

RESOLUTION NO. 2005-63

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ELK GROVE
AUTHORIZING A CONTRACT WITH MUNIFINANCIAL TO PROVIDE SERVICES
FOR FINANCING DISTRICT ADMINISTRATION, ARBITRAGE REBATE, MUNICIPAL
DISCLOSURE, AND FINANCIAL CONSULTING FOR THE CITY OF ELK GROVE**

WHEREAS, the City of Elk Grove currently has six financing districts each of which requires on-going administration services and is considering creating additional financing districts in the future; and

WHEREAS, the City of Elk Grove will contract with MuniFinancial to provide services for financing district administration, arbitrage rebate, municipal disclosure and financial consulting services for the City of Elk Grove.

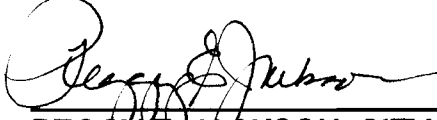
NOW, THEREFORE, BE IT RESOLVED that the City Council authorizes the City Manager or designee to enter into a contract with MuniFinancial to provide services for financing district administration, arbitrage rebate, municipal disclosure and financial consulting for the City of Elk Grove.

PASSED AND ADOPTED by the City Council of the City of Elk Grove this 9th day of March 2005.



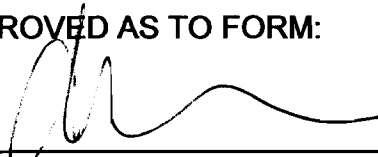
**DANIEL BRIGGS, MAYOR of the
CITY OF ELK GROVE**

ATTEST:



PEGGY E. JACKSON, CITY CLERK

APPROVED AS TO FORM:



**ANTHONY B. MANZANETTI,
CITY ATTORNEY**

CITY OF ELK GROVE



CONTRACT FOR

MUNIFINANCIAL - CONSULTANT

District Administration, Arbitrage Calculation, Municipal Disclosure,
And Financial Consulting Services



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**CONTRACT FOR
MUNIFINANCIAL - CONSULTANT**

THIS CONTRACT is made and entered into between City of Elk Grove, a Municipal Corporation ("City") and MuniFinancial ("Consultant"). City and Consultant agree as follows:

1. SCOPE, TERM AND STANDARDS:

A. CONTRACT. Consultant shall do all work, attend all meetings, produce all reports and carry out all activities necessary to complete the services described in the SCOPE OF WORK AND STANDARDS FOR SERVICES, attached hereto and incorporated herein by this reference as Exhibit A, as requested by the City. Consultant shall, at its own cost, make any revisions of its own work as required by the City and re-do, at its own cost, any work which the City finds unsatisfactory due to Consultant's errors or omissions. Consultant represents and warrants that it has the qualifications, experience, and facilities to properly perform said services in a thorough, competent, and professional manner. This document shall be known as the "Contract." This Contract and its exhibits shall be known as the "Contract Documents." Terms set forth in any Contract Document shall be deemed to be incorporated in all Contract Documents as if set forth in full therein. In the event of conflict between terms contained in these Contract Documents, the more specific term shall control. If either party to this contract deems that any portion of the Contract Documents shall be in conflict with any other portion, the Parties shall first attempt to informally reach an interpretation of those provisions so as to reconcile them. If after five (5) business days the Parties are unable to reach an informal resolution, the City shall issue in writing an interpretation resolving the conflicting provisions, which shall be provided to Consultant. The interpretation provided by the City shall become final and binding on the parties three (3) business days after it was provided to Consultant, and shall thereafter be an integrated term of this Contract and neither party shall be considered to be the drafter of the provision.

B. CONSULTANT IS INDEPENDENT CONTRACTOR. Consultant enters into this Contract as, and shall at all times remain as to the City, an independent contractor and not as an employee of the City. Nothing in this Contract shall be construed to be inconsistent with this relationship or status. The Consultant shall have no power or authority except by this Contract to bind the City in any respect. All employees, agents, contractors or subcontractors hired or retained by the Consultant are employees,



agents, contractors or subcontractors of the Consultant and not of the City. The personnel performing the services under this Contract on behalf of Consultant shall at all times be under Consultant's exclusive direction and control. Neither City nor any of its officers, employees or agents shall have control over the conduct of Consultant or any of Consultant's officers, employees, or agents, except as set forth in this Contract. Consultant shall not at any time or in any manner represent that it or any of its officers, or employees, or agents are in any manner officers, employees, of the City. Consultant shall not incur or have the power to incur any debt, obligation, or liability whatever against City, or bind City in any manner. The City shall not be responsible, obligated, or liable in any way to pay any salary, wage, compensation, tax, withholding, benefit, injury, illness claims or other claims made against the Consultant and/or the City by any such employees, agents, contractors or subcontractors, or any other person arising from performance of this Contract. Additionally, Consultant shall be solely responsible, obligated, and liable for any and/or all salary, wage, compensation, tax, withholding, benefit, injury, illness claims or other claims made against Consultant and/or the City by any such employees, agents, contractors or subcontractors, or other person arising from performance of this contract, and Consultant shall indemnify, defend and hold harmless the City against such claims to the extent caused by Consultant's errors, omissions or negligence.

