

**INYO-KERN SCHOOLS FINANCING AUTHORITY**

**Special Concurrent Meeting of the Board of Directors**

**AUGUST 17, 2017**

**Ridgecrest City Council Chambers**

**100 W. California Ave.**

**Ridgecrest, CA 93555**

**A G E N D A**

CALL TO ORDER AND PLEDGE TO THE FLAG

7:00 P.M.

Amy Castillo-Covert, Vice Chairman  
Bill Farris  
Tim Johnson, Chairman  
Kurt Rockwell  
Michael Scott  
Donna Carson, Lone Pine Representative

Ernest M. Bell, Jr., Secretary of the Board

1. ADOPTION OF AGENDA

3. BUSINESS ADMINISTRATION

3.2 Approval of Contract with Parker & Covert LLP for Bond Counsel Services in  
Connection with the Refinancing of 2007 Lease Revenue Bonds

4. ADJOURNMENT

3. BUSINESS ADMINISTRATION

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BACKGROUND INFORMATION: In 2007, the Inyo-Kern Schools Financing Authority issued lease revenue bonds, the proceeds of which were used to fund a variety of Sierra Sands Unified School District capital projects. The source of repayment for the 2007 Lease Revenue Bonds is payments made by the school district. On July 20, 2017 Government Financial Strategies presented information regarding the opportunity to refinance the 2007 Lease Revenue Bonds. In order to implement the refinancing, the specialized services of a legal counsel with expertise in municipal bonds (known as a “bond counsel”) are needed.

CURRENT CONSIDERATION: A Request for Proposals (RFP) was prepared and sent to firms who had provided bond counsel services for school district bond financings in Kern County since 2010. Proposals were received from six firms. Upon review of the proposals, it was determined that the firm of Parker & Covert LLP submitted the best (and lowest cost) proposal for refinancing the 2007 Lease Revenue Bonds.

FINANCIAL IMPLICATIONS: The total fee for bond counsel services is \$18,400. The fee will be paid from proceeds of the refinancing bonds and payment is contingent on the issuance of the refinancing bonds. Bond counsel services were included in the estimated issuance cost budget set forth in Government Financial Strategies’ July 20, 2017 presentation, and the savings projections therein are net of issuance costs.

SUPERINTENDENT’S RECOMMENDATION: It is recommended that the board approve the selection of Parker & Covert LLP to provide bond counsel services in connection with refinancing the 2007 Lease Revenue Bonds and authorize staff to enter into an agreement with same.

**AGREEMENT FOR BOND COUNSEL SERVICES  
REFUNDING OF 2007 LEASE REVENUE BONDS**

**THIS AGREEMENT** (“Agreement”) for bond counsel services is made and entered into this 28<sup>th</sup> day of July 2017 by and between Parker & Covert LLP (hereinafter “Parker & Covert”), and the Inyo-Kern Schools Financing Authority (hereinafter “IKSFA”). Parker & Covert and IKSFA are collectively referred to herein as the “Parties.”

**WITNESSETH**

**WHEREAS**, IKSFA desires to take all actions necessary to refund IKSFA’s 2007 Lease Revenue Bonds, in accordance with applicable laws; and

**WHEREAS**, IKSFA desires to retain legal counsel to act as bond counsel (“Bond Counsel”) to provide the legal services, specified herein, related to the refunding of the 2007 Lease Revenue Bonds (“Bonds”).

**NOW THEREFORE**, the Parties hereby agree as follows:

**1. Scope of Services.** IKSFA retains Parker & Covert under this Agreement to provide Bond Counsel services pertaining to the authorization, issuance, and sale of the Bonds, as determined by IKSFA. In particular, Parker & Covert shall:

(a) Confer with IKSFA’s representatives and other consultants (including, but not limited to, IKSFA’s additional legal counsel, financing advisor(s), and underwriter(s)) as necessary regarding the structure, authorization, issuance and sale of the Bonds; and any other related issues;

(b) Prepare a calendar of events, if required, that sets forth the actions required for the authorization, sale, and issuance of the Bonds;

(c) Prepare or review any documents prepared by other parties in the proceedings for compliance with applicable law;

(d) Prepare for and attend such meetings of IKSFA’s governing board as deemed necessary for the proper conduct of the proceedings;

(e) Prepare a trust agreement (or similar issuance document) and all other legal documents necessary for the authorization, issuance, and sale of the Bonds;

(f) Assist IKSFA in obtaining any necessary governmental approvals for the authorization, issuance and sale of the Bonds;

