



**Metro**

Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

213.922.2000  
metro.net

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**FINANCE AND BUDGET COMMITTEE  
MARCH 18, 2009**

**SUBJECT: PS09052103 ARBITRAGE REBATE CALCULATION SERVICES,  
BOND LOGISTIX, LLC**

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

**RECOMMENDATION**

Authorize the Chief Executive Officer to award a five year firm, fixed unit rate contract, Contract No. PS09052103, to Bond Logistix, LLC for Arbitrage Rebate Calculation Services in an amount not to exceed \$300,000 inclusive of two one-year options, effective April 1, 2009.

**RATIONALE**

Require the services of an arbitrage rebate consultant to insure compliance with Federal Treasury regulations that require us 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 \$75,000 for this service is included in the FY09 budget in Cost Center 0521, Non-Departmental Treasury, under project number 610308, Debt Overhead. Since this is a multi-year contract, the cost center manager and the Chief Financial Services Officer and Treasurer will be accountable for budgeting the cost in future years, including any option exercised. In FY08, \$41,000 was expended on arbitrage rebate calculation service.

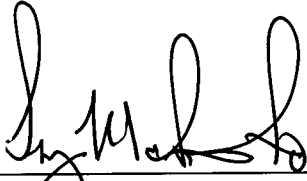
## **ALTERNATIVES CONSIDERED**

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 us to develop and maintain this technical expertise in-house.

## **ATTACHMENT(S)**

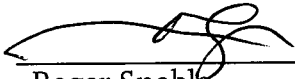
1. Procurement Summary

Prepared by: Michael J. Smith, Assistant Treasurer



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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**

**ARBITRAGE REBATE CALCULATION SERVICES**

1.	Contract Number: PS09052103		
2.	Recommended Vendor: Bond Logistix LLC		
3.	Cost/Price Analysis Information:		
	A. Bid/Proposed Price (5 years): \$300,000.00	Recommended Price (5 years): \$300,000.00	
	B. Details of Significant Variances are in Attachment A-1.D		
4.	Contract Type: Firm, Fixed Unit Rate		
5.	Procurement Dates:		
	A. Issued: December 1, 2008		
	B. Advertised: December 4, 2008		
	C. Pre-proposal Conference: N/A		
	D. Proposals Due: January 6, 2009		
	E. Pre-Qualification Completed: 2/5/09		
	F. Conflict of Interest Form Submitted to Ethics: 2/9/09		
6.	Small Business Participation:		
	A. Bid/Proposal Goal: No goal recommended	Date Small Business Evaluation Completed: No goal recommended	
	B. Small Business Commitment: 0% Details are in Attachment A-2		
7.	Invitation for Bid/Request for Proposal Data:		
	Notifications Sent: 8	Bids/Proposals Picked up: 7	Bids/Proposals Received: 3
8.	Evaluation Information:		
	A. Bidders/Proposers Names: (Note: pricing has been extended based on 40 issues per year and 5 years total contract from proposal figures.)	<u>Bid/Proposal Amount:</u>	<u>Best and Final Offer Amount:</u>
	Hawkins, Delafield and Wood	\$400,000	\$400,000
	Nixon, Peabody	\$500,000	\$500,000
	Bond Logistix LLC	\$300,000	\$300,000
	B. Evaluation Methodology: Details are in Attachment A-1.C		
9.	Protest Information:		
	A. Protest Period End Date: 3/24/09		
	B. Protest Receipt Date: TBD		
	C. Disposition of Protest Date: TBD		
10.	Contract Administrator: Linda Wasley	Telephone Number: 213-922-4186	
11.	Project Manager: Michael J. Smith	Telephone Number: 213-922-4042	

**BOARD REPORT ATTACHMENT A-1  
PROCUREMENT HISTORY**

**ARBITRAGE REBATE CALCULATION 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 almost 100 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 calculation services for us and several other clients, including: Idaho Housing and Finance Association, State of California, New York Metropolitan Transportation, City of Los Angeles.

**B. Procurement Background**

This is a competitive best value procurement. The Request for Proposals (RFP) PS09052103 was issued on December 1, 2008.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Small Business Enterprise (SBE) goal for this procurement.

**C. Evaluation of Proposals**

In accordance with our procurement policies and procedures, the Source Selection Committee (SSC) conducted a comprehensive technical evaluation of the three proposals received. Based on this analysis, the proposal submitted by Bond Logistix LLC was determined to provide the best value to us with all factors considered, including price.

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

The recommended price has been determined to be fair and reasonable based upon adequate price competition and historical pricing.

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

ARBITRAGE REBATE CALCULATION SERVICES

**PRIME CONTRACTOR – Bond Logistix LLC**

Small Business Commitment

Other Subcontractors

None

None

Total Commitment      No goal recommended.