C. NO PAY FOR ADDITIONAL SERVICES WITHOUT WRITING.

Consultant shall not be compensated for any services rendered in connection with its performance of this Contract, which are in addition to those set forth herein or listed in Exhibit A, unless such additional services are authorized in advance and in writing by the City Manager or the City Manager's designee (hereinafter "City Manager" shall include the City Manager's designee). Consultant shall be compensated for any additional services in the amounts and in the manner as agreed to by City and Consultant at the time City's express written authorization signed by the City Manager is given to Consultant for the performance of said services.

D. TERM

Except as provided in Sections 6 and 19, below, this Contract shall terminate no later than December 31, 2007.

E. INTENDED USE OF CONSULTANT'S PRODUCT AND MATERIALS.

It is expressly intended by the parties that the Consultant's work product and materials, whether or not in writing, shall be used for the purposes of providing district administration, arbitrage calculation, municipal disclosure, and financial consulting services.

2. EMPLOYMENT STATUS OF PERSONNEL

A. AGENT OF CITY. For the purposes of performing the services provided for in this Contract, and for the purpose of giving official status to the performance thereof where necessary, every Consultant officer and employee engaged in the performance of any service under this Contract shall be deemed to be an agent of City while performing such services, provided that such services are within the scope of this Contract and are purely municipal functions. Notwithstanding the agency relationship



established by this subsection, City shall not be liable for any act or omission of any Consultant officer or employee performing the services provided for in this Contract, unless specifically provided for in this Contract.

B. EMPLOYEES OF CONSULTANT. Any persons employed by Consultant for the performance of services pursuant to this Contract shall remain employees of Consultant, shall at all times be under the direction and control of Consultant, and shall not be considered employees of City. All persons employed by Consultant to perform services pursuant to this Contract shall be entitled solely to the right and privileges afforded to Consultant employees and shall not be entitled, as a result of providing services hereunder, to any additional rights or privileges that may be afforded to City employees.

C. INDEPENDENT INVESTIGATION. The Consultant agrees and hereby represents it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

D. COMPLIANCE WITH EMPLOYMENT LAWS. The Consultant shall keep itself fully informed of, shall observe and comply with, and shall cause any and all persons, firms or corporations employed by it or under its control to observe and comply with, applicable federal, state, county and municipal laws, ordinances, regulations, orders and decrees which in any manner affect those engaged or employed on the work described by this Contract or the materials used or which in any way affect the conduct of the work.

E. UNLAWFUL DISCRIMINATION PROHIBITED. Consultant shall not engage in unlawful employment discrimination. Such unlawful employment discrimination includes, but is not limited to, employment discrimination based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, citizenship or sexual orientation.

3. TIME OF PERFORMANCE:

The services of Consultant are to commence upon execution of this Contract by City, and shall be undertaken and completed in a prompt and timely manner, in accordance with the Scope of Work referenced in Exhibit A.

4. COMPENSATION:

A. TERMS. Compensation to the Consultant shall be as set forth in Exhibit B attached hereto and made a part hereof. Total compensation to Consultant shall not exceed \$195,000.00 without the advance written consent of City.

B. TIME FOR PAYMENT. Payments shall be made within thirty (30) days after receipt of each invoice as to all undisputed fees. If City disputes any of Consultant's fees, it shall give written notice to Consultant within 20 days of receipt of an invoice of any disputed fees set forth on the invoice.



5. SUPERVISION, LABOR AGREEMENTS AND PERSONNEL:

A. CONSULTANT SUPERVISES PERSONNEL. The Consultant shall have the responsibility for supervising the services provided under this Contract, hiring of personnel, establishing standards of performance, assignment of personnel, determining and affecting discipline, determining required training, maintaining personnel files, and other matters relating to the performance of services and control of personnel. The City Manager may use any reasonable means to monitor performance and the Consultant shall comply with the City Manager's request to monitor performance.

B. LABOR RELATIONS. Consultant shall be responsible for negotiating and administrating all labor relations agreements and personnel rules and procedures between Consultant and its employees rendering services pursuant to this Contract.

