

**SPECIALIZED  
FINANCIAL SERVICES  
AGREEMENT**

By and Between

**CALIFORNIA FINANCIAL SERVICES**

And

**WILLIAM S. HART UNION HIGH  
SCHOOL DISTRICT**



**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**

***CFS' Specialized Financial Services Agreement***

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**THIS AGREEMENT**, dated \_\_\_\_\_, 2020, by and between the **WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**, located in Los Angeles County, California, a school district duly organized under the laws of the State of California (the "DISTRICT") and C Financial Investment, Inc., a California corporation d.b.a. **CALIFORNIA FINANCIAL SERVICES** (the "CONSULTANT").

**WITNESSETH**

**WHEREAS**, the DISTRICT has determined it has a need for the CONSULTANT to provide the professional consulting services set forth in Section I of this AGREEMENT including the referenced Exhibits A, B and C;

**WHEREAS**, the DISTRICT and the CONSULTANT have reasonably concluded that the described services herein in Exhibit A and B constitute municipal advisory services as the term is applied by the SEC and the MSRB to firms acting as an advisor in connection with the analyzing, structuring or advising on matters related to the structuring and/or issuing of municipal bonds;

**WHEREAS**, the CONSULTANT has disclosed that it is specifically not qualified to provide legal or investment advice related to legal matters that impact the use or restrictions of certain funds or the investment of any DISTRICT funds as part of its services hereunder;

**WHEREAS**, the DISTRICT has been provided reasonable time to review this AGREEMENT – including time to consult with its counsel or other trusted advisors regarding its scope and terms; and

**WHEREAS**, the services required and described in this AGREEMENT are highly specialized and are not otherwise required by the DISTRICT except during the negotiations and implementation of mitigation terms in connection with planned residential and commercial development and when bonds and other securities and financings are being sold to fund DISTRICT projects or to restructure existing financings in order to realize cash flow savings.

**NOW, THEREFORE**, it is mutually agreed as follows:

The DISTRICT hereby retains the CONSULTANT to perform the services, upon the terms, subject to the conditions, and in consideration of payments as hereinafter set forth.

**I. SERVICES TO BE PROVIDED BY FINANCIAL CONSULTANT**

The CONSULTANT shall perform the financial consulting services ("Financial Services") set forth in the statement of work (the "Statement of Work") attached as Exhibit A to this AGREEMENT in a diligent manner consistent with the usual and customary professional standards. This AGREEMENT and the Statement of Work shall be referred to herein as the "AGREEMENT".

The CONSULTANT may be directed by the DISTRICT in writing to perform supplemental tasks, analyses, expert testimony or assignments related to the provision of the services in this AGREEMENT ("Special Related Consulting Services"). Such related services are intended to supplement the services as described herein as circumstances may, from time-to-time, require assistance with matters related to but not contemplated by this AGREEMENT. Such services shall not commence until approved by the DISTRICT in writing.

**II. COMPENSATION FOR SERVICES RENDERED**

**A. FEES**

DISTRICT shall pay CONSULTANT a fee computed according to the fee schedules incorporated into each of the attached Statement of Work ("Fee Schedule") in Exhibit A for the Financial Services rendered.

Unless otherwise specified herein, the DISTRICT also agrees to pay and the CONSULTANT agrees to receive as full compensation for the rendering of any additional Special Related Consulting Services not set forth in the exhibits, based on the time and materials expended, at a rate based on the table below plus expenses as described herein.

HOURLY RATES	
Principal	\$250/Hour
Vice President	\$225/Hour
Senior Associate	\$185/Hour
Associate	\$125/Hour
Support Staff	\$100/Hour

**B. REIMBURSEMENT FOR OUT-OF-POCKET EXPENSES**

Unless otherwise stated within the separate Fee Schedules incorporated into the Exhibits herein, the CONSULTANT shall be reimbursed for out-of-pocket expenses, which include extraordinary travel expenses, charges for outside services specifically requested by the DISTRICT, filing fees, other printing charges and other like expenditures, provided that if any individual expense exceeds \$1,000.00, the CONSULTANT shall obtain the prior written approval of the DISTRICT's superintendent, chief business officer or facility planning representative, each of whom shall be a DISTRICT employee.

