



City of Ketchum

June 27, 2022

Mayor Bradshaw and City Councilors
City of Ketchum
Ketchum, Idaho

Mayor Bradshaw and City Councilors:

Recommendation to approve Purchase Order 22108 with Zions Public Finance for Professional Services Related to Wastewater Revenue Bond Election

Recommendation and Summary

An RFP was issued Financial Advisor services related to the potential issuance of revenue bonds to fund the new Wastewater Facility Plan. Staff is recommending to contract with Zions Public Finance (Michael Keith).

"I move to approve Purchase Order #22108 with Zions Public Finance for Financial Advisor Services"

The reasons for the recommendation are as follows:

- Time is of the essence to complete due diligence activities to meet the September 9th deadline of placing this matter on the November 8th ballot.
- Zions has provided similar services to the city (Fire Station bond).
- Zions has staff capacity to immediately begin the development of cash flow models and debt issuance scenarios for Council review and public input (July 18th).

Sustainability Impact

The treatment plant discharges into the Big Wood River. One of the major focuses of the capital improvements is to meet current and future water quality standards. The city already utilized a water reuse approach to service irrigation needs. The plan also reviewed any opportunities to reduce the consumption of electricity.

Financial Requirement/Impact

Page six of the agreement outlines the proposed compensation. This would be funded initially from the Wastewater Fund (professional services account). The bulk of the compensation would occur only if the Council and the voters approve the issuance of revenue bonds.

Attachments

Purchase Order #22108
Agreement

**Agreement
for
Municipal Advisory Services**

THIS AGREEMENT, being entered into as of the ____ day of June, 2022 by and between CITY OF KETCHUM, BLAINE COUNTY, IDAHO, hereinafter the "City" and ZIONS PUBLIC FINANCE, Inc., a wholly-owned subsidiary of ZIONS BANCORPORATION, N.A., hereinafter "Zions".

WITNESSETH

WHEREAS, the City desires to receive professional advice from an independent Municipal Advisor; and

WHEREAS, Zions desires to provide such advice and service to the City; and

WHEREAS, Zions is an independent Municipal Advisory firm, fully registered as such with both the Securities Exchange Commission and with the Municipal Securities Rulemaking Board; and

WHEREAS, the City desires assistance from Zions relating to the issuance of revenue bonds and may include assistance with additional financings of the City, including, but not limited to general obligation bonds, revenue bonds, and annual appropriation leases issued by the City

NOW, THEREFORE, the City and Zions agree as follows:

1. Zions Public Finance acknowledges that, under this Agreement, it has a fiduciary duty to the City and agrees to act in the City's best interests. Zions agrees to provide the following services to the City as requested:

(a) Render expert financial advice and assistance on fiscal matters pertaining to debt policies and procedures, the level and trend of fund balances, debt ratios, funding options, and the issuance and sale of the City's securities, including notes, bonds, leases, and other forms of securities or financings.

(b) Provide written advice and recommendations concerning financing structures including length of amortization, ratings and insurance, maturity schedules, interest rates, call provisions, premiums and discounts, security provisions, coverage covenants, and other terms of existing or proposed debt which Zions believes will be most satisfactory to the City's goals and objectives.

(c) Assist in the selection of other financing team members including, but not limited to, bond counsel, disclosure counsel, underwriter(s), trustees, paying agents, bond registrars, escrow agents, escrow verification agents, rating agencies, bond insurers, arbitrage rebate consultants, etc. Zions will quarterback the financing team with the task of keeping team members on schedule and within budget.

(d) Work cooperatively with the City's other financing professionals to the end that securities may be legally and successfully sold and issued. All other financing professionals will be paid by the City.

(e) Advise and assist in selecting the most advantageous method of sale.

(f) If a negotiated sale is deemed most advantageous to the City, Zions will assist in soliciting and analyzing underwriter proposals, and selecting the underwriter(s). Zions will also provide advice regarding the underwriter's compensation and the appropriateness of the yields, coupons, and other terms proposed by the underwriter(s).

(g) If a competitive sale is selected, Zions will coordinate with the provider of the electronic platform and provide all information necessary to offer the securities using this method. Zions will verify the calculation of the winning bidder and restructure the maturities to provide the City with its desired payment structure.

