

**AMENDED
EXHIBIT A
STATEMENT OF WORK**

CONTRACTOR shall (a) assist COUNTY Public Works and Treasurer-Tax Collector staff in developing the optimal Plan of Finance for the proposed Tajiguas Resource Recovery Project (Project) and assist the COUNTY in successfully bringing a financing to market. CONTRACTOR shall provide the following services upon request by COUNTY:

- Assist COUNTY with updating and refining the COUNTY's net revenue and capital expenditure cash flow projection model for the Project.
- Review of existing operating data and proforma forecasts and estimates and other supporting documentation cash flow model updates.
- Within the cash flow model, advise regarding debt capacity and debt service coverage requirements. Provide debt service schedules and projected cash flow.
- Conduct meetings and conference calls with COUNTY staff to best understand the revised Project funding needs.
- Further review of the COUNTY's Materials Delivery Commitment & Processing Services Agreements (the Agreements) with local jurisdictions and implications for debt structuring requirements. Assist with drafting amendments to the Agreements, as may be needed, for financing purposes.
- Perform debt structuring analyses and optimize the overall debt structure in the context of the Agreements, bond documents, and bond counsel's analysis of tax exemption.
- Determine optimal bond structures and credit rating strategy. Assist the COUNTY 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 COUNTY staff on the tradeoffs involved in higher and lower debt service coverage and resulting impacts on expected ratings and overall interest cost.
- Develop and manage the financing schedule. Working with COUNTY to determine potential Board approval dates as well as considering market conditions, CONTRACTOR shall develop a financing schedule and assist with managing the working group to ensure timely completion of activities.
- Assist in the review and update of the Feasibility Report.
- Assist in the review and update of legal and disclosure documents. Help to highlight the key policy decisions embedded in legal covenants and help ensure the COUNTY's disclosure documents protect the COUNTY.
- Coordinate presentations to rating agencies and credit enhancers. Assemble effective presentation materials and accompany COUNTY 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 COUNTY.

- Assist with investor outreach alongside underwriter. Facilitate direct contact between COUNTY officials and key institutional buyers of bonds nationwide to educate them about the COUNTY's bonds, as needed, with input from bond counsel and other members of the financial team.
- Develop and execute pricing strategy. CONTRACTOR will take a prominent role in managing the structuring process, and review carefully the underwriters' pricing proposals to ensure the issue is priced at competitive rates.
- Investment of trustee held funds. Assist the COUNTY 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.
- Communication to stakeholders. Assist staff in keeping management, the Debt Advisory Committee (DAC), Board members, and the public of the key decisions that have been made with respect to the financing.
- Help draft DAC and Board Agenda materials. Attend meetings/calls with DAC and Board of Supervisors and staff, as necessary.
- Coordinate closing activities, including ensuring distribution of legal documents for signature and making sure COUNTY 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.

**AMENDED
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 \$162,500.00 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 \$140,000 contingent on the successful sale and closing of the financing.

3. Reimbursement for reasonable out of pocket expenses, which shall not exceed \$2,500. 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).

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 COUNTY.

C. Upon completion of the work detailed in **EXHIBIT A** and/or delivery to COUNTY of item(s) specified therein, CONTRACTOR shall submit to the COUNTY 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. COUNTY 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. COUNTY shall

pay invoices or claims for satisfactory work within 30 days of receipt of correct and complete invoices or claims from CONTRACTOR.

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

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 and serves as Municipal Advisor to other overlapping jurisdictions within Santa Barbara County. The City of Santa Barbara has reached out to KNN Public Finance for advice regarding the County’s TRRP financing. 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.

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.

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, 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.