

MEMORANDUM

Staff Summary No. 7

Date: May 25, 2021

To: Members of the California School Finance Authority

From: Katrina M. Johantgen, Executive Director

Subject: Resolution 21-15, Authorizing the Approval to Amend Contract Agreement CSFA 01-19(A) for Financial Advisory Services (Action Item)

Background: Pursuant to Resolution 15-08, dated March 11, 2015, the Executive Director of the California School Finance Authority (Authority) has the authority to enter into contracts of up to \$300,000 on behalf of the Authority. The resolution also grants the authority to extend contracts or make technical amendments that do not involve the encumbrance of any additional Authority funds, or which amend contracts involving expenditures, as long as the total amount of the contract over its full term does not exceed \$300,000.

In July 2019, after a competitive bid process for financial advisory services, the Authority awarded one (of three) financial advisory services contracts to Montague DeRose and Associates, LLC (MDA) in the amount of \$250,000, for a period of two years, with a one-year extension option.

Issue: Throughout the second year of the contract period, 2020, the Authority engaged MDA to, in addition to its preplanned duties, help develop the Authority's two Tax and Revenue Anticipated Note (TRAN) financings that later became known as the State Aid Intercept Notes (SAIN) for K-14 districts and the Advances on State Aid Payments (ASAP) for charter schools to address the temporary cash deficits caused by the State's deferred apportionment payments in light of the fiscal uncertainty brought on by the global pandemic. This unanticipated advisory work expended MDA's \$250,000 contract funds more quickly than projected. Through February 16, 2021, the Authority spent \$164,683.75 under the existing contract, leaving a balance of \$85,316.25 for the remaining term.

Staff requests the board approve an amendment to extend the contract term for one additional year for a total contract amount not to exceed \$400,000. Staff will continue to monitor the contract and will begin the process for a new Request for Proposal before reaching the maximum contract amount or the end of the contract term, whichever is earlier. In light of the Authority's recent student and workforce housing programs, staff deems the increase in the total contract amount to be reasonable.

Recommendation: Staff recommends board approval for Resolution 21-15, Authorizing the Approval to Amend Contract Agreement CSFA 01-19(A) for Financial Advisory Services to Support the California School Finance Authority's Programs.