
CONSULTING SERVICES AGREEMENT

This CONSULTING SERVICES AGREEMENT (this "Agreement") is dated as of the latest date set forth on the signature page hereto (the "Effective Date") and is entered into by and between Urban Futures Inc., a California corporation ("Advisor"), and Willows Unified School District ("District").

RECITALS

WHEREAS, District wishes to issue certain bonds (the "Bonds") and desires that Advisor provide to District certain Consulting Services (defined below) with respect to the Bonds; and

WHEREAS, Advisor desires to provide to District certain Consulting Services with respect to the Bonds on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the parties agree as follows:

AGREEMENT

1. **CONSULTING SERVICES.** District hereby retains Advisor to perform (i) the pre-election planning services set forth on Exhibit A hereto (the "Pre-Election Planning Services"), (ii) the financial advisory services set forth on Exhibit B hereto (the "Financial Advisory Services"), and Advisor hereby agrees to perform the Consulting Services pursuant to the terms and conditions of this Agreement.

2. **EFFECTIVE DATE, TERM AND CONDITIONS.** This Agreement shall be effective as of the Effective Date and shall remain in effect (i) until the date of issuance of the final series of Bonds, including any subsequent refinancings of Bonds or (ii) the later 5-year (five-year) anniversary of the Effective Date (the "Term"). The parties may extend the Term for successive 1-year (one-year) periods upon mutual agreement, or otherwise as the parties may agree.

3. **COMPENSATION.** Compensation for the Consulting Services provided to District pursuant to this Agreement shall be as set forth in this Section 3. All fees and expenses are contingent on the success of the Bond and sale of Bonds with exception to Survey/Voter Opinion Poll Services. Fees for Survey/Voter Opinion Poll Services shall be paid from the District's general fund or other allowable sources. Fees for Pre-Election Planning Services and Financial Advisory Services shall be paid out of proceeds received by the District resulting from the sale of Bonds.

a. Fees.

i. For Survey/Voter Opinion Poll Services. The fees for these services are not to exceed Six Thousand Dollars (\$6,000) and are to be paid upon presentation of results to the District. This sum covers the expenses for the creation of the initial survey instrument, cost of the telephone calls, interpretation of the data from the survey, and the presentation of survey results to District.

ii. For Pre-Election Planning Services, District shall pay to Advisor a fee of Twenty-Five Thousand Dollars (\$25,000) payable upon the closing of the first series of Bonds.

iii. For Financial Advisory Services, District shall pay to Advisor a fee of Seventy Thousand Dollars (\$70,000) for each series of Bonds sold, payable upon the closing of each series of Bonds (including, without limitation, the first).

b. Expenses. District shall reimburse Advisor for out-of-pocket expenses incurred by Advisor in the course of performance of Consulting Services at the actual cost of such expenses, which are not to exceed \$2,500. Payment for any expenses pursuant to this Section 3(b) shall be made at the next following due date for payment of a fee pursuant to Section 3(a).

4. **COVENANTS.**

a. District.

i. Access to Personnel. District will cooperate with Advisor by providing opportunities to consult with District personnel as Advisor deems reasonably necessary to perform the Consulting Services.

ii. Information. District agrees to provide on a timely, diligent and accurate basis, and to the best extent possible, all necessary information reasonably requested by Advisor for the purpose of performing the Consulting Services.

iii. Additional Professional Services. District agrees to provide or authorize additional professional services (e.g., legal counsel, paying agent) as Advisor deems reasonably necessary to complete the Consulting Services and the Bond issuance.

iv. Further Assurances. District agrees to take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement and the transactions contemplated hereby.

b. Advisor.

i. Compliance with Laws. Advisor shall, at all times, comply with all laws, rules and regulations related to the subject matter of this Agreement and to which Advisor is subject.