The CONSULTANT shall be reimbursed for such expenses upon submitting an itemized statement therefore. These expenses shall be billed no more frequently than monthly, if incurred, and payable within thirty (30) days of receipt of the CONSULTANT's invoice.

**C. INVOICES**

Unless otherwise stated within the Fee Schedule, on or about the 15<sup>th</sup> day following each month during which Financial Services are rendered hereunder (if any), the CONSULTANT shall deliver to the DISTRICT an invoice for the Financial Services performed and the reimbursable expenses incurred in the prior month. All fees and reimbursable expenses shall be payable within thirty (30) days of receipt of the CONSULTANT's invoice provided that any fees due and payable for a refunding shall be paid at closing and shall be contingent on the successful completion of each financing issue.

**III. OTHER MATTERS**

- A. Severability:** Should any portion of the AGREEMENT be invalidated through legal proceedings, the remaining portions of the AGREEMENT shall remain valid and binding upon both parties;
- B. Sub-consultants:** The CONSULTANT may utilize inputs and data provided by the DISTRICT, other DISTRICT consultants or third parties retained by the CONSULTANT without or at the direction of the DISTRICT. The CONSULTANT agrees that all payments to such sub-consultants retained by the CONSULTANT shall be the sole responsibility of the CONSULTANT.
- C. Independent Contractor Status:** The CONSULTANT and any and all agents and employees of CONSULTANT shall perform the services required pursuant to this AGREEMENT as an independent contractor, not as officers, employees or agents of the DISTRICT. In providing the services contemplated by this AGREEMENT, the CONSULTANT shall maintain a professional working relationship with the DISTRICT.
- D. Indemnity:** The CONSULTANT shall indemnify, defend and save the DISTRICT, its Board of Trustees, officers, agents, and employees harmless from any and all claims, damages, losses, causes of action and demands, including reasonable attorney's fees and costs, incurred in court action with or in any manner arising out of CONSULTANT'S performance of or failure to perform any of the duties contemplated by this AGREEMENT, unless such failure was caused in whole or in part by a negligent act or omission of DISTRICT.

The DISTRICT shall indemnify and hold CONSULTANT its officers, agents and employees harmless from any and all actions or omissions to act which are the responsibility, in whole or in part, of DISTRICT. The obligation to indemnify and hold a party harmless as set forth herein shall include payment of any and all attorney's fees and other expenses which are the subject of such agreement to indemnify and hold harmless, in addition to any damages actually incurred.

- E. Special Provision for Ongoing Investigations, Litigation and Law Enforcement Related Activities:** The DISTRICT shall compensate the CONSULTANT separately, at its hourly consulting rate, for any additional services made necessary by any external investigation by State, County or Federal authorities of District expenditures or CONSULTANT prepared data provided that the investigation does not arise primarily from the activities of the CONSULTANT.

The CONSULTANT shall be entitled to recover reasonable legal costs made necessary by its involvement in any such investigations including legal advice related to the preparation of materials to be used in testimony or as evidence in such investigations and legal expenses incurred as a result of proposed or actual legal actions involving the CONSULTANT that are not primarily the result of acts of gross negligence or misconduct of the CONSULTANT.

- F. Taxes:** The CONSULTANT shall be liable and solely responsible for paying all required taxes, including, but not limited to, federal and state income taxes and social security taxes, on all amounts payable to CONSULTANT. All payments to the CONSULTANT shall be reported to the appropriate State and Federal tax authorities as required.