(h) Attend meetings as requested by the City to discuss and formulate plans about proposed financings. This may include public hearings and formal meetings of the City's governing body.

(i) Assist the City in its preparation of financing documents, data, etc. as may be required by any state or federal agency, rating agencies, bond insurers and underwriters.

(j) Assist with the preparation and review of an Official Statement, or other offering documents for each security issue, setting forth financial and other information about the City and the securities being offered for sale.

(k) Participate in a "Due Diligence" meeting of the City prior to the finalization and distribution of any Official Statement in an effort to ensure full and complete disclosure of all information which could be considered "material" to any purchaser of bonds. City understands that as a condition of marketing the bonds, it will be necessary to authorize and direct its appropriate officers to execute a certificate for insertion in the Official Statement and closing documents, confirming the truth and accuracy of all information contained in the Official Statement.

(l) Deliver the Official Statement or other offering document, together with the Notice of Sale, to underwriters or potential purchasers of the City's securities.

(m) Submit information concerning the proposed financing(s) to selected rating agencies in an effort to obtain favorable ratings on the City's financings.

If requested, Zions will organize, assist in the preparation of, and participate in the City's presentations made to rating agencies, bond insurers, or investors in New York City, San Francisco, or other locations. The actual fees and related expenses of any such presentation are to be paid by the City.

(n) Coordinate the closing of the debt issue, including the transfer of funds and the delivery of the securities to the underwriter(s) or purchaser(s).

(o) Assist with post-closing compliance issues such as private use and tax-exemption issues, audits by regulators or federal agencies, arbitrage compliance, etc.

(p) Monitor market conditions to identify refunding opportunities for interest savings. Analyze purported savings in refunding proposals made by other market participants.

(q) Advise concerning bond elections, including tax impact calculations, voter information pamphlets, election strategy, and information for media packets, etc.

Optional Services

(r) Draft the Preliminary Official Statement and the Final Official Statement.

(s) Provide assistance to the City in coordinating the reinvestment of bond proceeds.

(t) Assist in gathering, preparing and submitting information to the MSRB's EMMA repository all information necessary to comply with the City's continuing disclosure obligations. Zions will also monitor and help provide compliance with all material event notices that must be filed to comply with SEC regulation 15c2-12.

2. Zions hereby confirms that it is registered as a municipal advisor with the Securities Exchange Commission and Municipal Securities Rulemaking Board (the "MSRB"). Under MSRB Rule G-23, Zions will not serve as underwriter for any bonds to be issued in a financing for which we are acting as the City's Municipal Advisor.

Zions will not provide municipal advisory services to the City under this Agreement with respect to any commercial banking transaction between the City and Zions, including but not limited to bank loans and leases, lines of credit, liquidity facilities, letters of credit, credit cards or other forms of credit enhancement or direct purchases of the City's bonds or leases.

3. The City agrees that in consideration for the foregoing services to be performed by Zions, the City will do the following:

(a) The City will cooperate with Zions and will provide all information which is reasonably required to enable Zions to fulfill its duties to the City.

(b) The City will pass such ordinances and resolutions and perform such reasonable acts as may be necessary to assure compliance with all applicable laws, ordinances and constitutional provisions pertaining to the issuance of its securities and other related services.

(c) The City will furnish Zions with certified copies of all minutes from meetings and proceedings taken, affidavits of publications, etc., in connection with any of the securities issued by the City.

(d) The City will pay Zions for services herein outlined and other services incidental hereto in accordance with **Exhibit A** of this Agreement.

4. It is understood that the execution of this Agreement secures the services of Zions as the City's Municipal Advisor. Either party may cancel and terminate this Agreement, for any reason, with sixty (60) days' notice to the other party.

5. The information used in developing forecast assumptions will be derived from published information and other sources that Zions considers appropriate. However, Zions does not assume responsibility for the accuracy of such material. Forecasts are subject to many uncertainties; therefore, Zions does not represent that any projections of growth will be representative of the results that actually will occur.

6. Zions agrees to indemnify, save harmless and defend the City from all claims, damages, demands, actions, costs and charges, including attorney's fees, arising out of or by reason of Zions' negligent performance hereunder as such negligence may be determined by law.

7. Zions' services consist solely in providing expert and experienced assistance to municipalities as a municipal advisor and consultant. Zions does not render any legal, accounting or actuarial advice.

