

TAB 6

**Financial Advisor
April 21, 2008 Workshop**

POINT PAPER

Problem: The City of Palmetto would like to hire an independent Consultant/Financial Advisor to assist with long term capital planning, debt analysis and investments.

Background:

Several months ago staff presented comparative information to Commission regarding current debt outstanding and debt capacity within the City. The information was intended to provide a high level look at how the City measures up in comparison to industry standards and other municipalities. At the conclusion of the presentation, staff informed Commission that we would seek an independent consultant to assist with long term capital planning including debt capacity analysis. Staff contacted a few other cities (Sarasota and Bradenton) to inquire as to suggestions regarding a financial advisor. Both Sarasota and Bradenton indicated that they are working with the capital markets group at RBC Dain, Inc. Other clients include City of Clearwater, Dunedin, Oldsmar, North Port, and Ft. Myers. Several months ago, staff met with two of the Directors, Julie Santamaria and Jeffrey Green to discuss the types of services they typically perform. Based on our discussion, staff would like to retain these services to assist with long term financial planning within the City. Long term capital planning is something that they are very familiar with and they work with several other cities throughout Florida. Staff feels they will be able to provide an independent assessment and add value as we try and manage our capital financing needs in this difficult time.

Staff will also look to RBC Dain to provide guidance regarding the debt and fund balance policies we discussed earlier this year. Staff will also look for assistance regarding investments options for City funds. RBC Dain indicated they do a lot of this type of work for other cities and have many examples that they could share with the City of Palmetto.

Staff would like to retain the services of RBC Dain to assist with some of the items mentioned above. The contract for services is attached for your review. The contract has two components that determine the fee for their services. If we choose to use them as part of a debt issuance (not the case for us right now), they receive a percentage of the debt issuance. The second part of the contract indicates they will bill per hour for special projects related to capital financing and any analysis. This per hour arrangement as outlined on page 3 would apply for the type of work we are requesting. Staff would like retain the services of RBC Dain for an amount not to exceed \$6,000. The exact amount will be determined as we further define the scope of services to be performed.

Alternatives:

1. Motion to approve and authorize the Mayor to execute the Financial Advisory Services Agreement with RBC Dain Rausher Inc. for an amount not to exceed \$6,000.
2. Do not approve the Financial Advisory contract and instruct staff to seek other options.

Recommendation:

Alternative #1

Budget Impact: Finance has \$3,000 remaining in the consulting line item (Account # 0015153101) that will be used to fund a portion of the this cost. The remaining \$3,000 will come from training dollars (Acct#0015135413) that will not be utilized in the IT budget. A budget amendment will be forthcoming to reallocate the \$3,000 from IT's budget to Finance.

RESOLUTION NO. 08-16

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA, AMENDING RESOLUTION NO. 07-39, WHICH RESOLUTION ADOPTED THE BUDGET FOR FISCAL YEAR 2007-2008, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, from time to time it is necessary to increase or decrease revenues and expenditures in certain accounts, and;

WHEREAS, it is necessary to provide budgetary authorization for the expenditure of these funds;

NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COMMISSION OF THE CITY OF PALMETTO, FLORIDA:

Section 1: That Expense Account 0015135413, IT Technical and Training, for the fiscal year ending September 30, 2008 is decreased by Three Thousand Dollars (\$3,000), to decrease the budget for the Financial Advisor to be expensed from the Finance cost center.

Section 2: That Expense Account 0015153101, Finance Consulting, for the fiscal year ending September 30, 2008 is increased by Three Thousand Dollars (\$3,000), to increase the Finance budget for the Financial Advisor.

Section 3: This Resolution shall become effective immediately upon its passage.

Section 4: All Resolutions and parts of Resolutions in conflict herewith are repealed.

Passed by the City Commission of the City of Palmetto, Florida in regular session with a quorum present and voting this 19th day of May, 2008.

**BY: _____
Lawrence E. Bustle, Jr., Mayor**

ATTEST:

James R. Freeman, City Clerk