



**Council  
Communication**  
Office of the City Manager

<b>Date</b>	September 25, 2006
<b>Agenda Item No.</b>	<b>30</b>
<b>Roll Call No.</b>	<b>06-</b>
<b>Communication No.</b>	<b>06-617</b>
<b>Submitted by: Allen McKinley, Finance Director</b>	

**AGENDA HEADING:**

Approving first one-year renewal and authorizing second one-year renewal of contract for financial advisory services with Public Financial Management, Inc./PFM Asset Management, LLC (PFM).

**SYNOPSIS:**

On September 8, 2003, Council awarded the financial advisory services contract to PFM (Terrace Place, Suite 214 – 2600 Grand Avenue, Des Moines, IA 50312) as the result of a competitive proposal process. The contract term is three years with the option of two one-year renewals. The initial contract expires September 30, 2006. This action will approve the first one-year renewal (October 1, 2006 – September 30, 2007) and authorizes the Council to execute said renewal. In addition, this action will authorize the Council to execute the second renewal (October 1, 2007 – September 30, 2008) a year from now upon the recommendation of the Finance Director.

**FISCAL IMPACT:**

Amount: The fee schedule during the renewal period will remain the same as in the initial three-year contract period. Costs will depend on the size and frequency of bond issues over the next one to two years. The fee schedule is based on the amount of each bond issue and type of pledge (G.O. or Revenue).

Funding Source: Fees to be paid from bond proceeds.

**ADDITIONAL INFORMATION:**

As a relatively frequent issuer of debt, the City retains an independent financial advisor to assist with the structuring, management, marketing, and sale of bond issues. PFM has been the City’s financial advisor for the past eight years.

**Fee Schedule for Bond Issuance Services:**

G.O. & Tax Increment Bonds	Under \$10.0 Million	\$15,000
G.O. & Tax Increment Bonds	\$10.1 to \$20.0 Million	\$20,000
G.O. & Tax Increment Bonds	\$20.1 to \$30.0 Million	\$25,000
G.O. & Tax Increment Bonds	\$30.1 to \$40.0 Million	\$30,000
G.O. & Tax Increment Bonds	Over \$40.0 Million	Negotiated
G.O. Refunding Bonds	Under \$10.0 Million	\$15,000 + escrow fee
G.O. Refunding Bonds	\$10.1 to \$20.0 Million	\$20,000 + escrow fee

G.O. Refunding Bonds	\$20.1 to \$30.0 Million	\$25,000 + escrow fee
G.O. Refunding Bonds	\$30.1 to \$40.0 Million	\$30,000 + escrow fee
G.O. Refunding Bonds	Over \$40.0 Million	Negotiated
Revenue Bonds	Under \$10.0 Million	\$20,250
Revenue Bonds	\$10.1 to \$20.0 Million	\$27,000
Revenue Bonds	\$20.1 to \$30.0 Million	\$33,750
Revenue Bonds	\$30.1 to \$40.0 Million	\$40,500
Revenue Bonds	Over \$40.0 Million	Negotiated
Revenue Refunding Bonds	Under \$10.0 Million	\$20,250 + escrow fee
Revenue Refunding Bonds	\$10.1 to \$20.0 Million	\$27,000 + escrow fee
Revenue Refunding Bonds	\$20.1 to \$30.0 Million	\$33,750 + escrow fee
Revenue Refunding Bonds	\$30.1 to \$40.0 Million	\$40,500 + escrow fee
Revenue Refunding Bonds	Over \$40.0 Million	Negotiated

### **Out-of-Pocket Expenses**

PFM will be reimbursed for actual costs associated with official statement production and distribution, as well as reasonable costs for air travel, food and lodging for personnel not located in Iowa.

### **PREVIOUS COUNCIL ACTION(S):**

Date: September 8, 2003

Roll Call Number: 03-2103

Action: Acceptance of contract with Public Financial Management, Inc. to provide the City's Financial Advisory Services, three year term with two one-year renewals. (Council Communication No. 03-441). Moved by Vlassis to adopt. Motion Carried 6-1.

### **BOARD/COMMISSION ACTION(S): NONE**

### **ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:**

Upon recommendation by the Finance Director, the Council to execute the second one-year renewal in September 2007 for the contract period: October 1, 2007 to September 30, 2008.