

RESOLUTION NO. 2923

RESOLUTION AUTHORIZING THE MAYOR TO SIGN AN EIGHT-PAGE LETTER AGREEMENT WITH D.A. DAVIDSON & COMPANY WITH REGARD TO ISSUANCE OF BOND(S) FOR THE PROPOSED JUSTICE CENTER

WHEREAS, the City Council previously directed staff to prepare for and proceed with a fall 2022 ballot measure with regard to obtaining funding for construction of a proposed justice center; and

WHEREAS, the specific plan is to seek voter approval of one or more municipal bonds (*i.e.*, loans obtained by the City and repaid over time); and


WHEREAS, the City requires outside assistance with regard to the bond(s), and the entity of D.A. Davidson & Company has the requisite experience and capabilities to provide the assistance the City requires; and

WHEREAS, an eight-page letter agreement has been prepared, which if approved would formally engage D.A. Davidson; and

WHEREAS, the terms of the letter agreement are acceptable to staff, and staff is recommending that the City Council authorize the Mayor to sign the letter agreement on behalf of the City;

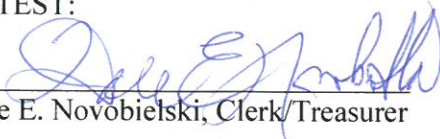
NOW THEREFORE, BE IT RESOLVED THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON, that the Mayor be and is authorized to sign the eight-page letter agreement with D.A. Davidson & Company in the form appended hereto.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON, this 14th day of June, 2022.



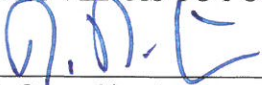
Sherry Raymond, Mayor

ATTEST:



Dale E. Novobielski, Clerk/Treasurer

APPROVED AS TO FORM:



Rob Case, City Attorney

May 30, 2022

City of Selah
115 West Naches Avenue
Selah, Washington 98942
Attention: Mr. Joe Henne, City Administrator
Mr. Dale Novobielski, Clerk/Treasurer

On behalf of D.A. Davidson & Co. (“we” or “Davidson”), thank you for the opportunity to serve as underwriter (or “placement agent”) for the City of Selah, Washington (the “Issuer”) on the Issuer’s proposed offering and issuance of Unlimited Tax General Obligation Bonds and possible Limited Tax General Obligation Bonds (the “Bonds”). This letter will confirm the terms of our engagement; however, it is anticipated that this letter will be replaced and superseded by a bond purchase agreement to be entered into by the parties (the “Purchase Agreement”) if and when the Bonds are priced following successful completion of the offering process.

1. Services to be Provided by Davidson. The Issuer hereby engages Davidson to serve as managing underwriter or placement agent on the proposed offering and issuance of the Bonds, and in such capacity Davidson agrees to provide the following services:

- Provide various bond structures, including payment terms, prepayment options, and estimated interest rates. Provide a comparison of a public bond sale that is rated versus a private placement directly to a bank. For a voted bond, provide estimated bond levy rates and monthly cost to the average home value for the various financing options
- Develop a marketing plan for the offering, including identification of potential investors
- Contact potential investors, provide them with offering-related information, respond to their inquiries and, if requested, coordinate their due diligence sessions
- Assist in preparing materials to be provided to the rating agency and in developing strategies for meetings with the ratings agency
- Consult with bond counsel and other service providers with respect to the Bonds
- Inform the Issuer of the marketing and offering process

- Negotiate the pricing, including the interest rate, and other terms of the Bonds
- Obtain CUSIP number(s) for the Bonds and arrange for their DTC book-entry eligibility
- Plan and arrange for the closing and settlement of the issuance and delivery of the Bonds
- Perform such other usual and customary underwriting services as may be requested by the Issuer
- As Placement Agent, send out a Request for Proposal Term Sheet to various banks (35+) for a fixed interest rate bid, with the specified term and prepayment option. (With a private placement to a bank, there is no Official Statement and no rating presentation.)

Davidson may provide incidental financial advisory services, including advice as to the structure, timing, terms and other matters concerning the issuance of the Securities. Davidson is required to make the following disclosure pursuant to MSRB Rule G-23: Davidson will be providing such advisory services in its capacity as underwriter and not as a financial advisor to the Issuer. As underwriter, Davidson will not be required to purchase the Securities except pursuant to the terms of the Purchase Agreement, which will not be signed until successful completion of the pre-sale offering period. This letter does not obligate Davidson to purchase any of the Securities.

2. No Advisory or Fiduciary Role. The Issuer acknowledges and agrees: (i) the primary role of Davidson, as an underwriter, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the Issuer and Davidson and that Davidson has financial and other interests that may differ from those of the Issuer; (ii) Davidson is not acting as a municipal advisor, financial advisor, or fiduciary to the Issuer and Davidson has not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether Davidson has provided other services or is currently providing other services to the Issuer on other matters or transactions); (iii) the only obligations Davidson has to the Issuer with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) the Issuer has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate. If the Issuer desires to consult with and hire a municipal advisor for this transaction that has legal fiduciary duties to the Issuer the Issuer should separately engage a municipal advisor to serve in that capacity.

