

**AMENDMENT NO. 3  
TO  
AGREEMENT FOR FINANCIAL ADVISORY SERVICES A3611A  
BETWEEN SANTA CLARA VALLEY WATER DISTRICT  
AND  
PUBLIC RESOURCES ADVISORY GROUP, INC.**

This Amendment No. 3 ("Amendment No. 3"), effective as of the date it is fully executed by the Parties amends the term and conditions of the Agreement for Financial Advisory Services A3611A dated October 1, 2012, as amended by Amendment No. 1 dated January 14, 2016 ("Amendment No. 1") and Amendment No. 2 dated May 2, 2016 ("Amendment No. 2") (collectively, the "Agreement"), between SANTA CLARA VALLEY WATER DISTRICT ("District") and PUBLIC RESOURCES ADVISORY GROUP, Inc. ("PRAG"), collectively the "Parties."

**WHEREAS**, Clean Energy Capital Securities, LLC. ("CEC") is a subcontractor of PRAG; and

**WHEREAS**, on January 12, 2016, the District Board authorized the Chief Executive Officer (CEO) to negotiate and execute Amendment No. 1 to increase the contract amount by \$1,331,000 for a total of \$2,256,000 financial advisory services from PRAG, \$1,331,000 of which may be used to procure CEC's services to support the District's public-private partnership procurement efforts for the Expedited Purified Water Program and other advisory services as directed by the District; and

**WHEREAS**, on May 2, 2016, the Chief Executive Officer approved Amendment No. 2 to clarify that the maximum dollar amount payable to CEC for current and future services rendered per Board authorization on January 12, 2016 is \$1,450,000, which is comprised of the estimated future work effort cost of \$1,331,000 plus \$119,000 in CEC services rendered prior to Amendment No. 1.

**NOW, THEREFORE**, in consideration of the mutual promises and agreements contained herein and notwithstanding anything to the contrary in the Agreement, PRAG and the District hereby agree as follows:

1. In the Agreement, replace each reference to "FINANCIAL ADVISOR" with "PRAG".
2. In the Agreement, delete Section 2, which was previously modified by Amendment No. 1, in its entirety and replace with the following:
  2. The term of this Agreement commences on October 1, 2012, and expires on December 31, 2025, unless said term is modified by a written amendment hereto, signed by both Parties.
3. In the Agreement, add PRAG DISCLOSURE as Section 22 with the following:
  - A. Pursuant to Municipal Securities Rulemaking Board ("MSRB") Rule G-10, on Investor and Municipal Advisory Client Education and Protection, which became effective on October 13, 2017, PRAG shall at least once each calendar year or on any other period of time as required by MSRB which may be amended from time to time, provide the District with certain written information and statements identified in Rule G-10, including the following statements:

- 1) PRAG is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the MSRB; and
  - 2) Within the MSRB website at [www.msrb.org](http://www.msrb.org), the District may obtain the Municipal Advisory client brochure. The posted brochure describes the protections that may be provided by the MSRB rules along with how to file a complaint with financial regulatory authorities.
4. In the Agreement, delete Section 12 of Exhibit B, which was previously added to the Agreement by Amendment No. 1, in its entirety and replace with the following:

12. PRAG's subcontractor Clean Energy Capital Securities, LLC ("CEC") shall provide the District with services on an as-needed basis to support the District's use of the public-private partnership procurement methodologies available under California law ("P3 Procurement") to develop the District's Expedited Purified Water Program and other advisory services as directed by the District. PRAG shall require CEC to agree, in writing, to terms and conditions of this Agreement. CEC's updated estimated scope of work, time to completion, and cost is attached to Amendment No. 3 as Attachment 1 and will be included as part of this Section 12. The estimated billable amount does not represent a commitment by the District to expend said amount. Instead, the District will pay CEC on a time and material basis at the hourly rates set forth in EXHIBIT C, Hourly Fee Schedule, for services that CEC actually provides the District, subject to a total not to exceed amount of \$2,860,000, which is comprised of work paid to-date of \$530,000 plus an increase of up to \$2,330,000. The District makes no guarantee as to the amount of services it will seek from CEC.

