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BOS AGREEMENT # 11-067

**AGREEMENT FOR FINANCIAL ADVISORY SERVICES RELATED TO
2011 REFUNDING CERTIFICATES OF PARTICIPATION**

(COUNTY – KNN PUBLIC FINANCE)

THIS AGREEMENT, made as of the 21st day of June, 2011, by and between the COUNTY OF MENDOCINO, a political subdivision of the State of California (the "County") and KNN PUBLIC FINANCE, a division of Zions First National Bank, with its principal place of business located at 1333 Broadway, Oakland, California (the "Consultant"), for municipal finance consulting services,

RECITALS

The County requires municipal finance advisory services with respect to the potential issuance of 2011 Refunding Certificates of Participation ("COPs") to refund the County's 2000 COPs. Consultant is well qualified to provide such services and the County desires to retain the services 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 Transaction Services During the term of this Agreement, the Consultant shall provide the following municipal finance advisory services related to the County's issuance of 2011 Refunding Certificates of Participation, as requested by County staff.

1. Assist the County in assembling a financing team, as necessary. (i.e., Bond/Tax Counsel, Disclosure Counsel, Underwriter, etc.)
2. Assist the County in coordination of financing activities between representatives of County offices, including the Treasurer-Tax Collector, Auditor-Controller, County Executive Officer, County Counsel, etc., as needed.
3. Prepare a financing schedule and distribution list and update as necessary.
4. Recommend a method of sale (competitive sale versus a negotiated sale) for the COPs, and conduct Request for Proposals process for underwriter for a negotiated sale, if necessary.
5. Prepare various debt service and structuring analysis for the COPs, including analyses under different market conditions and savings structures.
6. Assist with the review of all bond and disclosure documents, including but not limited to the Preliminary and Final Official Statement, Board of Supervisors Resolution, Trust Indenture, Lease Agreements, Bond Purchase Agreement, Continuing Disclosure Agreement, Official Notice of Sale, etc.

7. Prepare the necessary materials and apply for ratings from the rating agencies, and manage the County's oral presentation or telephone conference interviews with the rating analysts.
8. Conduct analysis to determine economics of bond insurance. Assist County with solicitation of bond insurance bid(s), if deemed necessary.
9. Coordinate direct communication between County staff and prospective bidding underwriters (in the case of a competitive sale) and key institutional investors.
10. Direct the advertisement and outreach for bids for sale of the COPs for a competitive sale.
11. Review tax-exempt market supply and demand variables in connection with the COPs issue, make recommendations regarding the timing of the pricing.
12. Conduct the bid opening and verify the lowest bidder (i.e., lowest True Interest Cost) in the case of competitive sale.
13. Conduct pricing oversight and market comparables analysis for negotiated sale. Assist the County in pricing negotiations on day of sale.
14. Oversee the bond closing process on behalf of the County.
15. Be available to the County staff after the bond closing to answer questions regarding the bond issue.

B. Compensation

For transaction services specified in Section A above, Consultant shall be paid based on the following:

1. For the County's 2011 Refunding Certificates of Participation financing, the scope of which is further described in Section A of this Agreement, the County shall pay to Consultant a transaction services fee of \$85,000, unless otherwise provided for in an amendment to this Agreement. This fee represents efficiencies in the financing process in conjunction with the County's 2011-12 Tax and Revenue Anticipation Note issuance. If the closing of the COPs does not occur by October 21, 2011, the County and Consultant agree to re-negotiate the COP fees, as may be appropriate. Payment of the transaction fee is contingent on the successful sale and closing of the COPs.
2. Unless otherwise provided, Consultant shall be reimbursed by County for expenses incurred by Consultant in performing its services under this Agreement in an amount not to exceed \$5,000 per transaction. Unless otherwise provided, such expenses shall be reimbursed monthly in arrears, upon proof of itemization

satisfactory to the County. Reimbursable expenses shall include, but are not limited to, the following:

a. Courier and delivery services; postage; laser, color, photographic or offset printing and reproduction costs; use of company materials and supplies; document production, copying and binding; facsimile transmission; telephone and conference calls; online posting and distribution of the POS; statistical data; data processing; and data information services.

b. Travel costs, including meals, the use of personal automobiles, rental vehicles, lodging, and air travel.

c. Other reasonable expenses directly related to the satisfactory performance of requested work.

Compensation to Consultant does not include bond counsel fees and expenses, disclosure counsel fees and expenses, rating fees, insurance premiums, trustee charges, title reports, underwriting/placement agent fees and other costs incurred in connection with the County's financing program which shall be paid by the County.

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 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:

County Executive Office
Room#1010
501 Low Gap Road
Ukiah, CA 95482

To Consultant:

KNN PUBLIC FINANCE
1333 Broadway
Suite 1000
Oakland, CA 94612

E. Term The term of the Agreement shall be from the date first hereinabove written through December 31, 2011. 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. 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.

G. 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.

H. 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.

I. 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

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 Chairman of the Board of Supervisors, County of Mendocino, and Consultant has caused this Agreement to be executed on its behalf and in its name by David C. Leifer, Managing Director.

RECOMMENDED FOR APPROVAL:
County Executive Office

By Carmel J. Angelo
CARMEL J. ANGELO
Chief Executive Officer

COUNTY OF MENDOCINO

By Kendall Smith
KENDALL SMITH, Chair
Board of Supervisors

"COUNTY"

Date: JUN 21 2011

APPROVED AS TO FORM:
Office of County Counsel

By Jeanine B. Nadel
JEANINE B. NADEL
County Counsel

By David Leifer
DAVID LEIFER
Senior Managing Director
KNN Public Finance, A Division of
Zions First National Bank

"CONSULTANT"

Date: June 20, 2011

ATTEST:
Carmel J. Angelo, Clerk of the Board
Mendocino County Board of Supervisors

Ann MacCabe
DEPUTY

I hereby certify that according to the provisions of Government Code sections 25103, delivery of this document has been made.

CARMEL J ANGELO
Clerk of the Board

By: Ann MacCabe
Deputy

