

City Council – Action Request Form

Date: June 18, 2018
To: The City Manager
From: Lisa M. Saunders, Chief Financial Officer

Council Action Requested:

Consideration of Resolution Awarding Contract for Financial Advisory Services for the City of Winston-Salem, North Carolina.

Strategic Focus Area: Service Excellence
Strategic Objective: Maintain Financial Strength
Strategic Plan Action Item: No
Key Work Item: Yes



Summary of Information:

The attached resolution authorizes a three year contract award for financial advisory services for the City of Winston-Salem to Wye River Group, Inc. for \$86,250.

The City issued a request for proposal for financial advisory services and received proposals from eight qualified firms. The proposals were evaluated by a panel consisting of Greg Turner, Assistant City Manager, Angie Fisher, Assistant Financial Officer/Controller, Donna Hull, Assistant Financial Officer/Treasurer and Lisa Saunders, Chief Financial Officer. The criteria to evaluate the proposal included: work experience, knowledge of City of Winston-Salem debt, price, Qualified Independent Representative, distance from City of Winston-Salem and MWBE commitment. The evaluation panel selected Wye River Group, Inc. based on the highest score received of the eight firms. The results and criteria of scoring is attached in Exhibit B. Wye River has a six person advisory team with extensive national experience structuring and implementing public financings. Wye River Group, Inc. has offices located in Annapolis, Maryland, Washington, DC, New York, NY and Advance, NC. The co-advisor, Denise Bell, is located in Advance, NC and brings extensive knowledge and experience of complex municipal financings in North Carolina.

Committee Action:

Committee	<u>Finance 6/11/18</u>	Action	<u>Approval</u>
For	<u>Unanimous</u>	Against	<u></u>

Remarks:

The City has historically contracted with a financial advisor when debt is issued. The Securities and Exchange Commission issued rules which require a local government to obtain a registered municipal advisor before meeting or discussing any financing idea with an underwriter.

Recurring services include periodic meetings with staff to review proposed financings, updates on new regulations, industry trends and financial products presented by underwriters. It also includes monitoring the City's debt profile. The recurring services are billed on an hourly basis not to exceed the contract amount. The annual contract fees vary because of the hours proposed.

The following are the recurring services fees proposed:

Company	Recurring Services Fiscal Years				Hourly Rate
	2019	2020	2021	Total	
Wye River Group, Inc.	\$28,750	\$28,750	\$28,750	\$86,250	\$250
First Tryon Securities, LLC	20,000	20,000	20,000	60,000	250
Hilltop Securities, Inc.	17,500	17,500	17,500	52,500	250
Stephens, Inc.	20,100	20,100	20,100	60,300	300
Davenport & Co. LLC	24,500	24,500	24,500	73,500	250
DEC Associates, Inc.	54,000	54,000	54,000	162,000	300
PFM Financial Advisors, LLC	68,950	68,950	68,950	206,850	350
Terminus Securities	60,000	60,000	60,000	180,000	n/a ⁽¹⁾

(1) Non-recurring fee was quoted as flat fee to be billed quarterly. No hourly fee quoted.

Non-recurring Services include fees related to a specific financing such as negotiating underwriter fees, technical analysis of complex financial transactions, and coordinating rating agency presentations. The non-recurring services are billed on an hourly basis, not to exceed amounts listed below, and will be contracted by each financing transaction.

The following are non-recurring services proposed:

Company	Non-recurring Services
Wye River Group, Inc.	\$ 45,000
First Tryon Securities, LLC	47,500
Hilltop Securities, Inc.	35,000
Stephens, Inc.	44,250
Davenport & Co. LLC	55,000
DEC Associates, Inc.	93,000
PFM Financial Advisors	242,000
Terminus Securities	n/a ⁽²⁾

(2) Quoted as \$1 price per bond and did not quote amount not to exceed.

M/WBE comment: Please see Exhibit A for a complete list of businesses notified of this Financial Advisory Services opportunity. The Financial Advisory Services Request for Proposal was posted on the City and State Purchasing websites.

Workforce Demographics: See Exhibit A