- G. Amendment:** This AGREEMENT cannot be changed or supplemented orally and may be modified or suspended only by written instrument executed by all parties.
- H. Compliance with Law:** While performing the services contemplated by this AGREEMENT, CONSULTANT and DISTRICT agree to comply with all applicable laws and regulations.
- I. Work Records:** All written work products generated by CONSULTANT, shall be deemed to be the mutual property of the DISTRICT and the CONSULTANT. The DISTRICT's right to documents produced by the CONSULTANT pursuant to this AGREEMENT shall be limited to read-only copies of the work performed and shall not include any ownership interest, license or possession of any spreadsheets, databases, computer models or data files utilized in preparing the read-only materials.
- J. Entire Agreement:** This AGREEMENT constitutes the entire agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral relating to the services to be provided in the AGREEMENT. Prior agreements not directly related to the services to be provided in this AGREEMENT shall remain in full force and effect.
- K. Successors Permitted, Assignment:** This AGREEMENT shall remain valid and binding upon a successor DISTRICT or CONSULTANT in the event that either entity is merged, unified, divided or formed as a successor to either of the two parties to this AGREEMENT.
- L. Execution of the AGREEMENT in Counterparts:** This AGREEMENT may be executed in several counterparts each of which shall be an original. Electronic signatures may be provided to this AGREEMENT or any amendment thereto consistent with the provisions of the California Uniform Electronic Transactions Act.
- M. Term of the AGREEMENT:** The initial term of this AGREEMENT shall be three (3) years commencing on the date of signing hereof.
- N. Renewal of the AGREEMENT:** At the expiration of the initial term, this AGREEMENT can be extended with up to two (2) extensions for two (2) year periods by the mutual consent of the parties. Any renewal shall be considered an extension of the original AGREEMENT for the purposes of calculating fees. Failure to renew the AGREEMENT shall not result in a reduction, cancellation or termination of any fees which have been earned by, but not yet paid to the CONSULTANT during the term of the AGREEMENT, and all such fees shall remain payable pursuant to the AGREEMENT's provisions regarding CONSULTANT's fees for services provided hereunder.
- O. Termination of the AGREEMENT:** This AGREEMENT, may be terminated by either party, with or without cause, upon thirty (30) days written notice of either the DISTRICT or the CONSULTANT. All fees (other than hourly fees that shall be paid on an hourly basis notwithstanding termination) shall be prorated according to the percentage of work completed by the CONSULTANT on the date of termination of other services to be provided under this AGREEMENT without regard to which party exercised the option to terminate. Fees are due and payable prior to the date of termination.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**

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- P. Fee Disputes:** The parties agree to work cooperatively to resolve any, if any, fee disputes that arise during the term of this AGREEMENT. Should such efforts fail to resolve any dispute(s), the parties agree that any legal costs incurred to enforce the terms of this AGREEMENT shall be recoverable by the prevailing party.
- Q. Notices:** Except for invoices submitted by the CONSULTANT, all notices or other communications to either party by the other shall be deemed given when made in writing and delivered, mailed or send by electronic transmission to such party at their respective addresses as follows:

**If to the DISTRICT:**

**Ralph Peschek**  
*Chief Business Officer*

**William S. Hart Union High School District**  
21380 Centre Pointe Parkway  
Santa Clarita, CA 91350  
(661) 259-003 Ext. 242  
[rpeschek@hartdistrict.org](mailto:rpeschek@hartdistrict.org)

**If to the FINANCIAL CONSULTANT:**

**Steven Gald**  
*Vice President, Public Finance*

**California Financial Services**  
555 Corporate Dr.  
Ladera Ranch, CA 92694  
Phone: (949) 282-1077  
[sgald@calschools.com](mailto:sgald@calschools.com)

All notices shall be effective immediately upon personal delivery or electronic transmission; or on the first business day after delivery to an overnight delivery service, or on the third business day if mailed, postage prepaid

**IV. DISPUTE RESOLUTION**

**THIS AGREEMENT CONTAINS A PRE-DISPUTE ARBITRATION CLAUSE. BY SIGNING AN ARBITRATION AGREEMENT, THE PARTIES AGREE AS FOLLOWS:**

- A. All parties to this AGREEMENT are giving up the right to sue each other in court, including the right to a trial by jury, except as provided in the rules of the arbitration forum in which a claim is filed.
- B. Arbitration awards are generally final and binding; a party's ability to have a court reverse or modify an arbitration award is very limited.
- C. The ability of the parties to obtain documents, witness statements, and other discovery is generally more limited in arbitration than in court proceedings.
- D. The arbitrators do not have to explain the reasons(s) for their award.
- E. The panel of arbitrators will typically include a minority of arbitrators who were or are affiliated with the securities industry.
- F. The rules of some arbitration forums may impose time limits for bringing a claim in arbitration. In some cases, a claim that is ineligible for arbitration may be brought in court.
- G. The rules of the arbitration forum in which the claim is filed, and any amendments thereto, shall be incorporated into this Agreement.

