



Agenda Item A.1
CONSENT CALENDAR
Meeting Date: December 3, 2019

TO: Goleta RDA Successor Agency Chair and Agency Members

FROM: Luke Rioux, Finance Director

SUBJECT: Selection of Municipal Advisor, Fiscal Consultant, Bond and Disclosure Counsel, and Underwriter for the Refunding of the 2011 Tax Allocation Bonds

RECOMMENDATION:

Direct staff to initiate the refunding process for the 2011 Tax Allocation Bonds and authorize staff to engage the services of (1) Urban Futures Inc., as Municipal Advisor and Fiscal Consultant, (2) Stradling Yocca Carlson & Rauth to serve as Bond and Disclosure Counsel, and (3) Stifel, Nicolaus & Company as Underwriter as required for refunding the 2011 Tax Allocation Bonds.

BACKGROUND:

In 2011, the former Redevelopment Agency of the City of Goleta issued \$16,085,000 in Redevelopment Agency Tax Allocation Bonds 2011 Series A (the "2011 Bonds") for the construction of a major storm water channel in Old Town Goleta. Payoff of the 2011 Bonds is scheduled to occur in 2044. On February 1, 2012, every redevelopment agency in the State of California was dissolved and a successor agency was created for each redevelopment agency. On June 27, 2012, the State passed Assembly Bill 1484 ("AB 1484"), which included provisions permitting successor agencies to refund outstanding bonds or other obligations of a former redevelopment agency to achieve savings, with further amendments to the dissolution law occurring with passage of Senate Bill No. 107 on September 22, 2015. Many successor agencies have since refunded their existing redevelopment bonds to provide savings and thus increase the distribution of residual tax increment revenues to taxing entities. The Goleta RDA Successor Agency has not been able to pursue refunding of its bonds due to pending litigation related to disallowed bond proceed transfers, which is now resolved.

In September of 2018, the City and Successor Agency settled litigation with the State Department of Finance (DOF) and the Santa Barbara County Auditor-Controller. The litigation related to the wind down of the Redevelopment Agency for the City of Goleta pursuant to Assembly Bill 26 of the 2011- 12 First Extraordinary Session of the California Legislature ("AB x1 26") and Assembly Bill 1484 of the 2011-12 Regular Session of the California Legislature ("AB 1484") (AB x1 26 and AB 1484, collectively the "Dissolution Law"). At the core of the litigation was the Other Funds and Accounts Due Diligence Review ("DDR") submitted by the Successor Agency in January of 2013 to DOF. DOF

issued a letter, dated May 9, 2013, which included, among other things, a final determination that three transfers of funds from the RDA totaling \$18,125,358 to the City between January 1, 2011, and June 30, 2011, were not required by “enforceable obligations” and thus considered disallowed transfers.

The settlement results in the City agreeing to transfer \$6,431,587.35 (pursuant to an agreed upon payment schedule) to the Successor Agency which then will transfer the same amount to the Auditor-Controller for distribution to the taxing entities. Moreover, upon request of the Successor Agency and in compliance with all applicable laws, DOF will authorize the Successor Agency to refund the 2011 Tax Allocation Bonds (TABs) in order to reduce overall debt service payments for the benefit of the taxing entities.

In order to begin the bond refunding process, staff is asking for the Successor Agency to approve the selection of its primary financing team members.

DISCUSSION:

The purpose of this report is to authorize Successor Agency staff to move forward with the process of refunding its 2011 TABs, in accordance with the City’s and Successor Agency’s Debt Management Policy and approving the recommended selection of its primary financing team members, including the Municipal Advisor, Fiscal Consultant, Bond and Disclosure Counsel and Underwriter. Once primary financing team members are selected, the Municipal Advisor will prepare a debt service savings analysis to determine compliance with savings parameters under Section 34177.5 of the State Health and Safety Code.

Below is a brief description of the roles and activities of the primary members of the financing team:

Municipal Advisor

Local governments retain a municipal advisor to assist in the structuring and issuance of bonds either through a competitive or negotiated sale process. The municipal advisor represents the City, and only the City, in the sale of bonds, and works as an extension of staff with a specialty focus on the proposed financing and has an explicit fiduciary duty to their government clients. They assist the agency in solicitation of fee proposals and make recommendations on the selection of Bond and Disclosure Counsel, Underwriter, Fiscal Consultant, and other necessary parties to complete financings. The Municipal Advisor will make recommendations as to the structure, timing and terms of the bonds, and review all fees and expenses, coordinate the financing team, assist in verifying coupons and yields on the date of sale and review and comment on all documents. The Government Finance Officers Association (“GFOA”) recommends that a municipal advisor be selected independent of the bond underwriter, and that a Request for Proposal process be utilized to select the consultant.

