

WULFF, HANSEN & CO.
ESTABLISHED 1931
INVESTMENT BANKERS

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SAN RAFAEL, CALIFORNIA 94903
(415) 421-8900

April 6, 2020

Garrett Toy
Town Manager
Town of Fairfax
142 Bolinas Rd.
Fairfax, CA 94930

This is an Agreement (AGREEMENT) between the Town of Fairfax (CLIENT) and Wulff, Hansen & Co. (MUNICIPAL ADVISOR or ADVISOR) a registered municipal advisory firm. The purpose of the AGREEMENT is to provide a framework allowing MUNICIPAL ADVISOR to provide municipal advisory services (SERVICES) to CLIENT from time to time as may be mutually agreed upon by both parties. All such SERVICES to be delivered under this Agreement will be specifically described in an Addendum to the AGREEMENT accepted by both parties, and no services will be provided in the absence of such an Addendum. The terms and conditions of this Agreement are set forth below. CLIENT understands and acknowledges that any information or services provided by ADVISOR pursuant to an Addendum to this Agreement are for the purpose of serving as Municipal Advisor to CLIENT and not as an Underwriter or otherwise facilitating the placement of municipal securities issued by CLIENT.

This AGREEMENT also contains various disclosures and other information required under MSRB Rule G-42 and, with its Addenda, will serve as written documentation of certain specific terms, disclosures and other items of information relating to our relationship as of the date this AGREEMENT is signed by ADVISOR. If this information materially changes during the relationship any such change will be described in writing and delivered to you.

1. Scope of Services.

(a) *Services to be provided.*

From time to time CLIENT may request that ADVISOR provide municipal advisory services relating to a specific project or projects. The scope of any such services, any limitations thereon, any compensation to be earned by ADVISOR in connection with their delivery, and any conflicts of interest (other than those disclosed in this AGREEMENT) that ADVISOR may have in connection with such services will be described in an Addendum to this AGREEMENT. No services which are not so described and documented in an Addendum will be provided by ADVISOR to CLIENT.

(b) *Limitations on Scope of Services*

Where an Addendum to this Agreement describes the scope of services to be provided under that Addendum, any limitations on such scope in addition to those included in this Agreement will be described in that Addendum.

Unless otherwise specifically provided in an Addendum to this Agreement, ADVISOR is not responsible for preparing any preliminary or final official statement, or for certifying as to the accuracy or completeness of any preliminary or final official statement, other than with respect to any information about Municipal Advisor provided by Municipal Advisor for inclusion in such documents. In addition, ADVISOR will not provide any of the following services in connection with any engagement pursuant to this Agreement or any associated Addenda:

- a) Legal services of any kind;
- b) Assistance to CLIENT with regard to CLIENT's responsibilities under the federal securities laws and regulations relating to initial or continuing disclosure in connection with municipal securities, inclusive of the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934. Such services will be provided only if ADVISOR is explicitly engaged by CLIENT in a separate contract unrelated to this Agreement or any Addenda thereto.
- c) Engineering services of any kind;
- d) Special Tax Rate Consulting
- e) Absorption Analysis or the review thereof;
- f) Feasibility Studies or the review thereof
- g) Fiscal Consulting;

- h) Underwriting or placement agent services;
- i) Accounting services;
- j) Investment advice concerning investment of excess bond proceeds, if any, resulting from an issuance of municipal securities
- k) Advice concerning derivative transactions or other municipal financial products, including but not limited to advice regarding swap transactions or strategies.

CLIENT acknowledges its responsibility with respect to compliance with federal securities laws and represents its intention to comply in all respects with such laws. CLIENT acknowledges and understands that state and federal laws relating to disclosure in connection with municipal securities may apply to the CLIENT and that the failure of ADVISOR to advise CLIENT respecting these laws shall not constitute a breach by ADVISOR of any of its duties and responsibilities under this Agreement.

2. Municipal Advisor's Regulatory Duties When Advising CLIENT.

MSRB Rule G-42 requires that Municipal Advisor make a reasonable inquiry as to the facts that are relevant to CLIENT's determination whether to proceed with a course of action or that form the basis for any advice provided by Municipal Advisor to CLIENT. The rule also requires that Municipal Advisor undertake a reasonable investigation to determine that it is not basing any recommendation on materially inaccurate or incomplete information. Municipal Advisor is also required under the rule to use reasonable diligence to know the essential facts about CLIENT and the authority of each person acting on CLIENT's behalf.

