



DRAFT

June 17, 2025

Sent Via Email Only

Laura Scholl
Finance Director
City of Lynden
300 4th Street
Lynden, WA 98264

RE: City of Lynden – Legal Services

Dear Laura:

Pacifica Law Group LLP would be pleased to provide bond counsel, municipal finance, and related legal services (the “Projects”) to the City of Lynden, Washington (the “City”). This letter will also apply to any other City matters that we undertake at the City’s request, unless otherwise specified in a separate engagement letter addressing that matter.

For municipal finance and municipal advice associated with special projects with your prior approval, we propose to provide services on an hourly basis. Our proposed hourly 2025 rates are attached to this letter. These rates reflect the discount off standard rates we customarily offer public and not-for-profit clients. I will have primary oversight for Pacifica Law Group’s representation of the City relating to the Projects, but we assign other firm lawyers and paralegals when necessary, beneficial or cost-effective and when desirable to meet the time constraints of the matter. You can reach me at the office at 206.245.1716 or any of the attorneys or other staff at Pacifica Law Group at 206.245.1700.

For bond counsel services (including tax counsel and disclosure counsel), we propose to charge for such work on a fixed fee basis. Our fees for bond counsel services, as described in the attached Scope of Services, are based on the size of the bonds actually issued. Stacey Lewis (bond partner), Alison Benge (bond partner, specializing in Federal tax law), and I will be the main contacts for City bond matters.

We have attached a proposed flat fee schedule for City bond issues. We will not separately charge the City for responding to questions related to City bond issues – including questions regarding post issuance compliance, federal tax law requirements, and other matters – without your prior approval.

Payment of legal fees for bond counsel services shall be contingent upon closing of the bond issue and shall be payable based upon an invoice to be delivered to the City promptly at or after closing. Fixed fee rates may be adjusted not more frequently than annually. Please let us know if you

would like to discuss the proposed fees - we are committed to finding an arrangement that works for City.

As lawyers, we are of course regulated by ethical rules, including rules governing conflicts of interest, in the jurisdictions in which we practice. From time to time conflicts do arise, most commonly in connection with intergovernmental transactions, as we represent many state and municipal entities. Based on our review of our records, the representation of the City as of the date of this letter does not create a conflict of interest for Pacifica, however, we may serve as outside counsel and bond counsel to other municipalities that interact and/or contract with the City (such as the Lynden School District) and we serve as underwriter's counsel from time to time to underwriting firms (such as Barclays Capital Inc., Piper Sandler & Co., Wells Fargo, RBC Capital Markets, Goldman Sachs & Company, and D.A. Davidson) on matters unrelated to the City's bonds. We would not serve as underwriter's counsel on transactions involving the City when we were serving as bond counsel to the City. Pacifica also represents many public school districts in Washington including districts that may overlap with City boundaries. We routinely represent these municipal entities, including public school districts, and from time to time will be asked to represent such entities on matters that are that are not substantially related to our work for the City or in matters that may involve an interest or administrative or legislative decision of City (such as impact fees for school districts). We ask your consent to allow us to continue these representations now and in the future, as long as the matters are not substantially related to matters in which we are representing the City. Your signature below constitutes the City's consent to such representation. We agree not to use any proprietary or other confidential nonpublic information concerning the City acquired by us as a result of our representation of the City to the City's material disadvantage in connection with any matter in which we are adverse to the City. This consent does not extend to litigation against the City.

Please let me know immediately if there are other adverse or potentially adverse party names to check, or other names that you believe we should check. If you learn about significant name changes of any of the entities or about additional adverse or potentially adverse parties, please advise us so our records can be updated. Our representation of the City does not include acting as counsel for any entity in which the City holds equity or any subsidiary, affiliate, equityholder, employee, family member or other person unless such additional representation is separately and clearly undertaken by us.

During our representation of the City, there may from time to time be issues that raise questions as to our duties under the rules of professional conduct that apply to lawyers. These might include, e.g., conflict of interest issues, and could even include issues raised because of a dispute between us and a client over the handling of a matter. Under normal circumstances when such issues arise we would seek the advice of our Professional Standards Counsel, Loss Prevention partners or Professional Standards Conflicts Attorneys who are experts in such matters. Historically, we have considered such consultations to be attorney-client privileged conversations between firm personnel and the counsel for the firm. In recent years, however, there have been judicial decisions indicating that under some circumstances such conversations involve a conflict of interest between client and attorney and that an attorney's consultation with its counsel may not be privileged, unless the attorney either withdraws from the representation of the client or obtains the client's consent to consult with its counsel.

