

**AGENDA BILL**  
**Beaverton City Council**  
**Beaverton, Oregon**

**SUBJECT:** Contract Award – Financial Advisor  
Services

**FOR AGENDA OF:** 11/18/14 **BILL NO:** 14227

**Mayor's Approval:** *Denny Josle*

**DEPARTMENT OF ORIGIN:** *Daw*  
Finance

**DATE SUBMITTED:** 11/12/2014

**CLEARANCES:** City Attorney  
CAO

*WBK*  
*ME*

**PROCEEDING:** Consent Agenda  
(Contract Review Board)

**EXHIBITS:** None

**BUDGET IMPACT**

EXPENDITURE REQUIRED \$-0-	AMOUNT BUDGETED \$-0-	APPROPRIATION REQUIRED \$-0-
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This contract requires no specific appropriation however an agreement will be reached with the firm for services in conjunction with any specific, future bond measure. Incidental professional service analysis will normally be paid from the Finance Department Professional Services account #001.20.0548.511.

**RECOMMENDED ACTION:**

The City Council acting as the Contract Review Board awards a contract to The PFM Group for financial advisory (FA) services for a thirteen month period ending December 31, 2015, renewable for nine additional twelve month periods at the City's option through FY 2024, based on Council's approval of future budgets and the City Attorney's approval of contract form.

**HISTORICAL PERSPECTIVE:**

The City desires FA services for expert analysis and advice regarding the financing of long-term capital improvements such as buildings, water systems and projects related to our urban redevelopment plans. The previous firm serving as FA for the City was Seattle Northwest which is now part of the Piper Jaffrey group that responded to the RFP. For the most recent capital transactions the City worked directly with Key Bank for a privately placed financing of the tenant improvements for The Beaverton Building and for a refunding of the 2004 and 2004A Water System Revenue Bonds.

In the procurement request we noted that the City may issue approximately \$100 million in various debt instruments over the next five years. In addition, there is existing debt for which the City is always interested in refinancing to achieve cost savings or other management objectives. Specific services described in the Request for Proposal (RFP) were:

1. Bond Transactions:
  - a. Provide services related to bond sales, such as assistance in:
    - i. Identifying options for debt issuance, refunding and alternative financing strategies, both taxable and tax exempt
    - ii. Developing marketing strategies
    - iii. Developing bond sale documents including:
    - iv. At the time of the sale, supervise the mechanics of receiving and tabulating bids and then determining the most favorable bid received. Advise the City regarding the acceptance or rejection of bids. Coordinate delivery of the bonds.
    - v. Assist with the bond closing.

2. Advise City as needed on matters related to:

- a. Financial planning
- b. Debt management and financial policies
- c. Appropriate reserve policies and funding levels in conjunction with City's Investment Advisor
- d. Establishing and monitoring financial indicators
- e. Researching and analyzing various ongoing funding and financing alternatives
- f. Monitoring outstanding debt for refunding and restructuring opportunities to reduce debt service and improve project management.

3. Make occasional presentations to the Beaverton City Council, BURA, other commissions, bond counsel and staff. Presentations may include providing information on the debt market in general, the pros and cons of various debt instruments, and different marketing strategies.

**INFORMATION FOR CONSIDERATION:**

The City issued a Request for Proposal (RFP) for Financial Advisory Services (Solicitation #2932-15B) which advertised in the Daily Journal of Commerce on September 26, 2014, with a response date of October 16, 2014. Four proposals were received and evaluated. Staff evaluated the proposals and scored them as follows based on the criterion in the RFP that included knowledge, experience, qualifications, project approach, relevant experience and references and a cost exercise based on a potential \$40 million General Obligation bond issue and several other scenarios for other types of capital financing (based on 100 points maximum):

**Financial Advisor RFP Summary**

<b>FIRMS:</b>	<b>Review 1</b>	<b>Review 2</b>	<b>Review 3</b>	<b>Review 4</b>	<b>Review 5</b>	<b>Average</b>
<b>PFM Group</b>	99.2	95	88	100	96	<b>95.6</b>
<b>Piper Jaffrey (SNW)</b>	96.7	90	70	86	86	<b>85.7</b>
<b>Western Financial (WFG)</b>	77	83	75	74	80	<b>77.8</b>
<b>Lewis/Young (LYRB)</b>	43	73	74	63	74	<b>65.4</b>

Based on the materials presented by the four firms, staff concluded the City's best interest would be served by selecting PFM Group as the City's Financial Advisor (FA). The spread of the scores was sufficient that the group decided that interviews were not likely to change the outcome of the initial rankings.

While all the firms are well qualified, PFM staff is based in Portland and has demonstrated an active leadership role in redevelopment and infrastructure finance policies and practices. The principal in the Portland office, Eric Johansen, served in an executive financial planning and debt management role with the City of Portland and the Portland Development Commission prior to joining the PFM Group. He was involved in long term urban-renewal financings for ten different urban renewal areas total more than \$500 million. In addition to redevelopment related financings, the firm completed 516 water, sewer and gas utility transactions from 2009 to 2013 representing about \$27 billion in bonds. PFM currently serves as financial advisor to the City of Portland, City of Bend, the Metro Convention Center Hotel project and the Port of Portland, among others. Mr. Johansen served on the Beaverton Planning Commission, as well as the Traffic Commission and still resides in Beaverton. He will be the primary contact for the City.