

**CONSULTANT SERVICES AGREEMENT**

**BETWEEN THE**

**CITY OF SAN DIEGO**



**AND**

**KNN Public Finance, LLC**

**TO PROVIDE MUNICIPAL ADVISORY SERVICES FOR THE  
REESTABLISHMENT OF THE PUBLIC FACILITIES  
FINANCING AUTHORITY OF THE CITY OF SAN DIEGO  
WATER COMMERCIAL PAPER PROGRAM**

## CONSULTANT SERVICES AGREEMENT

This Consultant Services Agreement (Agreement) is entered into by and between the City of San Diego, a municipal corporation (City), and KNN Public Finance, LLC(Consultant) (collectively, the Parties).

### RECITALS

- A. City wishes to retain Consultant to provide Municipal Advisory Services (Services) related to the reestablishment of the Water Commercial Paper program (Transaction)
- B. Consultant has the expertise, experience, and personnel necessary to provide the Services.
- C. City and Consultant wish to enter into an agreement whereby City will retain Consultant to provide the Services.
- D. The Consultant was selected through a competitive process from the Request for Proposals (RFP) titled “City of San Diego Water System Commercial Paper Program – Municipal Advisory Services,” which utilized the Municipal Advisory Services Pool established by the Request for Statement of Qualifications (RFSQ) Number 10089754-21-W.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is acknowledged, City and Consultant agree as follows:

### ARTICLE 1 CONSULTANT SERVICES

**1.1 Scope of Services.** Consultant shall provide the Services to City as described in Exhibit A, Scope of Services at the rate described in the Compensation and Fee Schedule, attached hereto as Exhibit B, in accordance with the City’s General Terms and Provisions attached hereto as Exhibit C.

**1.2 Contract Administrator.** The Department of Debt Management (Department) is the Contract Administrator for this Agreement. Consultant shall provide the Services under the direction of a designated representative of the Department as follows:

Allison Falkenstein, Debt Coordinator  
202 C Street, 7<sup>th</sup> Floor, MS 7B  
San Diego, CA 92101  
619-533-4516  
afalkenstein@sandiego.gov

**1.3 Written Authorization.** City shall issue a written authorization to proceed before Consultant is authorized to perform Services.

**1.4 Duty to Inform City of Changes in Scope of Services.** Consultant shall immediately advise the City in writing of any anticipated change in the Scope of Services, Compensation and Fee Schedule, or Time Schedule, and shall obtain the City's written consent to the change prior to making any changes. In no event shall the City's consent be construed to relieve Consultant from its duty to render all Services in accordance with applicable law and industry standards.

**1.5 Competitive Bidding.** If applicable, Consultant shall ensure that any plans, specifications, studies, or reports prepared, required, or recommended under this Agreement allow for competitive bidding. Consultant shall prepare such plans, specifications, studies, or reports so that procurement of services, labor or materials are not available from only one source, and shall not prepare plans, specifications, studies, or reports around a single or specific product, piece of major equipment or machinery, a specific patented design, or a proprietary process, unless required by principles of sound engineering practice and supported by a written justification that has been approved in writing by City. Consultant shall submit this written justification to City prior to beginning work on such plans, specifications, studies, or reports. Whenever Consultant recommends a specific product or equipment for competitive procurement, such recommendation shall include at least two brand names of products that are capable of meeting the functional requirements applicable to the Services.

## **ARTICLE 2 DURATION OF AGREEMENT**

**2.1 Term.** This Agreement shall be for an initial term of two (2) years beginning on the Effective Date and extending through August 26, 2023. City may, in its sole discretion, extend this Agreement for three additional one (1) year period(s). The term of this Agreement shall not exceed five years unless approved by the City Council by ordinance.

**2.2 Effective Date.** This Agreement shall be effective on the date it is executed by the last Party to sign the Agreement, and approved by the City Attorney in accordance with San Diego Charter Section 40 (Effective Date).

## **ARTICLE 3 COMPENSATION**

**3.1 Amount of Compensation.** City shall pay Consultant for performance of all Services rendered in accordance with this Agreement in an amount not to exceed \$45,000. The compensation will be based on an hourly fee for time expended. Billing rates for the services provided are outlined in Exhibit B - Compensation and Fee Schedule. The rates are valid through the Term, unless otherwise amended and agreed upon by both parties in writing. Eligible additional fees, out-of-pocket expenses, and travel expenses under this Agreement shall not exceed \$1,500 plus an additional \$550 overhead data charge. The total cost of services under this Agreement shall not exceed \$47,050. The fees payable to the Consultant related to the Transaction will be paid in lump sum at closing.

