

CLEVELAND PUBLIC LIBRARY

Finance Committee

January 15, 2019

RESOLUTION AUTHORIZING AGREEMENT WITH STIFEL, NICOLAUS & COMPANY, INCORPORATED, FOR MUNICIPAL ADVISORY SERVICES

WHEREAS, On January 17, 2017, the Board of Library Trustees authorized the Library to enter into an agreement with Stifel, Nicolaus & Company, Incorporated ("Stifel") for municipal advisory services; and

WHEREAS, The Library selected Stifel in 2017 to perform municipal advisory services based on the following reasons which the Library finds still to be true in 2019: 1) Stifel's familiarity with laws applicable to public libraries in Ohio; 2) Stifel's experience with bond issuances for public libraries in Ohio as underwriters; 3) Stifel's extensive network of relationships and connections with governmental entities, rating agencies, and bond counsel; 4) Stifel's location here in Cleveland; and 5) the stability of Stifel's professional staff (all senior professional staff have been with Stifel since at least 2009); and

WHEREAS, Stifel's fee for municipal advisory services is based on the par amount of long-term notes or bonds sold or authorized according to the fee scale in Stifel's proposal which is attached hereto, plus reasonable out-of-pocket expenses for travel, payable upon completion of the sale of such notes or bonds; now therefore be it

RESOLVED, That this Board approves and ratifies the execution on December 28, 2018 of an agreement with Stifel, Nicolaus & Company, Incorporated, for municipal advisor services for a period beginning on the date of execution of the agreement and ending on the earlier of the completed sale of authorized notes and bonds or June 1, 2020, in accordance with the fee schedule set forth in Stifel's proposal dated December 27, 2018, plus reasonable out-of-pocket reimbursable expenses for travel. Municipal advisory service fees and expenditures shall be paid from the proceeds of the future note issuance at closing.

December 27, 2018

Felton Thomas, Jr., Director and Chief Executive Officer
Joyce M. Dodrill, Chief Legal Officer
Cleveland Public Library
525 Superior Avenue, 10th Floor
Cleveland, Ohio 44114

**RE: 2019 FINANCIAL ADVISORY SERVICES
Cleveland Public Library**

Dear Mr. Thomas and Ms. Dodrill:

Stifel, Nicolaus & Company, Incorporated (“Stifel”) presents for your acceptance this Agreement to retain Stifel as municipal advisor to the Cleveland Public Library (the “Library,” or “CPL”), specifically to perform the scope of services outlined below (Management Scope of Services) for the period beginning upon the execution of this agreement by an authorized Library representative and ending December 31, 2019 or through the completed sale of any Notes of Bonds that are authorized by the Library during calendar year 2019, but no later than June 1, 2020. This agreement may also be terminated on thirty (30) days written notice by either the Library or Stifel.

Management Scope of Services

The services to be provided include those services customarily provided by a municipal advisor to a governmental entity of a size and scope comparable to that of the Cleveland Public Library, and shall include the following:

1. Provide advice to CPL Staff and its Board to develop a financing plan for debt issuance including recommended size, structure and specific terms and conditions.
2. Advise the Library on the most cost efficient method of sale for any publically issued or privately placed Notes or Bonds.
3. Develop Requests for Proposals for services and help evaluate proposals as required, including selection of underwriter(s) for a public sale of debt or a placement agent for the private sale of debt.
4. Assist the Library in procuring any ancillary financing-related products and services including, credit enhancement (i.e. bond insurance), paying agent/registrar/trustee, escrow agent (if applicable) and other such products and services as the Library 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.
5. Work with bond counsel and counsel to the underwriter(s) and the Library to prepare the preliminary and final official statements consistent with all federal and state requirements, including the gathering of all information with respect to financial, tax and other statistical and factual information relative to the Library.
6. Coordinate all activities of the underwriter(s) in a negotiated public offering transaction.