Fiscal Consultant

The Fiscal Consultant prepares a Fiscal Consultant’s Report used as an exhibit to the official statement and prepares the tables contained in the body of the document. The

report and tables describe all the information and data related to the project area including a projection of future tax increment expected to be received by the Agency for the remaining term of the bonds.

Bond Counsel

Bond Counsel works directly for the Issuer. Bond Counsel is an attorney (or team of attorneys), with specialized experiencing in municipal financings. They will draft the bond documents and ensure that all legal requirements critical to the validity of the bonds are satisfied and will issue a written opinion. Bond Counsel will often also serve as a disclosure counsel for the issue.

Disclosure Counsel

Disclosure Counsel assist with the preparation of the official statement and the continuing disclosure agreement and help facilitate preparation of the final (closing) documentation. The official statement is the primary marketing document used by the Underwriter to market the bonds to potential investors.

Underwriter

The Underwriter is an investment banking firm that assists in structuring the bonds, assists the team with the bond rating and credit enhancement process and markets/sells the bonds to potential investors.

Recommendation of Municipal Advisor and Fiscal Consultant:

On September 24, 2019, staff issued a Request for Proposals (RFP) for Financial Advisory Services. The RFP was sent to thirteen (13) qualified firms, posted on the City's website, and sent out through GovDelivery. The City received a total of four proposals by the RFP closing date of October 10, 2019. A summary of the proposals received is shown in the table below.

Municipal Advisory Firm	Municipal Advisory	Fiscal Consultant
Urban Futures, Inc.	\$37,000	\$15,000
Fieldman, Rolapp, & Associates	\$45,000	<i>Contract separately</i>
KNN Public Finance	\$62,500	<i>Contract separately, Est \$35,000</i>
Columbia Capital Municipal Advisors	\$67,500	<i>Contract separately</i>

The proposals were reviewed by an evaluation team comprised of three Finance staff members. The firms were evaluated based on the criteria specified in the RFP, including knowledge, expertise, and relevant experience refunding TABs. Additionally, references were checked from other City clients. The process concluded with unanimous concurrence of the evaluation team that Urban Futures, Inc. ("UFI") was the firm that would best serve the City and the Successor Agency. The evaluation team was particularly impressed by UFI's level of understanding of Goleta's finances and project area's tax base. The firm demonstrated exemplary planning and organizational skills which are critical for timely performance. Reference checks and feedback received was

consistent with the qualities perceived during the evaluation team review. Additionally, UFI was the only firm to provide and propose services in preparing a Fiscal Consultant Report that is needed in the preliminary and final official statement and rating presentation. The other proposals did not provide fiscal consultant services and indicated the need to solicit separately. By using Urban Futures as the Fiscal Consultant, at the separate proposed cost of \$15,000, the Successor Agency may experience savings of approximately \$5,000-\$20,000, not including additional staff time needed to solicit proposals. UFI has also been proactive in identifying compliance issues with disclosure requirements since 2012 and will be working with staff to correct these issues prior to issuance. They also understand the refunding priority of the City and Successor Agency and have provided immediate assistance with soliciting and reviewing proposals for the other primary financing team members. Staff recommends the Successor Agency approve UFI as its Municipal Advisor and Fiscal Consultant for refunding the 2011 TABs.

Recommendation of Bond and Disclosure Counsel and Underwriter:

On November 1, 2019 the Finance Director and UFI solicited proposals and fee quotes from firms to serve as Bond and Disclosure Counsel and Underwriter for refunding the 2011 TABs, with a closing date of November 15, 2019.

The responses to the RFP for Bond and Disclosure Counsel are summarized in the table below:

Bond and Disclosure Counsel	Total Fee	Expenses
BB&K ¹	\$80,000	Misc.
Jones Hall	\$69,500	\$3,000
Stradling ²	\$55,000	\$2,000

1. \$50,000 BC; \$30,000 DC. Expenses include transcripts (around \$1,500) and other miscellaneous items
2. \$35,000 BC; \$30,000 DC; \$55,000 if serving as both BC and DC.

The proposals received for bond and disclosure counsel were reviewed by an evaluation team consisting of UFI and the Finance Director, and were evaluated based on firm and team experience, tax allocation financing experience, experiencing with DOF/RDA issues, issuer knowledge, and overall responsiveness to the RFP. The process concluded with unanimous concurrence of the evaluation team that Stradling Yocca Carlson & Rauth (Stradling) was the firm that would best serve the City and the Successor Agency. It was ranked highest due to its experience with California cities and agencies, in particular with tax allocation financings, and its experience working with the Department of Finance on complex RDA issues. Additionally, Stradling was priced competitively.

