

RESOLUTION 17-31


A RESOLUTION OF THE CITY OF PANAMA CITY BEACH, FLORIDA, APPROVING AN AGREEMENT WITH PUBLIC FINANCIAL MANAGEMENT, INC., IN AN AMOUNT NOT TO EXCEED \$30,000 FOR DEVELOPMENT OF A FINANCIAL MODEL FOR THE FRONT BEACH ROAD COMMUNITY REDEVELOPMENT AGENCY PROJECTS.

BE IT RESOLVED that the appropriate officers of the City are authorized but not required to accept and deliver on behalf of the City that certain Agreement between the City and Public Financial Management, Inc., relating to the development of a financial model to project the cash flow needs and debt capacity of the City's Front Beach Road Community Redevelopment Agency Projects, for an amount not to exceed Thirty Thousand Dollars (\$30,000), in substantially the form attached and presented to the Council today, draft dated December 21, 2016, with such changes, insertions or omissions as may be approved by the City Manager and whose execution shall be conclusive evidence of such approval.


THIS RESOLUTION shall be effective immediately upon passage.

PASSED in regular session this 12th day of January, 2017.

CITY OF PANAMA CITY BEACH

By: 
Mike Thomas, Mayor

ATTEST:


Diane Fowler, City Clerk



CITY OF PANAMA CITY BEACH AGENDA ITEM SUMMARY

1. DEPARTMENT MAKING REQUEST/NAME:

CRA/Kelly Jenkins

2. MEETING DATE:

01/12/2017

3. REQUESTED MOTION/ACTION:

Approve agreement with PFM Financial Advisors, LLC (PFM) to provide an interactive model of Front Beach Road CRA cash flow.

4. AGENDA

PRESENTATION
PUBLIC HEARING
CONSENT
REGULAR

5. IS THIS ITEM BUDGETED (IF APPLICABLE)? YES NO N/A
BUDGET AMENDMENT OR N/A

DETAILED BUDGET AMENDMENT ATTACHED YES NO N/A

6. BACKGROUND: (WHY IS THE ACTION NECESSARY, WHAT GOAL WILL BE ACHIEVED)

The City Council authorized staff to negotiate a Professional Services Agreement with the only responding Firm (PFM) to provide an interactive financial model to be used to project the CRA's cash flow needs and debt capacity through the build out and operations and maintenance of the Front Beach Road CRA.

Staff had discussions with PFM and came to an agreement for services to provide interactive financial model services in the amount not to exceed \$30,000 (see Exhibit B). The engagement letter and back up data are attached for your use. Staff recommends approval of this agreement.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

Lincoln Plaza
Suite 1170
300 S. Orange Avenue
Orlando, FL
32801-3470

407-648-2208
407-648-1323 fax
www.pfm.com

December 21, 2016

Holly White
City Clerk
City of Panama City Beach
110 South Arnold Road
Panama City Beach, Florida 32413

Dear Ms. White:

The purpose of this letter (this “Engagement Letter”) is to confirm our agreement that PFM Financial Advisors LLC (“PFM”) will act as financial advisor to the City of Panama City Beach, Florida (the “Client”). PFM will provide, upon request of the Client, services related to the development of an interactive long-term planning model and financial planning related to the Front Beach Road redevelopment project, as applicable and set forth in Exhibit A to this Engagement Letter.

PFM is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. The Client desires to designate PFM as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”) and services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any limitations described thereon. PFM shall not be responsible for, or have liability in connection with, verifying that PFM is independent from any other party seeking to rely on the IRMA exemption (as such independent status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). Client acknowledges and agrees that any reference to PFM, its personnel and its role as IRMA, including in the written representation of Client required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by PFM. Client further agrees not to represent that PFM is Client’s IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the scope of services without PFM’s prior written consent.

MSRB Rule G-42 requires that municipal advisors make written disclosures to its Clients of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in PFM’s Disclosure Statement delivered to Client together with this Agreement.