Notwithstanding the foregoing, the arbitration forum rules chosen herein to provide for only one arbitrator and for mutual participation by the DISTRICT and the CONSULTANT in selecting the arbitrator. Arbitration is generally faster and less expensive than a court proceeding. Arbitration also offers the parties the opportunity to select a decision-maker who is knowledgeable with respect to the subject matter of the dispute.

The DISTRICT and the CONSULTANT shall use good faith efforts to resolve all disputes informally through direct discussions between the DISTRICT representative and a representative of the CONSULTANT to be appointed by CONSULTANT for this purpose.

If the parties cannot resolve their dispute by direct consultation, the dispute shall be referred to mediation through the offices of Judicial Arbitration and Mediation Services (JAMS) at the JAMS office which is geographically most closely located to the chief administrative office of DISTRICT. The parties shall jointly attempt to agree on a mediator from a list of mediators provided by JAMS but if they cannot so agree, they shall request that JAMS provide the parties with a list of potential mediators containing an odd number of not less than five, and the DISTRICT and the CONSULTANT shall alternatively strike one name from the list with the last remaining name deemed to be the mediator selected by the parties.

If the dispute is not resolved in mediation, the matter shall then be submitted to binding arbitration through JAMS and such arbitration shall be conducted pursuant to the JAMS Streamlined Arbitration Rules & Procedures.

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Nothing contained herein shall limit either party from seeking injunctive or equitable relief from a court of competent jurisdiction, provided that such injunctive or equitable relief shall be solely in addition to, and not in substitution for the dispute resolution process otherwise provided herein. The prevailing party in any arbitration or litigation procedure shall be entitled, in addition to any other relief to an award of reasonable attorney's fees incurred.

**IN WITNESS WHEREOF**, the DISTRICT has caused these presents to be properly executed and the CONSULTANT has caused these presents to be properly executed, as of the date hereinabove set forth.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**

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

**Ralph Peschek**  
*Chief Business Officer*

**C FINANCIAL INVESTMENT, INC., A CALIFORNIA CORPORATION  
D.B.A. CALIFORNIA FINANCIAL SERVICES**

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

**Michael Ogburn**  
*Senior Vice President*

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**EXHIBIT A**  
***STATEMENT OF WORK***

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**Development Mitigation Services**

## **DEVELOPMENT MITIGATION SERVICES**

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CONSULTANT shall assist the DISTRICT with the negotiation and implementation of mitigation terms related to the future impact of planned residential and commercial development. Such assistance shall include but not be limited to the following activities, as the DISTRICT deems necessary:

- I. SERVICES RELATED TO THE IDENTIFICATION OF DEVELOPMENT IMPACTS AND THE NEGOTIATION OF DEVELOPER MITIGATION TERMS:**
  - A. Review information related to planned residential developments within the boundaries of the DISTRICT.
  - B. Coordinate with the applicable planning agency(ies), property owner(s), and/or builder(s) to determine the number of units, type of units and timing of the development.
  - C. Prepare a projection of the number and timing of students to be generated as a result of development.
  - D. Coordinate with DISTRICT staff and architect(s) to estimate the financial impact of providing additional facilities for the projected new students.
  - E. Represent the DISTRICT, as its specialized financial planner and negotiator for developing business terms for the mitigation required to address growth impacts including but not limited to: i) cash payments in excess of statutory fee; ii) formation of a Community Facilities District; iii) formation of a School Facilities Improvement District; and/or vi) favorable site acquisition terms.
  - F. Assemble and assist in managing other related team members required to implement the approved mitigation terms.
  - G. Assist with the preparation of documents, Board resolutions and presentations required by District to implement mitigation terms including but not limited to School Facilities Mitigation Agreements and Joint Community Facilities Agreements.
  - H. Attend relevant meetings of the DISTRICT's Board and prepare Board presentations for staff and/or present such presentations directly to the Board.

