

## **CONSULTING AGREEMENT FOR FINANCIAL ADVISORY SERVICES**

This Consulting Agreement (the "Agreement") between **SEATTLE-NORTHWEST SECURITIES CORPORATION ("SNW")** and the **City of Sequim, Washington ("Issuer")** is entered into and effective as of **February 1, 2012** (the "Effective Date").

*Section 1.* Issuer agrees to engage SNW and SNW agrees to provide the services described herein as financial advisor to Issuer.

*Section 2. Services.* SNW shall provide the Scope of Services as described in Exhibit A (attached) pursuant to the terms and conditions contained in this Agreement.

*Section 3. Compensation.* Issuer shall pay SNW for the Services provided in the amounts and under the terms as described in Exhibit B (attached). In addition to SNW's fee, Issuer shall reimburse SNW for all reasonable expenses incurred in the provision of Services.

*Section 4. Term.* The term of this Agreement, subject to cancellation as set forth in Section 7, shall be from the Effective Date to January 31, 2017. This Agreement may be renewed for an additional period with the written consent of Issuer and SNW.

*Section 5. Standard of Care.* SNW shall perform its service with the care and skill ordinarily exercised by members of the profession practicing under similar conditions at the same time and in the same or similar locality.

*Section 6. Cancellation.* This Agreement may be terminated for any reason upon thirty (30) days written notice to the other party. In the event of cancellation, Issuer will pay SNW for the Services performed in accordance with this Agreement through the cancellation date and will reimburse SNW for expenses incurred through the date of cancellation.

*Section 7. Modifications.* The Services provided under this Agreement may be modified through the mutual consent of Issuer and SNW. All modifications shall be incorporated by written amendments to this Agreement.

*Section 8. Independent Contractor.* As an independent contractor, SNW will provide the personnel required to perform services under this Agreement. Such persons shall not be eligible for any benefits which Issuer may provide its employees, except as expressly provided for in this Agreement.

*Section 9. Compliance with Laws.* SNW shall comply with all applicable federal, State of Washington, and local laws, rules and regulations and shall obtain all applicable licenses and permits for the conduct of its business and the performance of the Services.

*Section 10. Choice of Laws.* This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington, excluding any choice of law rules which may direct the application of the laws of another jurisdiction.

*Section 11. Limitation of Liability.* Client agrees that none of SNW, any controlling person of SNW or its affiliates or their respective directors, officers, employees or agents or each other person controlling SNW or any of its affiliates (each, a "Released Party") shall have any liability of any kind (whether direct or indirect, in contract or tort or otherwise) to the Client or any person asserting claims on behalf of or in right of the Client arising in any manner out of or in connection with the rendering of services pursuant to this Agreement (including any related activities and services rendered prior to the date hereof), any Debt Financing or SNW's role in connection therewith, except and solely to the extent it is finally determined pursuant to binding arbitration under Section 12 of this Agreement, that such liability resulted from the gross negligence or willful misconduct of such Released Party (in which case such liability shall not exceed the aggregate amount of any fees paid to SNW under the Agreement).

*Section 12. Arbitration.* Except for an action to enforce any determination of an arbitrator or arbitration panel hereunder, any controversy regarding the language or performance of this Agreement shall be submitted to arbitration. Either Party may request arbitration by written notice to the other. The arbitration shall be conducted in accordance with the Rules of the Financial Industry Regulatory Authority (FINRA).

*Section 13. Non-Waiver.* The waiver by either party of any breach of any term, covenant or condition contained in this Agreement, or any default in their performance of any obligations under this Agreement shall not be deemed to be a waiver of any other breach or default of the same or any other term, covenant, condition or obligation, nor shall any waiver of any incident of breach or default constitute a continuing waiver of same.

*Section 14. Integration.* This Agreement contains the entire agreement and understanding between the parties as to the subject matter of this Agreement. This Agreement supersedes entirely all prior or contemporaneous agreements, commitments, representation, writings and discussions between SNW and Issuer, whether oral or written.


*Section 15. Successors and Assigns.* Issuer and SNW bind themselves, their successors, assigns and legal representatives. SNW shall not assign or transfer any interest in this Agreement without Issuer's prior written consent, which consent shall be withheld in Issuer's sole discretion.

*Section 16.* Exhibits A and B are incorporated herein by reference thereto. The parties have executed this Agreement in one (1) or more copies as of the Effective Date.

