

PROFESSIONAL SERVICES AGREEMENT MUNICIPAL ADVISOR

THIS AGREEMENT is entered into this ____ day of _____ 2017, between the CITY OF STOCKTON, a municipal corporation ("City"), and **Del Rio Advisors, LLC** whose address is **1325 Country Club Drive, Modesto, CA 95356** and telephone number is **(209) 543-8704** ("Consultant").

RECITALS

A. Consultant is qualified to and experienced in facilitating collaboration, teamwork and strategic planning efforts for the purposes specified in this Agreement.

B. City finds it necessary and advisable to use the services of the Consultant for the purposes provided in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and conditions in this Agreement, City and Consultant agree as follows:

1. **Consultant's Services.** Subject to the terms and conditions set forth in this Agreement, Consultant shall provide to City the services described in **Exhibit A.** Consultant shall provide said services at that time, place and in the manner specified by the City.

2. **City Assistance, Facilities, Equipment and Clerical Support.** Consultant shall, at its sole cost and expense, furnish all facilities and equipment that may be required for furnishing services pursuant to this Agreement.

3. **Term.** This Agreement shall commence on the date written above and shall expire on June 30, 2022; provided, however the parties may agree to change either the commencement or expiration date.

4. **Compensation.** City shall pay Consultant for services requested by the City and rendered by Consultant pursuant to this Agreement as described more particularly in **Exhibit A.** Payments for services requested and rendered shall be made upon receipt and approval of Consultant's invoice and in accordance with **Exhibit B.** All fees proposed in Exhibit B are negotiable by the City.

a. Invoices submitted by Consultant to City must contain a brief description of work performed, time used and City reference number. Payment shall be made within thirty (30) days of receipt of Consultant's invoice and approved by City.

b. Upon completion of work and acceptance by City, Consultant shall have sixty (60) days in which to submit final invoicing for payment. An extension may

be granted by City upon receiving a written request thirty (30) days in advance of said time limitation. The City shall have no obligation or liability to pay any invoice for work performed which the Consultant fails or neglects to submit within sixty (60) days, or any extension thereof granted by the City, after the work is accepted by the City.

5. **Sufficiency of Consultant's Work.** All reports, drawings, designs, plan review comments and work product of Consultant shall be adequate and sufficient to meet the purposes for which they are prepared.

6. **Ownership of Work.** All reports, drawings, designs, plan review comments, work product, and all other documents completed or partially completed by Consultant in the performance of this Agreement shall become the property of the City. All copyrightable subject matter in all materials is hereby assigned to the City and the Consultant agrees to execute any additional documents that may be necessary to evidence such assignment. All materials shall be delivered to the City upon completion or termination of the work under this Agreement. If any materials are lost, damaged or destroyed before final delivery to the City, the Consultant shall replace them at its own expense. Consultant shall keep materials confidential. Materials shall not be used for purposes other than performance of services under this Agreement and shall not be disclosed to anyone not connected with these services, unless the City provides prior written consent.

7. **Changes.** City may request changes in the scope of services to be provided by Consultant. Any changes and related fees shall be mutually agreed upon between the parties and subject to a written amendment to this Agreement.

8. **Consultant's Status.** In performing the obligations set forth in this Agreement, Consultant shall have the status of an independent contractor and Consultant shall not be an employee of the City for any purpose. All persons working for or under the direction of Consultant are its agents and employees and are not agents or employees of City.

9. **Termination for Convenience of City.** The City may terminate this Agreement at any time by mailing a notice in writing to Consultant. The Agreement shall then be deemed terminated and no further work shall be performed by Consultant. If the Agreement is so terminated, the Consultant shall be paid for that percentage of the work completed at the time the notice of termination is received.

10. **Non-Assignability.** The Consultant shall not assign, sublet, or transfer this Agreement or any interest or obligation in the Agreement without the prior written consent of the City, and then only upon such terms and conditions as City may set forth in writing. Consultant shall be solely responsible for reimbursing subcontractors.

