JACKSONVILLE HOUSING FINANCE AUTHORITY

Jacksonville
Where Florida Begins.

TO: Gregory Pease, Chairman
Professional Services Evaluation Committee

FROM: Laura Stagner-Crites, Director - Finance
Jacksonville Housing Finance Authority

DATE: January 24, 2020

SUBJECT: P-38-18 JHFA Bond Counsel

The Office of General Counsel (OGC) has completed its review to the respondents for P-38-18 JHFA Bond Counsel and has selected Bryant Miller Olive pursuant to its authority contained in Section 126.310, *Municipal Code*.

The Jacksonville Housing Finance Authority will enter into a contract with Bryant Miller Olive, incorporating the attached RFP identified as "Exhibit "A" and incorporating the attached fee schedule identified as "Exhibit "B". Because these fees are paid out of the proceeds of the underlying issues, this contract will not be encumbered within the City's accounting system.

Services shall be provided for a period commencing on the date of contract execution and ending September 30, 2023, with an option for two (2) additional one-year periods. All terms and conditions of the contract shall be in accordance with the RFP and in the standard contractual language as is customary to the Jacksonville Housing Finance Authority, as approved by the Office of General Counsel.

g:\jacksonville housing finance authority\jhfa procurement\2018 procurement\p-38-18 jhfa bond counsel\p-38-18 bond counsel contract & fee.docx

9) QUOTATION OF RATES, FEES OR CHARGES AND OTHER DETAILED COST PROPOSAL OR COST BREAKDOWN INFORMATION. Describe the Contractor's overall willingness to meet both time and budget requirements for the project, and subject to Chapter 126, Part 3 of Jacksonville Ordinance Code, Section 126.302(e) in particular, proposed total compensation or unit price quotations, including, without limitation, hourly rates, fees, or other charges that will ultimately be used during, contract negotiations to calculate or determine total compensation. (15 points maximum score)

A. Per Bond Rates $ *See Below*

These rates shall be expressed as X amount per $1,000 principal amount of bonds to be issued for (i) a hypothetical $20,000,000 single family bond issue (and whether the rates change the higher or lower the amount of the issue); and (ii) a hypothetical $20,000,000 multi-family project bond issue (and whether the rates change the higher or the lower the amount of the issue), together with sub-contracting costs (if any – please specifically identify) and travel and reimbursable expenses. Please include any proposed minimum or maximum fee. It is understood and agreed that attendance at JHFA meetings and any City Council meetings is included in this fee.

B. Hourly Rates $ *See Below*

Set forth all present applicable hourly rates that you may charge during the term of the engagement for services rendered outside of a specific bond transaction, and identify the work if possible. For example, you may set forth hourly rates for partners, associates, paralegals, etc. Also, you may set forth hourly rates which differ based upon court preparation and court appearances, conference time, travel time, document drafting, etc. Do not use "blended" hourly rates.

C. Reimbursable Expenses $ *See Below*

Since the format of the Form 1 - Price Sheet does not directly allow us to fully respond to this question, the Firm would propose a more complete fee structure as set forth below:

It is our belief that it is in the best interest of the JHFA to select bond counsel based upon qualifications and experience and thereafter negotiate a reasonable fee with such firm or firms based upon the scope and complexity of the financings, the estimated time required, and the size and nature of the financings in which legal opinions will be rendered. Nevertheless, to be responsive to the question we propose the following, which would, of course, be subject to negotiation.

Single Family. The Firm recognizes that in the case of single family mortgage revenue bonds, the structure of a particular financing and the amount of refunding and/or taxable bonds which are to be included as part of the financing can have a dramatic impact on the extent of services, liability and expenses of bond counsel, and consequently on the fees charged. In order to be responsive to the RFP, we would propose a fee for single family bonds as follows:

Minimum fee of $32,500 for the first $20,000,000 of single family mortgage revenue bonds issued, plus $1.25 per $1,000 of bond principal (exclusive of any short-term notes issued as part of the issue) issued in excess of $20,000,000. If the issue consisted solely of short-term notes or bonds, such that no money was made available to originate mortgage loans, a nominal fee of $5,000 would be charged. Based on this fee schedule, the fee for a hypothetical $20,000,000 single family bond issue would be $32,500.

Multi-Family. The Firm recognizes that in the case of multi-family financings, economies of scale sometimes occur with regard to extremely small issuance size or for aggregation of multiple transactions for a single developer. The Firm is willing to negotiate reduced fees to recognize these economies on a financing by financing basis. Based on this, we would propose a fee structure for a multi-family bond issue as follows:

Minimum fee of $55,000 for issues up to $20,000,000, plus $1.50 per $1,000 principal amount for additional bonds in excess of $20,000,000. An additional fee of $5,000 would be charged for each additional series of bonds (such as a taxable bond) issued in conjunction with the main issue. Also, an additional fee of $10,000 per issue will be charged with respect to structures involving federal agency subsidies or credit enhancement.

Mortgage Credit Certificate Programs. $20,000 for new programs and $15,000 for addendums.

The Firm recognizes that additional services will be required from time to time to be performed by bond counsel, such as conducting bond validation proceedings. We propose an hourly fee for these additional services, with the understanding that in a multi-family bond validation proceeding, the borrower would be responsible for payment of these fees, while the JHFA would be responsible for payment of the fees for a single family bond validation. The hourly fees would be $325 per hour for shareholders and of counsel, $225 per hour for associates and $80 per hour for paralegals and law clerks.

Expenses. In addition to the quoted fee, actual out-of-pocket expenses (including telephone, courier, copying and facsimile charges, travel and accommodations (where applicable), and the cost of closing transcript preparation) will be billed separately at the time fees are submitted for payment or when the transcripts are complete. If desired, closing

transcripts will be provided on CD-Rom or Flash Drives. It is estimated that expenses would not exceed $5,000 with respect to single family issues and $5,000 with respect to multi-family issues.

In exchange for the fees described above, the Firm would provide all services listed under Scope of Services in the RFP. In addition, we would provide post-issuance services as bond counsel for all of the JHFA's bond issues, subject to the reservation of the right to charge the borrower for services rendered in multi-family financings in which the Firm did not serve as the original bond counsel or requiring additional post-issuance opinions of bond counsel.

It has not been the practice of the Firm to charge ongoing clients for daily inquiries and information on prior bond financings. The most useful and efficient service can be provided to clients when bond counsel is fully informed of anticipated and past events relevant to the issuer's bonds. Most issuers do not have a funding source independent of bond issues to finance hourly compensation. However, if ongoing consultation time required of bond counsel were disproportionately large compared to actual compensated bond issuance, the Firm could not justify extensive free consultation. In such case the Firm would propose an annual retainer fee (to be negotiated) or an hourly billing rate of $325 per hour for shareholders, $225 per hour for associates and $80 per hour for paralegals and law clerks.

ANY FEE SCHEDULE IS, OF COURSE, SUBJECT TO FINAL NEGOTIATION.

[Remainder of page intentionally left blank]