**3.2 Additional Services.** City may require Consultant to perform additional Services beyond those described in the Scope of Services (Additional Services). Before Consultant commences such work, the Parties must agree in writing upon a fee for the Additional Services, including reasonably related expenses, in accordance with Section 3.3.

**3.3 Manner of Payment.** City shall pay Consultant in accordance with the Compensation and Fee Schedule. Consultant is not entitled to fees, including fees for expenses, that exceed the amounts specified in the Compensation and Fee Schedule. Consultant shall submit one invoice per calendar month in a form acceptable to City in accordance with the Compensation and Fee Schedule. Consultant shall include with each invoice a description of completed Services, reasonably related expenses, if any, and all other information, including but not limited to the progress percentage of the Scope of Services and/or deliverables completed prior to the invoice date, as required by the City. The fees payable to the Consultant related to the Transaction will be paid in lump sum at closing.

**3.4 Additional Costs.** Additional Costs are costs that can be reasonably determined to be related to Consultant's errors or omissions, and may include Consultant, City, or Subcontractor overhead, construction, materials, demolition, and related costs. Consultant shall not be paid for the Services required due to the Consultant's errors or omissions, and Consultant shall be responsible for any Additional Costs associated with such errors or omissions. These Additional Costs may be deducted from monies due, or that become due, to Consultant. Whether or not there are any monies due, or becoming due, Consultant shall reimburse City for Additional Costs due to Consultant's errors or omissions.

**3.5 Eighty Percent Notification.** Consultant shall promptly notify City in writing of any potential cost overruns. Cost overruns include, but are not limited to the following: (1) where anticipated costs to be incurred in the next sixty calendar days, when added to all costs previously incurred, will exceed 80 percent of the maximum compensation for this Agreement; or (2) where the total cost for performance of the Scope of Services appears that it may be greater than the maximum compensation for this Agreement.

## **ARTICLE 4 WAGE REQUIREMENTS**

**4.1 Prevailing Wages.** Pursuant to San Diego Municipal Code (SDMC) section 22.3019, construction, alteration, demolition, repair, and maintenance work performed under this Agreement is subject to State prevailing wage laws. For construction work performed under this Agreement cumulatively exceeding \$25,000 and for alteration, demolition, repair and maintenance work performed under this Agreement cumulatively exceeding \$15,000, the Contractor and its subcontractors shall comply with State prevailing wage laws including, but not limited to, the requirements listed below.

**4.1.1 Compliance with Prevailing Wage Requirements.** Pursuant to California Labor Code (Labor Code) sections 1720 through 1861, Consultant and its subcontractors shall ensure that all workers who perform work under this Agreement are paid not less than the prevailing rate of per diem wages as determined by the

Director of the California Department of Industrial Relations (DIR). This includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work.

**4.1.1.1** Copies of such prevailing rate of per diem wages are on file at the City and are available for inspection to any interested party on request. Copies of the prevailing rate of per diem wages also may be found at <http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm>. Consultant and its subcontractors shall post a copy of the prevailing rate of per diem wages determination at each job site and shall make them available to any interested party upon request.

**4.1.1.2** The wage rates determined by the DIR refer to expiration dates. If the published wage rate does not refer to a predetermined wage rate to be paid after the expiration date, then the published rate of wage shall be in effect for the life of this Agreement. If the published wage rate refers to a predetermined wage rate to become effective upon expiration of the published wage rate and the predetermined wage rate is on file with the DIR, such predetermined wage rate shall become effective on the date following the expiration date and shall apply to this Agreement in the same manner as if it had been published in said publication. If the predetermined wage rate refers to one or more additional expiration dates with additional predetermined wage rates, which expiration dates occur during the life of this Agreement, each successive predetermined wage rate shall apply to this Agreement on the date following the expiration date of the previous wage rate. If the last of such predetermined wage rates expires during the life of this Agreement, such wage rate shall apply to the balance of the Agreement.

**4.1.2 Penalties for Violations.** Consultant and its subcontractors shall comply with Labor Code section 1775 in the event a worker is paid less than the prevailing wage rate for the work or craft in which the worker is employed.

