

THREE VILLAGE CENTRAL SCHOOL DISTRICT  
STONY BROOK, NEW YORK

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**BOARD OF EDUCATION AGENDA MATERIALS**

**DATE OF BOARD MEETING:** April 14, 2021

**DATE SUBMITTED:** April 9, 2021

**OFFICE OF ORIGIN:** Business Services

**CATEGORY OF ITEM:** Action

**TITLE:** APPOINTMENT OF FISCAL ADVISOR FOR 2021-2022

**Staff Recommendation:**

Upon recommendation of the Superintendent of Schools, be it resolved that the Board of Education appoint and enter into an agreement with Munistat Services, Inc. to provide necessary financial advisory services including, but not limited to, the issuance of tax and bond anticipation notes for the 2021-2022 fiscal year together with preparation and filing of the Annual Information Statement as required by SEC Rule 15c2-12 and the District's continuing disclosure.

Be it further resolved, the Board of Education authorizes the Board President to execute said Agreement on its behalf.

**Background-Rationale:**

The District has previously engaged Munistat Services, Inc. for such services and their performance has been excellent. The legal requirements associated with bond financing, the sale of tax anticipation notes and secondary market disclosure requirements necessitate the expertise of a firm like Munistat Services, Inc.

*NOT AN OFFICIAL RECORD; SUBJECT TO CHANGE*

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## MUNICIPAL ADVISOR SERVICES AGREEMENT

THIS MUNICIPAL ADVISOR SERVICES AGREEMENT (the “Agreement”) is entered into as of, March 15, 2021 (the “Effective Date”) between the Three Village Central School District, (“District”) and Munistat Services, Inc. (“Munistat”) (collectively referred to herein as the “Parties”).

### RECITALS

WHEREAS, Munistat is a Municipal Advisory firm specializing in municipal finance and municipal government related matters; and

WHEREAS, the District desires to engage Munistat to provide certain services relative to the issuance of the certain obligations as set forth in **Appendix A** (“Work Orders”), and Munistat desires to provide services to the District in connection with such Work Orders.

### AGREEMENT

NOW THEREFOR, the Parties agree as follows:

1. Municipal Advisory Services. The Parties hereto agree that Munistat shall provide those services set forth in the Work Orders, and Munistat’s services as the District’s Municipal Advisor shall be expressly limited to the services noted therein.
2. Term and Termination. This Agreement shall be effective as of the Effective Date and shall remain in effect until terminated by either party upon (30) days written notice; provided, however, that in the event of termination of any such engagement, Munistat reserves that right to assess fees for any work performed pursuant to a Work Order in accordance with the Fee Schedule set forth in **Appendix B**.
3. Agreement to Provide Information. The District agrees to provide Munistat with factual, not misleading information as shall be required by Munistat in furtherance of the services set forth herein, including financial statements, budgets, and other relevant documents. The District further agrees to not intentionally omit any material information relevant to Munistat’s provision of services. Munistat agrees to promptly amend or supplement this Agreement to reflect any material changes or additions to this Agreement, including material changes to the information provided in Sections 1, 2, 4, 6 and 7.
4. Compensation. Munistat shall receive a fee for any services rendered to the District pursuant to this Agreement in accordance with the fee schedule set forth in Appendix B attached hereto and incorporated herein by reference.

5. Indemnity. Each party shall defend, indemnify and hold harmless the other from and against any and all claims, demands, expenses, cost or causes, arising out of or in connection with any claim, suit, action, or proceeding for personal injury, death or property damage sustained or incurred as a result of any act, failure, or default by the other party's employee while acting within the scope of their duties as determined by this Agreement.

