

VILLAGE OF SALADO

RESOLUTION No. R-2014-106

FINANCIAL ADVISORY SERVICES

A RESOLUTION OF THE VILLAGE OF SALADO, TEXAS (“VILLAGE”) APPROVING AN AGREEMENT FOR PROFESSIONAL ADVISORY SERVICES BETWEEN THE VILLAGE AND SAMCO CAPITAL MARKETS, INC, AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT.

WHEREAS, the Board of Aldermen of the Village of Salado (“Board”) recognizes the benefit of issuing securities, including bonds, as a financing mechanism for improvements in the Village of Salado (“Village”); and

WHEREAS, Samco Capital Markets, Inc. (“Financial Advisor”), a Texas Domestic For-Profit Corporation, has advised the Village in the past and agrees to continue to advise the Village for securities related matters under the terms provided in *Exhibit A*; and

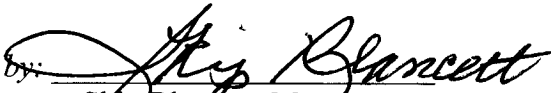
WHEREAS, the Board finds that an agreement between the Village and Financial Advisor is a legitimate public purpose and benefits the public interest.

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of Salado, Texas:


1. The foregoing recitals are incorporated into this Resolution by reference as findings of fact as if expressly set forth herein.
2. The Board hereby approves the financial advisory agreement between the Village and Financial Advisor.
3. The Board directs the Mayor to execute the agreement.
4. The Board directs the Village Secretary to file the executed agreement among the Village records.
5. The meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551.

PASSED & APPROVED this, the 13th day of November 2014, by a vote of 4 (ayes) to 0 (nays) to 0 (abstentions) of the Board of Aldermen of Salado, Texas.

VILLAGE OF SALADO:

by: 
Skip Blawett, Mayor

ATTEST:


Randy Stonerod, Village Secretary



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BOARD OF ALDERMAN

AGENDA ITEM MEMORANDUM

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Consent Agenda
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DEPT/DIVISION REVIEW: Kim Foutz, City Administrator

ITEM DESCRIPTION: 2014-106-R: Consideration and possible action on a Resolution approving an agreement for Professional Financial Advisory Services between the Village of Salado and SAMCO Capital Markets, Inc and authorizing the Mayor to execute the agreement

STAFF/COMMITTEE RECOMMENDATION: Staff recommends approval as submitted.

ITEM SUMMARY AND ANALYSIS: In preparation for the future wastewater treatment plant, the Village needs to acquire professional financial advisory services for the issuance and sale of bonds. Please see the attached resolution and agreement. Highlights of the agreement include:

- Perform and prepare all information required for: (1) an open market bond sale [Negotiated; Competitive; & Private Placement]; (2) funding through the Texas Water Development Board; or (3) any other funding source necessary to provide funding for the Issuer's project.
- Make a survey of the financial resources of the Issuer to determine the extent of its borrowing capacity.
- Prepare written recommendations on the financing in question (date of issue, interest payment dates, schedule of principal maturities, options of prior payment, etc)
- Advice re. current bond market conditions, forthcoming bond issues, etc that influence the interest rates or bidding conditions, for most favorable timing
- Coordinate the preparation and submission of the Official Notice of Sale, the Official Statement or Offering Statement, other market documents,
- Make recommendations on the matter of bond rating(s) and coordinate the preparation of information required for submission to the rating agency(ies).
- If public sale, disseminate information to prospective bidders, organize information meetings, and work with prospective bidders
- After closing, deliver definitive debt records, including a schedule of annual debt service requirements
- Direct and coordinate the entire program of financing

FISCAL IMPACT: All financial advisory fees for debt issuance will be negotiated for each individual project by a committee appointed by the Village, which shall include the Mayor and at least one alderman. If the project is approved by the Texas Water Development Board or other funding source, but does not close or fund the Village agrees to pay SAMCO for time spent on the project, at an hourly rate of \$250.00 per hour. The number of hours will be negotiated between the Board of Alderman and SAMCO (Chris Lane).

ATTACHMENTS:

Resolution for Financial Advisory Services
Exhibit "A"

Exhibit A
Professional Services Agreement

Exhibit "A"

FINANCIAL ADVISORY CONTRACT

November 13, 2014

TO: Mayor and Alderman
Village of Salado
Bell County, Texas

Ladies and Gentleman

1. We understand that you are contemplating the issuance of securities of the kinds, in the amounts and for the purposes indicated as follows:

Securities, including bonds and refunding bonds, to be issued in amounts to be determined and approved by the Council of the Issuer.

and that in connection with the issuance of these securities you desire this proposal from us to perform professional services in the capacity as Village of Financial Advisor for the Village of Salado, Texas (hereinafter called "Issuer").