7. Recommend a general strategy for bond ratings and or credit enhancements for any debt issues. Prepare Library officials for discussions with the rating agencies and assist with the presentation of information to the rating agencies on behalf of the Library, as needed.
8. Coordinate with bond counsel and other participants the timing and process of the bond or note issuance. Work with CPL staff, bond counsel and underwriters in marketing of bonds or notes.
9. Make presentations to the Board of Trustees regarding the recommended timing and structure of debt issue and final results of the bond or note sale. Advise the Library on financial market developments that could affect bond financing plans.
10. Coordinate and participate in all aspects of the bond or note issuance process, from creating and maintaining a schedule, preparing staff reports and assisting with resolutions, conducting independent analysis of financing alternatives, reviewing all aspects of negotiated pricings, monitoring performance of underwriting team, to post-issuance analysis and all tasks during the process.
11. Coordinate pre-pricing discussions of Note and Bond pricing and structuring, supervise the negotiated sale process, advise on acceptability of offer to purchase Bonds by the underwriters.
12. Discuss with Library its evaluation and reasoning for any recommendation.
13. Provide other financial services generally within the scope of this engagement as mutually agreed to in writing.

Issuer's Obligations

Library agrees that its staff and consultants will cooperate with Stifel and make available any data in Library's possession necessary to perform Stifel's financial advisory services and regulatory obligations as described in Exhibit A to this agreement.

Regulatory Disclosures

- a.) Library 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 will be serving as a municipal advisor to the Library under the Rule and this agreement documents the municipal advisory relationship between Stifel and the Library.
- b.) MSRB Rule G-42 requires that a municipal advisor provide its client with certain written disclosures. Please see Exhibit A to this agreement for those disclosures.

Public Records

Stifel acknowledges that Library is a public office and is subject to Ohio public records laws. In the event Stifel receives a request for any records created as a result of its engagement with the Library, it will immediately notify Library and refrain from responding to the request unless directed to by Library; provided, however, that Library acknowledges that Stifel must respond promptly to requests for records from federal and state securities regulators, and to the extent allowed by law, Stifel will notify Library prior to disclosures to federal and state securities regulators.

Confidentiality

Stifel acknowledges that certain confidential information may be furnished by the Library to Stifel in connection with its services pursuant to this Agreement. "Confidential Information" includes information that is not publicly available or is exempt from disclosure under Ohio's public records laws. Stifel agrees that unless otherwise approved by Library, it will only disclose such confidential information to those parties who have a need to know such information in connection with the issuance of bonds or notes or transaction related services provided under this Agreement or upon request of federal and state securities regulators.

Compensation

For Stifel's financial advisory services and expenses in processing Fixed Rate Long Term Notes or Bonds for the Library during the contract period, Stifel shall be paid the following fees subject to CPL Board approval if the fee exceeds \$25,000:

Stifel shall be paid a fee in accordance with the fee schedule attached as Exhibit B, to be paid at the completion of the sale of each Series of Long Term Notes or Bonds sold or authorized. In addition, the Issuer will be responsible for reimbursing Stifel for any out of town travel costs associated with rating agency meetings and or bond pricings pursuant to travel approved by the issuer, at GSA approved rates, and provided Stifel seeks prior approval of the Library of the estimated costs of the out of town travel. The Library may choose to pay the Financial Advisory Fees from either available funds of the Library or out of the proceeds of any debt issued by the Library where Stifel served as the Financial Advisor.

Authority to Direct Municipal Advisor

The following individuals have the authority to direct Stifel's performance of its Management Scope of Services:

- Joyce M. Dodrill, Chief Legal Officer
- Carrie Krenicky, Chief Financial Officer/Fiscal Officer
- Tena Wilson, Deputy Director and Chief of Staff

Respectfully submitted this 27th day of December, 2018

STIFEL, NICOLAUS & COMPANY, INCORPORATED



Alan G. Baucio
Managing Director

ACCEPTANCE

I, Tena Wilson, Deputy Director and Chief of Staff, upon approval by the governing body of the Cleveland Public Library, hereby accept the agreement as submitted by Stifel, Nicolaus & Company, Incorporated relative to the financial advisor services, as described herein.

