

**MUNICIPAL ADVISOR AGREEMENT
BETWEEN
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
AND
NHA ADVISORS, LLC**

THIS AGREEMENT for consulting services is made by and between the Three Rivers Levee Improvement Authority (the “Authority”) and NHA Advisors, LLC (“Consultant”) (together referred to as the “Parties”) as of July 20, 2020 (the “Effective Date”).

The Authority, pursuant to the Plumas Lake CFD Workout Plan Agreement, seeks to engage a professional financial advisory firm (NHA Advisors, LLC) in evaluating, preparing, and implementing offers with individual Builder Bonds owners, and any related refunding bonds transactions and special tax reductions. The Yuba County Water Agency will provide funding to TRLIA for Consultant.

SECTION 1 – SERVICES

As the Authority’s registered municipal advisor, subject to the terms and conditions set forth in this Agreement, Consultant shall provide to the Authority the services described in the Scope of Services attached as Exhibit A, and incorporated herein, at the time and place and in the manner specified therein. In the event of a conflict in or inconsistency between the terms of this Agreement and Exhibit A, the Agreement shall prevail.

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Consultant will review all third-party recommendations submitted to the Authority in writing by the Authority.

Recommendation. If Consultant makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Authority and is within the scope of the engagement, Consultant will determine, based on the information obtained through reasonable diligence of Consultant whether a municipal securities transaction or municipal financial product is suitable for the Authority. In addition, Consultant will inform the Authority of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Consultant reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Authority; and
- whether Consultant has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Authority’s objectives.

If the Authority elects a course of action that is independent of or contrary to the advice provided by Consultant, Consultant is not required on that basis to disengage from the Authority.

1.1 Term of Services. The term of this Agreement shall begin on the Effective Date and shall end on December 31, 2021 or upon completion of the Scope of Services described in Exhibit A, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services

required by this Agreement shall not affect the Authority's right to terminate the Agreement, as referenced in Section 8.

- 1.2 Standard of Performance.** Consultant shall perform all services required pursuant to this Agreement according to the standards observed by a competent practitioner of the profession in which Consultant is engaged.
- 1.3 Assignment of Personnel.** Consultant shall assign only competent personnel to perform services pursuant to this Agreement. In the event the Authority, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, Consultant shall, immediately upon receiving notice from the Authority of such desire of the Authority, reassign such person or persons.
- 1.4 Time.** Consultant shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in Section 1.1 above and to satisfy Consultant's obligations hereunder.

SECTION 2 - COMPENSATION

The Authority hereby agrees to pay Consultant compensation for services outlined in the Scope of Services (Exhibit A) under the Compensation Schedule (Exhibit B).

The Authority shall pay Consultant for services rendered pursuant to this Agreement at the time and in the manner set forth herein. The payments specified below shall be the only payments from the Authority to Consultant for services rendered pursuant to this Agreement. Consultant shall submit all invoices to the Authority in the manner specified herein. Except as specifically authorized by the Authority in writing, Consultant shall not bill the Authority for duplicate services performed by more than one person.

Consultant and the Authority acknowledge and agree that compensation paid by the Authority to Consultant under this Agreement is based upon Consultant's estimated costs of providing the services required hereunder, including salaries and benefits of employees and subcontractors of Consultant. Consequently, the parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities to which Consultant and its employees, agents, and subcontractors may be eligible. The Authority therefore has no responsibility for such contributions beyond compensation required under this Agreement.

- 2.1 Invoices.** Consultant shall submit invoices, not more often than once a month during the term of this Agreement, based on the cost for services performed and reimbursable costs incurred prior to the invoice date. Invoices shall contain the following information:
 - The beginning and ending dates of the billing period;
 - At the Authority's option, for each work item in each task, a copy of the applicable time entries or time sheets shall be submitted showing the name of the person doing the work, the hours spent by each person, a brief description of the work, and each reimbursable expense;
 - For work performed on an hourly Compensation Schedule, the total number of hours of work performed under the Agreement by Consultant and each

employee, agent, and subcontractor of Consultant performing services hereunder;