C. PERFORMANCE NOT SUBJECT TO EMPLOYMENT AGREEMENTS.

The City acknowledges that the Consultant may be obligated to comply with bargaining agreements and/or other agreements with employees and that the Consultant is legally obligated to comply with these Contracts. It is expressly the intent of the parties and it is agreed by the parties that the Consultant's performance shall not in any manner be subject to any bargaining agreement(s) or any other agreement(s) the Consultant may have covering and/or with its employees.

D. APPROVAL OF STAFF MEMBERS. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Contract. Consultant shall notify City of any changes in Consultant's staff to be assigned to perform the services required under this Contract and shall obtain the approval of the City Manager of a list of all proposed staff members who are to be assigned to perform services under this Contract prior to any such performance.

6. TERMINATION:

A. 90 DAYS NOTICE. Either Party, upon ninety (90) days written notice, may terminate this Contract, without cause, at any time. In the event of such termination, Consultant shall be compensated for non-disputed fees under the terms of this Contract up to the date of termination. If the City has advanced payment, Consultant shall refund unused fees as of the date of the termination.

B. OBLIGATIONS SURVIVE TERMINATION. Notwithstanding any termination of this Contract, Consultant shall not be relieved of liability to the City for damages sustained by the City by virtue of any breach of this Contract by Consultant, and the City may withhold any payments due to Consultant until such time as the exact amount of damages, if any, due the City from Consultant is determined. All of the indemnification, defense and hold harmless obligations in this Contract shall survive termination.



7. CHANGES:

The City or Consultant may, from time to time, request changes in the scope of the services of Consultant to be performed hereunder. Such changes, including any increase or decrease in the amount of Consultant's compensation and/or changes in the schedule must be authorized in advance by both Parties in writing. Mutually agreed changes shall be incorporated in written amendments to this Contract. Any increase in the amount of Consultant's compensation and/or changes in Exhibit A and or Exhibit B must be authorized in advance by the City Manager.

8. PROPERTY OF CITY:

A. MATERIALS PREPARED EXCLUSIVE PROPERTY OF CITY.

It is mutually agreed that all materials prepared by the Consultant under this Contract are upon creation and shall be at all times the exclusive property of the City, and the Consultant shall have no property right therein whatsoever. City agrees that Consultant shall bear no responsibility for any modifications made to, or reuse of, the materials prepared by the Consultant if used for purposes other than those expressly set forth in the Intended Use of Consultant's Products and Materials section of this Contract. Consultant shall not disseminate any information or reports gathered or created pursuant to this Contract without the prior written approval of City including without limitation information or reports required by government agencies to enable Consultant to perform its duties under this Contract and as may be required under the California Public Records Act excepting therefrom as may be provided by court order. Consultant will be allowed to retain copies of all deliverables.

B. CONSULTANT TO DELIVER CITY PROPERTY.

Immediately upon termination, or upon the request by the City, the City shall be entitled to, and the Consultant shall deliver to the City, all data, drawings, specifications, reports, estimates, summaries and other such materials and property of the City as may have been prepared or accumulated to date by the Consultant in performing this Contract. Consultant will be allowed to retain copies of all deliverables to the City.

9. CONFLICTS OF INTEREST

A. CONSULTANT covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Contract. Consultant further covenants that in the performance of this Contract, Consultant shall take reasonable care to ensure that no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Contract. Consultant agrees to include language similar to this Section 9(A) in all contracts with subcontractors and agents for the work contemplated herein.



B. CITY understands and acknowledges that Consultant is, as of the date of execution of this Contract, independently involved in the performance of non-related services for other governmental agencies and private parties. Consultant is unaware of any stated position of City relative to such projects. Any future position of City on such projects shall not be considered a conflict of interest for purposes of this section.

10. CONFIDENTIAL INFORMATION

A. ALL INFORMATION KEPT IN CONFIDENCE. All information gained by Consultant in performance of this Contract shall be considered confidential and shall not be released by either party without the other's prior written authorization, including without limitation, that information which is a public record and subject to disclosure pursuant to the California Public Records Act Government Code §6250, et. seq. Neither the City nor the Consultant, its officers, employees, agents, or subcontractors, shall without written authorization given by the City Attorney, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories, or other information concerning the work performed under this Contract or relating to any project or property located within the City. Response to a subpoena or court order shall not be considered "voluntary", provided Consultant or City gives notice to the other party of such court order or subpoena.

B. REIMBURSEMENT FOR UNAUTHORIZED RELEASE. If City or Consultant or any of its officer, employees, or subcontractors does voluntarily provide information in violation of this Contract, the other party has the right to reimbursement and indemnity from party releasing such information for any damages caused by the releasing party's, including the non-releasing party's attorney's fees and disbursements, including without limitation expert's fees and disbursements.