By: Tena Wilson
Name: Tena Wilson
Title: Deputy Director and Chief of Staff
Cleveland Public Library

Date: 12/28/18

EXHIBIT A

Cleveland Public Library Financial Advisory Services

MSRB Rule G-42 Disclosures

As municipal advisor to Cleveland Public Library (“you”), Stifel Nicolaus (“Stifel” or “we”) is subject to the rules of the Municipal Securities Rulemaking Board (MSRB), including MSRB Rule G-42, which took effect on June 23, 2016. We do not believe that Rule G-42 has substantively changed our obligations to you. The rule does, however, direct us to make certain disclosures to you. Please review the following disclosures and contact your Stifel municipal advisor if you have any questions.

Our Duties as Your Municipal Advisor

Rule G-42 describes our basic duties to you. Most importantly, we owe you a fiduciary duty, the principal element of which is a duty of loyalty. Under the duty of loyalty, we are required to deal honestly and in the utmost good faith with you and to act in your best interests without regard to our financial or other interests. We may not serve as your municipal advisor if we believe that we have any conflicts of interest that we cannot manage or mitigate so that we can act in your best interests.

Rule G-42 also provides that we owe you a duty of care. As part of that duty, we must possess the degree of knowledge and expertise needed to provide you with informed advice. Also, under that duty, when we make recommendations to you or help you to evaluate the recommendations of others, we may need to ask questions to make sure that we have all the relevant facts.

Disclosure of Conflicts

Rule G-42 requires us to disclose to you any known material, actual or potential conflicts of interest that could reasonably be expected to impair our ability to provide you with advice, including any conflicts associated with contingent fee arrangements. As described in our engagement letter, the payment of our fee will be contingent on the closing of the bond issue described in the engagement letter and the amount of compensation will be based on a percentage of the principal amount of the bond issue, with a set minimum fee. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since we may have an incentive to recommend a transaction to you that is unnecessary or to recommend that the size of the bond issue be larger than is necessary. We would, of course, be willing to discuss an alternative fee arrangement, if that is your preference.

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

Legal and Disciplinary Event Disclosures

Each firm that is registered as a municipal advisor with the U.S. Securities and Exchange Commission (SEC) is required to file Form MA with the SEC and update that form periodically and as events change. The firm is also required to file a Form MA-I for each of its employees who is engaged in municipal advisory activities. Stifel’s most recent Form MA and the Form MA-1 for each current Stifel municipal advisor employee may be found on the SEC’s EDGAR website using the following hyperlink: <http://www.sec.gov/cgi-bin/browse-edgar?CIK=0000094403&owner=exclude&action=getcompany&Find=Search>.

Item 9 of Form MA requires each municipal advisor firm to disclose any criminal, regulatory violations, or self-regulatory violations and certain civil litigation. Because we are a broker-dealer firm, Form MA permits us to cross-reference to our Form BD, which is available on the website of the Financial Industry Regulatory Authority (FINRA), and our Form ADV, which is available on the SEC website. For your convenience, you may access our Form BD by using the following hyperlink: <http://brokercheck.finra.org/Firm/Summary/793>. You may access our Form ADV by using the following hyperlink: <https://www.adviserinfo.sec.gov/IAPD/IAPDSearch.aspx> and entering Firm 793 in the search field. Item 6 of each Form MA-I requires comparable disclosure about a municipal advisor individual, as well as customer complaint, arbitration, investigation, termination, financial, and judgment/lien disclosure. When an individual has a disciplinary history, Form MA-1 permits us to cross-reference to that individual's Form U-4. The disciplinary history on an individual's Form U-4 is accessible entering the individual's name in FINRA's "Broker-Check" service, using the following hyperlink: <http://brokercheck.finra.org/>.

