

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF APPROVING)
CONTRACT DOCUMENTS FOR FINANCIAL)
ADVISOR SERVICES)

RESOLUTION NO. 89-1172

Introduced by Rena Cusma,
Executive Officer

WHEREAS, Section 2.04.053 of the Metro Code requires the Council must approve contract documents for certain contracts; and

WHEREAS, The contract for Financial Advisor Services requires Council approval, and the proposal document has been approved by the Council of the Metropolitan Service District; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District approves the contract documents for Financial Advisor Services attached as Exhibit A hereto and authorizes that the Executive Officer enter into a contract with Public Financial Management, Inc.

ADOPTED by the Council of the Metropolitan Service District this
14th day of December, 1989.

Mike Ragsdale

Mike Ragsdale, Presiding Officer

kr:finance:finadv:finres
11/27/89

EXHIBIT A

Contract No. _____

PERSONAL SERVICES AGREEMENT

THIS AGREEMENT dated this _____ day of _____ 19____, is between the METROPOLITAN SERVICE DISTRICT, a municipal corporation, hereinafter referred to as "METRO," whose address is 2000 S.W. First Avenue, Portland, OR 97201-5398, and Public Financial Management, hereinafter referred to as "CONTRACTOR," whose address is 1300 S.W. 5th Avenue, Suite 2929, Portland, Oregon 97201, for the period of January 1, 1990, through December 31, 1992, and for any extensions thereafter pursuant to written agreement of both parties.

W I T N E S S E T H :

WHEREAS, This Agreement is exclusively for Personal Services;
NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

CONTRACTOR AGREES:

1. To perform the services and deliver to METRO the materials described in the Scope of Work attached hereto;
2. To provide all services and materials in a competent and professional manner in accordance with the Scope of Work;
3. To comply with all applicable provisions of ORS Chapters 187 and 279, and all other terms and conditions necessary to be inserted into public contracts in the state of Oregon, as if such provisions were a part of this Agreement;

4. To maintain records relating to the Scope of work on a generally recognized accounting basis and to make said records available to METRO at mutually convenient times;

5. To indemnify and hold METRO, its agents and employees harmless from any and all claims, demands, damages, actions, losses and expenses, including attorney's fees, arising out of or in any way connected with its performance of this Agreement, with any patent infringement arising out of the use of CONTRACTOR'S designs or other materials by METRO and for any claims or disputes involving subcontractors;

6. To comply with any other "Contract Provisions" attached hereto as so labeled; and

7. CONTRACTOR shall be an independent contractor for all purposes, shall be entitled to no compensation other than the compensation provided for in the Agreement. CONTRACTOR hereby certifies that it is the direct responsibility employer as provided in ORS 656.407 or a contributing employer as provided in ORS 656.411. In the event CONTRACTOR is to perform the services described in this Agreement without the assistance of others, CONTRACTOR hereby agrees to file a joint declaration with METRO to the effect that CONTRACTOR services are those of an independent contractor as provided under Chapter 864 Oregon Laws, 1979.

METRO AGREES:

1. To pay CONTRACTOR for services performed and materials delivered in the maximum sum of TWO HUNDRED FIFTY THOUSAND AND NO/100THS (~~\$250,000~~^{150,000}) DOLLARS and in the manner and at the time designated in the Scope of Work; and

2. To provide full information regarding its requirements for the Scope of Work.

BOTH PARTIES AGREE:

1. That METRO may terminate this Agreement upon giving CONTRACTOR five (5) days written notice without waiving any claims or remedies it may have against CONTRACTOR;

2. That, in the event of termination, METRO shall pay CONTRACTOR for services performed and materials delivered prior to the date of termination; but shall not be liable for indirect or consequential damages;

3. That, in the event of any litigation concerning this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and court costs, including fees and costs on appeal to an appellate court;

4. That this Agreement is binding on each party, its successors, assigns, and legal representatives and may not, under any condition, be assigned or transferred by either party; and

5. That this Agreement may be amended only by the written agreement of both parties.

PUBLIC FINANCIAL MANAGEMENT, INC.