2. By this proposal we offer our professional services and our facilities as Financial Advisor for the issuance and sale of the above-described securities, and in that capacity we agree to perform the following duties and to perform such other duties, as, in our judgment, may be necessary or advisable:

- a. We will perform and prepare all information required for: (1) an open market bond sale [Negotiated; Competitive; & Private Placement]; (2) funding through the Texas Water Development Board; or (3) any other funding source necessary to provide funding for the Issuer's project.
- b. We will make a survey of the financial resources of the Issuer to determine the extent of its borrowing capacity. This survey will include an analysis of the existing debt structure as compared to existing and projected sources of income which may be pledged to secure payment of debt service, and, where appropriate, will include a study of the trend of the assessed valuation of the Issuer, the Issuer's taxing power, and the present and estimated future taxing requirements. If the revenues of a system or facility are to be pledged to repayment of the securities in question, the survey will take into account any

outstanding obligations which are payable from the net revenues thereof, additional net revenues to arise from any proposed rate increase, and the additional net revenues as projected by your consulting engineers as a result of the improvements to be financed by the securities in question. We will also take into account your future financing needs and operations as projected by your staff and/or your consulting engineers and other experts.

- c. On the basis of the information developed by the survey described in the above and foregoing paragraph, and on the basis of other information and experience available to us, we will submit our written recommendations on the financing in question. Our plan will include recommendations as to the date of issue, interest payment dates, schedule of principal maturities, options of prior payment, and any other necessary additional security provisions designed to make the issue more attractive to investors. All recommendations will be based on our best professional judgment, with the goal of designing securities, which can be sold under terms most advantageous to the Issuer and at the lowest interest cost consistent with all other considerations.
- d. We will advise you of current bond market conditions, forthcoming bond issues, and other general information and economic data which might normally be expected to influence the interest rates or bidding conditions, so that the date for the sale of the securities can be set at a time which, in our opinion, will be favorable.
- e. If it is necessary to hold an election to authorize the securities, we will, under the direction of the bond attorneys, assist in coordinating the assembly and transmittal to the bond attorneys of such data as may be required for the preparation of the necessary petitions, orders, resolutions, notices and certificates in connection with the election.
- f. We will coordinate the preparation and submission of the Official Notice of Sale, the Official Statement or Offering Statement, and such other market documents, which you may require. We will also supervise preparation of the uniform bid form, containing provisions recognized by the municipal securities industry as being consistent with the securities offered for sale. We will submit to you all such offering documents, including the Official Statement, for your proper examination, approval and certification. After such examination, approval and certification, we will furnish you with a supply of such documents and shall mail a set of the same to a list of prospective bidders, a copy of which list shall be submitted to you upon request. We will also supply sufficient copies of the Official Statement or Offering Statement to the purchaser of the securities in accordance with the terms of the Notice of Sale.
- g. We will make recommendations to the Issuer on the matter of bond rating(s) for the proposed issue and when directed by you shall coordinate the preparation of such information as in our opinion is required for submission to the rating agency(ies). In those cases where the advisability of personal presentation of information to the bond rating agencies may be indicated, we will arrange

for such personal presentation.

- h. If the securities are to be sold at public sale, we will disseminate information to prospective bidders, we will organize such information meetings as in our judgment may be necessary, and we will work with prospective bidders to assist them in timely submitting proper bids. We will assist you at the bond sale for the purpose of coordinating the receipt of bids and the furnishing of good faith checks where indicated, and, for the purpose of tabulation and comparison of bids, and will advise you as to the best bid, and will provide our recommendation as to acceptance or rejection of such bid. As soon as a bid for the bonds shall be accepted by you, we will proceed to coordinate the efforts of all concerned to the end that the bonds may be delivered and paid for as expeditiously as possible. We shall assist you in the preparation of verification of final closing figures, and, when requested, we will provide suggestions on a program of temporary investment of bond proceeds, in consultation with the Issuer's architect or consulting engineer, consistent with the construction timetable for the project.

After closing we will deliver to you and your paying agent(s) definitive debt records, including a schedule of annual debt service requirements, on the obligations being delivered to the purchaser.

3. We agree to direct and coordinate the entire program of financing herein contemplated. In that connection we understand that you have retained or expect to retain Andrews Kurth LLP, a recognized municipal bond attorney, who will prepare the proceedings and advise the steps necessary to be taken to issue the securities and who will issue an opinion approving their legality. We will maintain liaison with this firm of bond attorneys and shall assist in all financial advisory aspects involved in the preparation of appropriate legal proceedings and documents.

