



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

**19**

**FINANCE AND BUDGET COMMITTEE  
JUNE 20, 2007**

**SUBJECT: MUNICIPAL FINANCE COUNSEL POOL**

**ACTION: APPOINT MUNICIPAL FINANCE COUNSEL POOL,  
RFIQ NO. PSF07521007**

**RECOMMENDATION**

Appoint the following firms to participate in Metro's Municipal Finance Counsel Pool for a period of five years:

1. Fulbright & Jaworski LLP
2. Hawkins, Delafield & Wood LLP
3. Kutak Rock LLP
4. Law Offices of Samuel Norber
5. Nixon Peabody LLP
6. Nossaman, Guthner, Knox & Elliott LLP
7. Orrick, Herrington & Sutcliffe LLP
8. Quateman LLP
9. Robinson and Pearman LLP
10. Squire, Sanders & Dempsey LLP

**RATIONALE**

The recommended firms were selected through a competitive RFIQ solicitation as further described in the attached Procurement Summary.

In the normal course of Metro's debt management and other financial management activities, specialized legal services are required on a regular basis. These services are generally related to the issuance or management of Metro's bonds, notes, leases and hedges. Most work opportunities for the pool members arises as the result of bond issuance and related investment transactions, many of which are dependent on interest rates or capital funding needs. As a result, the timing and amount of work is uncertain. Having an established pool of pre-qualified law firms allows Metro to form its financing teams efficiently, facilitating a quick response to these time-sensitive financial matters. The pool concept has been utilized successfully since 1998.

The selected law firms will work under contracts issued by the County Council. This procedure ensures that the terms, conditions and pricing will be consistent with those enjoyed by the County. When a specific task becomes known, County Council will conduct a limited competitive selection process by issuing a solicitation to the pool members, on behalf of Metro. County Council is then responsible for evaluating the

proposals, negotiating and awarding the work to the successful firm. Upon approval by County Counsel, legal invoices are paid directly to the firms by Metro.

### **FINANCIAL IMPACT**

Formation of the pool does not obligate any expenditure. Funding for transaction specific work will be separately approved when the Board approves the transaction. Budget is generally available in cost center 0521, Treasury Non-departmental, under project number 610308, task 01.51. Since this is a multi-year pool, the cost center manager and Chief Financial Services Officer and Treasurer will be accountable for budgeting any cost in future years. Funding for legal services will generally be paid from the debt overhead budget (project number 610308, task 01.51) or the services budget for the specific transaction (project numbers 610306, 610307 or 610309, account 50316).

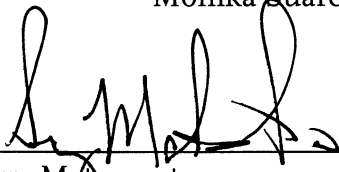
### **ALTERNATIVES CONSIDERED**

The alternative to the creation of the Municipal Finance Counsel Pool would be the issuance of a formal Request for Proposal (RFP) for each piece of work. Each RFP would be open to all bidders and would consider all aspects of their qualifications. This alternative is not recommended because of the schedule delays that would result, affecting time sensitive transactions such as bond refundings.

### **ATTACHMENT**

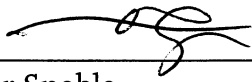
Procurement Summary

Prepared by: Michael J. Smith, Assistant Treasurer  
Monika Suarez, Principal Financial Analyst



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Terry Matsumoto  
Chief Financial Services Officer and Treasurer



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Roger Snoble  
Chief Executive Officer

