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August 6, 2019

Kristen Middleton
City of Menlo Park
701 Laurel Street
Menlo Park, CA 94025

Dear Ms. Middleton,

pfm

50 California Street
Suite 2300
San Francisco, CA 94111
415.982.5544

pfm.com

The purpose of this letter (this "Engagement Letter") is to confirm our agreement that PFM Financial Advisors LLC ("PFM") will act as financial advisor to the City of Menlo Park (the "Client") in connection with the issuance of General Obligation Refunding Bonds, Series 2019. PFM will provide, upon request of the Client, services related to financial planning, budget and strategic advice and planning, policy development and services related to debt issuance, as applicable and set forth in Exhibit A to this Engagement Letter. Most tasks requested by the Client will not require all services provided for in Exhibit A and as such the specific scope of services for such task shall be limited to just those services required to complete the task.

PFM is a registered municipal advisor with the Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"), pursuant to the Securities Exchange Act of 1934 Rule 15Ba1-2. If Client has designated PFM as its independent registered municipal advisor ("IRMA") for purposes of SEC Rule 15Ba1-1(d)(3)(vi) (the "IRMA exemption"), then services provided pursuant to such designation shall be the services described in Exhibit A hereto, subject to any limitations described therein. PFM shall not be responsible for, or have liability in connection with, verifying that PFM is independent from any other party seeking to rely on the IRMA exemption (as such independent status is required pursuant to the IRMA exemption, as interpreted from time to time by the SEC). Client acknowledges and agrees that any reference to PFM, its personnel and its role as IRMA, including in the written representation of Client required under SEC Rule 15Ba1-1(d)(3)(vi)(B) shall be subject to prior approval by PFM. Client further agrees not to represent that PFM is Client's IRMA with respect to any aspect of a municipal securities issuance or municipal financial product, outside of the scope of services without PFM's prior written consent.

MSRB Rules require that municipal advisors make written disclosures to their clients of all material conflicts of interest, certain legal or disciplinary events and certain regulatory requirements. Such disclosures are provided in PFM's Disclosure Statement delivered to Client together with this Agreement.

PFM's services will commence as soon as practicable after the execution of this Engagement Letter by the Client and a request by the Client for such service. Any material changes in or additions to the scope of services described in Exhibit A shall be promptly reflected in a written supplement or amendment to this Engagement Letter. Services provided by PFM which are not included in the scope of services set forth in Exhibit A of this Agreement shall be completed as agreed in writing in advance between the Client and the PFM. Upon request of Client, PFM or an affiliate of PFM may agree to additional services to be provided by PFM or an affiliate of PFM, by a separate agreement between the Client and PFM or its respective affiliate.

For the services described in Exhibit A, PFM's professional fees will be paid as provided in Exhibit B. In addition to fees for services, PFM will be reimbursed for necessary, reasonable, and documented out-of-pocket expenses incurred, including



travel, meals, lodging, telephone, mail, and other ordinary cost and any actual extraordinary cost for graphics, printing, data processing and computer time which are incurred by PFM. Upon request of Client, documentation of such expenses will be provided.

This Engagement Letter shall be effective from June 26, 2019 until June 25, 2020 (the "Initial Term") and shall automatically renew for additional 1 year periods (each a "Renewal Term" and together with the Initial Term, the "Term"), unless terminated in writing by either party upon thirty (30) days written notice to the other party. Upon any such termination, PFM will be paid for all services performed and costs and expenses incurred up to the termination date.

PFM shall not assign any interest in this Engagement Letter or subcontract any of the work performed under this Engagement Letter without the prior written consent of the Client; provided that upon notice to Client, PFM may assign this Engagement Letter or any interests hereunder to a municipal advisor entity registered with the SEC that directly or indirectly controls, is controlled by, or is under common control with, PFM.

All information, data, reports, and records in the possession of the Client or any third party necessary for carrying out any services to be performed under this Engagement Letter ("Data") shall be furnished to PFM and the Client shall, and shall cause its agent(s) to, cooperate with PFM in its conduct of reasonable due diligence in performing the services. To the extent Client requests that PFM provide advice with regard to any recommendation made by a third party, Client will provide to PFM written direction to do so as well as any Data it has received from such third party relating to its recommendation. Client acknowledges and agrees that while PFM is relying on the Data in connection with its provision of the services under this Agreement, PFM makes no representation with respect to and shall not be responsible for the accuracy, adequacy or completeness of such Data.

All notices given under this Engagement Letter will be in writing, sent by registered United States mail, with return receipt requested, addressed to the party for whom it is intended, at the addresses on the first page of this Engagement Letter.

All materials, except functioning or dynamic financial models, prepared by PFM pursuant exclusively to this Engagement Letter will be the property of the Client. Subject to the preceding exception, upon termination of this Engagement Letter, PFM will deliver to the Client copies of any and deliverables pertaining to this Engagement Letter.

