

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT  
Board of Trustees Meeting  
March 8, 2021

**APPROVAL OF AGREEMENT: FINANCIAL ADVISOR SERVICES**

**8**

**Status:**            **Action**

Presented by: Ron Perez  
Vice President, Administrative Services

**Issue**

The District is requesting authorization to enter into an agreement with KNN for financial advisor services.

**Background**

A Request for Proposal for Financial Advisor services and the District received two responses. Interviews were held with the two firms on January 19, 2021. KNN was determined by a panel of four District representatives to be the best fit in terms of capabilities and cost as well as having excellent feedback from reference checks. The Financial Advisory Services agreement with KNN is attached. The fees paid to KNN would be paid from the proceeds of general obligation bond sales, with no fees to be paid from the General Fund.

**Recommended Action**

It is recommended that the Board of Trustees authorize the District to enter into an agreement with KNN for financial advisor services for an initial term of 3-years with two one-year options.



## AGREEMENT FOR MUNICIPAL ADVISORY SERVICES

**March 8, 2021**

This agreement (“Agreement”) for municipal advisory services, dated as of March 8, 2021, is by and between College of the Sequoias (the “District”) and KNN Public Finance, LLC, a California limited liability company (“KNN”).

### Recitals

WHEREAS, the District will require municipal advisory services in connection with the District’s General Obligation Bond authorizations and for other financing needs.

WHEREAS, the District wishes KNN to provide administrative and strategic support and quantitative analysis in regard to prospective financings including, but not limited to, general obligation bonds, refunding bonds, certificates of participation, tax and revenue anticipation notes and continuing disclosure services.

WHEREAS, the District wishes KNN to provide financial consulting services in regard to any existing, new or prospective election issuances.

WHEREAS, KNN represents that it is registered as a Municipal Advisor with the Municipal Securities Rulemaking Board (“MSRB”) and Securities and Exchange Commission (“SEC”) and is competent to provide municipal advisory services to the District. KNN acknowledges that, under this Agreement, it has a fiduciary duty to the District and agrees to act in the District’s best interest.

WHEREAS, KNN represents that it is an Independent Registered Municipal Advisor (“IRMA”). If acting in the capacity of an IRMA with regard to the IRMA exemption of the SEC Rule, KNN will review all third-party recommendations submitted to KNN in writing by the District.

WHEREAS, KNN proposes to provide the following financial planning services, bond program management services, and other financial advisory services to the District on an exclusive basis for the duration of this Agreement.

## Agreement

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

### **1. Financial Consulting**

The District is retaining KNN to perform the consulting services as found in Exhibit A, and KNN agrees to perform such services pursuant to the terms and conditions of this Agreement. If there are required services outside the scope found in Exhibit A, KNN and the District will negotiate the terms for those services. KNN does not provide legal advice or interpretations and refers the District to its attorneys with respect to any legal matters or matters requiring legal interpretation.

For pre-election planning services, the District and KNN will determine a flat fee amount prior to commencement of work. Invoices will be paid solely from the District's general fund.

### **2. District Obligations**

The District agrees to cooperate with KNN, bond counsel, and other parties involved within a bond transaction and/or other financial related matters, and to furnish the necessary information for the preparation and drafting of legal documents and an official statement that may be required, and to assert its best efforts to verify the accuracy of the information contained in such documents. All information provided to KNN by the District will be accurate and complete.

### **3. Material Development**

All material originally prepared and delivered to the District will be the property of the District. This excludes any proprietary information, ideas, or other intellectual property.

### **4. Term of Agreement**

This contract shall be valid and binding from date of execution through March 7, 2024. The Parties may mutually agree in writing to extend the Term for up to two (2) additional years, with the first term extending from March 8, 2024 to March 7, 2025 and the second term from March 8, 2025 to March 7, 2026. In compliance with Education Code section 17596, this Agreement may not exceed five (5) years.

The District or KNN may terminate this contract at any time by giving 30 days written notice of termination. All written notices shall be given to the Vice President of Administrative Services and/or President of the District or Principal of KNN. District agrees to compensate KNN for any services provided and expenses incurred up through termination date.

