

April 5, 2023

**CALIFORNIA MUNICIPAL ADVISORS LLC**  
**AGREEMENT FOR CONSULTING SERVICES**

**THIS AGREEMENT** (the “Agreement”), made and entered into this 5<sup>th</sup> day of April 2023, by and between the Gold Ridge Fire Protection District, a political subdivision, organized and existing under the Constitution and laws of the State of California, with its principal place of business at 1690 Watertrough Road, Sebastopol, CA 95472 (the “District”), and California Municipal Advisors LLC, a California Limited Liability Company, with its principal place of business at 20 South Santa Cruz Avenue, Suite 300, Los Gatos, CA 95030 (“CalMuni”), sets forth the terms and conditions under which CalMuni shall provide consulting services to the District.

**WHEREAS**, the District is a member of the California Public Employees’ Retirement System (“CalPERS”), and as such, the District is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code, and the contract between the Board of Administration of CalPERS and the District (the “CalPERS Contract”), as amended, to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the “UAL”) with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such Unfunded Liability; and

**WHEREAS**, under the CalPERS Contract the District is legally obligated to make certain payments to the CalPERS in respect of current and retired public safety employees and miscellaneous employees under the associated pension plans (the “Pension Plans”) that amortize such obligations over a fixed period of time, including normal costs; and

**WHEREAS**, the District currently has an UAL account balance of around \$1.9 million, which is required to be paid off during the next 23-year period at 6.8% interest; and

**WHEREAS**, as a financial consultant and municipal advisor to cities and other local government agencies throughout the State of California, CalMuni regularly works with agencies to clarify and implement pension cost mitigation techniques and strategies (the “Cost Mitigation Measures”) in relation to the UAL and normal costs associated with their respective CalPERS pension plans; and

**WHEREAS**, one common Cost Mitigation Measure includes the possible issuance of municipal obligations, designed to refinance a certain portion of the current UAL from the present 6.8% interest rate to a substantially lower rate (the “Pension Obligations”); and

**WHEREAS**, once the applicable Cost Mitigation Measures have been determined and synthesized, CalMuni regularly assists public agencies with the development of a comprehensive pension management policy (the “Pension Management Policy”); and

**WHEREAS**, the District desires to retain the services of CalMuni to assist the District with Cost Mitigation Measures, the development of a Pension Management Policy and potential

future services described in the list of services attached hereto as Exhibit A (the “Scope of Service”); and

**WHEREAS**, CalMuni is duly licensed and has the necessary qualifications, experience, and personnel necessary to properly provide the Scope of Services; and

**WHEREAS**, the Board, hereby authorizes the Fire Chief to enter into this Agreement on behalf of the District; and

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions contained herein, and intending to be legally bound hereby, the District and CalMuni agree as follows:

## **SECTION I. SCOPE OF SERVICES**

A. CalMuni shall provide the services described in Exhibit A to this Agreement (hereinafter referred to interchangeably as the “Services” or “Scope of Services”). Any material changes 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 CalMuni which are not specifically referenced in the Scope of Services shall be completed as agreed in writing in advance between the District and CalMuni. Upon request of the District, CalMuni may agree to additional services to be provided by CalMuni, only by a separate agreement between the District and CalMuni.

B. The Scope of Services details current, ongoing and additional services of CalMuni. The District shall not be responsible for payment of any Service unless mutually agreed upon and authorized by the District. CalMuni shall not be responsible for any performance of Services until mutually agreed upon and authorized by the District.

C. CalMuni shall perform all such work with skill and diligence and pursuant to generally accepted standards of practice in effect at the time of performance. CalMuni shall provide corrective services without charge to the District for work which fails to meet these standards, and which is reported to CalMuni in writing within sixty (60) days of discovery.

D. The District shall cooperate with CalMuni and will furnish all information, data, records, and reports existing and available to the District to enable CalMuni to carry out work outlined in the Scope of Services. CalMuni shall be entitled to reasonably rely on information, data, records, and reports furnished by the District, however, the District makes no warranty as to the accuracy or completeness of any such information, data, records, or reports available to it and provided to CalMuni which were furnished to the District by a third party. CalMuni shall have a duty to bring to the District’s attention any deficiency or error it may discover in any information provided to CalMuni by the District or a third party.

E. CalMuni shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing Services pursuant to this Agreement. The District shall furnish to CalMuni no facilities or equipment, unless the District otherwise agrees in writing to provide the same.