The following professional employees of PFM will provide the services set forth in this Engagement Letter: Robert Gamble, Managing Director; Nicholas Jones, Senior Managing Consultant; Alexander Laine, Senior Analyst; PFM Analyst Pool. PFM may, from time to time, supplement or otherwise amend team members. The Client has the right to request, for any reason, PFM to replace any member of the advisory staff. Should the Client make such a request, PFM will promptly suggest a substitute for approval by the Client.

PFM will maintain insurance coverage with policy limits not less than as stated in Exhibit C. Except to the extent caused by willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties under this Engagement Letter on the part of PFM or any of its associated persons, neither PFM nor any of its associated persons shall have liability to any person for any act or omission in



connection with performance of its 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 financial product, or for any financial or other damages resulting from Client's election to act or not to act, as the case may be, contrary to or, absent negligence on the part of PFM or any of its associated persons, upon any advice or recommendation provided by PFM to Client.

PFM, its employees, officers and representatives at all times will be independent contractors and will not be deemed to be employees, agents, partners, servants and/or joint venturers of Client by virtue of this Engagement Letter or any actions or services rendered under this Engagement Letter.

This Engagement Letter shall be construed, enforced, and administered according to the laws of the State of California. PFM and the Client agree that, should a disagreement arise as to the terms or enforcement of any provision of this Engagement Letter, each party will in good faith attempt to resolve said disagreement prior to pursuing other action.

This Engagement Letter represents the entire agreement between Client and PFM and may not be amended or modified except in writing signed by both parties. For the sake of clarity, any separate agreement between Client and an affiliate of PFM shall not in any way be deemed an amendment or modification of this Agreement. The invalidity in whole or in part of any provision of this Engagement Letter shall not void or affect the validity of any other provision.

Please have an authorized official of the Client sign a copy of this Engagement Letter and return it to us to acknowledge the terms of this engagement.

Sincerely,
PFM FINANCIAL ADVISORS LLC

Robert Gamble, Managing Director

Accepted by:
CITY OF MENLO PARK

Authorized Signature

Starla Jerome-Robinson

Name

City Manager

Title

8/12/19

Date

EXHIBIT A
SCOPE OF SERVICES

1. Services related to the Financial Planning and Policy Development upon request of the Client:
 - Assist the Client in the formulation of Financial and Debt Policies and Administrative Procedures.
 - Review current debt structure, identifying strengths and weaknesses of structure so that future debt issues can be designed to maximize ability to finance future capital needs. This will include, but not be limited to, reviewing existing debt for the possibility of refunding that debt to provide the Client with savings.
 - Analyze future debt capacity to determine the Client's ability to raise future debt capital.
 - Assist the Client in the development of the Client's Capital Improvement Program by identifying sources of capital funding.
 - Assist the Client with the development of the Client's financial planning efforts and process by assessing capital needs, identifying potential revenue sources, analyze financing alternatives such as pay-as-you-go, lease/purchasing, short-term vs. long-term financings, assessments, user fees, impact fees, developer contributions, public/private projects, and grants and provide analysis of each alternative as required as to the budgetary and financial impact.
 - Review the reports of accountants, independent engineers and other project feasibility consultants to ensure that such studies adequately address technical, economic, and financial risk factors affecting the marketability of any proposed revenue debt issues; provide bond market assumptions necessary for financial projections included in these studies; attend all relevant working sessions regarding the preparations, review and completion of such independent studies; and provide written comments and recommendations regarding assumptions, analytic methods, and conclusions contained therein.
 - Develop, manage and maintain computer models for long-term capital planning which provide for inputs regarding levels of ad valorem and non-ad valorem taxation, growth rates by operating revenue and expenditure item, timing, magnitude and cost of debt issuance, and project operating and capital balances, selected operating and debt ratios and other financial performance measures as may be determined by the Client.
 - Conduct strategic modeling and planning and related consulting.
 - Attend meetings with Client's staff, consultants and other professionals and the Client.
 - Undertake financial planning and policy development assignments made by the Client regarding financings, and financial policy including budget, tax, cash management issues and related fiscal policy and programs.
 - Assist the Client in preparing financial presentations for public hearings and/ or referendums.
 - Provide special financial services as requested by the Client.

2. Services Related to Debt Transactions (Includes short term financings, notes, loans, letters of credit, line of credit and bonds); provided that if the transaction is competitive, the services of the financial advisor will be modified in advance in writing to reflect that process. Upon the request of the Client:
 - Assist in assembling the financing team.
 - Develop RFPs for services and help evaluate proposals as required.

