



**Date: July 30, 2015**

**To: THE TRUSTEES**

**From: THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**Subject: Procurement (Services) Contract –**  
**Selection of Firm to Provide Financial Advisory  
Services For Issuance of Debt – Contract Award**

**SUMMARY**

The Trustees are requested to approve the award and funding of a procurement contract for a term of up to five years in the amount of \$250,000 to Public Financial Management, Inc. to provide financial advisory services in connection with the Authority's issuance of Revenue Bonds, Notes and related financial products.

**BACKGROUND**

Section 2879 of the Public Authorities Law and the Authority's Guidelines for Procurement Contracts require the Trustees' approval for procurement contracts involving services to be rendered for a period in excess of one year. The terms of the contracts considered herein are for more than one year and, therefore, the Trustees' approval is required.

The Authority engages the services of a financial advisor to support its capital markets activities and the issuance of Bonds, Notes and other forms of debt instruments. The financial advisor generally assists the Authority with an independent evaluation of financing alternatives under consideration; advises on rating agency interactions and investor relationships; provides market pricing on bonds of comparable public power issuers; monitors the performance of the underwriting team; and negotiates bond pricing. The financial advisor may also be engaged to assist the Authority on other matters of financial import.

**DISCUSSION**

On April 28, 2015, Request for Proposal Inquiry No. Q15-5886MR ("RFP") was published in the New York State *Contract Reporter* inviting firms to submit proposals to provide financial advisory services for the issuance of debt to the Authority. On May 21, 2015, the Authority received two proposals, one from Public Financial Management, Inc. ("PFM") and the other from Public Resources Advisory Group ("PRAG").

Authority staff from Finance, Legal and Procurement evaluated the written responses based on the following evaluation criteria: quality and clarity of the written proposal; technical ability to provide the requested services; breadth and depth of experience advising clients on debt issuance; experience in representing the Authority and other public power issuers; compensation; and status as, or experience with and willingness to team with, Minority-Owned Business Enterprises and Women-Owned Business Enterprises (collectively, 'MWBE').

Based on staff's evaluation, it is recommended that a contract for a term of up to five years be awarded to PFM to provide the subject financial advisory services. PFM is one of the leading independent municipal financial advisors nationwide and is consistently ranked as the number one financial advisor by the Bond Buyer, a national trade newspaper covering the municipal bond industry. PFM has a proven record of success in advising municipal clients and is the only municipal financial advisor with a dedicated large public power team.

PFM has a proven record of success in advising the Authority in the issuance of over \$4.0 billion in debt during the past eighteen years. In 1997, in the wake of deregulation of the electric utility industry, PFM was instrumental in advising the Authority on the defeasance all of its outstanding debt and in developing a less restrictive Bond Resolution more suitable to a deregulated electric market. PFM's proposed compensation schedule is competitive with PRAG's response for the level of service and expertise they can provide. PFM has also proposed a plan to partner with two MWBE firms in providing the financial advisory services to the Authority.

PFM's expertise surrounding the issues affecting the Public Power Industry, combined with a full range of consulting services they can provide to service the Authority, makes them a valuable partner in providing the subject financial advisory services.

#### FISCAL INFORMATION

Funds required for advisory services provided in connection with the issuance of Authority debt will be paid directly from the proceeds of the debt issuance. Funds required to support non-debt related advisory services will be paid from the Authority's Operating Fund and are not expected to exceed \$250,000 over the term of the agreement.

#### RECOMMENDATION

The Vice President – Procurement and the Treasurer recommends the Trustees' approval of the award of a multiyear service contract for a term of up to five years to Public Financial Management, Inc. to provide financial advisory services in connection with the issuance of Authority debt and related financial matters.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones  
President and Chief Executive Officer

## **RESOLUTION**

RESOLVED, That pursuant to the Guidelines for Procurement Contracts adopted by the Authority and the Authority's Expenditure Authorization Procedures, approval is granted for the award and funding of a multiyear service contract, for a term of up to five years, in an amount of \$250,000, to Public Financial Management, Inc. as recommended in the foregoing memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the President and Chief Executive Officer, the Chief Operating Officer and all other officers of the Authority are, and each of them hereby is, authorized on behalf of the Authority to do any and all things and take any and all actions and execute and deliver any and all agreements, certificates and other documents to effectuate the foregoing resolution, subject to the approval of the form thereof by the Executive Vice President and General Counsel.