

# Attachment A

# Board Contract Summary

BC 18 -

For use with Expenditure Contracts submitted to the Board for approval. Complete information below, print, obtain signature of authorized departmental representative, and submit this form, along with attachments, to the appropriate departments for signature. See also: Auditor-Controller Intranet Policies->Contracts.

|     |                      |               |
|-----|----------------------|---------------|
| D1. | Fiscal Year .....    | 2018-2019     |
| D2. | Department Name..... | Public Works  |
| D3. | Contact Person ..... | Martin Wilder |
| D4. | Telephone .....      | x8755         |

|      |  |                                   |
|------|--|-----------------------------------|
| K1.  | Contract Type (check one): <input checked="" type="checkbox"/> Personal Service <input type="checkbox"/> Capital |                                   |
| K2.  | Brief Summary of Contract Description/Purpose .....  | Design of Phase 1 plant upgrades. |
| K3.  | Department Project Number.....   | PLEXP1                            |
| K4.  | Original Contract Amount.....  | \$ 108,500                        |
| K5.  | Contract Begin Date .....  | 11/6/2018                         |
| K6.  | Original Contract End Date .....   | 6/30/2020                         |
| K7.  | Amendment? (Yes or No).....  | No                                |
| K8.  | - New Contract End Date .....  |                                   |
| K9.  | - Total Number of Amendments .....   |                                   |
| K10. | - This Amendment Amount.....   | \$                                |
| K11. | - Total Previous Amendment Amounts.....  | \$                                |
| K12. | - Revised Total Contract Amount .....  | \$                                |

|     |  |           |
|-----|--|-----------|
| B1. | Intended Board Agenda Date .....                                 | 11/6/2018 |
| B2. | Number of Workers Displaced (if any) .....                       |           |
| B3. | Number of Competitive Bids (if any).....                         |           |
| B4. | Lowest Bid Amount (if bid) .....                                 |           |
| B5. | If Board waived bids, show Agenda Date.....                      |           |
|     | and Agenda Item Number .....                                     |           |
| B6. | Boilerplate Contract Text Changed? (If Yes, cite Paragraph)..... |           |

|     |                                      |             |
|-----|--------------------------------------|-------------|
| F1. | Fund Number .....                    | 2870        |
| F2. | Department Number.....               | 054         |
| F3. | Line Item Account Number.....        | 8200        |
| F4. | Project Number (if applicable) ..... |             |
| F5. | Program Number (if applicable) ..... |             |
| F6. | Org Unit Number (if applicable)..... |             |
| F7. | Payment Terms.....                   | Net 30 days |

|      |  |                              |
|------|--|------------------------------|
| V1.  | Auditor-Controller Vendor Number.....                  | 046441                       |
| V2.  | Payee/Contractor Name.....                             | KNN Public Finance, LLC      |
| V3.  | Mailing Address.....                                   | 1300 Clay Street, Suite 1000 |
| V4.  | City State (two-letter) Zip (include +4 if known)..... | Oakland, CA 94612            |
| V5.  | Telephone Number .....                                 | (510) 839-8200               |
| V6.  | Vendor Contact Person.....                             | David Leifer                 |
| V7.  | Workers Comp Insurance Expiration Date .....           | 7/1/2019                     |
| V8.  | Liability Insurance Expiration Date .....              | 7/1/2019                     |
| V9.  | Professional License Number .....                      |                              |
| V10. | Verified by (print name of county staff).....          |                              |

V11 Company Type (Check one):  Individual  Sole Proprietorship  Partnership  Corporation

I certify information is complete and accurate; designated funds available; required concurrences evidenced on signature page.

Date: Oct 29, 2018 Authorized Signature: Martin Wilder

## **AGREEMENT FOR SERVICES OF INDEPENDENT CONTRACTOR**

**THIS AGREEMENT** (hereafter Agreement) is made by and between the Laguna County Sanitation District, a county sanitation district (hereafter DISTRICT) and KNN Public Finance, LLC with an address at 1300 Clay Street, Suite 1000, Oakland, CA 94612 (hereafter CONTRACTOR) wherein CONTRACTOR agrees to provide and DISTRICT agrees to accept the services specified herein.

**WHEREAS**, CONTRACTOR represents that it is registered as a Municipal Advisor with the US Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) and is specially trained, skilled, experienced, and competent to perform the special services required by DISTRICT and DISTRICT desires to retain the services of CONTRACTOR pursuant to the terms, covenants, and conditions herein set forth;

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, the parties agree as follows:

### **1. DESIGNATED REPRESENTATIVE**

Scott McGolpin at phone number 805-568-3010 is the representative of DISTRICT and will administer this Agreement for and on behalf of DISTRICT. David Leifer at phone number 510-839-8200 is the authorized representative for CONTRACTOR. Changes in designated representatives shall be made only after advance written notice to the other party.

