650 CALIFORNIA ST. 8TH FLOOR
SAN FRANCISCO, CA 94108
WWW.DALESCOTT.COM

November 25, 2014

Board of Trustees c/o
Mike McLaughlin Ed.D, Superintendent
San Leandro Unified School District
14735 Juniper St.
San Leandro, CA 94579

Re: San Leandro Unified School District
Agreement for CAB Restructuring Bond™ Services

Ladies and Gentlemen:

Set forth below is the proposed agreement under which Dale Scott & Company, Inc. ("DS&C") will serve as financial advisor to San Leandro Unified School District ("District") in connection with the refunding of its capital appreciation bonds ("CABs").

I. Advisory Services Provided.

a. **Development and Implementation of CAB Restructuring Bond™ ("CRBs").** Provide the District with a CRB program that:
- Converts costly CABs into lower cost bonds
- When possible, reduces the number of years debt is to be repaid
- Provides significant tax savings to future taxpayers
- Implements CRB program at no cost or risk to District's general fund and
- Complies with all State and federal laws

a. **Board and Staff Briefings**. Fully brief Board of Education and District staff members on mechanics of the CRB program.

b. **Acquisition of Outstanding CABs.** Work with designated underwriters to acquire CABs for refunding.

c. **Refunding Bond Structure.** Develop Refunding Bond Structure that maximizes tax savings to District taxpayers.

d. **Tax Rate Structure.** Develop new tax rate structure to repay Refunding Bonds and seek input from District staff regarding final structure.

e. **Media Relations**. If so requested, fully brief media outlets regarding CRB structure and taxpayer savings.

II. Compensation. The payment of all fees and expenses is wholly contingent on the sale of the CRBs and shall be paid solely from Bond funds. For its services as set forth in this Agreement, DS&C shall be compensated as follows:

a. **Advisory Services.** For the issuance of each series of CRBs, the District shall pay DS&C a fee $10,000 plus an amount based on cumulative tax savings resulting from the CRBs as calculated under Table 1 in Appendix A. Cumulative tax savings shall be defined as the difference between the total debt service payments due on the acquired CABs less the total debt service from the resulting Refunding Bonds.

b. **Expenses**. The District agrees to reimburse DS&C approved reasonable and necessary out-of-pocket expenses at their direct cost plus 5% percent.

III. Effective Date, Terms, and Conditions. This Agreement shall be effective on the date signed by an authorized representative of the District. The agreement shall remain in effect for five years from the date signed, at which time it may be renewed by mutual consent.

The District agrees that during the term and any subsequent terms of this contract that DS&C shall be the sole financial advisor in relation to CABs and Refunding 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 DS&C.

IV. Additional Matters.

a. **Definitions.** For the purposes of this Agreement, the term Bond refers to all bonds approved by the voters prior or subsequent to the date of this Agreement including but not limited to any bond anticipation notes and refunding bonds.

b. **Political Contributions.** DS&C may choose of its own free will to contribute time, money, or resources to political campaigns associated with the passage of a bond measure. Prior to signing this agreement, DS&C has not made, considered, or discussed a contribution to any campaign connected with the referenced refunding of general obligation bonds. This agreement does not obligate DS&C to contribute to any particular campaign or election. DS&C 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.

c. **Jurisdiction**. It is expressly understood and agreed that this Agreement and all questions arising thereunder shall be construed according to the laws of the State of California.

d. **DS&C's Duty to Comply with Laws**. DS&C shall, at all times, comply with all laws, statutes, ordinances, rules and regulations applicable thereto, enacted and adopted by federal, state, regional, municipal or other government bodies, departments or offices thereof.

e. **Discrimination Prohibited**. DS&C agrees not to discriminate in its employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age or physical handicap. Any subcontract entered into by DS&C pursuant to this Agreement shall contain this provision.

f. **Assignment of Agreement**. DS&C shall not assign or hypothecate this Agreement without first obtaining the written approval of the District.

g. **Independent Contractor**. DS&C are independent contractors and not agents or employees of the District and shall have no authority to act as an agent of the District, nor to enter into any agreement for or on behalf of the District except as provided herein.

h. **Property of District**. All work performed by DS&C pursuant to this Agreement shall become the property of the District, is for the sole use of the District, and shall not be released to any third party without prior written consent of the District.

i. **Notices**. In all cases where written notice is to be given under this Agreement, service shall be deemed sufficient if said notice is deposited in the United States mail, postage paid. When so given, such notice shall be effective from the date of mailing of the same. For the purpose hereof, unless otherwise provided by notice in writing from the respective parties notice to the District shall be addressed to the Superintendent of the District. Notice to DS&C shall be addressed to: Dale Scott & Company Inc., 650 California Street, 8th Floor, San Francisco, California, 94108.

j. **Attorneys' Fees**. If either party brings any action or proceeding to enforce, protect or establish any right or remedy arising out of or based upon this Agreement, including but not limited to the recovery of damages for its breach, the prevailing party in said action or proceeding shall be entitled to recovery of its costs and reasonable attorneys' fees, including the reasonable value of

the services of the counsel of the District or the counsel of DS&C.

k. **Section Headings**. The article and section headings appearing herein shall not be deemed to govern, limit, modify or in any manner affect the scope, meaning or intent of the provisions of this Agreement.

l. **Entire Agreement**. This Agreement contains the entire understanding of the parties with respect to the subject matter herein. There are no representations, covenants or understandings other than those expressed or referred to herein. Each party to this Agreement acknowledges that no other party or agent of any other party has made any promise, representation or warranty, expressed or implied, not contained or referred to herein concerning the subject matter of this agreement, to induce that party to execute this agreement. Each party acknowledges that it has not executed this Agreement in reliance upon any promise, representation or warranty not specifically contained or referred to herein.

m. **Amendments to Agreement**. No amendment or addition to this agreement shall be valid unless such amendment or addition is in writing and signed by all parties hereto.

n. **Indemnification**. DS&C agrees to defend, indemnify and hold harmless District from and against all demands, claims, actions, liabilities, losses, damages, and costs, including reasonable attorneys' fees, arising out of or resulting from the performance of this Agreement, caused in whole or in part by the negligent or intentional acts or omissions of DS&C's officers, directors, agents, employees or subcontractors.

o. **Payment of Taxes**. DS&C shall be solely responsible for the payment of all taxes associated with any fees paid pursuant to this Agreement.

If you agree to the terms herein, please sign and date below.

Dale Scott & Company

By:



President

Accepted:

Title:

Date:

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Appendix A

Table 1: Financial Advisory Fee Calculation

For total tax savings:		A fee equal to the following percentage of savings
Over:	**To:**	
$0	$10,000,000	0.900%
$10,000,000	$25,000,000	0.750%
$25,000,000	$50,000,000	0.500%
$50,000,000		0.125%