
CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (this “Agreement”) is dated as of the latest date set forth on the signature page hereto (the “Effective Date”) and is entered into by and between Isom Advisors, a Division of Urban Futures Inc., a California corporation (“Advisor”), and Borrego Springs Unified School District (“District”).

RECITALS

WHEREAS, District wishes to issue certain bonds (the “Bonds”) and desires that Advisor provide to District certain Consulting Services (defined below) with respect to the Bonds; and

WHEREAS, Advisor desires to provide to District certain Consulting Services with respect to the Bonds on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the parties agree as follows:

AGREEMENT

1. **CONSULTING SERVICES.** District hereby retains Advisor to perform (i) the financial planning services set forth on Exhibit A hereto (“the Financial Planning Services”), (ii) the financial advisory services set forth on Exhibit B hereto (“the Financial Advisory Services”); and (iii) the Continuing Disclosure services set forth on Exhibit C hereto (the “Continuing Disclosure Services”); and Advisor hereby agrees to perform the Consulting Services pursuant to the terms and conditions of this Agreement.

2. **EFFECTIVE DATE, TERM AND CONDITIONS.** This Agreement shall be effective as of the Effective Date and shall remain in effect until (i) the 5-year (five-year) anniversary of the Effective Date (the “Term”) or (ii) until the Agreement is terminated as set forth below. The parties may extend the Term for successive 1-year (one-year) periods upon mutual written agreement, or otherwise as the parties may agree in writing.

3. **COMPENSATION.** Compensation for the Consulting Services provided to District pursuant to this Agreement shall be as set forth in this Section 3. All fees and expenses are contingent on the success of the election. Fees for Continuing Disclosure Services, and Financial Planning Services shall be paid from the District’s general fund or other allowable sources. Fees for Financial Advisory Services shall be paid out of proceeds received by the District resulting from the sale of Bonds.

a. Fees.

i. For Financial Planning Services, District shall pay to Advisor a one-time fee of Fifteen Thousand Dollars (\$15,000) payable upon the closing of the first series of Bonds.

ii. For Financial Advisory Services, District shall pay to Advisor a not-to-exceed fee of Sixty-Five Thousand Dollars (\$65,000) for each series of Bonds sold, payable upon the closing of each series of Bonds (including, without limitation, the first).

iii. For Continuing Disclosure Services, District shall pay an annual fee of Three Thousand Dollars (\$3,000) for the filing of customary continuing disclosure documents for each year of the Term existing after a closing of a series of Bonds.

iv. District shall reimburse Advisor for out-of-pocket expenses incurred by Advisor in the course of performance of Consulting Services at the actual cost of such expenses, not to exceed \$2,000. Payment for any expenses pursuant to this Section shall be made at the next following due date for payment of a fee pursuant to Section 3(a).

4. **COVENANTS.**

a. District.

i. Access to Personnel. District will cooperate with Advisor by providing opportunities to consult with District personnel as Advisor deems reasonably necessary to perform the Consulting Services.

ii. Information. District agrees to provide, on a timely basis, and to the best extent possible, all necessary and accurate information reasonably requested by Advisor for the purpose of performing the Consulting Services.

iii. Additional Professional Services. Upon written request for authorization and written approval by the District, at the District's sole discretion, the District agrees to provide or be responsible for additional professional services (e.g., legal counsel, paying agent) as Advisor deems reasonably necessary to complete the Consulting Services and the Bond issuance.

iv. Further Assurances. District agrees to take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby.

b. Advisor.

i. Compliance with Laws. Advisor shall, at all times, comply with all laws, rules and regulations related to the subject matter of this Agreement and to which Advisor is subject.

ii. Further Assurances. Advisor agrees to take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby.

5. TERMINATION.

a. This Agreement may be terminated prior to the conclusion of the Term as follows:

i. By either party upon the other party's material breach of any of its representations, warranties or obligations under this Agreement, provided that such breach is not cured within thirty (30) days of receipt of notice specifying the breach.

ii. At any time upon mutual written consent of the Parties.

iii. Notwithstanding the foregoing, the District may terminate this Agreement without cause upon thirty (30) days written notice and in that event, Advisor shall be paid for the reasonable value of services performed to the date of termination. However, if the District terminates this Agreement without cause thirty days (30) or fewer prior to the sale of a series of Bonds in connection with a Bond program with respect to which Advisor performed any Consulting Services, Advisor shall be entitled to promptly receive the full fee as set forth in Section 3(a)(ii) with respect to Financial Advisory Services provided for such Bond series. Such amounts shall be paid by District to Advisor upon District's receipt of proceeds resulting from the sale of such Bonds.

b. The District agrees that during the term and any subsequent terms of this contract that Advisors shall be the sole financial advisor in relation to the sale of the Bonds, and that no additional financial advisors shall be hired by the District for the services described in this Agreement without the written consent of Isom Advisors, a Division of Urban Futures, Inc.