METROPOLITAN SERVICE DISTRICT

By: _____

By: _____

Date: _____

Date: _____

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SCOPE OF WORK

All work of the financial advisor will be coordinated through the Director of Finance & Administration. Principal contacts will include the Manager of Financial Services, Senior Management Analyst for long term financial planning and key staff personnel of the operating department for which a project is being publicly financed.

A. Bond Debt Administration and Support

1. Assist Metro in reviewing reports furnished by Metro's paying agent/registrar, on request.
2. Make presentations to the Metro Council, Council Committees, Bond Counsel, and/or staff as needed.
3. Provide other services normally provided to clients which relate to bond sales, such as assistance in preparation of preliminary and final official statements, scheduling and structuring sales/instruments, contact with rating agencies.

B. Metropolitan Exposition-Recreation Commission Consolidation

Advise the Commission regarding alternative financing strategies for capital improvements required for existing facilities operated by the Commission (Oregon Convention Center, Memorial Coliseum Complex, Civic Stadium, Civic Auditorium, and the Performing Arts Center). Also advise the Commission regarding financing alternatives for possible new facilities which may be constructed in the future. Advise the Commission on future financing plans for on-going operations of its facilities.

C. General Government Financial Advice

1. On request, assist Metro with its investment policies and with federal arbitrage regulations. Any services for day to day management of funds and compliance with federal arbitrage regulations would be under separate contract.
2. Assist Metro in the coordination, preparation and update of long range financial and capital improvements plans. Assist in establishing and monitoring financial indicators and in reviewing and updating agency financial policies.

3. Assist Metro in researching and analyzing various ongoing funding and financing alternatives. Provide assistance with the implementation of new funding sources approved by State Legislature.
4. Assist Metro on certain other matters which may come to Metro's attention which would require the expertise of a financial consultant.

D. Waste Reduction and Resource Recovery Projects

Metro's Solid Waste Department is involved with procuring and implementing a resource recovery project for mass composting with Riedel Environmental Services. In addition, it is anticipated that several other facilities will be added to Metro's solid waste management system over the next few years. Possible projects include transfer stations, material recovery facilities and yard debris processing facilities. Metro staff will be responsible for procurement of these facilities, however, financial advisory services may be requested in evaluating various financing alternatives and options, reviewing investment banker charges and in the preparation of the bond sale.

EXHIBIT B

HOURLY RATE SCHEDULE

Managing Directors	(Gardiner, Bisgaier)	\$150
Sr. Managing Consultants	(None)	130
Managing Consultants	(Clancy, Rust)	125
Consultant	(Pierce, Keck, Johansen)	100
Financial Analyst	(None)	75
Regional Finance Advisors, Inc.	(Rebecca Marshall Chao)	100

kr:finance:finadv:hourly
11/28/89

FINANCE COMMITTEE REPORT

RESOLUTION NO. 89-1172, APPROVING A CONTRACT FOR
FINANCIAL ADVISORY SERVICES

Date: December 8, 1989

Presented by: Councilor Devlin

COMMITTEE RECOMMENDATION: At the December 7, 1989 meeting, the Finance Committee unanimously recommended to approve Resolution No. 89-1172 as amended. Voting yes were Councilor Collier, Devlin, Gardner, Van Bergen and Wyers.

COMMITTEE DISCUSSION/ISSUES: Ray Phelps, Director of Finance and Administration, presented the staff report. He indicated that the purpose of this contract is to obtain financial advisory services for the District for a three year period (1/1/90 through 1/1/93). He described the procurement and selection process which included: 1) requesting proposals from seven firms and advertising in several publications; 2) receipt of proposals from four firms; 3) evaluation of proposals to narrow the field to the two firms; and, 4) interviewing the top two proposers. Based on this process, the Executive Officer recommended that the contract be awarded to Public Financial Management, Inc., which is the District's current financial advisor.

Council staff raised several questions concerning the proposed contract (see Marlitt memo dated 12/5/89 included as Attachment 1 to this report). The major concern identified was the lack of specificity in the Scope of Work and the concomitant lack of justification for the amount of the contract. The Committee discussed these concerns at length and concluded that the contract amount should be reduced to \$150,000. Such a figure should enable the District to obtain financial advisory services for approximately two years based on past experience and enable the Council to review the need for additional financial advisory service through the contract amendment process. It was also pointed out by Council staff that each year during the annual budget process the Council can review and approve the annual financial advisory service needs of the various departments through the budget and appropriations process. The Committee approved a motion to reduce the amount of the contract from \$250,000 to \$150,000 (see attached Exhibit A to Resolution No. 89-1172).