5. TERMINATION.

a. This Agreement may be terminated prior to the conclusion of the Term as follows:

i. By either party upon the other party's material breach of any of its representations, warranties or obligations under this Agreement, provided that such breach is not cured within thirty (30) days of receipt of notice specifying the breach.

ii. At any time upon mutual written consent of the Parties.

b. Notwithstanding the foregoing, if District terminates this Agreement without cause ninety days (90) or fewer prior to the sale of a series of Bonds in connection with a Bond program with respect to which Advisor performed any Consulting Services, Advisor shall be entitled to promptly receive (i) the full fee as set forth in Section 3(a)(i) with respect to Pre-Election Planning Services provided for such Bond series, if applicable; and (ii) the full fee as set forth in Section 3(a)(ii) with respect to Financial Advisory Services provided for such Bond series. Such amounts shall be paid by District to Advisor upon District's receipt of proceeds resulting from the sale of such Bonds.

6. LIMITATION OF LIABILITY.

a. Advisor Liability. The parties agree that Advisor's officers, directors, agents and employees shall not be personally liable to District for any damages in connection with this Agreement. Advisor shall be solely liable for any finally determined damages in connection with this Agreement for which Advisor is deemed liable.

b. Limitation of Advisor Liability. Except to the extent finally determined to have resulted from the gross negligence, fraud or willful misconduct of Advisor, Advisor's liability to pay damages for any damages, losses and claims incurred by District, regardless of the theory of liability asserted, is limited to no more than an amount equal to the total amount of fees paid to Advisor under this Agreement. In addition, Advisor shall not be liable in any event for lost profits, revenue or goodwill, or any other consequential, indirect, incidental, punitive, exemplary or special damages.

c. District Liability. The parties agree that District's officers, directors, agents, and employees shall not be personally liable to Advisor for any damages in connection with this Agreement. District shall be solely liable for any finally determined damages in connection with this Agreement for which District is deemed liable.

d. Limitation of District Liability. Except to the extent finally determined to have resulted from the gross negligence, fraud or willful misconduct of District, District's liability to pay damages for any damages, losses and claims incurred by Advisor, regardless of the theory of liability asserted, is limited to no more than an amount equal to the total amount of fees to be paid to Advisor under this Agreement. In addition, District will not be liable in any event for lost profits, revenue or goodwill, or any other consequential, indirect, incidental, punitive, exemplary or special damages.

e. Survival of Liability. The provisions of this Section 6 shall survive the expiration or termination of this agreement.

7. **CONFIDENTIALITY OF INFORMATION.** It is mutually agreed that Advisor shall regard all information received during the performance of services pursuant to this Agreement ("Confidential Information") as confidential and shall not disclose Confidential Information to any other person without prior consent of District. Confidential Information shall not include information that: (i) is, as of the time of its disclosure, or thereafter becomes, part of the public domain through a source other than Advisor; (ii) was known to Advisor as of the time of its disclosure; (iii) is independently developed by Advisor; or (iv) is subsequently learned from a third party not under a confidentiality obligation to District. In addition, Advisor shall be entitled to disclose Confidential Information to the extent such disclosure is requested by the order of a court of competent jurisdiction, administrative agency, or other governmental body, provided that Advisor shall provide prompt, advance notice thereof to enable District to seek a protective order or otherwise prevent such disclosure. The confidentiality obligations of Advisor shall survive the expiration or termination of this Agreement.

8. **ADDITIONAL MATTERS.**

a. Governing Law; Jurisdiction. It is expressly understood and agreed that this Agreement and all questions arising hereunder shall be construed according to the laws of the State of California, without giving effect to conflicts of law principles. All actions or proceedings arising directly or indirectly from this Agreement shall be litigated in courts located within Glenn County, California. The parties consent to the jurisdiction thereof and the parties further agree not to disturb such choice of forum.

b. Successors and Assigns. Except as otherwise provided herein, this Agreement shall not be assignable by either party without the express written consent of the other party hereto. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

c. Attorneys' Fees. In the event of any action to enforce or interpret this Agreement, including without limitation the recovery of damages for its breach, the prevailing

party shall be entitled to recover from the other party its reasonable attorneys' fees and costs. Any judgment or order entered in such action shall contain a specific provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.