F. CalMuni shall, at CalMuni's sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits or other such approvals which are legally required for performing the Services.

G. Upon the District's request, CalMuni shall provide, in a form acceptable to the District, written progress reports of all oral and written observations, opinions, recommendations, analyses, progress and conclusions related to CalMuni's performance of the Services.

## **SECTION II. WORK SCHEDULE**

The Services described in Section A-I of Exhibit A are to commence as soon as practicable after the execution of this Agreement. The balance of Services described in Exhibit A shall commence only upon the District's written direction.

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

A. IRMA Disclosures. CalMuni 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. This Agreement designates CalMuni as the District's independent registered municipal advisor ("IRMA") with regard to the attached Scope of Services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA Exemption"). CalMuni shall not be responsible for, or have any liability in connection with, verifying that CalMuni is independent from any other party seeking to rely on the IRMA Exemption (as such independent status is required pursuant to the IRMA Exemption, as interpreted from time to time by the SEC). The District acknowledges and agrees that any reference to CalMuni, its personnel, and its role as IRMA, including in the written representation of the District required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by CalMuni. The District further agrees not to represent that CalMuni is the District's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached Scope of Services or without CalMuni's prior written consent.

B. MSRB Rule G-42 requires that municipal advisors make written disclosures to its client's of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in CalMuni's Disclosure Statement delivered to the District together with this Agreement as Exhibit C.

C. Fiduciary Duty of Care. CalMuni has a legal fiduciary Duty of Care to:

1. Exercise due care in performing its municipal advisory activities;
2. Possess the degree of knowledge and expertise needed to provide the District with informed advice;

3. Make a reasonable inquiry as to the facts that are relevant to District's determination as to whether to proceed with a course of action or that form the basis for any advice provided to District; and
4. Undertake a reasonable investigation to determine that CalMuni is not forming any recommendation on materially inaccurate or incomplete information; CalMuni must have a reasonable basis for:
  - i. any advice provided to or on behalf of District;
  - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by District, any other party involved in the municipal securities transaction or municipal financial product, or investors in the District securities; and
  - iii. any information provided to the District or other parties involved in the municipal securities transaction when participating in the preparation of an official statement.

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

#### **SECTION IV. COMPENSATION**

A. For the Services provided under this Agreement, CalMuni's professional fees shall be paid as provided in Exhibit B to this Agreement. 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.

B. Invoice(s) in a format and on a schedule acceptable to the District shall be submitted to and be reviewed and verified by the District. The District shall notify CalMuni of exceptions or disputed items and their dollar value within fifteen (15) days of receipt. Payment of the undisputed amount of the invoice will typically be made approximately thirty (30) days after the invoice is received by the District.

C. CalMuni will maintain clearly identifiable, complete and accurate records with respect to all costs incurred under this Agreement on an industry recognized accounting basis. CalMuni shall make available to the representative of the District all such books and records related to this Agreement, and the right to examine, copy and audit the same during regular business hours upon

three (3) business days' notice for a period of two (2) years from the date of final payment under this Agreement.

## **SECTION V. TERM AND TERMINATION**

A. Unless otherwise provided, the term of this Agreement shall begin on the date of its full execution and shall expire on the following dates as to the scope of work set forth in the referenced exhibits unless extended by amendment or terminated earlier as provided herein.

<b>Exhibit</b>	<b>Termination Date</b>
A-I – Pension Management Policy Development	December 31, 2023
A-II – Issuance of Debt Obligations	Per Written Notice
A-III – Annual Monitoring and Maintenance Services	Per Written Notice
A-IV – Annual CDIAC Debt Transparency Reporting	Per Written Notice
A-V – MSRB Continuing Disclosure Compliance	Per Written Notice
A-VI – General Financial Consulting Assistance	Per Written Notice

B. The District may suspend this Agreement and CalMuni's performance of the Services, wholly or in part, by written notice to CalMuni, for such period as it deems necessary in the District's sole discretion. CalMuni will be paid for satisfactory services performed through the date of suspension.

C. If CalMuni at any time refuses or neglects to perform its Services in a timely fashion or in accordance with the schedule identified in Exhibit A, or is declared bankrupt, or commits any act of insolvency, or makes an assignment for the benefit of creditors without District's consent, or fails to make prompt payment to persons furnishing labor, equipment, materials or services, or fails in any respect to properly and diligently perform its Services, or otherwise fails to perform fully any and all of the Agreements herein contained, this Agreement shall be terminated.

