



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: August 20, 2024
SUBJECT: Authorize the City Manager to Sign an Assignment Consent Letter for Public Trust Advisors, LLC Ownership Structure Change

Description Authorize the City Manager to sign an Assignment Consent Letter to consent to the City's Investment Advisors, Public Trust, LLC, to contributing equity ownership in Public Trust in exchange for equity ownership of TA PMA Holdings, LLC.

Background and Analysis:

On February 16, 2021, the City Council approved a three-year contract with two additional one-year extensions for Investment Advisor and Portfolio Management Services with Public Trust, LLC (Public Trust). Section 13.02 of the approved Professional Services Agreement with Public Trust states that the contractor shall not assign or otherwise transfer any rights or interest in this agreement without the prior written consent of the City.

On December 5, 2023, the City Council authorized the City Manager to sign an Ownership Structure Change letter for the change of Flexpoint Ford, LLC (Flexpoint Ford), to purchase a majority ownership in the firm, including the equity previously held by Bear Creek who had a 42% non-controlling ownership interest prior to majority ownership of Flexpoint Ford.

Public Trust has sent in another request for the City to sign an Assignment Consent Letter to consent to an ownership structure change in their firm. Upon closing, Pinnacle EquityCo, LLC, the parent company of Public Trust, and its equity owners will combine with TA PMA Holdings, LLC ("Parent"), the parent company of PMA, whereby, at closing, the equity owners of Public Trust will contribute their equity ownership in Public Trust in exchange for equity ownership of Parent (the "Transaction"), after which Parent will be renamed "PMA-PTA Holdings, LLC." As a result of this transaction, Public Trust equity owners, including their partners at FlexPoint Ford, LLC, will acquire a substantial equity ownership in PMA-PTA Holdings, LLC, and TA Associates Management, L.P., the current majority owner of Parent, will retain a substantial equity ownership in PMA-PTA Holdings, LLC.

The transaction combining the businesses of Public Trust and PMA is expected to close during the second half of 2024, subject to satisfaction of customary closing conditions.

Fiscal Impact:

There is no fiscal impact on the city with the change in ownership of Public Trust.

The estimated cost to prepare this report is \$250.

Recommended Action:

Authorize the City Manager to sign the Assignment Consent Letter for Public Trust Advisors, LLC ownership structure change.

Attachments:

- A. Assignment Consent Letter