PALO VERDE COMMUNITY COLLEGE DISTRICT
BOARD OF TRUSTEES
AGENDA ITEM REQUEST

Meeting Date: 2/9/16

☐	Consent
☒	Action
☐	Information

AREA: Business
RESOLUTION TITLE: Financial Advisor

BACKGROUND:

With the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, it is strongly advised to have a financial advisor. This act was passed in response to the 2008 financial crisis. The main piece of this act that applies to us in the consumer protection portion. In the past most government agencies used the banker performing the sale of the bond as the advisor. This can no longer occur and isn't fiscally prudent. The banker is working for the bank and receives a commission on the sale of the bond. A financial advisor works for the district. A financial advisor will compare the amounts we will be charged by all the players in the transactions with other transactions similar to ours to ensure we are getting the best price.

FISCAL IMPLICATIONS:

Not to exceed $20,000 annually for typical services needed. Not to exceed $55,000 for bond, COP and refinancing services.

RECOMMENDATION:

It is recommended that we approve this contract to ensure the District and community receives the best pricing for the upcoming bond sale and COP restructuring.

Administrator Initiating Item:	College Council/Full Admin Review Date:
Russi Egan RE	

KNN
public finance

AGREEMENT FOR FINANCIAL ADVISORY SERVICES

December 2, 2015

Recitals

We are advised that the Palo Verde Community College District (the "District") wishes to employ KNN Public Finance, a Division of Zions Public Finance, Inc. ("KNN") to provide consulting, as Municipal Advisor (the "Advisor") in connection with the District's financing needs.

The District wishes KNN to provide administrative and strategic support and quantitative analysis in regard to prospective financings including, but not limited to, general obligation bonds, certificates of participation, tax and revenue anticipation notes, other post employment benefit bonds, and refundings.

The District wishes KNN to provide financial consulting services in regard to any related to existing, new or prospective election issuances.

KNN proposes to provide the following financial planning services, bond program management services, and financial advisory services in connection with the issuance of securities to the District on an exclusive basis for the duration of this agreement.

KNN acknowledges that, under this Agreement, it has a fiduciary duty to the District and agrees to act in the District's best interest.

KNN agrees to perform the following financial advisor services, as requested:

1. Financial/Municipal Consulting

The District is retaining KNN to perform the consulting services as found in Exhibit A, and KNN agrees to perform such services pursuant to the terms and conditions of this agreement. If there are required services outside the scope of Exhibit A, KNN and the District will negotiate the terms for those services. KNN does not provide legal advice or interpretations and refers the district to its attorneys with respect to any legal matters or matters requiring legal interpretation.

2. District Obligations

The District agrees to cooperate with KNN, bond counsel, and other parties to the transactions, and to furnish the necessary information for the preparation and drafting of the legal documents and the official statement, and to assert its best efforts to verify the accuracy of the information contained in such documents. All information provide to KNN from the District will be accurate and complete.

3. Material Development

All material, originally prepared and delivered to the District will be the property of the District. This excludes any proprietary information, ideas, or other intellectual property.

4. Term of Agreement

The initial term of this agreement will be January 1, 2016 through January 1, 2019, unless the termination section of this agreement is invoked. This agreement may be renewed for an additional two year term upon mutual written agreement.

5. Compensation

The compensation of the Financial Advisor will be contingent upon the sale and delivery of municipal securities and will be payable from bond process or other monies from the sale of the securities. Invoice for payment will be provided by closing of each financing. The number and type of financings pursuant to this agreement is not determined. For financial consultant services for non-transaction assignments, KNN will receive $300 per hour. Such consultant fees would be pre-approved by District staff, in an amount not-to-exceed $20,000 annually, subject to Board approval, if required.

Fees for financial advisory services will be found in Exhibit B. All fees will be subject to negotiation and final determination at the time of the financing.

Expenses

The District will reimburse KNN for out of pocket expenses. Such expenses include travel and administration cots and shall not exceed $5,000 per financings.

