



Request for Council Action

TO: Mayor and City Council
THROUGH: Tim Murray, City Administrator
FROM: Jeanne Day, Finance Director
MEETING DATE: March 9, 2021
SUBJECT: Resolution 2021-052 Authorization to Execute Municipal Advisor Agreement with Northland Securities for the GO State Aid Bonds Series 2021A

Background:

At the March 2, 2021, City Council Work Session, there was a discussion on the issuance of GO State Aid Bonds. It was consensus of the Council to proceed with the sale of the bonds

Council is authorizing Resolution 2021-051 for the Issuance and Sale of GO State Aid Bonds Series 2021A. Northland Securities is the City's Municipal advisor and is requesting the execution of the attached agreement to provide advice with the structure, terms, timing and other matters related to the issuance.

The City will also utilize Kennedy & Graven as Bond Counsel and US Bank NA as the Paying Agent for the issue.

Recommendation:

Approve Resolution 2021-052 Authorizing the Execution of the Municipal Advisor Agreement with Northland Securities for the GO State Aid Bonds Series 2021A.

Attachments:

- Resolution 2021-052
- Municipal Advisory Service Agreement with Northland Securities

CITY OF FARIBAULT

RESOLUTION #2021-052

**AUTHORIZATION TO EXECUTE MUNICIPAL ADVISOR AGREEMENT WITH
NORTHLAND SECURITIES FOR THE GO STATE AID BONDS SERIES 2021A**

WHEREAS, the City of Faribault will proceed with the issuance and sale of the GO State Aid Bonds Series 2021A; and

WHEREAS, the City of Faribault chooses to proceed with Northland Securities, Inc. as the Municipal Advisor for the issuance and sale of the bonds.

NOW, THEREFORE BE IT RESOLVED, that the Faribault City Council hereby authorizes Northland Securities, Inc. to oversee the sale.

ALSO, BE IT RESOLVED, that the Mayor and City Administrator are authorized to execute the Municipal Advisory Service Agreement for this service.

Date Adopted: March 9, 2021

Faribault City Council

Kevin F. Voracek, Mayor

ATTEST:

Timothy C. Murray, City Administrator

**MUNICIPAL ADVISORY SERVICE AGREEMENT
BY AND BETWEEN
THE CITY OF FARIBAULT, MINNESOTA
AND
NORTHLAND SECURITIES, INC.**

This Agreement made and entered into by and between the City of Faribault, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

WITNESSETH

WHEREAS, the City desires to have NSI provide it with advice on the structure, terms, timing and other matters related to the issuance of the General Obligation State Aid Bonds, Series 2021A (the "Debt") serving in the role of municipal (financial) advisor, and

WHEREAS, NSI is a registered municipal advisor with both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") (registration # 866-00082-00), and

WHEREAS, NSI will act as municipal advisor in accordance with the duties and responsibilities of Rule G-42 of the MSRB, and

WHEREAS, the MSRB provides a municipal advisory client brochure on its website (www.msrb.org) that describes the protections that may be provided by the MSRB rules, including professional competency, fair dealing, duty of loyalty, remedies for disputes and how to file a complaint with an appropriate regulatory authority, and

WHEREAS, the City and NSI are entering into this Agreement to define the municipal advisory relationship at the earliest opportunity related to the inception of the municipal advisory relationship for the Debt, and

WHEREAS, NSI desires to furnish services to the City as hereinafter described,

NOW, THEREFORE, it is agreed by and between the parties as follows:

SERVICES TO BE PROVIDED BY NSI

NSI shall provide the City with services necessary to analyze, structure, offer for sale and close the Debt. The services will be tailored to meet the needs of this engagement and may include:

Planning and Development

1. Assist City officials to define the scope and the objectives for the Debt.
2. Investigate and consider reasonably feasible financing alternatives.
3. Assist the City in understanding the material risks, potential benefits, structure and other characteristics of the recommended plan for the Debt, including issue structure, estimated debt service payments, projected revenues, method of issuance, bond rating, sale timing, and call provisions.

4. Prepare a schedule of events related to the issuance process.
5. Coordinate with bond counsel any actions needed to authorize the issuance of the Debt.
6. Attend meetings of the City Council and other project and bond issue related meetings as needed and as requested.

