NORTH SAN MATEO COUNTY SANITATION DISTRICT

a subsidiary of the City of Daly City

333 – 90TH STREET, DALY CITY, CALIFORNIA 94015-1895

(650) 991-8127

REGULAR MEETING – BOARD OF DIRECTORS

Monday, September 23, 2019 - 6:45 PM
City Hall Council Chambers – 2nd Floor
333 – 90th Street, Daly City, CA 94015

AGENDA

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at 991-8078. *We will need **FIVE (5) WORKING DAYS BEFORE ANY FUTURE MEETINGS** to make any necessary accommodations.*

CALL TO ORDER:

ROLL CALL:

APPROVAL OF AGENDA:

CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine and may be approved by one roll call vote of the Board of Directors. There shall be no separate discussion of the matters on the Consent Agenda unless requested by a member of the Board. If discussion is required, that item will be removed from the Consent Agenda and will be considered separately at the end of the Agenda.

Minutes:

1. Regular Meeting of September 9, 2019

Action Items:

2. North San Mateo County Sanitation District (NSMCSD) 10-Year Wastewater System Master Plan

3. Vista Grande Project Financing Management

"AVAILABILITY OF PUBLIC RECORDS. All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the City Clerk's Office, City Hall located at 333 90th Street, Daly City, CA during normal business hours, at the same time that the public records are distributed or made available to the legislative body."

END OF CONSENT AGENDA

PUBLIC APPEARANCES/ORAL COMMUNICATIONS:

NOTE: Speakers are limited to two minutes, unless modified by the Chair. The District cannot take action on any matter raised under this item.

REPORTS:

4. Board of Directors

5. Staff

ADJOURNMENT:

REGULAR MEETING - BOARD OF DIRECTORS

MINUTES

September 9, 2019

The Board of Directors of the North San Mateo County Sanitation District convened in a Regular Meeting on September 9, 2019, in the City Council Chamber, City Hall, 333 - 90th Street, Daly City, California.

The meeting was called to order by Chairman Raymond Buenaventura at 6:56 p.m.

ROLL CALL:

Present: DiGiovanni, Manalo, Daus-Magbual, Sylvester, Buenaventura
Absent:

Staff Present: General Manager Shawnna Maltbie, District Counsel Rose Zimmerman, Director of Water and Wastewater Resources Thomas Piccolotti, Plant and Equipment Maintenance Manager Joshua Cosgrove and Office Assistant II Gillian Chow as Recording Secretary.

APPROVAL OF AGENDA:

Motion was made, seconded (DiGiovanni/Daus-Magbual) and unanimously approved.

CONSENT AGENDA:

1. **Minutes of Regular Meeting of July 22, 2019**
2. **Install New Pump Control Panel at Skyline Lift Station**

Motion was made, seconded (Manalo/Sylvester) and unanimously carried to adopt the Consent Agenda.

NEW BUSINESS:

None.

REPORTS:

3. **Board of Directors**

General Manager Shawnna Maltbie wished the Director of Water and Wastewater Resources Thomas Piccolotti a happy birthday.

4. **Staff**

None

ADJOURNMENT:

At 6:58 p.m., call of adjournment of Regular Meeting by Chairman Raymond Buenaventura.

Item # 2

Agenda Report

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: September 23, 2019

Subject: North San Mateo County Sanitation District (NSMCSD) 10-Year Wastewater System Master Plan

Recommended Action

Board of Directors authorize staff to contract with Brown and Caldwell to develop a 10-Year Wastewater System Master Plan.