Other Financing Expenses

Costs of issuance, including but not limited to the expense of any outside copying costs, courier or delivery charges, conference call charges, data information (fees for data information services such as TM3 , California Municipal Statistics, and Bloomberg will be billed at $550), and processing services, and the costs of obtaining statistical data from outside sources, shall be paid by the District. This also includes all costs and expenses for the actual issuance incurred by other consultants retained by the District.

6. Other Provisions

Insurance

KNN shall maintain in full force and effect, workers' compensation insurance, general liability and professional liability and errors and omissions insurance covering its employees at KNN expense.

Other Services

In addition to providing financial advisory services, KNN offers municipal bond dissemination agent services. These services are distinct from KNN financial advisory services and require a separate, independent contract to engage KNN in such work. A sample agreement will be found in Exhibit C.

Indemnification

Each party (the "Indemnifying Party") shall indemnify and hold harmless the other party, its officers, directors, employees, and affiliates (collectively, the "Indemnified Party") against any claims or actions arising out of any and all claims by third parties arising out of the performance or non-performance of the Indemnifying Party's obligations under this Contract, except to the extent attributable to the negligence or willful misconduct of the Indemnified Party; provided, however, that this indemnity shall not preclude the Indemnified Party's recovery of direct damages pursuant to the terms and subject to the limitations of this Contract.

7. Termination

Each party may terminate this agreement, with or without cause, at any time by giving the other party thirty (30) days written notice of termination. KNN may also resign from performing services upon written notice in the event that KNN has a conflict with professional regulations, standards or guidelines as required by Municipal Advisory rules and regulations.

In the event such termination of this agreement is less than 30 day prior a financing transaction that KNN has provided consulting services, KNN shall be entitled to compensation for any work associated with the financing.

8. Notice to Parties

Notices to be given to parties named in this agreement shall be made in writing and delivered by United States Post Office, registered:

To The District
Donald G. Wallace, Ph.D.
Superintendent/Presidents
Palo Verde Community College District
One College Drive
Blythe, CA 96150

To the Financial Advisor
Joanna Bowes
Managing Director
KNN Public Finance
1300 Clay Street, Ste. 1000
Oakland, CA 94612

Assignment: KNN shall not assign this Agreement without the prior written consent of the District; provided, however, that the parties agree that KNN may assign this Agreement at any time and without prior consent or notice, to any successor business organization of KNN Public Finance, a division of Zions Public Finance, Inc. ("ZPFI"), whereupon all duties, responsibilities, and liabilities hereunder shall be assumed and performed by KNN Public Finance, and ZPFI's duties, responsibilities, and liabilities hereunder shall thereupon cease. KNN will notify the District promptly following the occurrence of any such assignment.

The following signatures indicate acceptance of the responsibilities and services described in this contract:

ACCEPTED:

PALO VERDE COMMUNITY COLLEGE DISTRICT

By _____
Donald G. Wallace, Ph.D., Superintendent/Presidents

Date _____

KNN PUBLIC FINANCE
A Division of Zions Public Finance, Inc.

By Joanna Bowes
Joanna Bowes, Managing Director

Date 12/2/15

Exhibit A
Scope of Services

A. Bond Program Management.

1. *General Management.* Advise the District as to the decisions that need to be made and the actions that need to be taken, including the schedule of the issuance and structure of bonds, the expenditure of bond proceeds, the levy and collection of taxes, and the repayment of bonds issued.

2. *Timing of Issues.* Advise as to the timing for each series of bonds to be sold based upon the District's historical and projected bond program expenditures, market interest rate environment, work schedules of the interested parties, and other factors.

3. *Sizing of Issues.* Advise as to the sizing of each series of bonds to be sold based upon District bond program needs, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the bond program, and other matters.

4. *Structure of Issues.* Advise as to the repayment structure of each series of bonds to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.

5. *Ongoing Support.* Answer questions, attend meetings, and make presentations as appropriate to support the bond program.

6. *Monitor for Refundings.* Monitor interest rates and evaluate refunding opportunities for outstanding general obligation bonds. Provide periodic updates to the District on the feasibility of refunding outstanding bonds.

7. *Evaluate Financing Alternatives.* Evaluate non-general obligation bond financing alternatives whether developed by KNN Public Finance, inquired about by the District, or presented to the District by a third party. Recommend financing alternatives to be pursued based on such evaluations.