Accordingly, Municipal Advisor will seek CLIENT's assistance and cooperation, and the assistance and cooperation of CLIENT's agents, with the carrying out by Municipal Advisor of these regulatory duties, including providing to Municipal Advisor accurate and complete information and reasonable access to relevant documents, other information and personnel needed to fulfill such duties. In addition, to the extent CLIENT seeks to have Municipal Advisor provide advice with regard to any recommendation made by a third party, Municipal Advisor requests that CLIENT provide to Municipal Advisor written direction to do so as well as any information it has received from such third party relating to its recommendation.

3. Term.

This AGREEMENT shall become effective upon acceptance by both parties and shall terminate June 1, 2021 unless terminated earlier by one of the parties. Either party may terminate this AGREEMENT upon thirty days written notice to the other party or as may be mutually agreed by both parties. ADVISOR's engagement to provide municipal advice on a specific project or projects described in an Addendum to this document shall terminate as described in that Addendum.

4. Compensation.

The form and basis of any compensation for any of Municipal Advisor's services provided or expenses incurred pursuant to an Addendum to this AGREEMENT will be as described in that Addendum.

5. Limitation of Liability.

In the absence of willful misconduct, bad faith, gross negligence or reckless disregard of obligations or duties hereunder on the part of Municipal Advisor or any of its associated persons, Municipal Advisor and its associated persons shall have no liability to CLIENT for any act or omission in the course of, or connected with, rendering 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 investment, 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 any advice or recommendation provided by Municipal Advisor to CLIENT. No recourse shall be had against Municipal Advisor for loss, damage, liability, cost or expense (whether direct, indirect or consequential) of CLIENT arising out of or in defending, prosecuting, negotiating or responding to any inquiry, questionnaire, audit, suit, action, or other proceeding brought or received from the Internal Revenue Service in connection with any Issue or otherwise relating to the tax treatment of any Issue, or in connection with any opinion or certificate rendered by counsel or any other party. Notwithstanding the foregoing, nothing contained in this paragraph or elsewhere in this Agreement shall constitute a waiver by CLIENT

of any of its legal rights under applicable U.S. federal securities laws or any other laws whose applicability is not permitted to be contractually waived nor shall it constitute a waiver or diminution of Municipal Advisor's fiduciary duty to CLIENT under Section 15B(c)(1) of the Securities Exchange Act of 1934, as amended, and the rules thereunder.

6. Required Disclosures.

MSRB Rule G-42 requires that MUNICIPAL ADVISOR provide CLIENT with the following disclosures of material conflicts of interest and of information regarding certain legal events and disciplinary history.

(a) *Disclosures of Conflicts of Interest.* MSRB Rule G-42 requires that municipal advisors provide to their clients disclosures relating to any actual or potential material conflicts of interest, including certain categories of potential conflicts of interest identified in Rule G-42, if applicable. If no such material conflicts of interest are known to exist based on the exercise of reasonable diligence by the municipal advisor, municipal advisors are required to provide a written statement to that effect.

Accordingly, any material conflicts of interest known to MUNICIPAL ADVISOR in connection with the Scope of Services are disclosed below, including those conflicts applying to various forms of compensation which are described in a document attached to this AGREEMENT. We believe that these conflicts are mitigated by our duties to CLIENT as assigned to us under Federal and State laws and regulations and the rules of the Municipal Securities Rulemaking Board. In addition, because MUNICIPAL ADVISOR is a broker-dealer with significant business and economic interests due to the nature of its overall business, the success and profitability of MUNICIPAL ADVISOR is not dependent on maximizing short-term revenue generated from individualized recommendations to its clients but instead is dependent on long-term profitability built on a foundation of integrity, quality of service and strict adherence to its fiduciary duty where such duty exists. Furthermore, MUNICIPAL ADVISOR's municipal advisory supervisory structure, leveraging our long-standing and comprehensive broker-dealer supervisory processes and practices, provides strong safeguards against individual representatives of MUNICIPAL ADVISOR potentially departing from their regulatory duties due to personal interests.

