

PFM FINANCIAL ADVISORS LLC
AGREEMENT FOR FINANCIAL ADVISORY SERVICES

This agreement (the “Agreement”), made and entered into this 4th day of October 2017, by and between Sylvan Union School District (the “District”) and PFM Financial Advisors LLC (“PFM”) sets forth the terms and conditions under which PFM shall provide financial advisory services to the District.

WHEREAS, the District wishes to obtain the services of a financial advisor on an exclusive basis to assist in financial planning and bond program management and in the issuance of securities, all as described in Exhibit A; and

WHEREAS, PFM is capable of providing the necessary financial advisory services.

NOW, THEREFORE, in consideration of the above mentioned premises and intending to be legally bound hereby, the District and PFM agree as follows:

I. SCOPE OF SERVICES

PFM shall provide, upon request of the District, services related to financial planning and bond program management and the issuance of securities, as described in Exhibit A to the Agreement, to the extent necessary to meet the District’s objectives. The District acknowledges and agrees that most tasks requested by the District will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to those services required to complete the specific task. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Agreement. Services provided by PFM which are not specifically referenced in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the District and PFM. Upon request of the District, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between the District and PFM or its respective affiliate.

II. WORK SCHEDULE

The services of PFM are to commence as soon as practicable after the execution of this Agreement and a request by the District for specific service.

III. REGISTERED MUNICIPAL ADVISOR; REQUIRED DISCLOSURES

1. PFM is a registered municipal advisor with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. This Agreement designates PFM as the District’s independent registered municipal advisor (“IRMA”) with regard to the attached scope of services for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the “IRMA exemption”). PFM shall not be responsible for, or have any liability in connection with, verifying that PFM is independent from any other party seeking to rely on the IRMA exemption (as such independent status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). The District acknowledges and agrees that any reference to PFM, its personnel, and its role as IRMA, including in the written representation of the District required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by PFM. The District further agrees not to represent that PFM is the District’s IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the attached scope of services or without PFM’s prior written consent.

2. MSRB Rule G-42 requires that municipal advisors make written disclosures to its Clients of all material conflicts of interest and certain legal or disciplinary events. Such disclosures are provided in PFM’s Disclosure Statement delivered to the District together with this Agreement as Exhibit D.

IV. FINANCIAL ADVISORY COMPENSATION

For the services provided under this Agreement, PFM’s professional fees shall be paid as provided in Exhibit B to this Agreement. Any services which are not included in the scope of services set forth in Exhibit A of this Agreement will be subject to separate, mutually acceptable fee structures.

V. TERMS AND TERMINATION

This Agreement shall be effective from its date for a period of five years from such date (the “Initial Term”). The Agreement may be extended prior to the end of the Initial Term for a period not exceeding five years from the date of such extension by mutual agreement. This Agreement shall remain in effect unless canceled in writing by either party upon thirty (30) days written notice to the other party.

VI. ASSIGNMENT

PFM shall not assign any interest in this Agreement or subcontract any of the work performed under the Agreement without the prior written consent of the District; provided that upon notice to the District, PFM may assign this Agreement or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.

VII. INFORMATION TO BE FURNISHED TO PFM

All information, data, reports, and records (“Data”) in the possession of the District or any third party agent to the District necessary for carrying out any services to be performed under this Agreement shall be furnished to PFM and the District shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services, including with respect to the facts that are necessary in its recommendation(s) to the District in connection with a municipal securities transaction or municipal financial product and/or relevant to the District’s determination whether to proceed with a course of action. To the extent the District requests that PFM provide advice with regard to any recommendation made by a

third party, the District will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. The District acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy or completeness of such Data.

VIII. NOTICES

All notices given under this Agreement shall be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the designated below. The parties designate the following as the respective places for giving notice, to wit:

SYLVAN UNION SCHOOL DISTRICT
605 Sylvan Ave.
Modesto, CA 95350
Attention: Yvonne Perez, Assistant Superintendent, Business Services

PFM FINANCIAL ADVISORS LLC
50 California Street Suite 2300
San Francisco, CA 94111
Attention: David Olson, Director

IX. TITLE TRANSFER

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Agreement shall be the property of the District. Subject to the exception described above, upon termination of this Agreement, at the District's reasonable request no later than three (3) years after the termination of this Agreement PFM shall deliver to the District copies of any and all material pertaining to this Agreement.

