

RESOLUTION 2016-07

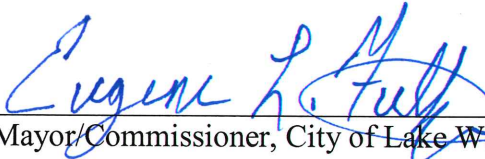
A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE ON BEHALF OF THE CITY AN AGREEMENT BETWEEN THE CITY OF LAKE WALES AND PUBLIC FINANCIAL MANAGEMENT, INC. FOR FINANCIAL ADVISORY SERVICES.

WHEREAS, the City of Lake Wales seeks financial advisory services relating to financial planning, budget and strategic advice and planning, policy development and services relating to debt issuance.

NOW, THEREFORE, BE IT RESOLVED by the City Commission of Lake Wales, that:

1. The City Commission approves entering into an Agreement for Financial Advisory Services with Public Financial Management, Inc. This agreement shall be for a three (3) year term with the option to renew for two (2) additional one year periods, unless canceled in writing by either party upon thirty (30) days written notice to the other party.
2. The City Manager is hereby authorized to execute the above referenced Agreement on behalf of the City of Lake Wales.

THIS RESOLUTION INTRODUCED AND PASSED by the City Commission of the City of Lake Wales, Polk County, Florida at its regular meeting on March 15, 2016.



Mayor/Commissioner, City of Lake Wales

ATTEST:



City Clerk Clara VanBlargen, MMC

PUBLIC FINANCIAL MANAGEMENT, INC.

AGREEMENT FOR FINANCIAL ADVISORY SERVICES

This agreement, made and entered into this 15 day of March, 2016 by and between the City of Lake Wales ("Client") and Public Financial Management, Inc., (hereinafter called the "Financial Advisor" or "PFM") sets forth the terms and conditions under which the Financial Advisor shall provide services.

WHEREAS, Client is desirous of obtaining the services of a financial advisor to develop and assist in implementing Client's strategies to meet its current and long-term operations, financial obligations, capital financing needs and render assistance in respect to debt transactions; and

WHEREAS, PFM is capable of providing the necessary financial advisory services.

NOW, THEREFORE, in consideration of the above mentioned premises and intending to be legally bound hereby, Client and PFM agree as follows:

I. SCOPE OF SERVICES

PFM shall provide, upon request of the Client services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance, examples of which, not intended to be exclusive, are set forth in Exhibit A to this Agreement.

II. WORK SCHEDULE

The services of the Financial Advisor are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service.

Services which are not related to a particular transaction shall be completed as agreed between the Client and the Financial Advisor.

III. FINANCIAL ADVISORY COMPENSATION

For the services described, PFM's professional fees and expenses shall be paid as follows:

1. For services related to financial planning, policy development and financial analysis, PFM shall receive hourly rates as listed below. Fees for support staff are included in the hourly rates for professionals. Services will be billed monthly.

Experience Level Hourly Rate

| | |
|----------------------------|----------|
| Managing Director | \$190.00 |
| Director | \$190.00 |
| Senior Managing Consultant | \$190.00 |
| Senior Analyst | \$180.00 |
| Analyst | \$180.00 |

Administrative \$125.00

2. For services related to the issuance of For General Obligation Bonds, Revenue Bonds and Taxable Bonds , PFM will be paid

| <u>Bond Size</u> | <u>Incremental Fee per \$1,000</u> |
|--------------------------|------------------------------------|
| Up to 20,000,000 | \$0.95 |
| 20,000,001 to 40,000,000 | \$0.80 |
| Over 40,000,001 | \$0.65 |

Minimum \$17,500.00

For services related to the issuance of Bank Loans or LOC

| | |
|----------------------------------|--------------------|
| Minimum fee for bank loan or LOC | <u>\$15,000.00</u> |
| Maximum fee for bank loan or LOC | <u>\$30,000.00</u> |

Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed the lesser amount of not to exceed \$750 per issue, or actual costs for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Appropriate documentation will be provided.

Special Services

Special Services described in Exhibit A will be subject to separate, mutually acceptable fee structures.

IV. TERMS AND TERMINATION

This agreement shall be for a three (3) year term with the option to renew for two (2) additional one year periods, unless canceled in writing by either party upon thirty (30) days written notice to the other party.

V. ANNUAL APPROPRIATIONS

“The performance of Client and its obligation to pay under this contract is contingent upon annual appropriation by the City Commission of Lake Wales.”

VI. NON-ASSIGNABILITY

PFM shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the Client.

VII. INFORMATION TO BE FURNISHED TO THE FINANCIAL ADVISOR

All information, data, reports, and records in the possession of the Client necessary for carrying out the work to be performed under this Agreement shall be furnished to the Financial Advisor and the Client shall cooperate with the Financial Advisor in all reasonable ways.

VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to-wit:

CITY OF LAKE WALES

Attention: Dorothy Ecklund
PO Box 1320
Lake Wales, Florida 33853

PUBLIC FINANCIAL MANAGEMENT, INC.

300 South Orange Avenue
Suite 1170
Orlando, Florida 32801
Attention: David M. Moore, Managing Director

IX. TITLE TRANSFER

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Subject to the exception described above, upon termination of this Agreement, Financial Advisor shall deliver to the Client copies of any and all material pertaining to this Agreement.

X. FINANCIAL ADVISOR'S REPRESENTATIVES

1. Assignment of Named Individuals

The professional employees of PFM set forth in Exhibit B shall provide the services set forth in this Agreement: PFM shall, from time to time, amend team members:

2. Changes in Staff Requested by the Client

The Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

XI. INSURANCE

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit C.

