



Legislation Text

File #: 19-0757, **Version:** 1

DATE: July 24, 2019

TO: Board of Mayor and Aldermen

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

SUBJECT:

COF Contract 2019-0248; Approval of a Professional Services Agreement with PFM Swap Advisors LLC ("PFMSA") in the amount of \$22,500 to serve as Qualified Independent Representative in conjunction with termination of an interest rate swap with FMS Wertmanagement.

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning the agreement for professional services related to termination of an interest rate swap agreement associated with a 2007 Bond issued by the Public Building Authority.

Background

The Board of Mayor and Aldermen will consider Resolution 201-87 at their 9/24/2019 voting meeting, which will allow for refinancing of the \$20 million of variable rate bonds issued in 2007 by the Public Building Authority for purposes of financing the Police Station. Also in 2007, the Public Building Authority entered into an interest rate swap agreement maturing in 2037 on behalf of the City. It is the intention of the Board to terminate the 2007 interest rate swap agreement which will allow for the 2007 Bonds to be refinanced as fixed rate debt of the City of Franklin. The State of Tennessee Comptroller's Office requires the engagement of a swap advisor to ensure that all securities rules are followed for the termination of an interest rate swap agreement prior to maturity.

Financial Impact

The maximum amount the City will pay for services is a fixed fee of \$22,500, which will be funded as a cost of issuance related to the City of Franklin General Obligation Refunding Bonds to be issued in late November 2019.

Recommendation

Approval of this agreement was provided by the City Administrator through authority granted by the Board of Mayor and Aldermen.