**4.1.3 Payroll Records.** Consultant and its subcontractors shall comply with Labor Code section 1776, which generally requires keeping accurate payroll records, verifying and certifying payroll records, and making them available for inspection. Consultant shall require its subcontractors to also comply with section 1776. Consultant and its subcontractors shall submit weekly certified payroll records online via the City's web-based Labor Compliance Program. Consultant is responsible for ensuring its subcontractors submit certified payroll records to the City.

**4.1.4 Apprentices.** Consultant and its subcontractors shall comply with Labor Code sections 1777.5, 1777.6, and 1777.7 concerning the employment and wages of apprentices. Consultant shall be held responsible for the compliance of their subcontractors with sections 1777.5, 1777.6 and 1777.7.

**4.1.5 Working Hours.** Consultant and subcontractors shall comply with Labor Code sections 1810 through 1815 including but not limited to: (i) restrict working hours on public works contracts to eight hours a day and forty hours a week, unless all hours worked in excess of 8 hours per day are compensated at not less than 1½ times the basic rate of pay; and (ii) specify penalties to be imposed on design professionals and subcontractors of \$25 per worker per day for each day the worker works more than 8 hours per day and 40 hours per week in violation of Labor Code sections 1810 through 1815.

**4.1.6 Required Provisions for Subcontracts.** Consultant shall include at a minimum a copy of the following provisions in any contract they enter into with a subcontractor: Labor Code sections 1771, 1775, 1776, 1777.5, 1810, 1813, 1815, 1860 and 1861.

**4.1.7 Labor Code Section 1861 Certification.** Consultant, in accordance with Labor Code section 3700, is required to secure the payment of compensation of its employees and by signing this Agreement, Consultant certifies that “I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers’ compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this agreement.”

**4.1.7 Labor Compliance Program.** The City has its own Labor Compliance Program authorized in August 2011 by the DIR. The City will withhold contract payments when payroll records are delinquent or deemed inadequate by the City or other governmental entity, or it has been established after investigation by the City or other governmental entity that underpayment(s) have occurred. For questions or assistance, please contact the Equal Opportunity Contracting Department at 619-236-6000.

**4.2 Higher Wage Rate Applies.** Contractor is required to pay the highest applicable wage rate where more than one wage rate applies.

## **ARTICLE 5 CONSULTANT’S OBLIGATIONS**

**5.1 Right to Audit.** City retains the right to review and audit, and the reasonable right of access to Consultant’s and any Subcontractor’s premises, to review and audit Consultant’s or Subcontractor’s compliance with the provisions of this Agreement (City’s Right). City’s Right includes the right to inspect, photocopy, and retain copies of any and all books, records, documents and any other information (Records) relating to this Agreement outside of Consultant’s premises if deemed necessary by City in its sole discretion. City shall keep these Records confidential to the extent permitted by law.

**5.1.1 Audit.** City’s Right includes the right to examine Records of procedures and practices that City determines are necessary to discover and verify that Consultant or Subcontractor is in compliance with all requirements under this Agreement.

**5.1.2 Cost Audit.** If there is a claim for additional compensation or for Additional Services, the City's Right includes the right to Records that the City determines are necessary to discover and verify all direct and indirect costs, of whatever nature, which are claimed to have been incurred, or anticipated to be incurred.

**5.1.3 Accounting Records.** Consultant and all subcontractors shall maintain complete and accurate Records in accordance with generally accepted accounting practices. Consultant and Subcontractors shall make available to City for review and audit all Records relating to the Services. Upon City's request, Consultant and Subcontractors shall submit exact duplicates of originals of all requested records to City.

**5.1.4 City's Right Binding on Subcontractors.** Consultant shall include City's Right as described in this Section 5.1 in any and all of their subcontracts, and shall ensure that these sections are binding upon all Subcontractors.

**5.2 Subcontractors.** Consultant's hiring or retaining of any third parties (Subcontractors) to perform Services (Subcontractor Services) is subject to City's prior written approval. Consultant shall list all Subcontractors known to Consultant on the Subcontractor List at the time this Agreement is entered. Consultant shall give written notice to the City of the need at least 45 days before entering into a contract for such Subcontractor Services. Consultant's notice shall include a justification, a description of the Scope of Services, and an estimate of all costs for Subcontractor Services. Consultant may request that City reduce the 45-day notice period. City agrees to consider such requests in good faith.

**5.2.1 Subcontractor Contract.** Consultant shall require Subcontractor to obtain and maintain insurance policies as required by City for the duration of this Agreement. Consultant shall determine Subcontractor policy limits and required endorsements proportionate to the services performed by Subcontractor.