- 2.2 Monthly Payment.** The Authority shall make monthly payments, based on invoices received, for services satisfactorily performed, and for authorized reimbursable costs incurred. The Authority shall have 30 days from the receipt of an invoice that complies with all of the requirements above to pay Consultant.
- 2.3 Final Payment.** The Authority shall pay the final sum due pursuant to this Agreement within 60 days after completion of the services and submittal to the Authority of a final invoice, if all services required have been satisfactorily performed.
- 2.4 Total Payment.** The Authority shall pay for the services to be rendered by Consultant pursuant to this Agreement. The Authority shall not pay any additional sum for any expense or cost whatsoever incurred by Consultant in rendering services pursuant to this Agreement. The Authority shall make no payment for any extra, further, or additional service pursuant to this Agreement.
- In no event shall Consultant submit any invoice for an amount in excess of the maximum amount of compensation provided above either for a task or for the entire Agreement, unless the Agreement is modified prior to the submission of such an invoice by a properly executed change order or amendment.
- 2.5 Hourly Fees.** Fees for work performed by Consultant on an hourly basis shall not exceed the amounts shown on the compensation schedule attached hereto as Exhibit B.
- 2.6 Reimbursable Expenses.** Reimbursable expenses are specified below and shall not exceed \$2,000. Expenses will typically include third-party data collection or services not provided by the Authority. Reimbursable expenses are in addition to the total amount of compensation provided under this Agreement that shall not be exceeded.
- 2.7 Payment of Taxes.** Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any similar federal or state taxes.
- 2.8 Payment upon Termination.** In the event the Authority or Consultant terminates this Agreement pursuant to Section 8, the Authority shall compensate Consultant for all outstanding costs and reimbursable expenses incurred for work satisfactorily completed as of the date of written notice of termination. Consultant shall maintain adequate logs and timesheets to verify costs incurred to that date.
- 2.9 Authorization to Perform Services.** Consultant is not authorized to perform any services or incur any costs whatsoever under the terms of this Agreement until receipt of authorization from the Contract Administrator.

SECTION 3 - FACILITIES AND EQUIPMENT

Except as set forth herein, Consultant shall, at its sole cost and expense, provide all facilities and equipment that may be necessary to perform the services required by this Agreement. The Authority shall make available to Consultant only the facilities and equipment listed in this section, and only under the terms and conditions set forth herein.

The Authority shall furnish physical facilities such as desks, filing cabinets, and conference space, as may be reasonably necessary for Consultant's use while consulting with the Authority employees and reviewing records and the information in possession of the Authority. The location, quantity, and time of furnishing those facilities shall be in the sole discretion of the Authority. In no event shall the Authority be obligated to furnish any facility that may involve incurring any direct expense, including but not limited to computer, long-distance telephone or other communication charges, vehicles, and reproduction facilities.

SECTION 4 - INSURANCE REQUIREMENTS

Before beginning any work under this Agreement, Consultant, at its own cost and expense, unless otherwise specified below, shall procure the types and amounts of insurance listed below against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by Consultant and its agents, representatives, employees, and subcontractors. Consistent with the following provisions, Consultant shall provide proof satisfactory to the Authority of such insurance that meets the requirements of this section and under forms of insurance satisfactory in all respects, and that such insurance is in effect prior to beginning work to the Authority. Consultant shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be included in Consultant's bid. Consultant shall not allow any subcontractor to commence work on any subcontract until Consultant has obtained all insurance required herein for the subcontractor(s) and provided evidence that such insurance is in effect to the Authority. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution. Consultant shall maintain all required insurance listed herein for the duration of this Agreement.

4.1 Workers' Compensation. Consultant shall, at its sole cost and expense, maintain Statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by Consultant. The Statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided with limits of not less than \$1,000,000 per accident. In the alternative, Consultant may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. Determination of whether a self-insurance program meets the standards of the Labor Code shall be solely in the discretion of the Contract Administrator. The insurer, if insurance is provided, or Consultant, if a program of self-insurance is provided, shall waive all rights of subrogation against the Authority and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement.

4.2 Commercial General and Automobile Liability Insurance.

4.2.1 General Requirements. Consultant, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than \$1,000,000 per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. If Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities

contemplated under this Agreement, including the use of owned and non-owned automobiles.

4.2.2 Minimum Scope of Coverage. Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 (most recent edition) covering comprehensive General Liability on an “occurrence” basis. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (most recent edition), Code 1 (any auto). No endorsement shall be attached limiting the coverage.