11. **Indemnity and Hold Harmless.** Consultant shall defend, indemnify, and hold harmless, the City and its officers, agents and employees from and against all claims, losses, damage, injury, and liability for damages arising from, or alleged to have

arisen from, errors, omissions, negligent or wrongful acts of the Consultant in the performance of its services under this Agreement, regardless of whether the City has reviewed or approved the work or services which has given rise to the claim, loss, damage, injury or liability for damages. This indemnification shall extend for a reasonable period of time after completion of the project as well as during the period of actual performance of services under this Agreement. The City's acceptance of the insurance certificates required under this Agreement does not relieve the Consultant from its obligation under this paragraph.

12. **Insurance.** During the term of this Agreement, Consultant shall maintain in full force and effect at its own cost and expense the insurance coverage as set forth in the attached **Exhibit C** and shall otherwise comply with the other provisions of **Exhibit C**.

13. **Notices.** All notices herein required shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed as follows:

Consultant: Kenneth L. Dieker, Principal	City: City Manager
Del Rio Advisors, LLC	City of Stockton
1325 Country Club Drive	425 N. El Dorado Street
Modesto, CA 95356	Stockton, CA 95202

14. **Conformance to Applicable Laws.** Consultant shall comply with all applicable Federal, State, and Municipal laws, rules, and ordinances. Consultant shall not discriminate in the employment of persons or in the provision of services under this Agreement on the basis of any legally protected classification, including race, color, national origin, ancestry, sex or religion of such person.

15. **Licenses, Certifications and Permits.** Prior to the City's execution of this Agreement and prior to the Consultant's engaging in any operation or activity set forth in this Agreement, Consultant shall obtain a City of Stockton business license, which must be kept in effect during the term of this Agreement. Consultant covenants that it has obtained all certificates, licenses, permits and the like required to perform the services under this Agreement.

16. **Records and Audits.** Consultant shall maintain all records regarding this Agreement and the services performed for a period of three years from the date that final payment is made. At any time during normal business hours, the records shall be made available to the City to inspect and audit.

17. **Confidentiality.** Consultant shall exercise reasonable precautions to prevent the unauthorized disclosure and use of City reports, information or conclusions.

18. **Conflicts of Interest.** Consultant covenants that other than this Agreement, Consultant has no financial interest with any official, employee or other

representative of the City. Consultant and its principals do not have any financial interest in real property, sources of income or investment that would be affected in any manner of degree by the performance of Consultant's services under this Agreement. If such an interest arises, Consultant will immediately notify the City.

19. **Waiver.** In the event either City or Consultant at any time waive any breach of this Agreement by the other, such waiver shall not constitute a waiver of any other or succeeding breach of this Agreement, whether of the same or of any other covenant, condition or obligation.

20. **Governing Law.** California law shall govern any legal action pursuant to this Agreement with venue for all claims in the Superior Court of the County of San Joaquin, Stockton Branch or, where applicable, in the federal District Court of California, Eastern District, Sacramento Division.

21. **No Personal Liability.** No official or employee of City shall be personally liable to Consultant in the event of any default or breach by the City or for any amount due Consultant.

22. **Exhibits.** All exhibits referred to herein are attached hereto and are by this reference incorporated herein.

23. **Scope of Agreement.** This writing constitutes the entire Agreement between the parties. Any modification to the Agreement shall be in writing and signed by both parties.

THIS AGREEMENT executed the date and year first above written.

CITY OF STOCKTON

DEL RIO ADVISORS, LLC

Kurt Wilson, City Manager

By: _____

Signature

ATTEST:

Kenneth L. Dieker
Print name

City Clerk

Title: _____
Principal

APPROVED AS TO FORM:

[If Consultant is a corporation
signature(s) must comply with
Corporations Code §313.]

