

RFP2020-24 FINANCIAL ADVISORY FOR THE CITY OF TRENTON, DEPARTMENT OF FINANCE PROPOSALS OPENED 6/4/2020 AT 11:00AM

RFP2020-24 FINANCIAL ADVISORY FOR THE CITY OF TRENTON, DEPARTMENT OF FINANCE					
NUMBER OF RESPONDENTS:	5				
NAME OF BIDDER	GB ASSOCIATES, LLC	PHOENIX ADVISORS, LLC	ACACIA FINANCIAL GROUP, INC.	NW FINANCIAL GROUP, LLC	MASTER PLAN INVESTMENT GROUP
ADDRESS	24 BROADLAWN DRIVE	625 FARNSWORTH AVENUE	6000 MIDLANTIC DRIVE, SUITE 410 NORTH	2 HUDSON PLACE, 3RD FLOOR	65 S. MAIN STREET
CITY, STATE, ZIP	LIVINGSTON, NJ 07039	BORDENTOWN, NJ 08022	MT. LAUREL, NJ 08054	HOBOKEN, NJ 07030	PENNINGTON, NJ 08534
CONTACT NAME	NEIL E. GROSSMAN	ANTHONY P. INVERSO	KIM M. WHELAN	DENNIS J. ENRIGHT, PRINCIPAL	KANEDA BULLOCK
TELEPHONE	973-994-4314	609-291-0130	856-234-2266	201-656-0115	609-955-6317
FAX	973-994-4042	609-291-9940	856-234-6697	201-656-4905	609-630-4048
E-MAIL	<a href="mailto:NEGGBA@VERIZON.NET">NEGGBA@VERIZON.NET</a>	<a href="mailto:AINVERSO@MUIADVISORS.COM">AINVERSO@MUIADVISORS.COM</a>	<a href="mailto:KWHELAN@ACCACIAF.COM">KWHELAN@ACCACIAF.COM</a>	<a href="mailto:INFO@NWFINANCIAL.COM">INFO@NWFINANCIAL.COM</a>	<a href="mailto:KBULLOCK@MASTERPLANINVESTMENTGROUP.COM">KBULLOCK@MASTERPLANINVESTMENTGROUP.COM</a>
STOCKHOLDER DISCLOSURE STATEMENT	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
EQUAL EMPLOYMENT OPPORTUNITY EXHIBIT A	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
REQUIRED EVIDENCE EEO/AFFIRMATIVE ACTION REGULATIONS QUESTIONNAIRE	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
ACKNOWLEDGEMENT OF RECEIPT OF ADDENDA	N/A	N/A	N/A	N/A	N/A
NJ BUSINESS REGISTRATION CERTIFICATE	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
NON-COLLUSION AFFADAVIT	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
AMERICANS WITH DISABILITIES ACT OF 1990 LANGUAGE	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
ETHICS COMPLAINT DISCLOSURE	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
DEBARMENT NOTICE	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
CERTIFICATION AND DISCLOSURE OF POLITICAL CONTRIBUTIONS	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
DISCLOSURE OF INVESTED ACTIVITIES IN IRAN	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
CITY OF TRENTON RESIDENT EMPLOYMENT POLICY	INCLUDED	INCLUDED	INCLUDED	INCLUDED	INCLUDED
EIC	CERT.#52163 EXP. 01/15/2021	CERT.#36711 EXP. 03/15/2026	CERT.#11262 EXP. 06/15/2027	CERT.#45453 EXP. 09/15/2024	<b>REQUIRED PRIOR TO AWARD</b>
CERTIFICATE OF INSURANCE	REQUIRED FROM AWARDED VENDOR	REQUIRED FROM AWARDED VENDOR	REQUIRED FROM AWARDED VENDOR	REQUIRED FROM AWARDED VENDOR	<b>REQUIRED PRIOR TO AWARD</b>
60-DAY EXTENSION COMPLIANCE	YES	YES	YES	YES	YES
PROVIDE PRIORITY EMERGENCY SERVICES	YES	YES	YES	YES	YES
REFERENCES	N/A	N/A	N/A	N/A	N/A
W-9	N/A	N/A	N/A	N/A	N/A
EXCEPTIONS (IF ANY)	N/A	N/A	N/A	N/A	N/A
HOURLY RATE	\$190.00 PER HOUR	\$195.00 PER HOUR	\$200.00 PER HOUR	\$225.00 PER HOUR	\$300.00 PER HOUR
FATAL FLAW	NONE	NONE	NONE	NONE	NONE

## PRICING PROPOSAL FOR RFP # 2020-24 (FINANCIAL ADVISORY SERVICES) FOR GB ASSOCIATES LLC

The City's RFP indicates that the financial advisory services will include all elements relating to the issuance of bonds and/or notes *and any other financial analyses as may be requested* during the year. However, we believe (from recent contracts) that it is also the intention of the City that, to the extent possible all financial advisory services be funded from proceeds of debt issuances, as it has not wished to include the cost of financial advisory services in its operating budget. Our proposal will reflect this understanding.

