TAB 5 - COST PROPOSAL

The cost proposal form (as provided) must be completed and include the fees of the proposed services to be provided including those provided at no charge.

V. It must be understood by the offeror that payment for services rendered to the Districts will be paid from the bond funds upon the sale of bonds or debt obligations. Should the Governing Board not call for the bond election, or the bond election fail to pass, any services rendered will be on a no charge basis, except for any fees (hourly or otherwise) associated with additional services outlined in the cost proposal.

VI. The proposal response is to be submitted as Dollars per $1,000.00 (one thousand dollars) of principal amounts of bond. For small bonds, a rate with a minimum is suggested. List below, the dollar cost for all services that you will provide relating to authorization and the issuance of bonds where there is a charge.

VII. Cost Form

We believe our proposed fees as outlined below are competitive and within the range of other proposers having equivalent and comparable services and expertise. Our fees also reflect the greater level of services we offer and the value we add to our clients that many other firms do not currently offer.

It is possible that some firms may submit extremely low bids to this RFP. A concern with an extremely low bid is that if it is too far below the national average, service and attention to the District's account might be compromised and the compensation available to sell the bonds may not be sufficient to market bonds at the lowest possible interest rates. The resulting increase in interest costs may far exceed any "savings" from selecting the Firm that bids the lowest fee for a particular service resulting in a false economy.

We respectfully request the District to consider all the factors presented in this response including:

- The overall service and range of services provided to the District (including those services of Dr. Judy Richardson and Randie Stein that would be included at no additional cost).
- The strength of our underwriting desk to secure the lowest interest rates possible for the District.
- The experience, diversity and proven capability we have in the Arizona sector.
- The dedication and professionalism we provide every one of our clients.

Our cost proposal covers the three major types of debt obligations that the District, SAVE, and YEPA members might issue. The prices below for underwriting assume a 10-year amortization and an uninsured financing with at least an "AA" underlying credit rating. Prices on the next page are shown on a fee per bond basis, assuming bond increments of $1,000. The underwriting and financial advisor fee for any issuance will not be lower than fees stated for smaller financing sizes. See notes on page 39 for additional information and potential adjustments.

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	Less than 2 Million	2 to 9.999 Million	10 to 24.999 Million	25 to 49.999 Million	50 to 74.999 Million	75 to 99.999 Million	100 Plus Million
New General Obligation Bonds							
Fee for Underwriting when there is no Financial Advisor	up to $35,000	$6.40 (minimum $25,000)	$5.60	$5.25	$4.75	$4.50	$4.00
Fee for Financial Advisor	up to $25,000	$3.00 (minimum $25,000)	$2.00 (minimum $30,000)	$1.50 (minimum $50,000)	$1.30 (minimum $75,000)	$1.25 (minimum $97,500)	$1.10 (minimum $125,000)
Fee for Underwriting when there is a Financial Advisor	up to $20,000	$5.90 (minimum $20,000)	$5.15	$4.75	$4.25	$4.10	$3.65

New Revenue Bonds							
Fee for Underwriting when there is no Financial Advisor	up to $45,000	$9.00 (minimum $35,000)	$7.90	$6.80	$5.75	$5.25	$4.75
Fee for Financial Advisor	up to $30,000	$3.50 (minimum $30,000)	$2.50 (minimum $35,000)	$2.25 (minimum $62,500)	$1.80 (minimum $112,500)	$1.55 (minimum $135,000)	$1.20 (minimum $155,000)
Fee for Underwriting when there is a Financial Advisor	up to $25,000	$7.00 (minimum $20,000)	$5.90	$5.30	$4.75	$4.25	$4.00

New Certificates of Participation (Lease Purchase)							
Fee for Underwriting when there is no Financial Advisor	up to $40,000	$9.50 (minimum $30,000)	$8.40	$7.30	$6.00	$5.50	$5.00
Fee for Financial Advisor	up to $30,000	$3.50 (minimum $30,000)	$2.50 (minimum $35,000)	$2.25 (minimum $62,500)	$1.80 (minimum $112,500)	$1.55 (minimum $135,000)	$1.20 (minimum $155,000)
Fee for Underwriting when there is a Financial Advisor	up to $27,500	$7.50 (minimum $20,000	$6.40	$5.80	$5.25	$4.75	$4.50