5. In the Agreement, delete Section 18 in its entirety and replace with the following:

18. The District is an equal opportunity employer and requires its consultants to have and adhere to a policy of equal opportunity and non-discrimination. In the performance of the Agreement, PRAG will comply with all applicable federal, state, local laws and regulations, and will not discriminate against any subcontractor, employee, or applicant for employment, in the recruitment, hiring, employment, utilization, promotion, classification or reclassification, transfer, recruitment advertising, evaluation, treatment, demotion, layoff, termination, rates of pay or other forms of compensation, and selection for professional development training (including apprenticeship), or against any other person, on the basis of sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), race, religion, color, national origin (including language use restrictions), ancestry, religious creed (including religious dress and grooming practices, political affiliation, disability (mental and physical, including HIV or AIDS), medical condition (cancer and genetic characteristics), genetic information, marital status, parental status, gender, age (40 and over), pregnancy, military and veteran status, sexual orientation, gender identity and gender expression, the exercise of family and medical care leave, the exercise of pregnancy disability leave, or the request, exercise, or need for reasonable accommodation. PRAG's policy must conform with applicable state and federal guidelines including the Federal Equal Opportunity Clause, "Section 60-1.4 of Title 41, Part 60 of the Code of Federal Regulations," Title VII of the Civil Rights Act of 1964 as amended; the American's with Disabilities Act of 1990; the Rehabilitation Act of 1973 (Sections 503 and 504); the Age Discrimination Act of 1975 (42 U.S.C. sec. 6101 et seq.); the California Fair Employment and Housing Act (Government

Code Section 12900 et. seq.); and California Labor Code Sections 1101 and 1102. PRAG must designate a specific position within its organization to be responsible for assuring nondiscrimination and non-harassment as provided in this Agreement. PRAG must investigate all complaints directed to it by District. District will refer complaints in writing and PRAG will advise District in writing when such investigations are concluded. The scope of such investigations must include all appropriate officers, employees, and agents of PRAG, as well as all subcontractors, subconsultants, and material suppliers of PRAG. In cases where such investigation results in a finding of discrimination, harassment, or hostile work environment, PRAG must take prompt, effective disciplinary action against the offender.

6. In the Agreement, Exhibit C, delete Section A in its entirety and replace with the following:

A. The maximum amount payable by the District under this Agreement is \$5,666,000. No more than \$2,860,000 may be expended for CEC services to support the District's public-private partnership procurement efforts for the Expedited Purified Water Program and other advisory services as directed by the District from the \$5,666,000 maximum Agreement amount. Any portion of the amounts allocated for the CEC services that is not spent on CEC services may be available for other services under this Agreement.

7. In the Agreement, add to Section C of Exhibit C the following:

iv) Compensation adjustments starting on October 1, 2021 will be applied to the Hourly Fee Schedule and Flat-Fee Rate Schedule. Commencing on October 1, 2021, and on each successive October 1<sup>st</sup> thereafter, the amounts in the Hourly Fee Schedule and Flat Fee Rate Schedule, except for the Bidding on Investment and Negotiate Guaranteed Investment Contracts fees, (collectively, the "Adjustable Fees"), shall be adjusted based upon fluctuations in the Consumer Price Index determined by the Bureau of Labor Statistics (the "BLS"), specifically the CPI-All Urban Consumers, All items in the Core Based Statistical Area ("CBSA") of San Francisco-Oakland-Hayward, CA, not seasonally adjusted with a base period: 1982-84=100 (the "CPI"), rounded to the nearest dollar per fee, not to exceed an increase of 3% over the then current fee. Future changes by the BLS to the CBSA impacting the CPI will result in applying the CBSA which is closest to the City of San Jose to the CPI. For sake of clarity, the parties acknowledge that the current CBSA for the CPI is San Francisco-Oakland-Hayward, CA.

Commencing on October 1, 2021, each Adjustable Fee for the period of October 1 of that year through September 30 of the following year will be increased by the product of (1) the quotient of (A) difference between (i) the CPI for October of that year less (ii) the October 2020 CPI divided by (B) the October 2020 CPI and multiplied by (2) each Adjustable Fee, rounded to the nearest whole dollar, with a not to exceed increase of 3% of the fees established as of October 1 of the previous year.

8. All other terms and conditions of Agreement A3611A, Amendment No. 1, and Amendment No. 2 not otherwise amended as stated in this Amendment No. 3 remain in full force and effect.

*(SIGNITURES ON FOLLOWING PAGE)*

IN WITNESS WHEREOF, the Parties have executed this Amendment No. 3 to Agreement A3611A, as amended and agree to its terms upon the date the last Party signs this Amendment No. 3.