It is, of course, very difficult (if not impossible) to gauge the level of services that might be required under the "other analyses" umbrella. However, we have a good idea of what will be involved, due to our intimate knowledge of the City's budget and other financial issues and pressures. This stems from our long history with the City, including the current year, which gives us unique insight into the City's needs and how we may best be able to help.

Therefore, we would propose the following compensation arrangement, which we believe addresses all of the City's needs and concerns:

- \$7,500 for each Note sale
- \$2,500 for each issuance through the NJEIT (note that the separate Fund and Loan components will be considered a single issuance with just one fee applied)
- \$17,000 for each bond issue (NOTE: if multiple series' are sold at the same time, we would charge only one fee)
- 50 hours of non-debt-related services and analyses included with no additional charge

**In terms of the non-debt services and analyses that the City might require, our normal hourly rate is \$190/hour. However, as noted above, we would include hours of such services at no charge to the City. We would let the City know well in advance of our reaching that limit and would propose a new contract or amendment (whichever the City prefers) to provide for additional services.**

**Note that our fee is NOT tied to the size of an issue, as the financial advisor's role does not vary whether a debt issuance is \$5 million or \$50 million.**

**This month, the City issued Notes that totaled \$34,336,775 million. Our total fee (with no pass-throughs for out-of-pocket expenses was \$7,500 (less than 0.03% of the par issued) AND we have provided approximately 30 hours of additional service in the last six months at no cost to the City.**

**For the City's last bond issue (of nearly \$33,000,000 in December 2018), our fee was approximately 0.50% of the bond issue. Many advisors (with fees tied to size of issuance) would have charged more than 2x our fee. In addition, there was a separate series of School Bonds sold with the General Improvement Bonds; some advisors would have deemed that a separate issuance and charged an additional fee. Also, we do NOT charge for any out-of-pocket expenses (travel, postage/delivery, fax/copying, etc.) that (for many advisors) are an additional cost of utilizing their services.**

**For a Bond sale of approximately \$25,625,000 (as is likely in late in 2020), our fee (\$16,000) will be less than 0.50% of the amount issued; many advisors would charge \$25,000-\$30,000 or more for such an issue.**

2



#### D. Compensation proposal.

Phoenix Advisors, LLC's value-added services and our work as an SEC and MSRB registered municipal advisor in the structuring, issuance, and management of long-term and short-term financing, save you time, effort and, importantly, cost. Further, our debt management advice will position you to plan appropriately for future market access.

Our services, outlined in the enclosed scope of services, encompass the full life cycle of your financing -- from early planning, to public or third-party approval, to rating agency strategy, to development of your offering documents, to closing and post-issuance requirements. When you have retained Phoenix Advisors, you have enlisted an experienced, independent municipal advisor with a fiduciary duty to put your interests first in all matters relating to our engagement.

Phoenix Advisors' compensation is typically **all-inclusive**. We do **not** charge for out-of-pocket expenses, fees for travel time, or attendance at meetings unless specifically delineated. Out-of-pocket expenses are always difficult for a client to monitor and can ultimately be significant, so this is an important and beneficial feature of Phoenix Advisors' compensation arrangement. Third party charges paid through Phoenix Advisors are relayed at our cost. This regularly results in cost savings to clients due to our volume pricing discounts. Moreover, any costs associated with an issuance are customarily built into the issuance and are not current budget expenses for the issuer.

We work toward long, enduring relationships with our clients, and, therefore, collect our debt issuance fee only after the financing closes, unless specifically stated otherwise.