- Analyze financial and economic factors to determine if the issuance of bonds is appropriate.
- Develop a financing plan in concert with Client's staff which would include recommendations as to the timing and number of series of bonds to be issued.
- Assist the Client by recommending the best method of sale, either as a negotiated sale, private placement or a public sale. In a public sale, make recommendation as to the determination of the best bid. In the event of a negotiated sale, assist in the solicitation, review and evaluation of any investment banking proposals, and provide advice and information necessary to aid in such selection.
- Advise as to the various financing alternatives available to the Client.
- Develop alternatives related to debt transaction including evaluation of revenues available, maturity schedule and cash flow requirements.
- Evaluate benefits of bond insurance and/or security insurance for debt reserve fund.
- If appropriate, develop credit rating presentation and coordinate with the Client the overall presentation to rating agencies.
- Review underwriter's proposals and submit a written analysis of same to the Client.
- Assist the Client in the procurement of other services relating to debt issuance such as printing, paying agent, registrar, etc.
- Identify key bond covenant features and advise as to the financial consequences of provisions to be included in bond indentures, resolutions or other governing documents regarding security, creation of reserve funds, flow of funds, redemption provisions, additional parity debt tests, etc.; review and comment on successive drafts of bond governing documents.
- Review the requirements and submit analysis to bond insurers, rating agencies and other professionals as they pertain to the Client's obligation.
- Review the terms, conditions and structure of any proposed debt offering undertaken by the Client and provide suggestions, modifications and enhancements where appropriate and necessary to reflect the constraints or current financial policy and fiscal capability.
- Assist in the preparation of documents, including preliminary and final official statements, and coordinate with Client's staff and other advisors as respects the furnishing of data for offering documents, it being specifically understood that PFM is not responsible for the inclusion or omission of any material in published offering documents.
- As applicable, advise the Client on the condition of the bond market at the time of sale, including volume, timing considerations, competing offerings, and general economic considerations.
- Assist and advise the Client in negotiations with investment banking groups regarding fees, pricing of the bonds and final terms of any security offering, and make recommendations regarding a proposed offering to obtain the most favorable financial terms based on existing market conditions.
- Arrange for the closing of the transaction including, but not limited, to bond printing, signing and final delivery of the bonds.
- PFM will provide as needed non-transaction services related to matters such as post-issuance disclosure and compliance, and monitoring of potential legislative issues that may affect the City's financing alternatives.

EXHIBIT B
COMPENSATION FOR SERVICES

1. Fixed Rate Transaction Fees

For services in Exhibit A in connection with the General Obligation Refunding Bonds, Series 2019, PFM will be compensated a fixed transaction fee as specified below, which would be contingent upon the successful closing of the financing. Such transaction fees are to be paid from the proceeds of the financing and are contingent upon the closing of the issuance. If there are material changes to the complexity of the financing or other unanticipated circumstances, a different fee may be negotiated by mutual written agreement between PFM and the District. Such fee will be paid at the time of bond issuance from bond proceeds unless otherwise determined by mutual agreement of the two parties.

Transaction	Fee
General Obligation Refunding Bonds, Series 2019	\$58,000

2. Non-Transaction Fees

For services to be provided on an hourly basis, PFM proposes to charge based on the rates shown in the table below:

Title	Rate
Managing Director	\$350
Director	\$325
Senior Managing Consultant	\$300
Senior Analyst	\$250
Analyst	\$225

3. Reimbursable Expenses

In addition to our fees, PFM will be reimbursed for necessary, reasonable, out-of-pocket expenses incurred, including travel, mileage, parking, meals, postage and express mail delivery services, telephone, photocopying, outside graphics fees, etc. Appropriate documentation will be provided.

EXHIBIT C
INSURANCE STATEMENT

PFM Financial Advisors LLC ("PFM") has a complete insurance program, including property, casualty, comprehensive general liability, automobile liability, and workers compensation. PFM maintains professional liability and fidelity bond coverages which total \$35 million and \$10 million, respectively. PFM also carries a \$10 million cyber liability policy.

Our Professional Liability policy is a "claims made" policy and our General Liability policy claims would be made by occurrence.

Deductibles/SIR

Automobile \$250 comprehensive & \$500 collision

Cyber Liability \$50,000

General Liability \$0

Professional Liability (E&O) \$1,000,000

Financial Institution Bond \$75,000

Insurance Company & AM Best Rating

Professional Liability (E&O).....	Endurance American Specialty Insurance; (A+; XV) XL Specialty Insurance Company; (A; XV) Continental Casualty Company; (A; XV) Starr Indemnity & Liability Company; (A; XIV)
Financial Institution Bond.....	Federal Insurance Company; (A++; XV)
Cyber Liability.....	Indian Harbor Insurance Company (A; XV)
General Liability.....	Great Northern Insurance Company; (A++; XV)
Automobile Liability.....	Federal Insurance Company; (A++; XV)
Excess /Umbrella Liability.....	Federal Insurance Company; (A++; XV)
Workers Compensation& Employers Liability.....	Great Northern Insurance Company; (A++; XV)