C. COOPERATION. City and Consultant shall promptly notify the other party should Consultant or City, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Contract and the work performed thereunder or with respect to any project or property located within the City. City and Consultant each retains the right, but has no obligation, to represent the other party and/or be present at any deposition, hearing or similar proceeding. Consultant and City agree to cooperate fully with the other party and to provide the other party with the opportunity to review any response to discovery requests provided by Consultant or City. However, City and Consultant's right to review any such response does not imply or mean the right by the other party to control, direct, or rewrite said response.

11. PROVISION OF LABOR, EQUIPMENT AND SUPPLIES

A. CONSULTANT PROPERTY. Consultant shall furnish all necessary labor, supervision, equipment, communications facilities, and supplies necessary to perform the services required by this Contract. City acknowledges that all equipment and other tangible assets used by Consultant in providing these services are the property of Consultant and shall remain the property of Consultant upon termination of this Contract.



B. SPECIAL SUPPLIES. City shall be responsible for supplying any special supplies, stationary, notices, forms or similar items that it requires to be issued with a City logo. All such items shall be approved by the City Manager and shall be provided at City's sole cost and expense.

12. COMPLIANCE WITH LOCAL LAW:

A. COMPLIANCE REQUIRED. Consultant shall keep itself informed of applicable local, state, and federal laws and regulations which may affect those employed by it or in any way affect the performance of its services pursuant to this Contract. Consultant shall observe and comply with all applicable laws, ordinances, regulations and codes of federal, state and local governments, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract. Consultant shall at all times hold a valid contractor's license if performing any function or activity for which a license is required pursuant to Chapter 9 (commencing with section 7000) of Division 3 of the California Business and Professions Code, and Consultant shall provide a copy of the license(s) upon the request of the City. The City, its officials, officers, elected officials, appointed officials and employees shall not be liable at law or in equity as a result of any failure of consultant to comply with this section.

B. PREVAILING WAGES. In the event it is determined that the Consultant is required to pay prevailing wages for the work performed under this Agreement, the Consultant shall pay all penalties and wages as required by applicable law.

13. REPRESENTATION:

Consultant agrees and represents that it is qualified to properly provide the services set forth in Exhibit A in a manner which is consistent with the generally accepted standards of Consultant's profession. Consultant further represents and agrees that it will perform these services in a legally adequate manner in conformance with applicable federal, state and local laws and guidelines.

14. SUBCONTRACTING:

None of the services covered by this Contract shall be subcontracted without the prior written consent of the City Manager. Consultant shall be as fully responsible to the City for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, as it is for the negligent acts and omissions of persons directly employed by Consultant.

15. ASSIGNABILITY:

Consultant shall not assign or transfer any interest in this Contract whether by assignment or novation. However, claims for money due or to become due Consultant from the City under this Contract may be assigned to a financial institution, but only with prior written consent of the City Manager. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to the City. The rights and benefits under this agreement are for the sole and exclusive benefit of the City and this Contract shall not be construed that any third party has an interest in the Contract.



16. INTEREST IN CONTRACT:

Consultant covenants that it shall take reasonable care to ensure that neither it, nor any of its employees, agents, contractors, subcontractors have any interest, nor shall they acquire any interest, direct or indirect, in the subject of the Contract, nor any other interest which would conflict in any manner or degree with the performance of its services hereunder.

17. FINDINGS CONFIDENTIAL:

All of the materials prepared or assembled by Consultant pursuant to performance of this Contract are confidential and Consultant agrees that they shall not be made available to any individual or organization without the prior written approval of the City, except by court order. However, Consultant shall not be deemed for any purposes a confidential employee of the City.

18. LIABILITY OF CONSULTANT:

Consultant shall be responsible for performing the work under this Contract in a manner which is consistent with the generally accepted standards of Consultant's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. The City shall have no right of control over the manner in which the work is to be done but only as to its outcome, and shall not be charged with the responsibility of preventing risk to Consultant or its employees, agents, contractors or subcontractors.

19. INDEMNITY AND LITIGATION COSTS:

A. CONSULTANT IS SKILLED. Consultant represents it is skilled in the services necessary to perform the duties agreed to hereunder by Consultant, and City relies upon the skills and knowledge of Consultant. Consultant shall perform such duties consistent with the standards generally recognized as being employed by agencies or contractors performing similar service in the State of California.

