

August 7, 2017

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT

Resolution authorizing the execution of a four-year professional services contract with Piper Jaffray & Co. in an amount not to exceed \$250,000, with an option to renew for an additional one-year term, to provide financial and bond issuing advisory services.

FISCAL IMPACT

The City of Bellevue uses a third party financial advisor to help with the complex task of issuing bonds and to provide general financial advisory services as need arises.

This action obligates the City up to \$250,000 depending on the amount of bonds issued and the number of general consulting services provided over the course of the next four-years. Bond issuance fees are generally paid from the bond proceeds, and general consulting services will be paid from the General Fund, General Capital Investment Program projects or other budgets, as appropriate. This expenditure was planned and sufficient funding exists within the 2017-2018 budget.

Debt Issuance Services: Fees for debt issuance services are based on the size and type of bond issues as outlined below.

Size of Bond Issue	LID Bonds	GO Bonds	Revenue Bonds
Bond Anticipation Note (BAN) of any size	Notes: \$10,000 plus \$0.50/\$1,000 Loans: \$5,000	Notes: \$10,000 plus \$0.50/\$1,000 Loans: \$5,000	Notes: \$10,000 plus \$0.50/\$1,000 Loans: \$5,000
Less than \$500,000 ¹⁾	\$20,000 plus \$2.00/\$1,000		
\$500,000 to \$1,000,000 ¹⁾	\$20,000 plus \$2.00/\$1,000		
Less than \$1,000,000 ²⁾		\$15,000 plus \$1.00/\$1,000	\$20,000 plus \$1.00/\$1,000
\$1,000,000 to \$2,000,000	\$20,000 plus \$1.00/\$1,000	\$15,000 plus \$1.00/\$1,000	\$20,000 plus \$1.00/\$1,000
\$2,000,000 to \$5,000,000	\$20,000 plus \$1.00/\$1,000	\$15,000 plus \$1.00/\$1,000	\$20,000 plus \$1.00/\$1,000
\$5,000,000 to \$10,000,000	\$20,000 plus \$1.00/\$1,000	\$15,000 plus \$1.00/\$1,000	\$20,000 plus \$1.00/\$1,000
\$10,000,000 and over	\$0.75/\$1,000 for the first \$50 million; \$0.25/\$1,000 for increment exceeding \$50 million	\$0.50/\$1,000 for the first \$50 million; \$0.25/\$1,000 for increment exceeding \$50 million	\$0.25/\$1,000 for the first \$50 million; \$0.25/\$1,000 for increment exceeding \$50 million

1)Local Improvement District (LID) Bonds only.

2)General Obligation (GO) Bonds and Revenue Bonds only.

General Financial Advisory Services: Fees are charged on an hourly basis. The actual cost of general financial advisory services depends on the number and type of projects assigned to the Financial Advisor over the next four-year period. Future contract expenditures were anticipated and sufficient funds exist in the 2017-2018 budget.

STAFF CONTACTS

Toni Call, Finance Director, 452-7863
Zemed Yitref, Investment & Debt Manager, 452-6101
Finance Department

POLICY CONSIDERATION

Bellevue City Code: Bellevue City Code 4.28 provides for the fair and equitable treatment of persons in the purchasing process. Since the total amount of the Contract exceeds \$90,000, Council approval is required.

BACKGROUND

The City of Bellevue uses a third party financial advisor to help with the complex task of issuing bonds and to provide general financial advisory services as need arises. Some of these bond issuance services include 1) devising and recommending to the City a financing plan for debt obligations to be issued, including bond structuring alternatives, size, timing, and method of bond sale, 2) assisting in preparing rating agency presentations, scheduling and assisting in the presentations, and acting as a liaison with the agencies, providing information as needed, and 3) assisting in the evaluation and selection of underwriters for a negotiated sale and negotiation of underwriting fees and interest costs, and defining a process for competitive sale.

General financial advisory services include 1) reviewing the City’s financing objectives, financial forecast, and financial position, 2) assisting in the review and analysis of State and Federal regulations pertaining to the City's financing programs and credit ratings, 3) developing economic modeling, sensitivity analyses and general information relevant to structuring and financing alternatives, and 4) providing advice and assistance in the development of long-range financing plans of the City.

In accordance with Contracting Services guidelines, the City conducted a formal Request for Proposal (RFP) process for financial advisory services with advertisements posted in the following newspapers:

Newspaper Name	Dates Published
1. Seattle Daily Journal of Commerce	May 17 & May 24
2. The Seattle Times	May 17 & May 24

Response was received from two firms on June 12. Staff reviewed and evaluated the proposals and the fee schedules. Piper Jaffray & Co. was selected by the selection committee for the firm’s capability to provide high quality services at a competitive cost. The term of the contract covers a four-year period, from August 4, 2017 through August 3, 2021, with an option to renew the contract for a period of one year.

EFFECTIVE DATE

If approved, this Resolution becomes effective immediately upon Council adoption. The effective date of the contract will be August 4, 2017.

OPTIONS

1. Adopt the Resolution authorizing the execution of a four-year professional services contract with Piper Jaffray & Co. in an amount not to exceed \$250,000, with an option to renew for an additional one-year term, to provide financial and bond issuing advisory services.
2. Do not adopt the Resolution and provide alternative direction to staff.

RECOMMENDATION

Option 1

MOTION

Move to adopt Resolution No. 9295 authorizing the execution of a four-year professional services contract with Piper Jaffray & Co. in an amount not to exceed \$250,000, with an option to renew for an additional one-year term, to provide financial and bond issuing advisory services.

ATTACHMENTS

Proposed Resolution No. 9295

AVAILABLE IN COUNCIL DOCUMENT LIBRARY

Proposed Contract