



MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Bryan Gruesbeck, Town Manager

SUBJECT: Engagement Letter for Financial Advisor (FA) for the Town of Pittsboro

DATE: May 23, 2016

Background: The Board identified the need for financial analysis during the February 11, 2016 Winter Retreat as well as during other previous discussions. Upcoming projects involve various financing and budgetary mechanisms. In order to protect the Town's long-term financial integrity as we work through these issues, we will engage the services of a Financial Advisor to work with Staff, the Board and legal counsel.

The purpose of a Financial Advisory firm will be to minimize the long-term financial risk to the Town and its utility customers as it develops and maintains its infrastructure.

I received two (2) proposals held multiple conversations with representatives with both firms as to determine the most qualified proposal.

Attached please find an Engagement Letter that outlines the essential FA services provided by Davenport & Co. Please note that the engagement letter identifies an initial payment amount for all services in an amount not to exceed \$15,000. This allows the Town to remain fiscally prudent while we gauge the firm's performance. Our expectation would be that we would likely extend this agreement if we determined that more detail and analysis is required as we move forward.

Should you approve, Davenport & Co will begin work on evaluating financial components of WWTP enhancement and expansion via forcemain to Sanford's Big Buffalo WWTP.

Action Requested: Authorize the Town Manager to sign the Engagement Letter with Davenport & Co for financial advisory services.