



2555 East Camelback Road, Suite 280 Phoenix, Arizona 85016 (602) 794-4000

August 21, 2014

Mr. A.C. Marriotti, CPA  
Finance Director  
Town of Sahuarita  
275 W. Sahuarita Center Way  
Sahuarita, Arizona 85629

APPROVED  
Town of Sahuarita  
Department of Law  
Town of Sahuarita Contract No. CO14-0042  
RSCFD Contract No. 14-0002

RE: MUNICIPAL ADVISORY SERVICES

Dear Mr. Marriotti:

Stifel, Nicolaus & Company, Inc., ("Stifel Nicolaus") presents for your acceptance this agreement to retain Stifel Nicolaus as municipal advisor to the Town of Sahuarita, Arizona (the "Town") for a variety of potential future bond financings outlined in the Town's Request for Proposal and amended Stifel response dated, November 14, 2013. This agreement may be terminated on thirty (30) days written notice by either party. We have outlined below, in two separate sections, our general municipal advisor services to the Town pursuant to the RFP followed by the specific Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona), General Obligation Bonds, Series 2014/2015 transaction.

In connection with providing municipal advisor services on the Town in connection with future transactions, the following represents our general scope of services:

- a) Municipal Advisor's Obligations. Stifel Nicolaus agrees to perform the following services for Town with respect to the Bonds:
  - a. Assume overall responsibility for the municipal analysis and structuring recommendations for the Bonds or debt obligations including making complete analyses and recommendations to the Town with respect to amortization, interest rates, optimum issuance date, costs of issuance, reserve funds, investment of bond proceeds (if requested), and other terms and market conditions;
  - b. In connection with a negotiated sale of bonds, work with Underwriter's Counsel and Town to prepare the preliminary and final official statements consistent with all Federal and State requirements, including the gathering of all information with respect to municipal, tax and other statistical and factual information relative to Issuer;
  - c. Assist Issuer, as requested, in the selection of an underwriting syndicate. Coordinate all activities of the underwriter(s);
  - d. Coordination and cooperation with consultants, accountants, bond counsel, other attorneys and staff in connection with the sale of the Bonds;
  - e. Coordination of financing time schedule, distribution of documents, preliminary and final official statement printing, wire-transfer of funds, delivery of bonds and bond closing;
  - f. Make reasonable efforts to obtain any appropriate credit enhancement commitment for the Bonds and analyze with Issuer the benefits of purchasing such credit enhancement, if any;
  - g. Make recommendations to Issuer on the matter of bond rating(s) for the proposed issue and coordinate the preparation of credit information for submission and presentation to the rating agency(ies);

- h. At the time of sale, provide Issuer with descriptions and interest rates on comparable issues recently and currently being sold in area and nationwide;
  - i. Coordinate pre-pricing discussions of bond pricing and structuring, supervise the negotiated sale process (if applicable), advise on acceptability of offer to purchase bonds by the underwriters;
  - j. Assist Issuer in procuring any ancillary financing-related products and services including, credit enhancement (i.e. bond insurance), paying agent/registrar/trustee, escrow agent (if applicable), escrow investments, and other such products and services as Issuer may deem necessary or desirable in connection with any financing. Such assistance may include, but is not limited to, the taking of bids, negotiation of terms and conditions, and coordination of all activities with all other parties involved in the financing;
  - k. Assist Issuer (working on conjunction with bond counsel as appropriate) on proposed and actual changes in tax laws and municipal market developments that could affect bond financing plans;
  - l. Attend Issuer meetings as requested, with reasonable advance notice;
  - m. Make all necessary printing and advertising arrangements for documents associated with the financing transactions, including but not limited to official statement printing costs;
  - n. Assist, as needed, with the investment of bond proceeds, debt service reserve funds and other funds of Issuer in accordance with the bond resolution, state statutes and IRS regulations, where applicable;
  - o. Provide such other services as are mutually agreed upon by the Issuer and Stifel Nicolaus.
- b) Issuer's Obligations. Issuer agrees to the following with respect to the Bonds:
- a. The staff and consultants of Issuer will cooperate with Stifel Nicolaus and make available any data in the possession of Issuer necessary to perform the Municipal Advisory tasks of the Bonds or Obligations;
  - b. Issuer will consider the information provided with respect hereto in light of the best interests of Issuer.
- c) General Provisions. The parties hereto agree as follows:
- a. The Bonds shall only be sold on such terms as are satisfactory to Issuer in its sole discretion including, but not limited to, interest rates, maturities, redemption provisions, authorized denominations, providers of and costs of issuance and credit enhancement;
  - b. Stifel Nicolaus will act as municipal advisor for the negotiated sale of the Bonds, prepare documents related to the sale, supervise the bond marketing process and represent Issuer in the negotiation of the final bond price and terms with the underwriters.
  - c. Issuer will be responsible for the costs of issuance, including but not limited to Bond Counsel, underwriter's counsel, printing and preparation of the preliminary and final official statements, paying agent, trustee, credit enhancement, rating agency, blue sky filing fees, out of pockets expense reimbursement, etc.;

d) Disclosures and Certifications:

Pursuant to revised Municipal Securities Rulemaking Board ("MSRB") Rule G-23, a broker, dealer, or municipal securities dealer ("dealer") is prohibited from acting as a Municipal Advisor, as defined in Section 15B of the Exchange Act of 1934 (as amended), to an issuer for a particular issue sold on a negotiated or competitive bid basis and subsequently switching roles to act as underwriter or placement agent with respect to the same issue. In compliance with the rules set forth by the MSRB, Stifel, Nicolaus & Company, Inc. ("Stifel") is acting as a Municipal Advisor in connection with all services proposed and/or provided to Issuer herein. As such, Stifel will provide municipal advisory or consultant services including advice and other assistance regarding the structure, timing, terms and other similar matters concerning the issuance. Stifel is declaring that it has done so within the regulatory framework of MSRB Rule G-23 as a municipal advisor, as defined therein, and not an underwriter to the issuer for this proposed issuance of municipal securities. A "municipal advisory relationship" shall be deemed to exist when a firm enters into an agreement to render municipal advisory or consultant services to or on behalf of an issuer with respect to the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters. Accordingly, any services provided by Stifel as they relate to our role as municipal advisor should not be construed as those of an underwriter or placement agent.