Background/Discussion

The capital projects outlined in the existing NSMCSD Master Plan, developed over 20 years ago, have been completed and the Board provided funding in the current biennial capital budget for a new wastewater system master plan. Staff sent Request-for-Proposals (RFP) for a new 10-Year Wastewater System Master Plan to five engineering firms on July 23, 2019 with a deadline to submit a proposal by August 23, 2019. Two firms provided a proposal and staff interviewed representatives from the two firms on September 4, 2019. The factors staff used to review and select a proposal were; the experience of the firm, qualifications of the personnel involved, comprehensiveness and quality of the work plan, and responsiveness to the time frame. With these factors used in the decision, staff is proposing to move forward with Brown and Caldwell to provide a new 10-Year Wastewater System Master Plan. Below are the two firms and the projected cost of the proposals:

Engineering Firm	Cost
Brown and Caldwell	$232,016
Woodard and Curran	$237,387

Fiscal Impact

Sufficient funds are available in Sanitation Fund 87-920-800-4534 to provide for this action.

Recommended Action

Board of Directors authorize staff to contract with Brown and Caldwell to develop a 10-Year Wastewater System Master Plan.

Staff is available to provide any additional information desired by the Chair or Members of the Board.

Respectfully submitted,

Joshua Cosgrove
P&E Maintenance Manager

Thomas J. Piccolotti
Director of Water and Wastewater Resources

Item # 3

Agenda Report

North San Mateo County Sanitation District

a subsidiary of the City of Daly City

Meeting Date: September 23, 2019

Subject: Vista Grande Project Financing Management

Recommended Action

Board of Directors authorize staff to contract with Piper Jaffray to provide financial management services for the Vista Grande Project in the amount not to exceed $100,000.

Background/Discussion

The Vista Grande Project is in the final phases of development and staff is working on a financial plan to fund the project. The key financing opportunities identified by staff include low-interest loans through the California Clean Water Act State Revolving Fund (CCSRF) program and the Federal E.P.A. Water Infrastructure Finance and Innovation Act (WIFIA) program, as well as, multiple State grants. Piper Jaffray has experience in successfully securing CCSRF and WIFIA loans for prior municipal clients, most notably, assisting San Francisco Public Utilities Commission (SFPUC) in securing the largest WIFIA loan to date. The SFPUC is a partnering agency in this process and will be a key contributor to the funding of this project. Staff believes the recent successful funding experience of Piper Jaffray and their close association with SFPUC makes them the ideal firm to secure funding for the Vista Grande Project.

Representatives from Piper Jaffray were recently interviewed on two occasions by the City Attorney, Director of Water and Wastewater Resources, and the Acting Director of Finance and Administration. Previous financing projects by the firm were also reviewed by staff and confirmed as successful.

The draft Scope of Work and Professional Services Agreement is included with this report as Attachment A.

Fiscal Impact

Sufficient funds are available in Sanitation Fund 87-920-842-4219 (Vista Grande Project - Professional Services) to provide for this action.

Summary/Conclusion

Board of Directors authorize staff to contract with Piper Jaffray to provide financial management services for the Vista Grande Project in the amount not to exceed $100,000.

Staff is available to provide any additional information desired by the Chair or Members of the Board.

Respectfully submitted,

Thomas J. Piccolotti
Director of Water and Wastewater Resources

FINANCIAL SERVICES AGREEMENT

This Financial Services Agreement, (the Agreement) is entered into on September 9, 2019 by and between Daly City, California (the Client) and Piper Jaffray & Co. (Piper Jaffray or the Financial Services Provider). This Agreement will serve as our mutual agreement with respect to the terms and conditions of our engagement as your financial services provider, effective on the date this Agreement is executed (the Effective Date).

I. Scope of Services.

(A) ***Services to be provided.*** Piper Jaffray is engaged by the Client to provide services with respect to the planned issuance of the Client's Water Infrastructure Finance and Innovation Act (WIFIA), State Revolving Fund, Public Offering, and Placement transactions (the Issues) and any additional issues to be identified in an amendment to the Agreement.