RD:DEC:aeb
Attachment
A:\FIN1208.RPT



METRO

2000 S.W. First Avenue
 Portland, OR 97201-5398
 503/221-1646

Memorandum

Date: December 5, 1989

To: Ray Phelps, Director
 Finance and Administration Department

From: Jessica P. Marlitt, Council Analyst

Regarding: RESOLUTION NO. 89-1172, APPROVING CONTRACT DOCUMENTS FOR
 FINANCIAL ADVISOR SERVICES

Outlined below are questions I have identified following review of Resolution No. 89-1172 and its accompanying Staff Report and proposed contract Scope of Work. As you know, the Finance Committee will consider the resolution this Thursday, December 7. Please do not hesitate to contact me if a question requires clarification.

* * *

1. What specific work is anticipated for the contractor? Are any defined work products expected? The staff report near the bottom of page two notes, "The major new focuses for Metro will be in the areas of developing financial strategies for convention, tourism and spectator facilities and in transportation financial planning." However, the contract Scope of Work does not identify any specific work projects or plans, but simply describes the contractor's role in an assistance and advisory capacity. There is no mention of any work related to transportation financial planning. The Scope of Work seems much less complete than the one for the prior financial advisory contract for FY86-87 through FY88-89 (see "Attachment A" hereto for reference).
2. Given the lack of defined work items, projects and/or products, what is the justification for the \$250,000 maximum cost? In the FY86-87 to FY88-89 financial advisory contract, the scope of work justified the original \$155,000 through cost breakdowns by project. How was the total cost for this contract projected?
3. How is this contract listed in the FY89-90 Contracts List and funded in the FY89-90 Adopted Budget? This year's contracts list shows a new Finance & Administration three-year contract for Financial Advisor (#10-41421-524190, page A-77), but the total amount of the contract is \$45,000, with FY89-90 expenditures listed at \$15,000.

cc: Finance Committee

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- ATTACHMENT A -

FINANCIAL ADVISORY SERVICES

SCOPE OF WORK

Government Finance Associates, Inc.
1300 S.W. 5th Avenue, Suite 2929
Portland, Oregon 97201

Under contract to:

Metropolitan Service District
2000 S. W. First Avenue
Portland, Oregon 97201-5398

I. PURPOSE OF CONTRACT

Contractor will advise Metro on the following:

A. Bonds

1. The first debt issue will be approximately \$6 million in the form of revenue bonds, proceeds of which will be used to construct a solid waste transfer and recycling center in the western part of the Metro region. Proceeds of the revenue bond issue are tentatively desired to be received about November 1, 1986. This issue may or may not involve a public sale.
2. The second issue will be General Obligation bonds in an amount approximating \$65 million, proceeds of which will be utilized for construction of a convention and trade show center in northeast Portland, Oregon. An election to approve or reject convention center General Obligation bonds will occur November 4, 1986. The proceeds of the bond issue are tentatively to be received in June 1987, but may be needed earlier.
3. A Local Improvement District (LID) bond issue will also be an intergral part of the convention center financing plan. The issue will approximate \$5,000,000. The area to be included in the LID is not yet determined. Proceeds of the issue are estimated to be needed in June 1987. Contractor will provide Metro with a review of this City of Portland issue and incorporate this information into a coordinated financing scheme.

B. Tax-Exempt Financing of Alternative Technologies Project(s)

Assist in preparing a financial strategy for the project.
(See Scope of Work, part B.)

C. Other

Advice on other financial matters that may come to the attention of Metro over the next three years (e.g., stadium facilities, financing public aquariums, etc.) -- in particular, various alternative financing techniques and strategies.

II. SCOPE OF WORK

The objective of the contract is to have Contractor assist Metro in the development and issuance of bonds -- from the pre-issuance phase through certain aspects of debt administration after sale. In addition, certain other matters over the next three years may come to Metro's attention which will require financial advisory services. Following are specifics regarding the services to be performed.

