

AGENDA ITEM

July 21, 2020

Subject: Placement Agent - Refinancing of Certificates of Participation

Department: Administration

D.A. Davidson & Co. has assisted the City of Nevada in financing and refinancing of City projects for over 20 years. This engagement letter is for the Refinancing of Certificates of Participation, Series 2011 (Police & Fire building project). Due to the low market interest rates the City could save approximately \$100,000-200,000.

BILL NO. 2020-062

ORDINANCE NO.

A SPECIAL ORDINANCE OF THE CITY OF NEVADA, MISSOURI, AUTHORIZING THE EXECUTION OF AN ENGAGEMENT LETTER BETWEEN THE CITY OF NEVADA, MISSOURI AND D. A. DAVIDSON & CO. A PRIVATE PLACEMENT AGENT.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NEVADA, MISSOURI THAT:

Section 1. The engagement letter attached hereto as “Exhibit A” and incorporated herein by reference is approved.

Section 2. The City Manager is hereby authorized and directed to execute said agreement on behalf of the City of Nevada, Missouri.

Section 3. This ordinance shall be in full force and effect from and after its final passage.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Nevada, Missouri, this ____ day of _____ 2020.

George Knox, Mayor

(seal)
ATTEST

Johnna Williams, Deputy City Clerk

July 6, 2020

Mark Mitchell, City Manager
City of Nevada, Missouri - City Hall
110 South Ash Street
Nevada, Missouri 64772

VIA EMAIL: MMITCHELL@NEVADAMO.GOV

Re: Disclosures by D.A. Davidson & Co. as Private Placement Agent
Pursuant to MSRB Rules G17 & G23
Refinancing of Certificates of Participation, Series 2011

Non-binding
Cancelable at any time by either party
Non-exclusive

Dear Mr. Mitchell:

We are writing to provide you for City of Nevada, Missouri (“Issuer”), with certain disclosures relating to the captioned Refinancing of Certificates of Participation, Series 2011 (the “Financing”), as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 and Rule G-23, as set forth in MSRB Notice 2012-25 (May 7, 2012).

The Issuer is interfacing with D.A. Davidson & Co. (hereinafter referred to as “Davidson” or “Private Placement Agent”) as a Private Placement Agent or Underwriter and not as a financial advisor or municipal advisor, in connection with the issuance of the Financing.

Disclosures Concerning the Placement Agent’s Role:

- (i) Under the MSRB G-17 rule, Davidson’s advice under this engagement as to the structure, timing, terms and other matters concerning the issuance of the Financing is provided in its capacity as placement agent and not as financial advisor to the Issuer.
- (ii) Davidson will not be required to purchase the Financing or to underwrite or otherwise find one or more buyers of the Financing.
- (iii) MSRB Rule G-17 states that although Davidson has financial and other interests that differ from those of the Issuer, Davidson shall comply with the requirements to deal fairly with all persons and not engage in any deceptive, dishonest, or unfair practice.
- (iv) Under the MSRB Rule G-23, Davidson will be providing such advisory services in its capacity as a Private Placement and not as a financial advisor to the Issuer.
- (v) As a Private Placement Agent, Davidson’s primary role is to purchase, or arrange for the placement of the Securities in an arm’s length commercial transaction between the Issuer and Davidson.

Disclosures Concerning the Private Placement Agent's Compensation:

As a Private Placement Agent, Davidson will be compensated by a fee that will be set forth in a Financing Purchase Agreement to be negotiated and entered into in connection with the issuance of the Financing. Payment or receipt of a Private Placement Agent fee will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Financing. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent(s) may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Fees: If engaged, fees and expenses will be determined by mutual agreement between the Issuer and Davidson once the scope of the assignment is formalized.

Additional Conflicts Disclosure:

Davidson has not identified any additional potential or actual material conflicts that require disclosure.

Since Davidson has not recommended a "complex municipal securities financing" to the Issuer, additional disclosures regarding the financing structure for the Financing is not required under MSRB Rule G-17. However, and in accordance with the requirements of MSRB Rule G-17, if Davidson recommends a "complex municipal securities financing" to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at the time.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to acknowledge this disclosure letter on behalf of the Issuer and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please sign and return the enclosed copy of this letter to me either via email or to the address set forth above. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you and City of Nevada, Missouri in connection with the issuance of the Financing. Thank you.

Sincerely,

D. A. DAVIDSON & CO.

By: _____
Charlie Zitnik, Senior Vice President

Acknowledgement of receipt:

CITY OF NEVADA, MISSOURI

Date: _____

By: _____
Mark Mitchell, City Manager