


**AMENDMENT #1 TO AGREEMENT FOR CONSULTANT  
SERVICES WITH DEL RIO ADVISORS, LLC. FOR MUNICIPAL FINANCIAL  
SERVICES**


- A. Pursuant to the terms of the written Agreement between City and Consultant, approved on April 4, 2017, the City entered into a Professional Services Agreement with Del Rio Advisors, LLC (Consultant) for municipal financial services in connection with the Utility Rate Study not to exceed \$5,000.00; and
- B. The Consultant has represented they have the necessary expertise, experience, and qualifications to assist with municipal financial services; and
- C. City and Consultant desire to amend the Agreement to provide additional "as needed" municipal financial services for the Utility Rate Study for an additional cost of \$5,000.00; and
- D. City and Consultant desire to amend the Agreement to provide additional "as needed" municipal financial services for general municipal services for a cost of \$2,000.00; and
- E. Amendment No. 1 in the amount of \$7,000.00 to the Agreement for Consultant Services with Del Rio Advisors, LLC is hereby approved; and
- F. The total amended contract not to exceed \$12,000.00; and
- G. In all other respects the terms of the Parties' Agreement remain in effect and unchanged.

IN WITNESS WHEREOF, the parties hereto have accepted, made, and executed this Agreement upon the terms, conditions, and provisions above stated, the day and year first above written.

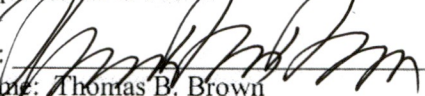
Consultant:

By:   
Title: Principal

City:

  
By: Larry Pennell  
Title: Interim City Manager

Approved as to Form:

By:   
Name: Thomas B. Brown  
Title: City Attorney



# Del Rio Advisors, LLC

*"Independent Registered Municipal Advisor"*

May 19, 2017

Ms. April Mitts  
Finance Director  
City of St. Helena  
1480 Main Street  
St. Helena, CA 94574

RE: Engagement Agreement / Disclosures

Dear Ms. Mitts:

This letter specifies a proposed engagement agreement between Del Rio Advisors, LLC ("MA") and the City of St. Helena ("City"). This letter also provides certain written policies and disclosures to be provided by the Municipal Advisor to the Municipal Entity effective July 1, 2014 and now required by both the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB").

## **Scope of Municipal Advisory Activities to be Performed**

Under the new regulations, Municipal Advisors are now required to provide a specific list of services to be performed while acting as Municipal Advisor. This list can be amended at any time upon written agreement between the parties.

### **Utility Rate Study Work**

- Review the rate studies for both the water and sewer funds and make comments as necessary particularly in relation to any financing assumptions
- Review the official statements and disclosures on EMMA related to any publicly offered bonds
- Review all bond related covenants
- Prepare a detailed plan of finance for each fund that optimizes the mix of PAYGO, low interest loans such as IBank and SRF and funding via publicly offered bonds or direct placement obligations

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### ***Del Rio Advisors, LLC***

1325 Country Club Drive  
Modesto, CA 95356  
Phone: (209) 543-8704  
Fax: (209) 554-0427  
Mobile: (209) 480-1862  
Email: [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com)



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- Work with the rate consultant on any "what-if" scenarios developed during the engagement
- Attend all meetings and make presentations as requested

## General MA Work

- Assist the City Manager and/or Finance Director on special projects related to general City finances and/or borrowing activities
- Assist in structuring and managing debt financing in accordance with the City's financing plan and goals including developing a detailed financing schedule and assignments of responsibility
- Document and provide staff training related to debt management and debt compliance activities
- Take primary responsibility for all quantitative analysis related to bonds
- Assist the City Manager and/or Finance Director in negotiating and obtaining bids from bond/disclosure counsel, underwriters and specialize consultants.
- Attend all meetings and present materials as needed

## Term of Engagement Agreement

The commencement date of the engagement is the execution date as indicated on the signature page of this engagement and the end date is the earlier of termination by either party or December 31, 2018.

## Termination of Engagement Agreement

This engagement may be terminated by either party with 30 days written notice delivered by registered mail to the other party. If terminated, City will pay any standard reimbursable expenses accrued to date.

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## **Compensation and Out-of-Pocket Expenses**

A total fee capped at \$5,000 inclusive of all hours and standard expenses. It is not expected that the total contract hours will exceed 25 hours at an hourly rate of \$175/hr. for a total of \$4,375. MA would also seek reimbursement for any standard expenses such as travel, lodging, etc.

