

Text File

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Recommendation

Title

Contract for Financial Advisor Services (NB)

Staff recommends establishing a contract with Public Financial Management, Inc. for the Utility's financial advisor services.

Explanation

GRU employs the services of a financial advisor to assist in developing and implementing strategies to meet the Utility's long-term capital financing needs. The financial advisor supports staff in evaluating financial options, helps with technical aspects of designing financing arrangements and instruments, and aids in representing the Utility's interest in financial market dealings. Due to the significance of information provided by a financial advisor, it is imperative that GRU receive information from the most experienced and knowledgeable public utility financial advisory firm.

Public Financial Management, Inc. (PFM) has served as GRU's financial advisor since 2006, after being selected as a result of an extensive, competitive evaluation process. The current contract with PFM will expire in April. Given the current economic environment, PFM's knowledge and experience with the complexity of GRU's structure, the upcoming financial planning and potential bond issues, and PFM's solid past performance, staff believes that it is in GRU's best interest to retain PFM's services for the extensive resources they offer.

PFM is recognized as one of the top financial advisory firms in the country. The firm has provided the Utility with excellent professional support, advising GRU on the past five bond issues, of which the past three bond issues occurred during periods of market upheaval, uncertainty, and a new landscape for municipal utility issuers. Additionally, PFM has been able to provide specialized support and advice on GRU's successful Build America Bonds issuance.

A proposed monthly retainer fee of \$5000 per month is competitive in the industry. Other fees for bond, investment, and project expenses are paid based on established rates and the project requirements on an as-needed basis.

Recommendation

The City Commission: 1) authorize the General Manager, or his designee, to negotiate and execute a five year contract with Public Financial Management, Inc., a specified source, for financial advisory services, subject to the approval of the City Attorney as to form and legality; and 2) approve the issuance of purchase orders to Public Financial Management in amounts not exceeding budgeted amounts for these services for each year of the contract, subject to final appropriation of funds for each year of the contract.

Fiscal note

Funds for these services are available in the FY 2012 GRU budget and will be requested in future fiscal years, subject to final appropriation of funds for each year of the contract.

Drafter

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