The compensation for municipal advisory services relating to this engagement, which will not be exceeded without prior notification to you, is:

- Bond Issuance:
  - \$9,500 plus \$0.50 per \$1,000 issued (maximum fee of \$24,500)<sup>1</sup>
- Note Issuance:
  - \$1,500 plus \$0.20 per \$1,000 issued (maximum fee of \$10,500)<sup>1</sup>
- Hourly rates<sup>2</sup>:

○ Chief Executive Officer	\$195 per hour
○ Senior Managing Director/Managing Director/Director	\$175 per hour
○ Associate/Analyst	\$ 95 per hour

<sup>1</sup> Per transaction.

<sup>2</sup> Hourly rates are only if applicable for specialized work outside of a bond or note issuance.

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*Compensation Proposal.*

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Acacia Financial Group, Inc. proposes that the compensation for financial advisory services provided to the City be based on: (i) the par amount of the bonds or notes or (ii) on an hourly basis. Reasonable out-of-pocket expenses may be added to each compensation component. Acacia's proposed fee structures are described below:

**1. Based on the Par Amount of the Issue:**

**Bonds**

For financial advisory services rendered to the City in connection with the sale of bonds, Acacia proposes to be compensated at a rate of \$0.80 per \$1,000 of par value issued, with a minimum fee of \$12,500 per issue.

**Notes**

For financial advisory services rendered to the City in connection with the sale of notes, Acacia proposes to be compensated at a rate of \$0.80 per \$1,000 of par value issued, with a minimum fee of \$7,500 per issue.

**2. Hourly Basis:**

For general consulting services, Acacia proposes that compensation be based upon the hourly rate of \$200/hr.

**3. Other Financings/Transactions:**

For financings that include unique and/or complex financing structures or require additional services beyond our general scope, Acacia proposes that the fee for such transactions be negotiated in advance.

**4. Expenses:**

Acacia proposes to be reimbursed for the following reasonable expenses incurred in providing the services set forth herein at rates which are approved upon submission of appropriate invoices: graphics, postage, photocopies, telecopies, freight charges and telephone

## **COMPENSATION**

(4)

For financial consulting/advisory services rendered in connection with the sale of bonds and notes, NW Financial proposes to be compensated based on the following schedule:

**1. Notes:**

For the issuance of notes, NW Financial proposes to be compensated \$1/bond with a minimum of \$7,500 based upon the par amount. This amount shall be payable at the closing of the proposed bond issuance. NW Financial will not invoice unless the bond issuance is finalized and closed.

**2. Bonds:**

For the issuance of bonds, NW Financial proposes to be compensated \$1/bond with a minimum of \$7,500 based upon the par amount. This amount shall be payable at the closing of the proposed bond issuance. NW Financial will not invoice unless the bond issuance is finalized and closed.

**3. Continuing Disclosure Services:**

NW Financial can provide at the Clients request, continuing disclosure services at the hourly rates noted below

**4. Consulting:**

For financial consulting services not related to the issuance of bonds and notes, NW Financial proposes that compensation be based upon the hourly rates established below.

<u>Position</u>	<u>Hourly Rate (\$/hour)</u>
Principal	\$225
Managing Director	\$205
Senior Vice President	\$195
Vice President	\$190
Associate	\$185





## ORIGINAL PRICE PROPOSAL

### FINANCIAL ADVISORY SERVICES RFP2020-24 FOR THE CITY OF TRENTON

The Fee Proposal price was based on a retainer model estimating 20 service hours per month. The RFP Scope of Services was broad in nature; therefore we have highlighted the key service commitments below. The service hours and service commitments can be adjusted upon need.

- Develop and/or update or your Investment Policy Statement, objectives and periodic review, thereafter;
- Provide financial planning advice regarding investment opportunities and financing alternatives;
- Manage specialized project funding planning to address funding City projects;
- Conduct periodic asset and debt reviews and analysis, as needed;
- Provide risk based asset allocation studies and analysis;
- Provide asset-based asset allocation studies;
- Conduct investment management services or searches, if needed;
- Quarterly Investment performance analysis reports and accompanying executive summaries;
- Act as a liaison for the City of Trenton with various stakeholders;
- Provide monthly investment performance and market update reports;
- Hold Education seminars;
- Grant access to ongoing financial education client events and webinars;
- Be available to attend your meetings;

\* For full transparency our service hours will be tracked and reported on a monthly basis, as preferred by the client. If the services required regularly extend beyond 20 hours per month, and the retainer, an hourly fee of \$300 per hour will be assessed.

Our fee proposal for these services is \$110,000.



**MASTER PLAN**  
INVESTMENT GROUP