

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

February 28, 2002

Item #10 – Financial Advisor Interagency Agreement
(Information Item)

This is to notify the Authority that the contemplated Financial Advisor Contract between the California Educational Facilities Authority (CEFA) and the winning bidder of the Request for Proposal (Bond Sale Financial Advisor), and the related Interagency Agreement between CEFA and the California Health Facilities Financing Authority (CHFFA) had been completed. The contract is with Public Financial Management (PFM).

Background: At the October 25, 2001 Authority meeting, staff requested and received Authority approval by Resolution No. 2001-7 to enter into an Interagency Agreement with CEFA to obtain bond sale financial advisory services from the winning bidder of the formal Request for Proposal process. Under the Agreement, CEFA would contract with the Financial Advisor for services rendered to both CEFA and CHFFA, and CHFFA would reimburse CEFA for health related bond sale services.

After review of the proposals and discussions with the most qualified firms, Public Financial Management was selected to provide the Bond Sale Financial Advisory Services. The formal contract was approved by the Department of General Services and all relevant parties in December, 2001. The contract is for a period of three years with a not to exceed total amount of \$600,000. The Interagency Agreement provides for health facility advisory services up to a maximum amount of \$300,000, or one-half of the contract. The hourly billing rate for the contract is \$200. All invoices received from PFM will identify the specific work performed for each Authority.

Authority staff has already begun to utilize the expertise of Public Financial Management and expects to provide increased value to our health facility clients with the critical process of selling the tax-exempt debt approved by the Authority.