4.2.3 Additional Requirements. Each of the following shall be included in the insurance coverage or added as a certified endorsement to the policy:

- a) The Insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- b) The Authority, its officers, officials, employees, and volunteers are to be covered as additional insured as respects: liability arising out of work or operations performed by or on behalf of Consultant; or automobiles owned, leased, hired, or borrowed by Consultant.
- c) For any claims related to this Agreement or the work hereunder, Consultant’s insurance covered shall be primary insurance as respects the Authority, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Authority, its officers, officials, employees, or volunteers shall be excess of Consultant’s insurance and shall not contribute with it.
- d) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be canceled by either party, except after 30 days’ prior written notice has been provided to the Authority.

4.3 Professional Liability Insurance.

4.3.1 General Requirements. Consultant, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than \$1,000,000 covering the licensed professionals’ errors and omissions. Any deductible or self-insured retention shall not exceed \$250,000 per claim.

4.3.2 Claims-Made Limitations. The following provisions shall apply if the professional liability coverage is written on a claims-made form:

- a) The retroactive date of the policy must be shown and must be before the date of the Agreement.

- b) Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
- c) If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, Consultant must purchase an extended period coverage for a minimum of five years after completion of work under this Agreement.
- d) A copy of the claim reporting requirements must be submitted to the Authority for review prior to the commencement of any work under this Agreement.

4.4 All Policies Requirements.

- 4.4.1 Acceptability of Insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.
- 4.4.2 Verification of Coverage.** Prior to beginning any work under this Agreement, Consultant shall furnish the Authority with complete copies of all policies delivered to Consultant by the insurer, including complete copies of all endorsements attached to those policies. All copies of policies and endorsements shall show the signature of a person authorized by that insurer to bind coverage on its behalf. If the Authority does not receive the required insurance documents prior to Consultant beginning work, it shall not waive Consultant's obligation to provide them. The Authority reserves the right to require complete copies of all required insurance policies at any time.
- 4.4.3 Deductibles and Self-Insured Retentions.** Consultant shall disclose to and obtain the written approval of the Authority for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. At the option of the Authority, either: the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Authority, its officers, employees, and volunteers; or Consultant shall provide a financial guarantee satisfactory to the Authority guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- 4.4.4 Wasting Policies.** No policy required by this Section 4 shall include a "wasting" policy limit (i.e. limit that is eroded by the cost of defense).
- 4.4.5 Waiver of Subrogation.** Consultant hereby agrees to waive subrogation which any insurer or contractor may require from vendor by virtue of the payment of any loss. Consultant agrees to obtain any endorsements that may be necessary to affect this waiver of subrogation.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the entity for all work performed by the contractor, its employees, agents, and subcontractors.

4.4.6 Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

4.5 Remedies. In addition to any other remedies the Authority may have if Consultant fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, the Authority may, at its sole option exercise any of the following remedies, which are alternatives to other remedies the Authority may have and are not the exclusive remedy for Consultant's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order Consultant to stop work under this Agreement or withhold any payment that becomes due to Consultant hereunder, or both stop work and withhold any payment, until Consultant demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

SECTION 5 – CONSULTANT'S RESPONSIBILITIES AND INDEMNIFICATION

Consultant is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board ("MSRB"). As such, Consultant has a fiduciary duty to the Authority and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

1. exercise due care in performing its municipal advisory activities;
2. possess the degree of knowledge and expertise needed to provide the Authority with informed advice;
3. make a reasonable inquiry as to the facts that are relevant to the Authority's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Authority; and
4. undertake a reasonable investigation to determine that Consultant is not forming any recommendation on materially inaccurate or incomplete information; Consultant must have a reasonable basis for:
 - a. any advice provided to or on behalf of the Authority;
 - b. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Authority, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Authority securities; and
 - c. any information provided to the Authority or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Consultant must deal honestly and with the utmost good faith with the Authority and act in the Authority's best interests without regard to the financial or other interests of Consultant. Consultant will eliminate or provide full and fair disclosure (included herein) to Issuer about each material conflict of interest (as

