

BOND COUNSEL AGREEMENT

BONSALL UNIFIED SCHOOL DISTRICT

(Election of 2018 General Obligation Bonds)

THIS AGREEMENT, made as of this 27th day of April, 2018, by and between the BONSALL UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California (herein "District"), and STRADLING YOCCA CARLSON & RAUTH, a Professional Corporation (herein "Bond Counsel"):

R E C I T A L S :

- A. In order to finance certain facilities and equipment needed to maintain and improve the quality of the District's schools, the District desires to retain Bond Counsel to assist it in placing a proposition for the issuance of general obligation bonds on the November 6, 2018 ballot and in issuing any of such general obligation bonds and any refunding bonds issued to refund such bonds (together, the "Bonds"); and
- B. The District desires to retain Bond Counsel to do the necessary legal work hereinafter outlined, upon the terms and conditions hereinafter set forth, related to the Bonds; and
- C. Bond Counsel represents that it is ready, willing and able to perform said legal work;

NOW, THEREFORE, in consideration of the premises, and the mutual covenants, terms and conditions herein contained, the parties agree as follows:

1. SCOPE OF SERVICES

- A. Bond Election. Bond Counsel will provide legal services in connection with placing a proposition on the ballot for the November 6, 2018 general election (the "Bond Election"). Such services will include:
 - (1) Conferring with the District on legal issues relating to any voter survey and activities of District employees related to the election; and
 - (2) Drafting the resolution necessary to call the Bond Election; and
 - (3) Conferring with and advising the District as to the ballot measure and tax rate statement; and
 - (4) Conferring and consulting with District staff with regard to San Diego County's applicable procedures for the Bond Election and financing proceedings and as to any other matters relating to the Bond Election and financing proceedings; and
 - (5) Participating in meetings and other conferences scheduled by the District, the District's financial advisor and any underwriters with respect to the Bonds if approved by the voters at the Bond Election.

- B. Post-Election and Issuance of Bonds. The District retains Bond Counsel to provide, and Bond Counsel agrees to provide, legal services in connection with certain post-election matters and the issuance of the Bonds. Such services shall include, but not be limited to, the rendering of legal opinions (hereinafter called the “opinions”) pertaining to the issuance of the Bonds to the effect that:
- (1) The Bonds have been properly authorized, executed and delivered and are valid and binding obligations; and
 - (2) The essential sources of security for the Bonds have been legally provided; and
 - (3) Interest on the Bonds is exempt from California personal income taxation and unless the District elects to issue taxable bonds, is excluded from gross income for purposes of federal income taxes.

Bond Counsel’s services will also include the following:

- (i) Preparing the resolutions certifying the election results and establishing a Citizens’ Oversight Committee, including the preparation of the By-laws for the Citizens’ Oversight Committee;
- (ii) Attending organizational meetings of Citizens’ Oversight Committee and explain the role and responsibilities of the Committee;
- (iii) Researching applicable laws and ordinances relating to the Bonds;
- (iv) Attending conferences and consulting with District staff and District legal counsel regarding such laws, and the need for amendments thereto, or additional legislation;
- (v) Participating in meetings, conferences or discussions with any financial advisors, underwriters or other experts retained by the District in structuring the issuance of the Bonds;
- (vi) Supervising and preparing documentation of the steps to be taken through the issuance of the Bonds, including:
 - (a) Drafting all resolutions, notices, rules and regulations, and other legal documents required for the issuance of the Bonds, and all other documents relating to the security of the Bonds, in consultation with the District, its counsel, financial advisor, underwriter and other experts;
 - (b) Preparing the record of proceedings for the authorization, sale and issuance of the Bonds;

- (c) Assisting the District in preparing each official statement or placement memorandum (the “Official Statement”) relating to the sale of the Bonds;
- (d) Reviewing the purchase contracts or the bidding documents relating to the sale of the Bonds and participating in the related negotiations;
- (e) Participating in meetings and other conferences scheduled by the District, the District’s financial advisor or the underwriter;
- (f) Consulting with prospective purchasers, their legal counsel and rating agencies;
- (g) Consulting with counsel to the District concerning any legislation or litigation which may affect the Bonds, the security for the Bonds, or any other matter related to the issuance of the Bonds;
- (h) Consulting with any paying agent for the Bonds and its counsel;
- (i) Preparing the form of the Bonds, and supervising their production, authentication and delivery;
- (j) Rendering the opinions as to the validity of the Bonds described in Section 1B above for use and distribution upon their issuance;
- (k) Rendering a legal opinion to the underwriter or purchaser of the Bonds as to the applicability of the registration requirements of federal securities laws; and
- (l) Delivering a letter to the underwriter or purchaser of the Bonds to the effect that the Official Statement for each series of the Bonds, excluding certain financial, statistical and other information, does not contain any untrue statement of a material fact or omit any material fact.