### **2. NOTICES**

Any notice or consent required or permitted to be given under this Agreement shall be given to the respective parties in writing, by personal delivery or facsimile, or with postage prepaid by first class mail, registered or certified mail, or express courier service, as follows:

To DISTRICT:                    Scott D. McGolpin  
   County of Santa Barbara  
   123 East Anapamu Street  
   Santa Barbara, CA 93101  
   Fax 805-568-3019

To CONTRACTOR:                David Leifer  
   KNN Public Finance, LLC  
   1300 Clay Street, Suite 1000  
   Oakland, CA 94612  
   Fax 510-208-8282

or at such other address or to such other person that the parties may from time to time designate in accordance with this Notices section. If sent by first class mail, notices and consents under this section shall be deemed to be received five (5) days following their deposit in the U.S. mail. This Notices section shall not be construed as meaning that either party agrees to service of process except as required by applicable law.

### **3. SCOPE OF SERVICES**

CONTRACTOR agrees to provide services to DISTRICT in accordance with EXHIBIT A attached hereto and incorporated herein by reference.

### **4. TERM**

CONTRACTOR shall commence performance on November 13, 2018 and end performance upon completion, but no later than June 30, 2020 unless otherwise directed by DISTRICT or unless earlier terminated.

### **5. COMPENSATION OF CONTRACTOR**

In full consideration for CONTRACTOR's services, CONTRACTOR shall be paid for performance under this Agreement in accordance with the terms of EXHIBIT B attached hereto and incorporated herein by reference. Billing shall be made by invoice, which shall include the contract number assigned by DISTRICT and which is delivered to the address given in Section 2 NOTICES above following completion of the increments identified on EXHIBIT B. Unless otherwise specified on EXHIBIT B, payment shall be net thirty (30) days from presentation of invoice.

### **6. INDEPENDENT CONTRACTOR**

It is mutually understood and agreed that CONTRACTOR (including any and all of its officers, agents, and employees), shall perform all of its services under this Agreement as an independent contractor as to DISTRICT and not as an officer, agent, servant, employee, joint venture, partner, or associate of DISTRICT. Furthermore, DISTRICT shall have no right to control, supervise, or direct the manner or method by which CONTRACTOR shall perform its work and function. However, DISTRICT shall retain the right to administer this Agreement so as to verify that CONTRACTOR is performing its obligations in accordance with the terms and conditions hereof. CONTRACTOR understands and acknowledges that it shall not be entitled to any of the benefits of a DISTRICT employee, including but not limited to vacation, sick leave, administrative leave, health insurance, disability insurance, retirement, unemployment insurance, workers' compensation and protection of tenure. CONTRACTOR shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, CONTRACTOR shall be solely responsible and save DISTRICT harmless from all matters relating to payment of CONTRACTOR's employees, including compliance with Social Security withholding and all other regulations governing such matters. It is acknowledged that during the term of this Agreement, CONTRACTOR may be providing services to others unrelated to the DISTRICT or to this Agreement.

### **7. STANDARD OF PERFORMANCE**

CONTRACTOR represents that it has the skills, expertise, and licenses/permits necessary to perform the services required under this Agreement. Accordingly, CONTRACTOR shall perform all such services in the manner and according to the standards observed by a competent practitioner of the same profession in which CONTRACTOR is engaged. All products of whatsoever nature, which CONTRACTOR delivers to DISTRICT pursuant to this Agreement, shall be prepared in a first class and workmanlike manner and shall conform to the standards of quality normally observed by a person practicing in CONTRACTOR's profession. CONTRACTOR shall correct or revise any errors or omissions, at DISTRICT's request without additional compensation. Permits and/or licenses shall be obtained and maintained by CONTRACTOR without additional compensation.

## **8. DEBARMENT AND SUSPENSION**

CONTRACTOR certifies to DISTRICT that it and its employees and principals are not debarred, suspended, or otherwise excluded from or ineligible for, participation in federal, state, or county government contracts. CONTRACTOR certifies that it shall not contract with a subcontractor that is so debarred or suspended.

