



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** COUNTY EXECUTIVE

**File #:** 24-368

Board Meeting Date: 5/21/2024

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors  
**From:** Robert Manchia, County Chief Financial Officer  
**Subject:** Resolution Authorizing an Agreement with Public Resources Advisory Group, Inc. (PRAG) for Municipal Financial Advisory Services in connection with the County Financings

### **RECOMMENDATION:**

Adopt a resolution authorizing the President of the Board of Supervisors to execute an agreement with Public Resources Advisory Group, Inc. to provide municipal financial advisory services to the County and the San Mateo County Joint Powers Financing Authority, for a term through June 30, 2027, in an amount not to exceed \$300,000.

### **BACKGROUND:**

The County's Five-Year Capital Improvement Plan ("CIP") outlines the County's capital improvement needs over a five-year period and is submitted to this Board in connection with the budget process. The CIP summarizes the capital projects, projected expenditures, and funding sources for the projects.

The County finances certain capital improvement projects through the issuance of lease revenue bonds issued by the San Mateo County Joint Powers Financing Authority ("Authority"). Projects financed with these kinds of bonds are structured as secured leases of a public building or asset. Using bond financing for such projects allows the County to save General Fund dollars for capital projects that are non-revenue generating and/or that will depreciate more quickly.

In prior years, the County has approved lease revenue bond financings for a range of capital projects, including the San Mateo Medical Center ("SMMC") Improvements project, construction of County Office Building #3 ("COB3"), construction of the Government Center Parking Structure, and the new Cordilleras Mental Health Facility ("Cordilleras"), among others. The County has also refunded and refinanced prior lease revenue bond issuances. The County and the Authority may pursue lease revenue bond financing in connection with the development of the South San Francisco Health Campus, which will expand the San Mateo County Health System's ability to deliver primary patient care for residents of North San Mateo County, a traditionally underserved population.

**DISCUSSION:**

The issuance of bonds and other financings require specialized experience in municipal finance and market expertise. To ensure optimal deal structuring and to leverage market opportunities in connection with financings, the County and the Authority typically engage a qualified firm to provide municipal finance advisory services.

To secure these services, last winter the County and the Authority conducted a competitive procurement for qualified financial advisors to provide financial advisory services to the County and the Authority with respect to the County's lease revenue bond portfolio and anticipated future bond issuances.

Four firms submitted proposals, including the firm that had been providing financial advisory services to the County and the Authority in its recent financings. Following review of the proposals and interviews of the top three proposers, staff recommends that the County retain Public Resources Advisory Group, Inc. ("PRAG") to provide financial advisory services for the County and the Authority's lease revenue bond financings. PRAG is a recognized leader in California municipal finance and has received top rankings as municipal advisors in California for over 14 years, including 2023.

PRAG serves as advisor to many of the nation's largest municipal debt issuers, including some of the largest counties in the country. In California, these issuers include the State of California (the nation's largest municipal bond issuer), Los Angeles County (the State's and nation's largest county), the City of Los Angeles Wastewater System (the nation's largest collection system), Los Angeles World Airports (LAX being the West Coast's largest airport and fifth busiest in the world), the Los Angeles Department of Water and Power (the nation's largest municipal utility), and the Los Angeles Unified School District (the State's largest and nation's second largest school district).

A proposed agreement with PRAG has been submitted to this Board under which PRAG will provide municipal financial advisory services to the County and the Authority for an amount not to exceed \$300,000 and for a term through June 30, 2027. The Authority is expected to consider approval of the proposed agreement at its next meeting, which is scheduled for May 23, 2024.

The County Attorney has reviewed and approved the resolution and proposed agreement as to form.

**EQUITY IMPACT:**

The County of San Mateo believes that finance is about shaping the future for the community and securing a financial future. The County has an unwavering commitment to diversity, equity and inclusion and seeks diverse perspectives to drive innovation and ensure opportunity to thrive financially to support the diverse communities we serve.

**FISCAL IMPACT:**

The amounts due under the proposed agreement are not to exceed \$300,000 and will be paid or reimbursed as a cost of issuance in connection with individual bond financings. There is no net impact to the General Fund.