

City Use – Approval Form

Document Type: Professional Services Agreement

Contract/Agreement No.: 24-0015

CIP/Project No.: N/A

Vendor: PFM Financial Advisors, LLC

CIP Project Title: _____

Description: An agreement to provide services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance

Department: Finance

Amount: Establish Pricing

Completion Date: N/A

Council: Consent Agenda

Anticipated Meeting Date: 4/2/2024

Additional Notes and Comments:
RFP 24-0015

Internal Approvals

DocuSigned by:
Matthew J. Newman 3/28/2024
38E550025C2C0426...

Sam Stanforth

Director of Finance or Facilities

Attorney DocuSign

Execution Approval

Accounting Information

Bid Award Recommendation This is the lowest bidders and meets specifications Number of Bids Received 3.00

Grant / Federal Funding Insurance Required

Other _____

Vendor Address: 50 South 6th Street, Suite 2250 Minneapolis, MN 55402

Awarded	GL/CIP/Project String	Awarded	GL/CIP/Project String

NOTES:

Funding Transfer Requested

Funding Transfer Completed



March 26, 2024

Shawn Pritchett
Finance Director
City of Sioux Falls, South Dakota
224 W. 9th Street
Sioux Falls, SD 57117

pfm

50 South 6th Street
Suite 2250
Minneapolis, MN 55402
612-338-3535

pfm.com

Dear Mr. Pritchett:

The purpose of this letter (this “Engagement Letter”) is to confirm our agreement that PFM Financial Advisors LLC (“PFM”) will act as financial advisor to the City of Sioux Falls (the “City”). PFM will provide, upon request of the City, services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance, as applicable and set forth in Exhibit A to this Engagement Letter. Most tasks requested by the City will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task.

PFM is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If City has designated PFM as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”), then services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any agreed upon limitations. Verification of independence (as is required under the IRMA exemption) shall be the responsibility of such third party seeking to rely on such IRMA exemption. PFM shall have the right to review and approve in advance any representation of PFM’s role as IRMA to the City.

MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFM’s Disclosure Statement delivered to The City prior to or together with this Engagement Letter.

PFM’s services will commence as soon as practicable after the execution of this Engagement Letter by the City and a request by the City for such service. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Services provided by PFM which are not included in the scope of services set forth in Exhibit A of this Engagement Letter shall be completed as agreed in writing in advance between the City and the PFM. Upon the request of the City, an affiliate of PFM or a third party referred or otherwise introduced by PFM and/or designated by



the City may agree to additional services to be provided under a separate writing, including separate scope and compensation, between the City and such affiliate or third party.

For the services described in Exhibit A, PFM's professional fees will be paid as provided in Exhibit B. All fees shall be due to PFM within thirty (30) days of the date of invoice. In addition to fees for services, PFM will be reimbursed for necessary, reasonable out-of-pocket expenses incurred, including, but not limited to, travel, meals, lodging, telephone, mail, and other ordinary or extraordinary costs such as for graphics, printing, document production (including as required by a subpoena or other legal document or order), data processing and computer time which are incurred by PFM. Upon request of the City, documentation of such expenses will be provided.

This Engagement Letter shall be effective from April 1, 2024 until March 31, 2029 unless terminated in writing by either party upon thirty (30) days written notice to the other party prior to the expiration of the term. Upon any such termination, PFM will be paid for all services performed and costs and expenses incurred up to the termination date. This Engagement Letter may be extended for an additional five (5) year period by written agreement of the parties ("Renewal Term" and together with the Initial Term, the "Term").

PFM shall be subject to the provisions of Chapter 98 of the Code of Ordinances of Sioux Falls, SD. It is declared to be discrimination for PFM because of race, color, sex, creed, religion, ancestry, national origin, or disability, to fail or refuse to hire, to discharge an employee, or to accord adverse, unlawful, or unequal treatment to any person or employee with respect to application, hiring, training, apprenticeship, tenure, promotion, upgrading, compensation, layoff, discharge, or any term or condition of employment.

If PFM is guilty of discrimination, this agreement may be terminated in whole or in part by City. Should the Sioux Falls Human Relations Commission in a proceeding brought as provided by the Code of Ordinances of Sioux Falls, SD, find that PFM has engaged in discrimination in connection with this Engagement Letter and issue a cease-and-desist order with respect thereto, City shall withhold up to 15 percent of the contract price until such time as the Commission's order has been complied with or PFM has been adjudicated not guilty of such discrimination.