Where the issuance and sale of the securities and construction of the project in question requires the approval of any state or governmental agency, we shall assist you in the preparation of all financial information required for inclusion in applications for such approval, and, when requested by you, shall appear on your behalf to provide appropriate testimony at public hearings before state and other governmental commissions and boards. We will also be available to participate with you in any preliminary conferences with the staffs of any state or governmental agencies involved, and we will, for qualified projects, coordinate the preparation of financial assistance applications required for state involvement.

4. In consideration for the services rendered by us in connection with the issuance and sale of the above-described securities, it is understood and agreed that our fee will be as follows:

ALL FINANCIAL ADVISORY FEES FOR DEBT ISSUANCE WILL BE NEGOTIATED FOR EACH INDIVIDUAL PROJECT BY A COMMITTEE APPOINTED BY THE VILLAGE – WHICH SHALL INCLUDE THE MAYOR AND AT LEAST ONE ALDERMAN.

If for any reason the project is approved by the TWDB or Other Funding Source, but does not close or fund the Village will agree to pay SAMCO for time spent on the project, at an hourly rate of \$250.00 per hour. The number of hours will be negotiated between the Board of Alderman and SAMCO (Chris Lane).

In consideration of the above fee we will assume and be responsible for the following expenses:

Travel and communication expenses of the Financial Advisor with the exception of travel expenses resulting from the presentation for bond rating and bond insurance and/or any other out of state travel on behalf of the issuer.

In addition to our fee, the Issuer will be responsible for the expenses set forth below. In some cases we may incur these expenses on your behalf, and you agree to reimburse us for such expenses to be paid for through funding from the TWDB or Competitive (or Negotiated) bond sale.

All expenses of issuance will be paid by the Issuer and paid for through funding from the TWDB or other open market bond issuance. These issuance expenses include, but are not limited to, the cost of printing and mailing the Official Notice of Sale and the Official Statement, the travel expenses of the financial advisor, if any, incurred in presentation(s) before regulatory authorities, the national rating agencies, and/or credit enhancement companies, the fees of the national rating services pertaining to their assignment of credit rating(s) to the Issuer, credit enhancement fees, bond printing expenses, bond attorneys, security attorneys or other attorney fees, the cost of legal advertisement and the Municipal Advisory Council of Texas listing fee.

Our fee and reimbursable expenses shall become due and payable with the approval of funding.

5. If we are requested to perform additional financial advisory services for the Issuer other than in connection with the issuance and sale of the securities or funding through grants, such additional services will be billed at the rate of \$250.00 per hour. These additional services will only be provided when approved, in advance, by the Council.

Such additional financial advisory services to be billed at the hourly rates described above include, but are not limited to, tax rate recommendations, compilation of financial information required by the Texas Commission on Environmental Quality, municipal bond rating companies or municipal bond insurance companies, review of audit reports and preparation of recommendations pertaining to financial condition of the Issuer, and time for meetings at which our presence is required by the Issuer. In addition, we will charge the Issuer for any out-of-pocket expenses incurred by us (such as travel, courier deliveries, photocopying and legal) in the performance of these services. We will invoice the Issuer on a monthly basis for these additional fees and expenses and, unless other arrangements are made, would expect that our statements be processed and paid within thirty days of receipt.

6. **Special Conditions.** In addition to the terms and obligations herein contained, this proposal and agreement is subject to the following special conditions:

This agreement may be terminated by us or the Issuer on thirty days written notice, and we would expect to be paid to the termination date; provided, however, that this agreement may not be terminated with regard to its application to any issue of bonds which we have been authorized to advertise for sale or application that has been submitted to the TWDB.

This agreement shall not be assignable without the prior written consent of the Issuer.

7. This proposal is submitted in duplicate originals. When accepted by the Issuer it will constitute the entire agreement between the Issuer and the undersigned for the purposes and considerations herein specified. Your acceptance will be indicated by proper signatures of your authorized officers or representatives on both copies and the return of one executed copy to us:

Respectfully Submitted,
SAMCO Capital Markets, Inc.

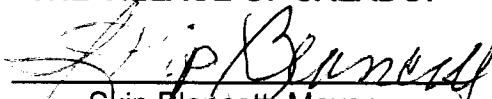
By: _____

Title: Managing Director

ACCEPTANCE

Accepted pursuant to a resolution adopted by the Board of Aldermen of the Village of Salado, Texas of this 13th day of November 2014.

THE VILLAGE OF SALADO:



Skip Blancett, Mayor

ATTEST:



Village Secretary