applicable). Consultant will not engage in municipal advisory activities with the Authority as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Authority's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no actual or potential conflicts of interest other than those noted below that Consultant is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If Consultant becomes aware of any potential conflict of interest that arise after this disclosure, Consultant will disclose the detailed information in writing to the Authority in a timely manner.
- The fee paid to Consultant increases the cost of investment to the Authority. The increased cost occurs from compensating Consultant for municipal advisory services provided. This conflict of interest will not impair Consultant's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the issuer.
- Consultant does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the Authority.
- Consultant does not have any affiliate that provides any advice, service, or product to or on behalf of the Authority that is directly or indirectly related to the municipal advisory activities to be performed by Consultant;
- Consultant has not made any payments directly or indirectly to obtain or retain the Authority's municipal advisory business;
- Consultant has not received any payments from third parties to enlist a recommendation to the Authority of its services, any municipal securities transaction or any municipal finance product;
- Consultant has not engaged in any fee-splitting arrangements involving Consultant and any provider of investments or services to the Authority;
- Consultant has a conflict of interest from compensation for municipal advisory activities to be performed that is contingent on the size or closing of any transactions as to which Consultant is providing advice;
- Consultant 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 another Consultant client. For example, Consultant serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the Authority. 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, Consultant could potentially face a conflict of interest arising from these competing client interests. Consultant fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with the Authority; and

- Consultant does not have any legal or disciplinary event that is material to the Authority's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Pursuant to MSRB G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following:

- Consultant is currently registered as a Municipal Advisor with the SEC and the MSRB.
- Within the MSRB website at www.msrb.org, the Authority may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Recommendations

If Consultant makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Authority and is within the scope of the engagement, Consultant will determine, based on the information obtained through reasonable diligence of Consultant whether a municipal securities transaction or municipal financial product is suitable for the Authority. In addition, Consultant will inform the Authority of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Consultant reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Authority; and
- whether Consultant has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Authority's objectives.

If the Authority elects a course of action that is independent of or contrary to the advice provided by Consultant, Consultant is not required on that basis to disengage from the Authority.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Consultant is required to maintain in writing, all communication and created documents between Consultant and the Authority for five (5) years.

Indemnification

Consultant shall indemnify, defend with counsel acceptable to the Authority, and hold harmless the Authority and its officers, officials, employees, agents and volunteers from and against any and all liability, loss, damage, claims, expenses, and costs (including without limitation, attorney's fees and costs and fees of litigation) (collectively, "Liability") of every nature arising out of or in connection with Consultant's performance of the Services or its failure to comply with any of its obligations contained in this Agreement, except such Liability caused by the sole negligence or willful misconduct of the Authority.

Consultant's obligation to defend and indemnify shall not be excused because of Consultant's inability to evaluate Liability or because Consultant evaluates Liability and determines that Consultant is not liable to the claimant. Consultant must respond within 30 days, to the tender of any claim for defense and indemnity by the Authority, unless this time has been extended by the Authority. If Consultant fails to accept or reject a tender of defense and indemnity within 30 days, in addition to any other remedy authorized by law, so much of the money due Consultant under and by virtue of this Agreement as shall reasonably be considered necessary by the Authority, may be retained by the Authority until disposition has been made of the claim or suit for damages, or until Consultant accepts or rejects the tender of defense, whichever occurs first.

With respect to third party claims against Consultant, Consultant waives any and all rights of any type to express or implied indemnity against the Indemnitees.

Notwithstanding the forgoing, to the extent this Agreement is a "construction contract" as defined by California Civil Code Section 2782, as may be amended from time to time, such duties of Consultant to indemnify shall not apply when to do so would be prohibited by California Civil Code Section 2782.

In the event that Consultant or any employee, agent, or subcontractor of Consultant providing services under this Agreement is determined by a court of competent jurisdiction or the California Public Employees Retirement System (PERS) to be eligible for enrollment in PERS as an employee of the Authority, Consultant shall indemnify, defend, and hold harmless the Authority for the payment of any employee and/or employer contributions for PERS benefits on behalf of Consultant or its employees, agents, or subcontractors, as well as for the payment of any penalties and interest on such contributions, which would otherwise be the responsibility of the Authority.

SECTION 6 - STATUS OF CONSULTANT

- 6.1 Independent Contractor.** At all times during the term of this Agreement, Consultant shall be an independent contractor and shall not be an employee of the Authority. The Authority shall have the right to control Consultant only insofar as the results of Consultant's services rendered pursuant to this Agreement and assignment of personnel pursuant to Subparagraph 1.3; however, otherwise the Authority shall not have the right to control the means by which Consultant accomplishes services rendered pursuant to this Agreement. Notwithstanding any other the Authority, state, or federal policy, rule, regulation, law, or ordinance to the contrary, Consultant and any of its employees, agents, and subcontractors providing services under this Agreement shall not qualify for or become entitled to, and hereby agree to waive any and all claims to, any compensation, benefit, or any incident of employment by the Authority, including but not limited to eligibility to enroll in the California Public Employees Retirement System (PERS) as an employee of the Authority and entitlement to any contribution to be paid by the Authority for employer contributions and/or employee contributions for PERS benefits.
- 6.2 Consultant Not an Agent.** Except as the Authority may specify in writing, Consultant shall have no authority, express or implied, to act on behalf of the Authority in any capacity whatsoever as an agent. Consultant shall have no authority, express or implied, pursuant to this Agreement to bind the Authority to any obligation whatsoever.

