

*City of Placerville*  
*Placerville Public Finance Authority*

**July 12, 2016, Placerville Public Finance Authority Meeting**

**Prepared by: Dave Warren, Director of Finance**

**Item #: 5.1**

**Subject:** Adopt a resolution authorizing the City Manager and City Attorney to negotiate and execute a professional services agreement with Norton Rose Fulbright US LLP to perform bond counsel and disclosure counsel services for an amount not to exceed \$115,000.

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**Background:**

For several decades, the Placerville Public Finance Authority (PPFA) has contracted with Jim Copeland, of Sidley Austin LLP, to perform bond and disclosure counsel services. Mr. Copeland assisted the PPFA with several Public finance transactions, most notably the development of the financial package for the most recent improvements to the Water Reclamation Facility, including the numerous legal documents associated with the sale of the 2006 Wastewater Revenue Bonds. This past January, Mr. Copeland retired from Sidley Austin LLP.

Due to the favorable interest rates in the municipal bond market at this time, the PPFA desires to refinance the 2006 Wastewater Revenue Bonds to reduce the overall cost of financing. In order to accomplish this, the PPFA will need to contract with new bond and disclosure counsel to provide the necessary legal services to complete this project. Tonight, staff recommends the PPFA approve an agreement with Norton Rose Fulbright US LLP (NRF) to perform bond and disclosure counsel services for the PPFA.

**Discussion:**

It's the PPFA's desire to refinance the 2006 Wastewater Revenue Bonds later this year. The terms available through the municipal bond market are favorable at this time. Under the proposed agreement, NRF would prepare all of the necessary legal documents and disclosure statements for the refinancing the 2006 Wastewater Revenue Bonds. NRF's work would be conducted in concert with the financial analysis being performed by the City's Financial Advisor, Government Financial Strategies (GFS). All this information would be presented to the PPFA at a workshop that would be held in the coming months. Following the workshop, final recommendations would be brought to the PPFA for approval at a future PPFA meeting.

For several decades, Jim Copeland exercised a sterling level of service as the PPFA's Bond and Disclosure Counsel. In evaluating the PPFA's options in selecting new bond and disclosure counsel, staff sought Mr. Copeland's opinion shortly before his retirement. Mr. Copeland highly recommended Dave Sanchez, of NRF, as the PPFA's new bond and disclosure counsel. It's important to note that Mr. Copeland worked with Mr. Sanchez at Sidley Austin LLP the past few years until his retirement in January of this year. In reviewing Mr. Sanchez's credentials and NRF overall, it's staff's opinion that NRF has the professional depth and resources to successfully assist the PPFA with this important project. GFS has an excellent reputation for its professionalism, quality work product, and competitive fees.

When the bonds were originally issued, there was a relationship identified between the PPFA and the Placerville Redevelopment Agency (RDA). With RDA's being eliminated, a questions has come up regarding that relationship. As noted above, part of this cost involves resolving that relationship which is still in question. The City Manager and City Attorney would like additional time to explore our options and the need to resolve this issue. Based on that we are requesting that Council approve the agreement in concept and not-to-exceed amount, and allow the City Manager and City Attorney the opportunity to explore this issue further. Given the fact that we are cancelling our July 26 Council meeting, we do not want to delay this action to August.

**Options:**

1. Adopt the resolution approving the professional services agreement with NRF as presented.
2. Adopt a resolution approving a revised professional services agreement with NRF.
3. Direct staff to seek proposals from other firms that provide bond and disclosure counsel services.
4. Do nothing.

**Cost:**

The fixed costs for NRF's bond counsel services and disclosure counsel services are \$55,000 and \$50,000 respectively. Due to the elimination of redevelopment in California, the PPFA will have to be reconstituted to replace the old Placerville Redevelopment Agency (PRA). The proposed agreement with NRF includes a not to exceed amount of \$10,000 to perform the PPFA reconstitution. The total cost of the proposed agreement with NRF is a not to exceed amount of \$115,000.

**Budget Impact:**

The \$115,000 not to exceed amount for the proposed agreement with NRF is not included in the adopted Fiscal Year 2016/2017 Operating Budget. However, the \$105,000 in costs for bond counsel and disclosure counsel would be reimbursed to the City from the proceeds of the refinancing of the 2006 Wastewater Revenue Bonds. The not to exceed amount of \$10,000 for the reconstitution of the PPFA can be absorbed by the City's adopted Fiscal Year 2016/2017 Operating Budget.

**Recommendation:**

Adopt a resolution authorizing the City Manager and City Attorney to negotiate and execute a professional services agreement with Norton Rose Fulbright US LLP to perform bond counsel and disclosure counsel services for an amount not to exceed \$115,000.



**M. Cleve Morris, City Manager**



**Dave Warren, Director Finance**