## **9. TAXES**

CONTRACTOR shall pay all taxes, levies, duties, and assessments of every nature due in connection with any work under this Agreement and shall make any and all payroll deductions required by law. DISTRICT shall not be responsible for paying any taxes on CONTRACTOR's behalf, and should DISTRICT be required to do so by state, federal, or local taxing agencies, CONTRACTOR agrees to promptly reimburse DISTRICT for the full value of such paid taxes plus interest and penalty, if any. These taxes shall include, but not be limited to, the following: FICA (Social Security), unemployment insurance contributions, income tax, disability insurance, and workers' compensation insurance.

## **10. CONFLICT OF INTEREST**

CONTRACTOR covenants that CONTRACTOR presently has no employment or interest and shall not acquire any employment or interest, direct or indirect, including any interest in any business, property, or source of income, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. CONTRACTOR further covenants that in the performance of this Agreement, no person having any such interest shall be employed by CONTRACTOR. CONTRACTOR must promptly disclose to DISTRICT, in writing, any potential conflict of interest. DISTRICT retains the right to waive a conflict of interest disclosed by CONTRACTOR if DISTRICT determines it to be immaterial, and such waiver is only effective if provided by DISTRICT to CONTRACTOR in writing.

## **11. OWNERSHIP OF DOCUMENTS AND INTELLECTUAL PROPERTY**

DISTRICT shall be the owner of the following items incidental to this Agreement upon production, whether or not completed: all data collected, all documents of any type whatsoever, all photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials, and any material necessary for the practical use of such items, from the time of collection and/or production whether or not performance under this Agreement is completed or terminated prior to completion. CONTRACTOR shall not release any of such items to other parties except after prior written approval of DISTRICT.

Unless otherwise specified in Exhibit A, CONTRACTOR hereby assigns to DISTRICT all copyright, patent, and other intellectual property and proprietary rights to all data, documents, reports, photos, designs, sound or audiovisual recordings, software code, inventions, technologies, and other materials prepared or provided by CONTRACTOR pursuant to this Agreement (collectively referred to as "Copyrightable Works and Inventions"). DISTRICT shall have the unrestricted authority to copy, adapt, perform, display, publish, disclose, distribute, create derivative works from, and otherwise use in whole or in part, any Copyrightable Works and Inventions. CONTRACTOR agrees to take such actions and execute and deliver such documents as may be needed to validate, protect and confirm the rights and assignments provided hereunder. CONTRACTOR warrants that any Copyrightable Works and Inventions and other items provided under this Agreement will not infringe upon any intellectual property or proprietary rights of any third party. CONTRACTOR at its own expense shall defend, indemnify, and hold harmless DISTRICT against any claim that any Copyrightable Works or Inventions or other items provided by CONTRACTOR

hereunder infringe upon intellectual or other proprietary rights of a third party, and CONTRACTOR shall pay any damages, costs, settlement amounts, and fees (including attorneys' fees) that may be incurred by DISTRICT in connection with any such claims. This Ownership of Documents and Intellectual Property provision shall survive expiration or termination of this Agreement.

#### **12. NO PUBLICITY OR ENDORSEMENT**

CONTRACTOR shall not use DISTRICT's name or logo or any variation of such name or logo in any publicity, advertising or promotional materials. CONTRACTOR shall not use DISTRICT's name or logo in any manner that would give the appearance that the DISTRICT is endorsing CONTRACTOR. CONTRACTOR shall not in any way contract on behalf of or in the name of DISTRICT. CONTRACTOR shall not release any informational pamphlets, notices, press releases, research reports, or similar public notices concerning the DISTRICT or its projects, without obtaining the prior written approval of DISTRICT.

#### **13. DISTRICT PROPERTY AND INFORMATION**

All of DISTRICT's property, documents, and information provided for CONTRACTOR's use in connection with the services shall remain DISTRICT's property, and CONTRACTOR shall return any such items whenever requested by DISTRICT and whenever required according to the Termination section of this Agreement. CONTRACTOR may use such items only in connection with providing the services. CONTRACTOR shall not disseminate any DISTRICT property, documents, or information without DISTRICT's prior written consent.

#### **14. RECORDS, AUDIT, AND REVIEW**

CONTRACTOR shall keep such business records pursuant to this Agreement as would be kept by a reasonably prudent practitioner of CONTRACTOR's profession and shall maintain such records for at least four (4) years following the termination of this Agreement. All accounting records shall be kept in accordance with generally accepted accounting principles. DISTRICT shall have the right to audit and review all such documents and records at any time during CONTRACTOR's regular business hours or upon reasonable notice. In addition, if this Agreement exceeds ten thousand dollars (\$10,000.00), CONTRACTOR shall be subject to the examination and audit of the California State Auditor, at the request of the DISTRICT or as part of any audit of the DISTRICT, for a period of three (3) years after final payment under the Agreement (Cal. Govt. Code Section 8546.7). CONTRACTOR shall participate in any audits and reviews, whether by DISTRICT or the State, at no charge to DISTRICT.