(B) ***Scope of Services***. The Scope of Services to be provided respecting the Issue(s) may consist of the following, if directed by the Client:

1. Provide advice related to the financing of wastewater, stormwater, and other projects.
2. Provide as-needed financial advice regarding market conditions and trends, financial products, credit analysis, alternative financing, State or Federally subsidized loan programs, and other specialty financing.
3. Provide strategies for managing the Client's current and future debt.
4. Review documentation of outstanding Issue(s) with Client personnel and with Client's bond counsel and other consultants
5. Conduct independent analysis of all financing options for the identified project(s).
6. When requested, review recommendations made by other parties to the Client with respect to the new Issue(s).
7. Attend meetings with staff and the Council of the Client and, potentially, staff and governing bodies of other interested parties related to the projects.
8. Develop and recommend financing structuring options, including the development of financial plans.
9. Develop long-term financing needs assessments to ensure coverage for anticipated debt issuances, including preparing assumptions to be utilized in the development of a multi-year rate plan.
10. Manage the implementation of approved financing strategies. This will include, but not limited to, advising and supporting selection of members of the financing team, as appropriate to the selected financing instrument. This may include assisting with the preparation of Request for Proposals, assisting with the selection process by serving on the evaluation committee, and contract negotiations with bond counsel, underwriters, and other team members as appropriate for the type of financing selected. The financial advisor will be responsible for ensuring the performance of the entire tem and deliverables. The financial advisor will also be responsible for arranging for any needed future reporting and maintenance.
11. Prepare financing schedules.
12. Provide assistance as to scheduling, coordinating and meeting procedural requirements relating to any required bond referendum

13. Advise the Client on the manner of sale of the Issue
14. Arrange and facilitate visits to, prepare materials for, and make recommendations to the Client in connection with credit ratings agencies, insurers and other credit or liquidity providers.
15. At the time of issue, provide the Client with relevant data on comparable issues recently or currently being sold nationally and by comparable Clients
16. In a competitive bid sale, prepare the bid package, obtain CUSIP numbers, assist the Client in collecting and analyzing bids submitted by underwriters and in connection with the Client's selection of a winning bidder.
17. In a negotiated sale, coordinate pre-pricing discussions, supervise the sale process, advise the Client on matters relating to retail or other order periods and syndicate priorities, review the order book, and if directed by the Client, advise on the acceptability of the underwriter's pricing and offer to purchase.
18. Assist the Client in identifying an underwriter in a negotiated sale or other deal participants such as an escrow agent, accountant, feasibility consultant, etc. to work on the Issue.
19. Respond to questions from underwriters.
20. Advise Client on potential exercise of optional or other call rights, or potential tender offers, for outstanding Issue(s).
21. Coordinate working group sessions, closing, delivery of the new Issue and transfer of funds.
22. Prepare a closing memorandum or transaction summary.
23. Advise Client on post-issuance disclosure compliance matters, including specific issues that may arise from time to time and the preparation, review and revision of applicable policies and procedures, relating to outstanding Issue(s).
24. Assist Client and its dissemination agent in the preparation of annual filings or other continuing disclosures required under continuing disclosure undertakings for outstanding Issue(s).
25. Advise Client on matters relating to compliance with, including testing and/or reporting on compliance with, bond or other covenants relating to outstanding Issue(s).
26. Advise Client on potential refunding or other refinancing opportunities of its outstanding Issue(s).
27. Advise the Client with regard to continuing disclosure matters, as requested.
28. Assist Client in responding to inquiries from investors or other market participants in connection with Client's outstanding Issue(s).
29. Provide other financial services as required.

(C) ***For Services Respecting Official Statement.*** Piper Jaffray will assemble the preliminary and final official statement from information received from you, third parties and your agents, such as bond counsel. Piper Jaffray will rely on you to provide us with accurate and complete information, access to relevant personnel and agents, and your final approval to the distribution and use of the preliminary and final official statements to carry out these duties. In addition you agree to allow us to rely on any opinion or representation of you or your counsel as to the accuracy or completeness of the preliminary and final official statement.

