



**BUSINESS OF THE CITY COUNCIL
BONDURANT, IOWA
AGENDA STATEMENT**

Item No. 5n
For Meeting of 04/20/2020

ITEM TITLE: Consideration of Resolution approving the Agreement with PFM Financial Advisors, LLC

CONTACT PERSON: Marketa Oliver, City Administrator

SUMMARY EXPLANATION: Attached is a resolution approving a PFM Engagement Letter for not-to-exceed \$2,750,000 Sewer Revenue Bonds, Series 2020C. The revenue bonds are for the NW Trunk Sewer project.

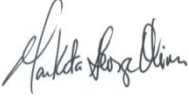
The letter confirms an agreement that PFM to serve as municipal advisor on this transaction. Based on the City's Financial Advisor's market research of possible methods of sale for these bonds, a bank loan/private placement is the recommended methods. This means the City would engage a placement agent instead of an underwriter. The placement agents solicits interest rates from banks (regional and national banks) for the bonds and negotiates the best possible rate for the City's bonds. Most banks do not require a special reserve fund be created for these type of revenue bonds. Also, pricing is much closer to GO pricing with a bank loan than the usual bond sale. Finally it would mean that the City would not need to engage and pay for a rating agency by using this method. With this method of sale, there is no bond rating, no official statement, no underwriter's discount and no need for disclosure counsel. Instead, the City will pay the placement agent fee (similar to underwriter's discount) and use the normal Operating Statement information that staff and the Financial Advisor have been developing, to prepare a credit packet for possible investors.

PFM and bond counsel fees are the same regardless of the method of sale.

The timeline to authorize and close the bonds is late May/early June.

Resolution _____ Ordinance _____ Contract _____ Other (Specify) _____

Funding Source _____

APPROVED FOR SUBMITTAL _____

City Administrator

RECOMMENDATION: Approve resolution on a roll call vote.

CITY OF BONDURANT
RESOLUTION NO. 200420-115

RESOLUTION APPROVING THE AGREEMENT WITH PFM FINANCIAL ADVISORS, LLC

WHEREAS, PFM Financial Advisors, LLC will act as a financial advisor to the City of Bondurant, Iowa in connection with the issuance of not to exceed \$2,750,000 Sewer Revenue Bonds, Series 2020C; AND

WHEREAS, PFM will provide, upon request of the City, financial planning and debt issuance development services, as applicable and set forth in Exhibit A to the Engagement Letter; AND

WHEREAS, final planning and debt issue development services include short term financings, bonds, loans, letters of credit and line of credit; AND

WHEREAS, in addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, printing, telephone, postage, internet posting and other ordinary costs which are incurred by PFM; AND

WHEREAS, this Engagement Letter shall remain in effect until all related activities associated with this transaction are complete unless canceled in writing by either party upon thirty (30) days written notice to the other party,

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Bondurant, Iowa, that the Agreement with PFM Financial Advisors, LLC, is hereby approved.

Passed this 20th day of April, 2020,

By: _____
Curt Sullivan, Mayor

ATTEST: I, Shelby Hagan, City Clerk of Bondurant, hereby certify that at a meeting of the City Council held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand the day and year above written.

Shelby Hagan, City Clerk

Name	Yay	Nay	Abstain	Absent
Enos				
Cox				
McKenzie				
Elrod				
Peffer				



April 15, 2020

Marketa Oliver
City Administrator
City of Bondurant, Iowa
200 2nd Street NE, PO Box 37
Bondurant, Iowa 50035

Dear Marketa,

The purpose of this letter (this "Engagement Letter") is to confirm our agreement that PFM Financial Advisors LLC ("PFM") will act as financial advisor to the City of Bondurant, Iowa (the "Client") in connection with the issuance of not to exceed \$2,750,000 Sewer Revenue Bonds, Series 2020C. PFM will provide, upon request of Client, financial planning and debt issuance development services, as applicable and set forth in Exhibit A to this Engagement Letter. Most tasks requested by Client will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task.

pfm

801 Grand
Suite 3300
Des Moines, IA 50309
515.243.2600

pfm.com

PFM is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. As of the date of this letter, Client has **not** designated PFM as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption."). Client agrees not to represent that PFM is Client's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, without PFM's prior written consent.

