SUMMARY STATEMENT

ITEM NO.: DRPA-13-137

SUBJECT: Exercise of One-Year Options – Financial Advisors

COMMITTEE: New Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: November 20, 2013

PROPOSAL: That the Board authorizes staff to exercise its option, under the existing two-year Agreement, for a third year in an amount not-to exceed the original $100,000 each, to provide financial advisory services to the Delaware River Port Authority.

PURPOSE: To engage firms with the skills, knowledge and experience needed to provide comprehensive financial advisory services (including general financial advisory and swap advisory services) to the Authority.

BACKGROUND: The Authority uses financial advisory services to work in conjunction with staff on a variety of financial and bond related projects.

The use of financial advisory services is necessary to assist the Authority in the analysis of fiscal issues affecting long-range capital development and financial programs undertaken by the Authority as well as to enhance the abilities of the Authority to implement programs of long-range capital programs, planning and municipal financing, analysis of investments, traditional and synthetic bond refunding assignments made by the Authority regarding bond financing, financial policy including swap management, budget, tax, cash management issues and related fiscal policies and programs. The Authority also makes use of various long-range financial planning models developed by its Finance Advisors to assist the Authority in capital financing and debt issuance planning.

Acacia and Public Financial Management (PFM) have played an important role in support of the implementation of the Authority’s 2012 and 2013 Financial Plans, which were reviewed with the Finance Committee in the respective years. Under these plans, the Authority executed the following major initiatives, which have significantly improved its financial position: 1) paid down approximately $96 million in debt through the early redemption of some of its Revenue Bond and Port District Project Bond debt (April 2012), 2) restructured its Letter of Credit agreements with five (5) LOC banks, with savings in excess of $4 million annually in LOC costs, 3) refunded most of its Port District Project Bond debt, with net present value
savings of approximately $37 million, and 4) revised its General Fund investment management parameters.

Staff recommends the retention of the two existing Financial Advisory firms for another year.

SUMMARY:

Amount: N-T-E $200,000.00 (or $100,000.00/firm)
Source of Funds: Revenue Fund
Capital Project #: N/A
Operating Budget: DRPA Finance C/E #15
Master Plan Status: N/A
Other Fund Sources: N/A
Duration of Contract: One Year (exercise of third year option)
Other Parties Involved: N/A
RESOLUTION

RESOLVED: That the Board authorizes staff to exercise its option for a third year, under the existing two-year Agreements, with Acacia Financial Group, Inc. and Public Financial Management, Inc. to provide financial advisory services to the Delaware River Port Authority in an amount not to exceed the original contracted amount of $100,000.00 per firm; and be it further

RESOLVED: The Chair, Vice Chair and the Chief Executive Officer must approve and are hereby authorized to approve and execute all necessary agreements, contracts, or other documents on behalf of the DRPA. If such agreements, contracts, or other documents have been approved by the Chair, Vice Chair and Chief Executive Officer and if thereafter either the Chair or Vice Chair is absent or unavailable, the remaining Officer may execute the said document(s) on behalf of DRPA along with the Chief Executive Officer. If both the Chair and Vice Chair are absent or unavailable, and if it is necessary to execute the said document(s) while they are absent or unavailable, then the Chief Executive Officer shall execute such documents on behalf of DRPA.

SUMMARY:  
Amount: N-T-E $200,000.00 ($100,000/firm)  
Source of Funds: Revenue Fund  
Capital Project #: N/A  
Operating Budget: DRPA Finance C/E #15  
Master Plan Status: N/A  
Other Fund Sources: N/A  
Duration of Contract: One year (exercise of third year option)  
Other Parties Involved: N/A