



**PROFESSIONAL SERVICES
AGREEMENT**

By and Between

KEYANALYTICS

and

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

Dated May 17, 2019

THIS AGREEMENT, commencing on May 17, 2019, by and between Mountain View Whisman School District, located in Santa Clara County, California, a school district duly organized under the laws of the State of California (the “DISTRICT”), and C Financial Investment, Inc., a California corporation d.b.a. **KEYANALYTICS** (the “CONSULTANT”).

WITNESSETH

WHEREAS, the DISTRICT has determined it has an immediate and ongoing need for the CONSULTANT to provide the professional consulting services set forth in Section I of this AGREEMENT including the referenced Exhibits attached hereto;

WHEREAS, the DISTRICT has determined it intends to utilize CONSULTANT’s **Keystone Reporting Platform** at the “**Standard Service**” level including assistance with reconciliation, management, reporting, COC reporting, cash flow monitoring and additional consultant support time and assistance;

WHEREAS, the DISTRICT has determined it desires to retain the option to utilize CONSULTANT’s **Keystone Reporting Platform** at the “**Basic Service**” level of Capital Facilities Financial Management Upload and Reconciliation Services for project accounting described in section III *hereunder*;

WHEREAS, the DISTRICT and the CONSULTANT have reasonably concluded that the described services herein do not currently constitute municipal advisory services as the term is applied by the SEC and the MSRB to firms acting as an advisor in connection with the analyzing, structuring or advising on matters related to the structuring and/or issuing of municipal securities;

WHEREAS, the CONSULTANT has disclosed that it is specifically not qualified to provide legal or investment advice related to legal matters that impact the use or restrictions of certain funds or the investment of any DISTRICT funds as part of its services hereunder;

WHEREAS, the services required and described in this AGREEMENT are highly specialized and are not otherwise required by the DISTRICT except during periods when capital facilities are being funded and expended for its School Funding Program (“SFP”), for the ongoing maintenance and compliance related to any resulting municipal issuances, and/or State SFP applications; and

NOW, THEREFORE, it is mutually agreed as follows:

The DISTRICT hereby retains the CONSULTANT to perform the services, upon the terms, subject to the conditions, and in consideration of payments as hereinafter set forth.

I. SERVICES TO BE PROVIDED BY CONSULTANT

The CONSULTANT shall perform the services (“Consulting Services”) set forth in the statement of work (the “Statement of Work”) that is attached as Exhibit A to this AGREEMENT

in a diligent manner consistent with the usual and customary professional standards. This AGREEMENT and the Statement of Work shall be referred to collectively herein as the “AGREEMENT”.

The CONSULTANT may be directed by the DISTRICT in writing to perform supplemental tasks, analyses, expert testimony or assignments related to the provision of the services in this AGREEMENT (“Special Related Consulting Services”). Such Special Related Consulting services are intended to supplement the Consulting Services as described herein as circumstances may, from time-to-time, require assistance with matters related to but not contemplated by this AGREEMENT.

II. COMPENSATION FOR SERVICES RENDERED

A. FEES

DISTRICT shall pay CONSULTANT a fee computed according to the fee schedule incorporated into the attached Statement of Work (“Fee Schedules”) for the Consulting Services rendered. The DISTRICT agrees to pay, and the CONSULTANT agrees to receive as full compensation, for the rendering of any Special Related Consulting Services requested by the DISTRICT, based on the time and materials expended at a rate of \$250 per hour plus expenses as described herein.

B. REIMBURSEMENT FOR OUT-OF-POCKET EXPENSES

Unless otherwise stated within the Fee Schedule, CONSULTANT shall be reimbursed for out-of-pocket expenses, which include extraordinary travel expenses, charges for outside services specifically requested by the DISTRICT, filing fees, other printing charges and other like expenditures -- provided that if any individual expense exceeds \$500.00, the CONSULTANT shall obtain the PRIOR WRITTEN APPROVAL of the DISTRICT’s superintendent, chief business officer or facility planning representative -- each of whom shall be a DISTRICT employee. The CONSULTANT shall be reimbursed for such expenses upon submitting an itemized statement therefore. These expenses shall be billed no more frequently than quarterly, if incurred, and payable within thirty (30) days of receipt of the CONSULTANT’s invoice.

