



Council Communication

Office of the City Manager

Date

September 22, 2008

Agenda Item No. 28
Roll Call No. 08-
Communication No. 08-588
Submitted by: Allen McKinley, Finance
Director/Treasurer

SYNOPSIS:

Awarding the contract for financial advisory services to Public Financial Management, Inc., as the result of a competitive proposal process. Contract term is three years with the option of three one-year renewals.

FISCAL IMPACT:

Amount: Estimated \$208,000 for three-year period, depending on the size, type, and frequency of bond issues. The fee schedule is based on the amount of each bond issue and the type of pledge (G.O. or Revenue).

Funding Source: The fee to be paid is normally funded from bond sale proceeds.

ADDITIONAL INFORMATION:

As a relatively frequent issuer of debt, the City, for many years, has retained 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 10 years, preceded by Springsted, Inc. for eight years.

The Request for Proposals (RFP) received responses from PFM and Speer Financial, Inc. A selection committee consisting of the Finance Director, Deputy City Manager, and Corporation Counsel reviewed and analyzed the responses. The selection committee rated both firms according to certain criteria in the RFP: adherence to the RFP (10 points), expertise and experience (65 points), and price (25 points). The selection committee concluded that both PFM and Speer Financial possess the expertise and experience needed to serve the City although PFM demonstrated stronger experience in conducting complex analyses applicable to Des Moines. PFM also has a local presence and proposed lower fees. Proposed fees were applied to the City's anticipated bond issues as projected in the current Capital Improvement Program. PFM's fees over the three-year term of the agreement were estimated to be \$208,000 and Speer Financial's \$266,850.

PREVIOUS COUNCIL ACTION(S):

Date: March 26, 2007

Roll Call Number: 07-557

Action: Amending existing contract with Public Financial Management, Inc./PFM Asset Management, LLC (PFM) for Financial Advisory Services. (Council Communication No. 07-151) Moved by Hensley to adopt. Motion Carried 7-0.

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

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