

MEMORANDUM

April 21, 2015

TO: Honorable Mayor and City Commissioners

VIA: Kenneth Fields, City Manager

FROM: Dorothy Ecklund, Finance Director

RE: Financial Advisory Services Agreement

SYNOPSIS: This is an agreement with Public Financial Management, Inc. for professional services relating to issuance of debt, not to exceed two million dollars.

STAFF RECOMMENDATION

It is recommended the City Commission consider the following action:

1. Approve the engagement letter for Public Financial Management, Inc.
2. Authorize the City Manager to execute the appropriate documents on the City's behalf.

BACKGROUND:

Due to several factors, 1) the draw down on reserves due to the economic downturn caused by the recession since 2007, 2) the settlement of the Lake Belle lawsuit, and the 3) numerous capital projects being completed/planned during 2014 through 2016 (C Street Project, Cemetery Project, Airport Project, extension of Hwy 60 utilities) staff has advised the Commission that a line of credit is necessary for these projects to stay on track for completion. Staff has recommended to the City Commission the issuances of debt, not to exceed two million dollars, for a twenty four month period.

On April 1, 2015, the City issued a request for quote for financial advisory services relating to the City obtaining a two million dollar line of credit. The PFM Group and Lamont Financial Advisers Corporation submitted proposals. The PFM Group, which has provided financial advisory services for the City since 2009, proposed a fee of \$12,000, plus out of pocket costs not to exceed \$1,000 (possible total cost \$13,000). The Lamont Financial Advisers Corporation, located in New Jersey, proposed a fee of \$17,500, plus travel reimbursement not to exceed \$5,000 (possible total cost \$22,500).

Based on past experience with PFM, location, and cost staff recommends selection of the PFM Group for financial advisory service.

When the City issues debt, outside professional legal services are also necessary to insure compliance with IRS and state statutes. Staff recommends Bryant Miller Olive P.A. to provide these legal services. A separate contract for Bryant Miller Oliver P.A. shall be presented during May.

FISCAL IMPACT

The PFM Group

PFM proposed fee is not to exceed, \$12,000 for service, plus out of pocket costs not to exceed \$1,000 (total possible costs \$13,000).

ATTACHMENT

PFM Engagement Letter

Note: Copies of the quotes received for Financial Advisory Services are available from the Purchasing Division upon request.



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300 S. Orange Avenue
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32801-3470

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407-648-1323 fax
www.pfm.com

April 15, 2015

Dorothy Ecklund
Finance Director
City of Lake Wales
201 W. Central Ave,
Lake Wales, Florida 33853

RE: Engagement Letter for Financial Advisor Services related to the funding of the City's line of credit not to exceed \$2,000,000.

Dear Ms. Ecklund:

Public Financial Management, Inc. ("PFM") is pleased to submit this engagement letter to assist the City Lake Wales (the "City") in the development of a plan of finance related to the City's bank financing not to exceed \$2,000,000. PFM proposes to assist the City with the development of the plan of finance, determine pledge source of security for the debt, distribution of a RFP to Banks, negotiation with selected bank on the terms of the bank financing, implementation of the recommended plan of finance and completion of the entire transaction management process. PFM will implement the following procedures:

1. Analyze the proposals received from banks in terms of interest rates and legal provisions. PFM will confer with the City's bond counsel and bank to ensure the most favorable terms available to the City.
2. Based on this review, PFM will make recommendations on which bank should facilitate the bank financing for the City.

Once PFM works with the City in identifying a source of security for the debt, PFM will assist the City in the implementation of this plan of finance. The steps are broadly outlined as follows:

1. Develop financing timetable.
2. Assist with review of financing documents.
3. Attend Board Meetings when approval of the financing is being requested.
4. Assist with the review of closing documents.
5. Prepare cash flow numbers.
6. Draft closing/wiring instructions memorandum.
7. Oversee pre-closing and closing of the financing.

To assist the City with the development of the plan of finance and transaction management process described above, PFM would charge a flat \$12,000 plus any out of pocket expenses not to exceed \$1,000.



Public Financial Management, Inc. is a registered municipal advisor with the SEC and MSRB under the Dodd-Frank Act of 2010 (Registration #: 866-00397-00). PFM's obligation under this Agreement is solely to perform its services described above in a professional and timely manner conforming to generally accepted standards and practice for financial advisors.

If you have any questions about this engagement letter or steps involved please do not hesitate to give me a call.

Sincerely,
Public Financial Management, Inc.

A handwritten signature in black ink that reads "David M. Moore". The signature is written in a cursive, flowing style.

David M. Moore
Managing Director

Accepted by:

City of Lake Wales, Florida
Authorized Signatory