### **5. Compensation**

#### **Issuance of Securities**

The compensation to KNN will be contingent upon the ultimate sale and delivery of municipal securities and will be payable from bond proceeds or other monies from the sale of the securities.

Invoice for payment will be provided at closing of each financing. The number and type of financings pursuant to this agreement is not determined. Fees for financial advisory services can be found in Exhibit B.

### **Expenses**

The District will reimburse KNN for its reasonable out of pocket expenses, which shall not exceed \$3,000 per each financing. Such expenses include, but are not limited to, travel and administration costs, the expense of any outside copying costs, courier or delivery charges, conference call charges, data information (fees for data information services such as TM3 and Bloomberg will be billed at \$550 per transaction), processing services and the costs of obtaining statistical data from outside sources. Furthermore, the District will pay all costs and expenses incurred by other consultants retained by the District.

### **Non-Transaction Consulting**

Compensation to KNN for non-transaction related municipal advisory services will be billed hourly and paid by the District in accordance with Exhibit B. The District and KNN will determine a specific not-to-exceed amount prior to commencement of work. District shall reimburse KNN for out-of-pocket expenses including, but not limited to, travel and administration costs, the expense of any outside copying costs, courier or delivery charges, conference call charges, and the costs of obtaining statistical data from outside sources.

## **6. Other Provisions**

### **Insurance**

KNN shall maintain in full force and effect, workers' compensation insurance, general liability and professional liability insurance covering its employees at KNN's expense.

### **Indemnification**

Each party (the "Indemnifying Party") shall indemnify and hold harmless the other party, its officers, directors, employees, and affiliates (collectively, the "Indemnified Party") against any claims or actions arising out of any and all claims by third parties arising out of the performance or non-performance of the Indemnifying Party's obligations under this Contract, except to the extent attributable to the negligence or willful misconduct of the Indemnified Party; provided, however, that this indemnity shall not preclude the Indemnified Party's recovery of direct damages pursuant to the terms and subject to the limitations of this Contract. This provision shall survive termination of the Agreement.

### **Additional Disclosures**

Please see Exhibit C for disclosures pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties on Non-Solicitor Municipal Advisors, Municipal Advisors MSRB disclosure and pursuant to MSRB Rule G-10, on Investor and Municipal Advisory Client Education and Protection.

**7. Termination**

Each party may terminate this agreement, with or without cause, at any time by giving the other party thirty (30) days written notice of termination.

KNN may also resign from performing services upon written notice in the event that KNN has a conflict with professional regulations, standards or guidelines as required by Municipal Advisory rules and regulations.

To the extent termination of this contract is invoked subsequent to services rendered and/or expenses incurred, KNN will submit a final fee invoice based on costs incurred up to termination date. Such invoice shall be submitted to the District within thirty (30) days of the written notice of termination and shall identify any/all services provided under this agreement, who provided such service and the corresponding hourly rate for such person. District will review the invoice and pay any undisputed amounts due within thirty (30) days after receipt of said itemized invoice.

**8. Notice to Parties**

Notices to be given to parties named in this agreement shall be made in writing and delivered by United States Post Office, registered:

To the District

Ron Perez  
Vice President, Administrative Services  
College of the Sequoias  
915 S Mooney Blvd  
Visalia, CA 93277

To the Municipal Advisor

Blake Boehm  
Principal/Managing Director  
KNN Public Finance  
2054 University Avenue, Ste. 300  
Berkeley, CA 94704

The following signatures indicate acceptance of the responsibilities and services described in this contract:

ACCEPTED:  
COLLEGE OF THE SEQUOIAS

By \_\_\_\_\_  
Ron Perez, Vice President of Administrative Services

Date \_\_\_\_\_

KNN PUBLIC FINANCE, LLC  
a California limited liability company

By BB  
Blake Boehm, Principal/Managing Director

Date 3/08/2021

## **EXHIBIT A**

### **Scope of Municipal Advisory Services**

If acting in the capacity of an Independent Registered Municipal Advisor ("IRMA") with regard to the IRMA exemption of the SEC Rule, KNN Public Finance, LLC will review all third-party recommendations submitted to KNN Public Finance, LLC in writing by the College of the Sequoias.