C. INVOICES

Unless otherwise stated within the Fee Schedules, on or about the 10th day following each calendar quarter during which Consulting Services are rendered hereunder, CONSULTANT shall deliver to DISTRICT an invoice for the Consulting Services performed and any approved reimbursable expenses incurred in the prior quarter. All fees and reimbursable expenses shall be payable within thirty (30) days of receipt of the undisputed CONSULTANT’s invoice.

III. OTHER MATTERS

- A. DISTRICT Facilities Data Stored on DATA VAULT:** The CONSULTANT will provide DISTRICT access to the CONSULTANT'S proprietary online **DATA VAULT** to manage, tag, upload, organize and store important documentation required for bond audits, OPSC closeout audits, Federal reporting obligations and local DISTRICT revenue/funding sources compliance requirements. CONSULTANT shall take commercially reasonable steps to protect such data from loss or theft but shall not take extraordinary measures to protect data stored in the vault.

The DISTRICT is advised to retain copies of items stored in the vault and only to store non-confidential documents as part of utilizing this service.

- B. Severability:** Should any portion of the AGREEMENT be invalidated through legal proceedings; the remaining portions of the AGREEMENT shall remain valid and binding upon both parties.
- C. Sub-consultants:** The CONSULTANT may utilize inputs and data provided by the DISTRICT, DISTRICT consultants, or other third parties retained by the CONSULTANT without or at the direction of the DISTRICT. The CONSULTANT agrees that all payments to such sub-consultants retained by the CONSULTANT shall be the sole responsibility of the CONSULTANT.
- D. Independent Contractor Status:** The CONSULTANT and any and all agents and employees of CONSULTANT shall perform the services required pursuant to this AGREEMENT as an independent contractor, not as officers, employees or agents of the DISTRICT. In providing the Consulting Services contemplated by this AGREEMENT, the CONSULTANT shall maintain a professional working relationship with the DISTRICT.
- E. Indemnity:** The CONSULTANT shall indemnify, defend and hold the DISTRICT, its Board of Trustees, officers, agents, and employees harmless from any and all claims, damages, losses, causes of action and demands, including reasonable attorney's fees and costs, incurred in court action with or in any manner arising out of the CONSULTANT'S performance of, or failure to perform, any of the duties contemplated by this AGREEMENT, unless such failure was caused in whole or in part by a negligent act or omission of the DISTRICT.

The DISTRICT shall indemnify and hold the CONSULTANT, its officers, agents and employees harmless from any and all actions or omissions to act which are the responsibility, in whole, or in part, of the DISTRICT. The obligation to indemnify and hold a party harmless as set forth herein shall include payment of any and all attorney's fees and other expenses which are the subject of such agreement to indemnify and hold harmless, in addition to any damages actually incurred.

- F. Taxes:** The CONSULTANT shall be liable and solely responsible for paying all required taxes, including, but not limited to, federal and state income taxes and social security taxes, on all amounts payable to the CONSULTANT. All payments to the CONSULTANT shall be reported to the appropriate State and Federal tax authorities as required.
- G. Amendment:** THIS AGREEMENT cannot be changed or supplemented orally and may be modified only by written instrument executed by all parties.
- H. Compliance with Law:** While performing the Consulting Services contemplated by this AGREEMENT, the CONSULTANT and the DISTRICT agree to comply with all applicable laws and regulations.
- I. Work Records:** All documents developed under this AGREEMENT are and shall become the property of the DISTRICT. It is understood that and agreed that the DISTRICT'S right to documents produced by the CONSULTANT pursuant to this AGREEMENT shall not include an ownership interest, license or possession of any computer models, or databases.