City Attorney

EXHIBIT A

SCOPE OF SERVICES

The nature of services to be provided by the selected municipal advisor(s)/firm(s) will include, but not limited to, the following:

- A. Assist in structuring and managing debt financing in accordance with the City's financing plan and goals including developing a detailed financing schedule and assignments of responsibility.
- B. Coordinate the efforts of bond counsel, disclosure counsel, underwriters, trustee, and verification agent and other specialized consultants on the preparation and approval of the financing documents by the City Council.
- C. Attend all meetings and present materials for the debt financing procedure.
- D. Prepare and coordinate comprehensive presentations to the rating agencies and bond insurers if required.
- E. Assist in assembling the Official Statement for the financing in a manner consistent with existing laws, regulations and standards of the securities industry.
- F. Assist the Chief Financial Officer in negotiating and obtaining bids from bond/disclosure counsel, underwriters, and specialized consultants. Undertake pre-pricing analysis before the sale; develop target pricing range for all maturities; advise the City on pricing on the day of sale; assist in the negotiation of pricing, and provide a post-pricing analysis with relevant comparable data to assist the City in memorializing the transaction.
- G. Coordinate the delivery, printing and final approval of legal documents, and the preparation of closing certificates and final Official Statement.
- H. Coordinate all specialized consultant reports and the verification report with the verification agent and bond counsel.

EXHIBIT B



Del Rio Advisors, LLC

"Independent Registered Municipal Advisor"

PROPOSED FEES

Provide a detailed basic fee structure, broken down to provide services for COP's/Revenue Bonds, Assessment/Mello Roos Bonds (both rated and non-rated), and a break-down of any other charges related to your firm's Statement of Qualifications. The Finalist's fee structure may be subject to negotiation.

Beginning in July 2014 under the new regulations and to better maintain consistency between clients, I implemented a general fee schedule that applies to new contracts or those contracts coming up for renewal. Therefore, on the next page, I propose the following two fee schedules: one for the public offering of securities and the other for a direct placement of securities. **The fee schedules apply to any types of bonds being issued whether COPs/Revenue Bonds or Assessment/Mello Roos Bonds. This same fee schedule also applies no matter whether the bonds are rated or non-rated.** The fee would be contingent, meaning payable only upon the successful closing of any proposed transaction. On each transaction, I would also add up to a "not-to-exceed" \$750 for normal reimbursable expenses. Reimbursable expenses would include items such as mileage, hotels, conference calls, photocopying, etc. In addition, for a competitively sold public offering, please add \$5,000 to the fee for the extra work related to the Notice of Sale and publication. If more than one series is to be sold at the same time as part of the same project, the fee and expenses would be calculated on the total par of both series combined and then allocated pro-rata between the series.

I have also proposed an hourly fee that would apply to any special project not otherwise leading to the issuance of securities. Examples of special projects might include items such as formation services for a new CFD, review of continuing disclosure filings or rating surveillance calls. The total hourly fee paid in any fiscal year can certainly be capped at some total dollar amount to be determined during contract negotiations.

EXHIBIT B



Del Rio Advisors, LLC

"Independent Registered Municipal Advisor"

Public Offering

Low	High	Fee ^(1, 2)
\$0	\$5,000,000	\$32,500
\$5,000,001	\$10,000,000	\$42,500
\$10,000,001	\$20,000,000	\$52,500
\$20,000,001	\$50,000,000	\$62,500
>\$50,000,000		\$72,500

- (1) Add to this figure up to a "not-to-exceed" \$750 for normal reimbursable expenses.
- (2) All fees assume negotiated bond sale; add \$5,000.00 for competitive sale.

Direct Placement

Low	High	Fee ⁽¹⁾
\$0	\$5,000,000	\$17,500
\$5,000,001	\$10,000,000	\$27,500
\$10,000,001	\$20,000,000	\$37,500
\$20,000,001	\$20,000,000	\$47,500
>\$50,000,000		\$57,500

- (1) Add to this figure up to a "not-to-exceed" \$750 for normal reimbursable expenses.

EXHIBIT B



Del Rio Advisors, LLC

"Independent Registered Municipal Advisor"

As mentioned previously, I also propose an hourly fee that would apply to any special project not otherwise leading to the issuance of securities. The total hourly fee paid in any fiscal year can certainly be capped at some total dollar amount to be determined during contract negotiations. As part of any hourly project, I would also seek reimbursement of expenses that would include normal items such as mileage, hotels, conference calls, photocopying, etc.