A. Bonds

1. Pre-Issuance

- a. Provide an analysis of the effects of the currently proposed bond sales on potential future bond sales and propose an approach for bond issuance which will assure that future bonding options are not precluded. This will include an analysis of the appropriate financing technique for each project.
 - b. Prepare a timetable for each bond sale.
 - c. Develop a communication program with rating agencies, instituted investors, underwriters, and financial press.
 - d. Advise Metro on the appropriate size, timing, maturity structure, and method of sale of the bonds, including an analysis of the costs of financing (i.e., interest, issuance costs and related costs), redemption and call provisions, bond issuance, credit agreements, and bond covenants.
 - e. Prepare the preliminary official statement and bid form.
 - f. Assist Metro in developing the paying agent/registrars contract and, if appropriate, assist in preparing a Request for Proposal (RFP) for paying agent/registrars services and evaluating bids.
 - g. Arrange informational meetings with underwriters and institutional investors.
 - h. Apply for ratings from rating agencies. Compute required submissions and develop supplementary materials, as needed. Manage Metro bond sale presentations to the ratings agencies.
 - i. Develop the mailing list of prospective underwriters and institutional investors.
 - j. Develop the RFP for financial printer (typesetting, if needed, and printing preliminary official statement, notice of sale, and final official statement).
 - k. Develop the RFP for bond printer.
2. Solicitation and Evaluation of Bids
- a. Assist Metro staff in the review of pre-issuance legal documents prepared by Bond Counsel and Metro staff.

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- b. Manage the general distribution of the preliminary official statement, bid forms and related documents. Ensure completion of the required notice of sale and certification of same.
 - c. Attend Metro's bond sale to evaluate the bids and recommend award of bonds. Verify all bids and submitted on a True Interest Cost (TIC) basis.
 - d. Advise Metro as to which bidder offered to purchase the bonds at the lowest cost to Metro, and whether Metro should accept or reject this bid.

3. Closing

- a. Manage bond printing procedures including oversight of the printing, execution, signing, and delivery of the bonds. Maintain close communication with underwriters, bond note company, paying agent/registrar, and the securities depository, if applicable.
- b. Compile comments and prepare the final official statement.
- c. Manage the bond closing procedures, ensuring completion of closing documents (e.g., certificate as to official statement, no litigation certificate, non-arbitrage certificate, certificate of authentication, receipt of bond forms, and final Bond Counsel opinion).
- d. Work with Metro's Bond Counsel concerning the completion of all required legal documents associated with the sale.

4. Debt Administration

- a. Assist Metro in arranging for investment of bond proceeds in compliance with Oregon Law regarding investment of public funds, Metro's investment policies, and federal arbitrage regulations.
- b. Complete a post-sale analysis of market results.
- c. If requested, assist Metro in reviewing reports furnished by Metro's paying agent/registrar.

5. Other Bond Tasks

- a. Make presentations to the Metro Council, Council committees, Bond Counsel, and/or staff as needed.
- b. Bond election -- assist Metro in distributing and communicating factual information on the bond issues to the public (involving civic groups in explaining the

bond issue; developing and distributing printed materials and answering possible questions about the same; assisting in developing appropriate filings with appropriate agencies, i.e., Tax Supervising and Conservation Commission).

- c. Provide other services normally provided to clients which relate to bond sales.

B. Alternative Technologies Project(s)

As the first element of this work task, Contractor will assist Metro in developing an RFP for selecting a vendor to build and operate an alternative technologies facility. Contractor will be responsible for developing the financial section of the RFP. This section should provide Metro with the ability to assess each vendor's commitment to the project as measured by their estimated financial contribution, the terms and conditions of the operations contract that will serve as an annual cost to Metro, the financing participation that will be expected of Metro, and the overall credit worthiness of the vendor.

Contractor will provide advice to Metro's staff and other consultants (i. e., Greshman, Brickner and Bratton) relevant to financial assumptions to be used for consideration of alternative financing strategies. Financial assumptions to be considered are the various alternative available for financing alternative technologies projects and the costs of each (including different instruments, interest rates and sizings). The information developed by Contractor will be used by other consultants in analysis of effects on tip fees.