X. PFM'S REPRESENTATIVES

1. Assignment of Named Individuals

The professional employees of PFM set forth below will provide the services set forth in this Agreement; provided that PFM may, from time to time, supplement or otherwise amend the team members set forth below.

- Sarah Hollenbeck, Managing Director
- David Olson, Director
- Jaime Trejo, Senior Managing Consultant
- Hannah Lee, Analyst

2. Changes in Staff Requested by the District

The District has the right to request, for any reason, PFM to replace any member of the advisory team. Should the District make such a request, PFM shall promptly suggest a substitute for approval by the District.

XI. INSURANCE

PFM shall maintain insurance coverage with policy limits not less than as stated in Exhibit C.

XII. LIMITATION OF LIABILITY

Except to the extent caused by willful misconduct, bad faith, gross negligence, or reckless disregard of obligations or duties under this Agreement on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in connection with performance of its services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other financial product or investment, or for any financial or other damages resulting from the District's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to the District.

XIII. INDEPENDENT CONTRACTOR; NO THIRD-PARTY BENEFICIARY

PFM, its employees, officers and representatives at all times shall be independent contractors and shall not be deemed to be employees, agents, partners, servants and/or joint venturers of the District by virtue of this Agreement or any actions or services rendered under this Agreement. Nothing in this Agreement is intended or shall be construed to give any person, other than the Parties hereto, their successors and permitted assigns, any legal or equitable rights, remedy, or claim under or in respect of this Agreement or any provisions contained herein.

XIV. APPLICABLE LAW

This Agreement shall be construed, enforced, and administered according to the laws of the State of California. PFM and the District agree that, should a disagreement arise as to the terms or enforcement of any provision of this Agreement, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

XV. ENTIRE AGREEMENT; SEVERABILITY

This Agreement represents the entire agreement between the District and PFM and may not be amended or modified except in writing signed by both parties. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision.

XVI. EXECUTION; COUNTERPARTS

Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party. This Agreement may be signed in any number of counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same document.

IN WITNESS THEREOF, the District and PFM have executed this Agreement as of the day and year herein above written.

SYLVAN UNION SCHOOL DISTRICT

By: _____
Yvonne Perez, Assistant Superintendent, Business Services

Date: _____

PFM FINANCIAL ADVISORS LLC

By: _____
Sarah Hollenbeck, Managing Director

Date: _____

EXHIBIT A
SCOPE OF SERVICES

A. Financial Planning and Bond Program Management.

- *Financing Alternatives and Plan.* Explore various financing alternatives available to the District and develop a financing plan including recommendations as to the timing and number of series of bonds to be issued based on District's construction timeline and projected cash flow needs, bonding capacity, and targeted tax rate threshold. The financing plan will be adjusted on an ongoing basis to reflect new developments.
- *General Obligation Bond Election.* Provide any financial advisory services necessary or requested in preparation of a general obligation bond election if the District decides to move forward with such an election. In particular, PFM will be available to advise the District in terms of determining bond authorization size and the tax rate estimates provided in the tax rate statement.
- *Refunding Opportunities.* Monitor interest rate environment and analyze opportunities to refund outstanding bond obligations. Refunding opportunities shall be evaluated based on projected savings and within the context of the overall bond program.
- *Ongoing Bond Program Management.* Provide ongoing support for the District's bond program as mutually agreed upon between the District and PFM including, but not limited to, expenditure of bond proceeds, the levy and collection of taxes, and the repayment of bonds.
- *Evaluate Financing Alternatives.* Evaluate financing alternatives developed or contemplated by PFM, the District, or a third-party, as requested.