The responses to the RFP for Underwriter services are summarized in the table below:

Underwriter	Total Gross Spread
Brandis Tallman	\$4.89/bond
Piper Jaffray	\$5.41/bond
Raymond James	\$4.41/bond
Stifel	\$6.12/bond

The proposals received for underwriting services were reviewed by an evaluation team consisting of UFI and the Finance Director, and were evaluated based on experience, issuer knowledge, pricing execution, credit/savings analysis, marking and distribution. The process concluded with unanimous concurrence of the evaluation team that Stifel, Nicolaus & Company (Stifel) was the firm that would best serve the City and the Successor Agency as it was ranked highest due to its experience, issuer knowledge and prior history with the City, as Stifel's predecessor firm Stone & Youngberg underwrote the 2011 TABs. Stifel's credit and savings analyses are very thorough and a good credit rating strategy for the City and the Successor Agency. Additionally, Stifel has provided the City with ongoing regular market updates as it resolved its dispute with the DOF.

FINANCE AND AUDIT STANDING COMMITTEE:

The Finance Committee met on November 21, 2019 and received an update on refunding the formed Redevelopment Agency of the City of Goleta 2011 Tax Allocation Bonds (TABs), including the RFP process, recommended Financing Team members, and next steps.

FISCAL IMPACTS:

Staff is recommending the Successor Agency Board approve the recommended financing team members. Fees and expenses of the team members will be fully contingent upon successful closing of the bond refunding transaction. The purpose of refunding bonds is to take advantage of lower interest rates and experience significant debt service savings, which will benefit the taxing entities.

In summary, the fee structure for the financing team members that will be part of the refunding is described in the table below:

Financing Team	Firm Name	Not-to-Exceed	Expenses	Total
Municipal Advisor	Urban Futures	\$34,500	\$2,500	\$37,000
Fiscal Consultant	Urban Futures	\$15,000	-	\$15,000
Bond and Disclosure Counsel	Stradling	\$55,000	\$2,000	\$57,000
*Underwriter	Stifel	\$6.12/bond		\$6.12/bond

If the Successor Agency Board approves recommended financing team members and moves forward, the remaining steps for formal approval are as follows:

- 1) Municipal Advisor prepares a "Refunding Plan and Savings Analysis" which determines there are significant potential savings from the refunding.
- 2) Bond Counsel prepares the appropriate documentation for the issuance of the refunding bonds
- 3) Successor Agency Board reviews the documentation and approves the refunding, moving the item to the Oversight Board
- 4) Oversight Board reviews the documentation and approves the refunding, moving the documentation to County Auditor-Controller and the DOF
- 5) DOF will have sixty (60) days to review and reply with formal approval/denial.
- 6) Disclosure Counsel prepares the official statement.
- 7) Municipal Advisor prepares the rating presentation and financing team meets with rating agency.
- 8) Municipal Advisor solicits insurance and surety bids.
- 9) Successor Agency Board reviews and approves the official statement.
- 10) Post the preliminary official statement.
- 11) Sell the bonds.
- 12) Close the transaction.

ALTERNATIVES:

The Successor Agency may elect not to approve the recommended selected Municipal Advisor, Fiscal Consultant, Bond and Disclosure Counsel, or Underwriter, in which case would delay the refunding the 2011 TABs.


Reviewed By:


Kristine Schmidt
Assistant City Manager

Legal Review By:


Michael Jenkins
City Attorney

Approved By:


Michelle Greene
City Manager

ATTACHMENTS:

1. Engagement Letter – Urban Futures, Inc
2. Engagement Letter – Stifel, Nicolaus & Company, Incorporated
3. Engagement Letter – Stradling Yocca Carlson & Rauth

ATTACHMENTS 1:

Engagement Letter – Urban Futures, Inc.

October 28, 2019

FROM: Urban Futures, Inc.
Michael Busch, CEO
Wing-See Fox, Managing Director

TO: Luke Rioux, Finance Director
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

RE: Engagement Letter for the Successor Agency to the Redevelopment Agency for the City of Goleta, 2020 Tax Allocation Refunding Bonds

Mr. Rioux:

This letter specifies the terms of the engagement between Urban Futures, Inc., located at 17821 E 17th Street, Suite 245, Tustin, CA 92780 and the Successor Agency to the Redevelopment Agency for the City of Goleta, located at 130 Cremona Drive, Suite B, Goleta, CA 93117.

This engagement between the Successor Agency to the Redevelopment Agency for the City of Goleta (the “Agency”) and Urban Futures, Inc. (“UFI”) shall become effective as of the date of its acceptance as provided below.

