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**OAKLAND UNIFIED
SCHOOL DISTRICT**
Community Schools, Thriving Students

Memo

To Board of Education

From Kyla Johnson-Trammell, Superintendent

Board Meeting Date March 28, 2018

Subject **Retainer Contract for On-Call Municipal Advisory Services – KNN PUBLIC FINANCE**

Action Requested **Ratification of Retainer Contract for On-Call Municipal Advisory Services with KNN Public Finance**

Background and Discussion KNN Public Finance, Oakland, CA, provides professional financial advisor services to the District on an on-call basis and serves as the District’s independent registered municipal advisor as per SEC guidelines.

The Retainer Contract is for the term from January 15, 2018 to December 31, 2023, with an annual retainer fee of \$15,000 per fiscal year.

Recommendation Ratification of Retainer Contract for On-Call Municipal Advisory Services with KNN Public Finance, with a term of January 15, 2018 to December 31, 2023

Fiscal Impact Funding source: General Purpose \$15,000 per fiscal year

Attachment

- Retainer Contract for On-Call Municipal Advisory Services



CONTRACT JUSTIFICATION FORM
This Form Shall Be Submitted to the Board Office
With *Every* Consent Agenda Contract.

Legislative File ID No. _____

Department: _____

Vendor Name: _____

Contract Term: Start Date: _____ End Date: _____

Annual Cost: \$ _____

Approved by: _____

Is Vendor a local Oakland business? Yes ___ No ___

Why was this Vendor selected?

Summarize the services this Vendor will be providing.

Was this contract competitively bid? Yes ___ No ___

If No, answer the following:

1) How did you determine the price is competitive?

2) Please check the competitive bid exception relied upon:

- Educational Materials**
- Special Services** contracts for financial, economic, accounting, legal or administrative services
- CUPCCAA exception** (Uniform Public Construction Cost Accounting Act)
- Professional Service Agreements** of less than \$87,800 (increases a small amount on January 1 of each year)
- Construction related Professional Services** such as Architects, DSA Inspectors, Environmental Consultants and Construction Managers (require a "fair, competitive selection process)
- Energy** conservation and alternative energy supply (e.g., solar, energy conservation, co-generation and alternate energy supply sources)
- Emergency** contracts [requires Board resolution declaring an emergency]
- Technology** contracts
 - electronic data-processing systems, supporting software and/or services (including copiers/printers) over the \$87,800 bid limit, must be competitively advertised, but any one of the three lowest responsible bidders may be selected
 - contracts for computers, software, telecommunications equipment, microwave equipment, and other related electronic equipment and apparatus, including E-Rate solicitations, may be procured through an RFP process instead of a competitive, lowest price bid process
 - Western States Contracting Alliance Contracts (WSCA)
 - California Multiple Award Schedule Contracts (CMAS) [contracts are often used for the purchase of information technology and software]
- "Piggyback" Contracts** with other governmental entities
- Perishable Food**
- Sole Source**
- Change Order for Material and Supplies** if the cost agreed upon in writing does not exceed ten percent of the original contract price
- Other, please provide specific exception**

2. Compensation

For financial consultant services set forth in Exhibit A, KNN shall be paid an annual retainer fee of \$15,000. Such consultant fees will be billed annually on or after each January 1st.

Reimbursement for expenses: For out-of-pocket expenses for outside printing and/or copying of disclosure material, courier or delivery charges, conference call charges, obtaining statistical data from outside sources, notary and other miscellaneous expenses, KNN will invoice the District.

3. 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 B 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.

4. 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.

5. 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
Kyla Johnson-Trammell, Superintendent
Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607


To the Municipal Advisor
Blake Boehm, Principal/Director
KNN Public Finance, LLC
1300 Clay Street, Suite 1000
Oakland, CA 94612

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

OAKLAND UNIFIED SCHOOL DISTRICT

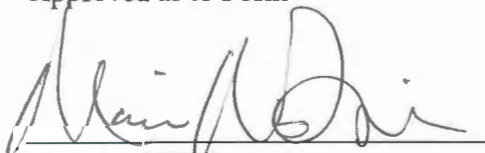

Aimee Eng, President
Board of Education

3/29/18
Date:


Kyla Johnson-Trammell
Superintendent and Secretary, Board of Education

Date:

Approved as to Form


Marion McWilliams
General Counsel

2/21/18
Date:

(Signatures continued on next page)

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KNN PUBLIC FINANCE, LLC
a California limited liability company

By 
Blake Boehm, Principal/Director

Date 2/21/18

EXHIBIT A

Scope of Services

A. On-Call Municipal Advisory Services

1. Serve as the District's Independent Registered Municipal Advisor (IRMA). In that capacity, evaluate unsolicited financial proposals received by the District from underwriters and other market participants. Recommend financing alternatives to be pursued based on such evaluations.
2. Prepare preliminary debt service analyses and plans of finance in connection with tax-exempt or taxable financing on the basis of the general fund, tax increment, community facility district, assessment district and other special districts
3. Maintain a comprehensive debt service model to evaluate the impact of new and existing debt on the District's tax rates and statutory bonding capacity.
4. Assist with the development and refinement of debt, disclosure and operating reserve policies as requested by District.
5. Provide public finance educational workshops for staff, Citizen's Bond Oversight Committee and Board of Directors as requested.
6. Review rating agency methodologies and criteria and support calls and meetings relating to rating surveillance.
7. Assist with the development and implementation of an investor outreach program.
8. Prepare and maintain projected debt service, debt outstanding and other schedules related to the District's debt programs for use in the District's bond management processes.
9. Other advisory services, as requested.

B. Continuing Disclosure Services

1. As Dissemination Agent for the District, prepare and file the Annual Report 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.

C. Bond Election Planning Services

Pre-Election: Financial Planning and Bond Measure Options

1. Present bond authorization options based on a review of present and future capital needs, current outstanding debt, existing tax rates and District overall objectives. Prepare tax rate impact analyses for each option, with a discussion of the factors that influence the tax rate and the policy implications of adjusting such factors. Present strategies that minimize tax rate impact and address District financing priorities including sizing of issues, tax rate thresholds and timing of sales.
2. Coordinate District efforts with any voter survey or election consultants, bond counsel, and the appropriate county officials in the preparation and drafting of necessary documents for the election process.
3. Develop a long-term financial model, or bond program, to meet the District's construction time line, projected cash flow needs, and targeted tax rate threshold. This comprehensive financial plan generally includes a proposed bond issuance schedule and a tax impact analysis, and documents the assumptions that affect the schedule and tax rates.

Election: Voter Authorization

1. Consult with the County Registrar of Voters to establish the bond election proceedings and deadline dates, and monitor plan appropriately for these dates.
2. Prepare the District's tax rate statement to be included in the voter pamphlet and review the tax rate statement with the County Auditor-Controller's office.
3. Provide appropriate financial advisory services as they relate to the required election documents. Review proposed ballot language as prepared by the District or the political consultant, review the proposed ballot argument and the proposed rebuttal ballot argument, if any, as prepared by campaign committee or political consultant, prepare the tax rate statement for District signature, and review the impartial analysis prepared by County Counsel.
4. Attend all meetings as required and provide staff support to the District and campaign committee as appropriate during the pre-planning process and the bond campaign.
5. Provide tax rate impact analyses to the District for public information during the election

campaign.

EXHIBIT B **MSRB Disclosures**

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties on 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

From time to time, KNN Public Finance provides services to the City of Oakland and Alameda County. We don’t believe that such services present a conflict of interest with our services for the District.

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’s 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.

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.

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, Oakland Unified School District 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.