B. Issuance of Securities.

- *Financing Schedule.* Manage the financing process and coordinate activities of financing team members. Prepare a schedule of activities and ensure the financing is completed in a timely manner.
- *Financing Team.* Assist the District in the procurement of other services relating to bond issuance, to the extent the District desires PFM's involvement. Negotiate fees and/or review contracts on behalf of the District, to the extent the District desires PFM's input.
- *Financing Costs.* Prepare an estimate of financing costs and provide insight into how they compare against those of other recent comparable bond issuances.
- *Timing, Sizing and Structure of Bond Issuance.* Assist the District in creating a financing plan for the specific series of bonds including timing, sizing, and structure of each bond issuance.
 - a. *Timing of Issues.* Advise as to the timing for each series of bonds to be sold based upon the District's historical and projected bond program expenditures, market interest rate environment, and other factors.
 - b. *Sizing of Issues.* Advise as to the sizing of each series of bonds to be sold based on District bond program needs, federal tax law limitations, state regulatory restrictions, targeted tax rates, goals of the bond program, and other matters.
 - c. *Structure of Issues.* Advise as to the repayment structure of each series of bonds to be sold based on targeted tax rates, impact on interest costs, prudent debt management practices, and other considerations.

- *Authorizing Documentation.* Provide bond counsel with information necessary for the preparation of authorizing documentation. Review authorizing documentation prior to their approval.
- *Official Statement.* Assist in the preparation of an official statement or other appropriate offering document.
- *Rating Strategy.* Develop a rating strategy for the District with the goal of reducing taxpayer costs and optimizing upfront costs of issuance. Develop rating presentation booklet and prepare District representatives for rating meetings. Evaluate benefits of bond insurance and/or other credit enhancement.
- *Bond Pricing.* Advise the District on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- *Method of Sale.* Advise the District on method of sale, either as a negotiated sale, competitive sale, or private placement.
 - a. For a competitive sale, PFM shall assist in the distribution of all necessary or requested documentation to prospective underwriters. PFM shall assist the District in determining the best bid.
 - b. For a negotiated sale, PFM shall assist in the solicitation, review, and evaluation of any underwriter proposals, and provide advice and information necessary to aid in such selection. PFM shall assist and advise the District in negotiations with underwriter(s) regarding fees, pricing of the bonds, and final terms of any security offering.
- *Closing Documentation.* Review closing documents and otherwise assist in the closing of the transaction.

Ongoing Responsibilities. Review certain ongoing responsibilities of the District as an issuer of bonds, including responsibilities with regard to state law obligations, federal tax law obligations, and other, and assist in the arrangement of certain ongoing services at the written request of the District.

EXHIBIT B
COMPENSATION FOR SERVICES

For the services described in Exhibit A, PFM will be compensated a flat fee of \$50,000 per bond issue to be paid at the time of bond issuance from bond proceeds unless otherwise determined by mutual agreement of the two parties. If there are material changes to the complexity of the financing or other unanticipated circumstances, a different fee may be negotiated by mutual written agreement between PFM and the District. If two or more series of bonds are sold concurrently (such as a new money and refunding bond issuance), PFM will charge a reduced fee for the second series to be agreed upon between PFM and the District. Such transaction fees are to be paid from the proceeds of the financing and are contingent upon the closing of the issue.

For non-contingent services, PFM would propose the following hourly fees:

Title	Rate
Managing Director	\$350
Director	\$325
Senior Managing Consultant	\$300
Senior Analyst	\$250
Analyst	\$225

EXHIBIT C
INSURANCE

Insurance Statement

PFM Financial Advisors LLC (“PFMFA”) has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability, and workers compensation. PFMFA maintains professional liability and fidelity bond coverages which total \$25 million and \$10 million, respectively. PFMFA also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a “claims made” policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR:

Automobile:	\$250 comprehensive & \$500 collision
Cyber Liability:	\$50,000
General Liability:	\$0
Professional Liability (E&O):	\$1,000,000
Financial Institution Bond:	\$75,000