PFM will permit reasonable access to applicable records pertaining to hiring and employment and to other pertinent data and records for the purpose of enabling the Commission, its agencies or representatives, to ascertain compliance with the above provisions. This section shall be binding on all subcontractors or suppliers.

PFM shall not assign or transfer any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of the City; provided that PFM retains the right to enter into a sale, merger, internal reorganization, or similar transaction involving PFM's business without any such consent.

All information, data, reports, and records in the possession of the City or any third party necessary for carrying out any services to be performed under this Engagement Letter ("Data") shall be furnished to PFM. PFM may rely on the Data in connection with its provision of the services



under this Engagement Letter and the provider thereof shall remain solely responsible for the adequacy, accuracy and completeness of such Data.

All notices and other communication required under this Engagement Letter will be in writing and may be sent by certified mail, return receipt requested, by nationally recognized courier, with written verification of receipt, or by electronic mail. Notices shall be addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of the City. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to the City copies of any and all deliverables pertaining to this Engagement Letter.

The following employees of PFM will provide the services set forth in this Engagement Letter: Matthew Schnackenberg, Jessica Mitchell, Miles Silbert, Anne Wuollet, Jenna McNamara. PFM may, from time to time, supplement or otherwise amend team members. The City has the right to request, for any reason, PFM to replace any member of the advisory staff. Should the City make such a request, PFM will promptly suggest a substitute for approval by the City.

PFM will maintain insurance coverage with policy limits not less than as stated in Exhibit C. PFM agrees to defend, indemnify, and hold harmless the Client from all claims or liabilities including, but not limited to, attorneys' fees arising out of the services furnished under this Agreement, and for bodily injury or property damage arising out of services furnished under this Agreement, providing that such claims or liabilities are the result of a negligent or intentionally wrongful act, error, or omission of PFM and/or its employees/agents arising out of the services described in the Agreement.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint venturers of the City by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter. Nothing in this Engagement Letter is intended or shall be construed to give any person, other than the parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy or claim under or in respect of this Engagement Letter or any provisions contained herein. In no event will PFM be liable for any act or omission of any third party or for any circumstances beyond PFM's reasonable control including, but not limited to, fire, flood, or other natural disaster, war, riot, strike, act of terrorism, act of civil or military authority, software and/or equipment failure, computer virus, or failure or interruption of electrical, telecommunications or other utility services.

This Engagement Letter shall be construed, enforced, and administered according to the laws of the State South Dakota. PFM and the City agree that, should a disagreement arise as to the terms or enforcement of any provision of this Engagement Letter, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.



This Engagement Letter represents the entire agreement between the City and PFM and may not be amended or modified except in writing signed by both parties. For the sake of clarity, any separate agreement between the City and an affiliate of PFM or a third party referred or introduced by PFM and/or designated by the City shall not in any way be deemed an amendment or modification of this Engagement Letter. The invalidity in whole or in part of any provision of this Engagement Letter shall not void or affect the validity of any other provision.

Please have an authorized official of the City sign a copy of this Engagement Letter and return it to us to acknowledge the terms of this engagement. This Engagement Letter may be signed in any number or counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

CITY OF SIOUX FALLS

PFM FINANCIAL ADVISORS LLC

By: _____

Name: Paul TenHaken
Title: Mayor

By:

Name: Matt Schnackenberg
Title: Managing Director

Attest:

City Clerk

Name: Clerk DocuSign



EXHIBIT A
SCOPE OF SERVICES

1. Services related to the Financial Planning and Policy Development upon request of the City:
 - Assist the City in the formulation of Financial and Debt Policies and Administrative Procedures.
 - Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the City with savings.
 - Analyze future debt capacity to determine the City's ability to raise future debt capital.
 - Assist the City in the development of the City's Capital Improvement Program by identifying sources of capital funding.
 - Assist the City with the development of the City's financial planning efforts and process by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects and grants, and provide analysis of each alternative as required as to the budgetary and financial impact.
 - Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
 - Develop, manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the City.
 - Conduct strategic modeling and planning and related consulting.



- Attend meetings with the City's staff, consultants and other professionals and the City.
- Undertake financial planning and policy development assignments made by the City regarding financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
- Assist the City in preparing financial presentations for public hearings and/ or referendums.
- Provide special financial services as requested by the City.
- Any services referenced in the Proposal Request No. 24-0015 dated January 12, 2024

2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds); provided that if the transaction is competitive, the services of the financial advisor will be modified to reflect that process. Upon the request of the City:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with City's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the City by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the City.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the City the overall presentation to rating agencies.
- Review underwriter's proposals and submit a written analysis of same to the City.



