



## Legislation Text

File #: 18-615, Version: 1

### CITY COUNCIL AGENDA ITEM

#### **ACTION REQUESTED:**

Approve the award of Change Order #2 to Contract 16-134, Municipal Advisory Services, to Speer Financial, Inc. for an amount not to exceed \$20,000 and a total award of \$111,671.66

**DEPARTMENT:** Finance Department

**SUBMITTED BY:** Rachel Mayer, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

The purpose of this contract is to provide independent professional municipal advisor consulting services consisting, 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.

In March 2016, the City Manager approved Contract 16-134 with Speer Financial, Inc. for \$75,000 and a three-year term from the date of award through December 31, 2018, with two, one-year options to extend.

On June 22, 2018, the City Manager approved Change Order #1 to add \$16,671.66 to the contract. These funds were requested due to increased payments to Speer Financial, Inc. for their services during the 2016 and 2017 bond issuances. These increased payments were due to two factors. First, there was a disbursement oversight because municipal advisor services are paid as part of the bond issuance and not a direct invoice for payment. The second factor was higher utilization of Speer Financial over the past two years. In 2016, the City had a bond issuance for the Water Street TIF, capital projects, and a refunding of the 2008 and 2009 bond issuances. In 2017, the City resumed normal borrowing practices for capital projects. The chart below breaks out issuances and fees.

Issuance	Amount	Fees
2016 Issuance (New Money)	\$ 14,330,000	\$ 16,861.62
2016 Issuance (Refunding)	\$ 47,275,000	\$ 55,630.28
2017 Issuance (New Money)	\$ 6,980,000	\$ 19,179.76
<b>TOTAL</b>	<b>\$68,585,000</b>	<b>\$ 91,671.66</b>

#### **DISCUSSION:**

The City will conduct a bond issuance this fall. This change order is requested to provide for the cost

of the associated municipal advisory services, which will be paid from the bond issuances. Per this agreement, Speer is paid \$15,000 for bond issuances up to \$10 million and an additional \$1 per \$1,000 of issuance over \$10 million. It is anticipated that the bond issuance will not be greater than \$10,000,000. The City also reimburses Speer for other expenses; this cost is estimated at \$5,000.

**FISCAL IMPACT:**

CIP #: N/A

Bond counsel services are expensed to the financial services account listed below. Payments for this expense are deducted prior to the city receiving bond proceeds. No funds are directly budgeted for this expense.

<b>Account Number</b>	<b>Fund Description</b>	<b>Total Budget Amount</b>
15102300-531304	Bond Fund	\$0