

**OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT
PUBLIC FINANCING AUTHORITY
Meeting of October 10, 2022**

DATE ISSUED: October 3, 2022

SUBJECT:

Authorize agreement for Fiscal Consultant services related to the District's upcoming tax increment bond issuance.

CONTACT/PHONE NUMBER:

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OVERVIEW:

This item requests the Otay Mesa Public Financing Authority's ("PFA") Board to approve and execute an agreement between the Otay Mesa Enhanced Infrastructure Financing District ("District") and Keyser Marston Associates, Inc. ("KMA") to provide fiscal consultant services in relation to the District's upcoming tax increment bond issuance.

PROPOSED ACTIONS:

Authorize, via resolution, the execution of the Consultant Services Agreement ("Agreement") with KMA for fiscal consultant services in relation to the District's upcoming tax increment bond issuance, in an amount not to exceed \$37,500.

DISCUSSION ITEM:

At the August 8, 2022 Otay Mesa PFA Board meeting, Debt Management ("DM") staff presented an action item to the Board regarding authorization for the initial issuance of the District's Tax Allocation Bonds ("TABs"). In this presentation, DM staff summarized the next critical milestones related to the execution of the TABs, including bringing certain related contracts to the Board for approval.

Pursuant to Article III, Section 3 of the Rules and Regulations of the District, the Chair and/or Vice Chair may sign and execute agreements on behalf of the District, if the agreement is authorized by the PFA via resolution.

Fiscal Consultant Agreement

At the request of District staff, on July 13, 2022, CSG Advisors Incorporated, the District's Municipal Advisor ("MA") for the issuance of the TABs, issued a Request for Proposals ("RFP") for fiscal consultant services. The RFP was released to the City of San Diego's current pool of Fiscal Consultants, along with firms recommended by the MA. In response to the RFP, five proposals were received by the August 4, 2022 deadline. DM staff evaluated each proposal based on firm experience, assigned personnel, non-discriminatory policies and practices, fee proposals, and references. The range of proposed fees from the submitted proposals was \$16,750 - \$44,000. KMA was determined by staff to score the highest overall based on the proposals received.

Per the Agreement, the scope of services to be provided include producing a Fiscal Consultant Report ("FCR") that would be made available as an addendum to the Preliminary and Final Official Statements to prospective investors. The FCR includes an overview of the District's ability to receive tax increment under applicable law and local actions; a description of the District property in terms of land use and assessed values of the District; applicable Financing Plan limits that are imposed within the District; an overview of established or pending financial obligations of the District if applicable; a description of top tax payers within the District; a summary of historical and outstanding property tax appeals; as needed by request of the District, an investigation of new development or transfers of ownership that are existing, but not yet reflected on the assessor roll; applicable tax rates and historical allocations of tax revenues of the District; a revenue projection for the life of the bonds, both on a no-growth in Assessed Value basis, and based on State inflationary rate for ad valorem taxes; and any other information specific to the District that is deemed necessary by staff, in consultation with the District's Disclosure Counsel for this financing, for appropriate disclosure in such FCR.

Other services to be provided include preparing drafts of the FCR for staff review; participation in meetings as needed; reviewing documents that pertain to the FCR, including tables and summary information included in the Official Statement; participation in presentations to applicable rating agencies or credit analysts (e.g., credit enhancers) as requested; and execution of a certificate regarding the firm's qualifications, and other information as may be required of Disclosure or Underwriter's Counsel.

Unless otherwise terminated, this Agreement shall be effective until completion of the Scope of Services or October 10, 2025, whichever is earliest.

As referenced above, the cost of KMA's services will not exceed \$32,000 for professional services, plus not more than \$5,500 for directly related expenses as may be incurred, for a maximum cost of \$37,500. The fees payable to KMA related to

the transaction will be paid in accordance with the Compensation and Fee Schedule and may be made from bond proceeds available at bond closing. In the unexpected event that some or all of the work is completed as described herein, and the bonds did not close, fees for work completed to the date that the District decided not to proceed with such bond issuance, would be paid from tax increment.

Respectfully submitted,

Richard Eyre
Financial Operations Manager
City of San Diego
Department of Finance - Debt Management Division

Attachment: Consultant Services Agreement – Keyser Marston Associates, Inc.