The CONSULTANT shall be entitled to retain copies of all such documents and materials for a period of up to five (5) years following termination or expiration of this AGREEMENT. However, the data files shall remain the property of the DISTRICT.

- J. Entire Agreement:** This AGREEMENT constitutes the entire agreement between the parties and supersedes all prior negotiations, representations, or agreements, either written or oral relating to the Consulting Services to be provided in the AGREEMENT. Prior agreements not directly related to the services to be provided in this AGREEMENT shall remain in full force and effect.
- K. Successors and Assigns:** The DISTRICT and the CONSULTANT each bind themselves, their partners, successors, legal representatives, and assigns of such other party in respect to all covenants of this AGREEMENT. Neither the DISTRICT or the CONSULTANT shall assign or transfer their interest in the AGREEMENT without the consent of the other.
- L. Execution of the AGREEMENT in Counterparts:** This AGREEMENT may be executed in several counterparts each of which shall be an original. Electronic signatures may be provided to this AGREEMENT or any amendment thereto consistent with the provisions of the California Uniform Electronic Transactions Act.
- M. Term of the AGREEMENT** – The basic term of the AGREEMENT shall be five (5) years commencing on the date of signing hereof.
- N. Renewal of the AGREEMENT** – At the expiration of the initial term, this AGREEMENT shall automatically renew on a month-to-month basis unless otherwise terminated or extended for a

longer term by the mutual consent of the parties. Any renewal shall be considered an extension of the original agreement for the purposes of calculating fees.

- N. Termination of the AGREEMENT:** This AGREEMENT, after an initial period of three years, may be terminated by either party, without cause, upon thirty (30) days written notice of either the DISTRICT or the CONSULTANT.

All fees (other than hourly fees that shall be paid on an hourly basis notwithstanding termination) shall be prorated according to the percentage of work completed by the CONSULTANT on the date of DISTRICT termination of other consulting services to be provided under this AGREEMENT and are due and payable no later than the effective date of termination.

- O. Fee Disputes:** The parties agree to work cooperatively to resolve any fee disputes that arise during the term of this AGREEMENT. Should such efforts fail to resolve any dispute(s), the parties agree that any legal costs incurred to enforce the terms of this agreement shall be recoverable by the prevailing party.

- P. Notices:** Except for invoices submitted by the CONSULTANT, all notices or other communications to either party by the other shall be deemed given when made in writing and delivered, mailed or send by electronic transmission to such party at their respective addresses as follows:

If to DISTRICT:

Ron Wheelehan
Interim Chief Business Official
Mountain View Whisman School District
1400 Montecito Avenue
Phone: (650) 526-3531
rwheelehan@mvwsd.org

If to CONSULTANT:

Patty Paulsen
Senior Vice President,
KeyAnalytics,
A Division of California Financial Services
2200 Douglas Blvd, Suite 110
Roseville, CA 95661
Phone: (916) 813-2765
ppaulsen@calschools.com

Steven Gald
Vice President, Public Finance
KeyAnalytics,
A Division of California Financial Services
555 Corporate Drive Suite 100
Ladera Ranch, California 92694
Phone: (949) 282-1077
sgald@calschools.com

IV. DISPUTE RESOLUTION

The DISTRICT and the CONSULTANT shall use good faith efforts to resolve all disputes informally through direct discussions between the DISTRICT and a representative of the CONSULTANT to be appointed by the CONSULTANT for this purpose.

If the parties cannot resolve their dispute by direct consultation, the dispute shall be referred to mediation through the offices of Judicial Arbitration and Mediation Services (JAMS) at the JAMS office which is geographically most closely located to the chief administrative office of the DISTRICT. The parties shall jointly attempt to agree on a mediator from a list of mediators provided by JAMS but if they cannot so agree, they shall request that JAMS provide the parties with a list of potential mediators containing an odd number of not less than five, and the DISTRICT and the CONSULTANT shall alternatively strike one name from the list with the last remaining name deemed to be the mediator selected by the parties.