***Issuer is aware of Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Securities and Exchange Commission's adopted rule commonly known as the "Municipal Advisor Rule" (SEC Rule 15Ba1-1 to 15Ba1-8 -"the Rule"). Stifel Nicolaus will be serving as a municipal advisor to the Issuer under the Rule and this agreement documents the municipal advisory relationship between Stifel Nicolaus and the Issuer.***

e) Municipal Advisory Fee:

For Stifel Nicolaus' municipal advisory services and expenses of a bond or obligation transaction is outlined in Section 11 of our response to the amended request for proposal. Such fees are based on a variety of factors including the type of and complexity of a particular transaction in which the Town requests Stifel Nicolaus to serve as Municipal Advisor. All fees, as outlined in the RFP, are contingent upon a successful closing of a transaction.

This agreement will authorize Stifel Nicolaus to act as municipal advisor through the completed sale of the proposed bonds.

**Rancho Sahuarita Community Facilities District  
(Town of Sahuarita, Arizona), District General Obligation Bonds, Series 2014/2015**

In connection with the specific transaction outlined above, the Town (CFD) has requested Stifel Nicolaus to serve as Municipal Advisor in connection with the possible sale of General Obligation Bonds for the District (Series 2014 or Series 2015). In connection with the possible sale of Bonds, Stifel Nicolaus will provide the following services:

- a) Assist in Assume overall responsibility for the municipal analysis and structuring recommendations for the Bonds or debt obligations including making complete analyses and recommendations to the Town with respect to amortization, interest rates, optimum issuance date, costs of issuance, reserve funds, investment of bond proceeds (if requested), and other terms and market conditions;
- b) Assist the CFD (if requested) with the development or review of the statutory feasibility report;
- c) Review the Development Agreement by and between the Developer and the Town/CFD;
- d) Review the methods of sale with the CFD, including a review of potential investors which may include officers of the Developer;

- e) As required, assist the CFD with the development of a Request for Information for Private Placement Agent/Underwriting Services. RFI would include specific information relevant to the CFD to assist the bidder in developing a sound understanding of the financing;
- f) Review all legal documents in connection with the sale of bonds, including the Bond Resolution, Private Placement Memorandum (if required), standby contribution agreement, depository agreement, letter of credit review, bond purchase or placement agent agreement, registrar and paying agent agreement and other legal documents as required;
- g) Attend all necessary CFD Board of Director meetings including Public Hearings and Board meetings to present materials and/or be in attendance to answer any questions which might arise;
- h) With regard to the sale or placement of the bonds, provide advice with regard to the pricing of the bonds working in conjunction with the selected placement agent/underwriter, taking into account a variety of factors including market conditions, amortization period, economics of transactions, appropriate transfer restrictions and other matters.
- i) Assist with all aspects of closing the transaction, including review of closing documents.
- j) Assist the CFD (if requested), with the annual setting of the secondary tax rate.
- f) Municipal Advisory Fee:

For Stifel Nicolaus' municipal advisory services and related to the Rancho Sahuarita Community Facilities District (Town of Sahuarita, Arizona), General Obligation Bonds, Series 2014/2015 transaction in the estimated amount of \$3,000,000, our fee will not exceed \$75,000 of the par amount of bond sold. Such fee as outlined in the RFP will be negotiated is contingent upon a successful closing of the transaction. If a future financing involves a considerable amount of work (beyond what is normally the case) for a variety of reasons, we would respectfully request possible consideration to amend the contract.

STIFEL, NICOLAUS & COMPANY, INC.

By: 

TOWN OF SAHUARITA:

ATTEST:

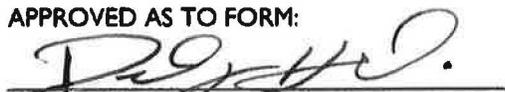
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Duane Blumberg, Mayor

\_\_\_\_\_  
Lisa Cole, CMC, Town Clerk

\_\_\_\_\_  
L. Kelly Udall, Town Manager/Purchasing Director

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A.C. Marriotti, Finance Director

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Daniel J. Hochdoff, Town Attorney

RANCHO SAHUARITA COMMUNITY FACILITIES DISTRICT

Duane Blumberg  
Duane Blumberg, District Chairperson

L. Kelly Udall  
L. Kelly Udall, District Manager

Lisa Cole  
Lisa Cole, CMC, District Clerk

A.C. Marriotti  
A.C. Marriotti, District Treasurer



APPROVED AS TO FORM:

Daniel J. Hochuli  
Daniel J. Hochuli, District Attorney

QUAIL CREEK COMMUNITY FACILITIES DISTRICT

Duane Blumberg, District Chairperson

L. Kelly Udall, District Manager

Lisa Cole, CMC, District Clerk

A.C. Marriotti, District Treasurer

APPROVED AS TO FORM:

Daniel J. Hochuli  
Daniel J. Hochuli, District Attorney