



April 2, 2019

Commissioner Billie Jo Underwood
Chairwoman of Finance
Baldwin County Commission
312 Courthouse Square, Suite 12
Bay Minette, AL 36507

RE: FINANCIAL ADVISORY SERVICES

- Financial planning efforts and potential structuring/issuance of one or more series of warrants, or similar debt instruments, including but not limited to general obligation warrants, improvement district bonds, cooperative district bonds, tax increment financing bonds, installment purchase revenue bonds, and other suitable/permissible debt instruments as determined to be necessary or advantageous by the County Commission
- Ongoing general advisory services as requested by the County Commission
- Investment bidding services as requested by the County Commission

Stifel, Nicolaus & Company, Incorporated (“Stifel”) presents for your acceptance this agreement to retain Stifel as financial advisor to the Baldwin County Commission (“County”) for the following:

- a) financial planning efforts and the potential issuance of one or more series of the above-referenced bond types (the “Bonds”),
- b) ongoing general advisory services as requested by the County, and
- c) investment bidding services as requested by the County.

This agreement will be effective on the date signed by an authorized representative of County and will authorize Stifel to act as financial advisor through the completion of any tasks undertaken pursuant to items (a), (b), and/or (c) of this paragraph. This agreement may be terminated on seven (7) days’ written notice by either party.

1. Scope of Work. Stifel agrees to perform the following services for the County with respect to the Bonds:

- a. Assume overall responsibility for the financial analysis and structuring recommendations for the Bonds;
- b. Assist disclosure counsel and the County in preparation of the preliminary and final official statements for the Bonds consistent with all federal and state requirements;

- c. Assist the County, as requested, in the selection of an underwriter(s), including review of underwriter recommendations to the extent requested in writing by the County, and coordinate all activities of the underwriter(s);
 - d. Coordinate with consultants, accountants, bond counsel, other attorneys and staff in connection with the sale of the Bonds;
 - e. Coordinate financing time schedule, distribution of documents, preliminary and final official statement printing, wire-transfer of funds, delivery of bonds and bond closing;
 - f. Assist the County as needed on the matter of rating(s) for the proposed Bonds and coordinate the preparation of credit information for submission and presentation to the rating agency(ies);
 - g. Coordinate pre-pricing discussions of bond pricing and structuring, supervise the negotiated sale process, and advise on acceptability of offer to purchase bonds by the underwriters;
 - h. If requested, assist the County in procuring any appropriate ancillary financing-related products and services including, credit enhancement (e.g., bond insurance), paying agent/registrar/trustee, escrow agent (if applicable), escrow investments, and other such products and services as the County may deem necessary or desirable in connection with any financing.
 - i. Attend County meetings as requested, with reasonable advance notice;
 - j. Provide ongoing general advisory services as requested by the County;
 - k. Provide investment bidding services as requested by the County;
 - l. Provide such other services as are mutually agreed upon in writing by the County and Stifel.
- 2. County's Obligations.** The County agrees that, with respect to the Bonds, its staff and consultants will cooperate with Stifel and make available any data in the possession of the County necessary to perform Stifel's financial advisory services and regulatory obligations as described in Exhibit A to this agreement.
- 3. Regulatory Disclosures:**
- a. The County 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 County under the

Rule and this agreement documents the municipal advisory relationship between Stifel and the County.

- 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.

- 4. Compensation: With respect to compensation for our efforts contemplated under the Scope of Work herein, Stifel would propose to determine a mutually agreeable financial advisory fee at the time of any issuance of Bonds, or the closing of any investment contract, with the County retaining sole discretion as to the amount of any such fee. Any compensation requested by Stifel for our efforts with respect to any transaction or investment bidding work contemplated herein would be contingent upon the successful closing of the financing(s). For ongoing general advisory services, Stifel would propose to be compensated at a rate of \$200 per professional hour dedicated to such service with the County retaining sole discretion over the amount of these fees as well.

- 5. Authority to Direct Financial Advisor: The following individuals have the authority to direct Stifel's performance of its scope of work under this agreement: the Chair of Finance of the Baldwin County Commission, the County Administrator, the County Budget Director, the County Clerk Treasurer.

Respectfully submitted this ____ day of _____.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____

Name: Reid Cavnar

Title: Managing Director

ACCEPTANCE

I, Charles F. Gruber, acting in my capacity as Chairman of the Baldwin County Commission, hereby accept the agreement as submitted by Stifel, Nicolaus & Company, Incorporated relative to the financial advisory services, as described herein.

By: _____

Name: _____

Title: _____

Date: _____

ATTEST:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A

Baldwin County Commission

Financial Advisory Services Agreement

MSRB Rule G-42 Disclosures

As municipal advisor to the Baldwin County Commission (“County” or “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 and the amount of compensation may be based on a percentage of the principal amount of the bond issue described in the engagement letter. 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. However, because under our proposed fee structure the County retains sole discretion as to the amount of our fee, we believe this conflict of interest has been appropriately addressed in your favor.

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.