

February 16, 2018

Board of Trustees c/o
Dr. Nellie Meyer, Superintendent
Mount Diablo Unified School District
1936 Carlotta Drive
Concord, CA 94519

**Re: Mount Diablo Unified School District
Second Amendment to Financial Advisory Services Agreement**

Ladies and Gentlemen:

Dale Scott & Company proposes to Mount Diablo Unified School District the amendments (the "Amendment") to the *Financial Advisory Services Agreement* the parties signed on April 24, 2015 and amended on July 27, 2015 (the "Agreement"). Upon the District's acceptance by signature below, the terms of this Amendment shall be effective as of the date written below, and shall be incorporated into the Agreement to the same extent as if set forth therein.

Except as set forth in this Amendment, the Agreement is unaffected and shall continue in full force and effect in accordance with its terms. If there is conflict between this Amendment and the Agreement, the terms of this Amendment will prevail.

Sincerely,



Dale Scott
President
Dale Scott & Company



**ADDENDUM TO AGREEMENT BETWEEN
MOUNT DIABLO UNIFIED SCHOOL DISTRICT AND
INDEPENDENT CONTRACTOR**

This Addendum to the Agreement for Independent Contractor Services (“Addendum”) is entered into by and between MOUNT DIABLO UNIFIED SCHOOL DISTRICT (“District”), having its principal place of business at 1936 Carlotta Drive, Concord, California and Dale Scott & Co., Inc. (DS&C) having its principal place of business at 650 California St., Suite 2050, San Francisco, California.

RECITALS

1. The District and DS&C entered into an Independent Services Agreement (ISA) dated May 4, 2015 for financial advisor services as amended July 27, 2015; and
2. The parties desire to clarify the ISA in a number of respects.

NOW THEREFORE, THE DISTRICT AND DS&C HEREBY AGREE AS FOLLOWS:

1. Paragraph 1 of the ISA is amended by adding the following:

c) **Survey Research Services.** *If so requested, design and draft a random survey of registered voters of the District, incorporating comments from the District, coordinating the gathering of data, and analyzing and presenting the results to the District. Specific information will include:*

- *Perceived need for a bond issue*
- *Need for the funding of specific projects*
- *Willingness to raise taxes for bond at various rates*

d) **Pre-Election Services.** *Specific information will include:*

- *Review District’s overall financing needs and recommend appropriate financing vehicle*
- *Review District project list including anticipated costs and construction start and end dates*
- *Develop timeline for actions necessary to place bond measure on ballot including: ballot question and project list completion, Board action date, ballot argument and signatures, and County filing deadlines*
- *Review historical assessed valuation patterns*
- *Calculate bonding capacity of District, less any outstanding debt*
- *Prepare a financing plan including alternative amortization schedules of the bonds’ principal repayment, alternative total bond issue amounts, alternative repayment plans (e.g. level debt service, ascending debt), alternative scenarios for timetable of bond issuance*
- *Analyze impact of alternative bond scenarios on tax rates and advise District on preferred bond structure given District parameters for proceeds to be generated and tax rate impacts*
- *Recommend proposed bond amount and issuance schedule*
- *Prepare ballot language*
- *Review resolutions prepared by bond counsel*
- *Advise District as to information to be distributed to public regarding proposed bond issue*
- *Prepare tax rate statement for ballot*
- *Prepare the argument for ballot and, if needed, the rebuttal*



2. Paragraph III of the ISA is amended by adding the following:
 - d) *If Survey Research Services are provided, the District shall pay Financial Advisor a one-time fee of \$10,000 per survey. In addition, the District agrees to reimburse Financial Advisor for approved out of pocket expenses related to the collection of survey research data in an amount not to exceed \$5,000. Survey Research Services fees and expenses shall be contingent on the passage and sale of the Bonds, and due at the time of the first Bonds sale.*
 - e) *For Pre-Election Services, the District shall pay DS&C a fee of \$25,000 per election, which is contingent upon the passage of the bond measure for which the services are provided.*
3. Paragraph IV of the ISA is amended by adding the following:

IV. Effective Date, Terms, and Conditions. This Agreement and this Addendum shall be effective on the date signed by an authorized representative of the District and shall remain in effect for five years from the date of this Addendum.
4. The Agreement is amended by adding the following italicized language as an appendix to the Agreement:

**APPENDIX A:
DISCLOSURES REQUIRED UNDER MSRB RULE G-42**

Required Disclosures. MSRB Rule G-42 requires that Financial Advisor provide you with the following disclosures of actual and potential material conflicts of interest and of information regarding certain legal events and disciplinary history.

