

AGREEMENT FOR MUNICIPAL ADVISOR SERVICES

(COUNTY OF LAKE – KNN PUBLIC FINANCE, LLC)

THIS AGREEMENT, made as of the ____ day of ____, 2023, by and between the COUNTY OF LAKE, a political subdivision of the State of California (the "County") and KNN PUBLIC FINANCE, LLC with its principal place of business located at 2054 University Avenue, Suite 300, Berkeley, California (the "Consultant"), for municipal advisor services,

RECITALS

The County requires municipal finance advisory services from time to time with respect to a variety of municipal financing issues as to which Consultant is well qualified to provide and desires to retain the service of the Consultant to assist the County.

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

A. Consultant's Services. During the term of this Agreement, the Consultant shall provide the municipal finance services related to the County's municipal finance program from time to time as requested by County staff contained in **Exhibit A** (General Municipal Advisory and Pre-Transaction Scope of Services) and **Exhibit B** (Transaction Scope of Services) of this Agreement. For purposes of requesting services to be performed under this Agreement, County staff shall be the **Auditor-Controller/County Clerk**, or their designees.

B. Compensation

For services specified in **Exhibit A** (General Municipal Advisory), Consultant shall be paid based on its normal hourly rates as in effect from time to time, and as shown in **Exhibit C** attached hereto, not to exceed ten thousand dollars (\$10,000) per fiscal year. For services rendered in connection with **Exhibit B** of this document (Transaction Scope of Services), KNN will be compensated based upon fixed transaction fees to be set forth in an amendment to this Agreement, which will not include any of the tasks provided, and paid for, pursuant to **Exhibit A**.

1. Consultant shall submit written invoices identifying the service provided, the number of hours and the hourly rate per employee, and the expenses incurred as provided for in paragraph B.2 below.

2. The fee referred to in paragraph B.1 above does not include, and Consultant shall be reimbursed for, out-of-pocket expenses, including but not limited to travel expenses, data fees, conference call telephone charges, telecommunication expenses, reproduction and distribution of documents.

C. Consultant's Authority

1. It is understood that neither Consultant nor any individual representing Consultant possesses any authority with respect to any decision of the County Board of Supervisors or any County officials beyond the rendition of information and advice.

2. It is understood and agreed that Consultant, in the performance of the duties set forth in this Agreement, shall act as and be an independent contractor and not an agent or employee of the County. Consultant has and shall retain the right to exercise full control and supervision of the services and full control over the employment, direction, compensation and discharge of all persons assisting Consultant in the performance of the services hereunder. Consultant shall be solely responsible for all matters relating to the payment of its employees, including compliance with social security, withholding, and all other regulations governing such matters.

3. Consultant shall not disclose or permit disclosure of any information designated by County as confidential, except to its employees and other consultants who need such information in order to properly execute the services of this Agreement.

D. Notices All notices hereunder and communications regarding the interpretation of the terms of this Agreement, or changes thereto, shall be deemed to be delivered five (5) days after being deposited with the U.S. Postal Service, postage prepaid and addressed as follows:

To the County:
Jenavive Herrington
County of Lake
255 N Forbes Street, 2nd Floor
Lakeport, CA 95453

To Consultant:
David Leifer
KNN Public Finance, LLC
2054 University Avenue, Suite 300
Berkeley, CA 94704

E. Term The term of the Agreement shall be from December 1, 2023, through December 31, 2026. The County may extend the Agreement for Three (3) consecutive one-year terms. At any time and without cause, this Agreement may be canceled by either party by giving forty five (45) days written notice to the other.

F. Annual Appropriation This Agreement is subject to the County's annual appropriation process. In the event that funds representing Consultant's compensation and reimbursement for expenses for the services provided pursuant to this Agreement are not appropriated within the approved County budget in any fiscal year, this Agreement shall be deemed terminated and shall be of no further force and effect as of the date of the County's budget is approved. County will provide Consultant with notice of any such action.