D. If CalMuni fails to cure the default within seven (7) days after written notice from the District, the District may, at its sole option, demand possession of any documents or other materials (in paper and electronic form) prepared or used by CalMuni in connection with the provision of Services and (1) provide any such work, labor, materials or services as may be necessary to overcome the default and deduct the cost thereof from any money then due or thereafter to become due to CalMuni under this Agreement; or (2) terminate this Agreement.

E. This Agreement and all Services, in whole or part, may be terminated upon ten (10) days written notice from either party, with or without cause. In the event District elects to terminate this Agreement, CalMuni shall be paid for all services rendered, unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. This continuing right to receive full compensation shall survive the term of this Agreement.

## **SECTION VI. ASSIGNMENT**

CalMuni shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the District.

## **SECTION VII. RECOMMENDATIONS**

If CalMuni 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 District and is within the scope of the engagement, CalMuni will determine, based on the information obtained through reasonable diligence of CalMuni whether a municipal securities transaction or municipal financial product is suitable for the District. In addition, CalMuni will inform the District of:

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

If the District elects a course of action that is independent of or contrary to the advice provided by CalMuni, then CalMuni is not required on that basis to disengage from the District

## **SECTION VIII. CONFIDENTIALITY**

A. All information, data, reports, and records ("Data") in the possession of the District or any third-party agent to the District necessary for carrying out any services to be performed under this Agreement shall be furnished to CalMuni, and the District shall cause its agent(s) to cooperate with CalMuni in its conduct of reasonable due diligence in performing the services.

B. Unless otherwise provided for herein, all documents, materials, data, computer data files, basis for calculations, and reports originated and prepared by CalMuni under this agreement shall be and remain the property of the District for its use in any manner it deems appropriate. CalMuni shall deliver the work product to the District in the PDF format electronically. CalMuni shall use all reasonable efforts to ensure that any electronic files provided to the District will be compatible with the District's current computer hardware and software. CalMuni makes no representation as to long-term compatibility, usability or readability of the format resulting from the use of software application packages, operating systems or computer hardware differing from those in use by the District at the commencement of this Agreement. CalMuni shall be permitted to maintain copies of all such data for its files. The District acknowledges that its use of the work product is limited to the purposes contemplated by the Scope of Services and, should the District use these products or data in connection with additions to the work required under this Agreement or for new work without consultation with and without additional compensation to CalMuni, CalMuni makes no

representation as to the suitability of the work product for use in or application to circumstances not contemplated by the Scope of Services and shall have no liability or responsibility whatsoever in connection with such use which shall be at the District's sole risk. Any and all liability arising out of changes made by the District to CalMuni's deliverables is waived against CalMuni unless the District has given CalMuni prior written notice of the changes and has received CalMuni's written consent to such changes.

C. To the extent the District requests that CalMuni provide advice with regard to any recommendation made by a third party, the District will provide to CalMuni written direction to do so as well as any Data it has received from such third party relating to its recommendation. The District acknowledges and agrees that while CalMuni is relying on the Data in connection with its provision of the services under this Agreement, CalMuni makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

D. In the course of performing services under this Agreement CalMuni may obtain, receive, and review confidential or proprietary documents, information or materials that are and shall remain the exclusive property of the District. Should CalMuni undertake the work on behalf of other agencies, entities, firms or persons relating to the matters described in the Scope of Services, it is expressly agreed by CalMuni that any such confidential or proprietary information or materials shall not be provided or disclosed in any manner to any of the District's other clients, or to any other third party, without the District's prior express written consent.

## **SECTION IX. NOTICES**

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

*Gold Ridge Fire Protection District*

1690 Watertrough Road  
Sebastopol, CA 95472  
Attention: Fire Chief

*California Municipal Advisors LLC*

20 South Santa Cruz Avenue, Suite 300  
Los Gatos, CA 95030  
Attention: Andrew Flynn

## **SECTION X. LIMITATION OF LIABILITY**

Except to the extent caused by willful misconduct, bad faith, negligence, or reckless disregard of obligations or duties under this Agreement on the part of CalMuni or any of its associated persons, neither CalMuni nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any

financial or other damages resulting from the District's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of CalMuni or any of its associated persons, upon any advice or recommendation provided by CalMuni to the District.