If the dispute is not resolved in mediation, the matter shall then be submitted to binding arbitration through JAMS and such arbitration shall be conducted pursuant to the JAMS Streamlined Arbitration Rules & Procedures.

Nothing contained herein shall limit either party from seeking injunctive or equitable relief from a court of competent jurisdiction, provided that such injunctive or equitable relief shall be solely in addition to, and not in substitution for the dispute resolution process otherwise provided herein. The prevailing party in any arbitration or litigation procedure shall be entitled, in addition to any other relief to an award of reasonable attorney's fees incurred.

IN WITNESS WHEREOF, the DISTRICT has caused these presents to be properly executed and the CONSULTANT has caused this AGREEMENT to be properly executed, as of the date hereinabove set forth.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By: _____

Ron Wheelehan, Interim Chief Business Official

CALIFORNIA FINANCIAL SERVICES

By: _____

Mark Epstein, Managing Director

EXHIBIT A
STATEMENT OF WORK

KEYANALYTICS

***Capital Facilities Financial Management,
Project Tracking/Reporting &
Ongoing Compliance Support Services***



STATEMENT OF WORK

KEYANALYTICS PROJECT TRACKING AND REPORTING SERVICES

SERVICES TO BE PROVIDED BY CONSULTANT

The CONSULTANT shall provide its **KeyAnalytics Project Tracking, Reporting and Compliance Services** needed to assist the DISTRICT in developing, implementing, and overseeing a **Facilities Financial Management, Reporting and Compliance System** that is integrated with the DISTRICT's existing fiscal system. The CONSULTANT shall receive financial data from the DISTRICT at least monthly in a form exported from the DISTRICT's fiscal system to be uploaded by the CONSULTANT to its proprietary **Keystone Reporting Platform**. The **Keystone Reporting Platform** is designed to support and enhance the ability of the DISTRICT needs, for tracking all major aspects of its General Obligation Bond and any other Capital Facility Funds.

Set forth below are the major service areas and requirements that the CONSULTANT will assist the DISTRICT with under this AGREEMENT.

I. PROJECT TRACKING AND REPORTING SERVICES AT STANDARD LEVEL

These project tracking and reporting support services consist of the following:

- A. TRACKING MULTIPLE REVENUE SOURCES:** The CONSULTANT will track the revenue/funding sources that are being used to fund a portion and/or all of the authorized bond projects, including each G.O. Bond Series issued in Fund 21, Fund 25, Fund 35, and any other Capital Facility Funds revenue/funding sources, as applicable.
- B. PROJECT BUDGETS:** The CONSULTANT will coordinate the development of budget categories for each project, project component, and revenue/funding source and customize the setup to the DISTRICT's Chart of Accounts. The CONSULTANT will track the project **BUDGETS**, changes to the budgets, and the impact of those changes to the DISTRICT'S overall revenue on a cumulative basis.
- C. PROJECT EXPENDITURES:** The CONSULTANT will track the project **EXPENDITURES** from each revenue/funding source individually and on a **CUMULATIVE** basis, from project inception to closeout.
- D. PURCHASE ORDERS AND CONTRACTS:** The CONSULTANT will track **PURCHASE ORDERS** and **CONTRACTS** from each revenue/funding sources on a cumulative basis.
- E. INVESTMENT EARNINGS, TRANSFERS, AND DEPOSITS:** The CONSULTANT will track investment earnings, transfers, deposits, and other fund account activities from each revenue/funding source on a cumulative basis.