B. CONSULTANT SHALL INDEMNIFY. Consultant is an independent contractor and shall have no authority to bind City nor to create or incur any obligation on behalf of or liability against City, whether by contract or otherwise, unless such authority is expressly conferred under this Contract or is otherwise expressly conferred in writing by City. City and their elected and appointed officials, officers, agents, employees, and volunteers (individually and collectively, "Indemnities") shall have no liability to Consultant or to any other person for, and Consultant shall indemnify, defend, protect, and hold harmless the Indemnities from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs, and expenses of whatever nature, including reasonable attorneys' fees and disbursement, including without limitation expert's fees and disbursements (collectively "Claims"), which the Indemnities may suffer or incur or to which the Indemnities may become subject by reason of or arising out of any failure to comply with applicable law, any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise arising out of the performance of the work described herein, to the extent caused by a negligent act or omission of the Consultant, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, occurring as a result of or allegedly



caused by the performance or failure to perform by Consultant of Consultant's service under this Contract or the negligent or willful acts or omissions of Consultant, its agents, officers, directors, or employees, in performing any of the services under this Contract, except such loss or damage which was caused by the active negligence or willful misconduct of the City.

C. LIMITS OF INSURANCE NOT LIMITING INDEMNIFICATION. If any action or proceeding is brought against the Indemnities by reason of any of the matters against which Consultant has agreed to indemnify the Indemnities as above provided, Consultant, upon notice from the City, shall defend the Indemnities at Consultant's expense. The Indemnities need not have first paid any of the matters as to which the Indemnities are entitled in order to be indemnified. The Consultant should assure that the insurance required to be maintained by Consultant under this Contract shall ensure Consultant's obligations under this paragraph, but the limits of such insurance shall not limit the liability of Consultant hereunder. The provisions of Sections 19(B) and 19(C) shall survive the expiration or early termination of this Contract.

20. CONSULTANT TO PROVIDE INSURANCE:

A. CONSULTANT SHALL MAINTAIN INSURANCE.

Consultant shall not commence any work before obtaining, and shall maintain in force at all times during the duration and performance of this Contract the policies of insurance specified in this Section. Such insurance must have the approval of the City as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A:VII.

B. CONSULTANT TO PROVIDE EVIDENCE OF INSURANCE.

Prior to execution of this Contract and prior to commencement of any work, the Consultant shall furnish to the City, and the City must approve, original certificates of insurance and endorsements effecting coverage for all policies required by the Contract. The certificates shall be signed by a person authorized by the insurer, or insurers, to bind coverage on their behalf. Certificates of insurance and endorsements shall be on standard Acord, Department of Insurance, and Insurance Services Office approved forms or on forms approved by the City. As an alternative to providing the City with approved forms of certificates of insurance and endorsements, the Consultant may provide complete, certified copies of all required insurance policies, including endorsements, effecting the coverage required by this Section. At anytime at the written request of the City, the Consultant agrees to furnish one or more copies of each required policy including declarations pages, conditions, provisions, endorsements, and exclusions. Such copies shall be certified by an authorized representative of each insurer. Approval of the insurance by the City shall not relieve or decrease any liability of Consultant.

C. CITY MAY OBTAIN INSURANCE AT CONSULTANT'S EXPENSE.

In addition to any other remedy the City may have, if Consultant fails to maintain the insurance coverage as required in this Section 20, the City may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as is required herein, and the City may deduct



the cost of such insurance from any amounts due or which may become due Consultant under this Contract.

D. NO SUSPENSION OF INSURANCE. Each insurance policy required by this Contract shall be endorsed to state that coverage shall not be suspended, voided, canceled, terminated by either party, reduced in coverage or in limits except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City, except in the event of non-payment of premium, in which case no less than ten (10) days prior written notice by certified mail, return receipt requested, must be given to the City.

E. DEDUCTIBLES. Any deductibles exceeding five thousand dollars (\$5,000) must be declared to, and approved by, the City.

F. COVERAGES SHALL NOT LIMIT OBLIGATIONS. The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Consultant are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant under the Contract.

G. REQUIRED LIMITS. Consultant and its contractors and subcontractors shall, at their expense, maintain in effect at all times during the performance or work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and underforms of policy satisfactory to the City. The maintenance by Consultant and its contractors and subcontractors of the following coverage and limits of insurance is a material element of this Contract. The failure of Consultant or of any of its contractors or subcontractors to maintain or renew coverage or to provide evidence of renewal may be treated by the City as a material breach of this Contract.

(1) Workers' Compensation and Employer's Liability Insurance

Consultant shall maintain Workers' Compensation insurance as required by Labor Code Section 3700 of the State of California and Employer's Liability Act's, including Longshoremen's and Harbor Workers' Act ("Acts"), if applicable. Employer's Liability limits shall not be less than one million dollars (\$1,000,000) per occurrence. The Consultant shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in the Contract Documents.

If an injury occurs to any employee of the Consultant for which the employee or his dependents, in the event of his death, may be entitled to compensation from the City under the provisions of the Acts, for which compensation is claimed from the City, there will be retained out of the sums due the Consultant under this Contract, an amount sufficient to cover such compensation as fixed by the Acts, until such compensation is paid or it is determined that no compensation is due. If the City is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due to the Consultant. The insurer shall agree to waive all rights of subrogation against the City, its officers, officials, and employees for losses arising from work performed by the Consultant.



