



March 19, 2026

Vontray Norris  
City Manager  
City of Hawthorne  
4455 W. 126<sup>th</sup> Street  
Hawthorne, CA 90250

**Re: Proposal for Financing District Advisory Services**

Dear Mr. Norris:

Kosmont & Associates, Inc. doing business as Kosmont Companies (“Consultant” or “Kosmont”) is pleased to present this proposal to the City of Hawthorne (“City” or “Client”) for financing district advisory services. This proposal serves as an Agreement when executed and returned by Client to Kosmont.

## **I. BACKGROUND AND OBJECTIVE**

Kosmont understands that the City is considering potential implementation of a special purpose Tax Increment Financing (“TIF”) district, such as an Enhanced Infrastructure Financing District (“EIFD”), to help fund critical public infrastructure, while also facilitating economic development.

Kosmont has facilitated 22 of the approximately 37 EIFDs formed so far in California. Our team is currently assisting over 50 other cities and counties with evaluation or in-progress formation activities, and affiliate Kosmont Financial Services has successfully structured TIF-related debt issuances, with more issuance activity underway.

Kosmont proposes the following Scope of Services to assist the City in a phase manner, where work would not continue into a subsequent phase without City approval in advance.

## **II. SCOPE OF SERVICES**

Approach to Tasks: The prospective assignment and consulting services that Kosmont will provide will be of a relatively limited scope and duration, and advisory in nature. Kosmont will be making recommendations only, which advise the Client and jurisdictions, including their elected officials, appointed officials, and staff, which they can accept or reject. None of Kosmont's staff will act in a capacity as an elected official, nor appointed official, nor as staff, nor as serving in a "designated" position.



## **PHASE ONE: FEASIBILITY ANALYSIS**

### **Task 1: Kickoff and Evaluation of Boundary Alternatives**

Kosmont will convene an introductory briefing with City staff to discuss and confirm City objectives. Kosmont will be prepared to discuss requirements and guidelines for the EIFD statute, including precedent in other jurisdictions. Kosmont will identify and evaluate potential boundary alternatives for one or more TIF districts, such as an EIFD, within the City. Kosmont will analyze key strategic implementation considerations, including:

- a) Property ownership
- b) Planned / proposed future development
- c) Infrastructure needs and estimated costs
- d) Potential public and private sector partners (e.g., County of Los Angeles, other affected taxing entities, developers / property owners)
- e) Overlap with former Redevelopment Agency Project Area boundaries and status of redevelopment dissolution.

### **Task 2: Revenue and Bonding Capacity Analysis**

Kosmont will prepare a tax increment revenue analysis, reflecting potential future development and potential public and private sector partners. The analysis will identify:

- a) Potential assessed value increase from future development in the district
- b) Property tax increment funding capacity at select annual benchmarks and cumulatively over the estimated district lifetime(s)
- c) Different levels of tax increment revenue allocation by taxing entity (e.g., 25%, 50%)
- d) Initial estimates of potential bonding capacity (to be prepared by Kosmont Financial Services, registered Municipal Advisor)
- e) Complementary economic development tools and funding resources (e.g., community facilities district [CFD] financing, grants, leverage of City-owned real estate assets, outstanding debt refinancing strategies, zoning incentive programs)
- f) As related to potential overlap of proposed district boundaries with former redevelopment agency project areas, analysis of corresponding relevant outstanding enforceable obligations and implications on available revenues.

### **Task 3: Governance and Implementation Roadmap**

Based on the preferred financing district tool(s) identified by the City based on previous Task findings, Kosmont will evaluate and summarize feasible governance and implementation alternatives, including district governing board composition, voting / approval procedures, district formation milestones, debt issuance procedures, and estimated timing, in order to provide potential public and private sector stakeholders with an illustrative “roadmap” for implementation.

### **Task 4: City Meeting / Workshop**

Kosmont will coordinate a virtual meeting with City staff, City Council, and/or other key community stakeholders, such as residents, property owners, and/or local developers. Kosmont will prepare and present a summary of feasibility analysis findings. The purpose of the workshop will be to facilitate education of key stakeholders, to vet and confirm potential priority projects to be funded by preferred tool(s), to confirm the objectives related to potential implementation, and to confirm whether to proceed into an implementation phase, or not.



Kosmont will not proceed to Phase Two work until Client provides such direction.