Scope of Municipal Advisory Activities to be Performed

Assembling a team that works for the Agency is a key part of the debt issuance process. Among the first to join the team is the municipal advisor. As municipal advisor, UFI will successfully perform the following duties:

- Assist in developing the plan of finance and related transaction timetable;
- Identify and analyze financing solutions and alternatives for funding the capital improvement plan and/or refunding plan;
- Advise on the method of sale, taking into account market conditions and near-term activity in the municipal market;
- Assist in the preparation of any rating agency strategies and presentations;
- Coordinate internal/external accountants, feasibility consultants and escrow agents, as appropriate;
- Assist with the selection of the financing team, at the direction of the Agency;
- Assist with underwriter compensation issues, syndicate structure and bond allocations;

- Assist with negotiated sales (as applicable), including advice regarding retail order periods and institutional marketing, analysis of comparable bonds and secondary market data, and verify cash flow calculations;
- Assist with competitive bond sales (as applicable), including posting of the notice of sale and preliminary official statement, and preparation of the bid verification, true interest cost (TIC) calculations and reconciliations/verifications of bidding platform calculations, preparation of notice of sale, obtaining CUSIP numbers;
- Prepare and/or review preliminary cash flows/ preliminary refunding analysis;
- Analyze whether to use SLGS, open markets and/or agency securities for purposes of investment of bond proceeds;
- Manage the escrow bids or review SLGs applications for structuring refunding escrow (if applicable);
- Assist in procuring printers, verification agents, etc.;
- Assist with coordination of bond closings;
- Prepare any required post-sale reports of bond sales; and
- Evaluate market conditions and pricing performance of senior manager and co-managers' distribution of bonds.

Independent Registered Municipal Advisor (“IRMA”)

If acting in the capacity of an Independent Registered Municipal Advisor (“IRMA”) with regard to the IRMA exemption of the SEC Rule, Urban Futures, Inc. will review all third party recommendations submitted to Urban Futures, Inc. in writing by the Agency.

Term of Engagement Agreement

The commencement date of the agreement is October 28, 2019, and the end date is two years after the effective date, or the bond closing date of the subject transaction, whichever occurs first. Any extensions must be mutually agreed upon by all parties in writing.

Termination of Engagement Agreement

The Agency may terminate the whole or any part of this Agreement at any time and without cause by giving sixty (60) days written notice to Urban Futures Inc. of such termination, and specifying the effective date thereof. Urban Futures, Inc. shall discontinue all Services affected by such termination within thirty (30) days of receipt of such notice, unless otherwise instructed by the District in writing. Urban Futures, Inc. may terminate this agreement by giving the Agency sixty (60) days written notice.

In the event Services are terminated by the Agency and bonds are successfully issued, Urban Futures, Inc. will be compensated pro-rata for services provided up to the termination date.

Compensation and Out-of-Pocket Expenses

Compensation for the municipal advisory and fiscal consultant activities to be performed for this engagement is contingent upon the successful sale of bonds.

For the subject bond transaction, the fee for financial advisory services is \$34,500. In addition to the fee amount, UFI shall be reimbursed for expenses in an amount not to exceed \$2,500. Expense reimbursements will cover the following:

- Mandatory SEC/MSRB Compliance Requirements & Reporting
- Data Services (Bloomberg, Thompson Reuters, DBC)
- Travel (mileage, hotels, etc.)

UFI will also act as Fiscal Consultant to the Agency for the subject bond transaction and will prepare a Fiscal Consultant Report suitable for inclusion in the Preliminary and Final Official Statement. Compensation for fiscal consultant services for this transaction is \$15,000.

Fiduciary Duty

Urban Futures, Inc. is currently registered as a Municipal Advisor with the Securities and Exchange Commission ("SEC") and Municipal Securities Rulemaking Board ("MSRB"). As such, Urban Futures, Inc. has a Fiduciary Duty to the Agency and must provide both a Duty of Care and a Duty of Loyalty that entails the following.

Duty of Care:

- a) exercise due care in performing its municipal advisory activities;
- b) possess the degree of knowledge and expertise needed to provide the Agency with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the Agency's determination as to whether to proceed with a course of action or that form the basis for any advice provided to the Agency; and
- d) undertake a reasonable investigation to determine that Urban Futures, Inc. is not forming any recommendation on materially inaccurate or incomplete information; Urban Futures, Inc. must have a reasonable basis for:
 - i. any advice provided to or on behalf of the Agency;
 - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the Agency, any other party involved in the municipal securities transaction or municipal financial product, or investors in the Agency securities; and
 - iii. any information provided to the Agency or other parties involved in the municipal securities transaction in connection with the preparation of an official statement.