Bond Sale

1. Assist the City with the preparation, review and approval of the preliminary official statement (POS).
2. Assist the City and bond counsel with preparing and publishing the Official Notice of Sale if required by law.
3. Prepare and submit application for bond rating(s) and assist the City with furnishing the rating agency(s) with any additional information required to conduct the rating review. Assist the City with preparing and conducting the rating call or other presentation.
4. Assist the City in receiving the bids, compute the accuracy of the bids received, and recommend to the City the most favorable bid for award.
5. Coordinate with bond counsel the preparation of required contracts and resolutions.

Post-Sale Support

1. Assist the City with the preparation of final official statement, distribution to the underwriter and posting on EMMA.
2. Coordinate the bond issue closing, including making all arrangements for bond printing, registration, and delivery.
3. Furnish to the City a complete transcript of the transaction, if not provided by bond counsel.

There are no specific limitations on the scope of this agreement.

COMPENSATION

For providing these services with respect to the Debt, NSI shall be paid a lump sum of \$16,500. The fee due to NSI shall be payable by the City upon the closing of the Bonds.

NSI agrees to pay the following expenses from its fee:

- Out-of-pocket expenses such as travel, long distance phone, and copy costs.
- Production and distribution of material to rating agencies and/or bond insurance companies.
- Preparation of the bond transcript.

The City agrees to pay for all other expenses related to the processing of the bond issue(s) including, but not limited to, the following:

- Engineering and/or architectural fees.
- Publication of legal notices.
- Bond counsel and local attorney fees.
- Fees for various debt certificates.
- The cost of printing Official Statements, if any.
- City staff expenses.
- Airfare and lodging expenses of one NSI official and City officials when and if traveling for rating agency presentations.
- Rating agency fees, if any.
- Bond insurance fees, if any.
- Accounting and other related fees.

It is expressly understood that there is no obligation on the part of the City under the terms of this Agreement to issue the Debt. If the Debt is not issued, NSI agrees to pay its own expenses and receive no fee for any municipal advisory services it has rendered pursuant to this Agreement.

CONFLICTS OF INTEREST

NSI is not aware of any material conflicts of interest that could reasonably be anticipated to impair NSI's ability to provide advice to or on behalf of the City in accordance with the standards of conduct for municipal advisors.

The compensation for services provided in this Agreement is customary in the municipal securities market, but may pose a conflict of interest. Since the fee is payable at closing and only if the Debt is issued, NSI may have an incentive to encourage issuance. Compensation linked to the size of the transaction may provide incentive to increase the amount of the Debt. Compensation considerations will not impair NSI's ability to provide unbiased and competent advice or to fulfill its fiduciary duty to the City. In executing this Agreement, the City acknowledges and accepts the potential conflicts of interest posed by the compensation to NSI.

Northland Capital Holdings is the parent company of NSI. Another subsidiary of Northland Capital Holdings is Northland Trust, Inc. Northland Trust provides paying agent services to issuers of municipal bonds. The City is solely responsible for the decision on the source of paying agent services. Any engagement of Northland Trust is outside the scope of this Agreement. No compensation paid to Northland Trust is shared with NSI.

NSI does not provide executive search, organizational development, compensation systems or other management consulting services that may directly or indirectly affect City staff that recommend the engagement of municipal advisor services and may pose a conflict of interest.

LEGAL AND DISCIPLINARY ACTIONS

There are no legal or disciplinary events reported by the Securities and Exchange Commission contained in Form MA or Form MA-I. The City can find information about these forms and accessing information related to NSI at www.sec.gov/municipal/oms-edgar-links.

SUCCESSORS OR ASSIGNS

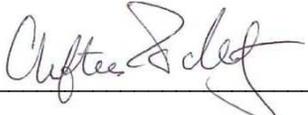
The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

TERM OF THIS AGREEMENT

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI and it shall terminate sixty (60) days following the closing date related to the issuance of the Debt.

Dated this 18th day of February, 2021.

Northland Securities, Inc.

By: 
Clifton Schultz, Managing Director

City of Faribault, Minnesota

By: _____

Its: _____

City of Faribault, Minnesota

By: _____

Its: _____