



CITY OF POWAY

REQUEST FOR PROPOSAL FOR FINANCIAL ADVISORY SERVICES

The City of Poway/Poway Redevelopment Agency (the “City”) is seeking proposals in response to this Request for Proposal (“RFP”) from qualified firms to serve as financial advisor to the City.

I. Overview of Request for Proposal

A. General Description

The City is seeking the following financial services for a contract term of three years, with two one-year options, which may be exercised at the City's discretion. The City intends to select at least one firm and may select additional firms depending on the responses to the RFP. The City may entertain joint proposals. Requested financial advisory services may include, but are not limited to, assisting the City and Agency to:

- Provide as-needed financial advice regarding market conditions and trends, financial products, credit and credit analysis, third party alternative financing and special facility financing.
- Review the City's long-range financing strategy, particularly with respect to its capital improvement program.
- Assist City staff with potential refundings and new money issues, including but not limited to analyses and evaluations of underwriter proposals, financing structure, pricing, rating and insurance proposals, reserve fund (re)investment, assistance with preparation and review of related documents, and coordination of financing team and schedules.
- Develop a Debt Policy establishing the principles, controls, and guidelines for issuance and management of City and Agency debt.
- Participate in rating agency presentations.
- Assist with the preparation of a Request for Proposals and serve on an evaluation committee for selection of underwriting firms for the City's potential refundings and new money issues.
- Assist with the preparation of presentations to the City Council/Agency Board; attend Council/Board meetings as needed.
- Attend meetings with Administrative Services, Redevelopment, and City Manager's staff as needed.
- Provide other financial services as requested.

During the term of its contract, the financial advisors may not propose any financing transactions nor serve as underwriter or swap counterparty for any City financing. Furthermore, the financial advisors may not terminate their contracts prematurely for the purpose of then serving as underwriter or swap counterparty for any City financing.

B. Assignment of Work; Cooperation

The Director of Administrative Services will assign the work to be performed by the selected firms. The selected firm(s) will be expected to coordinate in performing services for the City.

II. City Background

A. Financial Condition and Outlook

The City's annual operating budget is approximately \$80 million, comprised of 42% general fund, 37% enterprise funds (water, sewer, stormwater), with the remainder falling under special, internal, and restricted funds. The Agency gross tax increment is estimated at \$37 million for FY 2009-10, of which \$33.5 is committed to existing debt service, housing fund set-aside, City-Agency loans/obligations, and administration.

In response to the current economic downturn, budget balancing actions have included an operating budget reduction of 5%, a non-safety staffing reduction of 10%, and user fee increases for greater recovery of costs. For FY 2008-09, a small general fund operating surplus was realized, adding to the City's \$18 million general fund reserve, which represents 48% of annual general fund operating expenditures.

B. Capital and Financing Plan

The City prepares a five-year capital plan (Plan) which identifies City and Agency funded capital improvement projects. The current focus is on completing various Agency and enterprise funded projects from the Plan's last major update in FY 2006-07. An update to the five-year plan is underway, and anticipates proceeds from Agency TAB and water enterprise bond issues.

The Plan will be substantially impacted by the outcome of current litigation between the State and California redevelopment agencies (through the California Redevelopment Association) over the FY 2009-10 and FY 2010-11 State Revenue Augmentation Fund tax increment takings.

III. Proposal Due Date

Sealed proposals including one (1) original and four (4) complete copies will be received by the Assistant Director of Administrative Services no later than 5:00 P.M. on March 17, 2010, unless this time is extended by written addendum issued by the City before that date. Late proposals will not be accepted. Postmarks will not be accepted as the submitted date. Proposals shall be addressed as follows:

Courier: Peter Moote
Assistant Director of Administrative Services
City of Poway
13325 Civic Center Drive
Poway, CA 92064

US Mail: Peter Moote
Assistant Director of Administrative Services
City of Poway
PO Box 789
Poway, CA 92074

Submitted envelopes should be marked **“Request for Proposal for Financial Advisory Services - ‘_____’ [Firm Name(s)]”**.

IV. Submission of Proposals

A. Request for Additional Information

By submitting a proposal, the proposer agrees to furnish such additional information as the City may reasonably require. This includes information which indicates financial resources as well as ability to provide the services. To the extent there are any revisions or additions to the information provided or requested in the RFP, an addendum will be sent to all firms who received the RFP. The City reserves the right to make such investigations of the qualifications of the proposer as it deems appropriate.

