 1, 2003		
	F. Conflict of Interest Form Submitted to Ethics: August 22, 2003		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed:	
	Small Business Commitment: No goal recommended		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 15	Bids/Proposals Picked up: 0	Bids/Proposals Received: 5
8.	Evaluation Information:		
	A. <u>Bidders/Proposers Names:</u>	<u>Bid/Proposal Amount **:</u>	<u>Best and Final Offer Amount:</u>
	Hawkins, Delafield & Wood	\$209,400	
	Law Offices of Samuel Norber	\$181,000 (first 3 years)	
	Bond Resource Partners, LLP	\$644,085	
	Ernst & Young	\$305,000	
	Bond Logistix, LLC	\$248,000	
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: September 22, 2003		
	B. Protest Receipt Date:		
	C. Disposition of Protest Date:		
10.	Contract Administrator: Timothy Godfrey	Telephone Number: 922-2839	
11.	Project Manager: Tim Mengle	Telephone Number: 922-7665	

## **BOARD REPORT ATTACHMENT A-1**

### **PROCUREMENT HISTORY ARBITRAGE REBATE CALCULATION CONSULTING SERVICES**

#### **A. Background on Contractor**

Originally known as Orrick, Herrington & Sutcliffe's ("Orrick") Financial Services Group ("FSG") and later formed as a wholly-owned subsidiary of Orrick, Bond Logistix, LLC ("BLX") was established in March 1989 to undertake the mathematical, financial, and other technical aspects of arbitrage rebate compliance. BLX consultants work closely with members of Orrick's Public Finance Tax Group in Orrick's New York, Los Angeles, and San Francisco offices. Orrick has maintained a substantial practice in the area of public finance for over 90 years. All BLX analyses are accompanied by an Orrick legal opinion that attests calculations have been performed in accordance with applicable tax laws. BLX is currently providing arbitrage rebate consulting services to the MTA and several other clients which include: Idaho Housing and Finance Association, State of California, New York Metropolitan Transportation, City of Los Angeles and New Jersey Educational Facilities Authority.

#### **B. Procurement Background**

This is a competitive best value procurement that was initiated under Request for Proposal (RFP) No. PS-5210-1034 issued on June 20, 2003.

The Diversity & Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise (DBE) participation goal for this procurement.

#### **C. Evaluation of Proposals**

In accordance with MTA Procurement Policies and Procedures, the Source Selection Committee (SSC) conducted a comprehensive technical evaluation of the five proposals received from: Hawkins, Delafield & Wood, Samuel Norber, Bond Resource Partners, LP, Ernst & Young and Bond Logistix, LLC. As stated in the RFP, the SSC reviewed each proposal to determine which proposals represented the best value to the MTA on the basis of (1) Experience of Firm, (2) Qualifications of the staff to be assigned, (3) Past Performance, and (4) Price Reasonableness.

For each of the proposals, the SSC compared the proposed price to the experience of the firm, the experience of individuals to be assigned to the project and past performance review results, to determine the combination of price and experience that would be most advantageous to the MTA. Based on this analysis, the proposal submitted by Bond Logistix was determined to provide the best value to MTA, price and all other factors considered.

#### **D. Cost/Price Analysis Explanation**

The recommended amount of \$248,000 for Bond Logistix, LLC has been determined to be fair and reasonable based upon adequate price competition, and the independent cost estimate.

**BOARD REPORT ATTACHMENT A-2**  
**LIST OF SUBCONTRACTORS**

PRIME CONTRACTOR -- Bondlogistix, LLC

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment      No goal recommended

