

MUNICIPAL ADVISORY SERVICES AGREEMENT

BETWEEN THE

CITY OF LOMPOC

AND

KNN PUBLIC FINANCE, LLC

This document constitutes the terms of a Municipal Advisory Services Agreement (the “Agreement”), dated as of _____, 2022, between the City of Lompoc (the “Client” or the “City”) and KNN Public Finance, LLC, a California limited liability company (“KNN”). The Client enters into this contract with KNN for the purpose of having KNN serve as its municipal advisor on the potential issuance of obligations in connection with the financing of stormwater improvements which benefit the City’s landfill. It has not yet been determined whether the financing will be through a public or private offering of securities or a direct loan from a financial institution.

I. TIME FRAME OF CONTRACT

This Agreement shall end on the closing date of the bond transaction, except for routine post-closing follow up items and/or questions, unless otherwise discontinued, per the provisions described below, or extended by mutual agreement at the option of the City. Any extension notice shall stipulate the Agreement’s revised expiration date.

II. ADDRESS

KNN is located at 2054 University Avenue, Suite 300, Berkeley, California, 94704. Telephone (510) 839-8200.

III. PRINCIPAL STAFF

David Brodsky, Managing Director, and Dan Cox, Director, will be assigned as principal staff members. Other KNN staff will be available depending upon the nature of a particular assignment.

IV. COMPENSATION AND SCOPE OF SERVICES

A. Bond Transactions

1. KNN shall be compensated \$65,000 for the solid waste project transaction. Such fees shall be contingent upon the closing of the financing and payable solely from financing proceeds. See Section XIII for certain disclosures regarding potential conflicts of interest associated with contingent fees.

2. KNN shall perform the following services, as appropriate, in connection with a bond or other security transaction:

- i) Prepare and update as needed a financing timetable and distribution list.
- ii) Assist the City in determining the method of sale and financing structure.
- iii) Provide estimated debt service schedules, including financing term alternatives.
- iv) If requested, assist in the selection of other members of a financing team including underwriter or placement agent, bond counsel, and trustee, as applicable.
- v) Coordinate the efforts of underwriter or placement agent, City staff, bond counsel, city attorney and any other legal counsel and City elected officials, with respect to the preparation and approval of the financing documents by the City Council.
- vi) In conjunction with the underwriter or placement agent, and bond counsel, recommend specific financial covenants, terms and provisions, including, maturity schedules, timing of sale, call provisions and related matters.
- vii) Review and provide appropriate revisions and recommendations to legal documents prepared by bond counsel, the official statement or placement memorandum prepared by disclosure counsel and other documents.
- viii) Prepare “good faith” financing estimates for staff City Council report (or Council resolution).
- ix) Attend meetings and/or conference calls with City staff, consultants and as requested, the City Council and present materials for the debt financing.
- x) Prepare and coordinate the appropriate presentation to the rating service and bond insurers, if a public offering is used.
- xi) Should the City elect to sell the bonds through a competitive sale, coordinate communication between City staff and prospective bidding underwriters.
- xii) Should the City elect to offer its securities through negotiated sale, monitor the underwriter’s sales effort and assist City in pricing negotiations. Should the City elect to offer obligations through a private placement of securities or a direct loan, oversee any placement agent’s solicitation process, assist the City in making a selection of the financing provider and assist in the final pricing and document negotiations, as needed.
- xiii) Should the City elect to pursue a direct loan, only, without the use of a placement agent, prepare and circulate a request for rate indications and/or a

request for proposals from potential financing providers and assist in the final pricing and document negotiations, as needed.

B. Other Consulting

If requested by the Client, KNN will undertake other consulting assignments. Such tasks shall be undertaken only upon the written request of the Client, and shall be compensated on an hourly basis at \$345 an hour. The Client and KNN may negotiate a not to exceed amount for specific assignments.

C. Reimbursable Expenses

In addition to transaction and consulting fees, KNN shall be reimbursed by the Client for reasonable expenses incurred in providing services under the Agreement to the extent provided herein. Reimbursable expenses shall include, but are not limited to, courier and delivery services; document production, copying and binding; and use of company materials and supplies. Reimbursable expenses would be capped at \$2,500 per assignment.

V. TERMINATION

This Agreement may be terminated by either party upon 30 days written notice. Costs incurred by and fees due KNN for services performed to the cancellation date shall be due and payable upon submission of invoice.

VI. HOLD HARMLESS FROM LIABILITY

Each party (the "Indemnifying Party") shall indemnify and hold harmless the other party, its officers, directors, employees, and affiliates (collectively, the "Indemnified Party") against any claims or actions arising out of any and all claims by third parties arising out of the performance or non-performance of the Indemnifying Party's obligations under this Agreement, except to the extent attributable to the negligence or willful misconduct of the Indemnified Party; provided, however, that this indemnity shall not preclude the Indemnified Party's recovery of direct damages pursuant to the terms and subject to the limitations of this Agreement.

The provisions of this Article VI shall survive any termination of this Agreement.

VII. INSURANCE

KNN shall maintain in full force and effect, workers' compensation insurance, general liability and professional liability insurance covering its employees at KNN expense.

VIII. NONDISCRIMINATION

No discrimination shall be made in the employment of persons under this Agreement because of the race, color, national origin, ancestry, religion, age, physical handicap, sex, or sexual orientation of such persons.

This Agreement shall be deemed to include any provision required by law to be inserted herein, whether actually inserted or not.

IX. NOTICES

All notices that may or are required to be given pursuant to this Agreement may be served by mail or in person on KNN at 2054 University Avenue, Suite 300, Berkeley, California, 94704, or at such other address as KNN may designate in writing and to the City by and through the then-current City Manager at the City's business address of 100 Civic Center Plaza, Lompoc. CA 93436.

X. AGREEMENT

The Client and KNN each binds itself, its partners, successors, assigns and legal representatives to the other party to this Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of this Agreement. Neither the Client nor KNN shall assign, sublet or transfer his interest in this Agreement without the written consent of the other.

XI. INDEPENDENT CONTRACTORS

It is mutually agreed by and between the parties that, in the performance of their covenants hereunder, KNN is and shall be independent contractors, and not officers or employees of the Client.

This Agreement and any documents or instruments hereto or agreed to herein integrate all terms and conditions mentioned herein or incidental hereto, and supersede all oral negotiations and prior writings in respect to the subject matter. In the event of conflict between the terms, conditions or provisions of this Agreement and any such document or instrument, the terms and conditions of this Agreement shall prevail.

XII. REGULATORY DISCLOSURES

A. 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 City of Lompoc. KNN serves as Municipal Advisor to the City of

Santa Barbara, the County of Santa Barbara and from time to time to other overlapping jurisdictions within Santa Barbara County. We believe that these potential conflicts of interest will not impair KNN Public Finance's ability to render unbiased and competent advice or to fulfill its fiduciary duty. 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 City of Lompoc.

Compensation. KNN represents that in connection with the issuance of municipal securities, KNN may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction. Consistent with the requirements of MSRB Rule G-42, KNN hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN's ability to provide unbiased advice to enter into such transaction. We believe that this conflict of interest will not impair KNN'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.

B. Legal or Disciplinary Events

KNN 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). 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'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