Contractor, as a third element, will participate with Metro staff in hiring an investment banker(s) (underwriter) for the project. Tasks include:

1. Developing an RFP.
2. Solicitation, evaluation and selection assistance in the procurement of these services.
3. Management (with Metro staff assistance) of the services to be provided by the underwriter(s).

Once the proposals for the Alternative Technologies Project have been received, Contractor will participate in the evaluation and selection of a vendor. Contractor will assist in negotiations as it relates to developing the overall financing strategy and assisting in the management of the investment banker's task and ensure that all tasks are performed in a timely manner. Contractor will work as Metro's

agent in managing the development of final documents necessary to complete the Alternative Technologies Project transaction.

C. Other Financial Advice

- Over the course of the next three years certain other matters may come to Metro's attention which would require the expertise of the financial consultant. Examples of the types of projects, more long-term in nature than the bond issues noted above, are potential stadium facilities and/or public aquarium.
- Assistance in the development of a long-term financing plan for Metro's Solid Waste Department as it relates to the issuance of debt.

III. PERSONNEL ASSIGNED

Contractor will assign personnel as Metro needs their service. All personnel will be available immediately.

Lead Personnel:	Mr. Mark Gardiner Ms. Rebecca Marshall
Technical Support:	Mr. Ken Rust Ms. Stephanie Lewis

Additional professional staff in the East Coast and Portland offices of Contractor will be available to Metro during the course of service.

IV. COMPENSATION

The Contractor will be compensated for work performed within the Scope of Work with fees as outlined, subject to the following maximums¹:

<u>Project</u>	<u>Maximum Not to Exceed¹</u>
Oregon Convention Center Bonds	\$ 33,500
West Transfer & Recycling Center Bonds	41,500
Alternative Technologies	53,000
Other	<u>27,000</u>
TOTAL	\$155,000

¹ Exclusive of out-of-pocket expenses.

HOURLY FEE SCHEDULE

Below is the schedule of the rates which will be utilized in determining individual engagement fees. Services required beyond the Scope of Work will also be compensated at these rates.

Schedule of Rates

President and Vice Presidents	\$100 per hour
Assistant Vice Presidents	\$ 80 per hour
Associates and Financial Analysts	\$ 50 per hour

Government Finance will also pass-through out-of-pocket expenses on a month-by-month basis. These pass-through expenses would include but are not limited to:

Communications costs, i.e., Federal Express, postage, telecommunications, printing and copying expenses.

Travel costs, i.e., expenses for travel outside the metropolitan area, airfare, overnight accommodations, meals.

These costs will be documented in detail in the billing submission to Metro. Production costs and legal fees directly related to the development of disclosure documents during the planned issuance of debt by Metro will be the responsibility of Metro. All such costs are reimbursable from bond proceeds and estimated costs will be factored into the sizing of any bond issue which Metro may undertake during the period of engagement. In most cases these costs will be billed directly to Contractor and will be reflected on each bill which will be forwarded to Metro.

Contractor will not charge for miscellaneous fees other than those directly related to the issuance of debt. Likewise, it is not anticipated that there would be any miscellaneous fees for services outside of the normal scope of duty.

The following are maximum not-to-exceed charges by project:

<u>I. General Obligation Bond Sales</u>	<u>Maximum Not-to-Exceed</u>
A. Researching and Writing the Official Statement and Offering Circular	\$ 5,000
B. General Consulting. Consisting of: Issue Structuring General Coordination Rating (Pre-presentation) Notification Marketing Sale of Bonds Registration of Bonds Closing	\$10,000

- C. Bond Elections (see Scope of Work A.5) \$ 7,000
- D. Rating Service Presentation \$ 3,000
(including preparation, rehearsal and presentation)

E. Production Services. Metro, after consultation with Contractor, will pay actual costs incurred. Contractor will subcontract and manage the following:

1) Copying and Printing

- Draft copying and final printing of the Official Statement and Offering Circular subcontracted to a firm experienced in printing Official Statements.

- a. Preliminary official Statement and Circular Typeset \$ 5,000
- b. Final Official Statements \$ 2,000

2) Distribution

- Management of the mailing list and preparation of the mailing labels.

Contractor will subcontract the actual mailing of the statements as well as the notification and Official Request Forms.