If federal, state or DISTRICT audit exceptions are made relating to this Agreement, CONTRACTOR shall reimburse all costs incurred by federal, state, and/or DISTRICT governments associated with defending against the audit exceptions or performing any audits or follow-up audits, including but not limited to: audit fees, court costs, attorneys' fees based upon a reasonable hourly amount for attorneys in the community, travel costs, penalty assessments and all other costs of whatever nature. Immediately upon notification from DISTRICT, CONTRACTOR shall reimburse the amount of the audit exceptions and any other related costs directly to DISTRICT as specified by DISTRICT in the notification.

#### **15. INDEMNIFICATION AND INSURANCE**

CONTRACTOR agrees to the indemnification and insurance provisions as set forth in EXHIBIT C attached hereto and incorporated herein by reference.

## **16. NONDISCRIMINATION**

DISTRICT hereby notifies CONTRACTOR that DISTRICT's Unlawful Discrimination Ordinance (Article XIII of Chapter 2 of the Santa Barbara County Code) applies to this Agreement and is incorporated herein by this reference with the same force and effect as if the ordinance were specifically set out herein and CONTRACTOR agrees to comply with said ordinance.

## **17. NONEXCLUSIVE AGREEMENT**

CONTRACTOR understands that this is not an exclusive Agreement and that DISTRICT shall have the right to negotiate with and enter into contracts with others providing the same or similar services as those provided by CONTRACTOR as the DISTRICT desires.

## **18. NON-ASSIGNMENT**

CONTRACTOR shall not assign, transfer or subcontract this Agreement or any of its rights or obligations under this Agreement without the prior written consent of DISTRICT and any attempt to so assign, subcontract or transfer without such consent shall be void and without legal effect and shall constitute grounds for termination.

## **19. TERMINATION**

- A. **By DISTRICT.** DISTRICT may, by written notice to CONTRACTOR, terminate this Agreement in whole or in part at any time, whether for DISTRICT's convenience, for non-appropriation of funds, or because of the failure of CONTRACTOR to fulfill the obligations herein.
1. **For Convenience.** DISTRICT may terminate this Agreement in whole or in part upon thirty (30) days written notice. During the thirty (30) day period, CONTRACTOR shall, as directed by DISTRICT, wind down and cease its services as quickly and efficiently as reasonably possible, without performing unnecessary services or activities and by minimizing negative effects on DISTRICT from such winding down and cessation of services.
  2. **For Non-appropriation of Funds.** Notwithstanding any other provision of this Agreement, in the event that no funds or insufficient funds are appropriated or budgeted by federal, state or DISTRICT governments, or funds are not otherwise available for payments in the fiscal year(s) covered by the term of this Agreement, then DISTRICT will notify CONTRACTOR of such occurrence and DISTRICT may terminate or suspend this Agreement in whole or in part, with or without a prior notice period. Subsequent to termination of this Agreement under this provision, DISTRICT shall have no obligation to make payments with regard to the remainder of the term.
  3. **For Cause.** Should CONTRACTOR default in the performance of this Agreement or materially breach any of its provisions, DISTRICT may, at DISTRICT's sole option, terminate or suspend this Agreement in whole or in part by written notice. Upon receipt of notice, CONTRACTOR shall immediately discontinue all services affected (unless the notice directs otherwise) and notify DISTRICT as to the status of its performance. The date of termination shall be the date the notice is received by CONTRACTOR, unless the notice directs otherwise.

- B. By CONTRACTOR. Should DISTRICT fail to pay CONTRACTOR all or any part of the payment set forth in EXHIBIT B, CONTRACTOR may, at CONTRACTOR's option terminate this Agreement if such failure is not remedied by DISTRICT within thirty (30) days of written notice to DISTRICT of such late payment.
- C. Upon termination, CONTRACTOR shall deliver to DISTRICT all data, estimates, graphs, summaries, reports, and all other property, records, documents or papers as may have been accumulated or produced by CONTRACTOR in performing this Agreement, whether completed or in process, except such items as DISTRICT may, by written permission, permit CONTRACTOR to retain. Notwithstanding any other payment provision of this Agreement, DISTRICT shall pay CONTRACTOR for satisfactory services performed to the date of termination to include a prorated amount of compensation due hereunder less payments, if any, previously made. In no event shall CONTRACTOR be paid an amount in excess of the full price under this Agreement nor for profit on unperformed portions of service. CONTRACTOR shall furnish to DISTRICT such financial information as in the judgment of DISTRICT is necessary to determine the reasonable value of the services rendered by CONTRACTOR. In the event of a dispute as to the reasonable value of the services rendered by CONTRACTOR, the decision of DISTRICT shall be final. The foregoing is cumulative and shall not affect any right or remedy which DISTRICT may have in law or equity.