6. Required Regulatory Disclosures. Munistat is registered as a "Municipal Advisor" pursuant to Section 15B of the Securities Exchange Act and rules and regulations adopted by the United States Securities and Exchange Commission ("SEC") (Registration #867-00429) and the Municipal Securities Rulemaking Board ("MSRB") (Registration #K0114). As part of this SEC registration Munistat is required to disclose to the SEC information regarding criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation involving Munistat. Pursuant to MSRB Rule G-42, Munistat is required to disclose any legal or disciplinary event that is material to the District's evaluation of Munistat or the integrity of its management or advisory personnel. Munistat has determined that no such event exists. Copies of Munistat's filings with the United States Securities and Exchange Commission can currently be found by accessing the SEC's EDGAR system Company Search Page which is currently available at <https://www.sec.gov/edgar/searchedgar/companysearch.html> and searching for either "Munistat Services Inc." or for our CIK number which is 0001608472

The MSRB has made available on its website ([www.msrb.org](http://www.msrb.org)) a municipal advisory client brochure that describes the protections that may be provided by MSRB rules and how to file a complaint with the appropriate regulatory authority.

7. Disclosure of Conflicts of Interest. The District acknowledges that it has received those disclosures set forth and contained within **Appendix C** attached hereto and incorporated herein by reference. The District further acknowledges that it has been given the opportunity to raise questions and discuss such disclosures with Munistat and that it fully appreciates the nature of such disclosures and any and all conflicts noted therein. The District hereby waives such conflicts and authorizes Munistat to provide services pursuant to this Agreement. From time to time, Munistat may provide additional conflict of interest disclosures to the District as noted in Appendix C. In this regard, District hereby authorizes the Assistant Superintendent for Business to acknowledge and/or waive any such additional conflict of interest disclosures of Munistat on behalf of the District.

Munistat certifies, under penalty of perjury, that it has and implemented a written policy addressing sexual harassment prevention in the workplace and provides annual sexual harassment prevention training to all of its employees. Our policy meets the requirements of section 201-g of the Labor Law.

*[Signature page follows]*

**SIGNATURE PAGE**

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by their respective representatives as of the date first written above.

**THREE VILLAGE CSD**

**MUNISTAT SERVICES, INC.**



By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: Michael J. Loguercio

Title: \_\_\_\_\_

Title: President

## APPENDIX A

### SERVICES

- Meet with appropriate District Officials to discuss plan of finance and establish the timeline.
- Preparation of maturity schedules for bond issues which will be acceptable to the District and to Bond Counsel, in accordance with Local Finance Law. We will offer options, i.e. traditional versus level debt, term of bonds so that the District may make a more informed decision regarding current as well as future budgetary impact.
- With regard to the use of notes and bonds, depending on the scope of the project, the District may consider to fund its capital projects at inception with note issues in order to ensure that permanent financing is accomplished for the proper amount.
- We will submit a list to the District of the documents and information necessary to prepare the Official Statement. We then prepare the Official Statement, based on information provided by the District and/or third parties, including Bond Counsel for certain language relating to legal matters. Munistat will make no representation, warranty or guarantee regarding the accuracy or completeness of the information in the Preliminary Official Statement or Official Statement, and its assistance in preparing these documents should not be construed as a representation that it has independently verified such information.
- In order to avoid the errors that may be caused by time pressures, we would prefer to have about 2 weeks for composition and word processing, measured from the date upon which we have received all necessary documents and information. Upon completion of word processing, the Official Statement will be submitted to the District and to Bond Counsel for review and comment.
- We distribute Official Statements and Notices of Sale to the investment community through various information repositories and post the documents on “Ipreo”, a third party distribution and electronic bidding platform.
- We submit requested documents and information to the rating agencies and, if we feel the situation warrants, we will make an appointment with a credit analyst in order to present our views regarding the District’s rating.
- Since almost all bond and note issues are issued in book-entry-only form, we coordinate with the District, bond counsel and The Depository Trust Company (DTC) to ensure that the procedure is accomplished smoothly and efficiently.
- Prior to the bond sale, we submit the required information to the CUSIP Service Bureau. It is generally the function of bond counsel and the underwriter to ensure that the bonds are printed in correct form and on a timely basis.
- We ensure the publication of the Notice of Sale for bond issues within the required time limits.

