

PERRIS UNION HIGH SCHOOL DISTRICT

CONTRACT FOR FINANCIAL ADVISORY AND CONSULTING SERVICES

This agreement is between Perris Union High School District (“District”) and CSG Advisors Incorporated (“CSG” and collectively, the “Parties”) for Financial Advisory Services in connection with the District’s financing of school and related facilities. CSG will provide financial advisory and consulting services to the District as requested by District as more fully described herein.

Whereas, the District may request Financial Advisory Services as provided in this Agreement described under the scope of services section herein; and

Whereas, CSG is able and willing to provide the herein described Financial Advisory Services as requested by District.

The Parties agree as follows:

1. Term

Section 1.1 The term of the agreement is for five (5) years from July 1, 2017, thru June 30, 2022, or until it is terminated by either or both parties, but may be renewed for a like period by mutual agreement of the parties. Termination shall be by ten (10) days written notice by first class mail. All amounts owing under the Agreement shall be due and payable upon termination as herein provided.

2. Services To Be Performed By Consultant

Section 2.1 CSG agrees to perform Financial Advisory Services requested by the District and to deliver the work products to the District as described in the Scope of Work attached as Exhibit “A” hereto.

Section 2.2 CSG will determine the method, details and means of performing the Consulting Services. CSG shall conduct research and arrive at conclusions with respect to its rendition of information, advice, recommendation or counsel independent of the control and direction of the District, other than normal contract monitoring.

Section 2.3 Any proposed changes in the Financial Advisory Services hereunder shall be submitted to the other party hereto, and any such changes agreed to by the parties shall be reflected in an amendment to the Scope of Work attached as Exhibit “A”, or as agreed in writing by the Parties

Section 2.4 Nothing in this Agreement shall give CSG possession of authority with respect to any District decision beyond the rendition of information, advice, recommendation or counsel.

3. Compensation

Section 3.1 District agrees to pay CSG for its Financial Advisory Services a professional fee computed according to the Fee Schedule attached as Exhibit “B” depending on the type of services requested by the District and performed under Exhibit “A” hereto, or as agreed in writing by the Parties. In

the event payment for work performed by CSG is contingent upon either bond issuance or developer deposit, such amounts shall remain due and payable until such time as the deposit is received or bonds are issued. At such time, District shall pay all amounts owing associated therewith in full.

Section 3.2 Progress payments may be made monthly upon presentation of an invoice to the District's authorized representative as herein provided, detailing time spent in providing the Services supplied during the billing period. The invoice shall contain an attachment that shows the days and hours billed by person and by the project, sub-project, or other billing breakdown as may be required by the District.

Section 3.3 For hourly non-contingent work which is not compensated directly from developer deposit or bond issuance, for which Financial Advisory Services are rendered hereunder, CSG shall present to District a monthly invoice covering the current Financial Advisory Services performed and the reimbursable expenses incurred pursuant to this Agreement and exhibits thereto, together with reasonable detail as to work performed and reasonable supporting documentation for expenses incurred. Such invoices shall be paid by District within thirty (30) days of the date of each invoice. For contingent fixed fee work CSG will be paid from the bond or financing proceeds as herein provided. Such amounts shall be consistent with any agreed maximum fee for the agreed work.

Section 3.4 Records of the CSG's costs relating to (i) the Financial Advisory Services performed under this Agreement and (ii) reimbursable expenses shall be provided to the District or to District's authorized representative as herein provided .

4. Other Obligations Of CSG

Section 4.1 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by CSG without the prior written consent of District. However, CSG may subcontract portions of the work to be performed hereunder to other persons or concerns provided CSG if given written direction by the District.

Section 4.2 In the performance of its Financial Advisory Services hereunder, CSG is, and shall be deemed to be for all purposes, an independent contractor (and not an agent, officer, employee or representative of District) under any and all laws, whether existing or future.

Section 4.3 Neither this Agreement, any duties or obligations under this Agreement, nor the intentions or expectations of District will cause the CSG to be a "public official" as that term is used in Section 87100 of Title 9 of the California Government Code. District and CSG agree that CSG is not a "public official" or "participating in governmental decision" as those terms are used in Section 87100. The District and CSG also agree that no actions and opinions necessary for the performance of duties under the Contract will cause the CSG to be a "public official" or "participating in a governmental decision" as those terms are used in Section 87100.

5. Other Obligations Of District

Section 5.1 District agrees to comply with all reasonable requests of CSG and provide access to all documents reasonably necessary to the performance of CSG's duties under this Agreement.

Section 5.2 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by District without the prior written consent of CSG. District reserves the right to use other sources for its Financial Advisory Services, and to rescind any prior request therefore to CSG, subject to paying for any Financial Advisory Services requested by District and previously performed by CSG as provided in this Agreement.

Section 5.3 In the event that court appearances, testimony or depositions are requested of CSG by District in connection with the services rendered hereunder, District shall compensate CSG at a rate of \$250 per hour and shall reimburse CSG for out-of-pocket expenses on a cost basis.