Duty of Loyalty:

Urban Futures, Inc. must deal honestly and with the utmost good faith with the Agency and act in the Agency's best interests without regard to the financial or other interests of Urban Futures, Inc. Urban Futures, Inc. will eliminate or provide full and fair disclosure (included herein) to the Agency about each material conflict of interest (as applicable). Urban Futures, Inc. will not engage in municipal advisory activities with the Agency as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in the Agency's best interests.

Conflicts of Interest and Other Matters Requiring Disclosures

- As of the date of the Agreement, there are no actual or potential conflicts of interest that Urban Futures, Inc. is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. Urban Futures, Inc. represents that in connection with the issuance of municipal securities, Urban Futures, Inc. may receive compensation from the Agency for services rendered, which compensation is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Urban Futures, Inc. hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Urban Futures, Inc.'s ability to provide unbiased advice to enter into such transaction. This conflict of interest will not impair Urban Futures, Inc.'s ability to render unbiased and competent advice or to fulfill its fiduciary duty to the Agency. If Urban Futures, Inc. becomes aware of any potential conflict of interest that arises after this disclosure, Urban Futures, Inc. will disclose the detailed information in writing to the Agency in a timely manner.
- The fee paid to Urban Futures, Inc. increases the cost of investment to the Agency. The increased cost occurs from compensating Urban Futures, Inc. for municipal advisory and fiscal consultant services provided.
- Urban Futures, Inc. does not act as principal in any of the transaction(s) related to this Agreement.
- During the term of the municipal advisory relationship, this agreement will be promptly amended or supplemented to reflect any material changes in or additions to the terms or information within this agreement and the revised writing will be promptly delivered to the Agency.
- Urban Futures, Inc. does not have any affiliate that provides any advice, service, or product to or on behalf of the client that is directly or indirectly related to the municipal advisory activities to be performed by Urban Futures, Inc.;
- Urban Futures, Inc. has not made any payments directly or indirectly to obtain or retain the Agency's municipal advisory business;

- Urban Futures, Inc. has not received any payments from third parties to enlist Urban Futures, Inc. recommendation to the Agency of its services, any municipal securities transaction or any municipal finance product;
- Urban Futures, Inc. has not engaged in any fee-splitting arrangements involving Urban Futures, Inc. and any provider of investments or services to the Agency;
- Urban Futures, Inc. does not have any other engagements or relationships that might impair Urban Futures, Inc.'s ability either to render unbiased and competent advice to or on behalf of the Agency or to fulfill its fiduciary duty to the Agency, as applicable; and
- Urban Futures, Inc. does not have any legal or disciplinary event that is material to the Agency's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

Legal Events and Disciplinary History

Urban Futures, Inc. does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Agency may electronically access Urban Futures, Inc.'s most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC.

Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, the Agency may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.

Recommendations

If Urban Futures, Inc. makes a recommendation of a municipal securities transaction or municipal financial product or if the review of a recommendation of another party is requested in writing by the Agency and is within the scope of the engagement, Urban Futures, Inc. will determine, based on the information obtained through reasonable diligence of Urban Futures, Inc. whether a municipal securities transaction or municipal financial product is suitable for the Agency. In addition, Urban Futures, Inc. will inform the Agency of:

- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which Urban Futures, Inc. reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for the Agency; and

- whether Urban Futures, Inc. has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the Agency's objectives.

If the Agency elects a course of action that is independent of or contrary to the advice provided by Urban Futures, Inc., Urban Futures, Inc. is not required on that basis to disengage from the Agency.

Record Retention

Effective July 1, 2014, pursuant to the Securities and Exchange Commission (SEC) record retention regulations, Urban Futures, Inc. is required to maintain in writing, all communication and created documents between Urban Futures, Inc. and the Agency for 5 years.

If there are any questions regarding the above, please do not hesitate to contact Urban Futures, Inc. If the foregoing terms meet with your approval, please indicate your acceptance by executing both copies of this letter and returning one copy.

Sincerely,



Wing-See Fox, Managing Director
Urban Futures, Inc.

Successor Agency to the Redevelopment Agency for the City of Goleta

By: _____

Title: _____

ATTACHMENT 2:

Engagement Letter – Stifel, Nicolaus & Company, Incorporated



November 21, 2019

Luke Rioux
Finance Director
City of Goleta
130 Cremona Drive, Suite B
Goleta, CA 93117

Re: Underwriter Engagement Relating to Potential Municipal Securities Transaction for the
Successor Agency to the Redevelopment Agency to the City of Goleta
2020 Tax Allocation Refunding Bonds

Dear Mr. Rioux:

The Successor Agency to the Redevelopment Agency to the City of Goleta (the "Issuer") and Stifel, Nicolaus & Company, Incorporated ("Stifel") are entering into this engagement letter to confirm that they are engaged in discussions related to a potential issue of municipal securities (the "Issue") to refinance the 2011 Tax Allocation Bonds and to formalize Stifel's role as underwriter with respect to the Issue.