**BOARD REPORT ATTACHMENT A  
PROCUREMENT SUMMARY**

MUNICIPAL FINANCE COUNSEL POOL

1.	Contract Number: PSF07521007		
2.	Recommended Vendor: Pool of 9 Law Firms - See list below		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price: N/A	Recommended Price: N/A	
	B. Details of Significant Variances:		
4.	Historical Amount:		
5.	Contract Type: Indefinite Delivery, Indefinite Quantity		
6.	Procurement Dates:		
	A. Issued: March 21, 2007		
	B. Advertised: March 26, 2007		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: April 17, 2007		
	E. Pre-Qualification Completed: Pending		
	F. Conflict of Interest Form Submitted to Ethics: May 16, 2007		
7.	Small Business Participation:		
	A. Bid/Proposal Goal: 0% DBE	Date Small Business Evaluation Completed: February 16, 2007	
	B. Small Business Commitment: 0% Details are in Attachment A-2		
8.	Request for Proposal Information:		
	Notifications Sent: 28	Bids/Proposals Picked up: 6	Bids/Proposals Received: 11
9.	Evaluation Information:		
	A. Bidders/Proposers Names: Fulbright and Jaworski LLP Hawkins, Delafield and Wood LLP Kutak Rock LLP Law Offices of Samuel Norber Nixon Peabody LLP Nossaman, Guthner, Knox and Elliott LLP Orrick, Herrington and Sutcliffe LLP Quateman LLP Robinson & Pearman LLP Squire, Sanders & Dempsey L.L.P. Hunton & Williams LLP	<u>Bid/Proposal Amount:</u>  N/A - Projects will be bid through the bench.	<u>BAFO</u>  N/A
	B. Evaluation Methodology: Explicit Factors Details are in Attachment A-1.C		
10.	Protest Information:		
	A. Protest Period End Date: 6/30/07		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
11.	Contract Administrator: Linda C. Wasley	Telephone Number: 922-4186	
12.	Project Manager: Mike Smith	Telephone Number: 922-4042	

## BOARD REPORT ATTACHMENT A-1 PROCUREMENT HISTORY

### MUNICIPAL FINANCE COUNSEL POOL

#### A. Background on Contractor

Fulbright and Jaworski LLP, with offices in Los Angeles, began work in public finance in 1919. Fulbright and Jaworski LLP was ranked second nationally as disclosure counsel in 2006 and seventh nationally as bond counsel. Among the many transportation based projects for the Orange County, Sonoma County and others, Fulbright and Jaworski LLP has served Metro in connection with the issuance of nearly \$1 billion of long-term debt.

Kutak Rock LLP, with offices in Denver and Pasadena, has served the Los Angeles County Transportation Authority since 1980 as well as serving Metro's predecessor entities. Kutak Rock LLP developed the current floating rate tender bond program and convinced the IRS that a swap contract should be integrated with a floating rate bond issue with a resulting fixed yield.

Hawkins, Delafield and Wood, with offices in Los Angeles, has been exclusively dedicated to public finance for more than 150 years. From 1980 through 2006, Hawkins, Delafield and Wood was ranked the number 1 bond counsel firm and number 1 Underwriter's Counsel firm in the nation based on the dollar volume of transportation financing issues. They have successfully represented Metro as bond counsel in connection with the \$19,980,000 Grand Central Square Multifamily Housing Revenue Refunding Bonds, 2007 Series A and 2007 Series B, for which Metro is pledging revenues toward the payment of bonds issued as Series B.

Law Offices of Samuel Norber in Beverly Hills specializes in tax issues related to public finance. This firm opened its doors in March of 2000 and is uniquely dedicated to tax services for public finance deals. The firm has developed a financial analysis capability including proprietary software for structuring a financing, performing various calculations required on Form 8038-G and verifying the arbitrage yield of the obligations.

Nixon Peabody LLP, with offices in San Francisco and Los Angeles, has devoted a substantial portion of its law practice to public finance for more than 20 years. For 2006, Thomson Financial Securities Data Corporation ranked them as the most active underwriter's counsel in the nation and the eighth most active bond counsel. The firm's client list includes the Southern California Regional Rail Authority, the Bay area Toll Authority and the Riverside County Transportation Commission.

