

**MONTEREY PENINSULA REGIONAL PARK DISTRICT
BOARD OF DIRECTORS MEETING**

DATE: January 5, 2022
TO: Board of Directors
FROM: Kelly McCullough, Finance Manager
REVIEWED BY: Rafael Payan, General Manager
SUBJECT: Review and Approval of Agreement for Professional Municipal Advisory Services with PFM Financial Advisor's LLC

SUMMARY:

Staff respectfully requests the Boards consideration and approval of the attached Professional Services Agreement, substantially as presented, with PFM Financial Advisors, LLC, for Municipal Advisory Services (**ATTACHMENT 1**). The recommended term of the agreement to provide such services will be for one (1) year, with the option to extend the agreement for up to four (4) additional one-year periods.

FISCAL IMPACT:

To be determined based on services provided.

FUNDING SOURCE:

6149 – Professional/Special Services

FUNDING BALANCE:

\$160,590 as of the writing of this report

DISCUSSION:

District staff determined that a Municipal Advisor to assist with strategic financial planning for planned Capital projects was needed. Municipal Advisors are licensed professionals who have a fiduciary duty to provide objective financial advice, particularly in matters related to the potential issuance of public debt.

Staff issued a Request for Proposals (RFP) through the eprocurement ProcureNow portal (**ATTACHMENT 2**). Three well qualified respondents; PFM Financial Advisors, LLC (PFM); KNN Public Finance LLC (KNN); and Urban Futures, Inc. (UFI), were interviewed by the Finance Manager, and Glenn Lazof, a consultant with Regional Government Services. Past and current clients of the top two advisory firms, PFM and KNN, were queried about their work as part of the additional diligence. Both firms were well thought of by the responding public agencies.

The fee structure for all firms was typical for the industry. Hourly rates for time and materials, and fixed rates for successful issuance of debt. PFM charges a fixed fee of \$35,000 for private placement, \$45,000 for publicly issued debt (**ATTACHMENT 3**). KNN's fees are \$40,000 and \$60,000 respectively. UFI's rates ranged from \$27,500 to

\$42,000 depending on the size of the transaction. The fixed rates are only charged when the Debt Financing is successfully completed. Subject to the approval of bond counsel, these expenses may be reimbursed to the district out of the costs of issuance. Although PFM was apparently lower cost, the staff recommendation reflects that cost was not the determining factor in selection, the firm with the best fit for the District will ultimately result in the best opportunity for overall cost efficiency.

The MA respondents were also asked to review District's financial policies to facilitate compliance with any transaction ultimately determined by the Board.

Respondents were all extremely well qualified. Following the interview process staff determined that the ability of PFM to communicate well with all stakeholders gave them the edge as a best fit for this agency, the Board of Directors, and our community.

RECOMMENDED ACTION:

Staff recommends that the Board authorize the General Manager to execute a Professional Service Agreement with PFM (**ATTACHMENT 1**), substantially as presented, based on the proposal submitted and rates set forth therein.

ATTACHMENTS:

1. [Professional Services Agreement](#)
2. [Request for Proposal](#)
3. [PFM Proposal](#)