Insurance Company & AM Best Rating

Professional Liability (E&O):	Indian Harbor Insurance Company; and Continental Casualty Company; (both are A)
Financial Institution Bond:	Federal Insurance Company; (A++)
Cyber Liability	Indian Harbor Insurance Company (A)
General Liability:	Great Northern Ins. Company; (A++)
Automobile Liability:	Federal Insurance Company
Excess /Umbrella Liability:	Federal Insurance Company
Workers Compensation: & Employers Liability	Pacific Indemnity Company; (A++)

EXHIBIT D
DISCLOSURE OF CONFLICTS OF INTEREST AND OTHER INFORMATION
PFM FINANCIAL ADVISORS LLC

I. **Introduction**

PFM Financial Advisors LLC (a wholly-owned subsidiary of PFM Financial Advisors LLC), and PFM Swap Advisors LLC (hereinafter, referred to as “We,” “Us,” or “Our”) are registered municipal advisors with the Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. In accordance with MSRB rules, this disclosure statement is provided by Us to each client prior to the execution of its advisory agreement with written disclosures of all material conflicts of interests and legal or disciplinary events that are required to be disclosed with respect to providing financial advisory services pursuant to MSRB Rule G-42(b) and (c) (ii). We employ a number of resources to identify and subsequently manage actual or potential conflicts of interest in addition to disclosing actual and potential conflicts of interest provided herein.

How We Identify and Manage Conflicts of Interest

Code of Ethics. The Code requires that all employees conduct all aspects of Our business with the highest standards of integrity, honesty and fair dealing. All employees are required to avoid even the appearance of misconduct or impropriety and avoid actual or apparent conflicts of interest between personal and professional relationships that would or could interfere with an employee’s independent exercise of judgment in performing the obligations and responsibilities owed to a municipal advisor and Our clients.

Policies and Procedures. We have adopted policies and procedures that include specific rules and standards for conduct. Some of these policies and procedures provide guidance and reporting requirements about matters that allows Us to monitor behavior that might give rise to a conflict of interest. These include policies concerning the making of gifts and charitable contributions, entertaining clients, and engaging in outside activities, all of which may involve relationships with clients and others that are important to Our analysis of potential conflicts of interest.

Supervisory Structure. We have both a compliance and supervisory structure in place that enables Us to identify and monitor employees’ activities, both on a transaction and Firm-wide basis, to ensure compliance with appropriate standards. Prior to undertaking any engagement with a new client or an additional engagement with an existing client, appropriate municipal advisory personnel will review the possible intersection of the client’s interests, the proposed engagement, Our engagement personnel, experience and existing obligations to other clients and related parties. This review, together with employing the resources described above, allows Us to evaluate any situations that may be an actual or potential conflict of interest.

Disclosures. We will disclose to clients those situations that We believe would create a material conflict of interest, such as:

1) any advice, service or product that any affiliate may provide to a client that is directly related to the municipal advisory work We perform for such client; 2) any payment made to obtain or retain a municipal advisory engagement with a client; 3) any fee-splitting arrangement with any provider of an investment or services to a client; 4) any conflict that may arise from the type of compensation arrangement We may have with a client; and 5) any other actual or potential situation that We are or become aware of that might constitute a material conflict of interest that could reasonably expect to impair Our ability to provide advice to or on behalf of clients consistent with regulatory requirements. If We identify such situations or circumstances, We will prepare meaningful disclosure that will describe the implications of the situation and how We intend to manage the situation. We will also disclose any legal or disciplinary events that are material to a client's evaluation or the integrity of Our management or advisory personnel. We will provide this disclosure (or a means to access this information) in writing prior to starting Our proposed engagement, and will provide such additional information or clarification as the client may request. We will also advise Our clients in writing of any subsequent material conflict of interest that may arise, as well as the related implications, Our plan to manage that situation, and any additional information such client may require.

