



TO : BOARD OF DIRECTORS
FROM : GARY PLATT, EXECUTIVE DIRECTOR – CAPITAL PROJECTS
SUBJECT : MUNICIPAL ADVISOR SERVICES CONTRACT
DATE : MAY 1, 2018
TYPE : ACTION NEEDED

A handwritten signature in black ink, appearing to be "G. Platt", is located to the right of the header information.

Attached is a letter of agreement with D.A. Davidson & Co. to provide municipal advisor services related to the next sale of bonds planned for later this calendar year. This firm provided these services for the bond sale last May 2017. The financial advisor provides oversight and consulting services separate from the bond underwriter (Piper Jaffray). The attached agreement defines the role of the financial advisor and the cost of this service.

Recommendation:

We recommend the board *move to approve the attached agreement with D.A. Davidson & Co. to provide municipal advisor services for future bond sales.*

April 23, 2018

Dr. Jean Shumate, Superintendent
Mr. Gary Platt, Executive Director, Capital Projects
Stanwood-Camano School District No. 401
26920 Pioneer Highway
Stanwood, WA 98292

Re: Municipal Advisor Services Agreement

Dear Jean and Gary:

On behalf of D.A. Davidson & Co. (“we” or “D.A. Davidson”), we wish to thank you for the opportunity to serve as municipal advisor to the Stanwood-Camano School District No. 401 Snohomish and Island Counties, Washington (“you” or “Client”), with respect to the financial analysis services relating to the Unlimited Tax General Obligation Bonds, 2018 (the “Financing”). Upon your acceptance, this engagement letter (the “Agreement”) will serve as our mutual agreement with respect to the terms and conditions of our engagement as your municipal advisor with respect to such services effective on the date this Agreement is executed by you (the “Effective Date”).

1. **Scope of Municipal Advisor Services to be Provided by D.A. Davidson.** (a) You hereby engage D.A. Davidson to serve as municipal advisor with respect to the proposed issuance of the securities, and in such capacity D.A. Davidson agrees to provide advice as to the structure, timing, terms and other matters regarding the Financing, including the following services, if and as requested by you (the “Scope of Services”):

- We will review all financial information necessary to determine the ability of the District to incur and repay the debt. This review will include an analysis as to the effect of the Bonds on the ability of the District to incur future obligations.
- We will prepare comparative taxpayer impact statements according to the size of the Bond issue, the term the Bonds will be outstanding, and the expected interest rates on the Bonds, and will revise such schedules as necessary. We will provide final taxpayer impact statements for comparison following issuance of the Bonds.
- We will recommend maturity schedules, call features, method and timing of the bond sales and other terms necessary to ensure the lowest interest rate on the Bonds. In preparing the maturity schedules, we will analyze the best alternative for payment of the debt service in conjunction with the District’s outstanding debt, and future financing needs.
- We will coordinate with District Officials and all project professionals to include Bond Counsel, Architects, and ESD and in that regard will prepare a financing time and responsibility schedule.

- We will consult with K&L Gates as bond counsel and will review all legal documentation on the District's behalf. Bond counsel will draft all legal proceedings, including resolutions and certificates, and will advise as to proper legal procedure to ensure a favorable and marketable legal opinion on the Bonds.
- If requested, we will prepare a Preliminary Official Statement (the disclosure document) that will contain the Official Notice of Sale, the Official Bid Form, legal authorization of the Bond issues, terms of the Bond issues, requirements of the District concerning continuing disclosure, and general and financial information concerning the District. The Preliminary Official Statement and bidding materials will be sent to prospective bidders both locally and nationwide through electronic and/or hard copy distribution. The final Official Statement will be sent to the purchaser(s) of the Bonds and to the individual investors of the Bond issues.
- We will prepare and disseminate the information necessary for review by bond rating agencies to obtain ratings on the Bonds and will make recommendations in that regard for improved marketing of the Bonds ("Underlying Rating").
- We will prepare and disseminate the information necessary for review by nationally recognized municipal bond insurance companies for consideration of bond insurance on the Bonds for improved marketing of the Bonds ("AAA/Aaa Rating").
- We will provide for electronic bidding on the Bonds through Parity™.
- We will make the Bonds eligible for FSA Sure Bid good faith security services for ease of providing good faith deposits for the bidders.
- We will attend the sale of Bonds and will assist in the receipt of bids, check the accuracy of bids, verify that the bids comply with the Notices of Sale, and provide bond market trend information and other information to facilitate the sale.
- We will provide for the registration of the Bonds in book-entry form through the Depository Trust Company in New York.
- We will prepare the final debt service schedules, and other related schedules and calculations for the District, the County Treasurer, Bond Counsel and ESD.
- We will assist the District in delivery of the Bonds to the successful bidder and Bond proceeds to the District in such a manner that bond proceeds will be immediately available for reinvestment and will assist the District's administration in maximizing investment earnings of unused construction obligations.
- We will prepare and provide debt service fund cash flow analysis information relating to the total revenues necessary to retire the Bonds.

- In the event of the possibility of a refinancing for a more favorable interest rate on the Bonds, D.A. Davidson & Co. will examine the feasibility of such a refinancing at no additional cost to the District.
- If applicable, assist in the selection of one or more underwriters for the Financing.
- If applicable, assist in the selection of one or more underwriters for the Financing.

Under Municipal Securities Rulemaking Board (“MSRB”) Rule G-23, D.A. Davidson will not be able to serve as underwriter or placement agent for any notes, bonds or other securities to be issued and sold as part of the Financing.