**II. FEE SCHEDULE**

The DISTRICT agrees to pay, and the CONSULTANT agrees to receive as full compensation for the rendering of the Development Mitigation services listed an amount based on the time and materials expended and the following hourly rates:

HOURLY RATES	
Principal	\$250/Hour
Vice President	\$225/Hour
Senior Associate	\$185/Hour
Associate	\$125/Hour
Support Staff	\$100/Hour

In addition to the above fees, the CONSULTANT shall be reimbursed for out-of-pocket expenses, which include extraordinary travel expenses, charges for outside services specifically requested by the DISTRICT, filing fees, printing charges and other like expenditures -- provided that any expense exceeding \$1,000.00 shall have the PRIOR APPROVAL of an authorized DISTRICT representative. The FINANCIAL CONSULTANT shall be reimbursed for such expenses within sixty (60) days by the DISTRICT upon submission of an itemized statement of such expenses.

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**EXHIBIT B**  
***STATEMENT OF WORK***

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**Financial Advisory Services**

## **FINANCIAL ADVISORY SERVICES**

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The CONSULTANT shall provide financial advisory services to the DISTRICT in connection with issuance of privately placed, direct-placed and publicly offered debt financings including G.O. Bonds, Certificates of Participation, Lease Revenue Bonds, Bond Anticipations Notes and other financing instruments identified in connection with funding facilities and equipment for the DISTRICT. The following services shall be provided to the DISTRICT in connection with the issuance of debt resulting in the delivery of bond proceeds to fund DISTRICT projects as well as refinancing of existing debt for the purpose of reducing the ongoing payments of existing debt obligations of the DISTRICT.

- I. FINANCIAL ADVISORY SERVICES IN CONNECTION WITH A DEBT FINANCING ISSUANCE**
  - A. Develop a schedule, of which the financing schedule will be a component, and assign responsibilities for each major task that needs to be accomplished to complete the CONSULTANT's assignment on a timely basis;
  - B. Initially coordinate the various parties involved in the financing, including organizing and leading a kick-off meeting (or conference call) to commence the financing phase of the project;
  - C. Consult with the DISTRICT in its selection of an underwriter, bond counsel, disclosure counsel, trustee and financial printers, where applicable, including, in some cases, the issuance of request(s) for proposals;
  - D. Review and provide comments to the official statement for publicly offered debt;
  - E. Where applicable, assist in the solicitation of credit enhancement and/or reserve sureties from bond insurers or commercial banks and advise the District as to whether the "all-in" costs of funds (including the fees and expenses of the insurer or bank) are less than would be available to the DISTRICT through selling securities under its own rating;
  - F. Advise the DISTRICT as to issues the CONSULTANT deems material at all document sessions and debt structuring discussions to ensure that the business terms of the legal documents and repayment terms of the loan structure

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**EXHIBIT B – STATEMENT OF WORK**

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appropriately balance the DISTRICT'S flexibility with the resulting interest rate and cash flow requirements, which result from any refunding, consistent with the DISTRICT's objectives;

- G. Assist the DISTRICT in establishing appropriate interest rate savings targets and evaluating alternative cash flow approaches for realizing the savings including level annual savings, proportional savings and savings as a mechanism for adjusting the tax rate levy projections in the case of General Obligation Bonds if applicable;
- H. Assist in the development of rating agency(ies) strategies and presentation materials in conjunction with the underwriter and the DISTRICT, if applicable;
- I. Advise the DISTRICT as to the marketing and pricing of the resulting bonds, COPS, BANs or other financing instruments including evaluating the recommendations of the underwriter(s);
- J. Monitor the expected flow of competing tax-exempt borrowings (or taxable borrowings in the case of a taxable financing) and advise the DISTRICT as to the factors to be considered as to the timing of the sale of securities based on visible market supply;
- K. Monitor economic trends, public data releases and testimony affecting interest rates including federal data releases to consider such issues when selecting market timing for the sale of securities;
- L. Develop Recommendations of interest rate modes, where applicable, (zero coupon, current coupon & variable rate) to best match the debt cash flow to DISTRICT revenue projections and investment practices;
- M. Evaluate the market timing of the actual sale of the resulting financing and oversee the performance of the underwriter by reviewing and comparing comparable sales of securities during a reasonable time period before and including the week of sale; and
- N. Attend all relevant meetings of the DISTRICT Board and prepare Board presentations for staff and/or present such presentations directly to the Board, as requested and when applicable.