We believe that it is in our client's interests, as well as Pacifica Law Group's interest, that in the event legal ethics or related issues arise during a representation, we receive expert analysis of our obligations. Accordingly, as part of our agreement concerning our representation of the City, you agree that if we determine in our own discretion during the course of the representation that it is either necessary or appropriate to consult with our firm counsel (either Pacifica Law Group's internal counsel or, if we choose, outside counsel) we have your consent to do so and that our representation of you shall not, thereby, waive any attorney-client privilege that Pacifica Law Group may have to protect the confidentiality of our communications with counsel. Pacifica Law Group shall not bill the City for any such consultation with Pacifica Law Group's internal or external counsel on any such matters.

Effective January 1, 2024, the U.S. Department of Treasury's Financial Crimes Enforcement Network ("FinCEN") is requiring certain companies to file informational reports and updates about the company and its beneficial owners. Pacifica's engagement does not include providing advice regarding, or assisting with the FinCEN filings.

This letter confirms the terms and conditions on which Pacifica Law Group LLP will provide legal services to the City. Unless otherwise agreed in writing, the terms of this letter will also apply to any additional matters that we undertake at the City's request. If this letter correctly sets forth our understanding, please sign and date a copy of this letter and promptly return it to me. If you have any questions about this letter or generally about our services or bills, please call me at any time. We look forward to working with you and thank you for placing your confidence in Pacifica Law Group.

Sincerely yours,

PACIFICA LAW GROUP LLP

Deanna Gregory
Partner

ACCEPTED AND AGREED:

CITY OF LYNDEN, WASHINGTON

Its _____
Date: _____

Enclosures

SCOPE OF SERVICES

As bond counsel, Pacifica Law Group (the “Law Firm”) shall provide all necessary legal services necessary to issue bond, notes and other evidences of indebtedness, including but not limited to:

- Draft and distribute election documents for bonds, levies (including levy lid lifts), taxes, and other purposes as needed
- Assist in the development or review of a distribution list and proposed schedule, flagging key notice, action and document deadlines
- Gather appropriate facts regarding the financing and the proposed project, generally through an in-person or remote kick off or “scoping” meeting
- Conduct federal and state law analysis; review election documents
- Provide legal advice related to real estate, construction and procurement upon request
- Assess financing options and work with underwriters, placement agents, lenders (including the State of Washington under its various loan programs) and financial advisors to consider legal issues
- Draft and distribute bond (and, if requested, disclosure and/or RFP) documents
- Revise, discuss, and explain documents
- Arrange and participate in conference calls and meetings with City staff and other members of the finance team, as necessary, to follow up on issues identified at the scoping meeting or to review document drafts
- Present documents to, and answer questions from, the City Council and other groups
- Complete appropriate tax due diligence analysis applicable to tax-exempt bonds
- Review the results of pricing, answer legal questions from potential investors/lenders, and draft or comment on the bond purchase agreement, loan agreement or continuing covenant agreement
- Prepare closing certificates, prepare and print the notes or bonds, and deliver bond opinions (legality and enforceability of bonds or notes, tax opinion if tax-exempt obligation, supplemental opinion if required, defeasance opinion if required, and disclosure letter if required)
- Deliver hard (upon request) and electronic copies of the final transcript to the finance team
- Coordinate with City staff on post-issuance compliance obligations (state, federal tax, and securities law) as necessary, including assisting (upon request) with EMMA filings and voluntary disclosure
- Work cooperatively with the City Attorney and other special legal counsel retained by the City for special projects involving the issuance of bonds, closing of bond transactions, tracking of bond proceeds and related issues
- Draft and present policies and procedures relating to bond requirements (including state law, federal tax law, and federal securities laws)
- Provide specialized training on various finance and other municipal law topics upon request to City staff and/or City Council
- Respond to questions related to bonds, levies, and financing tools generally between bond issues, including questions from City staff, rating agencies, and other interested parties

