



Commission Staff Report

May 18, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: First Amendment to Consulting Services Agreement Between NCPA and Public Financial Management, Inc.

AGENDA CATEGORY: Consent

FROM:	Sondra Ainsworth	METHOD OF SELECTION:
	Treasurer-Controller	N/A
Division:	Administrative Services	
Department:	Accounting & Finance	

IMPACTED MEMBERS:		
All Members <input checked="" type="checkbox"/>	City of Lodi <input type="checkbox"/>	City of Ukiah <input type="checkbox"/>
Alameda Municipal Power <input type="checkbox"/>	City of Lompoc <input type="checkbox"/>	Plumas-Sierra REC <input type="checkbox"/>
Bay Area Rapid Transit <input type="checkbox"/>	City of Palo Alto <input type="checkbox"/>	Port of Oakland <input type="checkbox"/>
City of Biggs <input type="checkbox"/>	City of Redding <input type="checkbox"/>	Truckee Donner PUD <input type="checkbox"/>
City of Gridley <input type="checkbox"/>	City of Roseville <input type="checkbox"/>	Other <input type="checkbox"/>
City of Healdsburg <input type="checkbox"/>	City of Santa Clara <input type="checkbox"/>	<i>If other, please specify.</i>
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RECOMMENDATION:

The Finance Committee recommends adoption of Resolution 17-XX authorizing the General Manager or his designee to enter into a First Amendment to Consulting Services Agreement Between the Northern California Power Agency (NCPA) and Public Financial Management, Inc. (PFM) extending the term of services to expire no later than September 1, 2017.

BACKGROUND:

NCPA has determined that it is desirable and necessary to retain the services of a financial advisor on an on-going basis to assist the NCPA Staff and the Commission with the management of NCPA's debt portfolio, communication with the investment community and rating agencies in addition to the evaluation and monitoring of market conditions to reduce the debt service costs of the projects. PFM has been NCPA's Financial Advisor for several years and the current contract for Financial Advisory Services with PFM will expire on May 31, 2017.

Over the next few months, NCPA will meet with rating agencies to present current member and Agency financial information to illustrate their individual and collective financial strength for purposes of obtaining rating upgrades for NCPA projects. The PFM team is very knowledgeable and familiar with NCPA's financial strength, financing history, and current debt profile. It is important to retain that knowledge and expertise through the rating process. As such, staff recommends amendment of the current agreement to extend the term for three months. The compensation rate will remain the same for all work as set forth in Exhibit A of the current Agreement.

FISCAL IMPACT:

Maximum costs under this First Amendment are set at an amount not to exceed \$16,750.

ENVIRONMENTAL ANALYSIS:

This activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary.

COMMITTEE REVIEW:

The recommendation was reviewed by the Finance Committee on May 10, 2017 and was recommended for Commission approval.

Respectfully submitted,

RANDY S. HOWARD

General Manager

Attachments:

RESOLUTION 17-40

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
APPROVING THE FIRST AMENDMENT TO THE THREE YEAR SERVICES AGREEMENT WITH
PUBLIC FINANCIAL MANAGEMENT, INC.**

(reference Staff Report #155:17)

WHEREAS, NCPA retains the services of a financial advisor to provide assistance in the management of NCPA's \$775 million debt portfolio; and

WHEREAS, Public Financial Management, Inc. is a well qualified financial advisory firm and is the provider of these services; and

WHEREAS, NCPA and Public Financial Management, Inc. entered into a five year Consulting Services Agreement, including two possible one-year extensions effective June 1, 2012; and

WHEREAS, NCPA seeks to extend the Consulting Services Agreement term for a three month period to expire no later than September 1, 2017; and

WHEREAS, this activity would not result in a direct or reasonably foreseeable indirect change in the physical environment and is therefore not a "project" for purposes of Section 21065 the California Environmental Quality Act. No environmental review is necessary; and

WHEREAS, the Finance Committee has reviewed the proposed Consulting Services Agreement extension and recommends approval; and

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager or his designee to enter into a First Amendment To Consulting Services Agreement with Public Financial Management, Inc. to extend the service period to expire no later than September 1, 2017 for a not to exceed price of \$16,750.

PASSED, ADOPTED and APPROVED this ____ day of _____, 2017 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____
Plumas-Sierra	_____	_____	_____

BOB LINGL
CHAIR

ATTEST: CARY A. PADGETT
ASSISTANT SECRETARY



**FIRST AMENDMENT TO CONSULTING SERVICES AGREEMENT BETWEEN
THE NORTHERN CALIFORNIA POWER AGENCY AND PUBLIC FINANCIAL MANAGEMENT, INC.**

This First Amendment ("Amendment") to Consulting Services Agreement is entered into by and between the Northern California Power Agency ("Agency") and PUBLIC FINANCIAL MANAGEMENT, INC. ("PFM"), a Corporation with offices located at 50 California Street, Suite 2300, San Francisco, CA 94111 ("Consultant") (collectively referred to as "the Parties") and is effective as of June 1, 2017.

WHEREAS, the Parties entered into a Consulting Services Agreement dated effective June 1, 2012, (the "Agreement") for PFM to provide financial advisor consulting services to assist with management of NCPA's debt portfolio, communication with the investment community and rating agencies, evaluation and monitoring of market conditions to reduce the debt service costs of the projects, and other services as necessary; and

WHEREAS, the Agreement provided an initial three year term and included the option for two one-year extensions. On March 6, 2015, Agency exercised its option to extend the agreement for one-year. On March 11, 2016, Agency exercised its second option to extend the agreement for an additional one-year through June 1, 2017; and

WHEREAS, the Agency now desires to amend the Agreement to extend the term of the Agreement for an additional three-month period from the original expiration date of June 1, 2017 to a new date of September 1, 2017; and

WHEREAS, the Parties have agreed to modify the Agreement as set forth above; and

WHEREAS, in accordance with Section 8.3 all changes to the Agreement must be in writing and signed by all the Parties; and

NOW, THEREFORE, the Parties agree as follows:

1. **Section 1.1—Term of Services** of the Agreement is amended and restated to read in full as follows:

This term of this Agreement shall begin on the Effective Date and shall expire no later than September 1, 2017, unless the term of the Agreement is otherwise terminated or modified, as provided for herein.

2. **Section 2 – Compensation.** Agency agrees to pay Consultant an amount not to exceed sixteen thousand seven hundred fifty dollars (\$16,750) for all work set forth in Exhibit A of the Agreement.

3. This Amendment in no way alters the terms and conditions of the Agreement except as specifically set forth herein.

Date: _____

NORTHERN CALIFORNIA POWER AGENCY

RANDY S. HOWARD, General Manager

Date: _____

PUBLIC FINANCIAL MANAGEMENT, INC.

Michael Berwanger, Managing Director

Attest:

Assistant Secretary of the Commission

Approved as to Form:

Assistant General Counsel