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REPORT NO. **R22-0064**
March 1, 2022

REPORT RE:

THE RETENTION OF BOND, SPECIAL TAX, AND DISCLOSURE COUNSEL

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, CA 90012

Honorable Members:

The Office of the City Attorney requests approval of the following qualified list of eight firms to provide bond, special tax, disclosure and other related legal counsel services for various City debt programs.

1. Hawkins, Delafield & Wood LLP
2. Jones Hall, a Professional Law Corporation
3. Kutak Rock LLP
4. Law Offices of Alexis S.M. Chiu
5. Nixon Peabody LLP
6. Orrick, Herrington & Sutcliffe LLP
7. Squire Patton Boggs US LLP
8. Stradling, Yocca, Carlson & Rauth, a Professional Law Corporation

In November 2021, the City Attorney released a Request for Qualifications (RFQ) to form a qualified list of law firms to provide legal advice, draft bond and disclosure documents, and render legal and tax opinions in connection with the following City financing programs: General Fund Lease Financing Program which includes Municipal

Improvement Corporation of Los Angeles (MICLA) Lease Revenue Bonds; General Obligation Bond Program; Judgment Obligation Bond Program; Land-Secured Financing Program such as Mello-Roos Bonds; Solid Waste Resources Revenue Bond Program; Special Tax or Assessment District Financing; Tax & Revenue Anticipation Notes; Wastewater System Revenue Bond Program; and any other programs that may occur during the next three years to five years.

Eleven law firms submitted proposals. The firms were evaluated based on their written proposals, the types of bond transactions in which the legal team were involved, their qualifications, work experience in public finance, familiarity with California law, and their proposed hourly fees. Eight firms are recommended for the proposed qualified list to perform the bond-related legal services.

A qualified list is necessary at this time because the current qualified list expired on December 16, 2021.

This Office also requests authority to negotiate and execute contracts, including any addenda thereto, as necessary, for a three-year period, with two one-year extensions, beginning March 1, 2022 with all eight firms that were selected to be on the qualified list. Pursuant to those contracts, the eight firms will be on retainer for any or all bond-related matters that arises (each a “Master Contract”).

In addition, as bond transactions arise, the City Attorney and the City Administrative Officer (CAO) will identify several firms on the qualified list with the experience and expertise necessary to perform the work based on the unique features of the particular bond transaction. The City Attorney and the CAO will solicit qualifications as well as price quotes from the identified firms unless there is a justification for a sole source selection. The City Attorney and CAO will review the responses and the City Attorney, in consultation with the CAO, will select the firm to perform the work. A new contract or an addendum to the Master Contract will be executed by the City Attorney with the firm for that particular bond transaction. At the time bond documents are brought to the Mayor and Council for approval, the CAO report will identify the financing team, as it has done in the past. There is no guarantee that every firm on the list will be awarded a bond transaction during the three-year to five-year life of the list. The City reserves the right to form the financing team with any configuration from the qualified list of firms.

The aggregate amount of these contracts over the next three to five years is not expected to exceed \$10 million, and will be primarily paid from bond proceeds. If legal services are required after the completion of a bond transaction or with respect to issues that are unrelated to a particular bond transaction, the firm will be paid from available funds within the Capital Finance Administration Fund or Special Funds, as appropriate, at the rates specified in the proposals or another negotiated rate specified in the Master Contracts.

Pursuant to Sections 371(e)(2) and 371(e)(10) of the City Charter, this Office finds that due to the technical, specialized, and unique nature of the legal services required for the sale and issuance of the City's bonds and any legal work related thereto, which services are of a temporary and occasional character, the use of competitive bidding required by Section 371 of the Charter to select legal professionals necessary for the sale and issuance of the City's bonds and any legal work related thereto would not be practicable, advantageous, or compatible with the City's best interest. Pursuant to Section 372 of the City Charter, and as described above, this Office has engaged in a competitive selection process with respect to the establishment of the qualified list and will engage in a competitive selection process as bond transactions arise if such competitive process would be most advantageous to the City under the circumstances of the particular bond transaction.

This report is in compliance with the City's Financial Policies.

RECOMMENDATION

That the Council, subject to the approval of the Mayor:

(i) Approve the list of firms identified below for the provision of bond, special tax, disclosure and other related legal services for various City debt programs, (ii) authorize the City Attorney to select firms from such list as needed, and (iii) authorize the City Attorney to execute contracts with each firm, including any addenda thereto, as necessary, in an aggregate amount that is not expected to exceed \$10 million for a term of three years, with two one-year extensions, subject to the approval of the City Attorney as to form.

1. Hawkins, Delafield & Wood LLP
2. Jones Hall, a Professional Law Corporation
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4. Law Offices of Alexis S.M. Chiu
5. Nixon Peabody LLP
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FISCAL IMPACT STATEMENT

Each fiscal year the CAO typically undertakes eight to ten bond transactions, plus a few special projects or matters unrelated to a particular transaction, such as responding to an audit request from the IRS or post-issuance compliance related matters. Aggregate counsel fees for a bond transaction typically range between \$75,000 and \$150,000. Therefore, the aggregate amount to be expended on bond-related legal services over the next three to five years is not expected to exceed \$10 million. Legal counsel services

provided in connection to a bond issuance will be paid from bond proceeds. If legal services are required after the completion of a bond transaction or with respect to issues that are unrelated to a particular bond transaction, the firm will be paid from available funds within the Capital Finance Administration Fund or Special Funds, as appropriate, at the rates specified in the proposals or another negotiated rate.

If you have any questions regarding this matter, please contact Deputy City Attorney Amy Pham at (213) 978-7788. She, or another member of this Office, will be available when you consider this matter to answer any questions you may have.

Very truly yours,

MICHAEL N. FEUER, City Attorney

By: 
AMY PHAM
Deputy City Attorney