C. Special Services. “Special Services” are defined for purposes of this Agreement as services in addition to the services outlined in Sections A and B above. Special Services will include, but not be limited to, any work after a bond closing related to the amendment of the financing documents or

agreements; and special studies or analyses. Special Services must be authorized in writing by the Superintendent, or his designee.

2. COMPENSATION

The District agrees to pay Bond Counsel the following amounts as compensation for services rendered by Bond Counsel under this Agreement; provided that all payments to Bond Counsel (other than election services discussed in the next paragraph) shall be contingent on the successful sale of Bonds and shall be payable only from proceeds of the Bonds:

- A. For the services to be rendered under Section 1A of this Agreement for pre-election services, Bond Counsel shall be paid fees at the hourly rates set forth in Exhibit A up to a cap of \$7,500 from District General Fund or other lawful sources of funds.
- B. For the services to be rendered under Section 1B above (excluding Section 1B(vi)(c) and (l)) relating to the issuance of the Bonds, it is agreed that Bond Counsel will be paid a fee of \$50,000 for each series of Bonds. In addition, for services to be rendered under Section 1B(vi)(c) and (l) above relating to preparing the Official Statement for each series of Bonds and delivering the letter to the underwriter or the purchaser of the Bonds, it is agreed that Bond Counsel will be paid a fee of \$25,000. The foregoing fees will be billed upon the issuance of each series of the Bonds and will be payable from Bond proceeds. For Bonds issued after December 31, 2019, Bond Counsel reserves the right to make such modifications to the foregoing schedule as the District and Bond Counsel agree, as justified by reason of increased cost to Bond Counsel or an increase in the then prevailing fee schedule for the issuance of obligations such as the Bonds. Bond Counsel represents that the foregoing fees for post-election services have not been inflated to account for any pre-election services or for any campaign contributions that Bond Counsel might make with respect to the Bond Election.
- C. In the event Bond Counsel is requested to perform Special Services as set forth in Section 1C above, Bond Counsel will be paid fees at the hourly rates set forth in Exhibit A or in such other manner as is mutually acceptable to the District and Bond Counsel. Such fees will be billed monthly and shall be payable within thirty (30) days following the receipt of each invoice.
- D. In addition to the fees set forth in paragraphs A and B above, Bond Counsel shall be reimbursed for the actual cost of any out-of-pocket expenses reasonably incurred by Bond Counsel in the course of its employment, such as document reproduction, telecommunications charges, printing costs, filing fees, long-distance telephone calls, messenger services, overnight delivery services, travel and similar items of expense. Bond Counsel agrees not to incur more than \$2,000 of expenses related to a series of Bonds without the prior approval of the Superintendent or his designee.

3. PERSONNEL AND CONTRACT ADMINISTRATION

District agrees to accept and Bond Counsel agrees to provide the aforementioned services primarily through Scott Shaver, Reed Glycer and associate attorneys working for Bond Counsel under the direction of Mr. Shaver or Mr. Glycer. If any of the above-named attorneys is unable to provide such services due to death, disability or similar event, Bond Counsel reserves the right to substitute another of its attorneys, upon approval by the Superintendent or his designee, to provide such services; and such substitution shall not alter or affect in any way Bond Counsel's or the District's other obligations under this Agreement.

This Agreement will be administered by the Superintendent, or his designee.

4. CONFLICTS OF INTEREST

Bond Counsel represents several municipal bond underwriting firms on matters not related to the Bonds, and the District hereby provides its informed written consent to Bond Counsel's representation of any municipal bond underwriting firm retained by the District with respect to the issuance of the Bonds on matters not involving the Bonds or the District.