#### **A. Program Management.**

1. *General Management.* Advise the District as it relates to all financing matters including decisions that need to be made and the actions that need to be taken related to the issuance of securities, structuring of bonds, the expenditure of bond proceeds, the levy and collection of taxes, and the repayment of bonds issued.
2. *Timing of Issues.* Advise as to the timing for each series of bonds to be sold based upon the District's historical and projected bond program expenditures, market interest rate environment, work schedules of the interested parties, and other factors.
3. *Sizing of Issues.* Advise as to the sizing of each series of bonds to be sold based upon District bond program needs, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the bond program, and other matters.
4. *Structure of Issues.* Advise as to the repayment structure of each series of bonds to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.
5. *Ongoing Support.* Answer questions, attend meetings, and make presentations as appropriate to support the bond program.
6. *Monitor for Refundings.* Monitor interest rates and evaluate refunding opportunities for outstanding securities. Provide periodic updates to the District on the feasibility of refunding outstanding bonds.
7. *Evaluate Financing Alternatives.* Evaluate financing alternatives whether developed by KNN Public Finance, inquired about by the District, or presented to the District by a third party. Recommend financing alternatives to be pursued based on such evaluations.

#### **B. Issuance of Securities.**

1. *Coordination and Communication.* Attend all meetings and present materials in connection with any bond financing issues as requested by the District.
2. *Manage Financing Process.* Manage the financing process, on behalf of the District. In connection with each series of bonds sold, prepare a schedule of activities and monitor the schedule to ensure the financing is completed in a timely manner.

3. *Authorizing Documentation.* Provide bond counsel with all information necessary for their preparation of all appropriate authorizing documentation (including a resolution prepared for District Board approval), and review and comment on such authorizing documentation prior to their approval.
4. *Financial Documentation.* Review the draft official statement prior to its approval by the governing board, prior to the posting of the preliminary official statement, and prior to the printing of the final official statement.
5. *Rating and Insurance Process.* Determine appropriate strategy for the rating and insurance process and perform all tasks necessary to implement such strategy. For an issue that requires a presentation to the rating agencies, work in conjunction with the District's underwriter and bond counsel to prepare a presentation booklet and prepare the appropriate District representatives to make such presentation and assist in presenting to insurance and rating agencies.
6. *Closing Documentation.* Provide bond counsel with all appropriate information necessary for their preparation of appropriate closing documentation, and review and comment on such documentation prior to District approval.
7. *Ongoing Responsibilities.* Review with the District certain ongoing responsibilities of the District in connection with the financing and assist in arranging for the provision of certain of ongoing services at the direct written request of the District.

**C. Pre-Election Planning Services.**

1. *Development of overall financing plan.* Advise District and other team members when developing a financing plan balancing the needs of the District's capital program and sources of revenue available. KNN will develop a number of financing options for the District to evaluate and work with the District to find a financing solution that meets the unique needs of its community.
2. *Evaluate funding sources.* Evaluate sources of funding to determine what is available to fund capital facility projects.
3. *Communication with key stakeholders.* Assist with the facilitation of planning meetings and communication to key stakeholders such as the District administration, Board of Trustees, political consultant and/or pollster, bond oversight committee, County, and voters/taxpayers regarding funding related information.
4. *Developing policies & standards.* Assist District with drafting Board policies for debt issuance to ensure financing structures are in line with the goals of the Board and community.

**D. Continuing Disclosure Services.**

1. Will serve as the Dissemination Agent for the District, prepare and file the Annual Reports beginning with the filing in March 2023, with the Municipal Securities Rulemaking Board ("MSRB") through the MSRB's Electronic Municipal Market Access system ("EMMA"), pursuant to the District's Continuing Disclosure Certificate for each General Obligation Bond or other financing obligations issued on or after July 3, 1995.
2. Should the District conclude that a "significant event" has occurred under the terms of an applicable Continuing Disclosure Certificate, file a report of that event with EMMA on behalf of the District.
3. Certify to the District that the annual report was submitted as required to EMMA, and provide the District with a copy of the annual report itself.

