



JNA Consulting Group, LLC

Independent Public Finance Advisors

June 8, 2016

David R. Empey, CPA
Finance Director/Treasurer
City of Mesquite, Nevada
10 E Mesquite Boulevard
Mesquite, NV 89027

RE: Financial Advisory Scope of Services/Fees for City of Mesquite, Nevada Local Improvement District Refunding Bonds, Series 2016 (Anthem at Mesquite)

Dear Dave:

JNA Consulting Group, LLC is pleased to be of service to the City of Mesquite, Nevada (the "City") relating to the above-captioned financing. Our services consist of offering independent financial advice and consulting services.

This letter specifies the proposed fees and JNA's duties and obligations as the City's financial advisor for the above-referenced project.

Scope of Municipal Advisory Activities to be Performed

Services provided consist of offering independent financial advice and consulting services relating to debt and the funding of capital projects. We do not underwrite securities or offer investment services.

Proceeds of the financing will be used to refinance the City's 2007 Local Improvement Bonds (Anthem at Mesquite) for debt service savings.

Services to be rendered by JNA to the City for the financing include, but are not limited to:

- Oversight of the financing process
- Preparation of a financing schedule
- Assistance with the selection of other bond issuance participants
- Evaluate the financing in relation to the City's SID policies
- Financial analysis preparation and evaluation (amortization schedules, assessment coverage ratios, sources/uses of funds, etc.)
- Coordinate debt repayment schedules of the City with receipt of assessment payments
- Evaluate financing options
- Evaluate additional refunding opportunities
- Development of the various terms and conditions of the financing
- Assistance in preparing documentation for authorization of the financing
- Assist with the preparation of a Preliminary Official Statement and Final Official Statement for the financing
- Review and recommend financing terms to the City
- Preparation of closing instructions and wiring of funds

- Participation on conference calls
- Attendance at meetings of staff, the City Council, and other financing professionals as requested

Term of Engagement Agreement

This engagement between the City and JNA shall become effective as of the date of its acceptance as provided below and the end shall be 30 days after the closing date of the transaction. Any extensions must be mutually agreed upon by all parties in writing.

Compensation and Out-of-Pocket Expenses

The fee for the financing will be between \$30,000 and \$35,000. The fees do not include out of pocket expenses such as overnight mail, copying, or travel-related expenses. Such items will be included on the bill as reimbursable items. Financial advisory fees for the project are due on or after closing.

Should the financing be cancelled for any reason prior to completion, we will invoice for our time performed plus any reimbursable out-of-pocket expenses.

Fiduciary Duty

JNA is registered as a Municipal Advisor with the SEC and the Municipal Securities Rulemaking Board ("MSRB"). As such, JNA has a Fiduciary duty to the City and must provide both a Duty of Care and a Duty of Loyalty that entails the following:

Duty of Care:

- exercise due care in performing its municipal advisory activities;
- possess the degree of knowledge and expertise needed to provide the City with informed advice;
- make a reasonable inquiry as to the facts that are relevant to the City's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the City; and
- undertake a reasonable investigation to determine that JNA is not forming any recommendation on materially inaccurate or incomplete information; JNA must have a reasonable basis for:
 - any advice provided to or on behalf of the City;
 - any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the City, any other party involved in the municipal securities transaction or municipal financial product, or investors in the City's securities; and
 - any information provided to the City or other parties involved in the municipal securities transaction in connection with the preparation of any offering documents.

Duty of Loyalty:

JNA must deal honestly and with the utmost good faith with the City and act in the City's best interests without regard to the financial or other interests of JNA. JNA will eliminate or provide full and fair disclosure (included herein) to the City about each material conflict of interest (as applicable). JNA will not engage in municipal advisory activities with the City as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the City's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there is an actual or potential conflict of interest that JNA is aware of that may be viewed to impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty regarding the fee structure. Additionally, if JNA becomes aware of any other potential conflicts of interest that arise after this disclosure, JNA will disclose the detailed information in writing to the City in a timely manner.

Specifically,

- JNA's compensation for municipal advisory activities to be performed is contingent on the size or closing of any transactions as to which JNA is providing advice. This may be considered a conflict of interest. This potential conflict of interest will not impair JNA's ability to render unbiased and competent advice or to fulfill its fiduciary duty.
- The fee paid to JNA increases the cost of financing to the City. The increased cost occurs from compensating JNA for municipal advisory services provided.
- JNA does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the City.

Material Conflicts to be Considered

- JNA does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by JNA;
- JNA has not made any payments directly or indirectly to obtain or retain the City's municipal advisory business;
- JNA has not received any payments from third parties to enlist the recommendation to the City of its services, any municipal securities transaction, or any municipal finance product;
- JNA has not engaged in any fee-splitting arrangements involving JNA and any provider of investments or services to the City;
- JNA's compensation for municipal advisory activities to be performed is contingent on the size or close of any transactions as to which JNA is providing advice;
- JNA does not have any other engagements or relationships that might impair JNA's ability either to render unbiased and competent advice to or on behalf of the City or to fulfill its fiduciary duty to the City, as applicable; and
- JNA does not have any legal or disciplinary event that is material to the City's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

JNA does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations, and civil litigation. The City may electronically access JNA's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Recommendations

If JNA makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the City and is within the scope of the engagement, JNA will determine, based on the information obtained through reasonable diligence of JNA whether a municipal securities transaction or municipal financial product is suitable for the City. In addition, JNA will inform the City of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which JNA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the City; and
- whether JNA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the City's objectives.

If the City elects a course of action that is independent of or contrary to the advice provided by JNA, JNA is not required on that basis to disengage from the City.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, JNA is required to maintain in writing, all communication and created documents between JNA and the City for five years.

If there are any questions regarding the above, please do not hesitate to contact JNA. If the foregoing terms meet with your approval, please indicate your acceptance by executing two copies of this letter and returning one copy to us.

Our objective is to have the proposed transaction proceed as smoothly as possible for the City. We look forward to working with you and thank you for this opportunity to be of service to the City. Please call me at 702-294-5100 if you have any questions.

Sincerely,



Martin R. Johnson
President

MRJ:jgp

Agreed to and Accepted as of _____ :
Date

By: City of Mesquite, Nevada

Authorized Signature and Title