6. Termination Of Agreement

Section 6.1 Either party may terminate or suspend this Agreement upon ten (10) days written notice. Unless terminated as provided herein, this Agreement shall continue in force until the Financial Advisory Services set forth in Exhibit "A" have been fully and completely performed and all proper invoices have been rendered and paid.

Section 6.2 Subject to the provisions of Section 6.1, should either party default in the performance of this Agreement or materially breach any of its provisions, the other party at its option may terminate this Agreement by giving written notification to the defaulting party. Such termination shall be effective upon receipt by the defaulting party, provided that the defaulting party shall be allowed ten (10) days in which to cure any default following receipt of notice of same.

7. General Provisions

Section 7.1 Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail. Mailed notices shall be addressed to the parties at the addresses appearing below, but each party may change the address by written notice in accordance with the first sentence of this Section 7.1. Notices delivered personally will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated as of two (2) days after mailing.

For CSG:

Scott Smith
Principal
CSG Advisors, Incorporated
One Post Street Suite 575
San Francisco, CA 94104

For the District:

Candace Reines
Assistant Superintendent
Business Services
Perris Union High School District
155 E. Fourth Street
Perris, CA 92570-2124

Section 7.2 If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

Section 7.3 This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 7.4 Indemnification and insurance requirements:

Indemnification – CSG Advisors agrees to defend, indemnify and hold the District and its officers, agents, and employees harmless from any and all claims which arise from or are directly connected with CSG Advisors’ negligence or failure to perform the work or other obligations under this Agreement, and all expenses of investigating and defending against same; provided, however, that this duty to defend, indemnify, and hold harmless shall not include any claim based upon the alleged errors or omissions of CSG Advisors related to the rendering of or the failure to render professional services hereunder so long as CSG Advisors maintains in effect errors and omissions insurance as required by this paragraph, or arising from the sole negligence or willful misconduct of the District, its officers, agents or employees. CSG Advisors agrees to maintain errors and omissions insurance in an amount not less than two million dollars (\$2,000,000) per claim period throughout the term of this Agreement.

Insurance – Without in anyway affecting the indemnity herein provided and in addition thereto the CSG shall secure and maintain throughout the contract the following types of insurance with limits as shown:

Workers’ Compensation – A program of Workers’ Compensation insurance or a State-approved Self-Insurance Program in an amount or form to meet all applicable requirements of the Labor Code of the State of California, including Employer’s Liability with \$1,000,000 limits, covering all persons providing services on behalf of the consultant and all risks to such persons under this Agreement.

Comprehensive General and Automobile Liability Insurance – This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage of not less than one million dollars (\$1,000,000).

Errors and Omission Liability Insurance – Combined single limits of \$2,000,000 for bodily injury and property damage and 2,000,000 in the aggregate or

Professional Liability – Professional liability insurance with limits of at least \$1,000,000 per claim or occurrence.

Additional Named Insured – All policies, except for Workers’ Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the District and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder.

Waiver of Subrogation Rights – Except for the Errors and Omissions Liability and Professional Liability, Contractor shall require the carriers of the above required coverages to waive all rights of subrogation against the District, its officers, employees, agents, volunteers, contractors and subcontractors for losses paid under the terms of this insurance policy which arise from work performed by CSG.

Policies Primary and Non-Contributory – All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the District.

Proof of Coverage – CSG shall not commence providing services under this Agreement until it has provided evidence satisfactory to the District that it has secured all insurance required under Section 7.4.

Each insurance policy required by this Agreement shall be endorsed to state that: (A) coverage shall not be suspended, voided, reduced, or canceled except after thirty (30) days prior written notice, has been given to the District; and (B) any failure to comply with reporting or other provisions of the policies including breaches of warranties, shall not affect coverage provided to the District, its directors, officials, officers, employees, agents, and volunteers. .

Insurance Review – The above insurance requirements are subject to periodic review by the District. The District’s Purchasing Agent is authorized, but not required, to reduce or waive any of the above insurance requirements whenever the Purchasing Agent determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interests of the District. In addition, if the Purchasing Agent determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Purchasing Agent is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the District, inflation, or any other item reasonably related to the District’s risk.

Any such reduction or waiver for the entire term of this Agreement and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. CSG agrees to execute any such amendment within thirty (30) days of receipt.

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8. Disputes

Section 8.1 In the event of a dispute between the parties as to performance of the work or the interpretation of this Agreement, or payment or nonpayment for work performed or not performed, the parties shall attempt to resolve the dispute. Pending resolution of this dispute, CSG agrees to continue the work diligently to completion. If the dispute is not resolved Consultant agrees it will neither rescind the Agreement or stop the progress of the work, but CSG’s sole remedy shall be to submit such controversy to determination by a court having competent jurisdiction of the dispute, after the service provided for in this Agreement has been completed and not before.

9. Jury Trial Waiver

Section 9.1 CSG and District hereby waive their respective right to trial by jury and agree to accept trial by judge alone for any cause of action, claim, counterclaim, or cross-complaint in any action, proceeding, and/or hearing brought by either CSG against District, or District against CSG, on any matter whatsoever arising out of, or in any way connected with this Agreement.