Engagement as Underwriter

The Issuer is aware of the "Municipal Advisor Rule" of the Securities and Exchange Commission ("SEC") and the underwriter exclusion from the definition of "municipal advisor" for a firm serving as an underwriter for a particular issuance of municipal securities. The Issuer hereby designates Stifel as an underwriter for the Issue. The Issuer expects that Stifel will provide advice to the Issuer on the structure, timing, terms and other matters concerning the Issue.

Limitation of Engagement

It is the Issuer's intent that Stifel serve as an underwriter for the Issue, subject to satisfying applicable procurement laws or policies, formal approval by the Successor Agency Board, finalizing the structure of the Issue and executing a bond purchase agreement. While the Issuer presently engages Stifel as the underwriter for the Issue, **this engagement letter is preliminary, nonbinding and may be terminated at any time by the Issuer, without penalty or liability for any costs incurred by Stifel.** Furthermore, this engagement letter does not restrict the Issuer from entering into the Issue with any other underwriters or selecting an underwriting syndicate that does not include Stifel.

Disclosures Required by MSRB Rule G-17 Concerning the Role of the Underwriter

The Issuer hereby confirms and acknowledges each of the following concerning the role that Stifel would have as an underwriter:

- (1) Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (2) the underwriter’s primary role is to purchase securities with a view to distribution in an arm’s-length commercial transaction with the issuer and it has financial and other interests that differ from those of the issuer;
- (3) unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests;
- (4) the underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (5) the underwriter will review the official statement for the Issuer’s securities, in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Disclosures Concerning the Underwriter’s Compensation

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the Issue. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Issue. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest Disclosures

Stifel has not identified any additional potential or actual material conflicts that require disclosure.

Disclosures Relating to Complex Municipal Securities Financing

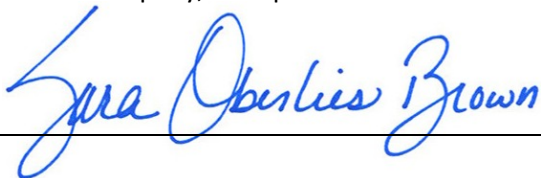
Since Stifel has not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Issue are not required under MSRB Rule G-17. However, if Stifel recommends, or if the Issue is ultimately structured in a manner considered a “complex municipal securities financing” to the Issuer, this letter will be supplemented to provide disclosure of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and are reasonably foreseeable at that time.

It is our understanding that you have the authority to bind the Issuer by contract with us, and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please let us know as soon as possible.

On behalf of Stifel, thank you for the opportunity to be a part of this financing.

Sincerely,

Stifel, Nicolaus & Company, Incorporated

By: 

Name: Sara Oberlies Brown

Title: Managing Director

Date: 11/21/2019

Issuer accepts and acknowledges the foregoing.

Accepted and Executed:

By: _____

Name: Luke Rioux

Title: Finance Director

Date: _____

ATTACHMENT 3:

Engagement Letter – Stradling Yocca Carlson & Rauth

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
660 NEWPORT CENTER DRIVE, SUITE 1600
NEWPORT BEACH, CA 92660-6422
TELEPHONE (949) 725-4000
FACSIMILE (949) 725-4100

CALIFORNIA
NEWPORT BEACH
SACRAMENTO
SAN DIEGO
SAN FRANCISCO
SANTA BARBARA
SANTA MONICA
COLORADO
DENVER
NEVADA
LAS VEGAS
RENO
WASHINGTON
SEATTLE

November 22, 2019

Successor Agency to the
Redevelopment Agency for the City of Goleta
130 Cremona Drive, Suite B
Goleta, California 93117

*Re: Engagement as Bond Counsel and Disclosure Counsel in connection with the
refunding of the Redevelopment Agency for the City of Goleta, Goleta Old Town
Redevelopment Project 2011 Tax Allocation Bonds*

Members of the Board of Directors:

We appreciate the opportunity to represent the Successor Agency to the Redevelopment Agency for the City of Goleta (the “**Successor Agency**”) as bond and disclosure counsel for the proposed refunding of the Redevelopment Agency for the City of Goleta, Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds. As is traditional for such matters, our fees will be contingent on the completion of the financing and will be payable from the proceeds of the financing. The terms of this letter and the enclosed Terms of Retention will govern our representation of the Successor Agency in connection with the matters that are identified above.

If this letter, including the attached Terms of Retention, accurately reflects the Successor Agency’s understanding of our relationship, please acknowledge the Successor Agency’s approval and acceptance of these terms by signing and returning this letter to us. Copies of each are enclosed for your files. We would be pleased to answer any questions that the Successor Agency might have.