Nossaman, Guthner, Knox and Elliott LLP has had offices in Los Angeles since 1959. Nossaman, Guthner, Knox and Elliott LLP has represented some 20 transportation agencies in California including serving as Finance Counsel for Orange County Transportation Authority (OCTA), Santa Clara Valley Transportation Authority, San Bernardino County Transportation Authority and Fresno County Transportation Authority. The firm has an A-V rating from Martindale Hubbell. Nossaman, Guthner, Knox and Elliott LLP has provided services as special counsel in connection with the Congestion Management Plans and the Grand Central Project.

Orrick Herrington and Sutcliffe LLP, with offices in San Francisco and Los Angeles, was founded in 1863, having been a pioneer firm in the area of municipal bonds. Orrick Herrington and Sutcliffe LLP has served as Bond Counsel for the State of California, the California Department of Water Resources, San Francisco County Transportation Authority, and the Los Angeles Department of Water and Power. Orrick has been ranked the number 1 bond counsel firm in California in terms of total volume of sales tax revenue bonds issued for transportation projects for most of the last decade.

Quateman LLP is a Los Angeles based firm that has been providing financial counsel services since 1993. The firm has provided assistance on behalf of the State of California in connection with the State's Economic Recovery Bonds. Quateman LLP has served as counsel for the City of Los Angeles Harbor Department and worked on bond matters involving the Alameda Corridor Transportation Authority.

Robinson and Pearman LLP, with offices in Los Angeles, has been a nationally recognized firm since 1984, providing a full range of municipal finance legal services. During the past 20 years, Robinson and Pearman LLP has participated in more than 220 municipal finance transactions in California, involving more than \$22 billion in aggregate principal amount.

Squire, Sanders & Dempsey L.L.P. with offices in Los Angeles, was founded in 1890 in Cleveland, Ohio. The firm is ranked 4<sup>th</sup> nationally among all Bond Counsel Firms and Underwriter's Counsel firms. The firm ranked 1<sup>st</sup> or 2<sup>nd</sup> nationally by number of transportation financings during 10 of the last 14 years. Squire, Sanders & Dempsey L.L.P. has served the Metropolitan Transit Authority of New York, Santa Clara Transportation Authority, and the California Municipal Finance Authority.

#### B. Procurement Background

The procurement was a standard Request for Proposals and recommendation for award of contract is being made to the ten proposers with the highest technical scores using the explicit factors methodology.

Task Orders will be issued and competed amongst the ten firms for each individual finance transaction. Task Orders will be awarded to a contractor based on proven expertise of individual staff, proven expertise of firm, and price:

The DEOD Department did not recommend a Small Business Enterprise (SBE) goal due to lack of sub-contracting opportunities.

#### C. Evaluation of Proposals

In accordance with Metro Procurement Policies and Procedures, the Source Selection Committee conducted a comprehensive technical evaluation of the proposals. The proposers' technical proposals were reviewed and ranked. The proposals submitted by the ten firms recommended for award of contracts were determined to be responsive and responsible firms earning the highest scores with proposals that were the most advantageous to Metro, all factors considered. One firm did not pass technical review.

#### D. Cost/Price Analysis Explanation of Variances

Pricing was not included in the Request for Interest and Qualifications due to the fact that each finance transaction has specific requirements that will be identified at the time each Task Order is competed between the members of the pool. Task Orders will be evaluated and awarded on the basis of proven expertise in the area specific to the requirements as well as price.



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000 Tel  
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**BOARD REPORT ATTACHMENT A-2**

**LIST OF SUBCONTRACTORS**

**BOND COUNSEL POOL**

PRIME CONTRACTOR – Fulbright and Jaworski LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Hawkins Delafield & Wood LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Kutak Rock LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Law Offices of Samuel Norber

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Nixon Peabody LLP

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Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Nossaman Guthner Knox & Elliot LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Orrick, Herrington and Sutcliffe LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Quateman LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Robinson & Pearman LLP

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%

PRIME CONTRACTOR – Squire, Sanders & Dempsey L.L.P.

Small Business Subcontractor

Other Subcontractors

None

None

Total Commitment            0%