

**PLACEMENT AGENT AGREEMENT
MUNICIPAL ISSUERS**

July 16, 2025

Steve Napolitano
Interim City Manager
City of Hermosa Beach

Re: Placement Agent Engagement Letter

Dear Mr. Napolitano:

This letter confirms the agreement (the “Agreement”) between Hilltop Securities Inc. (“HilltopSecurities” or “we” or “us”) and City of Hermosa Beach (the “Issuer” or “you”). You desire to engage HilltopSecurities as a placement agent in connection with the placement of your 2025 Assessment District Financing (Utility Undergrounding) Bond (the “Securities”). Pursuant to MSRB Rule 15c2-12(d), the Securities will be issued in authorized denominations of \$1,000 or more with, as currently contemplated, proceeds of approximately \$4,031,000 (final amount to be determined) for the purpose of providing financing to underground power, telephone and cable facilities pursuant to Resolutions XXX adopted on July 22, 2025 (the “Resolution”). As a placement agent, HilltopSecurities will have duties, roles and responsibilities that are different from those of a municipal advisor. Attached as Annex A are certain disclosures relating to the Securities, as required by the Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 as set forth in MSRB Notice 2012-25, dated May 7, 2012.

Engagement. The Issuer engages HilltopSecurities to act as its exclusive representative to assist you on a best efforts basis in placing the Securities (the “Transaction”). You acknowledge and agree that our engagement hereunder is not an agreement by HilltopSecurities or any of its affiliates to underwrite, place or purchase the Securities or otherwise provide any financing to you. We accept this engagement upon the terms and conditions set forth in this Agreement. Sale and delivery of the Securities by the Issuer and purchase by the purchasers will occur on the day of closing (“Closing Date”).

Fees. For our services, you agree to pay us a Placement Agent Fee of \$12,500 of the gross proceeds received by you on all sales of the Securities payable by wire transfer of immediately available funds on the Closing Date. For avoidance of doubt, the Placement Agent Fee shall be contingent upon the closing of the Transaction.

Disclosure and Due Diligence. The Issuer will prepare and provide to the Placement Agent the following:

- A term sheet and/or other documents including financials, budgets, estimated debt service requirements and coverage, historical tax collections by relevant classification, litigation and regulatory materials, material contracts, Issuer demographic information, underlying credit ratings and other information the Issuer deems material to investors, (the “Information Package”).

- The draft Resolution and other legal documents to be used in connection with the Transaction (together with all supplements, modifications, and additions thereto prior to the Closing Date, which together with the Information Package are referred to as the “Placement Materials”).
- The Issuer will make available to each Purchaser and the Placement Agent such documents and other information which the Purchaser or the Placement Agent reasonably deem appropriate, will provide access to its officers, directors, employees, accountants, counsel and other representatives, and will provide each Purchaser and the Placement Agent the opportunity to ask questions and receive answers from knowledgeable individuals.
- The Issuer will cause its counsel to allow the Placement Agent to rely on any opinion provided to the Issuer, and will allow the Placement Agent to rely on any representations made to the Purchaser by the Issuer.

Representations, Warranties and Agreements of the Issuer. You represent and warrant to, and agree with us, that:

- The Issuer is duly organized and validly existing under the laws of the State of California (the “State”) with the power to adopt the Resolution, perform the agreements on its part contained therein and in the agreements approved thereby and cause the issuance of the Securities.
- The Issuer: (i) has duly authorized and approved the execution and delivery of this Agreement; (ii) will adopt and on the Closing Date will have duly adopted the Resolution; (iii) will duly authorize and approve the Placement Materials and the use and distribution of the Placement Materials to prospective Purchasers; and (iv) will duly authorize and approve the execution and delivery of all financing or operative documents, including the Securities, to which the Issuer is a party relating to the issuance and security for the Securities, as such documents are amended and supplemented to the Closing Date, including but not limited to any trust indenture, loan agreement, or security instrument (the “Financing Documents”), and the performance of its obligations and the consummation by it of all other transactions contemplated thereby.
- On the Closing Date, the Financing Documents will have been duly authorized, executed, and delivered by the Issuer, and, assuming due authorization, execution and delivery by the other parties thereto, as applicable, constitute legal, valid and binding agreements of the Issuer enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, moratorium, reorganization, fraudulent conveyance or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if sought and by the limitations on legal remedies imposed on actions against the Issuer in the State of California.
- The Issuer is not, and on the Closing Date will not be, in breach of or default under any applicable law or administrative regulation of the State or any department, division, agency or instrumentality thereof, or of the United States, or any applicable judgment or decree or any loan agreement, note, resolution, certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach or default would materially and adversely affect the Issuer or its ability to perform its duties and obligations under the Financing Documents, and the execution and delivery of the Financing Documents, the adoption of the Resolution and the issuance of the Securities and compliance with the provisions of each will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or under any certificate, agreement or other instrument to which the Issuer is a party or is otherwise subject, which breach