- Assist the City in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond indentures, resolutions or other governing documents regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond governing documents.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the City's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the City and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with City's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
- As applicable, advise the City on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the City in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.
- Any services referenced in the Proposal Request No. 24-0015 dated January 12, 2024.



EXHIBIT B
COMPENSATION FOR SERVICES

1. Fixed Rate Transaction Fees (Competitive and Negotiated)

The compensation schedule for competitive and negotiated sales of long-term financings will be billed at closing as follows:

Bond Size (\$000)

<u>Bond Size (\$000)</u>	<u>Base Fee</u>	<u>Issuance Fee per \$1,000</u>
1 – 50,000	\$30,000	\$0.50
> 50,000	\$55,000	\$0.30 >\$50,000,000

For multiple issues backed by the same credit sold at the same time, the largest issue will be charged at 100% while the remaining issues be charged at 65% of the appropriate fee. For multiple issues backed by the same credit sold within 12 months of the last issuance, PFM proposes a rate to be charged at 85% of the appropriate fee. The fee for preparation of the Official Statement is \$5,000.

2. Data Fee Surcharge

For bond transactions, a data fee of \$0.05 per \$1,000 par amount of bond, with a maximum data fee of \$5,000. For bank loans and Private Placement bond transactions, a data fee of \$0.025 per \$1,000 par amount of bond with a maximum data fee of \$2,500.

3. Hourly Project Fees (Non-Transaction Related)

PFM will not charge for general advice between financings. In the event the City requests that PFM perform significant special projects (capital planning, creation of new financing programs like the installment sale concept, etc.), fees will be negotiated in advance of the project generally based upon the following hourly rates for the indicated levels of experience or their equivalents will apply. Additionally, in the event a financing is started, but cancelled at the City's request, accrued time will be billed as follows:

<u>Experience Level</u>	<u>Hourly Rate</u>
Managing Director	\$375
Director	\$325
Senior Managing Consultant	\$300
Senior Analyst	\$250



Analyst	\$225
Administrative	\$125

4. Reimbursable Expenses

PFM requests to be reimbursed for direct, out-of-pocket expenses related to travel or other expenses incurred by PFM on behalf of the City at its request.



EXHIBIT C

PFM shall secure the insurance specified below. All insurance secured by PFM under the provisions of this section shall be issued by insurance companies acceptable to the City. The insurance specified in this section may be in a policy or policies of insurance, primary or excess. Certificates of all required insurance shall be provided to the City upon execution of this Agreement.

1. Workers' compensation insurance providing the statutory limits required by South Dakota law. In addition, it shall provide Coverage B, Employer's Liability Coverage, of not less than \$1,000,000 each accident, \$1,000,000 disease-policy limits. The required limit may be met by excess liability (umbrella) coverage.
2. Commercial general liability insurance providing occurrence form contractual, personal injury, bodily injury, and a property damage liability coverage with limits of at least \$1,000,000 per occurrence, \$2,000,000 general aggregate, and \$2,000,000 aggregate products and completed operations. The required limit may include excess liability (umbrella) coverage. The policy shall by separate endorsement name the City and its representative as additional insureds. If "occurrence form" insurance is not available, "claims made" insurance will be acceptable. The policy shall be maintained for three years after completion of this Agreement.
3. Automobile liability insurance covering all owned, nonowned, and hired automobiles, ~~trucks,~~ ~~and trailers.~~ The coverage shall be as broad as that found in the standard comprehensive automobile liability policy with limits of not less than \$1,000,000 combined single limit each occurrence. The required limit may include excess liability (umbrella) coverage.
4. Professional liability insurance providing occurrence basis coverage for any claim arising from the errors, omissions, failure to render a service, or the negligent rendering of the service by PFM in the amount of \$1,000,000 each occurrence and \$1,000,000 annual aggregate. If occurrence form insurance is not available, claims made coverage shall be maintained for two years after final completion of the services. The City does not represent that the above coverages and limits are adequate to protect PFM and assumes no responsibility therefor.
5. Loss or breach of data liability coverage/cyber liability insurance covering privacy liability claims resulting from theft, loss, or unauthorized display/use of confidential information, such as confidential third-party corporate and/or personally identifiable information in its care, custody, or control (electronically, on paper, or on a laptop). Such insurance must include coverage for a PFM employee causing the loss or breach. Coverage shall also be provided for liability arising from any confidential information that will be transferred or any transactions that will occur over the Internet (including breach of confidentiality or credit injury to any City customer or vendor arising out of these Internet activities). The aggregate limit shall be \$1,000,000. If coverage is written on a claims-made basis, PFM warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Agreement; and that continuous coverage will be maintained or an extended discovery period will be



purchased for a period of one (1) year beginning when the services under the contract are completed. The City shall be named as an additional insured.