- F. **ELECTRONIC DATA UPLOADS:** The CONSULTANT will electronically **UPLOAD** financial data directly from the DISTRICT'S fiscal system export files **without** the need for manual entry or change to the DISTRICT'S accounting procedures and internal controls. This upload feature eliminates the need for DISTRICT staff to double enter the same data, once into the DISTRICT'S fiscal system and then again to a spreadsheet, or other standalone database, thereby preventing data transposition and errors.
- G. **CASH RECONCILIATION:** The CONSULTANT will **RECONCILE** each funding source with the DISTRICT'S fiscal system export files and reconcile to 9110 cash balances, liabilities, revenues, encumbrances and expenditures in each period for accuracy. This feature will enable the DISTRICT to avoid **OMISSIONS** of expenditures or other transactions that affect DISTRICT balances.
- H. **TEN SPECIALTY REPORTS:** Under the CONSULTANT'S Operational Support Services, the DISTRICT will have access to ten (10) specialty reports that are designed to meet the need for information from a summary, Board update level, to a transactional, staff and auditor detail level.
- I. **SORT AND GROUP DATA:** The *Keystone Reporting Platform* will provide the DISTRICT with tools and reports to **SORT** and **GROUP** each funding source in a variety of ways from a **MICRO** transaction level to a **MACRO** program level.
- J. **SECURE ONLINE ACCESS:** The CONSULTANT'S Operational Support Systems will provide the DISTRICT'S **AUTHORIZED** staff and facilities team with **SAFE** and **SECURE** access to the *Keystone Reporting Platform* from anywhere an internet connection is available.
- K. **NO EXTRA FEES:** The CONSULTANT will **not** charge any additional license fees, web user fees, or extra staff navigation and training fees.
- L. **MONTHLY FACILITY PROJECT SUMMARY REPORT** - The CONSULTANT will provide a monthly Facility Project Summary Report identifying budgets, encumbrances, disbursements and remaining balances for each school project component of the DISTRICT's construction program
- M. **CASH FLOW REPORTS** - Assist in preparing periodic Cash Flow Reports as needed that incorporate project budgets, encumbrances, draw-down schedules, future revenue sources into a cohesive and concise report in order to assist the DISTRICT with the strategic cash flow planning of its multi-project and multi-revenue source programs.

II. PROPOSITION 39, STATE AND LOCAL COMPLIANCE SERVICES

These compliance support services consist of the following:

- A. **CITIZENS' OVERSIGHT COMMITTEE REPORTING REQUIREMENT:** The CONSULTANT will provide the **CITIZENS' OVERSIGHT COMMITTEE** ("COC") with accurate and concise expenditure reports that are mandated by the Proposition 39 statutes on a quarterly basis. These reports include the DISTRICT'S Board approved priority bond projects, project budgets, bond funding sources, encumbrances and detailed project expenditures.
- B. **G.O. BOND PERFORMANCE AUDIT REQUIREMENT:** The CONSULTANT will assist the DISTRICT'S independent auditors as needed with the financial information to prepare the annual Performance Audit that is mandated by the Prop. 39 statutes regarding the Bond projects.
- C. **OPSC EXPENDITURE REPORTING REQUIREMENTS:** For State eligible projects, the CONSULTANT will assist the DISTRICT with tracking project **EXPENDITURES** in the OPSC reporting format on a **CUMULATIVE** basis.
- D. **OPSC ANNUAL FILINGS REQUIREMENTS:** For State eligible projects, the CONSULTANT will prepare the State's **ANNUAL** and **FINAL** expenditure reports and **50-06 FORMS** according to OPSC defined categories and guidelines.
- E. **OPSC CLOSEOUT AUDIT REQUIREMENTS:** For State eligible projects, the CONSULTANT will assist the DISTRICT with the OPSC **CLOSEOUT** audit as needed.
- F. **TAX CERTIFICATE RECORDKEEPING AND ALLOCATION REQUIREMENT:** In addition to tracking the Bond and other revenue/funding sources, the CONSULTANT will provide the DISTRICT access to its proprietary **DATAVAULT**, which is a paperless data repository system for tagging, cataloging, and storing important documents for general record keepings as well as retrieval of important documents for the bond and in the event of a potential audit by the OPSC and the IRS.