**5.2.1.1** Consultant is obligated to pay Subcontractor, for Consultant and City-approved invoice amounts, out of amounts paid by City to Consultant not later than fourteen working days from Consultant's receipt of payment from City. Nothing in this paragraph shall be construed to impair the right of Consultant and any Subcontractor to negotiate fair and reasonable pricing and payment provisions among themselves.

**5.2.1.2** If Subcontractor's performance is deficient, Consultant shall notify City in writing of any withholding of payment to Subcontractor, specifying: (a) the amount withheld; (b) the specific cause under the terms of the subcontract for withholding payment; (c) the connection between the cause for withholding payment and the amount withheld; and (d) the remedial action Subcontractor must take in order to receive the amount withheld. Once Subcontractor corrects the deficiency, Consultant shall pay Subcontractor the amount withheld within fourteen working days of the Consultant's receipt of City's next payment.

**5.2.1.3** City shall not be made a party to any judicial or administrative proceeding to resolve any dispute between Consultant and Subcontractor. Consultant agrees to defend and indemnify the City as described in the City's General Terms and Provisions,

attached hereto as Exhibit D, and incorporated by reference, in any dispute between Consultant and Subcontractor should City be made a party to any judicial or administrative proceeding to resolve the dispute in violation of this position.

**5.2.1.4** Subcontractor must comply with the City's Equal Opportunity Contracting Program requirements.

**5.2.1.5** City is an intended beneficiary of any work performed by Subcontractor for purposes of establishing a duty of care between Subcontractor and City.

**5.3 Consultant Award Tracking Form.** Consultant shall submit information to City as requested in Consultant Award Tracking Form. The information shall include the dollar amount awarded during the period covered by the Consultant Award Tracking Form.

**5.4 Consultant and Subcontractor Principals for Consultant Services.** This Agreement is for unique Services. City has retained Consultant based on Consultant's particular professional expertise as exhibited by the following members of the Consultant's organization: Michelle Issa, Senior Managing Director, Louis Choi, Senior Managing Director, and Laura Geraghty, Analyst (the Project Team). Consultant may not delegate the performance of Services to other members of Consultant's organization or to Subcontractors without City's prior written consent. It is mutually agreed that the members of the Project Team are the principal persons responsible for delivery of all Services and may not be removed from the Project without the City's prior written approval. City may consider Consultant in default of this Agreement if any member of the Project Team is prevented from providing Services without City's prior written approval. Consultant must consult City as to any replacement if any member of the Project Team becomes unavailable. City may terminate this Agreement if City does not approve of a proposed replacement. Further, City reserves the right, after consultation with Consultant, to require any of Consultant's employees or agents to be removed from providing Services under this Agreement.

**5.5 Consultant Evaluation.** City will evaluate Consultant's performance using the Consultant Evaluation Form.

## **ARTICLE 6 CONTRACT DOCUMENTS**

**6.1 Contract Documents.** This Agreement and its exhibits constitute the Contract Documents. The Contract Documents completely describes the Services to be provided. The exhibits are as follows:

- Exhibit A - Scope of Services
- Exhibit B - Compensation and Fee Schedule
- Exhibit C - City's General Terms and Provisions



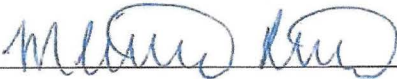
**6.2 Submittals Required with the Agreement.** Consultant is required to submit the following forms and information before the Agreement is executed:

- Contractor Standards Pledge of Compliance
- Work Force Report
- Insurance Certificates with all endorsements - Proof of Professional Liability Insurance (Errors and Omissions)
- Consultant Award Tracking Form
- Contractors Certification of Pending Actions
- Conflict of Interest Certification

**6.3 Counterparts.** This Agreement may be executed in counterparts, which when taken together shall constitute a single signed original as though all Parties had executed the same page.


IN WITNESS WHEREOF, this Agreement is executed by City and Consultant acting by and through their authorized officers.