or default would materially and adversely affect the Issuer or its ability to perform its duties under the Financing Documents and the Securities.

- No action, suit, proceeding or investigation at law or in equity before or by any court, governmental agency, public board or body is, and on the Closing Date will not be, pending or, to the knowledge of the Issuer, threatened: (i) in any way affecting the existence of the Issuer or the titles of the members of the authorizing body of the Issuer to their respective offices, (ii) seeking to prohibit, restrain or enjoin the issuance, sale or delivery of the Securities or the collection or payment by the Issuer of any amounts pledged or to be pledged as security to pay the principal of and interest on Securities, (iii) in any way contesting or affecting the validity or enforceability of, or the power or authority of the Issuer to issue, adopt or to enter into (as applicable), the Securities, the Resolution or the Financing Documents, (iv) contesting in any way the completeness, truth, or accuracy of the Placement Materials, (v) except as disclosed in the Placement Materials, wherein an unfavorable decision, ruling or finding would materially adversely affect the financial position or condition of the Issuer or would result in any material adverse change in the ability of the Issuer to pledge or apply the security or source of payment of, or to pay debt service on the Securities, or (vi) contesting the status of the interest on the Securities as excludable from gross income for federal income tax purposes or as exempt from any applicable state tax.
- Regarding information provided by the Issuer to the Purchaser and the Placement Agent, (i) the Issuer represents and warrants that all information made available to the Purchaser and the Placement Agent by the Issuer or contained in the Information Package, when provided will at all times thereafter during the period of the engagement of the Placement Agent hereunder, be true and accurate in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which such statements are made.

Documents to be Delivered at Closing. On the Closing Date, the Issuer will deliver or cause to be delivered to the Placement Agent:

- The Opinion of Bond Counsel to the Issuer, dated the Closing Date relating to the validity of the Securities, and if the Securities are tax-exempt, the tax-exempt status of the Securities, together with a reliance letter from such counsel, dated the Closing Date and addressed to Hilltop Securities Inc.
- An Investor Letter, in the form attached to this Agreement as Appendix A, executed by each Purchaser and addressed to the Issuer and the Placement Agent; and
- A certificate of the Issuer, dated the Closing Date, in the form attached to this Agreement as Appendix B.
- Such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent or its counsel, if any, and Bond Counsel may reasonably request to evidence compliance by the Issuer with legal requirements, the truth and accuracy, as of the Closing Date, of the representations of the Issuer, and the due performance or satisfaction by the Issuer at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

Regulatory Disclosures. You acknowledge that you have retained us solely to provide the services to you as set forth in this agreement. As placement agent, HilltopSecurities may provide advice concerning the structure, timing, terms, and other similar matters concerning the Transaction. You acknowledge and agree

that: (i) the primary role of HilltopSecurities as a placement agent, is to place securities to investors in an arms-length commercial transaction and that HilltopSecurities has financial and other interests that differ from your interests; (ii) HilltopSecurities is not acting as a municipal advisor, financial advisor or fiduciary to you or any other person or entity and has not assumed any advisory or fiduciary responsibility to you with respect to the transaction contemplated herein and the discussions, undertakings and proceedings leading thereto (irrespective of whether HilltopSecurities has provided other services or is currently providing other services to you on other matters); (iii) the only obligations HilltopSecurities has to you with respect to the transaction contemplated hereby expressly are set forth in this agreement; and (iv) you have consulted your own legal, accounting, tax, financial and other advisors, as applicable, to the extent deemed appropriate in connection with the transaction contemplated herein.