Assigned Personnel	Hourly Rate
Kenneth L. Dieker, Principal	\$175.00

Respectfully Submitted,

**Kenneth L. Dieker
Principal
Del Rio Advisors, LLC
1325 Country Club Dr.
Modesto, CA 95356**

EXHIBIT B



Del Rio Advisors, LLC

"Independent Registered Municipal Advisor"

Disclosure of Conflicts of Interest and Legal or Disciplinary Events

Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-42, on Duties of Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, among other things, any conflicts of interest and any legal or disciplinary events of Del Rio Advisors, LLC ("Del Rio Advisors") and its associated persons.

Conflicts of Interest

Del Rio Advisors represents that in connection with the issuance of municipal securities, it 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, Del Rio Advisors hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest. This conflict of interest will not impair Del Rio Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If Del Rio Advisors becomes aware of any other potential or actual conflict of interest, it will disclose the detailed information in writing to the Issuer in a timely manner.

Legal or Disciplinary Events

Del Rio Advisors does not have any legal events or disciplinary history disclosed on Del Rio Advisors' Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access Del Rio Advisors' 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.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Del Rio Advisors, Del Rio Advisors will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate Del Rio Advisors, its management and personnel.

EXHIBIT C

Insurance Requirements for Professional Services

Consultant shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. **Commercial General Liability (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than **\$1,000,000** per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the **general aggregate limit shall be twice** the required occurrence limit.
2. **Automobile Liability:** Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if Consultant has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than **\$1,000,000** per accident for bodily injury and property damage.
3. **Workers' Compensation** insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than **\$1,000,000** per accident for bodily injury or disease. ***(Not required if consultant provides written verification it has no employees)***
4. **Professional Liability (Errors and Omissions)** Insurance appropriate to the Consultant's profession, with limit no less than **\$2,000,000** per occurrence or claim, \$2,000,000 aggregate. (If Claims-made, see below.)

If the Consultant maintains higher limits than the minimums shown above, the City of Stockton requires and shall be entitled to coverage for the higher limits maintained by the consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the City of Stockton.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

The City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers are to be covered as additional insureds on the CGL policy and AL policy with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the Consultant's insurance (**at least as broad as ISO Form CG 20 10 11 85 or both CG 20 10 and CG 20 37 forms if later revisions used**).

Primary Coverage

For any claims related to this contract, the **Consultant's insurance coverage shall be endorsed as primary** insurance as respects the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers. Any insurance or self-insurance maintained by the City of Stockton, its Mayor, Council, officers, representatives, agents, employees and volunteers shall be excess of the Consultant's insurance and shall not contribute with it. The City of Stockton does not accept endorsements limiting the Consultant's insurance coverage to the sole negligence of the Named Insured.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the City of Stockton.**

Waiver of Subrogation

Consultant hereby grants to City of Stockton a waiver of any right to subrogation which any insurer of said Consultant may acquire against the City of Stockton by virtue of the payment of any loss under such insurance. Consultant agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies regardless of whether or not the City of Stockton has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by the City of Stockton Risk Services. The City of Stockton may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII if admitted to do business in the State of California; if not admitted to do business in the State of California, insurance is to be placed with insurers with a current A.M. Best's rating of no less than A+:X.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. If Claims Made policy form is used, a three (3) year discovery and reporting tail period of coverage is required after completion of work.

Verification of Coverage

Consultant shall furnish the City of Stockton with original certificates and amendatory endorsements required by this clause. All certificates and endorsements are to be received and approved by the City of Stockton Risk Services before work commences. Failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. The City of Stockton reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time, for any reason or no reason.

Consultant shall, prior to the commencement of work under this Agreement, provide the City of Stockton with a copy of its Declarations Page and Endorsement Page for each of the required policies.

Certificate Holder Address

Proper address for mailing certificates, endorsements and notices shall be:

- City of Stockton
- Attention: Risk Services
- 425 N El Dorado Street
- Stockton, CA 95202

City of Stockton Risk Services Phone: 209-937-5037

City of Stockton Risk Services Fax: 209-937-8558

Maintenance of Insurance

If at any time during the life of the Contract or any extension, the Consultant fails to maintain the required insurance in full force and effect, all work under the Contract shall be discontinued immediately. Any failure to maintain the required insurance shall be sufficient cause for the CITY to terminate this Contract.

Subcontractors

Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that City of Stockton is an additional insured on insurance required from subcontractors.

Special Risks or Circumstances

City of Stockton reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.