

**PFM FINANCIAL ADVISORS LLC**  
**AGREEMENT FOR FINANCIAL ADVISORY SERVICES**

This agreement (“Agreement”), made and entered into this 12<sup>th</sup> day of February, 2024, by and between Town of Jerome (“Client”) and PFM Financial Advisors LLC (hereinafter called “PFM”), sets forth the terms and conditions under which PFM shall provide services.

WHEREAS, Client desires to obtain the services of a financial advisor to develop and assist in implementing Client’s strategies to meet its current and long-term operations, financial obligations, capital financing needs and render assistance in respect to debt transactions; and

WHEREAS, PFM is capable of providing the necessary financial advisory services.

NOW, THEREFORE, in consideration of the above-mentioned premises and intending to be legally bound hereby, Client and PFM agree as follows:

**I. SCOPE OF SERVICES**

PFM shall provide, upon request of the Client, services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance, as applicable and set forth in Exhibit A to this Agreement. Client acknowledges and agrees that most tasks requested by Client will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. Services provided by PFM which are not specifically referenced in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the Client and PFM. Upon the request of Client, an affiliate of PFM or a third party referred or otherwise introduced by PFM and/or designated by the Client may agree to additional services to be provided under a separate writing, including separate scope and compensation, between Client and such affiliate or third party.

**II. WORK SCHEDULE**

The services of PFM are to commence as soon as practicable after the execution of this Agreement and a request by the Client for such service.

**III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES**

1. PFM is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If Client has designated PFM as its independent registered municipal advisor (“IRMA”) for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”), then services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any agreed upon limitations. Verification of independence (as is required under the IRMA exemption) shall be the

responsibility of such third party seeking to rely on such IRMA exemption. PFM shall have the right to review and approve in advance any representation of PFM's role as IRMA to Client.

2. MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFM's Disclosure Statement delivered to Client prior to or together with this Agreement.

#### **IV. FINANCIAL ADVISORY COMPENSATION; REIMBURSEMENT OF EXPENSES**

For the services provided under this Agreement, PFM's professional fees shall be paid as provided in Exhibit B to this Agreement and Client shall pay expenses and fees for other services not set forth in Exhibit A as provided below.

All fees shall be due to PFM within thirty (30) days of the date of invoice.

##### **1. Reimbursable Expenses**

In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and out-of-pocket expenses incurred, including, but not limited to, travel, meals, lodging, telephone, mail, and other ordinary or extraordinary costs such as for graphics, printing, document production (including as required by a subpoena or other legal document or order), data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

##### **2. Other Services**

Any services which are not included in the scope of services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

#### **V. TERMS AND TERMINATION**

This Agreement shall be effective from January 1, 2024 until January 1, 2027 (the "Initial Term") and shall automatically renew for additional one-year periods (each a "Renewal Term" and together with the Initial Term, the "Term", unless terminated in writing by either party upon thirty (30) days written notice to the other party.

Upon any such termination, PFM will be paid for all services performed and costs and expenses incurred up to the termination date.

#### **VI. ASSIGNMENT**

PFM shall not assign or transfer any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the Client; provided that PFM retains the right to enter into a sale, merger, acquisition, internal reorganization, or similar transaction involving PFM's business without any such consent.

**VII. INFORMATION TO BE FURNISHED TO PFM**

All information, data, reports, and records in the possession of the Client or any third party necessary for carrying out any services to be performed under this Agreement (“Data”) shall be furnished to PFM. PFM may rely on the Data in connection with its provision of the services under this Agreement and the provider thereof shall remain solely responsible for the adequacy, accuracy and completeness of such Data.

**VIII. NOTICES**

All notices and other communication required under this Agreement shall be in writing and may be sent by certified mail, return receipt requested, by nationally recognized courier, with written verification of receipt, or by electronic mail. Notices shall be sent to the parties at the following addresses, or to such other address as a party may furnish to the other party:

**TOWN OF JEROME**  
600 Clark Street  
Jerome, AZ 86331  
Attention: Brett Klein, Town Manager / Clerk

**PFM FINANCIAL ADVISORS LLC**  
1820 East Ray Road  
Chandler, AZ 85225  
Attention: Darren Hodge. Managing Director

**IX. TITLE TRANSFER**

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Agreement shall be the property of the Client. Subject to the exception described above, upon termination of this Agreement, at Client’s reasonable request no later than three (3) years after the termination of this Agreement, PFM shall deliver to the Client copies of any deliverables pertaining to this Agreement.

**X. PFM’S REPRESENTATIVES**

1. Advisory Team

The employees of PFM set forth below will provide the services set forth in this Agreement; provided that PFM may, from time to time, supplement or otherwise amend the advisory team members set forth below.

Professional Staff

- Darren Hodge, Managing Director
- Jaime Trejo, Senior Managing Consultant
- Matt Stoffel, Senior Managing Consultant
- Fred Dilly, Senior Managing Consultant

## 2. Changes in Advisory Team Requested by the Client

The Client has the right to request, for any reason, that PFM replace any member of the advisory team. Should the Client make such a request, PFM shall promptly suggest a substitute for approval by the Client.

## **XI. INSURANCE**

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit C.

## **XII. LIMITATION OF LIABILITY**

Except to the extent caused by its willful misconduct, bad faith, gross negligence or reckless disregard of its obligations or duties, PFM shall have no liability to any party under this Agreement.