CONSULTANT  
KNN Public Finance, LLC ("KNN")

BY:   
Print Name: Melissa Shick

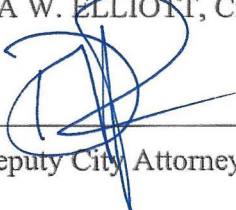
09 / 07 / 2021  
DATE SIGNED

CITY OF SAN DIEGO  
A Municipal Corporation

BY:   
Print Name: Claudia C. Barca  
Director  
Purchasing & Contracting Department

December 3, 2021  
DATE SIGNED

Approved as to form this 10<sup>th</sup> day of  
December, 2021.  
MARA W. ELLIOTT, City Attorney

BY:   
Deputy City Attorney

**EXHIBIT A**  
**SCOPE OF SERVICES**

**A. OVERVIEW**

**GENERAL SERVICES**

The Consultant shall perform all the duties and services specifically set forth herein and shall provide such other services as the City deems necessary or advisable, or are reasonable and necessary to accomplish the intent of this Agreement in the manner consistent with the standards and practices of professional financial advisors. The Consultant will serve as an independent registered municipal advisor in a fiduciary capacity within the meaning of Section 15Ba1-1(d)(3)(vi) of the Securities Exchange Act of 1934.

**B. REQUIREMENTS AND TASKS**

**SPECIFIC SERVICES – PROFESSIONAL SERVICES FOR WATER COMMERCIAL PAPER PROGRAM**

The Consultant shall provide project-related as needed Professional Services to the City for the financing as follows:

**Scope of Services**

The Consultant will assist the City with the renewal of the Commercial Paper Notes program, the work which is anticipated to occur during fall 2021. The scope of services include, but are not limited to, the following:

- Assist the City as needed and participate in the selection of letter of credit providers, and dealers, including reviewing proposals and advising the City on the selection;
- Review and comment on legal documents and disclosure documents in connection with the program;
- Deliver ongoing market assessments;
- Advise on logistics of replacing letters of credit and dealers;
- Participate in conference calls and/or meetings with City officials and staff, financing team participants, and others as needed, providing “value added” advice and input on subjects discussed;
- Participate in public meetings with the Budget and Efficiency Committee and City Council to support City staff with commercial paper expertise, if necessary;

- Any other municipal advisory services deemed necessary and appropriate.

## C. ROLES AND RESPONSIBILITIES

### 1. **Consultant's General Roles and Responsibilities**

With respect to all services provided to the Department, Consultant will fulfill the following operational roles and responsibilities:

The Consultant will also serve the City as a Municipal Advisor. The Municipal Advisor is subject to a fiduciary duty to the City. Fiduciary duty is generally understood to encompass a duty of loyalty and a duty of care to the public agency. The Consultant is also required to disclose conflicts of interest that might impair its ability to fulfill its duty of loyalty and not to undertake engagements if it cannot manage those conflicts. The Consultant shall notify the City when conflicts arise.

The Consultant is expected to stay in compliance with any forthcoming regulatory requirements of the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB) with respect to training and competence, standards of conduct, record keeping and other matters.

Additionally, the Consultant will follow MSRB Rule G-42 in fulfilling its responsibilities to the City.

**EXHIBIT B**  
**COMPENSATION AND FEE SCHEDULE**

A. STATEMENTS OF PROGRESS

The Consultant shall submit detailed Statements of Progress for services performed for the City on a monthly basis. All statements should include the names, titles and rates of pay for the personnel who have performed services on behalf of the City, date of services, the hours worked, and details of reasonable and necessary out-of-pocket expenses.

B. COMPENSATION

Compensation for services described in this Agreement has been agreed upon by all parties.

<u>Title</u>	<u>Hourly Rates</u>
Managing Director	\$325
Director	\$315
Vice President	\$295
Assistant Vice President	\$275
Associate	\$245

The Consultant was identified through an RFP selection process. The cost of the above referenced municipal advisory services will not exceed \$45,000 for professional services, and expenses as described below. *The fees payable to the Consultant for Transaction services will be paid in lump sum after closing.*

C. EXPENSES

1. In addition to the fees specified in Section B above, the Consultant shall be paid, contingent on the payment of fees, their reasonable and necessary out-of-pocket expenses. Additional fees and out-of-pocket expenses under this Agreement shall not exceed \$1,500 plus \$550 for overhead data charge.
2. The Consultant shall provide documentation for all reasonable and necessary expenses, including any receipts for all items.
3. In no event the Consultant shall be billing the City for the ethics online training if required by the Ethics Commission.
4. In no event shall the total amount of reimbursement to Consultant for expenses exceed the amounts in Section C, number 1 above.
5. Discuss with the City Project Manager for preapproval of any travel.
6. The Consultant will be reimbursed for preapproved travel expenses up to the amount specified in Section C, number 1 above but will not be reimbursed for billing rates during the travel period.