5. TERMINATION

- A. This Agreement may be terminated, without cause, by the District or Bond Counsel upon thirty (30) days' advance written notice to the other party. Such notification shall state the effective date of the termination of this Agreement.
- B. Bond Counsel reserves the absolute right to withdraw from representing the District if, among other things, the District fails to honor the terms of this Agreement, the District fails to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in Bond Counsel's view, render our continuing representation unlawful or unethical. If Bond Counsel elects to withdraw, the District will take all steps necessary to free Bond Counsel of any obligation to perform further services, including the execution of any documents necessary to complete such withdrawal, and Bond Counsel will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the District's behalf in accordance with the payment terms set forth in Section 2 above. If necessary in connection with litigation, Bond Counsel would request leave of court to withdraw.
- C. Bond Counsel's representation of the District under this Agreement will be considered terminated at the earlier of (i) the District's termination of our representation, (ii) Bond Counsel's withdrawal from our representation of the District, or (iii) the substantial completion by Bond Counsel of its substantive work for the District. Unless Bond Counsel has been specifically engaged to perform Special Services related to a series of the Bonds after their issuance, Bond Counsel's representation of District with respect to such series of Bonds shall terminate on their date of issuance.

6. ARBITRATION

IN THE EVENT OF A DISPUTE REGARDING FEES, COSTS, OR ANY OTHER MATTER ARISING OUT OF OR RELATED IN ANY WAY WHATSOEVER TO BOND COUNSEL'S RELATIONSHIP WITH THE DISTRICT, OR BOND COUNSEL'S OR THE DISTRICT'S PERFORMANCE OF THIS AGREEMENT, INCLUDING THE QUALITY OF THE SERVICES WHICH BOND COUNSEL RENDERS, THE DISPUTE SHALL BE DETERMINED, SETTLED AND RESOLVED BY CONFIDENTIAL ARBITRATION IN THE COUNTY OF ORANGE, CALIFORNIA. ANY AWARD SHALL BE FINAL, BINDING AND CONCLUSIVE UPON THE PARTIES, AND A JUDGMENT RENDERED THEREON MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF.

Arbitration may be demanded by the sending of written notice to the other party. If arbitration is demanded, within 20 days of the demand the District shall present a list of five qualified individuals who would be willing to serve that the District would find acceptable to act as arbitrator. To serve as arbitrator, the individual must be a retired judge having served on any federal court or the California Superior Court or higher court in the State of California. Within 20 days of receiving the District's list, Bond Counsel may at its sole discretion (i) select any individual from that list and that individual shall serve as the arbitrator, or (ii) propose its own list of five individuals for arbitrator. If Bond Counsel chooses to present a separate list, the District may within 20 days select any individual from that list and that person shall serve as arbitrator. If no arbitrator can be agreed upon at the end of this process, the District and Bond Counsel each shall select one individual from its own list and those two persons shall jointly select the arbitrator. The arbitration shall be conducted pursuant to the procedures set forth in the California Code of Civil Procedure §§ 1280 et seq., and in that connection you and we agree that § 1283.05 thereof is applicable to any such arbitration. Nothing herein shall limit the right of the parties to stipulate and agree to conduct the arbitration pursuant to the then-current rules of the American Arbitration Association, the Judicial Arbitration & Mediation Services, or any other agreed-upon arbitration services provider.

7. MISCELLANEOUS

- A. Bond Counsel and the employees of Bond Counsel, in performance of the Agreement, shall act in an independent capacity and not as officers or agents of the District.
- B. Without the written consent of the District, this Agreement is not assignable by Bond Counsel in whole or in part.
- C. No alteration or variation of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.
- D. Bond Counsel does not and cannot guarantee any outcome in a matter.
- E. In the event of any dispute that relates to Bond Counsel's entitlement to any payment hereunder, all undisputed amounts shall be paid by the District.
- F. In accordance with the requirements of California Business and Professions Code § 6148, Bond Counsel advises you that the firm maintains professional

errors and omissions insurance coverage applicable to the services to be rendered to the District.

BONSALL UNIFIED SCHOOL DISTRICT, a school district organized and existing under the laws of the State of California

By: _____
Superintendent

STRADLING YOCCA CARLSON & RAUTH,
a Professional Corporation

By: _____
Scott Shaver

EXHIBIT A

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|--------------|-------|
| Shareholders | \$500 |
| Associates | \$300 |
| Paralegals | \$135 |