(2) Commercial General and Automobile Liability Insurance.

The insurance shall include, but not be limited to, protection against claims arising from death, bodily or personal injury, or damage to property resulting from actions, failures to act, or operations of the insured, or by its employees or agents, or by anyone directly or indirectly employed by the insured. The amount of insurance coverage shall not be less than one million dollars (\$1,000,000) per occurrence/five thousand dollars (\$5,000) medical per occurrence, and two million dollars (\$2,000,000) per policy aggregate. As an alternative to the per policy aggregate the Consultant may have an aggregate limit of one million dollars (\$1,000,000) per project apply. Coverage shall be at least as broad as Insurance Services Office "occurrence form CG 00 01 (ed. 10/03)" covering commercial general liability or its equivalent, and Insurance Services Office "form CA 00 01 (ed. 06/92) covering automobile liability, Code 1 "Any Auto".

Consultant shall include all subcontractors as insureds under its policies or shall furnish separate Certificates for each subcontractor. All coverage for subcontractors shall be subject to all of the insurance requirements stated herein. Commercial general liability coverage shall include independent contractor's coverage, and the Consultant shall be responsible for assuring that all subcontractors are properly insured.

The commercial general and automobile liability insurance coverage shall also include, or be endorsed to include, the following:

a. Provision or endorsement naming the City and each of its officers, employees, and agents, as additional insureds in regards to: liability arising out of the performance of any work under the Contract; liability arising out of activities performed by or on behalf of the Consultant; premises owned, occupied or used by the Consultant; or automobiles owned, leased, hired or borrowed by the Consultant. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees or volunteers.

b. Provision or endorsement stating that for any claims related to this project, the Consultant's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees and volunteers to the extent the City is an additional insured. Any insurance or self insurance maintained by the City, its officers, officials, employees or volunteers shall be in excess of the Consultant's insurance and shall not contribute with it.

c. Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of representations shall not affect coverage provided to the City, its officers, officials, employees, or volunteers.

d. Provision or endorsement stating that the Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.



(3) Professional Liability.

The Consultant and its contractors and subcontractors shall secure and maintain in full force, during the term of this Contract professional liability insurance policies appropriate to the respective professions and the work to be performed as specified in this Contract. The limits of such professional liability insurance coverage shall not be less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate. As an alternative, contractors and subcontractors of the Consultant may maintain in full force during the term of this Contract, professional liability insurance coverage not less than one million dollars (\$1,000,000) per claim and one million dollars (\$1,000,000) annual aggregate, provided the Consultant and the Consultant's insurance carrier both provide to the City a written statement to the effect that "There are no known claims, reserves, or circumstances that might impair the annual aggregate amount of Consultant's Professional Liability policy." If any professional liability policy is written on a "claims made" basis, such policy, and any succeeding policy must be specifically endorsed to show that "prior acts" occurring at anytime after the inception date of this Contract will be covered. Upon termination of the Contract with the City, the same professional liability insurance requirements will apply for a three (3) year period following such termination. A "tail" policy may be purchased as an alternative to satisfy this requirement.

21. RECORDS.

Consultant shall maintain complete and accurate records with respect to labor costs, material expenses, parcels abated or serviced and other such information required by City that relates to the performance of services under this Contract. Consultant shall maintain adequate records of services provided in sufficient detail to permit an evaluation of services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible and in a form acceptable to the City, which the City may specify and change from time to time. Consultant shall provide free access to the representatives of City or its designees, at reasonable times, to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts therefrom as necessary, and shall allow inspection of all work, data, documents, proceedings, and activities related to this Contract. Such records, together with supporting documents, shall be maintained for a period of three (3) years after receipt of final payment.

22. MISCELLANEOUS PROVISIONS:

A. NONDISCRIMINATION/NONPREFERENTIAL TREATMENT STATEMENT.

In performing this Contract, the parties shall not discriminate or grant preferential treatment on the basis of race, sex, color, age, religion, sexual orientation, disability, ethnicity, or national origin, and shall comply to the fullest extent allowed by law, with all applicable local, state, and federal laws relating to nondiscrimination.

B. UNAUTHORIZED ALIENS. Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act (8 U.S.C.A. & 1101 et seq.), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this



contract, and should the Federal Government impose sanctions against the City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by the City in connection therewith.

C. GOVERNING LAW. The City and Consultant understand and agree that the laws of the State of California shall govern the rights, obligations, duties, and liabilities of the parties to this Contract and also govern the interpretation of this Contract. Any litigation concerning this Contract shall take place in the Sacramento Superior Court, federal diversity jurisdiction being expressly waived.