IN WITNESS WHEREOF, the District has caused this Agreement to be subscribed by its duly authorized officer, in its behalf.

DISTRICT:

CSG: CSG Advisors Incorporated

Candace Reines, Assistant Superintendent

Scott Smith, Principal

Dated: _____

Dated: _____

Exhibit A

SCOPE OF WORK

1. General Hourly Financial Advisory Services Requested by District

- A. Review relevant documents including District reports, consultant reports, prior mitigation agreements and relevant development and financing documents.
- B. Interact with District staff and its consultants to fully understand the District's facilities planning and financing objectives as well as the status of current debt, financial position and policy with respect to budget, debt and developer mitigation requirements.
- C. Draft reports and memorandum to staff as requested providing strategic financial advice or evaluating financing proposals, including how such do or do not meet District objectives.
- D. Provide technical analysis as requested.
- E. Meet with District staff and its consultants from time to time to define facilities planning and financing objectives and negotiating approach with financial intermediaries, property owners, developers or relevant third parties.
- F. Meet with developers and/or property owners and their representatives, as appropriately coordinated with District staff and its consultants, to develop and negotiate terms of school mitigation or other relevant agreements. Review draft agreements to assure consistency with terms negotiated.
- G. Assist in coordinating District staff and its consultants in meetings with each other, with financing participants, developers and property owners, and in meeting deadlines or financing schedule commitments.
- H. Advise from time to time, as requested by District staff on the administration of special tax districts, investment of bond proceeds, and other ongoing aspects of outstanding debt and the administration of special tax districts.
- I. If out of the context of a specific bond financing, assist with selection of finance team members or consultants, as needed by District staff, including preparation of RFP/Q's, interviews, evaluation, and selection.

2. Bond Financing as Requested by District

The fixed fee contingent services under this section would begin once a bond financing objective is determined is executed and the District decides to proceed with a bond financing.

- A. Provide financial advisory services as appropriate to the bond transaction. Assure that bond structuring is consistent with spirit and substance of District financing objectives and policies.
- B. Review and assist with debt issuance finance team formation, as requested by District, including draft RFP/Q's, or fee letter requests, if applicable.
- C. Assist in the preparation of a financing schedule.
- D. Facilitate and participate in meetings to formulate a financing plan or bond structure.
- E. Assist in the preparation and review of legal documentation, financial analysis and memoranda as needed as part of the financing process.
- F. Assist Disclosure or Underwriter's Counsel in the preparation of disclosure documentation, including the Preliminary and Final Official Statements.
- G. Assist in preparation of bond sizing analysis.
- H. Participate in discussions with Bond Counsel to determine legal issues and federal tax status of proposed financing.
- I. Assist District staff in preparation of presentation materials for rating agencies, bond insurance companies or other credit enhancement providers, other financial intermediaries and institutional investors, as necessary.
- J. Advise the District on the pricing and fee negotiations with underwriters and other participants in the financing process.
- K. Prepare or assist in preparing and make presentations to the District Board, as requested by District staff.
- L. Assist with bond closing as requested by the District.
- M. Review proposed investment of bond proceeds, as requested by District staff.
- N. Review proposed arbitrage compliance and continuing disclosure programs, as requested by District staff.

Exhibit B

FEES

1. Hourly Consulting Services

Services provided under Exhibit A, Scope of Work – General Hourly Financial Advisory Services requested by District, payable on an hourly basis, divided between proposed financing projects, with monthly billing, based on the hourly fee schedule, and expenses as herein described. For specific projects, including those projects of high financial impact to the District, as determined by the District and CSG, may be paid on a fixed fee basis by mutual agreement as an alternative to hourly billing.

<u>Position (Name)</u>	<u>Hourly Rate</u>
Project Leader: Scott Smith	\$275
Chairman (as needed): Gene Slater	\$300

The hourly rates will increase by 5% per calendar year starting January 1, 2018. CSG will be reimbursed at cost for transportation, meals and lodging, long-distance telephone, facsimile, document production and reproduction, mailing and express delivery services.

2. Contingent Fixed Fee

Services provided under Exhibit A, Scope of Work – Bond Financing will be payable contingent upon a bond sale, plus accrued including expenses incurred as provided in this Agreement, according to the schedule below. Where bond issuance extends one year beyond date agreed by District and CSG additional fixed, non-contingent fee to be negotiated with the District. In the event of termination by District prior to completion of the bond sale, CSG shall be compensated at the Hourly Rates in Section 1 for reasonable hourly services provided as to such sale of bonds.

Formation of new Assessment or Community Facilities Districts	\$15,000
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Plus:

<u>Issue Size</u>	<u>Fees*</u>
Under \$10 million	\$20,500
\$10 million to \$25 million	\$27,500
\$25 million to \$35 million	\$31,500
\$35 million to 50 million	\$37,500
Above \$50 million	To be negotiated

* For competitive transactions or private placements, our fee for each category would be an additional \$7,500.

CSG will be reimbursed for the cost of transportation, meals and lodging, long-distance telephone, facsimile, document production and reproduction, mailing and express delivery services.