## **FUTURE PHASE TWO: FISCAL IMPACT ANALYSIS & POTENTIAL TAXING ENTITY PARTNERSHIP**

### **Task 5: Fiscal Impact and Economic Benefit Analysis**

As a means of demonstrating benefits to relevant public agencies (e.g., City, County, special districts) for potential participation in a financing district, Kosmont will estimate the primary fiscal revenues (e.g., property tax, direct and indirect sales tax, hotel transient occupancy tax), primary fiscal expenditures (e.g., public safety service costs, community services), and resulting net fiscal impact (fiscal revenues net of fiscal expenditures) to be generated for participating taxing entities from district implementation.

Consultant will additionally apply an IMPLAN-based analysis to estimate the employment (job creation), labor income (wages), and economic output (value of goods and services produced) benefits to be derived from both construction and ongoing operation within the financing district. Direct, indirect, and indirect (multiplier) impacts will be reflected.

### **Task 6: Stakeholder Outreach and Direction on Partnership**

Kosmont will assist the Client with outreach to potential public and private sector entity stakeholders, including but not limited to special district staff and elected officials, and/or major private sector landowners and/or developers. Kosmont will accordingly assist with preparation and presentation of financing district analysis materials as appropriate for such outreach. Based on continued stakeholder feedback, Kosmont will refine previous tax increment projections and related analysis.

The goal of this Task is to receive direction/confirmation on whether the City should proceed with financing district formation initially with or without partnership from other taxing entities (recognizing that other taxing entities may join in a subsequent year).

Kosmont will not proceed to Phase Three work until Client provides such direction.

## **FUTURE PHASE THREE: IMPLEMENTATION**

### **Task 7: Resolution of Intention and Establishment of the Public Financing Authority (PFA) Board**

Kosmont will assist City staff and City Attorney's office with the preparation of requisite documentation for the Resolution of Intention ("ROI") to form the financing district, including appropriate designation of the governing Public Financing Authority ("PFA") board members. Kosmont will assist with coordination and presentation at the required meeting(s) of the City Council (and potentially County Board of Supervisors) to adopt the ROI and will assist with required noticing of the ROI following the legislative body action(s).



### **Task 8: Infrastructure Financing Plan Preparation**

Kosmont will collaborate with City staff and appropriate third-party consultants (e.g., special counsel, engineering / surveying consultants) on the preparation of the required Infrastructure Financing Plan (“IFP”) and related appendices. The IFP must include a legal description of district boundaries, public improvements to be implemented, location, timing, and costs of development and financial assistance, finalized tax increment projections, intention to incur debt (e.g., bonds), district termination date, taxing entity fiscal impact analysis, and replacement housing obligations. Kosmont will assist City staff (e.g., Clerk’s office) in the required distribution of the IFP to property owners within the financing district and to affected taxing entities.

### **Task 9: IFP Approval and Financing District Formation Hearings**

Kosmont will assist in coordination, preparation, and presentation of required materials at the required City Council (and potentially County Board of Supervisors) meeting(s) and PFA meetings and hearings to approve the IFP and form the financing district. While Kosmont is not an attorney, we will provide draft content for required resolutions for review by City Attorney and/or special counsel. Kosmont will additionally assist in drafting and coordinating the required noticing (e.g., website, mailing, newspaper notices) of the PFA meeting and hearings.

Kosmont anticipates up to two PFA public meetings, two PFA public hearings, and two City Council meetings as part of this task (in-person or virtual as deemed mutually appropriate by the City and Kosmont).

Once the financing district is successfully formed, Kosmont will assist City staff in completing the required filings for Change of Jurisdictional Boundaries with the State Board of Equalization.

### **Potential Future Services (Not a Part of Current Scope of Work)**

- Annual report preparation, related presentation(s) at PFA public hearing(s) in future years
- Continuing Disclosure as related to EIFD debt transactions.

### **TIF-Related Municipal Advisory Services**

City and Kosmont agree that evaluation or implementation of any EIFD-related public financings (e.g., tax increment allocation bonds, and/or City lease revenue financing to be repaid or guaranteed/committed in whole or in part with EIFD tax increment and other revenues, and/or financing utilizing engagement of the PFA) will involve Kosmont Financial Services as the City’s Municipal Advisor or co-Municipal Advisor on a to-be-determined compensated basis.

## **III. SCHEDULE AND REQUIRED DATA**

Consultant is prepared to commence work upon receipt of executed Agreement and project data outlined below. A summary PowerPoint presentation is anticipated to be delivered within three (3) months from assignment authorization.