## **20. SECTION HEADINGS**

The headings of the several sections, and any Table of Contents appended hereto, shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof.

## **21. SEVERABILITY**

If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions hereof, and such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

## **22. REMEDIES NOT EXCLUSIVE**

No remedy herein conferred upon or reserved to DISTRICT is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

## **23. TIME IS OF THE ESSENCE**

Time is of the essence in this Agreement and each covenant and term is a condition herein.

## **24. NO WAIVER OF DEFAULT**

No delay or omission of DISTRICT to exercise any right or power arising upon the occurrence of any event of default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Agreement to DISTRICT



shall be exercised from time to time and as often as may be deemed expedient in the sole discretion of DISTRICT.

#### **25. ENTIRE AGREEMENT AND AMENDMENT**

In conjunction with the matters considered herein, this Agreement contains the entire understanding and agreement of the parties and there have been no promises, representations, agreements, warranties or undertakings by any of the parties, either oral or written, of any character or nature hereafter binding except as set forth herein. This Agreement may be altered, amended or modified only by an instrument in writing, executed by the parties to this Agreement and by no other means. Each party waives their future right to claim, contest or assert that this Agreement was modified, canceled, superseded, or changed by any oral agreements, course of conduct, waiver or estoppel.

#### **26. SUCCESSORS AND ASSIGNS**

All representations, covenants and warranties set forth in this Agreement, by or on behalf of, or for the benefit of any or all of the parties hereto, shall be binding upon and inure to the benefit of such party, its successors and assigns.

#### **27. COMPLIANCE WITH LAW**

CONTRACTOR shall, at its sole cost and expense, comply with all local, state and federal ordinances and statutes now in force or which may hereafter be in force with regard to this Agreement. The judgment of any court of competent jurisdiction, or the admission of CONTRACTOR in any action or proceeding against CONTRACTOR, whether DISTRICT is a party thereto or not, that CONTRACTOR has violated any such ordinance or statute, shall be conclusive of that fact as between CONTRACTOR and DISTRICT.

#### **28. CALIFORNIA LAW AND JURISDICTION**

This Agreement shall be governed by the laws of the State of California. Any litigation regarding this Agreement or its contents shall be filed in the County of Santa Barbara, if in state court, or in the federal district court nearest to Santa Barbara County, if in federal court.

#### **29. EXECUTION OF COUNTERPARTS**

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the parties shall preserve undestroyed, shall together constitute one and the same instrument.

#### **30. AUTHORITY**

All signatories and parties to this Agreement warrant and represent that they have the power and authority to enter into this Agreement in the names, titles and capacities herein stated and on behalf of any entities, persons, or firms represented or purported to be represented by such entity(ies), person(s), or firm(s) and that all formal requirements necessary or required by any state and/or federal law in order to enter into this Agreement have been fully complied with. Furthermore, by entering into this Agreement, CONTRACTOR hereby warrants that it shall not have breached the terms or conditions of any other contract or agreement to which CONTRACTOR is obligated, which breach would have a material effect hereon.

**31. SURVIVAL**

All provisions of this Agreement which by their nature are intended to survive the termination or expiration of this Agreement shall survive such termination or expiration.

**32. PRECEDENCE**

In the event of conflict between the provisions contained in the numbered sections of this Agreement and the provisions contained in the Exhibits, the provisions of the Exhibits shall prevail over those in the numbered sections.

**33. CONTRACTOR DISCLOSURES**

CONTRACTOR is required to make certain written disclosures to clients set forth in Exhibit D, Contractor Disclosures, attached hereto and incorporated herein by reference

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Agreement for Services of Independent Contractor between the **Laguna County Sanitation District Barbara** and KNN Public Finance, LLC.