II. Limitations on Scope of Services. In order to clarify the extent of our relationship, Piper Jaffray is required under MSRB Rule G-42[1] to describe any limitations on the scope of the activities to be performed for you. Accordingly, the Scope of Services are subject to the following limitations:

The Scope of Services is limited solely to the services described herein and is subject to limitations set forth within the descriptions of the Scope of Services. Any duties created by this Agreement do not extend beyond the Scope of Services or to any other contract, agreement, relationship, or understanding, if any, of any nature between the Client and the Financial Services Provider.

To assist us in complying with our duties to our regulators, you agree that if we are asked to evaluate the advice or recommendations of third parties, you will provide us written direction to do so.

The Scope of Services does not include tax, legal, accounting or engineering advice with respect to any Issue or Product or in connection with any opinion or certificate rendered by counsel or any other person at closing.

III. Amending Scope of Services. The Scope of Services may be changed only by written amendment or supplement. The parties agree to amend or supplement the Scope of Services promptly to reflect any material changes or additions to the Scope of Services.

IV. Compensation. Compensation shall be based on hourly rates, task orders, transaction fees, official statement fees, and other expenses as detailed in Exhibit A.

V. IRMA Matters. If the Client has designated Piper Jaffray as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), the extent of the IRMA exemption is limited to the Scope of Services and any limitations thereto. Any reference to Piper Jaffray, its personnel and its role as IRMA in the written representation of the Client contemplated under SEC Rule 15Ba1-1(d)(3)(vi)(B) is subject to prior approval by Piper Jaffray and Client agrees not to represent, publicly or to any specific person, that Piper Jaffray is Client's IRMA with respect to any aspect of municipal financial products or the issuance of municipal securities, or with respect to any specific municipal financial product or any specific issuance of municipal securities, outside the Scope of Services without Piper Jaffray's prior written consent.

VI. Piper Jaffray's Regulatory Duties When Servicing the Client. MSRB Rule G-42 requires that Piper Jaffray undertake certain inquiries or investigations of and relating to the Client in order for Piper Jaffray to fulfill certain aspects of the fiduciary duty owed to the Client. Such inquiries generally are triggered: (a) by the requirement that Piper Jaffray know the essential facts about the Client and the authority of each person acting on behalf of the Client so as to effectively service the relationship with the Client, to act in accordance with any special directions from the Client, to understand the authority of each person acting on behalf of the Client, and to comply with applicable laws, regulations and rules; (b) when Piper Jaffray undertakes a determination of suitability of any recommendation made by Piper Jaffray to the Client, if any or by others that Piper Jaffray reviews for the Client, if any; (c) when making any representations, including with regard to matters pertaining to the Client or any Issue or Product; and (d) when providing any information in connection with the preparation of the preliminary or final official statement, including information about the Client, its financial condition, its operational status and its municipal securities or municipal financial products. Specifically, Client agrees to provide to Piper Jaffray any documents on which the Client has relied in connection with any certification it may make with respect to the accuracy and completeness of any Official Statement for the Issue.

Client agrees to cooperate, and to cause its agents to cooperate, with Piper Jaffray in carrying out these duties to inquire or investigate, including providing to Piper Jaffray accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties.

[1] See MSRB Rule G-42(c)(v).

In addition, the Client agrees that, to the extent the Client seeks to have Piper Jaffray provide advice with regard to any recommendation made by a third party, the Client will provide to Piper Jaffray written direction to do so as well as any information it has received from such third party relating to its recommendation.

VII. Term of Agreement. The term of this Agreement shall begin on the Effective Date and ends, unless earlier terminated as provided below, five years from execution of this contract.