Other Municipal Advisor or Underwriting Relationships.

MUNICIPAL ADVISOR serves a wide variety of other clients that may from time to time have interests that could have a direct or indirect impact on the interests of CLIENT. For example, MUNICIPAL 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 CLIENT under this 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, MUNICIPAL ADVISOR could potentially face a conflict of interest arising from these competing client interests. In other cases, as a broker-dealer that engages in underwritings of new issuances of municipal securities by other municipal entities, the interests of MUNICIPAL ADVISOR to achieve a successful and profitable underwriting for its municipal entity underwriting clients could potentially constitute a conflict of interest if, as in the example above, the municipal entities that MUNICIPAL ADVISOR serves as underwriter or municipal advisor have competing interests in seeking to access the new issue market with the most advantageous timing and with limited competition at the time of the offering. None of these other engagements or relationships would impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

Broker-Dealer and Investment Advisory Business.

MUNICIPAL ADVISOR is a broker-dealer and investment advisory firm that engages in a broad range of securities-related activities to service its clients, in addition to serving as a municipal advisor or underwriter. Such securities-related activities, which may include but are not limited to the buying and selling of new issue and outstanding securities and investment advice in connection with such securities, including securities of CLIENT, may be undertaken on behalf of, or as counterparty to, CLIENT, personnel of CLIENT, and current or potential investors in the securities of CLIENT. These other clients may, from time to time and depending on the specific circumstances, have interests in conflict with those of CLIENT, such as when their buying or selling of CLIENT's securities may have an adverse effect on the market for CLIENT's securities, and the interests of such other clients could create the

incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing for the other clients. Furthermore, any potential conflict arising from MUNICIPAL ADVISOR effecting or otherwise assisting such other clients in connection with such transactions is mitigated by means of such activities being engaged in on customary terms through units of the MUNICIPAL ADVISOR that operate separately from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that the interests of such other clients would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

In addition to the considerations above, the fact that MUNICIPAL ADVISOR's staff are engaged in support of these other business activities could create a conflict when multiple demands exist on a particular individual's time and resources. We reasonably believe that this conflict is mitigated by our staff's desire to complete CLIENT's work in a timely manner and consequently be compensated by MUNICIPAL ADVISOR for their efforts.

Other Business Relationships

MUNICIPAL ADVISOR may have existing or future business relationships, unrelated to CLIENT or MUNICIPAL ADVISOR's services to CLIENT, with underwriters, placement agents, attorneys, accountants, financial institutions, contractors or other entities whose services it may recommend to CLIENT or whom CLIENT may select on its own initiative. MUNICIPAL ADVISOR's business relationships with such entities may include payments or referrals made to Advisor by such entities or payments or referrals made by Advisor to such entities in connection with matters wholly unrelated to CLIENT's business or activities. Because under no circumstances will Advisor accept any form of payment or other remuneration, directly or indirectly, from any third party in connection with Advisor's services to CLIENT, Advisor believes that none of these other engagements or relationships would create a material conflict or otherwise impair MUNICIPAL ADVISOR's ability to fulfill its regulatory duties to CLIENT.

Secondary Market Transactions in CLIENT's Securities.

MUNICIPAL ADVISOR, in connection with its sales and trading activities, may take a principal position in securities, including securities of CLIENT, and therefore MUNICIPAL ADVISOR could have interests in conflict with those of CLIENT with respect to the value of CLIENT's securities while held in inventory and the levels of mark-up or mark-down that may be available in connection with purchases and sales thereof. In particular, MUNICIPAL ADVISOR or its affiliates may submit orders for and acquire CLIENT's securities issued in an Issue under the Agreement from members of the underwriting syndicate, either for its own account or for the accounts of its customers. This activity may result in a conflict of interest with CLIENT in that it could create the incentive for MUNICIPAL ADVISOR to make recommendations to CLIENT that could result in more advantageous pricing of CLIENT's bond in the marketplace. Any such conflict is mitigated by means of such activities being engaged in on customary terms through staff members of the MUNICIPAL ADVISOR that operate independently from MUNICIPAL ADVISOR's municipal advisory business, thereby reducing the likelihood that such investment activities would have an impact on the services provided by MUNICIPAL ADVISOR to CLIENT under this Agreement.