B. Proposals Binding

All proposals submitted shall be binding on proposers for one hundred twenty (120) calendar days following opening of the proposals.

C. Incurred Expenses

The City is not responsible for any costs incurred by a firm in either responding to this RFP, or in participating in oral presentations or meetings with the City.

D. Proprietary Information

In accordance with applicable Public Records Law and except as may be provided by other applicable State and Federal Law, all proposers should be aware that the RFPs and the responses thereto are in the public domain. However, the proposers are requested to identify specifically any information contained in their proposals which they believe to be exempt from disclosure, citing specifically the applicable exempting law. The City will consider a proposer's opinions regarding applicability of statutes, but shall not be obligated to concur in such opinions, and shall have no liability to a proposer for making public any information contained in a proposal.

All proposals received in response to this RFP will become the property of the City and will not be returned to the proposers. In the event of contract award, all documentation produced as part of the contract will become the exclusive property of the City.

E. Interviews

The City reserves the right to interview some, all or none of the firms responding to this RFP based solely on the City's judgment as to the firm's qualifications and capabilities.

F. Acceptance/Rejection/Modifications to Proposals

The City reserves the right to negotiate modifications to the proposals that it deems acceptable, to reject any or all proposals, to request and consider additional information from any firm, and to waive minor irregularities and technical defects. The City reserves the right to seek new proposals when it determines that it is in its best interest to do so. The City also reserves the right not to pursue any specific financing products discussed in the RFP.

V. Evaluation Criteria and Selection Process

A. Evaluation Criteria

Firms will be evaluated on a combination of responsiveness, organization and clarity of proposal related to the scope of work, agreement to meet the City's general terms and conditions, fees, firm experience, qualifications and experience of assigned personnel, and responses of references.

B. Selection Process

Staff will evaluate the responses and recommend an unranked short-list of no more than four firms to the Evaluation Committee. The Committee may schedule interviews and/or presentations with short-listed proposers. Based on the outcome of the Committee's evaluation of proposals, a recommendation will be submitted to the City Council/Agency Board for consideration of award.

Any questions regarding this RFP or requests for available materials should be addressed to:

Peter Moote
Assistant Director of Administrative Services
pmoote@poway.org
(858) 668-4414

Any questions should be addressed as described in this RFP. The City requests that you do not contact any Board members, Evaluation Committee members or City staff other than the individual listed above after issuance of this RFP until you are notified of staff's recommendation of short-listed proposers to the Committee. The City reserves the right to disqualify any firm that makes such unauthorized contacts during this process.

C. Tentative Schedule

Deadline for return of proposal	5:00 PM March 17, 2010
Evaluation Committee review	March 18 – March 25
Interviews/Presentations (<i>tentative</i>)	March 29 – April 1
Recommendation submitted to the City Council/Agency Board	April 20, 2010

VI. Format and Content of RFP

A. Title Page

Show the name of proposer's agency/firm, address, telephone number, and name of contact person, date and the subject: REQUEST FOR PROPOSAL FOR FINANCIAL ADVISORY SERVICES- '_____' (FIRM)

B. Table of Contents

Include a clear identification of the material by section and by page number.

C. Cover Letter and Executive Summary

This letter should be signed by the person in your firm who is authorized to negotiate terms, render binding decisions and commit the firm's resources.

Summarize the proposer's understanding of the work to be done and make a positive commitment to perform the work in accordance with the terms of the proposal being submitted. This section should summarize the key points of your submittal. In addition, you must include a statement that your firm understands that if selected as financial advisor, your firm is prohibited from proposing any financing transactions or serving as underwriter or swap counterparty for any City/Agency financing for the duration of the contract and may not terminate the contract to do so.

Limit to one or two pages.

D. Firm Overview

Provide a brief description of how your firm is organized, including the businesses in which it is engaged, the location of offices, the number of public finance professionals in each office, and the role of the municipal department in your firm. Indicate your firm's commitment to the municipal bond industry and comment on any recent significant changes in your organization. Include a discussion of the specific expertise and services that distinguish your firm.