(b) The Scope of Services is subject to the following limitations:

(i) The Scope of Services is limited solely to the services described above and is subject to any limitations set forth within the description of the Scope of Services.

(ii) Unless otherwise provided in the Scope of Services described herein, D.A. Davidson is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about D.A. Davidson provided by D.A. Davidson for inclusion in such documents.

(iii) The Scope of Services does not include tax, legal, accounting or engineering advice with respect to the Financing or in connection with any opinion or certificate rendered by counsel or any other person at closing, and does not include review or advice on any feasibility study.

(c) The Scope of Services may be changed only by written amendment or supplement to the Scope of Services described herein. The parties agree to amend or supplement the Scope of Services described herein promptly to reflect any material changes or additions to the Scope of Services.

(d) If you have designated D.A. Davidson as your independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”) with respect to the activities and aspects described in the Scope of Services, the Scope of Services as they relate to such designation as IRMA shall be subject to any limitations with respect to D.A. Davidson’s activities as IRMA as may be provided in the Scope of Services described herein. D.A. Davidson is not responsible for verifying that it is independent (within the meaning of the IRMA exemption as interpreted by the SEC) from another party wishing to rely on the exemption from the definition of municipal advisor afforded under the IRMA exemption. Any reference to D.A. Davidson, its personnel and its role as IRMA in your written representation contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) is subject to prior approval by D.A. Davidson, and you agree not to represent, publicly or to any specific person, that D.A. Davidson is your IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific issuance of municipal securities, outside the Scope of Services without D.A. Davidson’s prior written consent.

2. **Municipal Advisor’s Regulatory Duties When Servicing You.** MSRB Rule G-42 requires that D.A. Davidson make a reasonable inquiry as to the facts that are relevant to your determination whether to proceed with a course of action or that form the basis for and advice provided by D.A. Davidson to you. The rule also requires that D.A. Davidson undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information.

D.A. Davidson is also required under the rule to use reasonable diligence to know the essential facts about Client and the authority of each person acting on your behalf.

You agree to cooperate, and to cause your agents to cooperate, with D.A. Davidson in carrying out these regulatory duties, including providing to D.A. Davidson accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, you agree that, to the extent you seek to have D.A. Davidson provide advice with regard to any recommendation made by a third party, you will provide to D.A. Davidson written direction to do so as well as any information you have received from such third party relating to its recommendation.

3. **Compensation.** (a) For its Services, D.A. Davidson will charge a sum not to exceed \$40,000, payable at the time the District receives Bond proceeds. If for any reason the Bonds are not sold, there will be no obligation on the part of the District to D.A. Davidson & Co. for that Bond issue. Such sums include travel related expenses which will not be billed to you separately. If additional services are requested by you, D.A. Davidson will prepare and submit to you an estimate of the total cost associated with such additional services. You will review and approve in writing such cost estimate for additional services and the total compensation and reimbursement to be paid by you to D.A. Davidson for such approved additional services shall not exceed the approved amount.

(b) D.A. Davidson will submit bills to the Client for Services rendered upon completion of services rendered.

4. **Out-of-Pocket Expenses.** D.A. Davidson shall be responsible for any costs it may incur in the performance of its obligations under this Agreement unless otherwise provided herein

5. **Term and Termination.** The term of this Agreement shall extend from the Effective Date to the closing of the Financing. Notwithstanding the foregoing, either party may terminate D.A. Davidson's engagement at any time without liability or penalty upon at least 30 days' prior written notice to the other party.

6. **Limitation of Liability.** In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of D.A. Davidson or any of its associated persons, D.A. Davidson and its associated persons shall have no liability to you for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from your election to act or not to act, as the case may be, contrary to any advice or recommendation provided by D.A. Davidson to you. No recourse shall be had against D.A. Davidson for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of yours arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with the financing or otherwise relating to the tax treatment of the financing, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by you of any of your legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of D.A. Davidson's fiduciary duty to you under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

7. **Required Disclosures.** MSRB Rule G-42 requires that D.A. Davidson provide you with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in D. A. Davidson’s Municipal Advisor Disclosure Statement delivered to you together with this Agreement.

D.A. Davidson is registered as a municipal advisor 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 a municipal advisory client brochure that describes the protections that may be provided by the MSRB rules and how to file a complaint with an appropriate regulatory authority.

8. **Waiver of Jury Trial.** EACH PARTY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNITIVE DAMAGES.

9. **Choice of Law.** This Agreement shall be construed and given effect in accordance with the laws of the state of Washington.

10. **Binding Effect; Assignment.** This Agreement shall be binding upon and inure to the benefit of you and D.A. Davidson, our respective successors and permitted assigns; provided however, neither party may assign or transfer any of its rights or obligations hereunder without the prior written consent of the other party.

11. **Entire Agreement.** This instrument, including all appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

12. **Severability.** If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

13. **No Third Party Beneficiary.** This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

14. **Authority.** The undersigned represents and warrants that he or she has full legal authority to execute this Agreement on behalf of Client. The following individuals have the authority to direct D.A. Davidson’s performance of its activities under this Agreement:

Print Name

Jean Shumate, Ed.D.

Title

Superintendent



15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be an original, but which taken together, shall constitute one and the same instrument.

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 a copy of this letter.

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

Very truly yours,

D.A. DAVIDSON & CO.

By: _____
Name: _____
Title: _____

This Agreement is hereby accepted for and on behalf of the Stanwood-Camano School District No. 401 Snohomish and Island Counties, WA.

By: _____
Name: Jean Shumate, Ed.D.
Title: Superintendent

Dated: May __, 2018