Client will provide Consultant with existing project data, including relevant planning documentation (e.g., specific plans, General Plan), current project proposals and/or site plans, and information on potential infrastructure projects with estimated range of costs, as available.

**IV. COMPENSATION**

The compensation for Tasks 1 through 4 is outlined below for professional services (hourly) fees at Consultant’s billing rates as reflected in Attachment A.

<b>PHASE ONE TASKS</b>	<b>ESTIMATED BUDGET</b>
1) Kickoff and Evaluation of Boundary Alternatives	\$9,500
2) Revenue and Bonding Capacity Analysis	\$12,500
3) Governance and Implementation Roadmap	\$4,000
4) City Meeting / Workshop	\$4,500
<b>Estimated Total Professional Services (Hourly) Fees – Phase 1</b>	<b>\$30,500</b>

For budget planning purposes, typical compensation for potential follow-on Phase Two and Phase Three is shown below.

<b>POTENTIAL FUTURE PHASE TWO AND THREE TASKS</b>	<b>ESTIMATED BUDGET</b>
Phase Two – Fiscal Impact Analysis and Taxing Entity Partnership	\$22,500 to \$29,500
Phase Three – Implementation	\$40,000 to \$47,000
<b>Estimated Total Professional Services (Hourly) Fees – Phase 2/3</b>	<b>\$62,500 to \$76,500</b>

Budget may be increased by Client request at any point in time. Task budgets may be allocated between Tasks as deemed appropriate by Consultant to provide adequate services to the Client.

Consultant anticipates a single consolidated round of Client comments and revisions on draft work product before Kosmont provides a final version of work product. If necessary, additional rounds of comments and revisions can be accommodated on an hourly basis.

Consultant’s attendance or participation at any **publicly noticed** meeting outside of those identified within the Scope of Services, whether such participation is in person, digital, video and/or telephonic (e.g., *City Council, Planning Commission, Public Agency Board, other*), as requested by Client is in addition to compensation outlined above and will be billed at the professional services (hourly) fees as shown on Attachment A.

Services will be invoiced monthly at Consultant’s standard billing rates, as shown on Attachment A. In addition to professional services (hourly) fees, invoices will include reimbursement for out-of-pocket expenses such as travel and mileage (provided that there shall be no overnight travel without the Client’s prior approval and that mileage shall be reimbursed at the current IRS mileage reimbursement rate), professional printing, conference calls, and delivery charges for messenger and overnight packages at actual cost. Unless otherwise agreed to in advance, out-of-area travel, if any, requires advance funding of flights and hotel accommodations.



Consultant will also include in each invoice an administrative services fee to cover in-house copy, fax, telephone and postage costs equal to four percent (4.0%) of Consultant's monthly professional service fees incurred. Any unpaid invoices after 30 days shall accrue interest at the rate of 10% per annum.

For the convenience of Kosmont's clients, we offer a secure credit card payment service. The credit card payment link is: <https://kosmont.paidyet.com> and there are two ways to make a secure credit card payment:

1. Fill in the "**Make a Payment**" form when you go to the link (<https://kosmont.paidyet.com>), or
2. Call Kosmont Companies' accounting desk (424) 297-1072 to make a credit card payment

***Consultant is prepared to commence work upon receipt of executed Agreement.***

**DISCLOSURE: Compensation for possible future transaction-based services or brokerage services.**

The following is being provided solely as an advance disclosure of possible real estate brokerage and finance services and potential compensation for such services. This disclosure is not intended to commit the Client.

When assignments involve real estate/property brokerage services, such transaction-based services are typically provided by Kosmont Real Estate Services, Inc. dba Kosmont Realty ("KR") is licensed by the State of California Department of Real Estate (License# 02058445). Compensation to KR is typically paid through commissions for property sale transactions, lease transactions and success/broker fees. KR also provides Broker Opinions of Value ("BOV") services on a fixed fee basis.

When assignments involve public finance services on behalf of a public agency, such municipal advisory services are provided by Kosmont Financial Services (KFS). KFS is an independent Registered Municipal Advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board.

SEC registration does not constitute an endorsement of the firm by the Commission or state securities regulators.

**V. OTHER PROVISIONS**

**A. Termination.** Client or Consultant shall have the right to terminate this Agreement at any time upon written notification to the other party. Payment for fees accrued through the date of termination shall be remitted in full.