So long as Piper Jaffray is performing pursuant to this Agreement, the Client may not terminate this Agreement during its term. In the event of non-performance by Piper Jaffray, the Client shall first give written notice to Piper Jaffray of the specific event of non-performance, and shall allow Piper Jaffray 30-days to remedy the specific item of non-performance, prior to termination. If Piper Jaffray fails to remedy the specific item of non-performance within the prescribed 30-day period of time, the Client may immediately terminate this Agreement by providing payment to Piper Jaffray for all Reasonable Fees. Piper Jaffray may terminate this Agreement at any time, however, in the event of termination, only the sum of the Reasonable Fees earned, whether previously billed to the Client or not (if not previously paid) shall be due and payable. Reasonable Fees shall mean: With respect to each Issue, the gross fee for that component of bonds multiplied by the ratio that is the total amount of time, in months, that have passed since the execution of this Agreement divided by the total amount of time, in months, necessary to financial closing of the component of the Issue. By way of example, if the Agreement is executed on January 1, 2015, and the expected completion of one component of Bonds is September 1, 2015 (that being 8 months), and the Agreement is terminated on July 1, 2015 (6 months after execution), then the ratio shall be gross fee multiplied by (6/8). The provisions of Sections IV, VII, XII, XIV, XV and XVII shall survive termination of this Agreement.

VIII. Independent Contractor. The Financial Services Provider is an independent contractor and nothing herein contained shall constitute or designate the Financial Services Provider or any of its employees or agents as employees or agents of the Client.

IX. Entire Agreement/Amendments. This Agreement, including any amendments and Appendices hereto which are expressly incorporated herein, constitute the entire Agreement between the parties hereto and sets forth the rights, duties, and obligations of each to the other as of this date. Any prior agreements, promises, negotiations, or representations not expressly set forth in this Agreement are of no force and effect. This Agreement may not be modified except by a writing executed by both the Financial Services Provider and Client.

***X. Required Disclosures*.** MSRB Rule G-42 requires that Piper Jaffray provide you with disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Such disclosures are provided in Piper Jaffray's Disclosure Statement attached as Exhibit B to this Agreement.

***XI. Limitation of Liability*.** In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Piper Jaffray or any of its associated persons, Piper Jaffray and its associated persons shall have no liability to the Client for any act or omission in the course of, or connected with, rendering services hereunder, or for any error of judgment or mistake of law, or for any loss arising out of any issuance of municipal securities, any municipal financial product or any other investment, or for any financial or other damages resulting from the Client's election to act or not to act, as the case may be, contrary to any advice or recommendation provided by Piper Jaffray to the Client. No recourse shall be had against Piper Jaffray for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of the Client arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or Product, if any or otherwise relating to the tax treatment of any Issue or Product if any, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by Client of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived, nor shall it constitute a waiver or diminution of Piper Jaffray's fiduciary duty to Client under Section 15B(c)(1), if applicable, of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

XII. Mutual Indemnification. Unless prohibited by law, the Client hereby indemnifies and holds harmless the Financial Services Provider, each individual, corporation, partnership, trust, association or other entity controlling the Financial Services Provider, any affiliate of the Financial Services Provider or any such controlling entity and their respective directors, officers, employees, partners, incorporators, shareholders, trustees and agents (hereinafter the “Indemnitees”) against any and all liabilities, penalties, suits, causes of action, losses, damages, claims, costs and expenses (including, without limitation, fees and disbursements of counsel) or judgments of whatever kind or nature (each a “Claim”), imposed upon, incurred by or asserted against the Indemnitees arising out of or based upon (i) any allegation that any information in the Preliminary Official Statement or Final Official Statement contained (as of any relevant time) an untrue statement of a material fact or omitted (as of any relevant time) or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Notwithstanding Section XI and as unless prohibited by law, the Financial Services Provider hereby indemnifies and holds harmless the Client its officers, and employees from any and all claims, suits, or actions of every name, kind, and description, brought for, or on account of, injuries to or death of any person(s) or damage to property of any kind whatsoever and to whomsoever belong, which arise out of the negligent acts or omissions of the Financial Services Provider, provided that this shall not apply to injuries for which City has been found by a court of competent jurisdiction to be solely liable by reason of its own negligence or willful misconduct.

In the event of concurrent negligence of the Client, its officers and/or employees, the Financial Services Provider, its officers and/or employees, to persons and/or property, which arise out of terms and conditions of this, Agreement shall be apportioned according to the California theory of comparative indemnity.