Mailing Costs	\$ 900
Federal Express	\$ <u>600</u>

TOTAL Oregon Convention Center Bond Project	\$33,500
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II. West Transfer & Recycling Center Bonds Maximum Not-to-Exceed

- A. Researching and Writing the Official Statement and Offering Circular \$ 7,000
- B. A Flat Fee for General Consulting, Consisting of: \$20,000
 - Issue Structuring
 - General Coordination
 - Document Review Meetings
 - Feasibility Coordination
 - Rating
 - Marketing

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Sale of Bonds -- Pricing Conference
 Registration of Bonds
 Closing

- C. Rating Service Presentation \$ 6,000
- D. Production Services

Metro, after consultation with Contractor, will pay the actual costs incurred. Contractor will subcontract and manage the following:

1) Copying and Printing

- Draft copying and final printing of the Official Statement and Offering Circular subcontracted to a firm experienced in printing Official Statements.
- a. Preliminary Official Statement and Circular Typeset \$ 5,000
- b. Final Official Statement \$ 2,000

2) Distribution

Management of the mailing list and preparation of the mailing labels. Contractor will subcontract the actual mailings of the statements as well as the notification and Official Statement Request Forms

- a. Mailing Cost \$ 900
- b. Federal Express \$ 600

TOTAL West Transfer and Recycling
 Center Bond Project \$41,500

III. Alternative Technologies Project(s) Maximum Not-to-Exceed

- A. Planning Services as described above in the Scope of Work for Alternative Technologies. \$11,500
- B. Issuance of Industrial Development Bonds (IDBs)
 - Costs as outlined above under the West Transfer and Recycling Center Project \$41,500

TOTAL \$53,000

IV. <u>Other Financial Advice</u>	<u>Maximum Not-to-Exceed</u>
A. Advice on Sale of Bond Anticipation Notes	\$ 5,000
B. Other: Compensation on the basis of the enclosed Schedule of Hourly Rates	<u>\$22,000</u>
TOTAL	<u>\$27,000</u>

V. Billings

Billings must include a detailed breakdown by project of costs being billed (personnel used, number of hours, rate and total for each task, for example). These should be detailed by the tasks as outlined in this Agreement.

The payment of fees shall be upon delivery of the convention center General Obligation Bonds and West Transfer & Recycling Center bond projects. The alternative technologies and other financial advice projects shall be paid as work is completed.

If Metro accelerates the normal convention center bond issue schedule due to external events such a property tax limitation measures or for any other reason, all production costs shall be paid by Metro regardless of sale completion. Additionally, the Contractor shall be compensated for all tasks undertaken according to the fee schedule herein and the fees shall be payable at the time Metro decides that it will not proceed with the bond sale.

If the convention center bond sale is postponed for a period greater than two months by Metro, Metro agrees to reimburse the Contractor for all production costs and to pay all accrued fees to date, payable at the time Metro decides to postpone the sale. Upon resuming the tasks for completing the sale, the fee maximums may be increased only as required to reimburse GFA for time and expenses incurred in updating the previously prepared products. Such time and expenses shall be separately reported on invoices, and in no case shall the total fee maximum increase by more than \$5,000.

Billings to be submitted to:

Mr. Donald E. Carlson
Deputy Executive Officer
Metropolitan Service District
2000 S.W. First Avenue
Portland, OR 97201-5398

DC/sm
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STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 89-1172 FOR THE PURPOSE
OF APPROVING CONTRACT DOCUMENTS FOR FINANCIAL ADVISOR
SERVICES

Date: November 28, 1989

Presented by: Ray Phelps

FACTUAL BACKGROUND

In 1986, the Metropolitan Service District awarded a three year contract for financial advisor services to Government Finance Associates. The current financial advisor contract expires at the end of this calendar year.

The District's financial advisor will provide assistance in the development, issuance and administration of bonded debt, in researching various financing alternatives and provide general financial advice as needed. A detailed list of the Scope of Work is provided with the Contract (see Exhibit A). The contract will be for a period of three years beginning January 1, 1990.

THE PROCESS

In accordance with Section 2.04.033(b) of the Metro Code, a Request for Proposals for financial advisory services was prepared and filed with the Council Clerk on August 30, 1989. On September 21, 1989, the Council Finance Committee reviewed the RFP and recommended approval to the Council. The Council approved the RFP on October 12, 1989 (Res. No. 89-1147).

