

# CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY

## Agenda Item 12 – Resolution No. 2012-06

### Amendment to Contract No. CHFFA 08-10(A) - Public Financial Management, Inc. ("PFM")

August 30, 2012

#### **Executive Summary**

Staff seeks approval from the Board to augment its existing financial advisor contract with PFM by 30% thereby increasing the total maximum amount of the contract from \$200,000 to \$260,000. The current total amount of the contract with PFM is insufficient to cover the transactions and projects through the end of the existing contract term (July 2013). The Executive Director does not have delegated authority to enter into and amend contracts exceeding \$250,000.

#### **Background**

The Executive Director was given the authority under Resolution No. 2002-07 to enter into interagency agreements and external contracts, without specific Authority approval, up to an amount of \$250,000, and to amend contracts and interagency agreements which only extend the term of the contract or which provide technical amendments that do not involve the encumbrance of Authority funds, or which amend contracts involving expenditures, as long as the total amount of the contract over its full term does not exceed \$250,000. After a competitive bid process for financial advisor services, CHFFA awarded the financial advisor services primary contract to PFM in July 2011 in the amount of \$200,000, for a period of two years, with a one year option to renew.

Throughout the first year of the contract period, CHFFA engaged PFM on a number of bond deals and various projects that expended the funds more quickly than anticipated. Through May 15, 2012, CHFFA spent \$162,038.28 under the existing contract, leaving a \$37,961.72 balance for the remainder of the term. The outstanding balance will be insufficient to cover the bond transactions and projects through the end of the contract term. Staff requests the Board approve an increase of \$60,000 (30% of the contract value as permitted under the State Contracting Manual) for a total contract amount of \$260,000. Staff will continue to monitor the contract and will begin the process for a new Request for Proposal before reaching the maximum contract amount or the end of the contract term, whichever is earlier.

Staff recommends approval of the amendment to Contract No. CHFFA 08-10(A) with Public Financial Management, Inc.

**RESOLUTION NO. 2012-06**

**RESOLUTION OF THE  
CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY  
AUTHORIZING AN AMENDMENT TO CONTRACT NO. CHFFA08-10(A) WITH  
PUBLIC FINANCIAL MANAGEMENT, INC. TO INCREASE THE MAXIMUM  
CONTRACT AMOUNT FROM \$200,000 TO \$260,000**

**WHEREAS**, the California Health Facilities Financing Authority (the "Authority"), was created under the provisions of Section 15430 et seq. of the Government Code (the "Act");

**WHEREAS**, Section 15438, subdivision (o), of the Act provides that the Authority may enter into contracts and agreements to carry out the purposes of the Authority;

**WHEREAS**, Section 15436 of the Act provides that the Authority may delegate the power to the Executive Director to enter into contracts on behalf of the Authority;

**WHEREAS**, the Executive Director was given the authority under Resolution No. 2002-07 to enter into and execute interagency agreements and external contracts, without specific Authority approval, up to an amount of \$250,000, and to amend contracts and interagency agreements which only extend the term of the contract or which provide technical amendments that do not involve the encumbrance of Authority funds, or amend contracts involving expenditures, as long as the total amount of the contract over its full term does not exceed \$250,000;

**WHEREAS**, the Executive Director executed Contract No. CHFFA08-10(A) (the "Contract") with Public Financial Management, Inc. ("PFM") for financial advisor services under the Executive Director's delegated authority under Resolution No. 2002-07; and

**WHEREAS**, the Authority required PFM's services on a greater number of [complex] bond transactions necessitating PFM to be involved earlier and more often in the bond transactions, and expend more hours than originally anticipated ;

**WHEREAS**, the Authority engaged PFM in unanticipated projects concerning the Authority's tax-exempt bond fee schedule, as well as the Authority's guidelines for rated and unrated debt;

**WHEREAS**, the Authority now expects to require PFM's services on more bond transactions and projects than originally anticipated, and the Contract amount is insufficient;

**NOW, THEREFORE BE IT RESOLVED**, that the Executive Director is authorized to enter into and execute an amendment to the Contract on behalf of the Authority to increase the maximum amount of the Contract from \$200,000 to \$260,000. The Executive Director of the Authority is further authorized and directed, to do any and all things and to execute and deliver any and all documents which the Executive Director deems necessary or advisable in order to effectuate the purposes of this resolution.

**BE IT FURTHER RESOLVED** that this Resolution becomes effective immediately upon its adoption.

Date of Adoption: \_\_\_\_\_