## **SECTION XII. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY**

A. CalMuni, 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 the District by virtue of this Agreement or any actions or services rendered under this Agreement. This Agreement shall not be construed as an agreement for employment. 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.

B. CalMuni acknowledges that CalMuni: (1) is free from the control and direction of the District in connection with the performance of the Services; (2) performs Services outside the usual course of the District's business; and (3) is customarily engaged in an independently established trade, occupation, or business of the same nature as CalMuni performs for the District, and has the option to perform such work for other entities. CalMuni shall have no authority to contract for or otherwise bind the District.

## **SECTION XIII. DISPUTE RESOLUTION**

A. If any dispute arises between the parties as to proper interpretation or application of this Agreement, the parties shall first meet and confer in a good faith attempt to resolve the matter between themselves. If the dispute is not resolved by meeting and conferring, the matter shall be submitted for formal mediation to a mediator selected mutually by the parties. The expenses of such mediation shall be shared equally between the parties. If the dispute is not or cannot be resolved by mediation, the parties may mutually agree (but only as to those issues of the matter not resolved by mediation) to submit their dispute to arbitration. Before commencement of the arbitration, the parties may elect to have the arbitration proceed on an informal basis; however, if the parties are unable so to agree, then the arbitration shall be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator shall be binding, unless within thirty (30) days after issuance of the arbitrator's written decision, any party files an action in court. Venue and jurisdiction for any such action between the parties shall lie in the Superior Court for the County of Santa Clara.

B. In the event of any controversy, claim or dispute relating to this Agreement, or the breach thereof, the prevailing party shall be entitled to recover from the losing party reasonable expenses, attorney's fees and costs.

## **SECTION XIV. APPLICABLE LAW**

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. CalMuni and the District 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.

**SECTION XV. ENTIRE AGREEMENT; SEVERABILITY**

This Agreement represents the entire agreement between the District and CalMuni and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

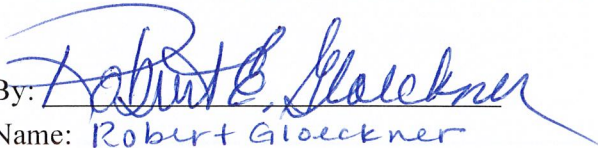
**SECTION XVI. EXECUTION; COUNTERPARTS**

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.

*[Signature Page to Follow on Next Page]*

IN WITNESS THEREOF, the District and CalMuni have executed this Agreement as of the day and year herein above written.

**GOLD RIDGE FIRE PROTECTION DISTRICT**

By:   
Name: Robert Gloeckner  
Title: Board Chair

**CALIFORNIA MUNICIPAL ADVISORS LLC**

By: \_\_\_\_\_  
Name: Andrew Flynn  
Title: Managing Director

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

**A-I. Pension Management Policy Development.**

Policy Development services shall include:

- Attend meetings and/or conference calls with the Board (the “Board”), staff, District Attorney, and other as requested by the District to provide information through presentations and general discussions pertaining to the existing Pension Plans.
- Work closely with staff to identify all potential Cost Mitigation Measures and pension liability management tools (as covered in the initial presentation).
- Provide the financial analysis and associated impacts (along with recommendations if requested by the District) of each potential Cost Mitigation Measure.
- Determine preferred pension liability management scenarios and determine key variables (e.g., desired pension plan funding levels, target reserve levels, priorities for immediate vs. overall cash flow savings, etc.).
- Draft and distribute a baseline draft Pension Management Policy to the working group.
- Working group submits comments which are integrated into the Pension Management Policy and then recirculated for continued review and comment.
- Once the draft Pension Management Policy is substantially complete, it is then presented to the Board for consideration and approval.

**A-II. Issuance of Debt Obligations.**

Should the Issuance of Debt Obligations be deemed an appropriate measure by the District, CalMuni will provide, at the express written request of the District, debt issuance advisory services including the creation of the financing plan (the “Financing Plan”), development of a pricing strategy, management of the financing schedule and coordination of required pre-and-post sale documentation. As municipal advisor, CalMuni will successfully perform the following duties on behalf of the District, as required:

- *Financing Schedule.* Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.
- *Method of Sale, Timing, Sizing and Structure of Debt Obligations.* Assist the District in creating a customized Financing Plan for the Debt Obligations including method of sale (private placement vs. public offering), timing, sizing, and structure.

