

CLEVELAND PUBLIC LIBRARY

Board Meeting

January 17, 2017

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

WHEREAS, On October 24, 2016, the Cleveland Public Library sent out requests for proposals for municipal advisory services to seven (7) financial firms providing municipal advisory services, including PFM, Sudsina & Associates, Rockmill Financial Consulting, Umbaugh, Stifel & Nicolaus, Inc., Acacia Financial Group, and Ross, Sinclair & Associates; and

WHEREAS, On November 8, 2016, proposals were submitted to the Library by the following four (4) financial firms: Stifel & Nicolaus, Inc. ("Stifel"), Umbaugh, PFM, and Sudsina & Associates; and

WHEREAS, The Chief Financial Officer and Chief Legal Officer reviewed the proposals and invited Stifel and Umbaugh to the Library for interviews. An interview panel comprised of the Chief Financial Officer, Chief Legal Officer, Trustee Alesha Washington, and Michael Sharb, bond counsel from Squire Patton & Boggs, interviewed the two firms on December 14, 2016; and

WHEREAS, The interview panel collectively determined that Stifel was the best suited to the Library's needs for the following reasons: 1) their familiarity with laws applicable to public libraries in Ohio; 2) their experience with bond issuances for public libraries in Ohio as underwriters; 3) their extensive network of relationships and connections with governmental entities, rating agencies, and bond counsel; 4) their location here in Cleveland; and 5) the stability of their professional staff (each one has been with Stifel since at least 2009); and

WHEREAS, Stifel's fees for municipal advisory services are \$22,500 per year, plus reasonable out-of-pocket reimbursable expenses for travel, payable upon the completion of twelve (12) months, plus bond issuance transaction fees of \$20,000.00 for issuances in a par amount between \$1million and \$15 million, increasing by \$1,000.00 for each additional \$1 million par up to a maximum fee not-to-exceed \$40,000. Should the Library decide to extend the agreement into a second year, Stifel will charge an additional monthly municipal advisory fee of \$1,875.00 (12 months/\$22,500); now therefore be it

EXHIBIT 8

RESOLVED, That the Board authorizes the Executive Director, CEO or his designees, to execute an agreement with Stifel & Nicolaus Inc. for municipal advisor services for a period of (twelve)12 months, with an option to renew for an additional (twelve) 12 months, for a fee of \$22,500.00 per year or \$1,875.00 per month plus reasonable out-of-pocket reimbursable expenses for travel, and bond issuance service fees of \$20,000.00 for issuances in a par amount between \$1million and \$15 million, increasing by \$1,000.00 for each additional \$1 million par up to a maximum fee not-to-exceed \$40,000. The agreement will be subject to the approval of the Chief Legal Officer. Expenditures shall be charged to the General Fund Account 11100053-53710 (Professional Services).

January 10, 2017

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: MUNICIPAL ADVISOR SERVICES
Cleveland Public Library – Independent Registered Municipal Advisor Services

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, 2017 (“Agreement”). 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:

a. Ongoing Services:

1. Provide technical financial analysis and comprehensive advice and recommendations related to financing options for various capital projects. The Library is contemplating a debt issuance in 2018 to finance capital expenditures, and seeks assistance with the debt issuance and long range financial planning as a result of this potential debt issuance.
2. 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.
3. Attend meetings of the Library and its staff on an as-needed basis to discuss financing projects. Provide advice concerning upcoming tax levy providing general tax rate studies and millage estimates.
4. Municipal Advisor shall:
 - evaluate the best use of public library fund (PLF) revenue vs. property taxes
 - project revenue related to different tax streams
 - determine how much each tax revenue can support
 - calculate the tax rate to achieve the desired goals
 - provide usable taxing options
 - provide a calculator for bond millage rates
 - provide a calculator for levy millage rates
 - provide a table of the tax cost for residents

b. Transaction Related Services:

1. Develop Requests for Proposals for services and help evaluate proposals as required, including selection of underwriter.
2. Work with CPL staff, bond counsel and investment bankers in developing financing programs and marketing of bonds or notes.
3. Coordinate with bond counsel and other participants the timing and process of the bond or note issuance.
4. Present information to rating agencies on behalf of the Library, as needed.
5. 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.
6. 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.
7. Assist with preparation of the Preliminary Official Statement and Official Statement, as needed.

c. Provide other financial services 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

Stifel’s fee for ongoing services will be \$22,500 payable at the completion of the term of our 12 month contract with the Library.

