

M Management Committee
For the Metropolitan Council meeting of June 10, 2009

ADVISORY INFORMATION

Date Prepared: May 20, 2009

Subject: Contracts for Financial Advisors

Proposed Action:

That the Metropolitan Council authorizes the Regional Administrator to execute three-year contracts, with two one-year options for extension, for financial advisory services in a combined amount not to exceed \$400,000 with Springsted (\$250,000), Public Financial Management (PFM), (\$100,000), and Ehlers, Inc (50,000).

Summary of Committee Discussion / Questions:

Discussion centered around how the Council makes use of financial advisory services. The Council utilizes a public financial advisor primarily for debt issuance with additional service and support provided for review of PFA loans, special projects, arbitrage analysis, etc. In the current economic environment a more customized solution to employment of financial advisors is believed to be of the greatest benefit to the Council. It is intended that Springsted will be utilized for common types of bond issues, PFM for some specialized debt/financial services, and Ehlers for coaching on maintenance of our AAA bond rating and for any occasion where conflicts of interest exist with the other two advisors.

This item was presented by Allen Hoppe. A motion was made, seconded and the item was passed unanimously.

Management Committee

Business Item

Item: 2009-176

Meeting date: May 13, 2009

ADVISORY INFORMATION

Date:	May 5, 2009
Subject:	Contracts for Financial Advisors
District(s), Member(s):	All
Policy/Legal Reference:	General contracting for services.
Staff Prepared/Presented:	Allen Hoppe, Treasury Manager
Division/Department:	Regional Administration / Finance

Proposed Action

That the Metropolitan Council authorizes the Regional Administrator to execute three-year contracts, with two one-year options for extension, for financial advisory services in a combined amount not to exceed \$400,000 with Springsted (\$250,000), Public Financial Management (PFM), (\$100,000), and Ehlers, Inc (50,000).

Background

The Council utilizes a public financial advisor primarily for debt issuance with additional service and support provided for review of PFA loans, special projects, arbitrage analysis, etc. The Council has employed PFM for the bulk of its financial advisory services for a little over three years. Springsted has provided service on a smaller scale during this time period. The two current contracts expire June 30, 2009.

Rationale

We received five proposals in response to a Request for Proposals (RFP)--the above three who operate locally and two out-of-state firms with no significant local experience (Columbia Capital of Overland Park, KS, and Butchermark Financial Advisors of New York, NY).

In the current economic environment a more customized solution to employment of financial advisors is believed to be of the greatest benefit to the Council. The RFP Review Panel recommended that Springsted be contracted primarily to provide mainstream bond issuance services, that PFM be employed on a case-by-case basis for technical analysis or special financing needs, e.g., issuance of GARVEE or grant bonds for the Central Corridor Light Rail and possible synthetic financial arrangements separate from bond issues; and Ehlers be contracted to provide service in two specific areas: (1) coaching relative to maintaining the Council's core Aaa/AAA bond ratings, and (2) in the case of conflicts of interest developing between the other two advisors and Council interests.

Funding

Financial Advisor support related to bond issues is paid from bond proceeds of the issuing division. Non-bond services are usually paid from the general fund but may be funded by other sources depending on the need.

Known Support / Opposition

None.