

**BOARD OF TRUSTEES  
AGENDA**

<input type="checkbox"/> Workshop	<input type="checkbox"/> Regular	<input checked="" type="checkbox"/> Special
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(A)  Report Only  Recognition

**Presenter(s):**

**Briefly describe the subject of the report or recognition presentation.**

(B)  Action Item

**Presenter(s): GILBERTO GONZALEZ, SUPERINTENDENT  
ISMAEL MIJARES, DEPUTY SUPERINTENDENT FOR BUSINESS & FINANCE**

**Briefly describe the action required.**

**CONSIDER AND TAKE APPROPRIATE ACTION ON THE REQUEST TO APPROVE THE ENGAGEMENT OF PFM FINANCIAL ADVISORS.**

(C) **Funding source: Identify the source of funds if any are required.**

(D) **Clarification: Explain any question or issues that might be raised regarding this item.**

SEE ATTACHED INFORMATION.

**PFM FINANCIAL ADVISORS LLC**  
**AGREEMENT FOR FINANCIAL ADVISORY SERVICES**

This agreement ("Agreement"), made and entered into this 29th day of November, 2018, by and between Eagle Pass Independent School District and PFM Financial Advisors LLC (hereinafter called "PFM") sets forth the terms and conditions under which PFM shall provide services.

WHEREAS, Client desires to obtain the services of a financial advisor to develop and assist in implementing Client's strategies to meet its current and long-term operations, financial obligations, capital financing needs and render assistance in respect to debt transactions; and

WHEREAS, PFM is capable of providing the necessary financial advisory services.

NOW, THEREFORE, in consideration of the above mentioned premises and intending to be legally bound hereby, Client and PFM agree as follows:

**I. SCOPE OF SERVICES**

PFM shall provide, upon request of the Client, 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 Agreement. Client acknowledges and agrees that most tasks requested by Client 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. 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 Agreement. Services provided by PFM which are not specifically referenced in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the Client and PFM. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between the Client and PFM or its respective affiliate.

**II. WORK SCHEDULE**

The services of PFM are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service.

**III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES**

1. 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 Client 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 limitations provided herein. PFM shall not be responsible for, or have any liability in connection with, verifying that PFM is independent from any other party seeking to rely on the IRMA exemption (as such independent

status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). Client acknowledges and agrees that any reference to PFM, its personnel and its role as IRMA, including in the written representation of Client required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by PFM. Client further agrees not to represent that PFM is Client's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the scope of services without PFM's prior written consent.

2. 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 Client together with this Agreement.

#### **IV. FINANCIAL ADVISORY COMPENSATION**

For the services provided under this Agreement, PFM's professional fees shall be paid as provided in Exhibit B to this Agreement and Client shall pay expenses and fees for other services not set forth in Exhibit A as provided below.

##### **1. Reimbursable Expenses**

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

##### **2. Other Services**

Any services which are not included in the scope of services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

#### **V. TERMS AND TERMINATION**

This Agreement shall be effective from November 29, 2018 (The "Effective Date") and shall expire on November 29, 2023 (the "Expiration Date"). Unless 30 days before the Expiration Date, either the EAGLE PASS INDEPENDENT SCHOOL DISTRICT or PFM FINANCIAL ADVISORS LLC notifies the other in writing that it does not wish to continue this Contract beyond its initial term, this Contract shall be automatically extended for an additional one year period without the necessity of any further action by either party. In the absence of any such 30 day notice by either the EAGLE PASS INDEPENDENT SCHOOL DISTRICT or PFM FINANCIAL ADVISORS LLC, the Contract shall continue to automatically renew for additional and successive one-year terms in the same manner at the end of each renewal period. Either party may terminate this agreement at any time with or without cause upon 30 days written notice to the other party.

Upon any such termination, PFM will be paid for any services performed and costs and expenses incurred and agreed upon by both parties up to the termination date.

## **VI. ASSIGNMENT**

PFM shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the Client; provided that upon notice to Client, PFM may assign this Agreement or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.

