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City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: City Auditor

Meeting Date: June 17, 2024

Report #:2406-3129

TITLE

Approval of Assignment and Assumption Agreement to transfer Baker Tilly US LLP's contract to Baker Tilly Advisory Group, LP; CEQA – Not a Project

RECOMMENDATION

The Office of the City Auditor recommends the City Council approve the Assignment and Assumption Agreement to transfer Baker Tilly US LLP's contract with the City to Baker Tilly Advisory Group, LP. This transfer will not change any of the contract's terms or conditions.

EXECUTIVE SUMMARY

On February 5, 2024, Baker Tilly US, LLP announced a strategic investment from private equity firms Hellman & Friedman and Valeas Capital Partners. As part of the transaction, the firm will be restructured as two entities: Baker Tilly Advisory Group, LP will provide the firm's business advisory, tax and other services with Jeff Ferro continuing in his role as CEO. Baker Tilly US, LLP, a licensed CPA firm, will provide the firms' attest services with Jere Shawver, Managing Partner – Risk and Assurance, stepping into the new role of CEO. Baker Tilly US, LLP will operate as a separate legal entity pursuant to regulatory and independence requirements. Following the restructuring, both firms will remain partnerships, with all partners holding equity alongside Hellman & Friedman and Valeas in Baker Tilly Advisory Group, LP.

BACKGROUND AND ANALYSIS

About Baker Tilly US, LLP (bakertilly.com)

Baker Tilly US, LLP (Baker Tilly) is a leading advisory CPA firm, providing clients with a genuine coast-to-coast and global advantage in major regions of the U.S. and in many of the world's leading financial centers – New York, London, San Francisco, Los Angeles and Chicago. Baker Tilly is an independent member of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 145 territories, with 41,000 professionals and a combined worldwide revenue of \$4.7 billion. Visit bakertilly.com or join the conversation on LinkedIn, Facebook and Instagram.

About Hellman & Friedman (hf.com)

Hellman & Friedman is a preeminent global private equity firm with a distinctive investment approach focused on large-scale equity investments in high quality growth businesses. H&F seeks to partner with world-class management teams where its deep sector expertise, long-term orientation and collaborative partnership approach enable companies to flourish. H&F targets outstanding businesses in select sectors including software & technology, financial services, healthcare, consumer & retail, and other business services. The firm is currently investing its tenth fund, with over \$24 billion of committed capital, and has over \$92 billion in assets under management as of September 30, 2023. Learn more about H&F's defining investment philosophy and approach to sustainable outcomes at www.hf.com.

About Valeas Capital Partners (valeas.com)

Valeas Capital Partners is a San Francisco-based mid-market private equity firm focused on growth-buyout partnerships backing industry leading management teams. Valeas is developing a concentrated portfolio of growth-oriented, tech-enabled businesses in sectors where its team has deep industry expertise. Leveraging the team's experience as both investors and operators, Valeas seeks to prioritize strong collaboration with portfolio company management teams to create lasting market leaders and value for investors. Valeas focuses on three primary sectors: healthcare, financial services and data & technology. Representative investments include: Sequoia Financial Group, Ren, CINQCare and Well. For more information, visit valeas.com.

FISCAL/RESOURCE IMPACT

There is no fiscal impact associated with this change. The contract not to exceed compensation remains unchanged.

STAKEHOLDER ENGAGEMENT

N/A

ENVIRONMENTAL REVIEW

This is not a project.

ATTACHMENTS

Attachment A: Assignment Agreement to Baker Tilly Advisory Group, LP

APPROVED BY:

Kate Murdock, City Auditor