COMPENSATION FOR STANDARD SERVICES

The DISTRICT agrees to pay, and the CONSULTANT agrees to receive as full compensation for the rendering of the *KeyAnalytics Project Tracking, Reporting and Compliance Services* at the **Standard Level**, as described above, the following amounts:

- A. **MONTHLY FEE:** A discounted monthly fee of **\$3,800** with no limit on the amount of data uploaded for the above CONSULTANT'S ongoing *KeyAnalytics Project Tracking, Reporting and Compliance Services* including 10 hours each month (non-cumulative and net of time expended on uploads and data management) of System Consulting Oversight Services to provide general support and assistance in reconciling future financial data and preparing

reports for DISTRICT staff, DISTRICT auditors, and the COC as directed by the DISTRICT. Additional consulting services can be provided at the DISTRICT's request on a fee basis of \$250 per hour. Once a new bond is passed, the monthly rate will increase to the non-discounted rate of \$4,500.

- B. ONE-TIME SETUP FEE** - The **one-time setup fee of \$10,000 will be reduced to \$5,000** for the DISTRICT for the software system setup customized to the DISTRICT's chart of accounts and projects, and the transfer of the data from the DISTRICT's existing accounting records into the proprietary **Keystone Reporting Platform**. The setup process includes uploading data from the current fiscal year (2018/19).
- C. OPTIONAL Data Uploads for years prior to 2018-19** will be performed and reconciled at a fee of \$10,000 for each additional year at the request of the DISTRICT. If the DISTRICT pays for uploads of 5 prior years, the CONSULTANT will include the 6th prior year at no additional cost, a savings of \$10,000.
- D. STAFF TRAINING:** The CONSULTANT will provide the DISTRICT at least two-onsite staff training sessions regarding the use and access to the **KeyAnalytics** proprietary **Keystone Reporting Platform** at no additional expense. Unlimited remote training sessions will also be provided at the request of the DISTRICT. Additional on-site training sessions can be provided at the DISTRICT's request on a fee basis of \$250 per hour.
- E. PAYMENT OF FEES:** Such fees are payable quarterly by the DISTRICT to the CONSULTANT from the inception of the program until the final project expenditure report is completed, which will be billed quarterly as of **March, June, September and December** of each year.
- F. OTHER REQUESTED SPECIAL RELATED CONSULTING SERVICES:** A fee of \$250 per hour for assistance by the CONSULTANT for any special data requests and other Special Related Consulting Services requested and approved in advance by the DISTRICT.
- G. DATA VAULT STORAGE:** Storage of DISTRICT Program documentation for seven (7) years is included in the above annual fee for services for so long as the CONSULTANT is continuously providing **KeyAnalytics Operational Support Services** set forth in this AGREEMENT. *After seven (7) years, the DISTRICT may maintain its active **DATA VAULT** and have access to the system on a read-only basis for a fee of \$250 per year, or request the DISTRICT data be transferred to a storage medium provided to the CONSULTANT by the DISTRICT.*

III. OPTION TO MOVE TO SERVICES AT BASIC LEVEL

BASIC SERVICES – The DISTRICT has the option to move to the Basic Service Level at any time, if requested by email or otherwise in writing by the DISTRICT. The CONSULTANT will provide the services outlined in the Standard Level in Section 1, items A – K, but the DISTRICT will take responsibility for maintaining the budgets, revenue allocations and all

reporting responsibilities included in Section II above for Proposition 39, State and Local Compliance Services.

COMPENSATION FOR BASIC SERVICES

The DISTRICT agrees to pay, and the CONSULTANT agrees to receive as full compensation for the rendering of the **KeyAnalytics Services** at the **Basic Level**, as described above, the following amounts:

- A. **MONTHLY FEE:** A discounted monthly fee of **\$2,800** with no limit on the amount of data uploaded. Once a new bond is passed, the monthly rate will increase to the undiscounted monthly rate of \$3,500. This service includes full access to the proprietary **Keystone Reporting Platform** and up to 4 hours of system consulting services per month. The four hours include uploading and reconciling the DISTRICT's data. Four hours is sufficient for most clients at Basic Level, but additional consulting services can be provided as requested at a cost of \$250 per hour and must be approved in advance by the DISTRICT.
- B. **Optional Report Assistance** - If the DISTRICT requests assistance in preparing periodic reports for the Bond Oversight Committee, Board or District auditors, this service can be provided at a cost of \$5,000 per year.
- C. **Optional OPSC Audit Assistance** - If MVWSD requests assistance with OPSC audits, this service can be provided at a cost of \$250 per hour.
- D. Additional Training Sessions beyond the initial two trainings are provided at \$250 per hour.

