

BOND COUNSEL AGREEMENT
CHESTER PUBLIC UTILITY DISTRICT

(2025 Pension Financing)

THIS BOND COUNSEL AGREEMENT (this “**Agreement**”) is made as of this ___th day of _____, 2024, by and between the CHESTER PUBLIC UTILITY DISTRICT, a California public utility district that is organized and existing under the laws of the State of California (the “**District**”) and STRADLING YOCCA CARLSON & RAUTH LLP (“**Bond Counsel**”).

RECITALS

A. The District desires to finance certain pension obligations (the “**Project**”) through the issuance of bonds or privately placed debt (the “**Bonds**”).

B. The Bonds will be secured by either sewer revenues or property tax receipts of the District (the “**Payments**”).

C. Bond Counsel represents that it is ready, willing and able to perform the legal work that is necessary to assist the District in connection with the issuance of the Bonds.

AGREEMENT

NOW, THEREFORE, in consideration of the premises, and the mutual covenants, terms and conditions herein contained, the parties agree as follows:

1. SCOPE OF SERVICES

A. BOND COUNSEL SERVICES

The District retains Bond Counsel to provide, and Bond Counsel agrees to provide, legal services in connection with the issuance of the Bonds. Such services shall include the rendering of legal opinions (hereinafter called the “**opinions**”) pertaining to the issuance of the Bonds to the effect that:

1. The Bonds have been properly authorized and issued and are valid and binding obligations;

2. The essential sources of security for the Bonds have been legally provided; and

3. Interest on the Bonds is exempt from California personal income taxation but is NOT excluded from gross income for purposes of federal income taxes.

Bond Counsel’s services will also include:

i. Researching applicable laws and ordinances relating to the issuance of the Bonds;

ii. Attending conferences and consulting with District staff and its General Counsel regarding such laws, and the need for amendments thereto, or additional legislation;

iii. Participating in meetings, conferences or discussions with any municipal advisors, underwriters, placement agents or other experts retained by the District with respect to the issuance of Bonds;

iv. Supervising and preparing documentation of the steps to be taken with respect to the issuance of Bonds, including:

a. Drafting all resolutions, notices, rules and regulations, joint powers agreements and other legal documents required for the issuance of the Bonds, and all other documents relating to the security of the Bonds, in consultation with the District, its General Counsel, the District's municipal advisor, underwriters, placements agents and other experts;

b. Preparing the record of proceedings for the authorization, sale and issuance of Bonds;

c. Assisting in the preparation of the portions of the official statement or placement memorandum for the sale of Bonds which relate to the terms of the Bonds and Bond Counsel's legal opinion delivered with respect to the Bonds, if any;

d. Reviewing the purchase contracts or the bidding documents relating to the sale of Bonds and participating in the related negotiations;

e. Participating in meetings and other conferences scheduled by the District, the District's municipal advisor, the underwriters or the placement agents;

f. Consulting with prospective purchasers, their legal counsel and rating agencies;

g. Consulting with General Counsel to the District concerning any legislation or litigation which may affect the Bonds, the security for Bonds or any other matter related to the issuance of Bonds;

h. Consulting with any trustee or fiscal agent for the Bonds and their counsel;

i. Preparing the forms of the Bonds and supervising their production or printing, signing, authentication and delivery;

j. Rendering a final approving opinion as to the validity of the Bonds for use and distribution upon their issuance;

k. Drafting any interfund loan agreements needed to secure the payments on the Bonds; and

l. Rendering a legal opinion to the underwriter or purchaser of the Bonds as to the applicability of the registration requirements of federal securities laws and the

fair and accurate nature of those portions of the Official Statement described in (c) above, if applicable.

B. DISCLOSURE COUNSEL SERVICES

In addition to the services set forth in Section A above, in the event of a public sale of the Bonds, Bond Counsel agrees to prepare the Official Statement for the Bonds and render a negative assurance letter for purposes of Rule 10b-5 to the purchase of the Bonds.

C. SPECIAL SERVICES

“**Special Services**” are defined for purposes of this Agreement as services in addition to the services outlined in Sections A and B above. Special Services will include, but not be limited to, any work after a bond closing related to the amendment of bond documents or agreements and special studies or analyses. Special Services must be authorized in writing by the General Manager of the District, or his or her designee.