Metro requested proposals from seven firms. In addition, a public notice for these services was published twice in the Daily Journal of Commerce and once in the Skanner and the Portland Observer. Four firms responded to the RFP:

Public Financial Management, Inc.
Seattle Northwest Securities Corporation
U.S. Bank
Security Pacific Bank

The proposals were evaluated by Ray Phelps, Director of Finance & Administration, Jennifer Sims, Manager of Financial Services and Kathy Rutkowski, Associate Management Analyst. They were evaluated on the basis of general organization and responsiveness to the proposal, experience and qualifications of personnel, organization and experience of firm and cost of services. In addition, reference checks were performed on the top three firms. The results are as follows:

	<u>Evaluation of Proposal</u>	<u>Reference Checks</u>	<u>Total</u>
Public Financial Management	272	45	317
Seattle Northwest	250	45	295
U.S. Bank	256	25	281
Security Pacific	223	—	223

Based on the evaluation of the proposal and reference checks the top two firms, Public Financial Management and Seattle Northwest were interviewed.

The interview team consisted of Ray Phelps, Director of Finance & Administration, Neil McFarlane, Convention Center Project Manager, Roosevelt Carter, Solid Waste Budget & Finance Manager, Rick Ford, Credit and Investment Analyst and Kathy Rutkowski, Budget and Risk Management Analyst. Specific questions were asked where appropriate to help evaluate each firm. Areas of concern included expertise in convention, visitor and spectator facilities funding, solid waste rate structures, and general planning as well as conflicts of interest and accessibility to Metro staff.

RECOMMENDATION

Based on the interviews the committee recommends Public Financial Management (PFM) to be Metro's financial advisor for the period 1/1/90 through 1/1/93.

The decision was a particularly difficult one. Each firm would bring to Metro its own particular strengths. The strength of Seattle Northwest appeared to be in solid waste financing. Although this effort has been considerable in the past three years, it is for the most part behind Metro. There will need to be additional financing for the Solid Waste program, but not at the level of effort the agency has experienced to this point. The major new focuses for Metro will be in the areas of developing financial strategies for convention, tourism and spectator facilities and in transportation financial planning. These areas are clearly the strength of Public Financial Management. PFM is the most knowledgeable and respected firm in the region regarding the financing of this area's transportation needs.

Other considerations included accessibility of the firm, cost of services, underwriting conflicts of interest and the ability to assist Metro staff with the development of solutions to specific problems.

While Seattle Northwest does have a Portland office, it relies heavily on the resources of its office in Seattle. The prime contact for the firm is out of the Seattle office. The hourly rates of both firms are comparable, however with Seattle Northwest we would also incur travel costs as well as long distance charges. Public Financial Management is a local firm with all primary contacts located in the Portland office. They are immediately accessible to assist the agency with financial planning needs.

Public Financial Management is an independent financial advisory and consulting organization. They do not participate in the underwriting of any issues. Seattle Northwest Securities Corporation is both an underwriting firm and a financial advisor. The presentation by Seattle Northwest stressed their bond underwriting expertise. In addition, there does not seem to be a desire on the part of this firm to assist Metro staff with the development of solutions to specific problems, such as rate-making for the solid waste program.

The proposal from Public Financial Management, Inc. includes the use of Regional Financial Advisors, Inc., a certified WBE firm, as a subconsultant. The president and owner of this firm is Rebecca Marshall Chao. Ms. Chao's areas of responsibility will include issues relating to convention, tourism and spectator facilities and bonded debt administration. It is anticipated that work performed by Regional Finance Advisors will meet or exceed Metro's WBE goal for personal services.

In conclusion, Public Financial Management's written proposal, interview and presentation clearly show an understanding of all of Metro's programs and the overall services needed by the agency.

The contract is proposed for a three-year period not to exceed \$250,000 plus out-of-pocket expenses such as reproduction, graphics and word processing. An hourly fee schedule is attached as Exhibit B. The agency's standard personal services contract with Scope of Work, attached as Exhibit A, will be used. As specific projects are identified, a work plan for each will be developed and specific fee caps negotiated.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of the contract with Public Financial Management for financial advisory services.