In addition, the Issuer acknowledges receipt of a letter outlining certain regulatory disclosures as required by the Municipal Securities Rulemaking Board and attached to this agreement as Exhibit A. The Issuer further acknowledges Davidson may be required to supplement or make additional disclosures as may be necessary as the specific terms of the transaction progress.

3. Fees and Expenses. Davidson's proposed underwriting fee/spread will be less than 0.70% times the principal amount of the Securities issued (which is less than 1%). The underwriting fee/spread will represent the difference between the price that Davidson pays for the Securities and the public offering price stated on the cover of the final official statement. The Issuer shall be responsible for paying other costs of issuance, including without limitation, bond counsel, rating agency (if any), and all other expenses incident to the performance of the Issuer's obligations under the proposed offering.

4. Term and Termination. The term of this engagement shall extend from the date of this letter to the closing of the offering of the Securities. Notwithstanding the forgoing, either party may terminate Davidson's engagement at any time without liability of penalty with written notice to the other party. If Davidson's engagement is terminated by the Issuer, the Issuer agrees to reimburse Davidson for its out-of-pocket expenses incurred to the date of termination.


5. Miscellaneous. This letter shall be governed and construed in accordance with the laws of the State of Washington. This Agreement may not be amended or modified except by means of a written instrument executed by both parties hereto. This Agreement may not be assigned by either party without the prior written consent of the other party.

If there is any aspect of this Agreement that you believe requires further clarification, please do not hesitate to contact us. If the foregoing is consistent with your understanding of our engagement, please sign and return the enclosed copy of this letter.

Again, we thank you for the opportunity to assist you with your proposed financing and the confidence you have placed in Davidson.

Very truly yours,

D.A. DAVIDSON & CO.

By:  _____

Title: Senior Vice President

Accepted this 14 day of June, 2022

City of Selah, Washington

Name (print): Sherry Raymond

Signature: Sherry Raymond

Title: Mayor

EXHIBIT A

May 30, 2022

City of Selah
115 West Naches Avenue
Selah, Washington 98942
Attention: Mr. Joe Henne, City Administrator
Mr. Dale Novobielski, Clerk/Treasurer

Re: Disclosures by D.A. Davidson & Co. as Underwriter
Pursuant to MSRB Rule G-17 and G-23
City of Selah, Washington, Unlimited Tax General Obligation Bonds and possible Limited
Tax General Obligation Bonds

Dear Joe and Dale:

We are writing to provide you, as City Administrator of the City of Selah, Washington, and Clerk/Treasurer of the City of Selah, Washington, ("Issuer"), with certain disclosures required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 that relate to the proposed offering and issuance of the Unlimited Tax General Obligation Bonds and possible Limited Tax General Obligation Bonds (the "Bonds").

The Issuer has engaged D.A. Davidson & Co. ("Davidson") to serve as an underwriter (or placement agent), and not as a financial or municipal advisor, in connection with the issuance of the Bonds. As part of our services as underwriter or placement agent, Davidson may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds. The specific terms of our engagement will be as set forth in a bond purchase agreement to be entered into by the parties if and when the Bonds are priced following successful completion of the offering process.

1. Dealer-Specific Conflicts of Interest Disclosures

Davidson has identified the following actual or potential material conflicts:

An employee of the underwriter is a Reviewing Member for the Washington Public Treasurer's Association Debt Policy Review Panel. In this capacity, the employee participates in reviewing possible debt policies for potential issuers and is not compensated.

2. Transaction-Specific Disclosures

Since Davidson has not recommended a "complex municipal securities financing" to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17. In accordance with the requirements of MSRB Rule G-17, if Davidson recommends a "complex municipal securities financing" to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and

reasonably foreseeable at that time.

3. Standard Disclosures

A. Disclosures Concerning the Underwriters' Role:

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors.
- (ii) An underwriter's primary role is to purchase the Bonds with a view to distribution in an arm's-length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.
- (iii) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
- (iv) The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
- (v) The underwriter has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.
- (vi) The underwriter will review the official statement for the Bonds in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.¹

B. Disclosures Concerning the Underwriters' Compensation:

- (i) The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

¹ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriter is solely for purposes of satisfying the underwriter's obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

4. Questions and Acknowledgment.

Davidson is registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and the MSRB, and is subject to the regulations and rules on municipal securities activities established by the SEC and MSRB. The website address for the MSRB is www.msrb.org. The MSRB website includes educational material about the municipal securities market, as well as an investor brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer’s own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth below. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgement that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

Again, we thank you for the opportunity to assist you with your financing and the confidence you have placed in us.

Very truly yours,

D.A.DAVIDSON & CO.

By: James M. Nelson

Signature: 

Title: Senior Vice President

Accepted this 14 day of June, 2022

City of Selah, Washington

Name (print): Sherry Raymond

Signature: Sherry Raymond

Title: Mayor