Our Form MA was amended on July 14, 2017 to reflect the following settlement with FINRA:

In June 2017, Stifel agreed to pay a fine of \$125,000 to settle an alleged violation of MSRB Rule G-23. Stifel determined that a private placement with the county in which Stifel's school district client was located was a lower cost alternative for the school district than a public offering. Stifel presented the idea to the school district, which agreed to hire Stifel as its placement agent. Nevertheless, two months elapsed before Stifel provided disclosure to the school district that, in its role as placement agent, it was not a fiduciary to the school district as required by MSRB Rule G-23. The FINRA settlement document states that: "Because it failed to provide the role disclosure required by MSRB Rule G-23 in a timely manner, Stifel acted as both financial advisor and placement agent for the school district in connection with the Bonds, in violation of MSRB Rule G-23." The alleged violation took place in 2012. Stifel now has robust procedures in place that are designed to result in timely G-23 disclosures to underwriting/placement clients.

In our view, none of the legal and disciplinary event disclosures described in our Form MA is material to your evaluation of us or the integrity of our management or advisory personnel.

Evaluation of Recommendations/Suitability

As provided in our engagement letter, we will assist you in evaluating recommendations, whether made by Stifel or, upon your written request, by third-parties, such as underwriters. We will provide you with our evaluation of the material risks, potential benefits, structure, and other characteristics of the transaction or product. We will discuss with you why we think a recommendation we make is suitable for you. In the case of recommendations made by an underwriter or other third-party that you request in writing that we review, we will discuss with you why we think the recommended transaction or product is or is not suitable for you. We will also inform you of any other reasonably feasible alternatives considered.

In order for us to evaluate whether we think a recommendation is suitable for you, we are required to consider the following factors and we may need information from you about those factors, much as if you were opening a brokerage account:

- financial situation and needs,
- objectives,
- tax status,
- risk tolerance,

- liquidity needs,
- experience with municipal securities transactions or municipal financial products generally or of the type and complexity being recommended,
- financial capacity to withstand changes in market conditions during the term of the municipal financial product or the period that municipal securities to be issued in the municipal securities transaction were reasonably expected to be outstanding, and
- any other material information known by the municipal advisor about the client and the municipal securities transaction or municipal financial product, after reasonable inquiry.

Additional Information

We also wish to inform you that Stifel is registered as a municipal advisor with both the SEC and the MSRB. Information about the duties of a municipal advisor, as well as the procedures for filing a complaint, may be found on the MSRB's website by clicking on the following link: <http://www.msrb.org/~//media/Files/Resources/MSRB-MA-Clients-Brochure.ashx?la=en>. The general website for the MSRB is www.msrb.org. If you have any questions, please contact your municipal advisor.

EXHIBIT B

PROPOSED FINANCIAL ADVISORY FEES

ISSUE SIZE (\$ MILLIONS)	FEE¹	ADVISORY FEE PER \$1,000 ON MINIMUM SIZE IN RANGE	ADVISORY FEE PER \$1,000 ON MAXIMUM SIZE IN RANGE
\$0 - \$15	\$20,000	\$ 1 MILLION = \$20.00 (\$20,000)	\$ 15 MILLION = \$1.33 (\$20,000)
\$16 – \$50	\$1.00 PER \$1,000 OF BONDS + \$5,000 NOT TO EXCEED \$45,000	\$ 16 MILLION = \$ 1.31 (\$21,000)	\$ 50 MILLION = \$.90 (45,000)
\$51 – \$110	\$.50 PER \$1,000 OF BONDS OVER \$50 MILLION + \$45,000 NOT TO EXCEED \$75,000	\$ 51 MILLION = \$.8922 (\$45,500)	\$ 110 MILLION = \$.682 (\$75,000)
OVER \$110	\$75,000	\$111 MILLION = \$.676 (\$75,00)	\$175 MILLION = \$.428 (\$75,000)

¹ In addition to the Proposed Financial Advisory Fees, any out of town travel costs associated with rating agency meetings and or pricings will be reimbursed by the Issuer as noted in the Compensation Section of this Agreement. The Library may choose to pay the Financial Advisory Fees from either available funds of the Library or out of the proceeds of any debt issued by the Library where Stifel served as the Financial Advisor.