SECTION 7 - LEGAL REQUIREMENTS

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.

- 7.2 Compliance with Applicable Laws.** Consultant and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, Consultant and any subcontractors shall comply with all applicable rules and regulations to which the Authority is bound by the terms of such fiscal assistance program.
- 7.4 Licenses and Permits.** Consultant represents and warrants to the Authority that Consultant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions. Consultant represents and warrants to the Authority that Consultant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Consultant and any subcontractors shall obtain and maintain during the term of this Agreement valid Business Licenses from the Authority.
- 7.5 Legal Events and Disciplinary History.** Consultant does not have any legal events and disciplinary history on its 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 Authority may electronically access Consultant'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

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.

- 7.6 Nondiscrimination and Equal Opportunity.** Consultant shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided by Consultant under this Agreement. Consultant shall comply with all applicable federal, state, and local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement, including but not limited to the satisfaction of any positive obligations required of Consultant thereby.

Consultant shall include the provisions of this Subsection in any subcontract approved by the Contract Administrator or this Agreement.

SECTION 8 - TERMINATION AND MODIFICATION

- 8.1 Termination.** The Authority may cancel this Agreement at any time and without cause upon written notification to Consultant.

Consultant may cancel this Agreement upon 45 days' written notice to the Authority and shall include in such notice the reasons for cancellation.

In the event of termination, Consultant shall be entitled to compensation for services performed to the effective date of termination; the Authority, however, may condition payment of such compensation upon Consultant delivering to the Authority any or all documents, photographs, computer software, video and audio tapes, and other materials provided to Consultant or prepared by or for Consultant or the Authority in connection with this Agreement.

- 8.2 Extension.** The Authority may, in its sole and exclusive discretion, extend the end date of this Agreement beyond that provided for in Subsection 1.1. Any such extension shall require a written amendment to this Agreement, as provided for herein. Consultant understands and agrees that, if the Authority grants such an extension, the Authority shall have no obligation to provide Consultant with compensation beyond the maximum amount provided for in this Agreement. Similarly, unless authorized by the Contract Administrator, the Authority shall have no obligation to reimburse Consultant for any otherwise reimbursable expenses incurred during the extension period.
- 8.3 Amendments.** The parties may amend this Agreement only by a writing signed by all the parties.
- 8.4 Assignment and Subcontracting.** The Authority and Consultant recognize and agree that this Agreement contemplates personal performance by Consultant and is based upon a determination of Consultant's unique personal competence, experience, and specialized personal knowledge. Moreover, a substantial inducement to the Authority for entering into this Agreement was and is the professional reputation and competence of Consultant. Consultant may not assign this Agreement or any interest therein without the prior written approval of the Contract Administrator. Consultant shall not subcontract any portion of the performance contemplated and provided for herein, other than to the subcontractors noted in the proposal, without prior written approval of the Contract Administrator.
- 8.5 Survival.** All obligations arising prior to the termination of this Agreement and all provisions of this Agreement allocating liability between the Authority and Consultant shall survive the termination of this Agreement.
- 8.6 Options upon Breach by Consultant.** If Consultant materially breaches any of the terms of this Agreement, the Authority's remedies shall include, but not be limited to, the following:
- 8.6.1** Immediately terminate the Agreement;
 - 8.6.2** Retain the plans, specifications, drawings, reports, design documents, and any other work product prepared by Consultant pursuant to this Agreement;
 - 8.6.3** Retain a different consultant to complete the work described in Exhibit A not finished by Consultant; or

- 8.6.4** Charge Consultant the difference between the cost to complete the work described in Exhibit A that is unfinished at the time of breach and the amount that the Authority would have paid Consultant pursuant to Section 2 if Consultant had completed the work.