FEE SCHEDULE

Bond Counsel Fee		General Obligation Bond Fee (subject to adjustment, see below)	Revenue Bond Fee (subject to adjustment, see below)
	Issue Amount(1)		
	Less than \$5,000,000	\$18,000	\$22,000
	\$5,000,001-\$10,000,000	\$22,000	\$26,000
	\$10,000,001-\$15,000,000	\$26,000	\$30,000
	\$15,000,001-\$20,000,000	\$30,000	\$34,000
	\$20,000,001 and above	\$36,000	\$40,000
<p>⁽¹⁾ Issue amount reflects the principal amount of the bonds plus original issue premium, if any.</p> <p>For bank loans or other private placements (such as a loan through a State borrowing program), depending on the complexity of the loan documents involved, we typically discount our fixed fee by a percentage (e.g. charge 85% of our fixed fee above). For certain State programs, such as for the LOCAL or CERB programs, we would charge a further discounted rate (e.g. 20%-50% of our fixed fee above) depending on the work involved.</p> <p>For refunding issues, we typically charge 115% of the regular fee schedule. Substantially delayed financings (where the financing transaction stopped and restarted, for instance, resulting in additional work) would be negotiable based on the resulting delay and work involved. Complex financings (such as TIFIA loans, 63-20 financings, forward delivery bonds, and other lease financings) would be negotiable based on the documentation and work involved.</p> <p>All bond counsel fees, costs, and expenses are included in the fee schedule above. Bond counsel fees include all of our work related to the bond issue (including but not limited to document preparation (ordinances, resolutions, closing documents, opinions, escrow agreements, and others), state and federal tax law analysis, attending finance team and City Council meetings, expenses, costs, delivering the final opinion(s), answering questions during and between bond issues, and providing other services), unless another fee arrangement is agreed to by the City. The fee matrix may be adjusted, not more frequently than annually, with City approval.</p>			
Disclosure Counsel Fee	<p>For publicly sold transactions, such as with an underwriter, we propose an additional fee of \$15,000 per bond issue to serve as Disclosure Counsel (prepare the preliminary and final official statements and deliver a separate 10b-5 letter to the City addressing securities laws) upon request. <i>Note, we will only serve as disclosure counsel and charge a corresponding fee if requested to do so by the City.</i> Providing comments on the official statements when such documents are prepared by another party (e.g. municipal advisor) is included in our bond counsel fee.</p>		
Other fees	<p>We propose to charge a discounted hourly public entity rate for all Pacifica attorneys performing work for the City that cannot be allocated to our role as bond counsel (and therefore be absorbed in the fee matrix above). Such work will only be performed at the request and with the consent of the City.</p>		

	<p>Hourly work may include assisting with an IRS audit, providing real estate advice, providing construction/procurement advice, drafting non-bond ballot measures (such as for a levy lid lift), assisting with special research projects and/or litigation, and negotiating development agreements.</p> <p>Our 2025 (effective January 1, 2025) public sector rates are below. Hourly rates are subject to annual adjustment.</p> <table> <tr> <th data-bbox="402 485 477 510"><u>Name</u></th><th data-bbox="1323 485 1382 510"><u>2025</u></th></tr> <tr> <td data-bbox="402 516 883 541">Alison Benge (bond counsel, federal tax)</td><td data-bbox="1323 516 1382 541">\$590</td></tr> <tr> <td data-bbox="402 548 1224 573">Deanna Gregory (bond and disclosure counsel, general municipal law)</td><td data-bbox="1323 548 1382 573">\$510</td></tr> <tr> <td data-bbox="402 579 1187 604">Stacey Lewis (bond and disclosure counsel, general municipal law)</td><td data-bbox="1323 579 1382 604">\$550</td></tr> <tr> <td data-bbox="402 611 729 636">Andrew Zellers (real estate)</td><td data-bbox="1323 611 1382 636">\$390</td></tr> <tr> <td data-bbox="402 642 1179 667">Toby Tobler (bond and disclosure counsel, general municipal law)</td><td data-bbox="1323 642 1382 667">\$340</td></tr> <tr> <td data-bbox="402 674 1159 699">Clare Riva (bond and disclosure counsel, general municipal law)</td><td data-bbox="1323 674 1382 699">\$325</td></tr> <tr> <td data-bbox="402 705 826 730">Kristin Patterson (paralegal support)</td><td data-bbox="1323 705 1382 730">\$195</td></tr> </table>	<u>Name</u>	<u>2025</u>	Alison Benge (bond counsel, federal tax)	\$590	Deanna Gregory (bond and disclosure counsel, general municipal law)	\$510	Stacey Lewis (bond and disclosure counsel, general municipal law)	\$550	Andrew Zellers (real estate)	\$390	Toby Tobler (bond and disclosure counsel, general municipal law)	\$340	Clare Riva (bond and disclosure counsel, general municipal law)	\$325	Kristin Patterson (paralegal support)	\$195
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