**E. Annual Debt Transparency Reporting.**

1. Annual Debt Transparency Report ("ADTR") filings will be submitted to the California Debt and Investment Advisory Commission ("CDIAC") for all debt obligations issued on or after January 21, 2017 pursuant to Senate Bill No. 1029.
2. Prepare and submit ADTR within 7 months of the close of the most recent reporting period ending June 30th.
3. Prepare all sections of the ADTR including the sections relating to (i) the debt authorized during the reporting period, (ii) the principal outstanding during the reporting period, and (iii) the use of proceeds during the reporting period.
4. Identify the amount of debt authorized during the reporting period, debt authorized at the beginning of the reporting period, debt issued during the reporting period, and debt authorized but unused during the reporting period.
5. Identify the amount of principal issued during the reporting period, the amount of principal outstanding at the beginning of the reporting period, principal redeemed (via refunding) during the reporting period, principal paid (scheduled) during the reporting period, and principal outstanding at the end of the reporting period.
6. Identify the amount of proceeds received during the reporting period, the amount of proceeds as of the beginning of the reporting period, the expenditure of proceeds (by fund) during the reporting period, the amount of proceeds remaining at the end of the reporting period.



**Exhibit B  
Compensation\***

**Municipal Advisor Transactional Fees**

General Obligation Bonds	\$65,000 per series*
Certificates of Participation	
Lease Revenue Bonds	
Municipal Lease	\$45,000 per series
Private Placement	
Tax and Revenue	\$15,000 per series
Anticipation Notes	

\*To the extent more than one series of bonds are sold simultaneously, KNN will charge a reduced fee for each additional series.

**Pre-Election Planning Services**

Should the District require pre-election planning services, the District and KNN will determine a flat fee amount prior to commencement of work. Invoices will be paid solely from the District's general fund.

**Municipal Advisor Fees (Hourly) for Non-Transactional Assignments**

Managing Director	\$300
Vice President	\$275
Assistant Vice President	\$250
Analyst	\$200

**Annual Continuing Disclosure Filing Fee Schedule<sup>[1]</sup>**

Annual Flat Fee	\$5,000 (plus expenses not to exceed \$500 per year)
Event Notice Fee	\$125 per series per Event Notice filing, to a cap of \$500 for a single filing for multiple series.

[1] Prepare and file the Annual Continuing Disclosure Reports beginning with the filing in March 2023.

**Annual Debt Transparency Report ("ADTR") Preparation & Filing**

Annual Debt Transparency Report(s)

\$500 per ADTR filing with CDIAC,  
to a cap of \$3,000 per year.

\*See Section 5, Compensation

## **EXHIBIT C**

### **Disclosures Pursuant to MSRB Rules G-42 and G-10**

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary events of KNN Public Finance, LLC (“KNN Public Finance”) and its associated persons.

#### **Conflicts of Interest**

Other Municipal Advisor Relationships. KNN serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another KNN client. For example, KNN serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it will to your entity, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, KNN could potentially face a conflict of interest arising from these competing client interests. KNN fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

Compensation. KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

#### **Legal or Disciplinary Events**

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN Public Finance municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission (“SEC”) order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance’s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:  
[www.sec.gov/edgar/searchedgar/companysearch.html](http://www.sec.gov/edgar/searchedgar/companysearch.html).

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA’s CRD system and is publicly accessible through BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck information, the Municipal Advisor’s CRD number is 4457537.

There has been no change to any legal or disciplinary event that has been disclosed on KNN Public Finance’s original SEC registration Form MA filed on February 8, 2016 or Form MA-I’s filed on January 22, 2016.

**Additional Disclosures - MSRB Rule G-10**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- a) KNN Public Finance, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- b) Within the Municipal Securities Rulemaking Board (“MSRB”) website at [www.msrb.org](http://www.msrb.org), College of the Sequoias may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.