The duty to indemnify and save harmless as set forth herein shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

XIII.

XIV. Official Statement. The Client acknowledges and understands that state and federal laws relating to disclosure in connection with municipal securities, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Client and that the failure of the Financial Services Provider to advise the Client respecting these laws shall not constitute a breach by the Financial Services Provider or any of its duties and responsibilities under this Agreement. The Client acknowledges that any Official Statement distributed in connected with an issuance of securities are statements of the Client and not of Piper Jaffray.

XV. Notices. Any written notice or communications required or permitted by this Agreement or by law to be served on, given to, or delivered to either party hereto, by the other party shall be in writing and shall be deemed duly served, given, or delivered when personally delivered to the party to whom it is addressed or in lieu of such personal services, when deposited in the United States' mail, first-class postage prepaid, addressed to the Client at:

Daly City
333 90th Street
Daly City, CA 94015

Todd High, Acting Director of Finance
650-991-8040
thigh@dalycity.org

Tom Piccolotti, Director of Water & Wastewater Resources
650-991-8201
tpiccolotti@dalycity.org

With a copy to:

Rose Zimmerman, City Attorney
650-991-8122
rzimmerman@dalycity.org

Or to the Financial Services Provider at:

Piper Jaffray & Co.
2525 East Camelback Road, Suite 950
Phoenix, AZ 85016-4244

Greg Swartz, Senior Vice President
602-808-5426
Greg.G.Swartz@pjc.com

With a copy to:

Piper Jaffray & Co.
Legal Department
800 Nicollet Mall, Suite 1000
Minneapolis, MN 55402

XVI. Consent to Jurisdiction; Service of Process. The parties each hereby (a) submits to the jurisdiction of any State or Federal court sitting in the State of California for the resolution of any claim or dispute with respect to or arising out of or relating to this Agreement or the relationship between the parties (b) agrees that all claims with respect to such actions or proceedings may be heard and determined in such court, (c) waives the defense of an inconvenient forum, (d) agrees not to commence any action or proceeding relating to this Agreement other than in a State or Federal court sitting in the State of California and (e) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Non-Assignability. . The Financial Services Provider shall not assign this Agreement or any portion thereof to a third party without the prior written consent of Client, and any attempted assignment without such prior written consent in violation of this section automatically shall terminate this Agreement.
XVII.

XVIII. Choice of Law. This Agreement shall be construed and given effect in accordance with the laws of the state of California.

XIX. Counterparts; Severability. This Agreement may be executed in two or more separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

XX. Waiver of Jury Trial. THE PARTIES EACH HEREBY AGREES TO WAIVE ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM, COUNTERCLAIM OR ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE RELATIONSHIP BETWEEN THE PARTIES. PARTIES AGREE TO WAIVE CONSEQUENTIAL AND PUNITIVE DAMAGES.

XXI. No Third Party Beneficiary. This Agreement is made solely for the benefit of the parties and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

XXII. Authority**.** The undersigned represents and warrants that they have full legal authority to execute this Agreement on behalf of the Client. The following individual(s) at the Client have the authority to direct Piper Jaffray's performance of its activities under this Agreement:

Rose Zimmerman, City Attorney

The following individuals at Piper Jaffray have the authority to direct Piper Jaffray's performance of its activities under this Agreement:

Greg Swartz, Senior Vice President

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first above written. By the signature of its representative below, each party affirms that it has taken all necessary action to authorize said representative to execute this Agreement.

ACCEPTED AND AGREED:

DALY CITY

By: ____________________________
Rose Zimmerman
Its: City Attorney

Date: ____________________________

PIPER JAFFRAY & CO.

By: ____________________________
Greg Swartz
Its: Senior Vice President

Date: ____________________________

Piper Jaffray & Co. is registered with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board ("MSRB"). A brochure is posted on the website of the MSRB, at www.msrb.org that describes the protections that may be provided by MSRB rules and how to file a complaint with an appropriate regulatory authority.