XII. INDEPENDENT CONTRACTOR

The Financial Advisor, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Agreement or any actions or services rendered under this Agreement.

XIII. ENTIRE AGREEMENT

This Agreement represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties.

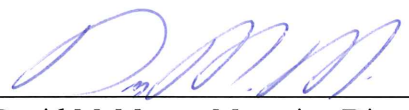
IN WITNESS THEREOF, the Client and PFM have executed this Agreement as of the day and year herein above written.

ATTEST: CITY OF LAKE WALES

By: 
Name, Title **Kenneth Fields**
City Manager

Date: MAR 30 2016

ATTEST: PUBLIC FINANCIAL MANAGEMENT, INC.

By: 
David M. Moore, Managing Director

Date: 3/17/16

EXHIBIT A

1. Services related to the Financial Planning and Policy Development upon request of the Client:
 - Assist the Client in the formulation of Financial and Debt Policies and Administrative Procedures.
 - Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the Client with savings.
 - Analyze future debt capacity to determine the Client's ability to raise future debt capital.
 - Assist the Client in the development of the Client's Capital Improvement program by identifying sources of capital funding for infrastructure needs.
 - Assist the Client with the development of the Client's financial planning efforts and process by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
 - Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
 - Develop, manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the Client.
 - Conduct limited strategic modeling and planning and related consulting.

- Attend meetings with Client's staff, consultants and other professionals and the Client.
 - Review underwriter's proposals and submit a written analysis of same to the Client.
 - Undertake any and all other financial planning and policy development assignments made by the Client regarding bond and other financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
 - Assist the Client in preparing financial presentations for public hearings and/or referendums.
 - Provide special financial services as requested by the Client.
2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds). Upon the request of the Client:
- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
 - Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
 - Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
 - Advise as to the various financing alternatives available to the Client.
 - Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
 - Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
 - If appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
 - Assist the Client in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.

- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond resolutions.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that Financial Advisor is not responsible for the inclusion or omission of any material in published offering documents.
- Provide regular updates of tax-exempt bond market conditions and advise the Client as to the most advantageous timing for issuing its debt.
- Advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make in writing definitive recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.

If the transaction is competitive, the services of the financial advisor will be modified to reflect that process.

3. Special Services. Upon request of the Client and subject to separate, mutually acceptable fee structures:

PFM or its affiliates may provide other services which shall include, but not be limited to, the following:

- a. Impact fee financial analysis
- b. Grantsmanship
- c. Rate analysis

- d. Management analysis
- e. Referendum assistance
- f. Legislative initiatives
- g. Project assessment analysis
- h. Implementation of revenue enhancement programs
- i. Arbitrage and rebate services
- j. Financial analysis of projects being developed by engineer/ architect / specialized consultant studies
- k. Negotiate on behalf of the Client for proposed projects
- l. Services for acquisition of Private Utility
- m. Public-Private Partnership advisory services
- n. Investment of bond proceeds, including escrow structuring and procurement
- o. Arbitrage rebate and post-issuance compliance
- p. Interest rate swap advisory services
- q. Management and Budget Consulting services, including:
 - Multi-year Plan – Provide general analytical support as needed for annual budgetary development, multi-year financial planning, and other various policy initiatives as requested by the Client;
 - Collective Bargaining Support – Provide quantitative and analytical support for the Client in collective bargaining through such services as the development of costing models for compensation scenarios, development of workforce cost containment strategies, and delivery of expert testimony in employee interest arbitration proceedings;
 - Revenue Enhancement – Assist the Client in evaluating the fiscal and policy impacts of revenue enhancement options such as tax policy reforms and non-tax revenue adjustments;
 - Economic Development – Assist the Client in evaluating transportation, infrastructure, and general economic development financing options in support of the Client's goals;
 - Cash Flows – Review cash flow projections produced by the Client, and, as necessary, suggest and support improvements to the Client's cash flow model; and
 - Performance Enhancement – Deliver additional strategic management consulting services as may be requested by the Client in areas related to fiscal improvement, management/productivity reforms, and governmental performance. Such services may include, without limitation, assisting the Client with the development of analyses and narrative with regard to overall strategy and assumptions, revenue forecasts, and/or expenditure reduction initiatives. Such support may include quantitative analysis, identification of best practices, and/or technical review and quality assurance.

EXHIBIT B

Professional Employees

David M. Moore, Managing Director

Marissa Wortman, Senior Managing Consultant

Nicklas Rocca, Senior Management Consultant

Natalie Newland, Analyst

Tyler Calderone, Analyst

Todd Fraizer, CFA, Managing Director

EXHIBIT C

Insurance Statement

Public Financial Management, Inc. ("PFM") has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$25 million and \$10 million, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR:

Automobile \$250 comprehensive & \$500 collision

Cyber Liability \$50,000

General Liability \$0

Professional Liability (E&O) \$1,000,000

Financial Institution Bond \$75,000

Insurance Company & AM Best Rating

| | |
|---|--|
| Professional Liability (E&O) | Endurance American Specialty Insurance; (A:XV) XL Specialty Insurance Company; (A:XV) Continental Casualty Company; (A:XV) Starr Indemnity & Liability Company; (A:XIV) |
| Financial Institution Bond | Federal Insurance Company; (A++/XV) |
| Cyber Liability | Indian Harbor Insurance Company (A) |
| General Liability | Great Northern Insurance Company; (A++/XV) |
| Automobile Liability | Federal Insurance Company; (A++/XV) |
| Excess /Umbrella Liability | Federal Insurance Company; (A++/XV) |
| Workers Compensation & Employers Liability | Great Northern Insurance Company; (A++/XV) |