(g) Assist IKSFA in securing investment ratings for the Bonds;

(h) Prepare typewritten Bond documents;

(i) Prepare the bond purchase contract pursuant to which the Bonds will be sold to the underwriter and the requisite continuing disclosure certificate of IKSFA in order to facilitate the underwriter's compliance with SEC Rule 15c2-12;

(j) Prepare and deliver to each participant in the financing a complete transcript of the proceedings for the authorization, issuance, and sale of the Bonds;

(k) Prepare a comprehensive closing memorandum and prepare and arrange the execution and delivery of a receipt for the Bonds, a receipt for the proceeds of the Bonds, signature certificates, an arbitrage/rebate certificate and associated certificates of underwriter and insurer (if any), Form 8038-G, DTC Letter of Representations, CDIAC report of final sale, forms of opinions of other counsel, and all other necessary closing certificates and documents;

(l) Upon due and proper completion of the proceedings to the satisfaction of Parker & Covert, deliver a final approving opinion confirming the validity of the Bonds and opinions that interest on the Bonds is excludable from gross income for federal income tax purposes and is exempt from State of California personal income taxes, under existing statutes, regulations, rulings, and court decisions;

(m) Assuming completion of the preliminary and final official statements in form acceptable to Parker & Covert, deliver a letter addressed to IKSFA with respect to the Bonds to the effect that, in the course of Parker & Covert's participation in the preparation of the official statement for the financing, nothing came to the attention of those attorneys rendering legal services to IKSFA that caused Parker & Covert to believe that such official statement as of its date and as of the date of the letter (except for financial data or forecasts, estimates, assumptions, or expressions of opinion, or any information regarding The Depository Trust Company or any credit enhancer) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statement therein, in the light of the circumstances under which they were made, not misleading; and

(n) Any services incidental to the Bond Counsel services.

2. **Services Outside the Scope of this Agreement.** Parker & Covert's duties in this Agreement are limited to those set forth in Paragraph 1. Among other things, Parker & Covert has not undertaken to do any of the following under this Agreement:

(a) Perform an independent investigation to determine the accuracy, completeness, or sufficiency of the official statement or other disclosure document;

(b) Conduct any investigation regarding the qualification for sale of Bonds in any jurisdiction, provided that Parker & Covert will coordinate with the underwriter regarding any statements requested to be added to the official statements so that the Bonds may be sold in particular jurisdictions;

(c) Render services in connection with compliance by IKSFA after the closing with the covenants contained in the Bond documents, including without limitation, the calculation of any arbitrage rebate liability IKSFA may have and preparation of any annual reports or material events notices required pursuant to IKSFA's continuing disclosure undertaking; or

(d) Render services with respect to any litigation concerning the financing of the Bonds.

If IKSFA requests Parker & Covert to provide any such services, compensation therefor shall be agreed upon in advance by the Parties and may be made and calculated at Parker & Covert's hourly rate schedule for the type of services requested (either public finance or litigation) in effect at the time such services are rendered.

3. **Commencement of Services.** Parker & Covert's obligation to provide legal services under this Agreement shall commence upon Parker & Covert's receipt of a copy of this Agreement signed and dated by IKSFA.

4. **Completion of Services.** Parker & Covert's representation of IKSFA with respect to the Bonds will be concluded upon issuance of such Bonds. Nevertheless, subsequent to issuance of the Bonds, Parker & Covert will file the Internal Revenue Service Form 8038-G and will prepare and distribute to the participants in the transaction a transcript of the proceedings.

5. **Duties of Parker & Covert and IKSFA.**

(a) **Duties of Parker & Covert.** Parker & Covert shall provide those legal services reasonably required to represent IKSFA in the matters described in Paragraph 1 of this Agreement. Parker & Covert shall also take reasonable steps to keep IKSFA informed of significant developments and to respond to IKSFA's inquiries. While one attorney at Parker & Covert may be primarily responsible for completing the work that is within the scope of this Agreement, that attorney may also delegate work to other attorneys, paralegals, law clerks, and office personnel within Parker & Covert when it is determined that such delegation is appropriate in representation of IKSFA's interests. If IKSFA so requests, IKSFA will be notified prior to any delegation and a decision will be made in consultation with IKSFA.

(b) **Duties of IKSFA.** IKSFA shall timely communicate with Parker & Covert; be truthful with Parker & Covert in all communications; make all reasonable efforts to cooperate with Parker & Covert (including making all reasonable efforts to timely provide any information that Parker & Covert requests in order to carry out its duties under this Agreement); keep Parker & Covert informed of developments pertaining to the Bonds; perform the obligations IKSFA has agreed to perform under this Agreement; and pay all monies due to Parker & Covert in a timely manner.