II. **General Conflict of Interest Disclosures**

Disclosure of Conflicts Concerning the Firm's Affiliates

Our affiliates offer a wide variety of financial services, and Our clients may be interested in pursuing services separately provided by an affiliate. The affiliate's business with the client could create an incentive for Us to recommend a course of action designed to increase the level of the client's business activities with the affiliate or to recommend against a course of action that would reduce the client's business activities with the affiliate. In either instance, We may be perceived as recommending services for a client that are not in the best interests of Our clients, but rather are in Our interests or the interests of Our affiliates. Accordingly, We mitigate any perceived conflict of interest that may arise in this situation by disclosing it to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives and financial circumstances. Further, We receive no compensation from Our affiliates with respect to a client introduction or referral. If a client chooses to work with an affiliate, We require that the client consult and enter into a separate agreement for services, so that the client can make an independent, informed, evaluation of the services offered.

Disclosure of Conflicts Related to the Firm's Compensation

From time to time, We may be compensated by a municipal advisory fee that is or will be set forth in an agreement with the client to be, or that has been, negotiated and entered into in connection with a municipal advisory service. Payment of such fee may be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal or par amount of municipal securities or municipal financial product. While this form of compensation is customary

in the municipal securities market, it may be deemed to present a conflict of interest since We may appear to have an incentive to recommend to the client a transaction that is larger in size than is necessary. Further, We may also receive compensation in the form of a fixed fee arrangement. While this form of compensation is customary, it may also present a potential conflict of interest, if the transaction requires more work than contemplated and We are perceived as recommending a less time consuming alternative contrary to the client's best interest so as not to sustain a loss. Finally, We may contract with clients on an hourly fee bases. If We do not agree on a maximum amount of hours at the outset of the engagement, this arrangement may pose a conflict of interest as We would not have a financial incentive to recommend an alternative that would result in fewer hours. We manage and mitigate all of these types of conflicts by disclosing the fee structure to the client, and by requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, after reasonable inquiry, including the client's needs, objectives, and financial circumstances.

Disclosure Concerning Provision of Services to State and Local Government, and Non-Profit Clients

We regularly provide financial advisory services to state and local governments, their agencies, and instrumentalities, and non-profit clients. While Our clients have expressed that this experience in providing services to a wide variety of clients generally provides great benefit for all of Our clients, there may be or may have been clients with interests that are different from (and adverse to) other clients. If for some reason any client sees Our engagement with any other particular client as a conflict, We will mitigate this conflict by engaging in a broad range of conduct, if and as applicable. Such conduct may include one or any combination of the following: 1) disclosing the conflict to the client; 2) requiring that there be a review of the municipal securities transaction or municipal financial product to ensure that it is suitable for the client in light of various factors, including the client's needs, objectives and financial circumstances; 3) implementing procedures that establishes an "Informational Bubble" that creates physical, technological and procedural barriers and/or separations to ensure that non-public information is isolated to particular area such that certain governmental transaction team members and supporting functions operate separately during the course of work performed; and 4) in the rare event that a conflict cannot be resolved, We will withdraw from the engagement.

Disclosure Related to Legal and Disciplinary Events

As registered municipal advisors with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2, Our legal, disciplinary and judicial events are required to be disclosed on Our forms MA and MA-I filed with the SEC, in '**Item 9 Disclosure Information**' of form MA, '**Item 6 Disclosure Information**' of form MA-I, and if applicable, the corresponding disclosure reporting page(s) ("DRP"). To review the foregoing disclosure items and material change(s) or amendment(s), if any, clients may electronically access PFMFA filed forms MA and MA-I on the SEC's Electronic Data Gathering, Analysis, and Retrieval system, listed by

date of filing starting with the most recently filed, at:

PFM Financial Advisors LLC:

<http://www.sec.gov/cgi-bin/browse-edgar?company=PFM+Financial&owner=exclude&action=getcompany>

III. **Specific Conflicts of Interest Disclosures – Sylvan Union School District**

To Our knowledge, following reasonable inquiry, we are not aware of any other actual or potential conflict of interest that could reasonably be anticipated to impair Our ability to provide advice to or on behalf of the District in accordance with applicable standards of conduct of MSRB Rule G-42.