Termination. You or we may terminate our engagement under this agreement, with or without cause, upon ten days' written notice to the other party provided that the provisions the section entitled Fees and the obligations thereunder shall not be affected by such termination.

Survival of Certain Representations and Obligations. The respective agreements, covenants, representations, warranties and other statements of the Issuer and its officers set forth in or made pursuant to this Agreement shall survive delivery of and payment for the Securities and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Placement Agent.

Section Headings. Section headings contained herein are for convenience of reference only and are not part of this agreement.

Amendment. This agreement may be amended only by a written instrument executed by each of the Parties. The terms of this agreement may be waived only by a written instrument executed by the party waiving compliance.

Entire Agreement. This Agreement embodies the entire agreement and understanding between you and us and supersedes all prior agreements and understandings relating to the subject matter of this Agreement.

No Assignment. This agreement has been made by the Issuer and HilltopSecurities, and no other person shall acquire or have any right under or by virtue of this agreement.

Governing Law. This agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this agreement or the negotiation, execution or performance of this agreement, will be governed by and construed in accordance with the laws of California. You and we hereby waive all right to trial by jury in any action, proceeding, or counterclaim (whether based upon contract, tort or otherwise) in connection with any dispute arising out of this agreement or any matters contemplated by this agreement.

Consent to Jurisdiction; Service of Process. The parties each hereby (i) submits to the jurisdiction of any state or federal court sitting in the County of Los Angeles, State of California for the resolution of any claim or dispute with respect to or arising out of or relating to this agreement or the relationship between the parties; (ii) agrees that all claims with respect to such actions or proceedings may be heard and determined in such court; (iii) waives the defense of an inconvenient forum; (iv) agrees not to commence any action or proceeding relating to this agreement other than in a state or federal court sitting in the County of Los Angeles, State of California; and (v) agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto irrevocably consents to service of process in the manner provided for

in the section entitled Notices. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Effectiveness. This agreement shall become effective upon its execution by duly authorized officials of all parties hereto and shall be valid and enforceable from and after the time of such execution.

Severability. In the event any provision of this agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof. You and we will endeavor in good faith negotiations to replace the invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid or unenforceable provisions.

Counterparts. This agreement may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which shall be an original and all of which shall constitute but one and the same instrument.

Notices. Any notice required or permitted to be given under this agreement shall be given in writing and shall be effective from the date sent by registered or certified mail, by hand, facsimile or overnight courier to the addresses set forth on the first page of this agreement with a copy sent to the General Counsel of such Party.

Sincerely,

Mike Cavanaugh
Managing Director
Hilltop Securities Inc.

Acknowledgment and Approval of Engagement

Steve Napolitano

Interim City Manager
City of Hermosa Beach, CA

Date: _____

APPENDIX A
FORM OF INVESTOR LETTER

[Address to Issuer and Placement Agent]

Re: [Name of securities]

Ladies and Gentlemen:

The undersigned (the “Investor”) hereby acknowledges that it is purchasing \$[_____] aggregate principal amount of [name of securities] (the “Securities”) pursuant to a [Resolution][Indenture] (the [“Resolution”][“Indenture”]) of the [name of authorizing body], adopted [date].

In connection with the sale of the Securities to the Investor, the Investor hereby makes the following representations upon which you may rely:

- The Investor has the authority and is duly authorized to purchase the Securities and to execute this letter and any other instrument and document required to be executed by the Investor in connection with the purchase of the Securities .
- The Investor (i) is a bank, any entity directly or indirectly controlled by the bank or under common control with the bank, other than a broker, dealer or municipal securities dealer registered under the Securities Exchange Act of 1934, or a consortium of such entities; and (ii) has the present intent to hold the Securities to maturity or earlier redemption or mandatory tender.]
- The Investor is a bank, savings and loan association, insurance company, or registered investment company, investment adviser registered either with the Commission under Section 203 of the Investment Advisers Act of 1940 or with a state securities commission (or any agency or office performing like functions), or any other person or entity with total assets of at least \$50 million; is exercising independent judgment in evaluating:(A) the recommendations of the Placement Agent, if any; (B) the quality of execution of the Investor’s transactions by the Placement Agent; and has timely access to material information that is available publicly through established industry sources as defined in Municipal Securities Rulemaking Board Rule G-47(b)(i) and (ii).
- The Investor is not purchasing the Securities for more than one account or with a view to distributing the Securities, as required for municipal securities under SEC Rule 15c-2-12(d).
- The Investor understands that the Securities are not, and are not intended to be, registered under the Securities Act and that such registration is not legally required as of the date hereof, and further understands that the Securities (i) are not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state; (ii) will not be listed in any stock or other securities exchange; (iii) will not carry a rating from any rating agency; and (iv) will be delivered in a form that may not be readily marketable.
- The Investor acknowledges that it has either been supplied with or been given access to information, including which it has requested from the Issuer and to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals, including its own counsel, concerning the Issuer and the Securities and the security therefor so that, as a reasonable investor,

the Investor has been able to make a decision to purchase the Securities. The Investor has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Securities.

- The Investor has made its own inquiry and analysis with respect to the Securities and the security therefor, and other material factors affecting the security and payment of the Securities. The Investor is aware that there are certain economic and regulatory variables and risks that could adversely affect the security for the Securities. The Investor has reviewed the documents executed in conjunction with the issuance of Securities, including, without limitation, the Resolution.
- The Investor acknowledges that the sale of the Securities to the Investor is made in reliance upon the certifications, representations, and warranties herein by the addressees hereto.
- The interpretation of the provisions hereof shall be governed and construed in accordance with [State] law without regard to principles of conflicts of laws.

All representations of the Investor contained in this letter shall survive the execution and delivery of the Securities to the Investor as representations of fact existing as of the date of execution and delivery of this Investor Letter.

Date: _____, 20__

Very truly yours,

Investor: _____

By: _____

Name: _____

Title: _____

APPENDIX B
FORM OF ISSUER CLOSING CERTIFICATE

Pursuant to the Placement Agent Engagement Agreement, dated [date of Agreement] between [name of Issuer] and [name of the Placement Agent] (the “Agreement”), as [title] of the Issuer duly authorized to execute this Certificate on behalf of the Issuer, I hereby certify:

- The representations and warranties of the Issuer contained in the Agreement are true and correct as if made on the date hereof;
- The Issuer has complied with and fully satisfied all of its agreements with and obligations to the Placement Agent under this Agreement; and
- As of its date and the date hereof, the information contained in the Placement Materials is complete, true, and accurate and such information does not contain any untrue statement of a material fact or state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

[Name] _____

[Title] _____

[Date] _____

[ANNEX A]
CERTAIN DISCLOSURES

The Placement Agent hereby further provides the Issuer with certain disclosures relating to the Securities, as required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2012-25 (May 7, 2012).

The Placement Agent intends to serve as a placement agent, and not as a financial advisor or municipal advisor in connection with the issuance of the Securities. As part of our services as the Placement Agent we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Securities.

Concerning our role as the Placement Agent:

- Municipal Securities Rulemaking Board Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors;
- our primary role in this transaction is to facilitate the sale and purchase of your Securities between you and one or more investors for which we will receive compensation;
- unlike a municipal advisor, we do not have a fiduciary duty to you under the federal securities laws and are, therefore, not required by federal law to act in your best interests without regard to our own financial or other interests;
- we have a duty to use our commercially reasonable efforts to arrange the purchase of the Securities from you by investors at a fair and reasonable price, but must balance that duty with our duty to arrange the sale to investors at prices that are fair and reasonable; and
- we will review the Placement Materials for your Securities in accordance with, and as part of, our responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Concerning our Compensation as Placement Agent:

- We will be compensated pursuant to the terms set forth in this Agreement;
- a portion of our compensation may be based in whole or in part upon the principal amount of the Securities sold in the Placement; and
- while this form of compensation is customary in the municipal securities market, it presents a conflict of interest because the Placement Agent may have an incentive to recommend to you a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.