



CITY OF POQUOSON

FINANCE DEPARTMENT

500 CITY HALL AVENUE, POQUOSON, VIRGINIA 23662-1996

December 9, 2019

TO: City Council

FROM: Tonya O'Connell, Director of Finance

THROUGH: Randy Wheeler, City Manager

SUBJECT: Financial Advisor Contract

In September 2009, the City issued a request for proposal for financial advisory services and through the procurement process selected Davenport & Company, LLC (Davenport). The services provided by Davenport include the following, but are not limited to:

- Identifying financing alternatives and analyzing the impact of the financings on the City's financial position and its management objective for debt affordability.
- Advising the City of pertinent market factors and expected trends.
- Recommending approaches for enhancing the credit position of the City and assisting the City in all interactions with the major rating agencies.
- Coordinating and assisting the City with all debt issues.
- Other services to include analysis of cash flows, capital planning and other analysis as requested.

The original contract term with Davenport was for three years with two additional one year extensions which was through December 31, 2014. Under the terms and conditions of the Request For Proposal which is part of the contract, "the City Council reserves the right to extend the contract after its final expiration date on an annual basis if deemed to be in the best interest of the City". The City has exercised this option each year since.

Staff believes that continuing the contract with Davenport as the City's financial advisor is in the best interest of the City. Davenport was instrumental in the success of the phase one borrowing in July 2018 in which the City secured a total of \$18,572,409 in bond proceeds. We wish to continue to work with them through phase two of the borrowing which will not be determined until the Poquoson Middle School Modernization project is well underway.

The contract each year with Davenport is to secure their services to the City. Payment has been made for services through bond closings. The last payment made to Davenport was in July 2018 was \$166,064 which was incorporated with the bond closing. A total of \$115,352 was directly related to the cost of issuance and \$50,712 was for calendar year 2017 and six month of 2018 for general advisory work assisting the City.

It is staff recommendation to enter into a contract for one year with four additional one year extensions utilizing the cooperative language of the County of Dinwiddie Request for Proposals #15-09115. The County of Dinwiddie language allows for up to ten additional one year extensions. It is not the practice of the City to have a contract for over five years. Therefore, we are only recommending the life of the contract to be five years. If approved, the contract will allow staff to continue to work with Davenport as we near the second phase borrowing as well as any future projects that are directed by City Council.

Attached for consideration is a resolution authorization the City Manager to enter into a contract with Davenport and Company, LLC for one year with four one year extensions for the financial advisory services begin January 1, 2020.

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO
ENTER INTO A CONTRACT FOR FINANCIAL ADVISORY SERVICES
WITH DAVENPORT AND COMPANY, LLC**

WHEREAS, the City has a need for financial advisory services; and

WHEREAS, the City wishes to enter into a contract with Davenport and Company, LLC through the cooperative language of the County of Dinwiddie Request for Proposal #15-09115 for financial advisory services; and

WHEREAS, the City received four proposals; and

WHEREAS, staff has determined that Davenport and Company, LLC provides the expertise and knowledge needed for the City; and

WHEREAS, the contract will be for the one (1) year ending December 31, 2020 with the option to renew for four (4) additional one-year terms upon mutual agreement of both the City and Davenport and Company, LLC;

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Poquoson, Virginia:

Section 1: That the City Manager is hereby authorized to do all things necessary to enter into a contract with Davenport and Company, LLC.

Section 2: That this resolution shall become effective immediately upon adoption.

ADOPTED: _____

TESTE: _____

City Clerk