



# CITY OF HOUSTON

FINANCE DEPARTMENT  
Strategic Procurement Division

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Mayor

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July 15, 2015

**Subject: Arbitrage Calculation Services for the Office of the City Controller  
Letter of Clarification No. 1**

**Reference: Request for Proposal (RFP) No. S66-T25412**

**To: All Prospective Proposers**

When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

1. Exhibit A (Pricing Form) indicates a column for units, but there are no units filled in. Will this be updated for the final submission? **Please use the information provided on previous questions.**
2. Will the City entertain a single lump sum price per year, as opposed to the pricing form? **Yes.**
3. Who is the current provider and what is the current contract cost per issue for annual liability estimates and the cost per commercial paper draw? **PFM is our current provider. Currently pricing is based on a lump sum amount.**
4. Will the City be providing the number of units (as they did for the 2009 RFP) for Exhibit A Request for Proposal Pricing Form? If not, is there an estimate that we should use for commercial paper draws and new issues during the contract period? **We cannot provide units for CP draws as we do an 8038 per draw and new money, which means they are numerous depending on the activity. Presently we have approximately 50 commercial paper funds. That may increase due to City Council approval.**
5. Can the City provide an issues list for the 102 issues listed in the solicitation that are subject to rebate and what types of gross proceeds are outstanding for each issue? **We can provide a list of issues subject to rebate, not gross proceeds amounts. At this time the number is approximately 216. This may increase due to bond issuances.**
6. Confirm that the City continues to use an average daily balance approach for rebate calculation purposes. **Yes, the city uses an average daily balance approach for rebate calculation purposes.**
7. Would the City confirm that the following information will be provided by the City to the in the format specified: **We will provide this information to the awarded vendor.**
  - a. For June 2015, a listing of all funds subject to rebate and if the income from that fund automatically transfers, the transfer to fund. (Paper or Electronic)

**Council Members:** Brenda Stardig Jerry Davis Ellen R. Cohen Dwight A. Boykins Dave Martin Richard Nguyen Oliver Pennington Edward Gonzalez Robert Gallegos Mike Laster Larry V. Green Stephen C. Costello David W. Robinson Michael Kubosh C.O. "Brad" Bradford Jack Christie

**Controller:** Ronald C. Green

- b. Post June 2015, for new issues, a listing of fund numbers to which proceeds were deposited. (Paper or Electronic)
  - c. For June of 2015 the detailed calculation of the Unrealized Book to Fair Market Value Gain or Loss.
  - d. For June 2015 and forward, by Pool, the monthly Average Portfolio Balance, Market Value, and Book income. (Paper or Electronic)
  - e. For June of 2015 the current provider's ending average daily book balance, adjusted average daily book balance, and average daily fair market value for each pool and each fund within the pool. (Paper or Electronic)
  - f. For June 2015 and forward, the City will provide by Pool, by Fund, the beginning and ending balances, the average daily balance, and the book income allocated to each fund. (Electronic)
8. Part II-Scope of Work/Technical Specifications – Description of the Current System Section C. The City's investment pool. ... Will the arbitrage rebate consultant be required to provide the City with FMV calculation on a monthly bases for the contract period in the RFP? **You may be required to provide that information during the contract period.**
9. Part II-Scope of Work/Technical Specifications – Description of the Current System Section I. Proposer may use any software or methodology for calculating...
- a. Please confirm that the City will request the arbitrage rebate consultant to calculate the average investment monthly balances to distribute interest earnings at FMV based in the average monthly balance for the contract period in the RFP? **The City of Houston does the interest apportionment at this time. The consultant may be asked to perform this function in the future.**
10. Exhibit A-Arbitrage Calculation Services Request for Proposal Pricing Form
- a. How many issues will require a five year filing computation during the contract period?
    - i. How many fixed rate units? **Approximately 174 this may increase during the time of the contract.**
    - ii. How many variable rate units? **Approximately 11**
    - iii. How many commercial paper units? **Approximately 50 funds.**
    - iv. How many advance refunding units? **Included with the Fixed Rate units.**
  - b. How many units will require an annual liability estimate during the contract period? **Approximately 216**
  - c. How many Commercial Paper Exception units will require an analysis during the contract period? **Approximately 50 funds**
  - d. How many TRANS Safe Harbor analysis will be required during the contract period? **Normally the City issues a TANS once a year. The City has the ability to issue supplemental TRANS borrowings, but have not done so in a few years.**

Sincerely,

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