**II. FEE SCHEDULE**

When CONSULTANT provides financial advisory services to the DISTRICT in connection with issuance of debt the compensation shall be determined based on the expected duration and complexity of the issuance and the specific scope of work to be performed. Such compensation shall be determined before CONSULTANT begins work and shall be clearly identified in Notice of Authorization (NOA) executed by the DISTRICT and CONSULTANT.

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**EXHIBIT C**  
***STATEMENT OF WORK***

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**SPECIALIZED CONTINUING  
DISCLOSURE COMPLIANCE SERVICES**

## **SPECIALIZED CONTINUING DISCLOSURE COMPLIANCE SERVICES**

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The CONSULTANT will provide the *Specialized Continuing Disclosure Compliance Services* needed to assist the DISTRICT in complying with its obligations as an Issuer under Securities Exchange Commission ("SEC") Rule 15c2-12. The activities to be performed by CONSULTANT include the following:

### **I. SPECIALIZED CONTINUING DISCLOSURE COMPLIANCE SERVICES**

**A. ANNUAL REPORTS:** The CONSULTANT will assist the DISTRICT in preparing and distributing the information required to be provided annually, by the applicable Continuing Disclosure Agreement(s), for the following outstanding security issuances:

- i. General Obligation Bonds, Election 2001 Series B
- ii. General Obligation Bonds, Election 2008 Series A
- iii. General Obligation Bonds, Election 2008 Series B
- iv. General Obligation Bonds, 2012 Refunding Bonds
- v. General Obligation Bonds, Election 2008 Series C
- vi. General Obligation Bonds, 2016 Refunding Bonds
- vii. General Obligation Bonds, 2019 Refunding Bonds
- viii. 2018 Lease Revenue Bonds

The list of issuances above may be modified from time to time by agreement of the DISTRICT and the CONSULTANT.

**B. SIGNIFICANT EVENT NOTICES:** The CONSULTANT will assist the DISTRICT with the reporting of significant/listed events, to the extent included in one or more Continuing Disclosure Agreements, listed above, including known events and events known to the DISTRICT and communicated to the CONSULTANT, occurring during the fiscal year.

**C. SEC INQUIRES AND OTHER EVENTS:** The CONSULTANT will assist the DISTRICT with responding to SEC inquires and reporting of other events as the DISTRICT may be obligated to report in a Continuing Disclosure Agreement, listed above, which also shall be provided to the CONSULTANT by the DISTRICT in a timely manner.

**II. FEE SCHEDULE**

The CONSULTANT shall receive as full compensation for the rendering of the services set forth above the following amounts:

- A. ANNUAL REPORTS:** An annual fee for administering and filing the continuing disclosure report with EMMA of \$5,000 for the required Annual Reports for the DISTRICT's outstanding Bond issues. An additional annual fee of \$1,500 for each required Annual Report filed in the same fiscal year for additional Bonds that may be issued in the future. The fee is due once the Annual Reports have been delivered and filed on EMMA.
  
- B. SIGNIFICANT EVENT NOTICES, SEC INQUIRES AND OTHER EVENTS:** The fee for the preparation of Significant Event Notices, responding to SEC inquires and the preparation of other event notices shall be an amount based on the time and materials expended and the following hourly rates:

HOURLY RATES	
Principal	\$250/Hour
Vice President	\$225/Hour
Senior Associate	\$185/Hour
Associate	\$125/Hour
Support Staff	\$100/Hour

The above fees are due within sixty (60) days of the completion of the above services.

In addition to the above fees, the FINANCIAL CONSULTANT shall be reimbursed for out-of-pocket expenses, which include extraordinary travel expenses, charges for outside services specifically requested by the DISTRICT, filing fees, printing charges and other like expenditures -- provided that any expense exceeding \$1,000.00 shall have the **PRIOR APPROVAL** of an authorized DISTRICT representative. The FINANCIAL CONSULTANT shall be reimbursed for such expenses within sixty (60) days by the DISTRICT upon submission of an itemized statement of such expenses.