Other Conflicts of Interest.

None.

(b) Disclosures of Information Regarding Legal Events and Disciplinary History. MSRB Rule G-42 requires that municipal advisors provide to their clients certain disclosures of legal or disciplinary events material to its client's evaluation of the municipal advisor or the integrity of the municipal advisor's management or advisory personnel. Accordingly, Municipal Advisor addresses below the required disclosures and related information in connection with such disclosures.

Required disclosures include specific information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Municipal Advisor and members of its staff have been subject to various such legal or disciplinary events. Municipal Advisor reasonably believes that it as an entity has no such events that may be material to CLIENT's evaluation of Municipal Advisor as such. However, during its 88 years as a broker/dealer, Municipal Advisor has accumulated a number of such events related to its broker/dealer business as such and CLIENT may wish to review these. Members of Municipal Advisor's staff who have also been registered representatives of one or more broker/dealers have

disclosures which could potentially be material to CLIENT's evaluation. Specific instances of such events can be found in Item 9 of our Form MA and, for staff members, Item 6 of Forms MA-I. Direct links to all of this information for the firm and each individual are provided on our website at:

<http://www.wulffhansen.com/publish/disclosureMA.html>

The date of the last material change to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed by Municipal Advisor with the SEC is December 10, 2019, which change consisted of adding historical disclosures about a newly affiliated third-party accountant. The disclosures were not related to the municipal advisory business.

(c) **Customer Protections.** Municipal Advisor is registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The latter's website is located at www.msrb.org. A municipal advisory client brochure is available on that website that describes the protections that may be provided by the MSRB's rules and how a client may file a complaint with an appropriate regulatory authority.

(d) **Future Supplemental Disclosures.** As required by MSRB Rule G-42, this information may be supplemented or amended, from time to time as needed, to reflect changed circumstances resulting in new conflicts of interest or changes in the conflicts of interest described above, or to provide updated information with regard to any legal or disciplinary events of Municipal Advisor. Municipal Advisor will provide CLIENT with any such supplement or amendment as it becomes available throughout the term of the Agreement.


7. Choice of Law.

This Agreement shall be construed and given effect in accordance with the laws of the State of California.

8. Entire Agreement. This instrument, including all Addenda and Appendices hereto, contains the entire agreement between the parties relating to the rights herein granted and obligations herein assumed. This Agreement may not be amended, supplemented or modified except by means of a written instrument executed by both parties.

9. Severability. If any provision of this Agreement is, or is held or deemed to be, invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions because it conflicts with any provisions of any constitution, statute, rule or public policy, or for any other reason, such circumstances shall not make the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or make any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

Wulff, Hansen & Co.

By: CHRIS CHARLES 

Title: PRESIDENT

Date: APRIL 6, 2020

ACKNOWLEDGED:

Town of Fairfax

By: _____

Title: _____

Date: _____

DISCLOSURE OF CONFLICTS OF INTEREST WITH VARIOUS FORMS OF COMPENSATION

The Municipal Securities Rulemaking Board requires us, as your Advisor, to provide written disclosure to you about the actual or potential conflicts of interest presented by various forms of compensation. We must provide this disclosure unless you have required that a particular form of compensation be used. You should select a form of compensation that best meets your needs and the agreed upon scope of services.

Forms of compensation; potential conflicts. The forms of compensation for Advisors 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 of interest 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 Advisor is paid a fixed amount established 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 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 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 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 an 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 principal or notional amount and term of transaction. Under this form of compensation, the 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 Advisor's compensation.

ADDENDUM TO MUNICIPAL ADVISORY AGREEMENT

Addendum 1

1. Purpose

This Addendum 1 to the Municipal Advisory Agreement dated April 6, 2020 between the Town of Fairfax (hereafter, "CLIENT") and Wulff, Hansen & Co. (hereafter, "Municipal Advisor") specifies and describes specific municipal advisory services to be performed by Municipal Advisor under that Agreement.