- We prepare the Debt Statement for certain bond issues and file it with the State Comptroller's office.
- We handle the bid opening at our office and verify the calculation of the winning bid.
- We coordinate the financial details of the closing with the District, bond counsel, the underwriter, and the bond insurance company (if applicable).
- We coordinate the preparation of the Final Official Statement with the underwriter, bond counsel and, where applicable, the bond insurance company.
- We prepare the final Debt Service Schedule (and, where applicable, the apportionments of such overall Debt Service Schedule into the appropriate funds), and distribute copies of such schedules to the issuer, to the fiscal agent (or DTC) and bond counsel.
- If appropriate, we assist the District in Energy Performance Contract financings. Such services include but are not limited to: coordinate the collection of financial and operating information, verify and analyze the projected cash flows, draft the Request for Proposals, accept the bids on the lease and help determine the award, prepare various estimated debt service schedules, determine amounts to be included in ensuing operating budgets, and coordinate the closing.
- In accordance with SEC Rule 15c2-12 and the Undertaking to Provide Continuing Disclosure as executed by the Fire District in connection with the sale of certain bonds and delivered at the closing for such bonds, the District may be obligated to file a Statement of Annual Financial and Operating Information with the Electronic Municipal Market Access System ("EMMA") according to the Agreement. When necessary, we are available to help the District to ensure compliance with its Continuing Disclosure Undertakings.

**APPENDIX B**  
**FEES AND EXPENSES**

The fees for our services for capital project financings will *not exceed* the following: Serial Bonds and Energy Performance Contract Leases - \$11,500 for each bond issue with an Official Statement up to \$3,000,000 and \$1.00 per \$1,000 thereafter; Refunding Serial Bonds - \$17,500 for each bond issue with an Official Statement and \$1.85 per \$1,000; Bond Anticipation Notes – Base fee of \$5,500 for each note with an Official Statement up to \$3,000,000 and \$0.50 per \$1,000 thereafter Tax Anticipation Notes - \$4,100 with an Official Statement. The fee for general consulting services will be \$150 per hour with the terms of the service agreed upon prior to the engagement.

The fee for preparation and filing of the Statement of Annual Financial and Operating Information in accordance with SEC Rule 15c2-12, and the District’s Continuing Disclosure Undertaking will be \$1,400. There is no charge for the filing of material event notices.

The fee for our services includes all out-of-pocket expenses. Other normal issuing costs, such as bond counsel fees, rating agency fees and publication of resolutions and Notices of Sale are billed directly to the District by the respective parties.

Munistat Services, Inc. will not charge to attend meetings of the Board, work sessions, meetings with bond counsel, ratings agencies, or any other meetings associated with a capital project. We do not charge any fees for services delivered prior to a referendum, including preparation of estimated debt service and tax rate impact schedules. There will be no charge until, and unless the closing of the bonds or notes take place.

## **APPENDIX C**

### **DISCLOSURE OF CONFLICTS OF INTEREST**

#### **FIXED FEE**

Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount established at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

#### **CONTINGENT COMPENSATION**

The fees to be paid by the District to Munistat Services, Inc. are contingent on the successful closing of the transaction. Although this form of compensation may be customary, it presents a conflict because Munistat Services, Inc. may have an incentive to recommend unnecessary financings to the District. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, Munistat Services, Inc. may have an incentive to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Munistat Services, Inc. manages and mitigates this conflict primarily by adherence to the fiduciary duty which it owes to municipal entities which require it to put the interests of the District ahead of its own.

#### **OTHER MATERIAL CONFLICTS OF INTEREST**

Munistat Services, Inc. has determined, after exercising reasonable diligence, that it has no other known material conflicts of interest that would impair its ability to provide advice to the District in accordance with its fiduciary duty to municipal entity clients. To the extent any such material conflicts of interest arise after the date of this Agreement, Munistat Services, Inc. will provide information with respect to such conflicts in the form of a written amendment or supplement to this Agreement.