8. This Agreement constitutes the entire Agreement between the parties.

9. This Agreement shall be interpreted under the laws of and enforced in the courts of the State of Idaho.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

CITY OF KETCHUM
BLAINE COUNTY, IDAHO

ATTEST:

By _____
Neil Bradshaw, Mayor

Robin Crotty, City Clerk

ZIONS PUBLIC FINANCE, Inc.
A wholly-owned subsidiary of
Zions Bancorporation, N.A.

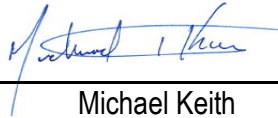
By _____

Michael Keith
Vice President

Exhibit A

FEE Schedule

For Services outlined in Section 1(a) through 1(q) of the Agreement

For General Obligation Bonds, the City will pay Zions a fee equal to \$2.50 per \$1,000 of proceeds delivered.

For Revenue Bonds, the City will pay Zions a fee equal to \$3.50 per \$1,000 of proceeds delivered.

For Annual Appropriation Lease Structures, the City will pay Zions a fee equal to \$5.00 per \$1,000 of proceeds delivered.

It is understood that in no case will Zions charge less than \$17,500 for municipal advisory services provided in conjunction with the issuance of bonds or notes. It is understood that our fee will not be payable unless and until bonds are approved, issue, and sold, and the proceeds are available for your disposition.

Expenses incurred for out-of-state travel, printing (for delivery to outside parties such as rating agencies), and related expenses will be invoiced to the City at cost, and only with prior approval of the City.

Fee Schedule for Optional Services

For POS and OS Services outlined in Section 1(r) of the Agreement

If the City desires that Zions draft the preliminary official statement and final official statement for general obligation bonds, the City will pay Zions an additional fee of \$5,000 for each issue.

For Reinvestment Services outlined in Section 1(s) of the Agreement

If the City desires that Zions assist in coordinating and carrying out the reinvestment of bond proceeds, the City will pay Zions a fee of \$5,000 for each issue, unless carried out concurrently with municipal advisory services surrounding the issuance of bonds. In such cases the fee will be waived.

For Continuing Disclosure Services outlined in Section 1(t) of the Agreement

Filing Fees ¹ :	Fee for Annual Financial Information Filing
Base Fee for General Obligation Bonds Issued	<u>\$2,500.00</u>
Additional Bonds Issued:	
General Obligation Bonds (includes all general obligation bonds issued).....	\$ 0.00
Appropriation Lease Revenue Annual Bonds (includes all lease revenue bonds issued).....	500.00
Enterprise Revenue Bonds (includes all enterprise revenue bonds issued).....	1,500.00
Tax Increment Bonds (includes all tax increment bonds issued).....	1,500.00
Sales Tax Revenue Bonds (includes all excise revenue bonds issued).....	1,500.00
Excise Tax Revenue Bonds (includes all excise revenue bonds issued).....	1,500.00
Other (includes all other bonds issued).....	500.00
Material Event Notice Filing Fees:	
Fee for Late Filing (submitted after March 29).....	750.00
Fee for Material Event Filing.....	500.00
Amended Filing Fee:	
Fee for Amended Filing (submitted after March 29).....	500.00

Annually, operating and financial information and audited financial statements will be submitted to the Electronic Municipal Market Access ("EMMA") by March 29. If the information is not filed within the specified timeframe, a Material Event Notice will be filed indicating the "late filing."

¹ Zions reserves the right to increase the annual information filing fee (singularly or collectively for all types of bond issues) by not more than 2% per year for cost inflation factors. Zions will notify the issuer of these increases at each billing period.

When applicable, Zions Public Finance, Inc. would charge a filing fee for services rendered in the event of a Material Event Notice. A “Material Event” in which disclosure is required may consist of the following:

- (a) The Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner but not more than ten (10) Business Days after the event:
 - (i) Principal and interest payment delinquencies;
 - (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (iv) Substitution of credit or liquidity providers, or their failure to perform;
 - (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds;
 - (vi) Defeasances;
 - (vii) Tender offers;
 - (viii) Bankruptcy, insolvency, receivership or similar proceedings; or
 - (ix) Rating changes; or
 - (x) Default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.
- (b) The Issuer shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:
 - (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
 - (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
 - (iii) Non-payment related defaults;
 - (iv) Modifications to the rights of the owners of the Bonds;
 - (v) Bond calls; or
 - (vi) Release, substitution or sale of property securing repayment of the Bonds; or
 - (vii) Incurrence of a Financial Obligation of the District or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

Exhibit B

Zions Public Finance, Inc.

