

VILLAGE OF DOWNERS GROVE
REPORT FOR THE VILLAGE COUNCIL WORKSHOP
FEBRUARY 12, 2008 AGENDA

SUBJECT:	TYPE:	SUBMITTED BY:
Authorize the Village Manager to Negotiate a Professional Services Agreement for a Financial Advisor	Resolution Ordinance ✓ Motion Discussion Only	Cara Pavlicek Village Manager

SYNOPSIS

A motion is requested to authorize the Village Manager to negotiate a professional services agreement for a Financial Advisor services with Northern Trust Corporation of Chicago, Illinois.

Subject to approval of the motion on February 19, 2008, staff will negotiate the agreement and present it for workshop discussion at the February 26, 2008 Village Council Workshop. Council may wish to consider a waiver of the traditional one-week waiting period at that time in order to proceed with the bond issuance in March 2008.

STRATEGIC PLAN ALIGNMENT

The Village's Five Year Plan and Goals identifies *Top Quality Infrastructure and Facilities*. A supporting objective is *Improved Stormwater and Drainage System*.

FISCAL IMPACT

The fees for services will be negotiated and recommended as part of the professional services agreement.

RECOMMENDATION

Approval on the February 19, 2008 active agenda.

BACKGROUND

The Village has publicly solicited letters of interest for financial advisory services. The request for letters of interest was posted on the Village's website at the end of January 2008. The deadline for letters of interest was Tuesday, February 5, 2008. The following firms submitted letters of interest:

- Crowe Chizek and Company LLC, Chicago, IL
- First Trust Portfolios L.P., Lisle IL
- Loop Capital Markets, LLC, Chicago, IL
- Northern Trust Corporation, Chicago, IL
- Oppenheimer, Chicago, IL
- PMA Financial Network, Inc., Warrenville, IL
- Public Financial Inc., Milwaukee, WI
- Speer Financial, Inc., Chicago IL

Staff has reviewed the qualifications of the responding firms and recommends the Village enter into an agreement with Northern Trust Corporation, Chicago, Illinois.

On November 6, 2007, the Village Council authorized a professional services agreement with Northern Trust to provide an analysis of the Village's financial position and to provide a general strategy for the issuance of bonds to fund construction of the stormwater projects. On November 20, 2007, Northern Trust made a presentation to Council to advise and recommend financial strategies relative to financing

stormwater infrastructure improvements. The FY08 Municipal Budget was adopted based upon information provided by Northern Trust as a part of the November 20, 2007 report. This working relationship is primary factor that staff considered in recommending Council engage Northern Trust as Financial Advisor for the proposed general obligation bond issuance for stormwater and any potential bond refunding that may be financial prudent to concurrently consider.

In considering all other proposals received, staff can attest that each firm is qualified to provide the Village financial advisory services based upon documentation provide about experience in the industry. Staff would only recommend against the use of Oppenheimer as a result of their performance for the Village in serving as the financial advisor for the 2007 general obligation bond issue relative to the Fire Station project. In this role, I found that Oppenheimer was unable to perform at the level expected and in fact relied upon Village employees and the Villages bond counsel to perform work that was the responsibility of the financial advisor.

Staff recommends Northern Trust as uniquely qualified to perform financial advisory services due to there institutional knowledge of the Village. They have served as financial advisor for 10 out of 11 of the Village's last debt issuances. While another firm can easily review this history on a go forward basis, staff contends that as the Village Council has established a strategic priority to move quickly and competently in the delivery of stormwater improvements. This bond issuance in particular will be the foundation for the 10 year strategy to address stormwater as establish by Council in the FY08 budget. As a result, this is not the time for the Village to switch from Northern Trust who has demonstrated directly to the Village the quality of their financial advisor services – subject to the ability of the Village to negotiate a competitive rate for such services. It should be noted that in 2004 there was an administrative error attributed to Northern Trust regarding notification of a bond sale to a local bank, however, staff had a role in that error and as such it is not appropriate to continue to penalize Northern for the 2004 incident. Northern Trust is able to begin work immediately with full knowledge of the Village financial needs and strategies due to the services they provided the Village in November 2007. The ability of a prospective financial advisor to quickly prepare the necessary documents to issue bonds is critical in order to provide the Village Council to flexibility to match the timing of bond issuance to a favorable market.

The State of Illinois previously adopted changes to the state law that identifies the difference between taking competitive bids for the purchase of equipment or the process by which a government entity may take proposals for specific professional services. Under this law, the Village takes “bids” when purchasing but it may not take “bids” for professional services. The Village may take proposals that evaluate the professional capabilities of a professional services provider. However, if the Village has a “satisfactory relationship for services with one or more firms,” it is not required to take proposals. In considering proposals for professional services, the Village may consider the ability of professional personnel, past record and experience, performance data on file, willingness to meet time and budget requirements, location, workload of the firm and such other factors as the Village may determine in writing as applicable. Following a determination that the professional service provider meets the requirements of the Village, a price for services can be negotiated under state law.

Firm	Address	Work done for VoDG?	Interviewed within 12 months?	Nature of working relationship	Overall Performance
Crowe Chizek and Company LLC	Chicago, Illinois	Yes	Yes	Previous work as an auditor. Another arm of the company works with the Village's OnBase system.	N/A
First Trust	Lisle, Illinois	No	No		N/A
Loop Capital	Chicago, Illinois	No	No		N/A
Northern Trust	Chicago, Illinois	Yes	Yes	Currently provides financial advisory services.	Acceptable
Oppenheimer	Chicago, Illinois	Yes	Yes	FA for Fire Station 2 bond issue.	Not acceptable
PMA	Warrenville, Illinois	Yes	Yes	PMA handles the Village's investments.	Acceptable
Public Financial, Inc.	Milwaukee, Illinois	No	No		N/A
Speer Financial	Chicago, Illinois	No	Yes		N/A