G. Equal Employment Opportunity The Consultant shall not discriminate in its employment practice against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, or physical handicap. Any subcontract entered into by the Consultant pursuant to, or in furtherance of, this Agreement shall contain a similar provision requiring the Consultant's subcontractor to

not discriminate in its employment and hiring practices.

H. Conflict of Interest. The parties to this Agreement have read and are aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the Government Code relating to conflict of interest of public officers and employees. All parties hereto agree that they are unaware of any financial or economic interest of any public officer or employee of the County relating to this Agreement. It is further understood and agreed that if such a financial interest does exist at the inception of this Agreement, the County may immediately terminate this Agreement by giving written notice thereof. The Consultant shall comply with the requirements of Government Code section 87100 et seq. during the term of this Agreement.

I. Indemnification. Consultant shall indemnify, defend, and hold harmless the County, its officers, agents, and employees, from and against any and all claims, liabilities, and losses whatsoever including damages to property and injuries to, or death of persons, reasonable attorney's fees, expert fees and court costs occurring or resulting, or alleged to be occurring or resulting, to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connections with the Consultant's performance or its obligations under this agreement, and from any and all claims, liabilities, and losses occurring or resulting, or alleged to be occurring or resulting, to any person, firm, or corporation for damage, injury, or death arising out of or connected with the Consultant's performance of its obligations under this agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of County. "Consultant's performance" includes Consultant's action or inaction and the action or inaction of contractor's officers, employees, agents and subcontractors.

J. Insurance. Consultant, at its sole cost and expense, during the term of this Agreement, shall maintain the following:

1. A commercial general liability insurance policy from a company licensed to practice in the State of California with a minimum of a B+, V, Best's rating of one million dollars (\$1,000,000) minimum for each injury, and two million dollars (\$2,000,000) aggregate.

2. Workers' Compensation Insurance on its employees in accordance with and in the amounts required by the State of California.

Consultant shall furnish County with evidence of said liability insurance coverage prior to the execution of this Agreement.

K. Assignments and Modification. Consultant shall not assign or transfer any rights or duties under this Agreement to a third party without the prior written consent of the County. This Agreement may only be modified by written agreement executed by County and Consultant.

L. Required Disclosures. Pursuant to MSRB Rule G-42, on Duties of 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 and its associated persons. 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 how to receive a copy of the MSRB Municipal Advisory client brochure.

We have included disclosures regarding MSRB Rule G-42 and MSRB Rule G-10 in **Exhibit D** of this Agreement.

M. Complete Agreement. This Agreement, including all exhibits, attachments and other documents incorporated herein or cited by reference, constitutes the complete and exclusive statement of the terms and conditions of the Agreement between County and Consultant and it supersedes all prior representations, understandings and communications with respect to the subject matter hereof. County's failure to insist in any one or more instances upon Consultant's performance of any term(s) or condition(s) of this Agreement shall not be construed as a waiver or relinquishment of County's right to such performance by Consultant or to future performances of such term(s) or condition(s) and Consultant's obligation in respect thereto shall continue in full force and effect.

IN WITNESS WHEREOF, as of the date first hereinabove written, the County has caused this Agreement to be executed on its behalf and in its name by the **Jenavive Herrington, Auditor-Controller/Clerk**, and Consultant has caused this Agreement to be executed on its behalf and in its name by David C. Leifer, Senior Managing Director.

RECOMMENDED FOR APPROVAL:
COUNTY OF LAKE

By 
Jenavive Herrington
Auditor-Controller/Clerk

"COUNTY"
Date: 11/19/23

APPROVED AS TO FORM:
Office of County Counsel

By 
Lloyd Guintivano
County Counsel

By 
David Leifer
Senior Managing Director
KNN Public Finance, LLC

"CONSULTANT"

EXHIBIT A

General Municipal Advisory and Pre-Transaction Scope of Services

KNN shall provide the County with on-call General Municipal Advisory and pre-transaction scope of services, including the following:

