



Legislation Text

File #: 17-0710, **Version:** 1

DATE: August 2, 2017

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator/CFO

SUBJECT:

Consideration of Contract 2017-0089, an Engagement Agreement for Financial Services with PFM Financial (08/10/17 Finance 4-0)

Purpose

The purpose of this memo is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning an engagement letter with Public Financial Management (PFM) to provide financial advice on the \$23,120,000 Series 2017, General Obligation Public Improvement Bonds.

Background

PFM has been the City's financial advisory firm for the last eight years and has operated under a retainer agreement.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and its associated regulations has had a significant impact on the municipal market, and in particular, the ways in which financial advisors conduct day-to-day business with issuers. As part of the new Municipal Advisor (MA) regulatory regime, effective June 23, 2016, financial advisors are required to provide certain provisions in writing and also make specific notifications to clients.

With this in mind, an engagement letter that encompasses the necessary disclosures of the regulatory G-42 rule has been drafted. Previously, PFM delivered to the City in July 2016 the necessary G-42 Letter and Conflicts of Interest disclosures.

As has been the procedure since mid 2016, an engagement letter is required for each bond transaction unless the existing contract is modified. A form of the engagement letter was included in the bond resolution for this issuance (2017-24).

Financial Impact

Fees for financial services are included in the costs of issuance and paid from proceeds of the issue. The fee for this transaction, which closed June 27, 2017, is \$41,875.

Recommendation

Staff recommends approval of the contract.