EXHIBIT B
MSRB G-42
Client Disclosure
For Non-Municipal Advisory Contracts

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

KeyAnalytics is a division of California Financial Services, a registered municipal advisor regulated by the Securities and Exchange Commission. These regulations require that certain standard disclosures and certain specific disclosures be made to every client. **KeyAnalytics** (CONSULTANT) does not provide municipal advisory services. The CONSULTANT does not intend to provide municipal advisory services as part of this engagement. Should the DISTRICT desire such services, California Financial Services will prepare a separate agreement for the DISTRICT. These disclosures are being made to ensure that changes in regulatory interpretation as to the types of services that are deemed “municipal advisory” do not expose the CONSULTANT or the DISTRICT to regulatory action.

STANDARD DISCLOSURES

These standard disclosures include advice that would also apply to nearly all contractors that provide services to municipal entities. In general, they describe how various forms of compensation create incentives for conduct that might conflict with the best interests of the DISTRICT. All identified forms of compensation have potential conflicts. The rationale for informing the DISTRICT is to make DISTRICT representatives aware of these conflicts for the purpose of monitoring the performance of the CONSULTANT and managing each identified conflict in daily decision making.

SPECIFIC DISCLOSURES

The specific disclosures are more particular to the specific circumstances of the DISTRICT and the CONSULTANT. These conflicts typically include campaign contributions, gifts, relationships between DISTRICT decision-makers and employees of the CONSULTANT and CONSULTANT findings and recommendations that result in additional work and compensation for the CONSULTANT. California Financial Services requires its employees to disclose any family relationships or marital relations to the CONSULTANT and the CONSULTANT generally prohibits any such person from acting as part of the DISTRICT consulting team. While consultants routinely make recommendations that lead to additional work and compensation, California Financial Services believes that disclosure of such conflicts ensures that DISTRICT management is aware of prior contracts and additional services that might be impacted by the CONSULTANT'S findings and recommendations.

PROVISIONS OF CONTRACT WITH DISCRETIONARY SERVICES

This AGREEMENT includes OPTIONAL Consulting Services to be provided by one or more **KeyAnalytics** staff that may also be California Financial Services municipal advisory professionals. In order for the CONSULTANT to provide any consulting services that might now or in the future be deemed "municipal advisory" services, the Securities and Exchange Commission requires us to provide written disclosure to the DISTRICT identifying the actual or potential conflicts of interest presented by various forms of compensation. We believe we may be obligated to provide this disclosure to protect both parties against regulatory action in the event that "municipal advisory" services are defined more broadly than is understood today. After considering these potential conflicts, the DISTRICT should determine whether the proposed form of compensation in the attached AGREEMENT best meets its needs for the agreed upon scope of services.

STANDARD DISCLOSURE OF POTENTIAL COMPENSATION CONFLICTS

Forms of compensation; potential conflicts. The forms of compensation for services deemed to be municipal advisory, if provided, vary according to the nature of the engagement and requirements of the client, among other factors. Various forms of compensation present actual or potential conflicts because they may create an incentive for an advisor to recommend one course of action over another if it is more beneficial to the advisor to do so. This document discusses various forms of compensation and the timing of payments to the advisor.