**IN WITNESS WHEREOF**, the parties have executed this Agreement to be effective on the date executed by DISTRICT.

**ATTEST:**

Mona Miyasato  
County Executive Officer  
Clerk of the Board

**LAGUNA COUNTY SANITATION DISTRICT:**

By: \_\_\_\_\_  
Deputy Clerk

By: \_\_\_\_\_  
Chair, Board of Directors

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

Scott D. McGolpin  
Public Works Director

**CONTRACTOR:**

KNN Public Finance, LLC

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

By:  \_\_\_\_\_  
Authorized Representative

Name: David Leifer

Title: Senior Managing Director


**APPROVED AS TO FORM:**

Michael C. Ghizzoni  
County Counsel

**APPROVED AS TO ACCOUNTING FORM:**

Theodore A. Fallati, CPA  
Auditor-Controller

By:  \_\_\_\_\_  
Deputy County Counsel

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

**APPROVED AS TO FORM:**  
Risk Management

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

## EXHIBIT A

### STATEMENT OF WORK

CONTRACTOR shall assist DISTRICT and Treasurer-Tax Collector staff in developing the optimal Plan of Finance for the proposed Laguna County Sanitation District Project (Project) and assist the DISTRICT in successfully bringing a financing to market. CONTRACTOR shall provide the following services upon request by DISTRICT:

- Review and analyze District historical and projected financial information – revenues, expenditures, net revenue pledge, current debt coverage ratio, capital needs and requirements.
- Assist the DISTRICT in structuring the bonds through cash flow modeling and analyses.
- Evaluate the current credit structure – Installment Sale Agreement Net Revenue Pledge – and consider refinements in the context of current and future borrowing needs that may afford additional flexibility.
- Confirm debt sizing assumptions and financing needs based on cash flow model development.
- Provide DISTRICT staff with municipal bond market and transaction training, as requested.
- Lead transaction management efforts.
- Prepare a financing schedule and coordinate activities of financing team members and representatives of the DISTRICT to ensure timely completion of activities.
- Evaluate method of sale approach – negotiated versus competitive.
- Assist with the procurement of the financing team including but not limited to underwriters (if negotiated sale), feasibility consultant/cost of service study (if needed) and disclosure counsel.
- Review fees proposed by underwriter(s) to ensure consistency with market comparables and make recommendations about composition of underwriting syndicate (if utilized) as well as syndicate policies to ensure the proper incentives are structured to result in the lowest cost of funds for the DISTRICT.
- Analyze which bond structures will be most attractive to bond market participants and will result in the best bond pricing for the DISTRICT.
- Prepare debt service analysis for the proposed bonds including analyses under alternative market and structure scenarios.
- Consider impacts of the current bond offering on possible future bond offerings.
- Assist in review of all financing and legal documents, balancing market requirements and the Laguna Sanitation District's ongoing need for operational flexibility.
- Assist in ensuring full and complete disclosure in the DISTRICT's Preliminary Official Statement.

- Determine optimal bond structures and credit rating strategy. Assist the DISTRICT in evaluating the advantages and disadvantages of various bond structure alternatives, with an emphasis on the impact that structuring decisions will have on credit ratings and on future debt. Advise DISTRICT staff on the tradeoffs involved in higher and lower debt service coverage and resulting impacts on expected ratings and overall interest cost.
- Develop rating agency strategy and approach. Prepare rating agency presentation and accompany DISTRICT staff to rating agency meetings. Coordinate presentations to rating agencies and credit enhancers. Assemble effective presentation materials and accompany DISTRICT officials to meetings with ratings agencies and, if appropriate, bond insurers. Obtain bond insurance premium bids and then determine if bond insurance provides economic gain to the DISTRICT. Evaluate potential cost effectiveness of credit enhancement and a surety reserve policy, if applicable.
- Assist DISTRICT Officials in presenting the financing to the Debt Advisory Committee (DAC) and Board, as requested. Help draft DAC and Board Agenda materials. Attend meetings and calls with DAC and Board of Supervisors and staff, as necessary.
- Monitor tax-exempt market conditions; make recommendations regarding timing of the pricing.
- Assist with investor outreach to aid pre-sale marketing of the bonds.
- If competitive sale, manage sale process, including the development and drafting the notice of sale, outreach and communication with potential bidders, and administering pricing mechanics.
- If negotiated sale, analyze bond structures in a manner that is independent from the underwriter, if a negotiated sale.
- If negotiated sale, provide pricing oversight to ensure a transparent process and the best result for the DISTRICT, including the following activities:
  - analysis of relevant/recent pricing comparables;
  - outreach to non-manager underwriter desks to ensure proposed pricing is consistent with market environment;
  - negotiation with the senior underwriter to ensure final pricing yields are consistent with demand for the bonds.
- Assist the DISTRICT and the financing team in arranging for the execution of financing documents and in the closing of the financing. Coordinate closing activities, including ensuring distribution of legal documents for signature and making sure DISTRICT receives its funding on time. Prepare a comprehensive closing book, as needed; including preparation of Closing Memorandum and documentation of all of the key decisions in the financing as well as final numbers, rating reports and other applicable information.