- a. *Method of Sale.* Advise as to the appropriate method of sale for the Debt Obligations.
  - b. *Assist in the Preparation of Lender Request for Proposals.* If private placement is determined the best method of sale, assist the District (and any placement agent) with the preparation and distribution of Request for Proposals to banks and assist the District with analysis the responses of the responding banks.
  - c. *Timing of Issuances.* Advise as to the timing for each series of Debt Obligations to be sold based upon the District's historical and projected revenues and expenses, market interest rate environment, and other factors.
  - d. *Sizing of Issues.* Advise as to the sizing of the Debt Obligations to be sold based on the nature of the financing, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the financing program, and other matters.
  - e. *Structure of Debt Obligations.* Advise as to the repayment structure of the Debt Obligations to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.
- *Rating Agency Preparation.* Prepare the rating strategy and rating agency credit presentation to optimize the credit rating assigned to the Debt Obligations, if applicable.
  - *Evaluation of Credit Enhance Opportunities.* Evaluate potential cost effectiveness of credit enhancement options.
  - *Lender/Underwriter Due Diligence Assistance.* Assist the District in providing due diligence information requested by lenders/underwriters, as applicable.
  - *Authorizing Documentation.* Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation prior to their approval.
  - *Review of Debt Policy.* Review and provide any necessary updates to the District's debt policy to ensure compliance with SB 1029 prior to issuance.
  - *Board Presentations.* Assist District in presenting all related financing matters to the Board, as requested.
  - *Pricing Strategy.* CalMuni will assist the District throughout the sales negotiation process with the Underwriter / Placement Agent.
    - a. Advise the District on the propriety of the Underwriter's or Placement Agent's proposed pricing and compensation relative to the current market conditions;
    - b. Negotiate to provide the lowest available rates and costs to the District;

- c. Provide the District with a pricing analysis of proposed financing alternatives; and
  - d. Provide quantitative schedules showing the results of the final pricing.
- *Closing Documentation.* Review closing documents and otherwise assist in the closing of the transaction.

**A-II. Annual Monitoring and Maintenance Services.**

CalMuni will provide, at the express written request of the District, annual pension policy monitoring and maintenance services to the District, including the review of the District’s Pension Management Policy, review of the most recent CalPERS Valuation Report, review of the 115 Trust and other Pension Reserve Funds, review of other relevant financial and operational data.

Based upon our review of all relevant data, CalMuni will produce a detailed “Pension Policy Compliance Report” that, among other things, (i) estimates the upcoming CalPERS UAL bases (i.e., the increase or decrease in UAL debt for the ensuing Fiscal Year), (ii) updates available fund balances that have been pledged or set-aside (such as 115 Trust monies or other pension stabilization funds or reserves established pursuant to the Pension Management Policy) to make discretionary payment to your Pension Plans, (iii) reviews the Pension Management Policy for compliance as well as opportunities to further mitigate Pension Plan costs, and (iv) concludes with specific recommendations.

**A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029)**

At the express written request of the District, CalMuni will work with the District to provide applicable annual debt transparency reports (the “ADTRs”) for any issue of debt for which they have submitted a Report of Final Sale to CDIAC during the reporting period. The ADTRs are due to CDIAC no later than January 31st of each year for any debt outstanding at any point during the prior fiscal year.

**A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12)**

At the express written request of the District, for publicly offer bond transactions in which the District engages CalMuni to do the Continuing Disclosure Compliance Reporting, CalMuni will work closely with the District to provide and file the required annual continuing disclosure reports (“Annual Reports”) that must be filed on the Electronic Municipal Market Access (“EMMA”) system. Each obligation has distinct disclosure requirements. The primary reporting requirements generally include the filing of:

- Audited financial statements
- Other financial information and operating data
- Other material information
- Notices of Significant Events

CalMuni services will include the following:

- Prepare Annual Reports
- Supervise and direct the District on issues related to its disclosure obligations
- Notify the District of pending due dates
- Assist in the tracking of rating changes and other Significant Events
- Prepare Significant Events notices, as necessary
- Post Annual Reports, notices, and other required documentation to EMMA

#### **A-VI. Pension Cost Allocation Study**

At the express written request of the District, CalMuni will provide a one-time Pension Cost Allocation Study (the “Allocation Study”) in order to assess how pension costs are allocated across District funds in order to ensure that each fund is properly contributing its fair share of long-term pension costs (both normal and UAL) in compliance with Proposition 218.

