

**CITY OF NAPERVILLE  
AWARD OF CHANGE ORDER #1  
CONTRACT NUMBER 16-134**

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**Requesting Department:** Finance Department  
**Procurement Name:** Municipal Advisory Services  
**Recommended Vendor:** Speer Financial, Inc.  
**Amount of Award:** \$16,671.66 (Total Award of \$91,671.66)

**BACKGROUND:**

City Council approved Contract 16-134 with Speer Financial, Inc. on March 1, 2016 for a three-year term from the date of award through December 31, 2018, with two, one-year options to extend. The purpose of this contract is to provide independent professional municipal advisor consulting services that consist, primarily, of evaluating the debt structure and financial resources of the City to determine borrowing capacity for current and future capital financing requirements and all related services required to issue bonds.

**DISCUSSION:**

This change order is requested to increase the award by \$16,671.66. While entering contract information in the City's new ERP, Finance staff realized actual payments made to Speer Financial, Inc. for their services during the 2016 and 2017 bond issuances were greater than the previously approved award. The oversight occurred because the municipal advisor is paid from the bond issuance rather than submitting an invoice for payment. Staff did not catch the error in the old ERP software.

Costs of these services were \$72,491.90 in 2016 and \$19,179.76 in 2017. The 2016 costs were driven by the issuance of \$7.46 million for capital projects, \$6.87 million for the Water Street TIF, and the refunding of \$47.28 million in 2008 and 2009 issuances. The 2017 cost was associated with the issuance of \$6.89 million for capital projects.

It is anticipated a new bond issuance will be required in late 2019. Rather than adding additional funds for the upcoming issuance now, Finance staff will request another change order specifically pertaining to the new issuance, so it is clear what the municipal services costs will be for the bond issuance.

**FISCAL IMPACT:**

CIP #: N/A

Bond counsel expenses are expensed to the financial service account listed below. No money is budgeted for these expenses, as payments are deducted prior to the city receiving bond proceeds.

Account Number	Fund Description	Available Funds
15102300-531304	Bond Fund	\$0

**ATTACHMENTS:**

1. Original Award

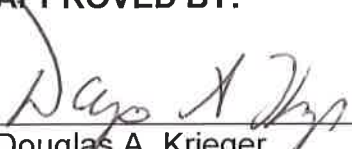
**RECOMMENDATION**

Approve the award of Change Order #1 to Contract 16-134, Municipal Advisory Services, to Speer Financial, Inc. for an amount not to exceed \$16,671.66 and a total award of \$91,671.66

**SUBMITTED BY:**

	<u>6/20/18</u>		<u>6/21/18</u>
Erik Hallgren Budget Manager	Date	Rachel Mayer Chief Procurement Officer	Date
			KAS 6/20/18

**APPROVED BY:**

	<u>6/22/18</u>
Douglas A. Krieger City Manager	Date

**CITY OF NAPERVILLE  
AWARD OF CONTRACT  
PROCUREMENT NO. 16-134**

**Requesting Department:** Finance Department  
**Procurement Name:** Municipal Advisory Services  
**Recommended Vendor:** Speer Financial, Inc.  
**Amount of Award:** \$75,000

**DESCRIPTION**

The Finance Department requested proposals from qualified firms to provide independent professional municipal advisor consulting services that consist, primarily, of evaluating the debt structure and financial resources of the City to determine borrowing capacity for current and future capital financing requirements, and all related services required to issue bonds.

**SELECTION PROCESS**

Advertisement Date:	12/01/15	Notices Sent:	321
Opening Date:	12/21/15	Planholders:	13
		Bids Received:	4

Proposals were received from the following firms:

Austin Meade Financial Ltd. Ehlers	Robert W. Baird & Co. Speer Financial Inc.
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A Selection Committee consisting of staff from the Finance Department reviewed the proposals. The proposals were scored based upon the criteria set forth in the RFP:

- Experience in tax-exempt financing within the State of Illinois (25%)
- History, ownership, size and structure of firm (20%)
- Qualifications of principals and staff to be assigned to the project (30%)
- The oral/written proposal outlining the purpose and scope of services (25%)

Three of the four firms, Ehlers, Robert W. Baird & Co. and Speer Financial, Inc. were shortlisted and invited to attend interviews with City staff. Following the interviews, the selection committee rescored the firms and the fee proposals were opened and the quality adjusted costs were calculated:

Consulting Firm	Proposed Cost	Qualitative Score	Quality Adjusted Price
<b>Speer Financial, Inc.</b>	<b>\$16,000</b>	<b>97</b>	<b>\$16,494.85</b>
Robert W. Baird & Co.	\$14,000	75.5	\$18,617.02
Ehlers	\$22,500	76	\$29,605.26

Speer Financial, Inc. had the lowest quality adjusted score and is recommended for award. The term of the contract is three years ending on December 31, 2018 with two additional one-year options for extension.

The vendor is only compensated when a bond issuance is completed for the City and the fees associated with this procurement are structured as follows:

The firm is paid \$15,000 for bond issuances up to \$10 million and an additional \$1 per \$1,000 of issuance over \$10 million. Therefore if the City's total issuance was \$15 million, the total award amount would be \$20,000.

- \$15,000 for first \$10 million issued **Plus**
- \$5,000 for additional \$5 million of issuance -  $(\$5,000,000 / \$1,000) \times \$1$

**FISCAL IMPACT**

CIP #: N/A

Account Number	Fund Description	Total Budget Amount
201-0000-382.10-00	Debt Service Fund	\$0*

\*The funding source for this procurement will be the GO Bond Proceeds. The total value of funds borrowed for the City's Capital Improvement Program (CIP) will determine the final advisory services expense for the issuance and will be part of the total bond issuance expense.

**RECOMMENDATION**

Staff recommends the award of RFP 16-134, Financial Advisory Services to Speer Financial, Inc. for a three year contract in the amount not to exceed of \$75,000.

**SUBMITTED BY:**

  
 Rachel Mayer, Director  
 Finance Department

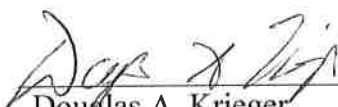
2/22/16  
 Date

  
 Rachel Mayer  
 Chief Procurement Officer

2/29/16  
 Date

KAS  
 2/26/16

**APPROVED BY:**

  
 Douglas A. Krieger  
 City Manager

3/1/16  
 Date