MSRB Rule G-42 requires that municipal advisors make written disclosures to its clients of all material conflicts of interest and certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFM's disclosure statement delivered to Client together with this agreement.

PFM's services will commence as soon as practicable after the receipt of this Engagement Letter by Client and a request by Client for such service. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Services provided by PFM which are not included in the scope of services set forth in Exhibit A of this agreement shall be completed as agreed in writing in advance between Client and PFM. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between Client and PFM or its respective affiliate.

For the services described in Exhibit A, PFM's professional fees will be paid as provided in Exhibit B. In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses, as outlined in Exhibit B, which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

This Engagement Letter shall remain in effect until all related activities associated with this transaction are complete unless canceled in writing by either party upon thirty (30) days written notice to the other party. PFM shall not assign any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of Client; provided that upon notice to Client, PFM may assign this Engagement Letter or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.



All information, data, reports, and records ("Data") in the possession of Client or any third party necessary for carrying out any services to be performed under this Engagement Letter shall be furnished to PFM and Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services. To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

All notices given under this Engagement Letter will be in writing, sent by email or registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of Client. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to Client copies of any and all material pertaining to this Engagement Letter.

The Des Moines office of PFM will provide the services set forth in this Engagement Letter. PFM may, from time to time, supplement or otherwise amend team members. Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should Client make such a request, PFM will promptly suggest a substitute for approval by Client.

PFM will maintain insurance coverage with policy limits not less than as stated in Exhibit C. Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Engagement Letter on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint ventures of Client by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter.

This Engagement Letter represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by PFM.

Please have an authorized official of Client acknowledge receipt of this Engagement Letter and respond to us to acknowledge the terms of this engagement.

Sincerely,

PFM FINANCIAL ADVISORS LLC

Jon Burmeister
Managing Director

Susanne Gerlach
Director



EXHIBIT A **SCOPE OF SERVICES**

Financial planning and debt issue development services (Includes short term financings, bonds, loans, letters of credit and line of credit). Upon the request of Client:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cashflow requirements, if necessary.
- Assist Client in the procurement of other services relating to debt issuance such as printing, paying agent and registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond resolutions regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond resolutions.
- PFM will complete a parity certificate if required by the authorizing resolutions of outstanding parity debt.
- Review the terms, conditions and structure of any proposed debt offering undertaken by Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client's staff and other advisors with respect to the furnishing of data for offering documents. PFM will assist Client in the preparation of the offering document, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents and that the ultimate responsibility remains with Client.
- Provide regular updates of bond market conditions and advise Client as to the most advantageous timing for issuing its debt.
- Advise Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make definitive recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction.
- Preparation and delivery of bond financing record to Client.



EXHIBIT B
COMPENSATION FOR SERVICES

1. Fixed Rate Transaction Fees

For financial planning and debt issue development services related to the issuance of not to exceed \$2,750,000 Sewer Revenue Bonds, Series 2020C, PFM will be paid a one-time fee of \$18,750, payable upon closing.

2. Reimbursable Expenses

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, printing, telephone, postage, internet posting and other ordinary costs which are incurred by PFM. Appropriate documentation can be provided.



EXHIBIT C
INSURANCE STATEMENT

PFM Financial Advisors LLC (“PFM”) has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$35 million and \$10 million, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a “claims made” policy and our General Liability policy claims would be made by occurrence.

1. Deductibles/SIR:

Automobile \$250 comprehensive & \$500 collision
Cyber Liability \$50,000
General Liability \$0
Professional Liability (E&O) \$1,000,000
Financial Institution Bond \$75,000

2. Insurance Company & AM Best Rating

Professional Liability (E&O).....	Endurance American Specialty Insurance; (A+; XV)
.....	XL Specialty Insurance Company; (A; XV)
.....	Continental Casualty Company; (A; XV)
.....	Starr Indemnity & Liability Company; (A; XIV)
Financial Institution Bond.....	Federal Insurance Company; (A++; XV)
Cyber Liability.....	Indian Harbor Insurance Company (A; XV)
General Liability.....	Great Northern Insurance Company; (A++; XV)
Automobile Liability.....	Federal Insurance Company; (A++; XV)
Excess /Umbrella Liability.....	Federal Insurance Company; (A++; XV)
Workers Compensation & Employers Liability	Great Northern Insurance Company; (A++; XV)