Disclosure Statement of Municipal Advisor

The Municipal Securities Rulemaking Board (MSRB) adopted Rule G-42 on December 23, 2015. It became effective on June 23, 2016. Section (b) of Rule G-42 requires all Municipal Advisors to disclose to their clients, in writing, any actual or potential material conflicts of interest, including with respect to certain specifically identified categories in Rule G-42, if applicable. Zions Public Finance, Inc. (hereinafter “Zions”) makes the disclosures set forth below with respect to material actual or potential conflicts of interest in connection with our Agreement for Municipal Advisory Services (the “Agreement”) dated [REDACTED] with the CITY OF KETCHUM, together with an explanation of how Zions addresses, or intends to manage or mitigate each conflict.

Conflicts of Interest

With respect to each actual or potential conflict disclosed below, Zions mitigates such conflicts through adherence to our fiduciary duty to the City, which includes a duty of loyalty in performing all municipal advisory activities for the City. This duty of loyalty obligates Zions to deal honestly and with the utmost good faith with the City and to act in the City’s best interests without regard to Zions’ financial or other interests. Because Zions is part of a much larger banking organization, our profitability is not dependent on maximizing short-term revenues generated from our municipal advisory activities, but instead is dependent on long-term profitability built on a foundation of integrity, quality service, and strict adherence to our fiduciary duty.

In connection with the issuance of municipal securities, Zions may receive compensation from the City for services rendered which may be contingent upon the successful closing of a transaction, and/or where our compensation may be based in whole or in part on the size of the transaction. In other situations, our compensation may be based upon an hourly rate or rates. In still other situations, our compensation may be based upon an annual retainer or a fixed fee for a given project.

Consistent with Rule G-42, Zions hereby discloses that each of these methods of compensation may present a potential conflict of interest regarding our ability to provide unbiased advice to enter into such transaction.

For example, fees that are (i) dependent upon the size of and successful closing of a transaction could create an incentive for Zions to recommend unnecessary, oversized, or disadvantageous financings in order to increase our compensation; (ii) based upon an hourly rate could create an incentive for Zions to recommend alternatives that result in greater hours worked; and (iii) based upon an annual retainer or fixed fee could incentivize Zions to recommend less time-consuming alternatives or fail to do a more thorough analysis of alternatives.

In each case, Zions represents that the potential conflict of interest relating to compensation will not impair our ability to render unbiased and competent advice or to fulfill our fiduciary duty as described above to the City.

Also, Zions has numerous municipal advisory relationships with various governmental entities that may from time to time have interests that could have a direct or indirect impact on the City's interests. For example, Zions' other municipal advisory clients may from time to time, and depending on specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Zions could potentially face a conflict of interest arising from these competing client interests.

In addition to serving as municipal advisor to the City, Zions may, from time to time, serve as a municipal advisor to a conduit borrower. In such event, the City and the conduit borrower may have conflicting interests with regard to fees, terms of the issuance, and other matters. In addition to the general mitigations described above, Zions will mitigate any such potential conflict through full written disclosure to both the conduit borrower and the City in a timely manner.

As a part of ZIONS BANCORPORATION, N.A., a nationally-chartered banking organization, Zions has many affiliated businesses that have provided, or desire to provide, services to governmental entities, including the City.

These affiliates include:

- Zions Bank Corporate Trust, a division of ZIONS BANCORPORATION, N.A. and an entity related to Zions ("Corporate Trust"), offers corporate trustee and custodial services to municipal issuers and obligated persons. If a client engages in these services, it is done directly with Corporate Trust under a separate engagement.
- Zions Capital Advisor Institutional Liquidity Management ("ZCA"), an affiliate and SEC registered investment advisor provides discretionary money management to institutional clients for a fee. If the client engages ZCA for these services, they will be dealing directly with ZCA under their own agreement and disclosures.