2. Services

2.1 Scope of Services

Municipal Advisor will provide the following services to CLIENT pursuant to this Addendum:

Municipal Advisor agrees to perform the following services ("Services"), as appropriate, for the CLIENT during the term of this Addendum 1. Municipal Advisor will analyze, advise and assist the CLIENT developing a structure that may result in the issuance of a Pension Obligation Bond whose proceeds may be applied to two of CLIENT's existing obligations. Advisor's Services will support CLIENT's wish to:

- 1) Fund the cost of paying off and retiring the current outstanding UAL to CalPERS.
- 2) Revise terms, focused on resetting the interest rate of CLIENT's outstanding 2017 Lease (proceeds of which were used to reduce a portion of CLIENT's then-outstanding UAL at CalPERS) in order to release the CLIENT's leased assets, and to achieve savings.
- 3) Refinancing of CLIENT's outstanding 2017 Lease (proceeds of which were used to reduce a portion of CLIENT's then-outstanding UAL at CalPERS) in order to release the CLIENT's leased assets, and to achieve savings.

It will be determined at a future time whether Service 2) or 3) produces the best result for CLIENT as they are mutually exclusive services in regards to the 2017 Lease.

In connection with the financing related to (1), (2) and (3) above, Municipal Advisor's Services will include as may be appropriate and necessary, but are not limited to, the following:

- a) Attendance at public meetings of the CLIENT at which matters relating to the Services are considered, except routine matters, including informational and educational meetings with the public;
- b) Attendance at CLIENT staff meetings, or meetings with members of the public on matters relating to the Services, upon the request of the CLIENT after reasonable notice;
- c) Work with members of the public, public agencies, including CalPERS, Town staff, and Town Council members to learn, discuss and respond to matters relating to the Services; and to develop and coordinate recommendations acceptable to interested parties, the CLIENT, and its consultants;
- d) Negotiate with the holder of the existing 2017 Lease Agreement (Capital One) regarding possible revision of terms to determine if this alternative would be more attractive than a refinancing;;
- e) Provide CLIENT with advice and analysis on the terms of a potential refinancing of the 2017 Lease in order to determine whether such a transaction would be more attractive than a revision of terms if one is available;
- f) Assist the CLIENT in structuring and issuing a refinancing to pay off its existing 2017 Lease Agreement, if this alternative is ultimately determined to achieve the best result;
- g) Assist the CLIENT in structuring and issuing a financing to payoff CalPERS UAL obligations in order to generate savings. Review and recommend terms relating to the issuance of the Bonds or financing, including any validation proceedings, and to estimate the savings projected to be generated by the issuance. Attend meetings or participate in teleconferences relating to structure and the prospective savings resulting from the private placement or sale of the Bonds. Provide scenarios of refinancing alternatives available to the CLIENT;

- h) Assist the CLIENT in its selection of any other professionals (e.g. outside legal counsel, bond, disclosure or underwriter/placement agent counsel, consultants, accountants, engineers, underwriters, placement agents, and others as appropriate), if requested;
- i) Prepare a Distribution List with contact information on all relevant participants in the financing and a schedule indicating timing of significant steps in the process;
- j) Assist any of the CLIENT's staff and/or special consultants in developing specific terms and conditions affecting the financing so as to best reflect the CLIENT's priorities and interests;
- k) Preparations of Cash Flow analysis and other schedules per CLIENT direction and related consultation;
- l) Telephone consultations with staff members to answer questions about the financing and related matters;
- m) If necessary, assist in preparing and arranging for the financing to be sold to a private investor through a placement agent (Private Placement) or alternatively, for sale to the public through an underwriter (Public Offering). Assist the underwriter or placement agent and Bond and Disclosure Counsel in providing requested information needed for the preparation of the Bond and Offering Documents;
- n) Assist the CLIENT in efforts to maintain or improve the CLIENT's underlying credit rating, including preparation of material, presentation to, and coordination with credit rating agencies;
- o) Assist the CLIENT in efforts to obtain bond insurance, if desired, and/or a surety bond to replace the otherwise required Debt Service Reserve Fund;
- p) Review and advise with regard to the financial interaction of the financing with other prospective and current CLIENT projects.

