



# Council Communication

Office of the City Manager

Date

March 26, 2007

Agenda Item No. 30  
Roll Call No. 07-  
Communication No. 07-151  
Submitted by: Allen McKinley, Finance  
Director/Treasurer

## AGENDA HEADING:

Amending existing contract with Public Financial Management, Inc./PFM Asset Management, LLC (PFM) for Financial Advisory Services.

## SYNOPSIS:

Recommend approval to amend existing contract with PFM (Terrace Place, Suite 214, 2600 Grand Avenue, Des Moines, IA 50312) for financial advisory services, to add financings for the Des Moines International Airport.

## FISCAL IMPACT:

Amount: The amount depends on the size of revenue bond issuances as already established in the current contract relative to all other enterprise revenue bond issues that may be undertaken. An airport bond refunding currently under consideration would result in a fee of \$40,500 plus 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.

Funding Source: 2006-07 Operating Budget, EN002 AIR010100 – Aviation – Administration

## ADDITIONAL INFORMATION:

In 1998, the City contracted with two firms for financial advisory services via the RFP process. A dual RFP process was used at the time because the airport was going to issue its first revenue bond and wanted to explore the use of a separate financial advisor. One contract was for financial planning, debt management, debt issue development and oversight, and investment program/arbitrage rebate management for all general obligation debt and enterprise debt, excluding the airport. PFM was awarded the contract. A second contract for the same services for only the airport was also entered into with the firm Fullerton & Friar. The RFP process for the non-airport services was repeated in 2003 and PFM was again selected. With no additional airport bonding anticipated in 2003, there was no RFP process for airport services.

Currently, the City is in the first of two one-year renewals with PFM; this is provided for in the 2003 contract. The airport is now considering refunding the 1998 Airport Revenue Bonds and there is no current contract in place for airport related financial advisory services. PFM is willing to amend the current contract for its services to be extended to the airport using the same fee structure that is in the current contract. Airport staff members have met with PFM and are comfortable with utilizing its

services for an anticipated bond refunding, the hearing for which was held and approved by the City Council on March 12, 2007.

PFM was ranked #1 in the 2006 National Municipal Financial Advisory Ranking in overall long-term municipal new issues (711 transactions @ \$35.3 billion) and #2 in airport long-term municipal new issues (19 @ \$1.1 billion). PFM has extensive experience in airport financing and has been involved with debt management and financial planning for several airports across the country.

**PREVIOUS COUNCIL ACTION(S):**

Date: September 25, 2006

Roll Call Number: 06-1884

Action: [First](#) one-year renewal and authorizing second one-year renewal of contract with Public Financial Management Inc., 2600 Grand Avenue, for the provision of financial advisory services. [Council Communication No. 06-617](#)) Moved by Vlassis to adopt. Motion Carried 6-0.

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: NONE**