1. Serve as the County's Independent Registered Municipal Advisor (IRMA). In that capacity, evaluate unsolicited financial proposals received by the County from underwriters or other market participants. Provide a written analysis of such proposals, as requested.
2. Monitor outstanding County debt for refunding opportunities.
3. Prepare preliminary debt service analyses and plans of finance in connection with County capital planning or other financing needs.
4. Develop a County Debt Affordability Model to evaluate the impact of new debt on key County debt and financial metrics, as needed.
5. Assist with the development and refinement of debt, disclosure and operating reserve policies.
6. Provide public finance educational workshops for staff and/or County Board of Supervisors, as requested.
7. Review rating agency methodologies and criteria and support calls and meetings relating to rating surveillance.
8. Present financing opportunities related to contemplated projects and specific areas of interest to the County.
9. Prepare and maintain projected debt service, debt outstanding and other schedules related to the County's debt programs for use in the County budgeting processes.
10. Participate in meetings of the County Debt Advisory Committee (if applicable) and County Board of Supervisors, or other meetings, as needed.
11. Assist County in the review of conduit financing proposals under consideration by the County.
12. Other advisory services, as requested.

EXHIBIT B

Transaction Scope of Services

KNN shall provide the County with the following transaction scope of services, including the following:

- Assist County in selection of financing team members (i.e., bond and disclosure counsel, underwriter, trustee, etc.), as necessary.
- Prepare a financing schedule and distribution list and coordinate activities of financing team members and representatives of the County.
- Analyze bond structures (independent from the underwriter) that will be most attractive to bond market participants and will result in the best bond pricing for the County.
- Analyze and make recommendations regarding method of sale.
- Prepare debt service analysis under alternative market, term and structure scenarios.
- Provide County staff with training and or regular updates on key issues relating to the proposed bond structure.
- Assist in review of all financing and legal documents.
- Assist County in presenting the financing to the County Board of Supervisors, as requested.
- Monitor tax-exempt (and taxable, if required) municipal bond market conditions; make recommendations regarding timing of pricing.
- Assuming a public sale (competitive or negotiated method of sale), provide the following services:
 1. Coordinate credit rating process, including preparing rating agency presentation.
 2. Assist with evaluating economics of bond insurance and surety bond policy.
 3. Assuming a competitive method of public sale, coordinate the competitive sale process, including generating parameters for the bid, outreach to underwriting firms, and coordination of all activities on day of sale.
 4. Assuming a negotiated method of public sale, assist in procurement of underwriting firm, prepare pricing comparables to assist in pricing negotiations, and coordinate all activities with underwriter, including bond structuring and pricing logistics.
- Assuming direct purchase/private placement method of sale, provide the following services:
 1. Draft bank solicitation document.
 2. Assist in evaluation of lender responses.

3. Assist with negotiation of key terms and conditions with lender.
- Assist the County and the financing team in arranging for the execution of financing documents and in the closing of the financing.
 - Review and provide updates to the County's debt policy to ensure compliance with SB 1029 prior to issuance and County official duties.
 - Prepare a post-sale closing memorandum.
 - Provide advice about post issuance compliance requirements (i.e., arbitrage rebate, continuing disclosure, reporting to State Treasurer's Office, etc.).

EXHIBIT C

KNN Public Finance Hourly Rates for Municipal Financial Advisory Services to County of Lake

For services rendered in connection with **Exhibit A** of this document, (General Municipal Advisory and Pre-Transactional Scope of Services), KNN will be compensated based upon the following schedule:

2023 Hourly Rates

Managing Director	\$375
Director	355
Vice President	335
Assistant Vice President	310
Associate	275
Analyst	245

The Consultant's hourly compensation rate may be increased by up to an amount not to exceed 3.0% for any Agreement year following the initial Agreement Year, with written approval from the County.

KNN also shall be reimbursed for reasonably incurred out of pocket expenses, including travel, conference calls, printing, data services, and other reimbursable expenses upon submission of applicable receipts, or such other documentation as may be reasonably requested by the County.

EXHIBIT D

MSRB 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

Other Municipal Advisor Relationships. KNN serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another KNN client. For example, KNN serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it will to your entity, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, KNN could potentially face a conflict of interest arising from these competing client interests. KNN fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

Compensation. 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.

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 Lake 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.