CITY OF SEQUIM, WASHINGTON

SEATTLE-NORTHWEST  
SECURITIES CORPORATION

By: \_\_\_\_\_  
Steve Burkett  
City Manager

By: \_\_\_\_\_  
Arnette R. Sommer  
Vice President

Date: \_\_\_\_\_

Date: 11/3/12

152 West Cedar Street  
Sequim, Washington 98382-3317

1420 Fifth Avenue, Suite 4300  
Seattle, Washington 98101

Approved as to form:

\_\_\_\_\_  
Craig Ritchie, City Attorney

## **Exhibit A**

### **Scope of Services – Financial Advisor**

As Financial Advisor:

1. Serve as the City's consultant, making recommendations on all aspects of the financing. The Financial Advisor will conduct analysis and participate in presentations regarding alternative forms of financing and associated impacts on the City's overall credit posture.
2. Analyze and report on the advantages and disadvantages of each proposed financing; advise the City on areas of industry specific knowledge that affects the financing and marketing of the project's debt.
3. Provide independent financial advice and serve solely the interests of the City. Financial Advisor is not permitted to participate directly or indirectly in any manner in the purchase of any financing debt or bonds relating to the project for which the Financial Advisor services are provided.
4. Manage the bond financing process and negotiate key business points, evaluate legal approaches permitting various financing structures; propose and evaluate financing methods, to be considered for accomplishing the City's objectives.
5. Develop a plan of finance and prepare financing schedules. Provide the City with assurances that the pricing of the bonds will give the City the lowest financing costs, including interest, based on the bond market at the time of issuance.
6. Review legal documents. Assist bond counsel in preparing the text of an official statement as required for competitive sale of bonds, and assist in submitting any and all filings to the various State and Federal Agencies associated with bond issues.

## **Exhibit B**

### **Compensation – Financial Advisor**

#### **Bank Loans**

If the City decides to pursue a bank loan of a project, we would charge a **flat \$5,000** fee for assistance with soliciting bids, reviewing documents, negotiating terms, preparing any required analysis and managing the overall issuance process and financing team members.

#### **Interim Financing or Short-term Notes**

If the City decides to pursue interim financing or short-term financing of a project where we serve as financial advisor, our fee will be as follows:

$\$10,000 + \$0.50/\$1,000$

#### **Long-term Financing – General Obligation (Unlimited or Limited)**

For a publicly offered general obligation bond issue up to \$10 million where we serve as financial advisor, our fee will be as follows:

$\$12,500 + \$1.50/\$1,000$

For a publicly offered general obligation bond issue greater than \$10 million but less than \$20 million where we serve as financial advisor, our fee will be as follows:

$\$12,500 + \$1.25/\$1,000$

For hourly work unrelated to this transaction, or in the case of an incomplete transaction, the City will be billed annually as follows:

Senior Vice President:	\$350/hour
Vice President:	\$275/hour
Assistant Vice President:	\$225/hour
Senior Associate:	\$175/hour
Associate:	\$150/hour

If the City decides to borrow via a debt instrument other than a publicly offered bond issue and/or in dollar amounts outside of the parameters indicated above, we reserve the right to adjust our fees with the mutual consent of the City.

#### **Long-term Financing – Revenue (Essential Service)**

For a publicly offered revenue bond issue up to \$10 million where we serve as financial advisor, our fee will be as follows:

$\$17,500 + \$1.50/\$1,000$

For a publicly offered revenue bond issue greater than \$10 million but less than \$20 million where we serve as financial advisor, our fee will be as follows:

$\$17,500 + \$1.25/\$1,000$

For hourly work unrelated to this transaction, or in the case of an incomplete transaction, the City will be billed annually as follows:

Senior Vice President:	\$350/hour
Vice President:	\$275/hour
Assistant Vice President:	\$225/hour
Senior Associate:	\$175/hour
Associate:	\$150/hour

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**Long-term Financing – Revenue (Non-Essential Service, e.g. Lease Revenue, 63-20, etc.)**

For a publicly offered revenue bond issue up to \$10 million where we serve as financial advisor, our fee will be as follows:

$\$30,000 + \$1.50/\$1,000$

For a publicly offered revenue bond issue greater than \$10 million but less than \$20 million where we serve as financial advisor, our fee will be as follows:

$\$30,000 + \$1.25/\$1,000$

For hourly work unrelated to this transaction, or in the case of an incomplete transaction, the City will be billed annually as follows:

Senior Vice President:	\$350/hour
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Assistant Vice President:	\$225/hour
Senior Associate:	\$175/hour
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If the City decides to borrow via a debt instrument other than a publicly offered bond issue and/or in dollar amounts outside of the parameters indicated above, we reserve the right to adjust our fees with the mutual consent of the City.

**Local Improvement District Bonds**

For a LID bond issue up to \$1 million where we serve as financial advisor, our fee will be as follows:

$\$20,000 + \$2.00/\$1,000$

For a LID bond issue greater than \$1 million where we serve as financial advisor, our fee will be as follows:

$\$20,000 + \$1.00/\$1,000$

For hourly work unrelated to this transaction, or in the case of an incomplete transaction, the City will be billed annually as follows:

Senior Vice President:	\$350/hour
Vice President:	\$275/hour
Assistant Vice President:	\$225/hour
Senior Associate:	\$175/hour
Associate:	\$150/hour

If the City decides to borrow via a debt instrument other than a publicly offered bond issue and/or in dollar amounts outside of the parameters indicated above, we reserve the right to adjust our fees with the mutual consent of the City.