7. The Consultant will not be reimbursed for any expenses pertaining to reviewing and/or executing this Agreement, nor any related activities such as the filing of SEI forms (if required), etc.

D. PRINCIPAL

It is mutually agreed that Melissa Shick, for the Consultant, will serve as the lead advisor responsible for the delivery of the described services, and will be assisted by David Brodsky, who will be involved in the delivery of the core Scope of Services requirements as necessary with minimal duplication in services provided. Nedko Nedev and Dan Cox may also assist with quantitative support including program structuring and additional market intelligence as needed. While it is understood that portions of the described services may be delegated to other members of the team, the City reserves the right to request removal of any of the Consultant's employee(s) or their agent(s) at the sole discretion of the City. The Consultant will not use more than one staff member for the same specific service, including meetings or conference calls, without the City's approval. The Consultant may use the minimum number of staff for this engagement consistent with good professional practices and avoid duplication of work after consulting with and obtaining approval by the City.

E. MISCELLANEOUS

1. It has been determined that, based on the scope of services and the roles of various members of the Consultant set forth in this agreement, the project leader does not meet the definition of "Consultant" as stated in the Regulations of the Fair Political Practices Commission, Title 2, Division 6 of the California Code of Regulations (Chapter 7, Article 1, Section 18701). Accordingly, the project leader is not required to file Form 700 (Assuming Office Statement) in connection with this agreement.
2. Most financial advisory services from the Consultant can be provided to the City orally or through email. The City will consult with the Consultant if any formal communications, memos or reports are to be drafted.

The SEC permits certain items of information required on Form MA and Form MA-I to be provided by reference to such required information already filed on a regulatory system (e.g., FINRA CRD). The above noted regulatory action has been referenced on both Form MA and MA-I due to the information already filed on FINRA's CRD system and is publicly accessible through BrokerCheck at <http://brokercheck.finra.org>. For purposes of accessing such BrokerCheck information, the Municipal Advisor's CRD number is 4457537.

There has been no change to any legal or disciplinary event that has been disclosed on KNN Public Finance's original SEC registration Form MA filed on February 8, 2016 or Form MA-I's filed on January 22, 2016.

### **MSRB Rule G-10**

Pursuant to Municipal Securities Rulemaking Board Rule 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:

- a) KNN Public Finance, LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.
- b) Within the Municipal Securities Rulemaking Board ("MSRB") website at [www.msrb.org](http://www.msrb.org), the City 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.



## MSRB Disclosures

### MSRB Rule G-42

Pursuant to Municipal Securities Rulemaking Board (“MSRB”) Rule G-42, on Duties on Non-Solicitor Municipal Advisors, Municipal Advisors are required to make certain written disclosures to clients which include, amongst other things, Conflicts of Interest and any Legal or Disciplinary Events of KNN Public Finance, LLC (“KNN Public Finance”) and its associated persons.

### Conflicts of Interest

Other Municipal Advisor Relationships. KNN serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of another KNN client. For example, KNN serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it will to your entity, if hired. These other clients may, from time to time and depending on the specific circumstances, have competing interests. In acting in the interests of its various clients, KNN could potentially face a conflict of interest arising from these competing client interests. KNN fulfills its regulatory duty and mitigates such conflicts through dealing honestly and with the utmost good faith with its clients.

Compensation. KNN Public Finance represents that in connection with the issuance of municipal securities, KNN Public Finance 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, KNN Public Finance hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding KNN Public Finance’s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair KNN Public Finance’s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

If KNN Public Finance becomes aware of any additional potential or actual conflict of interest after this disclosure, KNN Public Finance will disclose the detailed information in writing to the Issuer in a timely manner.

### Legal or Disciplinary Events

KNN Public Finance, LLC, has never been subject to any legal, disciplinary or regulatory actions nor was it ever subject to any legal, disciplinary or regulatory actions previously, when it was a division of Zions First National Bank or Zions Public Finance, Inc.

A regulatory action disclosure has been made on Form MA-I for one of KNN’s municipal advisory personnel relating to a 1998 U.S. Securities and Exchange Commission (“SEC”) order that was filed while the municipal advisor was employed with a prior firm, (not KNN Public Finance). The details of which are available in Item 9; C(1), C(2), C(4), C(5) and the corresponding regulatory action DRP section on Form MA and Item 6C; (1), (2), (4), (5) and the corresponding regulatory action DRP section on Form MA-I. Issuers may electronically access KNN Public Finance’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](http://www.sec.gov/edgar/searchedgar/companysearch.html).