## **XIII. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY**

PFM, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Agreement or any actions or services rendered under this Agreement. Nothing in this Agreement is intended or shall be construed to give any person, other than the parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy or claim under or in respect of this Agreement or any provisions contained herein. In no event will PFM be liable for any act or omission of any third party or for any circumstances beyond PFM's reasonable control including, but not limited to, fire, flood, or other natural disaster, war, riot, strike, act of terrorism, act of civil or military authority, software and/or equipment failure, computer virus, or failure or interruption of electrical, telecommunications or other utility services.

## **XIV. APPLICABLE LAW**

This Agreement shall be construed, enforced, and administered according to the laws of the State of Arizona. PFM and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

## **XV. ENTIRE AGREEMENT; SEVERABILITY**

This Agreement represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties. For the sake of clarity, any separate agreement between Client and an affiliate of PFM or any third party referred or introduced by PFM and/or designated by Client shall not in any way be deemed an amendment or modification of this Agreement. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

**XVI. EXECUTION; COUNTERPARTS**

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

**IN WITNESS WHEREOF**, Client and PFM have executed this Agreement as of the day and year herein above written.

**TOWN OF JEROME**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**PFM FINANCIAL ADVISORS LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Managing Director

## **EXHIBIT A** **SCOPE OF SERVICES**

### **Non-Transaction Services**

- Assist the Town of Jerome (“Town” or “Client”) in forming and/or reviewing Financial and Debt Policies.
- Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the Client with savings.
- Analyze future debt capacity to determine the Client’s ability to raise future debt capital.
- Assist the Client in the development of the Client’s Capital Improvement Program by identifying sources of capital funding.
- Assist the Client with the development of the Client’s financial planning efforts and process by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
- As requested, develop, manage, and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the Client.
- Conduct strategic modeling and planning and related consulting as requested by Client.
- Attend meetings with Client’s board, staff, consultants and other professionals and the Client.
- Provide other financial services as requested by the Client.

### **Transaction-Related Services**

Upon the request of the Client:

- Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement, federal/state loan or a public sale. In a competitive sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, prepare solicitation RFP, distribute RFP, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection. In connection with private placement, prepare solicitation RFP, distribute RFP, review and evaluate responses and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.

- As appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
- Assist the Client in the procurement of other services relating to debt issuance such as printing, trustee/paying agent, bond counsel, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond indentures, resolutions or other governing documents regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond governing documents.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications, and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Coordinate with Client's staff and other advisors regarding data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
- As applicable, advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Working with Bond Counsel, arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.
- Preparation of a post-closing summary of the financing, including a description of market dynamics at the time of pricing, an overview of marketing efforts, analysis of underwriter performance, pricing wires, and copies of rating and marketing materials, among other pertinent transaction-related information.

**EXHIBIT B**  
**COMPENSATION FOR SERVICES**

**Hourly Project Fees (Non-Transaction Related).** Consultant will not charge for general advice between financings. In the event the Client requests that Consultant perform significant special projects, fees will be negotiated in advance of the project generally based upon the following hourly rates and the agreed upon scope and the anticipated level of effort.

<b><u>Experience Level</u></b>	<b><u>Hourly Rate</u></b>
Managing Director	\$375
Director	\$350
Senior Managing Consultant	\$325
Senior Analyst	\$300
Analyst	\$275

All hourly rates will be subject to annual inflationary increases based on CPI on the annual anniversary of the contract execution.

**Transaction Fees.** Fees for Services Related to Debt Transactions will be based on a fixed fee per the schedule in the table below:

<b>Transaction Type</b>	<b>Fee</b>
<b>General Obligation Bonds</b> (Negotiated and Competitive)	\$0 - \$25mm: \$50,000 \$25mm - \$50mm: \$60,000 \$50mm+: \$70,000
Excise Tax (Negotiated and Competitive)	\$0 - \$25mm: \$55,000 \$25mm - \$50mm: \$65,000 \$50mm+: \$75,000
Enterprise Revenue Bonds (Negotiated and Competitive)	\$0 - \$25mm: \$55,000 \$25mm - \$50mm: \$65,000 \$50mm+: \$75,000
Direct Purchase / Bank Loan	\$35,000 (subject to negotiation based on type and complexity of direct purchase/bank loan)

All fees will be subject to annual inflationary increases based on CPI on the annual anniversary of the contract execution.



**EXHIBIT C**  
**INSURANCE**

PFM Financial Advisors LLC (“PFM”) has a complete insurance program, including property, casualty, general liability, automobile liability and workers compensation. PFM maintains Professional Liability coverage which total \$10 million single loss/ \$5 million aggregate. PFM also carries a \$5 million cyber liability policy.

Our Professional Liability and Cyber Liability policies are a “claims made” policy and our General Liability policy claims would be made by occurrence.

**Deductibles/SIR:**

Automobile \$100 comprehensive & \$1,000 collision  
Cyber Liability \$250,000  
General Liability \$0  
Professional Liability (E&O) \$250,000  
Crime \$50,000

**Insurance Company & AM Best Rating**

Professional Liability (E&O)..... AIG Specialty Insurance Company; (A; Stable)  
.....Great American Fidelity Insurance Co; (A+; Stable)  
Crime.....Berkley Regional Insurance Company; (A+; Stable)  
Cyber Liability.....AIG Specialty Insurance Company (A; Stable)  
General Liability.....The Continental Insurance Company; (A Stable)  
Automobile Liability.....The Continental Insurance Company; (A Stable)  
Excess /Umbrella Liability.....The Continental Insurance Company; (A Stable)  
Workers Compensation.....The Continental Insurance Company; (A Stable)  
& Employers Liability