- 1) **Disclosures of Conflicts of Interest.** Financial Advisor makes the following disclosures with respect to material conflicts of interest in connection with the Scope of Services under its Agreement with the District, together with explanations of how Financial Advisor addresses or intends to manage or mitigate each conflict. To that end, with respect to all of the conflicts disclosed below, Financial Advisor mitigates such conflicts through its adherence to its fiduciary duty to the District, which includes a duty of loyalty to the District in performing all municipal advisory activities for the District. This duty of loyalty obligates Financial Advisor to deal honestly and with the utmost good faith with the District and to act in the District's best interests without regard to Financial Advisor's financial or other interests. The disclosures below describe, as applicable, any additional mitigations that may be relevant with respect to any specific conflict disclosed below.
 - a) **Compensation-Based Conflicts.** The financial advisory fees due under Financial Advisor's agreement with the District are contingent upon the completion of the financing for which Financial Advisor is providing municipal advisory services and may be based partially on the size of the financing. While this form of compensation is customary in the municipal securities market, this may present a conflict because it could create an incentive for Financial Advisor to complete or increase the size of the financing. This conflict of interest is mitigated by our fiduciary obligation to the District as described above. Further, Financial Advisor works closely and carefully with the District to ensure the sizing of the financing is appropriate.
 - b) **Related Disclosure Relevant to the District.** Financial Advisor may have made contributions to bond referendum campaigns or provided in-kind election-related assistance to bond referendum campaigns and the campaigns resulted in voter authorization for an issue under Financial Advisor's agreement with the District. Similarly, Financial Advisor may have made contributions to charitable organizations at the request of personnel of the District. The District may wish to consider any impact such circumstances may have on how it conducts its activities with Financial Advisor under its Agreement.



- c) **Other Municipal Advisor Relationships.** Financial Advisor serves as municipal advisor to other municipal advisory clients and, in such cases, owes a regulatory duty to such other clients just as it does to the District under its agreement. These other clients may, from time to time and depending on the specific circumstances, have competing interests, such as accessing the new issue market with the most advantageous timing and with limited competition at the time of the offering. In acting in the interests of its various clients, Financial Advisor could potentially face a conflict of interest arising from these competing client interests.
- 2) **Disclosures of Information Regarding Legal Events and Disciplinary History.** MSRB Rule G-42 requires that municipal advisors provide to its clients certain disclosures of legal or disciplinary events material to the clients' evaluation of the municipal advisor or the integrity of the municipal advisor's management or personnel. Accordingly, Financial Advisor sets out below required disclosures and related information in connection with such disclosures.
- a) **Material Legal or Disciplinary Events.** There are no legal or disciplinary events that are material to the District's evaluation of Financial Advisor or the integrity of Financial Advisor's management or advisory personnel disclosed, or that should be disclosed, on any Form MA or Form MA-I filed with the SEC.
 - b) **How to Access Form MA and Form MA-I Filings.** Financial Advisor's most recent Form MA and each most recent Form MA-I filed with the SEC are located on the SEC's EDGAR system by searching for "Dale Scott & Co" at: <https://www.sec.gov/edgar/searchedgar/companysearch.html>
 - c) **Most Recent Change in Legal or Disciplinary Event Disclosure.** Financial Advisor has not made any material legal or disciplinary event disclosures on Form MA or any Form MA-I filed with the SEC.

IN WITNESS WHEREOF, the DISTRICT and DS&C have executed this Addendum to the Independent Services Agreement with full rights, power and authority to enter into and perform this Agreement.

Date: _____

Dale Scott & Co., Inc.

Date: _____

Superintendent