All insurance, except for Professional (E&O)/Cyber Liability, provided by PFM shall name the City and its duly authorized representatives as an additional insured. PFM will deliver to the City, at least 15 days prior to expiration of each policy, satisfactory evidence of renewal to the extent any policy expires and requires renewal during the term of this Agreement. Evidence of renewal may be provided less than 15 days prior to the expiration of each policy with prior written consent by the City but shall never be later than one business day prior to the expiration of the policy. Upon request, PFM will provide to the City a complete copy of all insurance policies required under the Agreement. This section shall survive the termination of this Agreement.

PFM will provide the City with at least 30 days' written notice of an insurer's intent to cancel or not renew any of the insurance coverage. PFM agrees to hold the City harmless from any liability, including additional premium due, because of PFM's failure to maintain the coverage limits required.

The City's approval or acceptance of certificates of insurance does not constitute the City's assumption of responsibility for the validity of any insurance policies, nor does the City represent that the above coverages are adequate to protect any individual/group/business, its consultants' or subcontractors' interests, and assumes no liability therefor.

Certificate Of Completion

Envelope Id: 16178AA6C8E44A609C7E026A19B993A8
Subject: 24-0015 Financial Advisory Services
Source Envelope:
Document Pages: 12
Certificate Pages: 2
AutoNav: Enabled
Enveloped Stamping: Enabled
Time Zone: (UTC-06:00) Central Time (US & Canada)

Status: Sent
Envelope Originator:
Matt Newman
224 W. 9th Street
SIOUX FALLS, SD 57104
Matthew.Newman@SiouxFalls.Gov
IP Address: 206.176.35.1

Record Tracking

Status: Original
3/28/2024 5:11:10 PM
Holder: Matt Newman
Matthew.Newman@SiouxFalls.Gov
Location: DocuSign
Security Appliance Status: Connected
Storage Appliance Status: Connected
Pool: StateLocal
Pool: City of Sioux Falls
Location: DocuSign

Signer Events

Matthew J. Newman
matthew.newman@siouxfalls.gov
Business Analyst
City of Sioux Falls
Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:
Matthew J. Newman
38E550025C2D426...
Signature Adoption: Pre-selected Style
Using IP Address: 206.176.35.1

Timestamp

Sent: 3/28/2024 5:24:46 PM
Viewed: 3/28/2024 5:24:57 PM
Signed: 3/28/2024 5:31:09 PM

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Attorney DocuSign Sent: 3/28/2024 5:31:11 PM

Signing Group: Attorney DocuSign
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Sam Stanforth Sent: 3/28/2024 5:31:12 PM

Sam.Stanforth@siouxfalls.gov
City of Sioux Falls
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Director of Finance or Facilities
Signing Group: Director of Finance or Facilities
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Matt Newman
matthew.newman@siouxfalls.gov
Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Signer Events	Signature	Timestamp
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Mayor Printed Name

Signing Group: Mayor Printed Name

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Clerk DocuSign

Signing Group: Clerk DocuSign

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

In Person Signer Events	Signature	Timestamp
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Editor Delivery Events	Status	Timestamp
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Agent Delivery Events	Status	Timestamp
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Intermediary Delivery Events	Status	Timestamp
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Certified Delivery Events	Status	Timestamp
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Carbon Copy Events	Status	Timestamp
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Grant Funding

conditional68942428@placeholder.dsxt.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Insurance

conditional13794857@placeholder.dsxt.com

Security Level: Email, Account Authentication
(None)

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Witness Events	Signature	Timestamp
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Notary Events	Signature	Timestamp
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Envelope Summary Events	Status	Timestamps
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Envelope Sent

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3/28/2024 5:24:46 PM

Envelope Updated

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3/28/2024 5:31:09 PM

Payment Events	Status	Timestamps
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