2. COMPENSATION

The District agrees to pay Bond Counsel, but only from the sources of funds specified below, the following amounts as compensation for services rendered by Bond Counsel under this Agreement:

A. Fees:

- a. Public Sale/Limited Offering: In the event of a public sale or limited offering of the Bonds, for the services rendered under Sections 1.A and 1.B above, Bond Counsel will be paid a fee of \$80,000, which will be payable only from Bond proceeds.
- b. Private Sale: In the event of a private sale of the Bonds, for the services rendered under Section 1.A above, Bond Counsel will be paid a fee of \$45,000, which will be payable only from Bond proceeds

In the event that Bond Counsel is requested to draft an Official Statement in accordance with Section 1.B above, the fees owed to Bond Counsel will be those set forth under Section 2.A above, regardless of whether the Bonds are ultimately issued through a private sale.

The fees referenced in this Section 2.A assume that the Bonds will be issued within two years from the date of this Agreement. In the event that the Bonds are not issued within that time, Bond Counsel reserves the right to make such modifications to the foregoing fees as the District and Bond Counsel agree, as justified by reason of increased cost to Bond Counsel and the then prevailing fees for disclosure counsel and bond counsel services for bonds such as the Bonds.

B. In the event that Bond Counsel is requested to perform Special Services as set forth in Section 1.C above, Bond Counsel will be paid fees at the hourly rates set forth in Exhibit A, or in such other manner as is mutually acceptable to the District and Bond Counsel. Such fees will be billed monthly and shall be payable exclusively from funds of the District within thirty (30) days following the receipt of each invoice.

C. In addition to the fees set forth in paragraphs A and B above, Bond Counsel shall be reimbursed for the actual cost of any out-of-pocket expenses reasonably incurred by Bond Counsel in the course of its employment, such as document reproduction, telecommunications charges, printing costs, filing fees, long-distance telephone calls, messenger services, overnight delivery services, travel and similar items of expense. Expenses related to the services described in Section 1.C above will be billed monthly. All expenses incurred in connection with services rendered under Sections 1.A and 1.B above will be billed upon the issuance of the Bonds.

3. PERSONNEL AND CONTRACT ADMINISTRATION

The District agrees to accept and Bond Counsel agrees to provide the aforementioned services primarily through Reed Glycer, Carol L. Lew and Zak Show. If any one of the above attorneys is unable to provide such services due to death, disability or similar event, Bond Counsel reserves the right to substitute another of its attorneys, upon approval by the General Manager of the District, or his or her designee, to provide such services; and such substitution shall not alter or affect in any way Bond Counsel's or the District's other obligations under this Agreement.

This Agreement will be administered by the General Manager of the District, or his or her designee.

4. CONFLICTS OF INTEREST

Bond Counsel represents many of the underwriting firms active in the issuance of bonds for public entities and other municipal financings. The District hereby provides its informed written consent to Bond Counsel's representation of such underwriting firms on matters unrelated to the Bonds.

5. TERMINATION

A. This Agreement may be terminated without cause by the District or Bond Counsel upon thirty (30) days' advance written notice to the other party. Such notification shall state the effective date of the termination of this Agreement.

B. Bond Counsel reserves the absolute right to withdraw from representing the District if, among other things, the District fails to honor the terms of this Agreement, the District fails to cooperate fully or follow Bond Counsel's advice on a material matter, or any fact or circumstance occurs that would, in Bond Counsel's view, render its continuing representation unlawful or unethical. If Bond Counsel elects to withdraw, the District will take all steps necessary to free Bond Counsel of any obligation to perform further services, including the execution of any documents necessary to complete such withdrawal, and Bond Counsel will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on the District's behalf in accordance with the payment terms set forth in Section 2 above. If necessary in connection with litigation, Bond Counsel would request leave of court to withdraw.