- Assist the DISTRICT with evaluating investment options for trustee held funds including, capitalized interest, construction, debt service reserve (if funded and no surety bond is used) and debt service payment funds.
- Review and provide updates to the DISTRICT debt policy to ensure compliance with SB 1029 (Chapter 307, Statutes of 2016) prior to issuance and DISTRICT ongoing reporting duties.
- Provide advice about post issuance compliance requirements including but not limited to arbitrage rebate, continuing disclosure, and reporting under SB 1029.

**EXHIBIT B**

**PAYMENT ARRANGEMENTS**

A. For CONTRACTOR services to be rendered under this Agreement, CONTRACTOR shall be paid a total contract amount not to exceed \$108,500.00 consisting of:

1. Hourly fees for Project/transaction services with a cap of \$20,000, not contingent on the successful sale of the financing. The hourly fees are at the following rates:

| <u>Title</u>             | <u>Rate</u> |
|--------------------------|-------------|
| Managing Director        | \$345       |
| Director                 | \$315       |
| Vice President           | \$295       |
| Assistant Vice President | \$245       |
| Associate                | \$215       |
| Analyst                  | \$190       |

2. Fixed fee for transaction services of \$85,000 contingent on the successful sale and closing of the financing.

B. Payment for services and/or reimbursement of costs shall be made upon CONTRACTOR's satisfactory performance, based upon the scope and methodology contained in EXHIBIT A as determined by DISTRICT.

C. DISTRICT will reimburse the CONTRACTOR for its reasonable out of pocket expenses, which shall not exceed \$3,500. Such expenses include, but are not limited to, the expense of mileage or other travel to meetings, the expense of any internal color copying or outside copying costs, courier or delivery charges, conference call charges, and data information (fees for data information services such as TM3 and Bloomberg will be billed at \$550 per transaction).

D. Upon completion of the work detailed in **EXHIBIT A** and/or delivery to DISTRICT of item(s) specified therein, CONTRACTOR shall submit to the DISTRICT DESIGNATED REPRESENTATIVE an invoice or certified claim on the County Treasury for the service performed. This invoice or claim must cite the assigned Board Contract Number. DISTRICT DESIGNATED REPRESENTATIVE shall evaluate the quality of the service performed and/or the item(s) delivered and if found to be satisfactory shall initiate payment processing. DISTRICT shall pay invoices or claims for satisfactory work within 30 days of receipt of correct and complete invoices or claims from CONTRACTOR.

E. DISTRICT's failure to discover or object to any unsatisfactory work or billings prior to payment will not constitute a waiver of DISTRICT's right to require CONTRACTOR to correct such work or billings or seek any other legal remedy.



## EXHIBIT C

### Indemnification and Insurance Requirements (For Professional Contracts)

#### INDEMNIFICATION

CONTRACTOR agrees to indemnify, defend (with counsel reasonably approved by DISTRICT) and hold harmless DISTRICT and its officers, officials, employees, agents and volunteers from and against any and all claims, actions, losses, damages, judgments and/or liabilities arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person or entity and for any costs or expenses (including but not limited to attorneys' fees) incurred by DISTRICT on account of any claim except where such indemnification is prohibited by law. CONTRACTOR's indemnification obligation applies to DISTRICT's active as well as passive negligence but does not apply to DISTRICT's sole negligence or willful misconduct.

#### NOTIFICATION OF ACCIDENTS AND SURVIVAL OF INDEMNIFICATION PROVISIONS

CONTRACTOR shall notify DISTRICT immediately in the event of any accident or injury arising out of or in connection with this Agreement. The indemnification provisions in this Agreement shall survive any expiration or termination of this Agreement.

#### INSURANCE

CONTRACTOR shall procure and maintain for the duration of this Agreement insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the CONTRACTOR, his agents, representatives, employees or subcontractors.