E. Personnel and References

Provide the names, proposed roles, background and experience, office location and availability of the personnel that would work on the City's account, and specifically identify the primary person(s) who will be responsible for managing the relationship with the City. Identify who will provide any computer financial analysis services. For the proposed personnel, provide a list of five clients worked with in the last 36 months; a brief description of the type and size of transaction and the services you provided; and the names, titles, addresses and telephone numbers of the government officials primarily responsible for the transactions.

You should only list clients and transactions which are similar to financings contemplated by the City (i.e., taxable or tax-exempt new money issues, variable rate financings, refundings, etc.). Also provide three additional client references for your firm.

F. Long-term Strategic Financial Planning Experience

Provide a description of your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant services where the proposed personnel have served as financial advisor.

G. New Money (Taxable and Non-Taxable) Experience

Describe your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant transactions where the proposed personnel have served as financial advisor.

H. Advance and Current Refunding Experience

Provide a description of your proposed personnel's relevant experience over the last three years. Include three case studies, if available, that illustrate your experience with relevant services where the proposed personnel have served as financial advisor.

I. Market and Pricing Information

Describe your firm's knowledge, experience and resources in tracking and monitoring the tax-exempt and taxable bond markets, including fixed rate, variable rate, swaps and other products, and the government securities market. Include a discussion of your firm's participation in underwriting tax-exempt and taxable bonds, acting as a principal in swap transactions, and providing investment services. Also discuss your process for ensuring that the City receives the best price for any bonds, financings involving swaps and other products, and any escrow securities as part of any refunding. Include a discussion of how you evaluate the success of any pricing.

J. Disciplinary Action

List any and all disciplinary action, administrative proceeding, malpractice claim or other like proceeding against your firm or any of its personnel relating to your firm's services as financial advisor current, pending or occurring in the last five (5) years.

K. Cost Proposal and Reimbursement for “Out-of-Pocket” Expenses

1. Cost Proposal

Present a concise list of the scope of services and the work products that your firm proposes to provide. Given your proposed scope of services and work products, discuss your proposed fee arrangement *based on each of the following alternatives*:

- a. Compensation on a fixed annual cost, payable monthly.
- b. Compensation on a time and expense basis, with a list of hourly billing rates for the proposed personnel and any proposed increases in such rates during the term of the contract, and the types of reimbursable expenses with proposed charges.
- c. Compensation on a cents-per-bond or per \$1,000 of notional amount basis to be paid on a contingent basis for specific financing issues.

Fees will be subject to adjustment based upon assignment by the Director of Administrative Services of more than one firm to a single project. Expenses such as travel, postage, reproduction and related costs necessarily incurred as Financial Advisor are to be reflected in item K.1. Cost Proposal. Such expenses will not be eligible for reimbursement unless otherwise determined by the Director of Administrative Services and approved by the City in advance.

Any costs incurred by Financial Advisor which are not specifically provided for herein shall be the expense of Financial Advisor. Any omissions or ambiguities will be construed most favorable to the City.

VII. Potential Conflict of Interest

You should advise the City of any potential conflict known by your firm and discuss how, if selected, your firm would address any concerns raised by such dual representation. You should identify all the airports that you are currently representing. If your firm is selected as the City's financial advisor, during the contract period your firm must notify the City when you enter into any new contracts with airport clients.

VIII. Business Relationships With Other Entities

Disclose all compensation/fee arrangements (formal or informal) that your firm, its related entities or any proposed personnel currently has, or within the past twelve months has had, with any other potential parties to contemplated financings in which your firm was engaged in any capacity. Such parties include, but are not limited to, swap providers, investment contract providers, verification agents, financial advisory firms, investment banking firms, any other consultants or financial institutions, and law firms.

IX. Terms of Agreement

The Agreement to be entered into with the successful proposer will include, but not be limited to, the following terms and conditions:

- A. Fees and costs specified in the proposal will remain firm for the period of the contract.
- B. Time will be of the essence for the proposer to meet the completion time, as specified in its proposal. The proposers shall agree that all work shall be performed regularly, diligently, and uninterrupted at such rate of progress as will ensure full completion thereof within the proposed specified time.
- C. By submitting a proposal, the proposer agrees to the general terms and conditions set forth in this Request for Proposals.

Available Materials - Poway.org

- FY 2008-09 Comprehensive Annual Financial Report
- FY 2009-10 Financial Plan (Budget)
- Official Statement – 2009 Series Special Tax Refunding Bonds CFD 88-1
- City adopted Financial Principles