In preparing the Allocation Study, CalMuni will provide the following services:

- Work with the District to ascertain the relevant historical and current allocation formulas (and rationales used for such formulas) used to make normal cost and UAL contributions.
- Align historical formulas with best management practices
- Provide pertinent recommendations as to new formula
- Assist in the implementation process

#### **A-VII. General Financial Consulting Assistance**

CalMuni will provide, at the express written request of the District (which can be by simple email direction), assistance to the District with development of strategic financial plans, funding capacity scenarios (evaluating the capital needs of the District and the revenue available to finance those needs), financial modeling/quantitative analysis, public-private partnership evaluations and other similar engagements. This shall include, upon the request of the District, collecting data from District and external sources, developing financial models and presentation materials as required to educate internal and external stakeholders of the District. These services may also include general advisory, financial policy assistance, strategic and analytical services, obtaining and analyzing proposals from third-party financial providers, facilitating strategic meetings with long-term financial implications, and other financial advisory services as may be needed at the direction of the District.

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

**A-I. Pension Management Policy Development.**

For the Services described in Section A-I (Pension Management Policy Development) of Exhibit A, CalMuni will be compensated on a time and materials basis, not to exceed total budget, as shown below. The invoices and additional documentation requested by District, as applicable, will be submitted to the District monthly.

In no case shall the total compensation under this Agreement exceed the “not-to-exceed” amount specified below without prior written authorization of the Fire Chief or other authorized officer.

If there are material changes to the Scope of Services, a revised budget may be determined by mutual written agreement between CalMuni and the District.

<b>Task</b>	<b>Description</b>	<b>Hours [1]</b>	<b>Amount @ \$285/hr [1]</b>
1	Pension Management Policy Development	15	\$4,275
2	Pension Management Presentations	<u>5</u>	<u>\$1,425</u>
<b>TOTAL</b>		<b>20</b>	<b>\$5,700</b>

[1] Time and cost are estimates and will vary. Billings will be done on a T&M basis for actual amount of time required, not to exceed the total amount shown.

**A-II. Issuance of Debt Obligations.**

For the Services described in Section A-II (Issuance of Debt Obligations) of Exhibit A, if the District elects to issue Debt Obligations, CalMuni will be compensated on a contingent basis (i.e., only if Debt Obligations successfully issued) a flat fee of \$35,000 for private placements and \$45,000 for public offerings, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$2,150. All fees and expenses associated with the issuance of Debt Obligations shall be paid from the proceeds of such Debt Obligations.

**A-III. Annual Monitoring and Maintenance Services.**

For the Services described in Section A-III (Annual Monitoring and Maintenance Services) of Exhibit A, CalMuni will be compensated on the basis an annual flat fee of \$1,750, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses not to exceed \$1,150. The invoice for these services will be submitted upon release of the Pension Policy Compliance Report.

**A-IV. Annual CDIAC Debt Transparency Reporting (SB 1029).**

For the additional Services described in Section A-IV (Annual CDIAC Debt Transparency Reporting) of Exhibit A, if the District elects to utilize this service, CalMuni will be compensated on the basis an annual flat fee of \$450 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$250. The invoice for these services will be submitted upon completion and submission of the Report to CDIAC.

**A-V. MSRB Continuing Disclosure Compliance (Rule 15c2-12).**

For the Services described in Section A-V (MSRB Continuing Disclosure Compliance) of Exhibit A, if the District elects to utilize this service, CalMuni will be compensated on the basis an annual flat fee of \$1,250 per annual transaction report, plus reasonably incurred out of pocket expenses, including printing, data services, and other reimbursable expenses not to exceed \$500. The invoice for these services will be submitted upon completion and submission of the reports to the MSRB.

**A-VII. General Financial Consulting Assistance.**

For the Services described in Section A-II (General Financial Consulting Assistance) of Exhibit A, CalMuni will be compensated on an hourly basis of \$310, plus reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses. The invoice for these services will be submitted on a monthly basis. Hourly fees are subject to an annual inflationary adjustment to not exceed 3% in a year with written approval of the District.



