

M Management Committee
For the Metropolitan Council meeting of June 22, 2011

Date June 16, 2011
Prepared:
Subject: Approval of Financial Advisors

Proposed Action:

That the Council authorize the Regional Administrator to execute contracts, in an aggregate amount to not exceed \$500,000 and for a time period to not exceed five years, for financial advisory services with three firms: Springsted Incorporated, Public Resources Advisory Group (PRAG), and Ehlers and Associates.

Summary of Committee Discussion / Questions:

Background about the Council's use of financial advisors was presented by Senior Manager, Treasury, Allen Hoppe. Financial advisors are used on an as-needed basis, usually in conjunction with the issuance of bonds. Typical issuance services include bond structuring relative to Council and marketplace constraints, projecting interest rates, marketing our bond sales to underwriters, taking bids, participating in the settlement process, working with bond counsel, etc. Other analytical projects are assigned from time-to-time.

Based on a question from Council member Chavez, Committee members were informed that the \$500,000 aggregate amount of the request was based primarily on the combination of historic expense experience for these services and the expected additional expense related to the Grant Anticipation Notes for the Central Corridor Light Rail Transit. The bulk of the \$500,000 is for issuance of debt; advisor fees related to debt issuance are funded from bond proceeds.

M Management Committee
Meeting date: June 15, 2011

ADVISORY INFORMATION

Date:	June 9, 2011
Subject:	Approval of Financial Advisors
District(s), Member(s):	All
Policy/Legal Reference:	Policy 3-4-3 (Procurement); Minnesota's broad debt issuance statute #475 and Council-related #473
Staff Prepared/Presented:	Allen Hoppe, Senior Manager, Treasury
Division/Department:	Regional Administration/Finance

Proposed Action

That the Council authorize the Regional Administrator to execute contracts, in an aggregate amount to not exceed \$500,000 and for a time period to not exceed five years, for financial advisory services with three firms: Springsted Incorporated, Public Resources Advisory Group (PRAG), and Ehlers and Associates.

Background

The Council utilizes a financial advisor whenever it issues debt and for financial analysis projects requiring special analytical skills, knowledge, or experiences.

In keeping with the practice of periodically offering opportunities for businesses to bid for our business, and to meet Federal Transit Administration (FTA) requirements for certain CCLRT debt issuance expense reimbursements, the Council recently issued a request for proposals (RFP) for financial advisory services and received six qualifying proposals. When utilized as a group, the three financial advisors specified above, best met the terms of the RFP and thereby will best meet the needs of the Council.

Rationale

Rather than use just one financial advisor to try to meet all of its needs, the Council has found savings and more effective results by allocating our needs by niche. Springsted will likely perform most of our routine debt issuance and financial analysis needs since they are broad in experience, competitively priced, and have served the Council well in the past. Although they are available to fill a broad and deep role as a full service financial advisor, it is currently intended that PRAG would assist with complex analytical situations and perspectives on issues which benefit from their broad national experience with large debt issuers. Ehlers is the lowest priced provider and is able to address certain analytical needs and serve as an alternative on a case-by-case basis.

Funding

Financial advisory fees related to debt issuance are generally paid from debt proceeds; fees for analytical and related services are generally funded through the benefitting division's budget process.

Known Support / Opposition

None.