- Zions Bank Capital Markets, an affiliated bank dealer, provides underwriting and dealer services to institutional clients including municipal issuers. Additionally, the dealer may take positions or underwrite securities for other municipal issuers.
- Zions Bank, a division of ZIONS BANCORPORATION, N.A, provides traditional banking services to municipal clients through their branch locations and treasury departments. Any products or services offered are subject to the terms and conditions of the bank agreement for the engagement.

Corporate Trust is the only affiliate that may be expected to provide services that are directly related to the Municipal Advisory activities to be provided by Zions within the scope of services under the Agreement. Corporate Trust acts as a Paying Agent, Registrar, Trustee, and Escrow Agent to municipal clients on municipal financings. Corporate Trust's desire to do business with the City could create an incentive for Zions to recommend a course of action that increases the level of the City's business activity with this affiliate. In addition to the general mitigations described above, in the event that Zions makes a recommendation to the City that could influence the level of business with Corporate Trust, Zions will consider alternatives to such recommendations which will be disclosed to the City along with the potential impact such recommendations and alternatives would have on the City and the affiliate.

As further described below, Zions Bank, an affiliate of Zions, may from time to time make bank loans to, or purchase leases or securities from, the City, which such loans and purchases are expressly excluded from the scope of the Agreement.

After reviewing our list of existing client relationships and upcoming transactions, we cannot identify any existing material conflicts of interest that would prevent us from serving the City's best interests. If Zions becomes aware of any additional potential or actual conflicts of interest after this initial disclosure, Zions will proactively disclose the detailed information, in writing, to the City in a timely manner.

Legal or Disciplinary Events

Zions does not have any legal events or disciplinary history on Zions' Form MA and/or Form MA-I. These forms include information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation when they occur. Each of Zions' most recent Form MA and Form MA-I filed with the SEC may be accessed electronically on the following website:

www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Zions, Zions will provide complete disclosure to you in detail, allowing you to evaluate Zions, its management and personnel.

Contract Exemption for Direct Purchases

In our proposed Municipal Advisory Agreement, there is a provision that specifically excludes from the Agreement any commercial banking transactions with, and leases or securities purchased from, the City.

When the City determines that it would like one of Zions' affiliates to directly engage in a commercial banking transaction, or purchase a lease or municipal security from the City, and provided that Zions has not previously provided any advice to the City regarding such transaction, Zions will deliver to the City an additional disclosure document indicating that (a) Zions and its personnel: (i) will not be serving as the City's municipal advisor; (ii) will not owe a fiduciary duty to the City pursuant to Section 15B of the Securities Exchange Act of 1934 regarding that transaction; and (iii) will have interests conflicting with the City's; (b) all Zions (or affiliate) personnel the City deals with in such a transaction will be acting and serving as part of the affiliate's team and not on behalf of the City; (c) Zions may bill the City for standard fees in connection with such transaction, but will not bill the City for any municipal advisory fees since it won't be performing a municipal advisory function for the City with respect thereto; and (d) the City may wish to discuss information or material provided in connection with such transaction with an internal or external expert.

If Zions has previously provided any advice to you regarding the loan, lease, or security in question, our affiliates will not be allowed to purchase the transaction.

MSRB Rule G-42 specifically exempts these transactions that are less than \$1 million in par value from the prohibition on advice. Therefore, if the transaction is less than \$1 million, Zions is allowed to provide advice on the transaction, even if it is purchased by one of our affiliates.



CITY OF KETCHUM
PO BOX 2315 * 191 5TH ST. * KETCHUM, ID 83340
Administration 208-726-3841 (fax) 208-726-8234

PURCHASE ORDER
BUDGETED ITEM? ____ Yes ____ No

PURCHASE ORDER - NUMBER: 22108

To: 4547 ZIONS BANK PUBLIC FINANCE ONE SOUTH MAIN STREET, 18TH FLOOR SALT LAKE CITY UT 84133-1109	Ship to: CITY OF KETCHUM PO BOX 2315 KETCHUM ID 83340
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P. O. Date	Created By	Requested By	Department	Req Number	Terms
06/24/2022	kchoma	kchoma		0	

Quantity	Description	Unit Price	Total
1.00	FINANCIAL ADVISOR FOR WW REVEN 65-4350-4200	TBD	TBD
	SHIPPING & HANDLING		0.00
	TOTAL PO AMOUNT		TBD

Authorized Signature