Very truly yours,



STRADLING YOCCA CARLSON & RAUTH, P.C.

Enclosure

Successor Agency to the
Redevelopment Agency for the City of Goleta
November 22, 2019
Page 2

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY FOR THE
CITY OF GOLETA

By: _____
Authorized Signatory

**TERMS OF RETENTION
OF
STRADLING YOCCA CARLSON & RAUTH**

Stradling Yocca Carlson & Rauth (“we” or the “Firm”) appreciates the opportunity to provide bond and disclosure counsel services to the Successor Agency to the Redevelopment Agency for the City of Goleta (“you” or the “Successor Agency”). This letter confirms the terms of our engagement.

1. **Legal Services to be Provided.** You are engaging us as bond and disclosure counsel in connection with the proposed refunding of the Redevelopment Agency for the City of Goleta, Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds. Any matters that are covered by this letter will conclude when our services are completed or when our relationship with you is terminated. Our representation is limited to the specific services that you request and that we have agreed to undertake.

2. **Identity of Client.** We represent only the Successor Agency and the City of Goleta, in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

3. **Fees and Costs.** Payment of bond and disclosure counsel fees is contingent on completion of the financing and is payable upon closing. A scope of service and the not-to-exceed fixed fee for the proposed financings is set forth in Exhibit A. Such not-to-exceed fee includes all out-of-pocket costs.

Services that are unrelated to the specific transaction, including but not limited to post-closing compliance matters, arbitrage rebate compliance and representation of the Successor Agency in connection with Internal Revenue Service, federal or state securities law or other regulatory matters and other post-closing matters, will be billed at the Firm’s discounted rates applicable to public agencies, specifically \$600 for Brian Forbath and Carol Lew, \$550 for Vanessa Legbandt, \$375 for associates and \$150 for paralegals.

4. **Insurance and Indemnification.** We hereby advise you that the Firm maintains professional errors and omissions insurance coverage that is applicable to the services to be rendered to you. The Firm agrees to hold harmless, indemnify and defend the Successor Agency from and against any and all finally adjudicated determinations, including all costs of defense and reasonable attorneys’ fees, relating to the negligence or willful misconduct of the Firm’s services rendered in connection with this Terms of Retention up to the limits of such professional errors and omission insurance coverage.

5. **No Representation of Other Parties.** The Firm has represented, and may represent in the future, underwriting firms and banks (including Stifel, Nicolaus & Company, Incorporated) from time to time in connection with other specific municipal finance offerings. You expressly consent to such representation. In addition, the Firm has in the past, and may in the future, represent other public agencies as bond or disclosure counsel on municipal finance offerings that are unrelated to the Successor Agency’s financing or on employment law and related matters. The Firm confirms

that it is not representing any other party in connection with the financings that are the subject of this engagement.

6. **Termination.** The Firm's representation of you may be terminated prior to the completion of our services upon written notice at any time for any reason by the Firm or by the Successor Agency. If we represent you before a tribunal, our ability to withdraw may be subject to the tribunal's approval. If so, the termination shall not take effect prior to the date that such approval is given. You agree that the termination of our representation, whether by you, by us, or by a tribunal, does not remove your obligation to pay all amounts owed to us through the termination date, and any amounts incurred after that date, including fees and costs reasonably required to be incurred by us, as well as accrued interest. You also agree to sign those documents which are required to permit us to withdraw from our representation of you.

7. **Client File and Retention.** For each matter, we maintain a file in which we place certain documents and items, including original documents, which are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file is your property and, subject to any protective order or non-disclosure agreement, you may request to take possession of it once the matter concludes. If you do not take possession of the file during that seven-year period, you agree that upon sixty days' notice to you we may dispose of it unless you request to take possession of it at that time. We will promptly notify you should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation (a "**Legal Process**") while in our possession, including after the matter concludes. You agree to pay our then-prevailing hourly rates and costs that we incur to comply with the Legal Process. Any additional charges for fees and costs in connection with the Legal Process will be subject to your approval.