**B. Arbitration.** Any controversy or claim arising out of or in relation to this Agreement, or the making, performance, interpretation or breach thereof, shall be settled by arbitration at JAMS in Los Angeles, California. Each of the parties to such arbitration proceeding shall be entitled to take up to five depositions with document requests. The provisions of Section 1283.05 (except



subdivision (e) thereof) of the California Code of Civil Procedure are incorporated by reference herein, except to the extent they conflict with this Agreement, in which case this Agreement is controlling. If the matter is heard by only one arbitrator, such arbitrator shall be a member of the State Bar of California or a retired judge. If the matter is heard by an arbitration panel, at least one member of such panel shall be a member of the State Bar of California or a retired judge. The arbitrator or arbitrators shall decide all questions of law, and all mixed questions of law and fact, in accordance with the substantive law of the State of California to the end that all rights and defenses which either party may have asserted in a court of competent jurisdiction shall be fully available to such party in the arbitration proceeding contemplated hereby. The arbitrator and arbitrators shall set forth and deliver their findings of fact and conclusions of law with the delivery of the arbitration award. Judgment upon the award rendered shall be final and non-appealable and may be entered in any court having jurisdiction.

**C. Attorneys' Fees.** In the event of any legal action, arbitration, or proceeding arising out of an alleged breach of this Agreement, the party prevailing in such legal action, arbitration, or proceeding shall be entitled to recover reasonable attorneys' fees, expenses and costs, as well as all actual attorneys' fees, expenses and cost incurred in enforcing any judgment entered.

**D. Authority.** Each of the parties executing this Agreement warrants that persons duly authorized to bind each such party to its terms execute this Agreement.

**E. Further Actions.** The parties agree to execute such additional documents and take such further actions as may be necessary to carry out the provisions and intent of this Agreement.

**F. Assignment.** Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party without the prior written consent of the other party.

**G. Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**H. Entire Agreement; Amendments and Waivers.** This Agreement contains the final, complete and exclusive agreement between the parties relating to the transactions contemplated hereby and any and all prior discussions, negotiations, commitments and understanding, whether written or oral, related hereto are superseded hereby. No addition or modification of any term or provision of this Agreement shall be effective unless set forth in writing signed by both parties. No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver of such provisions unless otherwise expressly provided. Each party to this Agreement has participated in its drafting and, therefore, ambiguities in this Agreement will not be construed against any party to this Agreement.

**I. Severability.** If any term or provision of this Agreement shall be deemed invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, and each remaining term and provision of this Agreement shall be valid and in force to the fullest extent permitted by law.



**J. Notices.** All notices, requests, demands and other communications which may be required under this Agreement shall be in writing and shall be deemed to have been received when transmitted; if personally delivered, if transmitted by telecopier, electronic or digital transmission method, upon transmission; if sent by next day delivery to a domestic address by a recognized overnight delivery service (e.g., Federal Express), the day after it is sent; and if sent by certified or registered mail, return receipt requested, upon receipt. In each case, notice shall be sent to the principal place of business of the respective party. Either party may change its address by giving written notice thereof to the other in accordance with the provisions of this paragraph.

**K. Titles and Captions.** Titles and captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any provision herein.

**L. Governing Law.** The statutory, administrative and judicial law of the State of California (without reference to choice of law provisions of California law) shall govern the execution and performance of this Agreement.

**M. Confidentiality.** Each of the parties agrees not to disclose this Agreement or any information concerning this Agreement to any persons or entities, other than to their attorneys and accountants, or as otherwise may be required by law.

**N. Counterparts.** This Agreement may be executed in one or more counterparts, each of which constitutes an original, and all of which together constitute one and the same instrument. The signature of any person on a telecopy of this Agreement, or any notice, action or consent taken pursuant to this Agreement shall have the same full force and effect as such person's original signature.

**O. Disclaimer.** Consultant's financial analysis activities and work product, which may include but is not limited to pro forma analysis and tax projections, are projections only. Actual results may differ materially from those expressed in the analysis performed by Consultant due to the integrity of data received, market conditions, economic events and conditions, and a variety of factors that could materially affect the data and conclusions. Client's reliance on Consultant's analysis must consider the foregoing.

Consultant services outlined and described herein are advisory services only. Any decisions or actions taken or not taken by Client and affiliates, are deemed to be based on Client's understanding and by execution of this Agreement, acknowledgement that Consultant's services are advisory only and as such, cannot be relied on as to the results, performance and conclusions of any investment or project that Client may or may not undertake as related to the services provided including any verbal or written communications by and between the Client and Consultant.