##### A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office (ISO) Form CG 00 01 covering CGL on an "occurrence" basis, including products-completed operations, personal & advertising injury, with limits no less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate.
2. **Automobile Liability:** ISO Form Number CA 00 01 covering any auto (Code 1), or if CONTRACTOR has no owned autos, hired, (Code 8) and non-owned autos (Code 9), with limit no less than \$1,000,000 per accident for bodily injury and property damage.
3. **Workers' Compensation:** as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
4. **Professional Liability (Errors and Omissions)** Insurance appropriate to the CONTRACTOR'S profession, with limit of no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

If the CONTRACTOR maintains higher limits than the minimums shown above, the DISTRICT requires and shall be entitled to coverage for the higher limits maintained by the CONTRACTOR. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the DISTRICT.

B. Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

1. **Additional Insured** – DISTRICT, its officers, officials, employees, agents and volunteers are to be covered as additional insureds on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of the CONTRACTOR including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the CONTRACTOR's insurance at least as broad as ISO Form CG 20 10 11 85 or if not available, through the addition of both CG 20 10 and CG 20 37 if a later edition is used).
2. **Primary Coverage** – For any claims related to this Agreement, the CONTRACTOR's insurance coverage shall be primary insurance as respects the DISTRICT, its officers, officials, employees, agents and volunteers. Any insurance or self-insurance maintained by the DISTRICT, its officers, officials, employees, agents or volunteers shall be excess of the CONTRACTOR's insurance and shall not contribute with it.
3. **Notice of Cancellation** – Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the DISTRICT.
4. **Waiver of Subrogation Rights** – CONTRACTOR hereby grants to DISTRICT a waiver of any right to subrogation which any insurer of said CONTRACTOR may acquire against the DISTRICT by virtue of the payment of any loss under such insurance. CONTRACTOR agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not the DISTRICT has received a waiver of subrogation endorsement from the insurer.
5. **Deductibles and Self-Insured Retention** – Any deductibles or self-insured retentions must be declared to and approved by the DISTRICT. The DISTRICT may require the CONTRACTOR to purchase coverage with a lower deductible or retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.
6. **Acceptability of Insurers** – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum A.M. Best's Insurance Guide rating of "A- VII".
7. **Verification of Coverage** – CONTRACTOR shall furnish the DISTRICT with proof of insurance, original certificates and amendatory endorsements as required by this Agreement. The proof of insurance, certificates and endorsements are to be received and approved by the DISTRICT before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the CONTRACTOR's obligation to provide them. The CONTRACTOR shall furnish evidence of renewal of coverage throughout the term of the Agreement. The DISTRICT reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.
8. **Failure to Procure Coverage** – In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, DISTRICT has the right but not the obligation or duty to terminate the Agreement. Maintenance of required insurance coverage is a material element of the Agreement and

failure to maintain or renew such coverage or to provide evidence of renewal may be treated by DISTRICT as a material breach of contract.

9. **Subcontractors** – CONTRACTOR shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and CONTRACTOR shall ensure that DISTRICT is an additional insured on insurance required from subcontractors.
10. **Claims Made Policies** – If any of the required policies provide coverage on a claims-made basis:
  - i. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
  - ii. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of contract work.
  - iii. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the CONTRACTOR must purchase “extended reporting” coverage for a minimum of five (5) years after completion of contract work.
11. **Special Risks or Circumstances** – DISTRICT reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of DISTRICT to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of DISTRICT.

## EXHIBIT D

### CONTRACTOR DISCLOSURES

#### **MSRB Disclosures Rule G-42 Disclosures**

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties on Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients, which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary Events of KNN Public Finance, LLC ("KNN Public Finance") and its associated persons.

#### **Conflicts of Interest**

KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance's ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

KNN Public Finance serves as Municipal Advisor to the City of Lompoc and from time to time as Municipal Advisor to the City of Santa Barbara, the County of Santa Barbara as well as other jurisdictions within Santa Barbara County. These potential conflicts of interest will not impair KNN Public Finance's ability to render unbiased and competent advice or to fulfill its fiduciary duty to Laguna County Sanitation District.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

#### **Legal or Disciplinary Events**

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN's municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission ("SEC") order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance'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](http://www.sec.gov/edgar/searchedgar/companysearch.html).

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA's CRD system and is publicly accessible through BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck information, the Municipal Advisor's CRD number is 4457537.

There has been no change to any legal or disciplinary event that has been disclosed on KNN Public Finance's original SEC registration Form MA filed on February 8, 2016 or Form MA-I's filed on January 22, 2016.

**Additional Disclosures - MSRB Rule G-10**

Pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

a) KNN Public Finance, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

b) Within the Municipal Securities Rulemaking Board ("MSRB") website at [www.msrb.org](http://www.msrb.org), County of Santa Barbara may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.