**SANTA CLARA VALLEY WATER DISTRICT**

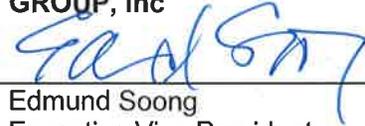
**PUBLIC RESOURCES ADVISORY GROUP, Inc**

Richard Santos  
Chair/board of Directors

Date

Edmund Soong  
Executive Vice President

Date

 1/30/18

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### Attachment 1 to Amendment No. 3

Task	Description	Estimated Cost	Estimated Start Date	Estimated Completion Date
1	<b>Support District through P3 Termsheet Development</b> - Prepare / revise / maintain P3 Termsheet - Supporting quantitative / proforma analysis - Coordinate respondent feedback - Review for consistency with IRS tax requirements - Coordinate input from CSJ and other stakeholders - Support MOU with CSJ as needed - Coordinate legal / engineering involvement - Board Meeting support - Participate in calls/meetings as reasonably directed by the District - Such other services as are reasonably requested by District	\$199,200	Oct-17	Jun-18
2	<b>Valuation Analysis and Advisory - Phase 1 and 2</b> - Review materials provided by the District - Research market comparables - Develop financial model / incorporate comments / revise / finalize - Develop valuation report / incorporate comments / revise / finalize - Incorporate engineering study to be subcontracted by CEC - Board Meeting support (est. \$60,000) - Participate in calls/meetings as reasonably directed by the District - Such other services as are reasonably requested by District	\$304,200	Dec-17	Aug-18
3	<b>Support District through P3 RFQ Update</b> - Solicit and Review Qualifications updates - Develop P3 RFQ Update/ Incorporate comments / revise / finalize - Develop P3 distribution list - Develop P3 / DB evaluation criteria - Review of SOQs - Board Meeting support - Participate in calls/meetings as reasonably directed by the District - Such other services as are reasonably requested by District	\$109,500	Dec-17	Mar-18
4	<b>Valuation Analysis and Advisory - Phase 3</b> - Support presentations, external communications - Support development and execution of negotiation strategy - Prepare and maintain termsheets - Prepare and maintain financial models - Support documentation and contracting - Develop recommendations and reports as needed - Incorporate engineering study to be subcontracted by CEC (est. \$300,000) - Board Meeting support - Participate in calls/meetings as reasonably directed by the District - Such other services as are reasonably requested by District	\$626,880	Sep-18	Sep-20

### Attachment 1 to Amendment No. 3

5	<p><b>Support District through P3 RFP</b></p> <ul style="list-style-type: none"> <li>- Develop P3 RFP / Incorporate comments / revise / finalize</li> <li>- Develop termsheet for Development Period Agreement</li> <li>- Coordinate drafting of Development Period Agreement</li> <li>- Coordinate drafting of Water Services Agreement</li> <li>- Coordinate communication with Respondents</li> <li>- Support private activity analysis</li> <li>- Coordinate input from CSJ and other stakeholders</li> <li>- Develop P3 evaluation criteria</li> <li>- Coordinate review process / interviews / initial negotiations</li> <li>- Develop recommendations and reports as needed</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings as reasonably directed by the District</li> <li>- Such other services as are reasonably requested by District</li> </ul>	\$177,600	Apr-18	Dec-19
6	<p><b>Support District through Development Period</b></p> <ul style="list-style-type: none"> <li>- Support negotiations / finalize Development Period Agreement</li> <li>- Support negotiation / finalize Water Services Agreement</li> <li>- Support communications with P3 entity</li> <li>- Support review and negotiation of key P3 entity contracts (EPC Contract, O&amp;M Agreement)</li> <li>- Financial modeling / development of water unit pricing model</li> <li>- Support communication with City</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings as reasonably directed by the District</li> <li>- Such other services as are reasonably requested by District</li> </ul>	\$241,200	Dec-19	Sep-20
7	<p><b>Support District through Financing Period</b></p> <ul style="list-style-type: none"> <li>- Support underwriter selection</li> <li>- Support rating agency process</li> <li>- Support preparation / negotiation of financing documents</li> <li>- Support preparation of offering documents</li> <li>- Support negotiations with Subordinated Bondholder</li> <li>- Financial Modeling / quantitative analysis</li> <li>- Coordinate with other consultants and advisors</li> <li>- Support communication with P3 entity and financing team</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings as reasonably directed by the District</li> <li>- Such other services as are reasonably requested by District</li> </ul>	\$306,000	Mar-20	Dec-20
8	<p><b>Support District through Construction Period / Initial Operating Period</b></p> <ul style="list-style-type: none"> <li>- Prepare post-bond-sale analysis</li> <li>- Develop monthly billing model</li> <li>- Support review and monitoring of construction</li> <li>- Provide review and financial advisory on an as-needed-basis</li> <li>- Board Meeting support</li> <li>- Participate in calls/meetings as reasonably directed by the District</li> <li>- Such other services as are reasonably requested by District</li> </ul>	\$365,420	Dec-20	Dec-25
<b>Total Not-to-Exceed Amount</b>		<b>\$2,330,000</b>		

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