D. ASSIGNMENT OR SUBSTITUTION. City has an interest in the qualifications of and capability of the persons and entities that will fulfill the duties and obligations imposed upon Consultant by this Contract. In recognition of that interest, neither any complete nor partial assignment of this Contract, may be made by Consultant nor changed, substituted for, deleted, or added to without the prior written consent of City which consent shall not be unreasonably withheld. Any attempted assignment or substitution shall be ineffective, null, and void, and constitute a material breach of this Contract entitling City to any and all remedies at law or in equity, including summary termination of this Contract. Subcontracts, if any, shall contain a provision making them subject to all provisions stipulated in this Contract.

E. ENTIRE CONTRACT. This Contract constitutes the entire Contract and understanding between the parties relative to the services specified herein and there are no understandings, agreements, conditions, representations, warranties or promises, with respect to this Contract, except those contained in or referred to in this Contract and this Contract supersedes all prior understandings, agreements, courses of conduct, prior dealings among the parties and documentation of any kind without limitation.

F. AMENDMENTS. This Contract may be modified or amended, or any of its provisions waived, only by a subsequent written agreement executed by each of the parties. The parties agree that this requirement for written modifications cannot be waived and any attempted waiver shall be void.

G. CONSTRUCTION AND INTERPRETATION. Consultant and City agree and acknowledge that the provisions of this Contract have been arrived at through negotiation and that each party has had a full and fair opportunity revise the provisions of this Contract and to have such provisions reviewed by legal counsel. Therefore, any ambiguities in construing or interpreting this Contract shall not be resolved against the drafting party. The titles of the various sections are merely informational and shall not be construed as a substantive portion of this Contract.

H. WAIVER. The waiver at any time by any party of any of its rights with respect to a default or other matter arising in connection with this Contract shall not be deemed a waiver with respect to any subsequent default or other matter.

I. SEVERABILITY. The invalidity, illegality or unenforceability, of any provision of this Contract shall not render the other provisions invalid, illegal or unenforceable.



J. NOTICES. All invoices, payments, notices, demands, requests, comments, or approvals that are required to be given by one party to the other under this Contract shall be in writing and shall be deemed to have been given if delivered personally or enclosed in a properly addressed envelope and deposited in a United States Post Office for delivery by registered or certified mail addressed to the parties (deemed to have been received three (3) business days after deposit in the U.S. Mail) at the following addresses:

City: City of Elk Grove
City Manager
8400 Laguna Palms Way
Elk Grove, CA 95758

Consultant MuniFinancial
27368 Via Industria, Suite 110
Temecula, CA 92590

Each party may change the address at which it gives notice by giving ten (10) days advance, written notice to the other party.

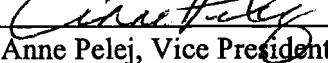
K. AUTHORITY TO EXECUTE. The person or persons executing this Contract on behalf of Consultant warrant and represent that they have the authority to execute this Contract on behalf of their agency and further warrant and represent that they have the authority to bind Consultant to the performance of its obligations hereunder.

AGREED to this _____ day of _____, 2005, by the parties as follows.

Approved as to form:

CONSULTANT

Counsel for consultant

By: 
Anne Pelej, Vice President

Approved as to form:

CITY OF ELK GROVE

By: _____
Anthony B. Manzanetti, City Attorney


By: _____
John Danielson, City Manager



CERTIFICATE OF COMPLIANCE
WITH LABOR CODE § 3700

I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I have complied or will comply with such provisions before commencing the performance of the work of this contract. (Cal. Labor C. §§1860, 1861.)

CONSULTANT



Anne Pelej, Vice President

Exhibit A-1

Scope of Work

MuniFinancial will provide full-service formation and administration services for Community Facilities Districts (CFDs) in the City of Elk Grove as requested by the City. The following is our standard scope of services for administration. All costs associated with CFD annual administration are fully recoverable either through the special tax levy or payment by the requestor for special services.

