

**SOUND TRANSIT  
STAFF REPORT**

**MOTION NO. M2003-88**

**Financial Advisory Services for Debt Management**

<b>Meeting:</b>	<b>Date:</b>	<b>Type of Action:</b>	<b>Staff Contact:</b>	<b>Phone:</b>
Finance Committee	8/21/03	Discussion/Possible Action	Hugh Simpson, Chief Financial Officer <b>Brian McCartan, Deputy Director, Finance and Information Services</b>	(206) 398-5082  (206) 398-5100

<b>Contract/Agreement Type:</b>	<b>3</b>	<b>Requested Action:</b>	<b>3</b>
Competitive Procurement	3	Execute New Contract/Agreement	3
Sole Source		Amend Existing Contract/Agreement	
Interlocal Agreement		Contingency Funds Required	
Purchase/Sale Agreement		Budget Amendment Required	

3Applicable to proposed transaction.

**OBJECTIVE OF ACTION**

Select a financial advisor for debt management and issuance for Sound Transit.

**ACTION**

Authorizes the Chief Executive Officer to execute a contract with Piper Jaffray to provide debt management services in an amount not to exceed \$750,000 for a period of three years, with the option of two one year extensions.

**KEY FEATURES**

- Sound Transit conducted a competitive procurement for these services, with four firms submitting proposals.
- Piper Jaffray would advise Sound Transit on the management and issuance of its short and long-term debt.
- Funding for the contract has been assumed within the agency's financial plan as a part of bond issuance costs and within the staff budgets.
- Piper Jaffray is teaming with Hattori and Associates, a certified M/W/DBE firm, who is expected to receive 30-40% of the total compensation under the contract.

**BUDGET IMPACT SUMMARY**

**Project Description:** Financial Advisory Services for Debt Management

**Current Status:** Pending

**Projected Completion Date:** August 1, 2006

<b>Action Outside of Adopted Budget:</b>	<b>Y/N</b>	<b>Y</b>	<b>Requires Comment</b>
This Line of Business	N		
This Project	N		
This Phase	N		
This Task	N		
Budget amendment required	N		
<b>Key Financial Indicators:</b>	<b>Y/N</b>	<b>Y</b>	<b>Requires Comment</b>
Contingency funds required	N		
Subarea impacts	N		
Funding required from other parties other than what is already assumed in financial plan	N		

N = Action is assumed in current Board-adopted budget. Requires no budget action or adjustment to financial plan

**BUDGET DISCUSSION**

The firms would be compensated in two ways:

- 1) For work directly associated with a bond issuance, the firms would be compensated out of the bond proceeds. These costs have been set aside within the agency’s long-term financial plan.
- 2) For special project work that is unrelated to bond issuance, the consultant would be compensated based on a pre-agreed single fee. These costs, estimated at \$25,000 per year, would be paid out of CFO’s total \$75,000 annual budget all for all financial consulting services.

**REVENUE, SUBAREA, AND FINANCIAL PLAN IMPACTS**

The proposed action is consistent with the current Board-adopted budget and is affordable within Sound Transit’s current long-term financial plan and the subarea financial capacity.

The following table represents the available budget as it relates to expenditures and the impact of this action.

<b>Summary for Board Action</b>		
<b>Action Item: Financial Advisory Services/Piper Jaffray</b>		
<b>Accounts to be charged:</b>	<b>2003 Staff Budget</b>	<b>Future Budgets</b>
CFO – Consulting Services		\$75,000 (\$25,000 a year from CFO staff budget)
Debt Issuance Costs		\$675,000 (from bond proceeds)
<b>TOTAL CONTRACT CHARGES:</b>		<b>\$750,000</b>

All figures shown are in year-of-expenditure (YOES\$).

## **M/W/DBE – SMALL BUSINESS PARTICIPATION**

### **Prime Consultant/Contractor**

Piper Jaffray is the prime consultant for this contract. They have committed to an estimated 30 to 40% M/W/DBE and Small Business participation by Hattori and Associates.

### **Utilization Breakdown Table**

<b>Subconsultant</b>	<b>Business Type</b>	<b>% of Work</b>	<b>Dollar Value</b>
Hattori & Associates	MBE	30-40%	\$225,000-\$300,000

### **EEO Commitment**

Piper Jaffray's workforce demographics are 40% women and 5.4% people of color.

### **Apprentice Utilization Commitment**

Not applicable to this action.

## **HISTORY OF PROJECT**

### **Prior Board or Committee Actions and Relevant Board Policies**

<b>Motion or Resolution Number</b>	<b>Summary of Action</b>	<b>Date of Action</b>
M98-26	Authorize the Executive Director to enter into contracts with Boyea Capital Markets and Piper Jaffray to provide financial advisory services to the RTA.	4/16/98

## **CONSEQUENCES OF DELAY**

A delay of two weeks would not impact the agency's ability to prepare for its next debt issuance.

## **REGIONAL PARTNERSHIP AND COOPERATION**

Not applicable for this action.

## **PUBLIC INVOLVEMENT**

Not applicable for this action.

## **LEGAL REVIEW**

MMB 7/22/03

**SOUND TRANSIT**

**MOTION NO. M2003-88**

A motion of the Finance Committee of the Central Puget Sound Regional Transit Authority authorizing the Chief Executive Officer to execute a contract with Piper Jaffray to provide debt management services in an amount not to exceed \$750,000 for a period of three years, with the option of two one year extensions.

**Background:**

Sound Transit utilizes financial advisory services to assist in the issuance and management of its debt obligations. Sound Transit has completed a competitive procurement for these services, with four firms submitting proposals. Piper Jaffray was selected as the winning firm. Funding for the contract has been fully budgeted within the agency's financial plan as a part of bond issuance costs and within the staff budgets. Piper Jaffray is teaming with Hattori and Associates, a certified M/W/DBE firm, who is expected to receive an estimated 30-40% of the total compensation under the contract.

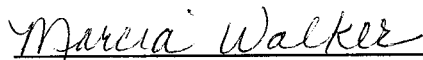
**Motion:**

It is hereby moved by the Finance Committee of the Central Puget Sound Regional Transit Authority that the Chief Executive Officer is authorized to execute a contract with Piper Jaffray to provide debt management services in an amount not to exceed \$750,000 for a period of three years, with the option of two one year extensions.

APPROVED by the Finance Committee of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on August 21, 2003.

  
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Kevin Phelps  
Finance Committee Chair

ATTEST:

  
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Marcia Walker  
Board Administrator