6. **Disclaimer of Guarantee.** By signing this Agreement, IKSFA acknowledges that Parker & Covert has made no promises or guarantees to IKSFA about the outcome of IKSFA's matter, and nothing in this Agreement shall be construed as such a promise or guarantee.

7. **Fees and Expenses.**

(a) **Bond Counsel.** Parker & Covert's fees for Bond Counsel services described above in Paragraph 1 for the Bonds to be sold shall be in the amount of eighteen thousand dollars (\$18,000). Parker & Covert shall be entitled to be compensated for its expenses associated with the financing in an amount not to exceed four hundred dollars (\$400.00).

(b) **Payment of Compensation.** The compensation provided for under subparagraph (a) shall be contingent upon the issuance and delivery of the Bonds, and shall be payable solely from the proceeds of bonds issued and at the time of issuance of the Bonds.

8. **Legal Action Upon Default.** If IKSFA does not pay the balance when due or breaches any other terms of this Agreement, Parker & Covert may commence any legal action for collection of the balance due. IKSFA and Parker & Covert agree that all legal proceedings related to the subject matter of this Agreement shall be maintained in courts sitting within the State of California. IKSFA and Parker & Covert agree that the jurisdiction and venue for such proceedings shall lie exclusively with such courts. Further, the prevailing party in any such dispute shall be entitled to reasonable costs, including attorneys' fees.

9. **Arbitration of Fee Dispute.** If a dispute arises between Parker & Covert and IKSFA regarding Parker & Covert's fees or costs under this Agreement and Parker & Covert files suit in any court, or begins an arbitration proceeding other than through the State Bar or the local bar association within the jurisdiction of IKSFA under Business and Professions Code Sections 6200-6206, IKSFA will have the right to stay that suit or arbitration proceeding by timely electing to arbitrate the dispute through the State Bar or a local bar association within the jurisdiction of IKSFA under Business and Professions Code Sections 6200-6206, in which event Parker & Covert must submit the matter to that arbitrator.

10. **Notices.** All notices, letters, and other communications authorized or required by this Agreement shall be considered transmitted, served, and effective for all purposes on the date that they are reduced to writing, deposited in the United States first class mail, postage prepaid, and addressed as follows:

(a) **To IKSFA:**

IKSFA c/o  
Sierra Sands Unified School District  
113 W. Felspar  
Ridgecrest, CA 93555  
Attention: Secretary

(b) **To Parker & Covert:**

Parker & Covert  
2520 Venture Oaks Way, Suite 190  
Sacramento, California 95833  
Attention: Addison Covert

11. **IKSFA Files.** At IKSFA's request, upon the termination of services under this Agreement, Parker & Covert will promptly release all of IKSFA's papers and property to IKSFA (subject to any applicable protective orders or non-disclosure agreements).

12. **Destruction of IKSFA File.** If IKSFA does not request the return of its papers and property upon the termination of services under this Agreement, Parker & Covert will retain IKSFA's file for seven (7) years from the date of issuance of the Bonds, after which time Parker & Covert may have IKSFA's file destroyed. IKSFA acknowledges that it will not be notified prior to destruction of its papers and property, and consents to the same. IKSFA must make separate arrangements with Parker & Covert in order to have its file maintained beyond seven (7) years after IKSFA's matter is concluded.

13. **Termination.** This Agreement may be terminated by IKSFA or Parker & Covert, or modified by mutual consent, at any time upon thirty (30) days written notice. If IKSFA terminates this Agreement prior to the issuance of the Bonds, other than for reasonable cause, IKSFA and Parker & Covert shall confer in an effort to determine a reasonable compensation in light of the circumstances to the date of termination of this Agreement. Parker & Covert and IKSFA each agree to sign any documents reasonably necessary to complete Parker & Covert's discharge or withdrawal.

14. **Assignment.** This Agreement is not assignable by Parker & Covert without the prior written consent of IKSFA.

15. **Modification by Subsequent Agreement.** This Agreement may be modified only by a written instrument signed by both Parties.

*[Signatures appear on the following page]*

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the day, month, and year first written above.

**IKSFA:**

**INYO-KERN SCHOOLS  
FINANCING AUTHORITY**

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Secretary

**Parker & Covert:**

**PARKER & COVERT LLP**

By: 