SECTION 9 - MISCELLANEOUS PROVISIONS

- 9.1 Attorneys' Fees.** If a party to this Agreement brings any action, including an action for declaratory relief, to enforce or interpret the provision of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees in addition to any other relief to which that party may be entitled. The court may set such fees in the same action or in a separate action brought for that purpose.
- 9.2 Venue.** In the event that either party brings any action against the other under this Agreement, the parties agree that trial of such action shall be vested exclusively in the state courts of California in the County of Santa Clara.
- 9.3 Severability.** If a court of competent jurisdiction finds or rules that any provision of this Agreement is invalid, void, or unenforceable, the provisions of this Agreement not so adjudged shall remain in full force and effect. The invalidity in whole or in part of any provision of this Agreement shall not void or affect the validity of any other provision of this Agreement.
- 9.4 No Implied Waiver of Breach.** The waiver of any breach of a specific provision of this Agreement does not constitute a waiver of any other breach of that term or any other term of this Agreement.
- 9.5 Successors and Assigns.** The provisions of this Agreement shall inure to the benefit of and shall apply to and bind the successors and assigns of the parties.
- 9.6 Use of Recycled Products.** Consultant shall prepare and submit all reports, written studies and other printed material on recycled paper to the extent it is available at equal or less cost than virgin paper.
- 9.7 Conflict of Interest.** Consultant may serve other clients, but none whose activities within the corporate limits of the Authority or whose business, regardless of location, would place Consultant in a "conflict of interest," as that term is defined in the Political Reform Act, codified at California Government Code Section 81000 *et seq.*

Consultant shall not employ any the Authority official in the work performed pursuant to this Agreement. No officer or employee of the Authority shall have any financial interest in this Agreement that would violate California Government Code Sections 1090 *et seq.*

Consultant hereby warrants that it is not now, nor has it been in the previous 12 months, an employee, agent, appointee, or official of the Authority. If Consultant was an employee, agent, appointee, or official of the Authority in the previous twelve months, Consultant warrants that it did not participate in any manner in the forming of this Agreement. Consultant understands that, if this Agreement is made in violation of Government Code § 1090 *et seq.*, the entire Agreement is void and Consultant will not be entitled to any compensation for services performed pursuant to this Agreement,

including reimbursement of expenses, and Consultant will be required to reimburse the Authority for any sums paid to Consultant. Consultant understands that, in addition to the foregoing, it may be subject to criminal prosecution for a violation of Government Code § 1090 and, if applicable, will be disqualified from holding public office in the State of California.

As of the date of the Agreement, there are no actual or potential conflicts of interest that Consultant is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If Consultant becomes aware of any potential conflict of interest that arise after this disclosure, Consultant will disclose the detailed information in writing to the Authority in a timely manner.

The fee paid to Consultant increases the cost of investment to the Authority. The increased cost occurs from compensating Consultant for municipal advisory services provided.

Consultant does not act as principal in any of the transaction(s) related to this Agreement.

During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the Authority.

9.8 Solicitation. Consultant agrees not to solicit business at any meeting, focus group, or interview related to this Agreement, either orally or through any written materials.

9.9 Contract Administration. This Agreement shall be administered by the Authority Public Works Director ("Contract Administrator"). All correspondence shall be directed to or through the Contract Administrator or his or her designee.

9.10 Notices. Any written notice to Consultant shall be sent to:

Mark Northcross, Principal
NHA Advisors, LLC
4040 Civic Center Drive, Suite 200
San Rafael, CA 94903

Any written notice to the Authority shall be sent to:

Paul Bruner
Executive Director
Three Rivers Levee Improvement Authority
1114 Yuba Street
Marysville, CA 95901

10.11 Integration. This Agreement, including the Scope of Services attached hereto and incorporated herein as Exhibits A and B represents the entire and integrated agreement

between the Authority and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral.

Exhibit A: Scope of Services

Exhibit B: Compensation Schedule

10.12 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

The Parties have executed this Agreement as of the Effective Date.