Client acknowledges that Consultant's use of work product is limited to the purposes contemplated within this Agreement. Consultant makes no representation of the work product's application to, or suitability for use in, circumstances not contemplated by the scope of work under this Agreement.



**P. Limitation of Damages.** In the event Consultant is found liable for any violation of duty, whether in tort or in contract, damages shall be limited to the amount Consultant has received from Client.

**Q. Force Majeure.** Consultant shall not be liable for failure or delay in performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by significant circumstances beyond its reasonable control, including, without limitation: epidemic; acts of God; earthquakes; fires; floods; wars; civil or military disturbances; acts of terrorism; sabotage; strikes; riots; wide-spread power failures and wide-spread internet failure. Contractual performance and deadline(s) shall be extended for a period equal to the time lost by reason of the delay.

**R. Expiration of Proposal for Services.** If this Agreement is not fully executed by the parties within thirty (30) days from the date of this letter, this proposal shall expire.

**S. Not an agreement for Legal Services or Legal Advice.** This Agreement does not constitute an agreement for the performance of legal services or the provision of legal advice, or legal opinion. Client should seek independent legal counsel on matters for which Client is seeking legal advice.



**VI. ACCEPTANCE AND AUTHORIZATION**

If this Agreement is acceptable to Client, please execute two copies of the Agreement and return both originals to Kosmont Companies. Upon receipt of both signed contracts, we will return one fully executed original for your files. Kosmont will commence work upon receipt of executed Agreement.

Read, understood, and agreed to this

\_\_\_\_ Day of \_\_\_\_\_ 2026

**City of Hawthorne**

**Kosmont & Associates, Inc.**  
doing business as "Kosmont Companies"

By: \_\_\_\_\_  
(Signature)

By: \_\_\_\_\_  
(Signature)

Name: \_\_\_\_\_  
(Print Name)

Name: Ken K. Hira

Its: \_\_\_\_\_  
(Title)

Its: President



## ATTACHMENT A

### Kosmont Companies 2026 Public Agency Fee Schedule

#### Professional Services

Chairman & CEO	\$540.00/hour
President	\$435.00/hour
Sr. Vice President/Sr. Advisor/Sr. Managing Director	\$405.00/hour
Vice President/Project Advisor	\$295.00/hour
Senior Project Analyst	\$210.00/hour
Project Analyst/Project Research	\$195.00/hour
Assistant Project Analyst/Assistant Project Manager	\$170.00/hour
Project Promotion/Graphics/GIS Mapping Services	\$ 95.00/hour
Administrative Support	\$ 90.00/hour

#### Additional Expenses

In addition to professional services (labor fees):

- 1) An administrative fee for in-house copy, fax, phone, postage costs, digital/technological support and related administrative expenses will be charged, which will be computed at four percent (4.0 %) of monthly Kosmont Companies professional service fees incurred; plus
- 2) Out-of-pocket expenditures, such as travel and mileage, professional printing, and delivery charges for messenger and overnight packages will be charged at cost.
- 3) Project/Market data sources for support of evaluation and analysis e.g., ESRI, Placer.ai, CoStar/STR, IMPLAN, ParcelQuest and other based on quoted project cost.
- 4) If Kosmont retains Third Party Vendor(s) for Client (with Client's advance approval), fees and cost will be billed to Client at 1.1X (times) fees and costs.
- 5) Consultant's attendance or participation at any public meeting, whether such participation is in person, digital, video and/or telephonic (e.g., *City Council, Planning Commission, Public Agency Board, other*) requested by Client and are beyond those specifically identified in the Scope of Work will be billed at the professional services (hourly) fees as shown on this Attachment A.

- **Charges for Court/Deposition/Expert Witness-Related Appearances**

Court-related (non-preparation) activities, such as court appearances, depositions, mediation, arbitration, dispute resolution and other expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

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*Rates Effective until December 31, 2026. For and during the term of the subject Agreement, the above referenced rates in each category will be increased, effective January 1, 2027, and annually thereafter, to reflect the adjustment in the CPI (U.S. Dept. of Labor, Bureau of Labor Statistics) All Cities Average Consumer Price Index for the prior year. As an example, the US City Average Consumer Price Index (CPI-U) for December 2025 was 0.3, representing a change of 2.7 percent over the index of the previous 12 months.*