Exhibit A – Compensation

1. Hourly Rates

   The following hourly rates shall be charged for services not provided under a Task Order.

Managing Director/Senior Vice President	$250/hour
Vice President	$200/hour
Associate/Analyst	$100/hour

2. Task Orders

   As required by the task and scope of work, the Client and Piper Jaffray hereby agree to negotiate not to exceed cost by project or task through the issuance of "Task Orders" if the project or task will not be compensated through hourly rates or transactions.

3. Transaction Fees

   Transaction compensation for debt issuance will be paid at closing from debt proceeds using the following guideline. Specific fees shall be negotiated based on the type and complexity of the debt issuance.

   Transaction Fee Guideline

Amount	Base Fee	+ Fee per $1,000	Not to Exceed
$10,000,000 or less:	$10,000		$20,000
$10,000,001 to $20,000,000	$20,000		$30,000
$20,000,001 to $30,000,000	$30,000		$40,000
$30,000,001 to $40,000,000	$40,000		$50,000
$40,000,001 to $50,000,000	$50,000		$60,000
$50,000,001 or greater	$60,000	$0.50	$100,000

4. Public Offerings and Placements

   In the event a new issue through a public offering or placement of securities, Client will be responsible for the payment of all fees and expenses commonly known as costs of issuance, including but not limited to: publication expenses, local legal counsel, bond counsel, ratings, credit enhancement, travel associated with securing any rating or credit enhancement, printing of bonds, printing and distribution of required disclosure documents, trustee fees, paying agent fees, CUSIP registration, and the like.

   The Client will reimburse Piper Jaffray for the preparation, distribution, printing and mailing costs associated with the preliminary and final official statement or placement documentation for the Issue contemplated herein at a cost of $10,000.

5. Other Expenses

   The Client shall reimburse the following expenses at actual cost or following Client policy, whichever is less, for the following services: copying, printing, postage, mileage, travel expenses, and courier.

Exhibit B – Disclosure Statement

Municipal Securities Rulemaking Board Rule G-42 (the Rule) requires that Piper Jaffray provide you with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history. Accordingly, this Exhibit B provides information regarding conflicts of interest and legal or disciplinary events of Piper Jaffray required to be disclosed to pursuant to MSRB Rule G-42(b) and (c)(ii).

(A) ***Disclosures of Conflicts of Interest.*** The Rule requires that Piper Jaffray provide to you disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in the Rule, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by us, Piper Jaffray is required to provide a written statement to that effect.

Accordingly, we make the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under the Agreement, together with explanations of how we address or intend to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, we mitigate such conflicts through our adherence to our fiduciary duty to you in connection with municipal advisory activities, which includes a duty of loyalty to you in performing all municipal advisory activities for the Client. This duty of loyalty obligates us to deal honestly and with the utmost good faith with you and to act in your best interests without regard to our financial or other interests. In addition, as a broker dealer with a client oriented business, our success and profitability over time is based on assuring the foundations exist of integrity and quality of service. Furthermore, Piper Jaffray's supervisory structure, utilizing our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of Piper Jaffray potentially departing from their regulatory duties due to personal interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.

Compensation-Based Conflicts. The fees due under the Agreement are based on the size of the Issue and the payment of such fees is contingent upon the successful delivery of the Issue. While this form of compensation is customary in the municipal securities market, this may present the appearance of a conflict or the potential for a conflict because it could create an incentive for Piper Jaffray to recommend unnecessary financings or financings that are disadvantageous to the Client, or to advise the Client to increase the size of the issue. We believe that the appearance of a conflict or potential conflict is mitigated by our duty of care and fiduciary duty and the general mitigations related to our duties to you, as described above.