d. Amendments to Agreement. This Agreement may not be modified, amended or supplemented except by written instrument executed by all parties hereto.

e. Notice. All notices to be given by the parties hereto and other communications hereunder shall be in writing and shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed telex, electronic mail or facsimile if sent during normal business hours of the recipient, if not, then on the next business day; (iii) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt; or (iv) four days after deposit with a United States Post Office, first class postage prepaid and registered. All communications shall be sent as follows:

To Advisor:

Urban Futures Inc.
1470 Maria Lane, Ste. 315
Walnut Creek, CA 94596
Attn.: Jonathan Isom, Managing Principal
Telephone: (925) 478-7450
E-mail: jonisom@urbanfuturesinc.com

To District:

Willows Unified School District
823 West Laurel Street
Willows, CA 95988
Attn.: Mort Geivett, Superintendent
Telephone: (530) 934-6600
E-mail: mgeivett@willowsunified.org

f. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

g. Entire Agreement. This Agreement (including the Exhibits attached hereto) contains the entire understanding of the parties in respect of its subject matter and supersedes all prior agreements and understandings (oral or written) between the parties with respect to such subject matter. The Exhibits attached hereto constitute a part hereof as though set forth in full herein.

h. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the dates set forth below.

ADVISOR:

DISTRICT:

Urban Futures Inc.

Willows Unified School District

By: 
Name: Jonathan Isom
Title: Managing Principal

By: 
Name: Mort Geivett
Title: Superintendent

Dated: February 7, 2012

Dated: FEBRUARY 6, 2012

EXHIBIT A

PRE-ELECTION PLANNING SERVICES

- Review District project list and assist District in preparing a capital and financing plan
- Analyze the assessed valuation of District, calculate bonding capacity, and perform financial analysis to determine possible bond proceeds
- Create an election timeline and financing timeline; coordinate same with bond counsel, District, and county
- Prepare a survey/voter opinion poll to assist District to assess voter attitudes toward District, proposed projects, specific themes, alternative tax rates, and overall support for a bond program
- Provide a survey/voter opinion poll results presentation to District to summarize results of survey/voter opinion poll
- Recommend proposed bond amount, issuance schedule, and projects to be funded by bond program
- Conduct public information program to assess the feasibility of a bond program in District including providing information
- Assist in the preparation of a bond election resolution including preparing ballot language and detailed bond project list
- Prepare tax rate statement and estimates of tax rates for bond program
- If needed, prepare ballot arguments and rebuttals

EXHIBIT B

FINANCIAL ADVISORY SERVICES

- Analyze the bond market to determine timing, credit enhancement requirements, structure, bond amount, legal documentation requirements, rating requirements, and method of sale
- Assist District, as needed, to assemble bond finance team members including bond counsel, paying agent, trustee, and underwriter
- Prepare timeline, distribution lists, and term sheets to manage financing
- Manage bond issuance process including the coordination with other finance team members (bond counsel, paying agent, trustee, and underwriter, if needed)
- Define the proposed structure including sizing, call provisions, amortization schedule, and phasing of debt service repayment
- Review legal documents including district and county resolutions, bond purchase agreements, Preliminary Official Statement, and Official Statement
- Prepare rating agency and insurer presentation; negotiate with analysts of same
- Assist in preparation and train District members for rating agency meetings
- Analyze tax base and recommend appropriate tax structure
- For competitive sale, review Notice of Sale and Bid Form, distribute bid documents to qualified underwriters and post bid documents, monitor and verify bids on day of sale, and coordinate award of winning bid
- For negotiated sale, discuss structure and tax rate objectives with underwriter, review proposed structure and scale and make recommendations as appropriate, review fees, and review final pricing
- Review closing documents including tax opinion, arbitrage certificate, and continuing disclosure certificate
- Prepare wrap up presentation booklets to summarize bond sale
- Manage pre-closing and closing
- Attend board meetings as needed to explain bond sale, legal documents, and pricing summary