C. Bond Counsel's representation of the District will be considered terminated upon the earlier of: (i) the District's termination of its representation; (ii) Bond Counsel's withdrawal from its representation of the District; or (iii) the substantial completion by Bond Counsel of its substantive work for the District. Unless Bond Counsel has been specifically engaged to perform Special Services related to the Bonds after their execution and delivery, Bond Counsel's

representation of District with respect to the Bonds shall terminate on the date of issuance of the last series of Bonds.

6. ARBITRATION

IN THE EVENT OF A DISPUTE REGARDING FEES, COSTS, OR ANY OTHER MATTER ARISING OUT OF OR RELATED IN ANY WAY WHATSOEVER TO BOND COUNSEL'S RELATIONSHIP WITH THE DISTRICT, OR BOND COUNSEL'S OR THE DISTRICT'S PERFORMANCE OF THIS AGREEMENT, INCLUDING THE QUALITY OF THE SERVICES WHICH BOND COUNSEL RENDERS, THE DISPUTE SHALL BE DETERMINED, SETTLED AND RESOLVED BY CONFIDENTIAL ARBITRATION IN THE COUNTY OF PLUMAS, CALIFORNIA. ANY AWARD SHALL BE FINAL, BINDING AND CONCLUSIVE UPON THE PARTIES, AND A JUDGMENT RENDERED THEREON MAY BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. SHOULD YOU ELECT TO HAVE ANY FEE DISPUTE ARBITRATED PURSUANT TO NONBINDING ARBITRATION UNDER STATUTORY OR CASE LAW, THEN SUCH NONBINDING ARBITRATION SHALL DETERMINE ONLY THE ISSUE OF THE AMOUNT OF FEES PROPERLY CHARGEABLE TO YOU. ANY OTHER CLAIMS OR DISPUTES BETWEEN US, INCLUDING CLAIMS FOR PROFESSIONAL NEGLIGENCE, SHALL REMAIN SUBJECT TO BINDING ARBITRATION PURSUANT TO THIS AGREEMENT.

Arbitration may be demanded by the sending of written notice to the other party. If arbitration is demanded, within 20 days of the demand the District shall present a list of five qualified individuals who would be willing to serve that the District would find acceptable to act as arbitrator. To serve as arbitrator, the individual must be a retired judge having served on any federal court or the California Superior Court or higher court in the State of California. Within 20 days of receiving the District's list, Bond Counsel may at its sole discretion: (i) select any individual from that list and that individual shall serve as the arbitrator; or (ii) propose its own list of five individuals for arbitrator. If Bond Counsel chooses to present a separate list, the District may within 20 days select any individual from that list and that person shall serve as arbitrator. If no arbitrator can be agreed upon at the end of this process, the District and Bond Counsel each shall select one individual from its own list and those two persons shall jointly select the arbitrator. The arbitration shall be conducted pursuant to the procedures set forth in the California Code of Civil Procedure § 1280 *et seq.*, and in that connection you and we agree that § 1283.05 thereof is applicable to any such arbitration. Nothing herein shall limit the right of the parties to stipulate and agree to conduct the arbitration pursuant to the then-current rules of the American Arbitration Association, the Judicial Arbitration & Mediation Services, or any other agreed-upon arbitration services provider.

Notwithstanding any of the foregoing, the District shall be entitled to opt out of the arbitration provisions contained in this Section.

7. MISCELLANEOUS

A. Bond Counsel and the employees of Bond Counsel, in performance of the Agreement, shall act in an independent capacity and not as officers or agents of the District.

B. Without the written consent of the District, this Agreement is not assignable by Bond Counsel in whole or in part.

C. No alteration or variation of the terms of this Agreement shall be valid unless in writing and signed by the parties hereto, and no oral understanding or agreement not incorporated herein shall be binding on any of the parties hereto.

D. In accordance with the requirements of California Business and Professions Code § 6148, Bond Counsel advises you that Bond Counsel maintains professional errors and omissions insurance coverage applicable to the services to be rendered to the District.

CHESTER PUBLIC UTILITY DISTRICT:

General Manager

STRADLING YOCCA CARLSON & RAUTH, LLP

By:

REED GLYER
Title: Partner

EXHIBIT A

Reed Glycer & Carol Lew	\$600/Hour
Associates	\$350/Hour
Paralegals	\$150/Hour