

To: Chris Celsi, Napa-Vallejo Waste Management Authority
CC: Tracy Schulze and Tom Zeleny, County of Napa
From: David Leifer, David Brodsky, and Bobby Cheung, KNN Public Finance, LLC
Re: Fee Proposal and Scope of Services for Napa-Vallejo Waste Management Authority
2025 Loan Agreement
Date: August 5, 2025

KNN Public Finance, LLC (“KNN”) is pleased to serve as Napa-Vallejo Waste Management Authority’s (the “Authority”) Municipal Advisor for the in-progress 2025 Loan Agreement. This memo sets forth KNN’s proposed transaction fee, scope of services, and several of the considerations supporting the proposal. Proceeds from the 2025 Loan Agreement will fund a portion of a new Construction and Demolition Recycling Facility at the Devlin Road Recycling and Transfer Facility.

KNN proposes a fixed transaction fee of \$95,000 for municipal advisory services, assuming a tax-exempt direct purchase method of sale via a commercial bank lender. This proposed fee reflects several key considerations. First, KNN has worked with Authority staff to develop the key credit features of the 2025 Loan Agreement, including developing the tiered rate covenant structure and working with the Authority’s solid waste consultant on refining and updating their budget cash flow model. Second, our team will run the process for soliciting bids from potential direct purchase lenders, not requiring the Authority to hire a placement agent for this role. We note that KNN circulated a RFP to the direct purchase market before learning that the project would need to be re-bid, necessitating a second RFP distribution. KNN had already received a number of detailed questions from the lender community regarding the credit, system, and structure of the 2025 Loan Agreement through the initial RFP process. Moving forward, KNN will take the lead in negotiating key business terms and conditions with the lender on behalf of the Authority. Finally, KNN will work with Bond Counsel to facilitate the smooth closing of the financing on a timely basis. KNN recognizes the Authority’s desire to complete this financing in order to award the construction contract on a timely basis and KNN has dedicated the firm resources necessary to meet this goal.

In addition to our proposed transaction fee, KNN requests to be reimbursed for actual expenses incurred, with a not-to-exceed cap of \$1,500 for the 2025 Loan Agreement. KNN’s fees are payable from financing proceeds and are contingent upon the successful closing of the transaction. Our proposed fees assume the closing of the financing by the end of the 2025 calendar year.

Overall, the proposed fee reflects the staff time necessary to complete the financing and is reflective of the scope of the services included in the Appendix of this memo. We have committed a team of multiple senior KNN advisors to work on the offering, including David Leifer, David Brodsky, Bobby Cheung, and Cameron Wong. This commitment of resources will be necessary for the financing and enable us to provide effective coverage. David Leifer, Senior Managing Director, will be personally involved in managing the financings.

Please do not hesitate to contact us with any questions or comments.

Appendix: Scope of Services for 2025 Loan Agreement

KNN shall provide the following transaction services for the Authority's 2025 Loan Agreement. Such services may include, but are not necessarily limited to:

- Assist the Authority in selection of financing team members, and negotiation of professional fees, as necessary.
- Create, manage, and revise the Financing Schedule and Distribution List, as necessary.
- Review and comment upon solid waste consultant's budget cash flow model.
- Draft lender term sheet solicitation document.
- Conduct lender solicitation, including outreach to potential lenders, coordinate and prepare responses to detailed credit questions, and prepare summary of lender responses.
- Prepare debt service analysis under alternative market, term and structure scenarios.
- Develop plan of finance and prepare DBC debt service schedules, including alternative debt service structures.
- Negotiate key terms and provisions with selected lender and lender's counsel.
- Assist in review of all financing and legal documents.
- Assist in the determination of key parameters and good faith estimates for Board of Directors Resolution.
- Present financing to Board of Directors, if requested.
- Coordinate closing activities, including drafting Closing Wiring Instructions Memorandum.
- Prepare a post-sale closing memorandum.