8. **Arbitration.** ANY CLAIM, CONTROVERSY OR DISPUTE BETWEEN OR AMONG YOU AND US (INCLUDING OUR PROFESSIONALS, EMPLOYEES AND AGENTS), WHETHER IN TORT, CONTRACT OR OTHERWISE, ARISING OUT OF OR IN ANY WAY RELATING TO THIS ENGAGEMENT LETTER OR ANY SERVICES THAT WE PROVIDE, SHALL BE SUBMITTED TO BINDING ARBITRATION. BY AGREEING TO ARBITRATE, YOU AGREE TO WAIVE YOUR RIGHT TO A JURY TRIAL. The arbitration shall be administered by JAMS pursuant to its Streamlined Arbitration Rules and Procedures and shall be conducted in Orange County, California by one neutral arbitrator. If the dispute involves our fees or costs, you may elect to submit that portion of the dispute to non-binding arbitration pursuant to California Business and Professions Code Sections 6200-6206. Any such non-binding arbitration shall be administered by the Orange County Bar Association under its Rules of Procedure for Mandatory Fee Arbitration. If any party rejects the non-binding award, final resolution of the dispute shall take place pursuant to the binding arbitration procedure with JAMS described above. Any court having jurisdiction may compel arbitration, grant provisional remedies in aid of arbitration, and confirm, vacate or modify the arbitration award. You consent to jurisdiction and venue in the state and federal courts located in Orange County, California for these purposes. This arbitration agreement shall be interpreted under the Federal Arbitration Act.

9. **No Guarantee of Result or Charges.** We do not guarantee any particular result or, subject to the not-to-exceed amounts that are set forth in Exhibit A, the actual amount of fees or costs that you will incur. You acknowledge and agree that any comments that we make about potential outcomes or charges in this matter, including any timetables, budgets or fee estimates, are expressions of opinion only, are neither promises nor guarantees and are not binding. If we represent

you in a litigation matter, you may be required to pay the other side's fees and costs. Any such payment is your sole responsibility.

10. **Our Counsel.** We have both internal counsel and outside counsel who advise our professionals about their ethical, professional and legal duties. From time to time, our professionals may consult such counsel about this matter. You acknowledge that such consultations are protected from disclosure to you by the attorney-client privilege between our counsel and us. You also agree that any such communications are not part of your client file, and that you waive any right to obtain discovery of those communications.

11. **Client Communication.** You hereby designate the Executive Director and Finance Director of the Successor Agency to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that you, the Executive Director or the Finance Director may designate in the future.

12. **Authority to Sign.** The person signing this letter on behalf of the Successor Agency represents that he or she has the full right and authority to do so, and to fully commit and bind the Successor Agency to this engagement letter.

13. **Miscellaneous.** This letter sets forth the entire agreement between you and us, and there are no other or additional understandings between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

14. **Effective Date.** The effective date of this agreement is the date you sign this letter, but if signed, will apply back to the date we first provided legal services to you with regard to our fees. The date of this letter is for reference only.

15. **Primary Attorneys.** The primary attorneys with responsibility for this representation will be Brian Forbath and Vanessa Legbandt. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Mr. Forbath and Ms. Legbandt, and no change will be made in the primary attorneys without the prior, written consent of the Successor Agency.

If you agree with the above terms and conditions, please sign and return to me the enclosed copy of the signature page of this letter. If you have any questions about this letter, please feel free to ask us. In addition, you should feel free to consult independent counsel of your choice about the terms of this letter.

EXHIBIT A

SCOPE OF SERVICES

As bond and disclosure counsel, Stradling Yocca Carlson & Rauth (“we” or the “Firm”), will undertake the following Scope of Services on the proposed transaction:

1. **Preparation of Legal Documents.** Provide bond counsel services in connection with the proposed refunding of the Redevelopment Agency for the City of Goleta, Goleta Old Town Redevelopment Project 2011 Tax Allocation Bonds, including but not limited to:

- advising and consulting with Successor Agency staff, the Successor Agency’s General Counsel, the Successor Agency’s municipal advisor and the Board of Directors regarding the proposed financing, the revenues to be pledged, proposed financial covenants and the financing process;
- if not prepared by the lender(s)/underwriter(s), preparing all legal documents in connection with the proposed financing;
- drafting various resolutions, documents and agreements for consideration by the Board of Directors;
- participating in meetings, hearings or negotiations with Successor Agency staff, Board of Directors committees, the Board of Directors, the Successor Agency’s municipal advisor and other financing team members as the circumstances require;
- rendering a tax opinion and other closing opinions with respect to the financing; and
- preparing final closing documents to be executed by the Successor Agency to effect delivery of the financing (including tax certificates) and coordinating the adoption and execution of all documents and of the closing.

2. **Drafting of Official Statement (if required).**

- preparing disclosure policies and procedures, if requested.
- providing disclosure training to Successor Agency staff, if requested.
- assisting the Successor Agency in drafting the preliminary official statement and the final official statement.
- rendering a negative assurance letter with respect to certain matters in the final official statement.

The not-to-exceed fee for the services that are described in part 1 above will not exceed \$35,000. The not-to-exceed fee for the services that are described in part 2 above will not exceed \$30,000. The not-to-exceed fee for the services described in both part 1 and part 2 above will not exceed \$55,000. We would additionally expect to be reimbursed for any costs and expenses incurred in addition to the above-described fees, up to a maximum amount of \$2,000.