## **VII. INFORMATION TO BE FURNISHED TO PFM**

All information, data, reports, and records in the possession of the Client or any third party necessary for carrying out any services to be performed under this Agreement (“Data”) shall be furnished to PFM and the Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services, including with respect to the facts that are necessary in its recommendation(s) to the Client in connection with a municipal securities transaction or municipal financial product and/or relevant to the Client’s determination whether to proceed with a course of action. To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy, adequacy or completeness of such Data.

## **VIII. NOTICES**

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

### **EAGLE PASS INDEPENDENT SCHOOL DISTRICT**

P.O. Box 1409

Eagle Pass, TX 78853

Attention: Ismael Mijares, Superintendent of Business and Finance

### **PFM FINANCIAL ADVISORS LLC**

1735 Market Street

43rd Floor

Philadelphia, PA 19103

Attention: Chief Executive Officer

## **IX. TITLE TRANSFER**

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Subject to the exception described above, upon termination of this Agreement, at Client’s reasonable request no

later than three (3) years after the termination of this Agreement PFM shall deliver to the Client copies of any deliverables pertaining to this Agreement.

## **X. PFM'S REPRESENTATIVES**

### **1. Assignment of Named Individuals**

The professional employees of PFM set forth below will provide the services set forth in this Agreement; provided that PFM may, from time to time, supplement or otherwise amend the team members set forth below.

- David Gonzalez
- Dennis Waley
- Blake Roberts
- John Crumrine
- Jennifer Arndt

### **2. Changes in Staff Requested by the Client**

The Client has the right to request, for any reason, PFM to replace any member of the advisory team. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

## **XI. INSURANCE**

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit C.

## **XII. LIMITATION OF LIABILITY**

Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Agreement on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for (i) any act or omission in connection with performance of its services hereunder; (ii) any error of judgment or mistake of law; (iii) any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product, or (iv) any financial or other damages resulting from Client's election to act, or not to act, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

## **XIII. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY**

PFM, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Agreement or any actions or services rendered under this Agreement. Nothing in this Agreement 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 Agreement 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.

**XIV. APPLICABLE LAW**

This Agreement shall be governed by the laws of the State of Texas. Venue of any dispute arising under this agreement shall be exclusive in the State District Courts of Maverick County Texas. PFM and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

**XV. ENTIRE AGREEMENT; SEVERABILITY**

This Agreement represents the entire agreement between Client 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 Client and an affiliate of PFM shall not in any way be deemed an amendment or modification of this Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

**XVI. EXECUTION; COUNTERPARTS**

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

**IN WITNESS THEREOF**, the Client and PFM have executed this Agreement as of the day and year herein above written.

**EAGLE PASS INDEPENDENT SCHOOL DISTRICT**

\_\_\_\_\_

By: \_\_\_\_\_, Gilberto Gonzalez, Superintendent

Date: \_\_\_\_\_

**PFM FINANCIAL ADVISORS LLC**

By: \_\_\_\_\_, Dennis Waley, Managing Director

Date: \_\_\_\_\_

**EXHIBIT A**  
**SCOPE OF SERVICES**

1. Services related to the Financial Planning and Policy Development upon request of the Client:

- Assist the Client 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 Client with savings.
- Analyze future debt capacity to determine the Client's ability to raise future debt capital.
- Assist the Client in the development of the Client's Capital Improvement Program by identifying sources of capital funding.
- Assist the Client with the development of the Client'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 Client.
- Conduct strategic modeling and planning and related consulting.

- Attend meetings with Client's staff, consultants and other professionals and the Client.
- Undertake financial planning and policy development assignments made by the Client regarding financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
- Assist the Client in preparing financial presentations for public hearings and/ or referendums.
- Provide special financial services as requested by the Client.

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 in advance in writing to reflect that process. Upon the request of the Client:

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the Client 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 Client.
- 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 Client the overall presentation to rating agencies.
- Review underwriter's proposals and submit a written analysis of same to the Client.
- Assist the Client 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 Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client'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 Client 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 Client 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.

**EXHIBIT B**  
**COMPENSATION FOR SERVICES**

**1. Fixed Rate Transaction Fees (Competitive and Negotiated)**

For a bond transaction, PFM has proposed a fee structure below that would be contingent upon the sale and delivery of bonds. All normal financial advisory services resulting in the issuance of bonds (e.g. financial planning for a bond issuance, meetings with Board officials, preparation of rating agency presentations, pricing day services, closing and post-closing documentation, etc.) would be included in this fee.