C. Issuance of Securities.

1. *Coordination and Communication.* Attend all meetings and present materials in connection with any bond financing issues as requested by the District.

2. *Assembling the Financing Team and Negotiating Fees.* Assist the District in assembling the financing team, to the extent the District desires such assistance. Present the District with an estimate of costs of issuance for the financing and comment on market levels for such fees. To the extent the District desires, negotiate fees and/or review contract on behalf of the District.

3. *Manage Financing Process.* Manage the financing process, including the efforts of bond counsel and other interested parties, on behalf of the District. In connection with each series of bonds sold, prepare a schedule of activities and monitor the schedule to ensure the financing is completed in a timely manner.

4. *Authorizing Documentation.* Provide bond counsel with all information necessary for their preparation of all appropriate authorizing documentation (including a resolution prepared for

District Board approval), and review and comment on such authorizing documentation prior to their approval.

5. *Financial Documentation.* Review the draft official statement prior to its approval by the governing board, prior to the posting of the preliminary official statement, and prior to the printing of the final official statement.

6. *Rating and Insurance Process.* Determine appropriate strategy for the rating and insurance process and perform all tasks necessary to implement such strategy. For an issue that requires a presentation to the rating agencies, prepare a presentation booklet and prepare the appropriate District representatives to make such presentation, and assist in presenting to insurance and rating agencies.

7. *Recommend a Method of Sale and Provide the Following Services:*

    a. Advise as to securities market conditions, the timing of the sale, and the method of sale;

    b. Should the District elect to offer its securities through competitive sale, KNN shall arrange for the distribution of the official notice of sale and bid form, along with the preliminary official statement, to prospective underwriters, respond to their questions regarding the financing, actively solicit their bids, coordinate the publication of notices of sale, coordinate the bid opening process, and calculate the true interest cost of each bid received to determine the best bidder;

    c. Should the District elect to offer its securities through negotiated sale, KNN shall assist the District in the selection of an underwriter, negotiate underwriting spread and interest rates on behalf of the District, and monitor and evaluate the underwriter's sale effort.

8. *Investment of Bond Proceeds.* Subsequent to the sale of securities, provide the District with information related to the investment of bond proceeds, including anticipated earnings, available investment alternatives, current investment rates, and recommended investment strategy.

9. *Closing Documentation.* Provide bond counsel with all appropriate information necessary for their preparation of appropriate closing documentation, and review and comment on such documentation prior to District approval.

10. *Ongoing Responsibilities.* Review with the District certain ongoing responsibilities of the District in connection with the financing, and assist in arranging for the provision of certain of ongoing services at the direct written request of the District.

B. Financial Planning.

1. *Bond Authorization Options.* Present bond authorization options based on a review of present and future capital needs, current outstanding debt, existing tax rates, and overall District objectives.

2. *Financial Plan.* Develop a long-term financial model, or bond program, to meet the District's construction time line, projected cash flow needs, and targeted tax rate threshold. This comprehensive financial plan generally includes a proposed bond issuance schedule and a tax impact analysis, and documents the assumptions that affect the schedule and tax rates. Adjust such financing plan on an ongoing basis to reflect new developments.

3. *Preparation for Election.* If the District decides to move forward with a new bond election, provide appropriate financial advisory services as they relate to the required election documents. Review proposed ballot language as prepared by the District, the District's bond counsel, or the District's political consultant, review the proposed ballot argument and the proposed rebuttal ballot argument, if any, as prepared by campaign committee or their political consultant, prepare the tax rate statement for District signature, and review the impartial analysis prepared by County Counsel.

4. *Communications.* Attend all meetings as required and provide staff support to the District and campaign committee as appropriate during the pre-planning process and the bond campaign.

Exhibit B
Compensation*

General Obligation Bonds Certificates of Participation Lease Revenue Bonds	Not to exceed $55,000 for each issuance
Municipal Lease Private Placement	Not to exceed $25,000 for each issuance
Tax and Revenue Anticipate Notes	Not to exceed $25,000 for each issuance

*See Section 5, Compensation