PFM’s services will commence as soon as practicable after the execution of this Engagement Letter by the Client and a request by the Client for such service. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Services provided by PFM which are not included in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the Client and the PFM. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by

PFM or an affiliate of PFM, by a separate agreement between the Client and PFM or its respective affiliate.

For the services described in Exhibit A, PFM's professional fees will be paid as provided in Exhibit B. In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

This Engagement Letter shall be effective from January 1, 2017 until December 31, 2017 (the "Initial Term"), shall automatically renew for additional one (1) year periods (each a "Renewal Term" and together with the Initial Term, the "Term") and shall remain in effect unless canceled in writing by either party upon thirty (30) days written notice to the other party. PFM shall not assign any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of the Client; provided that upon notice to Client, PFM may assign this Engagement Letter or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.

All information, data, reports, and records ("Data") in the possession of the Client or any third party necessary for carrying out any services to be performed under this Engagement Letter shall be furnished to PFM and the Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services. To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

All notices given under this Engagement Letter will be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of the Client. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to the Client copies of any and all material pertaining to this Engagement Letter.

The following professional employees of PFM will provide the services set forth in this Engagement Letter: Jay Glover, Jeremy Niedfeldt and Natalie Newland. PFM may, from time to time, supplement or otherwise amend team members. The Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should the Client make such a request, PFM will promptly suggest a substitute for approval by the Client.

Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Engagement Letter on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter.

This Engagement Letter represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties.

Please have an authorized official of the Client sign a copy of this Engagement Letter and return it to us to acknowledge the terms of this engagement.

Sincerely,

PFM FINANCIAL ADVISORS LLC

James W. Glover
Managing Director

Accepted by:

City of Panama City Beach, FL

Authorized Signature

Name

Title

Date

EXHIBIT A
SCOPE OF SERVICES

Services related to the development of an Interactive model of Front Beach Road redevelopment project cash flow.

Broad components:

- Adjustable, estimated, recurring annual O&M expense with adjustable inflation rate, adjustable annual capital expense (initial 2031 build out) with adjustable inflation rate, adjustable build out date.
- Estimated, adjustable annual revenue.

More specifics about variables:

- Annual O&M variable (globally adjustable for inflation):
 - Adjustable, estimated O&M cost per mile for existing road conditions based upon current level of service
 - Adjustable components identified so far:
 - Traffic Signals
 - Street lights
 - Pavement Marking
 - Resurfacing sinking fund
 - Everything not covered above (e.g., curb, gutter, stormwater, sidewalks, etc.)
 - Adjustable, estimated O&M cost per mile for redeveloped road condition based upon city level of service.
 - Traffic Signals
 - Street lights
 - Pavement Marking
 - Resurfacing sinking fund

- Landscaping
 - Trolley Lane
 - Medians
 - Crosswalks
 - Undergrounding for which city responsible
 - Everything not covered above (e.g., curb, gutter, stormwater, sidewalks, etc.)
- Adjustable, annual expense for code enforcement (demo slum structures, etc.)
- Adjustable administration
- Ability to move miles from existing condition to improved condition at will

- Annual, Aggregate Debt Service for New Construction
 - Estimated design and permitting costs per mile input at current values.
 - Estimated construction cost per mile input at current values
 - Adjustable construction start dates and multiple, variably sized segments
 - Adjustable cost of R/W and TCE and SW ponds per segment
 - Adjustable inflation rates for each start date
 - Adjustable interest rates for each start date

- Annual Income variable
 - Adjustable TIF revenue
 - Adjustable term of TIF Revenue (tied to build out date adjustment)
 - Investment earnings
 - Special assessments (initially 0)
 - User fees.

EXHIBIT B
COMPENSATION FOR SERVICES

PFM proposes a blended hourly fee of \$225 per hour, with a not-to-exceed fee of \$30,000 for the proposed scope. Out of pocket expenses will be billed at cost. Additional fees based on an increased scope and/or additional work not originally contemplated will be negotiated and agreed to by both PFM and the Client.