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

NHA ADVISORS, LLC



**Paul G. Brunner, Executive
Director**

Mark Northcross, Principal

EXHIBIT A

SCOPE OF SERVICES GENERAL CONSULTING & MUNICIPAL ADVISORY SERVICES

Consultant will serve as the municipal advisor of record for the Authority. The scope of work will generally include, but may not be limited to, the following services:

Task 1: General Consulting Services

- ◆ Review the legal structure and cash flows associated with both Three Rivers Levee Improvement Authority's ("TRLIA") CFD Nos. 2006-1 and 2006-2
- ◆ Review the levee impact fee structure and charges for TRLIA
- ◆ Review the overall CFD debt burden and levee impact fee burden on the remaining undeveloped but residentially entitled land in the Plumas Lake area.
- ◆ Identify all relevant stakeholders in the existing arrangement of CFDs and levee impact fees for Plumas Lake
- ◆ Develop a final financing plan for potential intervention in Plumas Lake to maximize (1) benefit to CFD taxpayers and (2) long term development of the entire Plumas Lake area. The plan will be specific for each major stakeholder in each of the two CFDs.
- ◆ If so directed, negotiate with key stakeholders for the Plumas Lake CFDs the potential surrender of CFD bonds or their refinancing.

Task 2: Financing (if applicable)

- ◆ **Project Management**
 - Manage financing process, including assembly of the financing team and assignment of tasks for all parties involved in the financing.
 - Provide information and advice on the timing of the financing process and develop timeline (schedule) of tasks.
 - Upon request, work with Authority staff to solicit and select a registered broker-dealer (underwriter or placement agent), bond/disclosure counsel, trustee service provider, or other consultants that may be required as part of financing process. Provide recommendation(s) and negotiate preferred terms and pricing for said consultant(s).
- ◆ **Quantitative Analysis and Financial Structuring**
 - Prepare, review, analyze, and provide structuring advice for the proposed financing and or refinancing.

- Evaluate the method of sale (private placement or public offering), bond structure, legal approach, and financial advantages for each alternative, including the financing terms and call provisions.
- Analyze credit enhancement options (bond insurance and reserve surety bond policies).
- Meetings or conference calls with credit enhancement or insurance companies to discuss the transaction, as appropriate.

◆ **Project Implementation**

- Provide advice on the financing structure for incorporation into financing documents.
- Coordinate the efforts of bond counsel, disclosure counsel, and/or any other legal counsel to prepare the financing documents for approval by the Authority Board.
- Review financing documents to ensure accuracy with the financing plan.
- Upon request, Consultant will make presentations or attend meetings with the Authority Board or stakeholders to answer questions about the financing and process.
- Work with selected financing partner or funding source to determine optimal bond structure, including serial/term bonds, premium/discount bonds, and redemption provisions.
- If a public offering method of sale is utilized:
 - Coordinate preparation of a comprehensive credit presentation to the rating services and bond insurance companies, if applicable.
 - Work with disclosure counsel to assemble the official statement (investor disclosure document) for the financing in a manner consistent with existing laws, regulations, and standards of the securities industry.
 - If completed as a negotiated sale, assist the Authority in the negotiation of underwriting spreads and interest rates for the proposed financing. Monitor the underwriter's sales effort to ensure the lowest financing costs are achieved.
 - Assist with the solicitation of an investment advisor to coordinate investment of bond proceeds and/or accounts, as necessary.
 - If completed as a competitive sale, engage a nationally recognized firm to market the bonds and establish a bidding platform.
 - Coordinate the delivery, printing and final approval of legal documents, and the preparation of closing certificates and final official statement.
- If a private placement method of sale is utilized:
 - Prepare a credit package for potential investor banks.

- If a placement agent has been engaged, work with placement agent to solicit bids from various banks that invest in municipal debt.
- Manage bond or loan pricing and final financing structure (debt service and bond terms).
- Coordinate the delivery, final approval of legal documents, and the preparation of closing certificates.
- Work with bond counsel to finalize documents for execution by the Authority.
- Prepare or coordinate preparation of a closing memorandum outlining a detailed flow of funds at the time of closing

EXHIBIT B

COMPENSATION SCHEDULE

Tasks 1 and 2: Hourly Consulting

For work described in the Scope of Services as Task 1 and Task 2, Consultant will be compensated based upon the hourly rate schedule provided in the table to the right. Consultant will invoice the Authority on a monthly basis for time and approved expenses incurred during the course of the Project. The combined not-to-exceed budget for Task 1 and Task 2 will be \$25,000.

Expenses (Out-of-Pocket)

All expenses will be billed directly at cost to the Authority. Expenses will be limited to those necessary for completion of the project.

Staff Allocation	Hourly Rate
Principal	\$325
Director	\$300
Vice President	\$275
Senior Associate	\$250
Associate	\$225
Senior Analyst	\$200
Analyst	\$175
Administrative	\$ 75