6. LIMITATION OF LIABILITY.

a. Advisor Liability. The parties agree that Advisor's officers, directors, agents and employees shall not be personally liable to District for any damages in connection with this Agreement. Advisor shall be solely liable for any finally determined damages in connection with this Agreement for which Advisor is deemed liable.

b. Limitation of Advisor Liability. Except to the extent finally determined to have resulted from the negligence, fraud or willful misconduct of Advisor, Advisor's liability to pay damages for any damages, losses and claims incurred by District, regardless of the theory

of liability asserted, is limited to no more than an amount equal to the total amount of insurance required fees paid to Advisor under this Agreement.

c. District Liability. The parties agree that District's officers, directors, agents, and employees shall not be personally liable to Advisor for any damages in connection with this Agreement. District shall be solely liable for any finally determined damages in connection with this Agreement for which District is deemed liable.

d. Limitation of District Liability. Except to the extent finally determined to have resulted from the negligence, fraud or willful misconduct of District, and without limiting the District's defenses permitted under the law, District's liability to pay damages for any damages, losses and claims incurred by Advisor, regardless of the theory of liability asserted, is limited to no more than an amount equal to the total amount of insurance required fees paid to Advisor under this Agreement.

e. Survival of Liability. The provisions of this Section 6 shall survive the expiration or termination of this agreement.

7. **CONFIDENTIALITY OF INFORMATION.** It is mutually agreed that Advisor shall regard all information received during the performance of services pursuant to this Agreement ("Confidential Information") as confidential and shall not disclose Confidential Information to any other person without prior written consent of District. Confidential Information shall not include information that: (i) is, as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than Advisor; or (ii) is subsequently learned from a third party not under a confidentiality obligation to District. In addition, Advisor shall be entitled to disclose Confidential Information to the extent such disclosure is requested by the order of a court of competent jurisdiction, administrative agency, or other governmental body, provided that Advisor shall provide prompt, advanced written notice thereof to enable District to seek a protective order or otherwise prevent such disclosure. The confidentiality obligations of Advisor shall survive the expiration or termination of this Agreement.

8. **ADDITIONAL MATTERS.**

a. MSRB Rule G-10.

i. Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors are required to provide certain written information to their municipal entity and obligated person clients which include the following: Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

Within the MSRB website at www.msrb.org, the District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

b. MSRB Rule G-42; Duties of Non-Solicitor Municipal Advisors.

i. Conflicts of Interest. Isom Advisors represents that in connection with the issuance of municipal securities, Isom Advisors may receive compensation from an Issuer or Obligated Person for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Isom Advisors hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Isom Advisors' ability to provide unbiased advice to enter into such transaction.

It should be noted that other forms of compensation (i.e. hourly or fee based) may also present a potential conflict of interest regarding Isom Advisors' ability to provide advice regarding a municipal security transaction. These conflicts of interest (if ever applicable) would not impair Isom Advisors' ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Issuer.

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

ii. Legal or Disciplinary Events. Isom Advisors does not have any legal events or disciplinary history on Isom Advisors' Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Issuer may electronically access Isom Advisors' most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html.

There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Isom Advisors, we will provide complete disclosure to the Issuer in detail allowing the Issuer to evaluate Isom Advisors, its management and personnel.

c. Governing Law; Jurisdiction. It is expressly understood and agreed that this Agreement and all questions arising hereunder shall be construed according to the laws of the State of California, without giving effect to conflicts of law principles. All actions or proceedings arising directly or indirectly from this Agreement shall be litigated in courts located within San Diego County, California. The parties consent to the jurisdiction thereof and the parties further agree not to disturb such choice of forum.

d. Independent Contractor: Both parties hereto in the performance of this Agreement will be acting in an independent capacity and not as agents, employees, partners or joint ventures with one another. Neither the Advisors nor the Advisors' employees are employee of the District and are not entitled to any of the rights, benefits, or privileges of the District's employees, including but not limited to retirement, medical, unemployment, or workers' compensation insurance.

