



Administrative Report

H.16., File # 25-0351

Meeting Date: 3/18/2025

To: MAYOR AND CITY COUNCIL

From: LUKE SMUDE, ASSISTANT TO THE CITY MANAGER

STEPHANIE MEYER, INTERIM FINANCE DIRECTOR

TITLE

APPROVE AN AGREEMENT WITH PUBLIC RESOURCES ADVISORY GROUP (PRAG) TO SERVE AS THE CITY'S MUNICIPAL FINANCIAL ADVISOR RELATED TO THE ISSUANCE OF GENERAL OBLIGATION BONDS PURSUANT TO MEASURE FP THAT WAS APPROVED BY VOTERS ON NOVEMBER 5, 2024 IN AN AMOUNT NOT TO EXCEED \$175,000 THAT WILL BE PAID OUT OF BOND PROCEEDS FOR THE TERM MARCH 18, 2025 TO MARCH 17, 2028 WITH AN AUTOMATIC RENEWAL OF TWO ADDITIONAL ONE-YEAR TERMS

EXECUTIVE SUMMARY

On November 5, 2024, Redondo Beach voters approved Measure FP, a General Obligation Bond in the amount of \$93,350,000 to fund the reconstruction of Fire Station #1, Fire Station #2, and the Police Headquarters, and renovation of the Police Annex facility. The results of the election were certified by the City Clerk on December 10, 2024, with more than 71.4% of RB voters supporting the measure.

On December 17, 2024, staff provided a report to City Council on the immediate steps to implement the voter-approved bond measure, including to engage a financial advisor. Following a competitive process, staff recommends Public Resources Advisory Group (PRAG) to serve as the City's financial advisor for bond issuance.

BACKGROUND

Voters approved Measure FP, a \$93,500,000 General Obligation Bond Measure, as part of the General Election held on November 5, 2024. According to the Government Financial Officers Association (GFOA), selecting a qualified financial advisor is an essential first step to managing General Obligation bond issuance. The financial advisor will serve as a fiduciary to the City, representing the City's best interest on all matters. They will advise staff on the manner and timing of bond issuance and assist in engaging and coordinating all members of the bond financing team, which can include bond and disclosure Council, underwriter or underwriters, and an administrator or trustee of bond funds.

Staff issued a request for information to a targeted list of qualified firms in December 2024, with responses due in January 2025. Staff in the Finance Department, City Treasurer's Office, and City

Manager's Office, and a representative member of the Budget and Finance Commission reviewed the proposals and selected the top three (PRAG, Fieldman, Rolapp & Associates, and NHA Advisors) for interview. Following interviews, staff and the representative member from the Budget and Finance Commission collectively recommend PRAG to serve as the City's financial advisor.

PRAG is one of the largest independent municipal advisory firms in the United States, operating from offices including New York City, Los Angeles, and Oakland. Over the past 15 years, a Refinitiv/TM3 survey consistently ranks PRAG as the top municipal advisor in California, including for 2024. Nationally, PRAG is one of the top two municipal advisory firms, with a history of advising on over \$1.2 trillion in municipal debt issuance. PRAG is also the leading municipal advisor for California General Obligation (GO) bonds having advised on more than \$45 billion such transactions in the state since 2020 (according to the California Debt and Investment Advisory Committee, CDIAC). This amount is more than double any other firm over the same period. In 2024 alone, PRAG advised on over \$9.9 billion of California GO bond transactions.

The review team selected PRAG based on its deep municipal GO bond experience, quantitative analytical capacity, competitive pricing, strength of the proposed team, and both national and local presence. In addition to locations across California and on the East Coast, two proposed team members are local to Redondo Beach, providing a strong awareness of the local environment and needs and investment in the project results. The interview committee is confident that PRAG will be a strong partner for the City in managing this generational investment to improve the City's public safety facilities.

COORDINATION

The City Manager's Office, City Attorney's Office, Financial Services Department, and a member of the Budget and Finance Commission participated in the financial advisor selection/interview process and helped coordinate this report. The Budget and Finance Commission designated Jerry Woodham as the Commission's representative.

FISCAL IMPACT

The total recommended contract cost is not to exceed \$175,000. The actual cost will depend largely on the number of tranches the City elects to use to issue the total approved bond amount. All financial advisory costs will be paid from bond proceeds.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Agmt, Signature & Insurance - Public Resources Advisory Group