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

Base fee - Any Issue - \$ 7,500

Plus	\$12.50	Per	\$1,000 up to	\$ 250,000	or	\$ 10,625	for	\$ 250,000	Bonds
Plus	11.50	Per	1,000 next	250,000	or	13,500	for	500,000	Bonds
Plus	7.00	Per	1,000 next	500,000	or	17,000	for	1,000,000	Bonds
Plus	4.75	Per	1,000 next	1,500,000	or	24,125	for	2,500,000	Bonds
Plus	2.75	Per	1,000 next	2,500,000	or	31,000	for	5,000,000	Bonds
Plus	1.50	Per	1,000 next	5,000,000	or	38,500	for	10,000,000	Bonds
Plus	1.25	Per	1,000 for any over \$10,000,000						

Fees for refunding bonds or issues involving escrow agreements and/or bond issues requiring preparation of application to the Texas Education Agency and receive TEA assistance shall be the amount shown plus a 25% charge. It is understood and agreed that PFM may include a financial modeling and quantitative structuring fee on a case by case basis depending on the complexity of the transaction.

**2. Hourly Project Fees (Non-Transaction Related)**

PFM will not charge for general advice between financings. In the event the Client 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 Client's request, accrued time will be billed as follows:

<b><u>Experience Level</u></b>	<b><u>Hourly Rate</u></b>
Managing Director	\$350.00
Director	\$325.00
Senior Managing Consultant	\$275.00
Senior Analyst	\$225.00
Analyst	\$225.00
Administrative	\$75.00
Associate	\$75.00

It should be noted that PFM does not envision hourly work as it relates to this RFQ.

### **Continuing Disclosure Services**

PFM will not charge the District a fee to assist with the preparation and filing of the annual disclosure documents, material event notices, 1378 annual reporting requirements, and any additional disclosure reports required.

### **Arbitrage Rebate / Swaps / Public Private Partnerships**

PFM is qualified to provide arbitrage calculations and reports, as well as swap advisory services. Additionally, PFM provides public-private partnership (“PPP” or “P3”) advisory services. All of these services are available and can be negotiated as optional additions to the contract if needed.

### **Other Bond Expenses**

The following transaction expenses pertaining to any debt issue will be paid by the District. On a competitive sale, PFM will initially pay all related expenses except bond counsel and election costs, and subsequently bill the District for such expenses along with the financial advisory fee after successful delivery of the bond proceeds. On a negotiated sale, expenses will be deducted from the proceeds at the time of delivery.

*Transaction Expenses shall include:*

- Bond counsel fees and charges
- Election expenses
- Bond rating fees
- Travel to rating meetings, investor conferences/road-shows/bond pricings, when applicable
- Preparation, printing, and distribution costs of offering documents and securities
- Publishing cost of any legally required notices
- Escrow and paying agent fees, and other costs necessary to close a negotiated issue

**EXHIBIT C**  
**INSURANCE**



## Insurance Statement

PFM Financial Advisors LLC ("PFM") has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$30 million and \$10 million, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

### Deductibles/SIR:

Automobile \$250 comprehensive & \$500 collision

Cyber Liability \$50,000

General Liability \$0

Professional Liability (E&O) \$1,000,000

Financial Institution Bond \$75,000

### Insurance Company & AM Best Rating

Professional Liability (E&O)	Endurance American Specialty Insurance; (A+; XV)
	XL Specialty Insurance Company; (A; XV)
	Continental Casualty Company; (A; XV)
	Starr Indemnity & Liability Company; (A; XIV)
Financial Institution Bond	Federal Insurance Company; (A++; XV)
Cyber Liability	Indian Harbor Insurance Company (A; XV)
General Liability	Great Northern Insurance Company; (A++; XV)
Automobile Liability	Federal Insurance Company; (A++; XV)
Excess /Umbrella Liability	Federal Insurance Company; (A++; XV)
Workers Compensation & Employers Liability	Great Northern Insurance Company; (A++; XV)