	Less than 2 Million	2 to 9.999 Million	10 to 24.999 Million	25 to 49.999 Million	50 to 74.999 Million	75 to 99.999 Million	100 Plus Million
Refinancing General Obligation Bonds							
Fee for Underwriting when there is no Financial Advisor	up to $40,000	$7.40 (minimum $30,000)	$6.60	$6.25	$5.50	$5.15	$4.50
Fee for Financial Advisor	up to $30,000	$3.10 (minimum $30,000)	$2.10 (minimum $35,000)	$1.60 (minimum $52,5000)	$1.40 (minimum $80,000)	$1.35 (minimum $105,000)	$1.20 (minimum $135,000)
Fee for Underwriting when there is a Financial Advisor	up to $25,000	$6.90 (minimum $25,000)	$6.15	$5.75	$5.00	$4.75	$4.15
Refinancing Revenue Bonds							
Fee for Underwriting when there is no Financial Advisor	up to $50,000	$10.50 (minimum $40,000)	$8.90	$7.80	$6.50	$5.90	$5.25
Fee for Financial Advisor	up to $35,000	$3.60 (minimum $35,000)	$2.60 (minimum $40,000)	$2.35 (minimum $65,000)	$1.90 (minimum $117,500)	$1.65 (minimum $142,000)	$1.30 (minimum $165,000)
Fee for Underwriting when there is a Financial Advisor	up to $30,000	$8.00 (minimum $25,000)	$6.90	$6.30	$5.50	$4.90	$4.50
Refinancing Certificates of Participation (Lease Purchase)							
Fee for Underwriting when there is no Financial Advisor	up to $45,000	$10.50 (minimum $35,000)	$9.40	$8.30	$6.75	$6.15	$5.50
Fee for Financial Advisor	up to $35,000	minimum $35,000	$2.60 (minimum $40,000)	$2.35 (minimum $65,000)	$1.90 (minimum $117,500)	$1.65 (minimum $142,500)	$1.30 (minimum $165,000)
Fee for Underwriting when there is a Financial Advisor	up to $32,500	$8.50 (minimum $25,000)	$7.40	$6.80	$6.00	$5.40	$5.00

Services and Fees	
Override Election Services Per Hour	Included in the above fees for no extra charge, contingent upon a debt financing being completed during the term of the contract.
Other Charges for Services you may provide	Debt Defeasance - $7,500 minimum plus $1,000 for each additional debt issue.
	Federal Tax Credit Financings (QZABs, QSCBs, CREBs, etc.), Private Lease Purchase Agreements (including Performance Contracting/Energy Savings) - Financial Advisor fee: up to 2% of total loan. Placement Agent fee: up to 2% of total loan.
	Escrow Restructuring - Lesser of 0.25% of escrow value and 10% of net cost savings ($25,000 minimum)
	Tax Anticipation Notes – Financial Advisor: $1.00 per $1,000, $10,000 min; Underwriter: $2.00 per $1,000, $10,000 min
Value Added Services and Number of Hours Included	In addition to assistance with M&O and capital outlay override elections, we also provide a membership in the School Capital Finance Support Service and the additional services listed on p. 28. These services are not limited to a specific number of hours and are available for members anticipated to complete a debt financing during the term of the contract.
Fee for Additional Hours of Value Added Services	$96 - $200 per hour for School Finance Consulting Services outside of the School Capital Finance Support Service (see p. 28-29 for details) and $100-$250 for hourly banking support services outside those described directly above and on page 29. These hourly rates also apply to other municipalities for non-financing related services.
List all items that you would expect to be reimbursed for during the course of the resulting contract	Assembly and publishing of Official Statement or placement memorandum (typically not exceeding $25,000) Costs of issuance that we pay at the request of the issuer, such as rating agency or counsel fees DTC/CUSIPs/Other Industry Fees Travel expenses (i.e., rating trips) Fed Ex/UPS Charges Telephone conference calls Auditor's Consent (if requested) Assembly of term sheet or other disclosure documentation (when applicable)

Notes:

Adjustments to fees listed above for underwriting, placement agent or financial advisor (as applicable):

- The underwriting and financial advisor fee for any issuance will not be lower than fees stated for smaller financing sizes.
- Impact Aid Revenue Bonds less than $25 million -- add up to $3.00 per $1,000 and $6,000 to the minimum.
- Amortizations of longer than 10 years – add up to $0.30 per $1,000 for each year above 10 years.
- Uninsured financings or financings with insurance rated less than AAA– add:
  - Up to $2.50 per $1,000 and $5,000 to the minimum for underlying AA- or Aa3 credit rating
  - Up to $5.00 per $1,000 and $10,000 to the minimum for underlying A category credit rating
  - Up to $10.00 per $1,000 and $15,000 to the minimum for underlying BBB or Baa category credit rating
  - Up to $20.00 per $1,000 and $20,000 to the minimum without any underlying credit rating
- Supplemental interest certificates, capital appreciation securities, convertible capital appreciation securities, stepped coupon securities or securities with taxable interest – add up to $2.50 per $1,000.
- Securities sold more than 6 weeks prior to delivery (forward delivery securities) – add up to $2.50 per $1,000 to reflect market rates at the time of the sale, as negotiated with and approved by the issuer.
- For large volume underwriting clients, in excess of $80 million every two years, the Firm may be able to negotiate somewhat reduced underwriting fees, depending on market conditions at the time.
- Underwriting fees do not include the cost of underwriter's counsel.

For assistance with complex financings in any role or unique requests outside traditional value added services, the Firm would negotiate a fair amount of additional compensation with the issuer. Complex financings include, but not limited to: (1) title or real estate issues, (2) water company acquisitions, (3) tax increment or land based security (special districts), (4) public/private partnerships (for-profit, non-profit, governmental purpose facilities) or (5) other circumstances requiring a significantly higher degree of complexity or effort (e.g., requests to attend an unusually large number of meetings).

PLEASE BE COMPLETE

AUTHORIZED SUGNATURE: Robert A. Casillas

PRINTED NAME: **Robert Casillas**

TITLE: **Managing Director**

DATE: **May 14, 2013**

EMAIL: **rcasillas@stifel.com**

My signature binds my firm to the terms and conditions within this proposal at the fees set forth. All fees shall remain firm for the first year and for each of the four possible extensions of this contract.