The fees due under the Agreement are in a fixed amount established at the outset of the Agreement. The amount is usually based upon an analysis by the Client and Piper Jaffray of, among other things, the expected duration and complexity of the transaction and the Scope of Services to be performed by Piper Jaffray. This form of compensation presents the appearance of a conflict or a potential conflict of interest because, if the transaction requires more work than originally contemplated, Piper Jaffray may suffer a loss. Thus, Piper Jaffray may have an incentive to recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. In addition, contingent-based compensation, i.e. based upon the successful delivery of the Issue while customary in the municipal securities market, may present the appearance of a conflict or the potential for a conflict because it could create an incentive for Piper Jaffray to recommend unnecessary financings or financings that are disadvantageous to the Client. This conflict of interest is mitigated by our duty of care and fiduciary duty and the general mitigations related to our duties to you, as described above.

The fees due under the Agreement are based on hourly fees of Piper Jaffray's personnel, with the aggregate amount equaling the number of hours worked by such personnel times an agreed-upon hourly billing rate. This form of compensation presents the appearance of a conflict or a potential conflict of interest if the Client and Piper Jaffray do not agree on a reasonable maximum amount at the outset of the engagement, because Piper Jaffray does not have a financial incentive to recommend alternatives that would result in fewer hours worked.[In addition, contingent-based compensation, i.e. based upon the successful delivery of the Issue while customary in the municipal securities market, may present the appearance of a conflict or the potential for a conflict because it could create an incentive for Piper Jaffray to recommend unnecessary financings or financings that are disadvantageous to the Client.]This conflict of interest is mitigated by our duty of care and fiduciary duty and general mitigations related to our duties to you, as described above.

Transactions in Client's Securities. As a municipal advisor, Piper Jaffray cannot act as an underwriter in connection with the same issue of bonds for which Piper Jaffray is acting as a municipal advisor. From time to time, Piper Jaffray or its affiliates may submit orders for and acquire your securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own trading account or for the accounts of its customers. Again, while we do not believe that this activity creates a material conflict of interest, we note that to mitigate any perception of conflict and to fulfill Piper Jaffray's regulatory duties to the Client, Piper Jaffray's activities are engaged in on customary terms through units of Piper Jaffray that operate independently from Piper Jaffray's municipal advisory business, thereby eliminating the likelihood that such investment activities would have an impact on the services provided by Piper Jaffray to you under the Agreement.

(B) ***Disclosures of Information Regarding Legal Events and Disciplinary History.*** The Rule requires that all municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to a client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Piper Jaffray sets out below required disclosures and related information in connection with such disclosures.

I. Material Legal or Disciplinary Event. There are no legal or disciplinary events that are material to the Client's evaluation of Piper Jaffray or the integrity of Piper Jaffray's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.

II. Most Recent Change in Legal or Disciplinary Event Disclosure. Piper Jaffray has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

(C) ***How to Access Form MA and Form MA-I Filings.*** Piper Jaffray's most recent Form MA and each most recent Form MA-I filed with the SEC are available on the SEC's EDGAR system at http://www.sec.gov/edgar/searchedgar/companysearch.html. The Form MA and the Form MA-I include information regarding legal events and disciplinary history about municipal advisor firms and their personnel, including information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The SEC permits certain items of information required on Form MA or MA-I to be provided by reference to such required information already filed by Piper Jaffray in its capacity as a broker-dealer on Form BD or Form U4 or as an investment adviser on Form ADV, as applicable. Information provided by Piper Jaffray on Form BD or Form U4 is publicly accessible through reports generated by BrokerCheck at http://brokercheck.finra.org, and Piper Jaffray's most recent Form ADV is publicly accessible at the Investment Adviser Public Disclosure website at http://www.adviserinfo.sec.gov. For purposes of accessing such BrokerCheck reports or Form ADV, Piper Jaffray's CRD number is 665.

(D) ***Future Supplemental Disclosures.*** As required by the Rule, this Section 5 may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Piper Jaffray. Piper Jaffray will provide you with any such supplement or amendment as it becomes available throughout the term of the Agreement.