Fixed fee. Under a fixed fee form of compensation, the municipal advisor is paid a fixed amount at the outset of the transaction. The amount is usually based upon an analysis by the client and the advisor of, among other things, the expected duration and complexity of the transaction and the agreed-upon scope of work that the advisor will perform. This form of compensation presents a potential conflict of interest because, if the transaction requires more work than originally contemplated, the advisor may suffer a loss. Thus, the advisor may recommend less time-consuming alternatives, or fail to do a thorough analysis of alternatives. There may be additional conflicts of interest if the municipal advisor's fee is contingent upon the successful completion of a financing, as described below.

Hourly fee. Under an hourly fee form of compensation, the municipal advisor is paid an amount equal to the number of hours worked by the advisor times an agreed-upon hourly billing rate. This form of compensation presents a potential conflict of interest if the client and the advisor do not agree on a reasonable maximum amount at the outset of the engagement, because the advisor does not have a financial incentive to recommend alternatives that would result in fewer hours worked. In some cases, an hourly fee may be applied against a retainer (e.g. a retainer payable monthly), in which case it is payable whether or not a financing closes. Alternatively, it may be contingent upon the successful completion of a financing, in which case there may be additional conflicts of interest, as described below.

Fee contingent upon the completion of a financing or other transaction. Under a contingent fee form of compensation, payment of an advisor's fee is dependent upon the successful completion of a financing or other transaction. Although this form of compensation may be customary for the client, it presents a conflict because the advisor may have an incentive to recommend the unnecessary financings or financings that are disadvantageous to the client. For example, when facts or circumstances arise that could cause the financing or other transaction to be delayed or fail to close, an advisor may have an incentive to discourage a full consideration of such facts and circumstances, or to discourage consideration of alternatives that may result in the cancellation of the financing or other transaction.

Fee paid under a retainer agreement. Under a retainer agreement, fees are paid to a municipal advisor periodically (e.g. monthly) and are not contingent upon the completion of a financing or other transaction. Fees paid under a retainer agreement may be calculated on

a fixed fee basis (e.g., a fixed fee per month regardless of the number of hours worked) or an hourly basis (e.g. a minimum monthly payment with additional amounts payable if a certain number of hours worked is exceeded). A retainer agreement does not present the conflicts associated with a contingent fee arrangement (described above).

Fee based upon a principal or notional amount and term of transaction. Under this form of compensation, the municipal advisor's fee is based upon a percentage of the principal amount of an issue of securities (e.g. bonds) or, in the case of a derivative, the present value of or notional amount and term of the derivative. This form of compensation presents a conflict of interest because the advisor may have an incentive to advise the client to increase the size of the securities issue or modify the derivative for the purpose of increasing the advisors' compensation.

SPECIFIC CONFLICT OF INTEREST CHECKLIST

- Employee has made a political contribution to one or more elected DISTRICT officials;
 - Employee has made a gift to a DISTRICT manager in excess of \$150, excluding meals related to District meetings and business;
 - Employee has existing employment or consulting relationship with the DISTRICT;
 - Employee has been a past employee of the DISTRICT within the prior 3 years;
 - Family member of an employee is an employee or past employee of the DISTRICT;
 - DISTRICT employee or Board member has a contractual relationship with the CONSULTANT or any of its subdivisions;
 - CONSULTANT employee has had a contractual relationship with a District employee or Board member in any of the last three years;
 - Employee receives compensation that is directly related to and contingent upon the issuance of debt by the DISTRICT;
 - DISTRICT has a pre-existing Agreement with CONSULTANT for services that would be directly related to and contingent upon the issuance of debt by the DISTRICT;
 - Proposed AGREEMENT will create a relationship with CONSULTANT that may generate additional compensation to CONSULTANT that would be directly related to and contingent upon the issuance of debt by the District.
-
- Explanation of any conflicts:**

Acknowledgement

The undersigned hereby acknowledges that he/she has received this disclosure and that he/she has been given the opportunity to raise questions and discuss the foregoing matters with the advisor.

MOUNTAIN VIEW WHISMAN SCHOOL DISTRICT

By _____
Name Ron Wheelehan
Title Interim Chief Business Official
Date _____