## Amendment No. 1

### Utility Rate Study Work

The original contract approved on April 4, 2017 for Utility Rate Study work is amended from a total capped fee of \$5,000 to a total fee capped of \$10,000. MA would continue to seek reimbursement for any standard expenses such as travel, lodging, etc.

### General MA Work

The original contract approved on April 4, 2017 for Utility Rate Study work is amended to provide additional "as needed" municipal advisory services for general municipal work at an additional capped amount of \$2,000.00. MA would seek reimbursement for any standard expenses such as travel, lodging, etc related to this portion of the work.

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## **Fiduciary Duty**

MA is registered as a Municipal Advisor with the SEC and Municipal Securities Rulemaking Board (MSRB). As such, MA has a Fiduciary duty to the City and must provide both a Duty of Care and Loyalty that entail 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 City with informed advice;
- c) make a reasonable inquiry as to the facts that are relevant to the determination as to whether to proceed with a course of action or that form the basis for any advice provided to the City; and
- d) undertake a reasonable investigation to determine that MA is not forming any recommendation on materially inaccurate or incomplete information; MA must have a reasonable basis for:
  - i. any advice provided to or on behalf of the City;
  - ii. any representations made in a certificate that it signs that will be reasonably foreseeably relied upon by the City, any other party involved in the municipal securities transaction or municipal financial product, or investors in the City securities; and
  - iii. any information provided to the City or other parties involved in the municipal securities transaction when participating in the preparation of an official statement.

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## **Duty of Loyalty**

MA must deal honestly and with the utmost good faith with City and act in City's best interests without regard to the financial or other interests of MA. MA will eliminate or provide full and fair disclosure (included herein) to City about each material conflict of interest (as applicable). MA will not engage in municipal advisory activities with City as a municipal entity, if it cannot manage or mitigate its conflicts in a manner that will permit it to act in City'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 MA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If MA becomes aware of any potential conflict of interest that arises after this disclosure, MA will disclose the detailed information in writing to City in a timely manner.
- The fee paid to MA increases the cost of investment to City. The increased cost occurs from compensating MA for municipal advisory services provided.
- MA 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 City.
- MA 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 MA;
- MA has not made any payments directly or indirectly to obtain or retain the City's municipal advisory business;
- MA has not received any payments from third parties to enlist MA's recommendation to City of its services, any municipal securities transaction or any municipal finance product;

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- MA has not engaged in any fee-splitting arrangements involving MA and any provider of investments or services to City;
- MA has a conflict of interest from compensation for municipal advisory activities to be performed, that is contingent on the size or closing of any transactions as to which MA is providing advice;
- MA does not have any other engagements or relationships that might impair MA's ability either to render unbiased and competent advice to or on behalf of City or to fulfill its fiduciary duty to the City, as applicable; and
- MA does not have any legal or disciplinary events that are material to City's evaluation of the municipal advisory or the integrity of its management or advisory personnel.

## **Legal Events and Disciplinary History**

MA does not have any legal events and disciplinary history on their 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. City may electronically access MA's most recent Forms MA and each most recent Forms MA-I filed with the Commission at the following website: [www.sec.gov/edgar/searchedgar/companysearch.html](http://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.

## **Recommendations**

If MA 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 City and is within the scope of the engagement, MA will determine, based on the information obtained through reasonable diligence of MA whether a municipal securities transaction or municipal financial product is suitable for City. In addition, MA will inform City of:

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- the evaluation of the material risks, potential benefits, structure, and other characteristics of the recommendation;
- the basis upon which MA reasonably believes that the recommended municipal securities transaction or municipal financial product is, or is not, suitable for City; and
- whether MA has investigated or considered other reasonably feasible alternatives to the recommendation that might also or alternatively serve the City's objectives.

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

## **Record Retention**

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

## **Various Matters**

Based upon the date of execution below, MA may begin work immediately on the understanding that the City may use this engagement letter as either an exhibit to any standard form of City contract or if one is not available will become the agreement between the parties.

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If there are any questions regarding the above, please do not hesitate to contact Kenneth L. Dieker of Del Rio Advisors, LLC. If the foregoing terms meet with your approval, please **acknowledge receipt** by executing this letter, scan and email a copy to [kdieker@delrioadvisors.com](mailto:kdieker@delrioadvisors.com).


Sincerely,

Del Rio Advisors, LLC

By: 

Kenneth L. Dieker, Principal

City

By:   
Ms. April Mitts, Finance Director

Dated as of 5/24, 2017

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