2.15) No Guarantee of Ultimate CalPERS Savings

Municipal Advisor has advised CLIENT that, should CLIENT issue bonds or otherwise borrow in order to reduce or eliminate its existing CalPERS Unfunded Actuarial Liability (UAL), the ultimate future financial effect of such a transaction cannot be predicted with certainty. Future new retirement benefits and other actuarial dynamics can create a new UAL or even produce an actuarial surplus. Even if a current POB transaction generates savings when compared to CLIENT's present CalPERS payment schedule, it is impossible to predict in advance whether issuance of the POB will produce any long-term savings. This will be a function of CalPERS performance and future changes to benefit obligations, which could result in either an additional UAL or an actuarial funding surplus. Future investment performance cannot be predicted with any degree of accuracy.

2.2 Limitations on Scope of Services

The services to be provided by Municipal Advisor to CLIENT pursuant to this Addendum are subject to the following limitations in addition to those described in the Agreement.

CLIENT understands and acknowledges that Municipal Advisor will not perform any independent analysis or verification of actuarial data or other information which may be provided by CalPERS, the CLIENT, or by any other party relating to CLIENT's present and future financial obligations to its past, present, and future employees.

3. Termination

The provisions of this Addendum 1 shall terminate and thereafter be null and void upon the earlier completion of Services described in this Addendum 1 or June 1, 2021. This Addendum 1 may only be extended by a written agreement between CLIENT and Wulff, Hansen & Co.

4. Fees

With regard to Services to be provided by Municipal Adviser under this Addendum 1, Municipal Advisor shall be compensated as follows:

The fee(s) due to Municipal Advisor under this Addendum 1 shall be paid out of the proceeds of the financing if a financing or refinancing takes place, or, alternatively, will be paid by wire or check if the revision in terms to

CLIENT'S existing Lease is ultimately determined to be more beneficial to CLIENT than a refinancing. Payment for services will be contingent on a successful revision of terms, sale or placement and the completion and funding of the financing. No compensation shall be due to the Advisor for services rendered under this Addendum 1 if no financing or successful revision of existing terms is completed.

For Service 1), Advisor's fee for services described above relating to the CLIENT's Pension Obligation Bonds, Series 2020-A (estimated Bond par amount sufficient to payoff current CalPERS UAL (the "UAL") balance of approximately \$6,420,000) shall be \$52,500.

For Service 2), Advisor fee for negotiating rate resetting and revision of terms of its 2017 Lease (the "Rate Reset") with current investor, shall be \$10,000. This Service 2) does not involve any new bond issuance and will be payable only if CLIENT determines to renegotiate rather than refinance this obligation.

For Service 3), Advisor's fee for services described above relating to the CLIENT's refinancing of its existing 2017 Lease with a new issuance of a Pension Obligation Refunding Bond, Series 2020-B (the "Refinancing") sufficient to refund or restructure estimated remaining par amount on 2017 Lease of \$2,899,000, shall be \$27,500. CLIENT acknowledges and agrees that this scenario (a stand-alone refinancing of the 2017 Lease with no other associated transaction) is being considered solely at CLIENT's specific request.

If Services 1) and 3) are financed as part of a single transaction, Advisor's fee for Services described above relating to the CLIENT's Pension Obligation Bond, Series 2020-A and refinancing of its 2017 Lease (estimated in the combined par amount of \$9,500,000) shall be \$62,500. Services 1) and 3) will be considered part of a single transaction if either a) both the financing of the UAL and the refinancing of the 2017 Lease are completed with a single institutional lender, such as a bank, purchasing or holding both securities, or b) both the financing of the UAL and the refinancing of the 2017 Lease are financed as part of a public offering(s) or direct placements which close within 60 calendar days of each other.

5. Conflicts of Interest

Municipal Advisor is not aware of any additional material conflicts of interest to which it is subject in the context of this Addendum 1 other than those previously disclosed to CLIENT in connection with the Agreement.


Approved:
Town of Fairfax

/s/ _____

Print Name and Title

Date: _____

Approved:
Wulff, Hansen & Co.

/s/ CHRIS CHARLES 

Chris Charles, President

Date: APRIL 6, 2020