If the Library issues debt or other long-term obligations of the Library during the contract term, at the request of the Library Stifel would be willing to include our fee for ongoing services in the Library borrowing, along with an additional fee for services related to debt issuance in accordance with the following schedule:

Transaction related fees (\$1-\$15mm par amount of long-term debt = \$20,000 increasing \$1,000 per \$1 million par amount of bonds up to a maximum of \$40,000). The maximum total contract fee assuming a bond issue less than \$15 million would be \$42,500 (\$22,500+\$20,000) and the maximum total contract fee assuming a bond issue of \$35 million or more would be \$62,500 (\$22,500+\$40,000).

If the Library issues multiple series of bonds less than \$15 million during the contract term, Stifel would propose including fees for ongoing services during the term of our contract in the first bond issue, and any debt thereafter would only include fees for services related to debt issuance per our proposed bond pricing schedule.

If the Library chooses to extend the contract of Stifel for an additional term of 12 months, we would request payment of 50% of our fee for ongoing services at the completion of our initial contract term (\$11,250), and the payment to Stifel of the remaining 50% of our fee for services for the first 12 month contract may be delayed at the discretion of the Library in anticipation of a debt issuance in the second year of our contract, but no later than December 31, 2018. Upon a first debt issuance in year two of the contract, Stifel would then include the remaining fees due for ongoing services for year one of our contract (\$11,250).

If the Library and Stifel agree to an extension of the contract into a second year, an additional monthly fee will be paid by the Library to Stifel in the amount of \$1,875 (\$22,500/12 months) for each month municipal advisor services are provided. Fees for services related to a long-term debt issuance in year two would be per the same schedule as detailed above for a debt issuance in year one of our contract.

If the library extends the contract with Stifel for an additional one year, and does not issue any debt within the two year period of our contract, all fees for ongoing services not paid after year one of the contract will be due and payable at the completion of year two of the contract.

At the sole discretion of the Library, if the contract for municipal advisor services is extended into a second year, as noted above the Library can defer payment of ½ of the year one municipal advisor fee of \$11,250 as well as the monthly fees for year two of the contract until a bond or note is issued, if expected in year two (2018). Alternatively, if preferred by the Library, fees for both ½ of year one services and any monthly year two services can be paid semi-annually at June 30, 2018 and December 31, 2018.

Stifel would also be reimbursed for any reasonable out-of-town travel expenses (out-of-pocket only) relating to discussions with rating agencies and the pricing of any securities, provided Stifel seeks prior approval of the Library of the estimated costs of the out of town travel.

Stifel acknowledges and agrees that the approval of the Library's Board of Trustees is required prior to an extension of the contract into a second year, and for any fees for services related to the issuance of long term debt.

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
- Cindy Lombardo, Deputy Director and Chief Operating Officer

Respectfully submitted this 3rd day of January, 2017
STIFEL, NICOLAUS & COMPANY, INCORPORATED



Alan G. Baucio
Managing Director

ACCEPTANCE

I, Felton Thomas, Jr., Director and Chief Executive Officer, 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 municipal advisor services, as described herein.

By: _____

Name: Felton Thomas, Jr.

Title: Director and Chief Executive Officer
Cleveland Public Library

Date: _____

EXHIBIT A

**Cleveland Public Library
Municipal Advisory Services**

MSRB Rule G-42 Disclosures

As municipal advisor to Cleveland Public Library, Ohio (“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 “material” conflicts of interest, including any conflicts associated with contingent fee arrangements. As described in our engagement letter, the payment of a portion of our fee will be contingent on the closing of potential bond issues described in the engagement letter, and the amount of compensation will be based on a percentage of the principal amount of the bond issue(s). 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-I 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: <http://www.adviserinfo.sec.gov/IAPD/Firm/793>. 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/>.

In our view, none of the legal and disciplinary event disclosures described in our Form MA or our Form MA-I is material to our ability to serve as your municipal advisor. Our Form MA was amended on January 4, 2017 to reflect the following settlement with the SEC:

On December 6, 2016, a final judgment ("Judgment") was entered against Stifel, Nicolaus & Company, Incorporated ("Stifel") by the United States District Court for the Eastern District of Wisconsin resolving a civil lawsuit filed in 2011 by the SEC in which the SEC alleged that Stifel violated suitability and anti-fraud rules when it sold synthetic collateralized debt obligations ("CDOs") to five Wisconsin school districts (the "School Districts") in 2006. Under the Order: (i) Stifel is required to cease and desist from committing or causing any violations and any future violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act; and (ii) Stifel is required to pay a civil penalty of \$22.5 million, as well as disgorgement and prejudgment interest. Stifel previously resolved litigation with the School Districts. As a result of the previous settlement with the School Districts and the Judgment, the School Districts have been made whole for the losses they incurred on the CDOs.

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.