Neither the District nor its officers, agents or employees shall have any control over the conduct of the Advisors or any of the Advisors' employees except as herein set forth, and the Advisors expressly agrees not to represent that the Advisors or the Advisors' agents, servants, or employees are in any manner agents, servants or employees of the District, it being understood that the Advisors, its agents, servants, and employees are as to the District wholly independent Advisors and that the Advisors' obligations to the District are solely such as are prescribed by this Agreement.

e. Political Contributions: Isom Advisors may choose of its own free will to contribute time, money, or resources to political campaigns associated with the passage of a voter approved funding measure. Prior to signing this agreement, Advisor has not made, considered, or discussed a contribution to any campaign. This agreement does not obligate Advisor to contribute to any particular campaign or election. Advisor has in no way committed to or indicated a willingness to contribute time, money, or resources to any campaign, or to make any other contribution.

f. Conflicts of Interest: No officer or employee of District shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Advisors warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

g. Successors and Assigns. Except as otherwise provided herein, this Agreement shall not be assignable by either party without the express written consent of the other party hereto. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

h. Attorneys' Fees. In the event of any action to enforce or interpret this Agreement, including without limitation the recovery of damages for its breach, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.

i. Amendments to Agreement. This Agreement may not be modified, amended or supplemented except by written instrument executed by all parties hereto.

j. Notice. All notices to be given by the parties hereto and other communications hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed telex, electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (iv) four days after deposit with a United States Post Office, first class postage prepaid and registered. All communications shall be sent as follows:

To Advisor:

Isom Advisors,
a Division of Urban Futures, Inc.
1470 Maria Lane, Ste. 315
Walnut Creek, CA 94596
Attn.: Jonathan Isom, Managing Principal
Telephone: (925) 478-7450
E-mail: jon@isomadvisors.com

To District:

Borrego Springs Unified School District
2281 Diegueno Road
Borrego Springs, CA 92004
Attn.: Mark Stevens, Superintendent
Telephone: (760) 767-5357
E-mail: mstevens@bsusd.net

k. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

l. Entire Agreement. This Agreement (including the Exhibits attached hereto) contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between the parties with respect to such subject matter. The Exhibits attached hereto constitute a part hereof as though set forth in full herein.

m. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the dates set forth below.

ADVISOR:

DISTRICT:

Isom Advisors,
A Division of Urban Futures Inc.

Borrego Springs Unified School District

By: _____

By: _____

Name: Jonathan Isom

Name: Mark Stevens

Title: Managing Principal

Title: Superintendent

Dated: _____, 2018

Dated: _____, 2018

Urban Futures, Inc. is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, Fair Oaks Recreation and Park District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

EXHIBIT A

FINANCIAL PLANNING SERVICES

- Review District project list and assist District in preparing a capital and financing plan
- Analyze the assessed valuation of District, calculate bonding capacity, and perform financial analysis to determine possible bond proceeds
- Create an election timeline and financing timeline; coordinate same with bond counsel, District, and county
- Recommend proposed bond amount, issuance schedule, and projects to be funded by bond program
- Conduct public information program to assess the feasibility of a bond program in District including providing information
- Assist in the preparation of a bond election resolution including preparing ballot language and detailed bond project list
- Prepare tax rate statement and estimates of tax rates for bond program
- If needed, prepare ballot arguments and rebuttals

EXHIBIT B

FINANCIAL ADVISORY SERVICES

- Analyze the bond market to determine timing, credit enhancement requirements, structure, bond amount, legal documentation requirements, rating requirements, and method of sale
- Assist District, as needed, to assemble bond finance team members including bond counsel, paying agent, trustee, and underwriter
- Prepare timeline, distribution lists, and term sheets to manage financing
- Manage bond issuance process including the coordination with other finance team members (bond counsel, paying agent, trustee, and underwriter, if needed)
- Define the proposed structure including sizing, call provisions, amortization schedule, and phasing of debt service repayment
- Review legal documents including district and county resolutions, bond purchase agreements, Preliminary Official Statement, and Official Statement
- Prepare rating agency and insurer presentation; negotiate with analysts of same
- Assist in preparation and train District members for rating agency meetings
- Analyze tax base and recommend appropriate tax structure
- For competitive sale, review Notice of Sale and Bid Form, distribute bid documents to qualified underwriters and post bid documents, monitor and verify bids on day of sale, and coordinate award of winning bid
- For negotiated sale, discuss structure and tax rate objectives with underwriter, review proposed structure and scale and make recommendations as appropriate, review fees, and review final pricing
- Review closing documents including tax opinion, arbitrage certificate, and continuing disclosure certificate
- Prepare wrap up presentation booklets to summarize bond sale
- Manage pre-closing and closing
- Attend board meetings as needed to explain bond sale, legal documents, and pricing summary

EXHIBIT C

CONTINUING DISCLOSURE SERVICES

- Annually review District's Continuing Disclosure requirements
- Submit to Municipal Securities Rulemaking Board the necessary filings and documentation in order to remain compliant with Continuing Disclosure requirements