



## **STAFF REPORT TO THE CITY COUNCIL**

**DATE:** Regular Meeting of January 22, 2019

**TO:** Members of the City Council

**SUBMITTED BY:** David Biggs, City Manager  
Edwin Gato, Finance Director

**SUBJECT:** Approve a Professional Services Agreement with Urban Futures for Financial Advisory Services.

**RECOMMENDED ACTION:** Adopt Resolution 19-XX of the City Council of the City of Hercules Approving a Professional Services Agreement with Urban Futures for Financial Advisory Services

**FISCAL IMPACT OF RECOMMENDATION:** None as a result of this action. Services under this contract would generally be funded as part of the cost of issuance for any financing or refinancing. Any decision to undertake a financing or refinancing would require specific City Council approval.

**DISCUSSION:** The City of Hercules has previously issued debt as either the City, the Redevelopment Agency, or the Public Financing Authority. There are a number of outstanding bond issues which may lend themselves to a refinancing to lower costs. In addition, while not currently contemplated, the City may desire to undertake some type of debt financing in the future.

Typically, a financial advisory firm would be retained to evaluate current and future financing or refinancing opportunities and would provide recommendations and advice to the City and would advise the City throughout any financing or refinancing process.

On October 12, 2018, the City issued a Request for Proposals for Financial Advisory Services. Six firms responded by the October 31, 2018, deadline, and these proposals were evaluated by an internal team. Four firms were invited to interview with the City Manager and the City's Finance Consultant. Based on the proposals received and the interviews, it is recommended that the City engage Urban Futures to serve as Financial Advisor.

Urban Futures has been in existence since 1972 and has provided financial advisory and other finance related services to a variety of public sector clients. The firm has served as financial advisor for over 575 bond issues for over \$9 billion of taxable and non-taxable debt over the last five years. The firm was judged to have the best capabilities and expertise to assist the City of Hercules. In addition, the City already contracts with Urban Futures to provide Dissemination Agent services, which means

they undertake the mandatory reporting on our existing financings and as such are familiar with the City and its debt. Attachment 3 is a summary of the firm's qualifications.

Once under contract, Urban Futures will evaluate the City's existing bond issues and will identify those it believes are candidates for a refinancing, taking the City's strategic objectives into consideration, including the possibility of restoring a credit rating to the City. This initial work is undertaken on a prospective basis, with no compensation due unless a refinancing or financing are completed or the City requests specific services outside of a financing or refinancing. The initial term of the agreement is for five years.

**ATTACHMENTS:**

1. Resolution
2. Professional Services Agreement
3. UFI Qualifications

<i>Financial Impact</i>			
<b>Description:</b>			
<b>Funding Source:</b>			
<b>Budget Recap:</b>			
Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change: Yes <input type="checkbox"/> No <input type="checkbox"/>			