

DATE: NOVEMBER 5, 2025

FROM: DEBT & FINANCIAL ANALYSIS

**SUBJECT: RESOLUTION NO. _____ - ESTABLISH A FIVE-YEAR
POOL OF INVESTMENT BANKING FIRMS TO PROVIDE
UNDERWRITING, REMARKETING AND INVESTMENT BANKING
SERVICES**

SUMMARY:

Staff requests approval of a pool of 13 investment banking firms to provide underwriting services and access to capital markets to meet the financing needs of the City of Los Angeles (City) Harbor Department (Harbor Department). The proposed pool includes the following firms: Academy Securities, Inc.; BofA Securities, Inc.; Barclays Capital Inc.; Goldman Sachs & Co. LLC; J.P. Morgan Securities LLC; Jefferies LLC; Loop Capital Markets LLC; Morgan Stanley & Co. LLC; PNC Capital Markets LLC; Samuel A. Ramirez & Co., Inc.; RBC Capital Markets, LLC; Siebert Williams Shank & Co., LLC; and Wells Fargo Securities.

The proposed pool will be effective for a period of five years. If staff identifies a future financing need and obtains Board of Harbor Commissioners (Board) approval to execute that financing transaction, staff would then solicit firms from the proposed pool to provide services required to execute the transaction.

Compensation amounts under any agreements with firms in the pool will be negotiated at the time when financing needs are identified and will be subject to Board approval. The Harbor Department will be financially responsible for payment of expenses incurred under agreements executed with the proposed firms.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II, Section 2(f) of the Los Angeles City CEQA Guidelines;

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2. Approve and appoint the following 13 investment banking firms to a pool for a period of five years to provide the Harbor Department with investment banking services: Academy Securities, Inc.; BofA Securities, Inc.; Barclays Capital Inc.; Goldman Sachs & Co. LLC; J.P. Morgan Securities LLC; Jefferies LLC; Loop Capital Markets LLC; Morgan Stanley & Co. LLC; PNC Capital Markets LLC; Samuel A. Ramirez & Co., Inc.; RBC Capital Markets, LLC; Siebert Williams Shank & Co., LLC; Wells Fargo Securities; and
3. Adopt Resolution No. _____.

DISCUSSION:

Background – Section 609 of the City Charter authorizes the Harbor Department to borrow money and to issue bonds, refunding bonds, notes and other evidences of indebtedness for any lawful purpose. Such borrowings are payable from the revenues of the Harbor Department and from any other sources lawfully available to the Harbor Department or under its control, in the form and manner approved by the Board. In order to fund capital projects and meet short-term financing needs, the Harbor Department has from time-to-time issued long and short-term debt instruments in the form of bonds and commercial paper notes.

Investment banks play a key role in the Harbor Department's financing team as these underwriters assist in the structuring, marketing and distribution of bonds and commercial paper notes. The banks' market reach, access, and understanding of the needs of the investor base provide a direct benefit to the Harbor Department in the form of wide distribution and efficient costs of borrowing. Based on the complexity of the work to be completed, market conditions, and the financial risk associated with large-scale financing transactions, using investment banks to aid the Harbor Department is warranted.

There were 13 firms in the previous pool that was established in May 2021, pursuant to Resolution 21-9827. However, in October 2023, UBS Financial Services Inc. exited the municipal public finance underwriting business, leaving the pool with 12 firms. The Harbor Department executed one transaction using the previous pool, detailed as follows:

- In July 2024, the Harbor Department selected Jefferies LLC, Samuel A. Ramirez & Co., Inc. and Loop Capital Markets LLC from the pool to refund 2014 Series A, B, and C Bonds on their call dates by issuing 2024 Series A-1, A-2 (Green), B-1, B-2 (Green), and C Bonds for \$215.265 million resulting in net present value savings of \$36.37 million or 13.74% of the refunded bonds.

Prior to this transaction, the firms in the pool were surveyed through a questionnaire focusing on bond structuring, marketing strategies, and fees as primary selection criteria.

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Pool Selection Process – On June 11, 2025, the Harbor Department issued a Request for Qualifications (RFQ) for underwriting, remarketing and investment banking services. This RFQ was submitted electronically to 35 firms doing business in California, utilizing the latest edition of the *Bond Buyer's Municipal Marketplace*, a leading directory of public finance professionals, as well as firms that had contacted the Harbor Department and expressed an interest in receiving the RFQ. The RFQ was also posted to the Harbor Department's website and on the City of Los Angeles' Regional Alliance Marketplace for Procurement (RAMP).

25 statements of qualifications (SOQ) were received by the June 30, 2025 deadline. The SOQs (Transmittal 1) were reviewed and evaluated by a selection panel comprised of four professional level finance staff, three of whom are Harbor Department employees and one who is employed by Los Angeles World Airports (LAWA).

The selection panel evaluated and ranked the firms utilizing the criteria listed under Exhibit E in the RFQ (Transmittal 2). Staff is recommending the inclusion of 13 firms in the pool, the same number of firms as in the previous pool (Transmittal 3). 12 firms from the prior pool were again selected to remain in the proposed pool with PNC Capital Markets LLC being a newly selected entrant to the proposed pool. Creating a diverse pool of underwriters provides the Harbor Department with access to a wider range of investors. The banks being recommended would enable the Harbor Department to obtain the broadest range of financing choices if and when the need arises.

Services to be Performed – The Harbor Department will select firms from the pool on an as-needed basis to perform investment banking services based on the specific needs of future financings. In case the need arises during the next five years, the pool includes firms deemed eligible to serve as senior managers and/or co-managers for fixed rate debt, remarketers for variable rate debt, and/or dealers for commercial paper. The Harbor Department will enter into agreements with the underwriters at the time of each transaction detailing responsibilities and expectations from each firm. All transactions require Board and City Council approval.

ENVIRONMENTAL ASSESSMENT:

The proposed action is approval of a pool of underwriters to provide investment banking services for the Harbor Department, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

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FINANCIAL IMPACT:

Approval of the proposed action would establish a pool of investment banking firms to provide financial services to the Harbor Department should the need arise. There are no costs beyond staff time and materials associated with the establishment of a pool of investment banks. Costs associated with utilizing the services of one or more of the investment banks in the proposed pool will be incurred when a Board-approved financing transaction is required, and will be paid from bond proceeds as a cost of issuance. The Harbor Department would be financially responsible for bond repayments.

CITY ATTORNEY:

The Office of the City Attorney has reviewed this Board Report and there are no legal issues at this time.

TRANSMITTALS:

1. List of Responding Firms
2. Selection Evaluation Form (Exhibit E)
3. Ranking of Firms by Score

FIS Approval: JS (initials)
CA Approval: MP (initials)

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