

# DENVER BOARD OF WATER COMMISSIONERS

Meeting Date: May 9, 2012

Board Item: V-A-15

## **Third Amendment to Financial Advisory Agreement with Piper Jaffray & Co Contract # 10617A**

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Action by Consent

Action

Information

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Piper Jaffray & Co. ("Piper Jaffray") serves as a Financial Advisor to the Board. The current contract with Piper Jaffray was amended in January 2011 extending the term through the issuance of 2012 improvement revenue bonds. The following Board item requests an amendment of the contract to reflect additional services provided to amend the Master Bond Resolution and to issue refunding bonds in 2012.

At the March 23, 2012 Study Session, staff made a presentation to the Board on significant savings opportunities from refunding existing bonds. The net present value savings from refunding is estimated at \$17 million. The presentation also included information on the 2012 improvement bonds and actions being taken to remove the debt reserve requirement by amending the Master Bond Resolution.

With the affirmation from the Board, staff moved forward with the amendment of the Master Bond Resolution and the issuance of refunding bonds. In order to gain efficiency by utilizing the same set of disclosure information, staff decided to issue the improvement bonds and refunding bonds within a short interval and use the same group of outside advisors for both issues.

As the Master Bond Resolution amendment and the issuance of refunding bonds were not contemplated in the 2012 Budget, the costs associated with these will create a variance in the 2012 Budget, which is expected to be more than offset by interest savings from the refunding. The total savings, which will not be known until the pricing of refunding bonds in June, will be a positive variance that will be submitted to the Budget Section along with additional costs associated with the refunding.

Staff is requesting the Board to approve the third and final amendment to the Piper Jaffray contract to add \$77,000 to cover additional services not contemplated at the time of the second amendment. Staff will be seeking competitive bids for financial advisory services after completing 2012 bond issues.

### Recommendation:

It is recommended that the Board approve the amendment expanding the scope of the contract with Piper Jaffray & Co. and increasing the total compensation under the Agreement by \$77,000 to a total not to exceed \$354,000.

**Approvals:**

Respectfully submitted,

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Director of Finance

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