## EXHIBIT C

### DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION CALIFORNIA MUNICIPAL ADVISORS LLC

#### I. Introduction

California Municipal Advisors LLC (hereinafter, referred to as “CalMuni”) 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. In accordance with MSRB rules, this disclosure statement is provided by us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). CalMuni employs a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

#### *How We Identify and Manage Conflicts of Interest*

**Code of Ethics.** CalMuni requires all of its employees to conduct all aspects of our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and our clients.

**Policies and Procedures.** CalMuni has adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allow us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to our analysis of potential conflicts of interest.

**Supervisory Structure.** CalMuni has both a compliance and supervisory structure in place that enables us to identify and monitor employees’ activities, both on a transaction and firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows us to evaluate any situations that may be an actual or potential conflict of interest.

**Disclosures.** CalMuni will disclose to clients those situations that it believes would create a material conflict of interest, such as:

1. any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work of CalMuni;
  2. any payment made to obtain or retain a municipal advisory engagement with a client;
  3. any fee-splitting arrangement with any provider of an investment or services to a client;
  4. any conflict that may arise from the type of compensation arrangement we may have with a client;
- and

5. any other actual or potential situation that CalMuni is or becomes aware of that might constitute a material conflict of interest that could reasonably be expected to impair our ability to provide advice to or on behalf of clients consistent with regulatory requirements.

If CalMuni identifies such situations or circumstances, we will prepare meaningful disclosure describing the implications of the situation and how we intend to manage the situation. CalMuni will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of our management or advisory personnel. CalMuni will provide this disclosure (or a means to access this information) in writing prior to starting our proposed engagement and will provide such additional information or clarification as the client may request. CalMuni will also advise clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, its plan to manage that situation, and any additional information such client may require.

## **II. General Conflict of Interest Disclosures**

### *Disclosure of Conflicts Concerning the Firm's Affiliates*

CalMuni's affiliates offer a wide variety of financial and legal services, and our clients may be interested in pursuing an affiliate's services separately. The affiliate's business with the client could create an incentive for CalMuni to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, CalMuni may be perceived as recommending services for a client that are not in the best interests of our clients, but rather are in our interests or the interests of our affiliates. Accordingly, CalMuni mitigates any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, CalMuni receives no compensation from its affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, we require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

### *Disclosure of Conflicts Related to the Firm's Compensation*

From time to time, CalMuni may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary in the municipal securities market, it may be deemed to present a conflict of interest since we may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, CalMuni may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest if the transaction ultimately requires less work than contemplated and we are perceived as recommending a more economically friendly pay arrangement. Finally, CalMuni may contract with clients on an hourly fee basis. If CalMuni and the client do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as we would not have a financial incentive to recommend an alternative that would result in fewer hours. CalMuni manages and mitigates all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

*Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients*

CalMuni regularly provides financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees our engagement with any other particular client as a conflict, we will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes a "firewall" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, we will withdraw from the engagement.

*Disclosure Related to Legal and Disciplinary Events*

CalMuni has never been subject to any legal, disciplinary or regulatory actions. As registered municipal advisors with the SEC and the MSRB, pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, our legal, disciplinary and judicial events are required to be disclosed on our forms MA and MA-I filed with the SEC, in 'Item 9 Disclosure Information' of form MA, 'Item 6 Disclosure Information' of form MA-I, and if applicable, the corresponding disclosure reporting page(s). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access CalMuni filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by date of filing starting with the most recently filed.

**III. Specific Conflicts of Interest Disclosures – Client**

The principal of Weist Law LLP ("WeistLaw"), Cameron Weist, is also a principal of CalMuni. We do not believe that this dual representation creates a conflict because the California Rules of Professional Conduct governing the ethical standards imposed on lawyers are aligned with and equal or exceed the fiduciary duties imposed on municipal advisors, and also because CalMuni receives no compensation from WeistLaw, or vice versa, and both firms are independently engaged under separate contracts which have been vetted in light of various factors, including the client's needs, objectives and legal and financial circumstances, to ensure that each such client has made an independent, informed, evaluation of the type and quality of services offered by each entity. If you believe this creates a conflict, please do not sign this Agreement.

To our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair our ability to provide advice to or on behalf of the Client in accordance with applicable standards of conduct of MSRB Rule G-42.

**IV. 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:

1. CalMuni is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
2. Within the MSRB website at [www.msrb.org](http://www.msrb.org), our clients may obtain the Municipal Advisory Client Brochure (the “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.