MuniFinancial will:

1. Maintain and periodically update an electronic database containing parcel basis data and annual special tax levy amounts by Assessor's Parcel Number.
2. Annually calculate and apportion the special taxes as specified in the Rate and Method of Apportionment of Special Tax.
3. Identify each parcel and, accordingly, modify the proposed special tax by using the listing of approved senior exemptions (if applicable) provided by the City,
4. Prepare an annual resolution that establishes the budget for the fiscal year and application of the special tax to be submitted to the County, including the special tax summary for the fiscal year.
5. Provide special tax levies for each parcel by Assessor's Parcel Number to the County Auditor/Controller's Office in the media, format and configuration required by the County for placement on the annual property tax roll.
6. Research parcel exceptions provided by the County and, if possible, resubmit installment amounts that are unapplied by the County Auditor/Controller's Office. On behalf of the City, MuniFinancial will manually invoice special tax installments that cannot be collected on the County property tax roll.
7. Provide a toll-free number to field inquiries from City staff, property owners and other interested parties regarding special tax installments and related information.
8. Monitor delinquencies each January and May, and submit periodic reports to the City.
9. Prepare an Annual Special Tax Report (Report). This Report will include:
 - ♦ The identification and recovery of CFD administrative costs,
 - ♦ Review of fund balances to identify any surplus funds,
 - ♦ Debt service requirements,
 - ♦ Delinquency summaries, and
 - ♦ Related recommendations or issues.
10. Provide an annual report to the California Debt and Investment Advisory Commission (CDIAC) by October 30 if required by the *California Government Code, Section 53359.5(b)*, as amended.
11. Prepare "Notice of Special Tax" as required by the *California Government Code, Sections 53340.2(b) and 53341.5*, as amended.
12. Be available to attend up to two (2) meetings.

Exhibit A-1

13. Calculate written prepayment quotes for individual special tax liens, as described in the Rate and Method of Apportionment of Special Tax or by resolution. For parcels prepaying the special tax, MuniFinancial will coordinate the removal of the lien. The fee for this service is \$150 per calculation, to be paid by the requestor.
14. Perform required bond call spreads, and coordinate the early redemption of outstanding bonds. The fee for this service is hourly using our then-current hourly rates (see "Additional Services" section).

Street Maintenance District Administration

MuniFinancial shall perform the following services relating to Street Maintenance District administration:

1. Prepare a levy timeline, including key dates and timeframes for pertinent tasks throughout the year.
2. Review the existing district assessment diagrams to determine the specific areas of maintenance within the districts.
3. Review district budgets, and coordinate with City staff to assist with accurate cost-recovery accounting. Assist City staff with incorporating the actual maintenance costs into the district budget to achieve maximum cost-to-benefit equity. MuniFinancial can help to see that adequate reserve funding is established.
4. Prepare and maintain a parcel database using the parcel information from the current County Assessor's Office Secured Roll. If necessary, MuniFinancial will purchase the secured roll from the County, and the cost passed on to the City. MuniFinancial will enhance the data through parcel research and specific information provided by the City.
5. Prepare, as necessary, resolutions; and assist in the preparation of staff reports, if requested.
6. Attend up to two (2) City meetings and/or public hearings, and be available to answer questions as requested by staff.
8. Transfer, after adoption of the resolution to levy, the levy data onto a tape compatible with the County computer system to be utilized for inputting individual parcel levy amounts onto the tax bills.
9. Provide to the City and/or file the collection tape and resolution to levy with the County Auditor/Controller's Office for collection of the assessments.
10. Revise, upon receipt of the County's parcel exceptions list, parcel numbers; and report the revised parcels and updated levy amounts to the County.
11. Provide the City with a levy summary comparing budget amounts to the actual applied levy.
12. Act, at the discretion of the City, as primary contact to answer such questions as special assessments, assessment districts, and tax bills.

Service Area District Administration

MuniFinancial shall perform the following services relating to the Service Charge Area District administration:

Exhibit A-1

1. Prepare a levy timeline, including key dates and timeframes, for pertinent tasks throughout the year.
2. Review district budgets, and coordinate with City staff to assist with accurate cost-recovery accounting. Assist City staff with incorporating the actual maintenance costs into the district budget to achieve maximum cost-to-benefit equity. MuniFinancial can help to see that adequate reserve funding is established.
3. Prepare and maintain a parcel database using the parcel information from the current County Assessor's Office Secured Roll. If necessary, MuniFinancial will purchase the secured roll from the County, and the cost passed on to the City. MuniFinancial will enhance the data through parcel research and specific information provided by the City.
4. Prepare resolutions, as necessary; and assist in the preparation of staff reports, if requested.
5. Attend up to two (2) City meetings and/or public hearings, and be available to answer questions as requested by staff.
6. Prepare, in accordance with the City of Elk Grove Service Area District format, the annual Engineer's Reports to include the following items for the existing districts:
 - ♦ Brief history of the districts and related changes,
 - ♦ Definition of benefit,
 - ♦ Budget estimates of costs for maintenance,
 - ♦ Estimate of service charge to each parcel,
 - ♦ Service Charge Methodology,
 - ♦ The assessment diagram, and
 - ♦ An affidavit stating that a professional engineer has prepared the report.
7. Transfer, upon completion of the district public hearing(s) and adoption of the resolution to levy, the levy data onto a tape compatible with the County computer system to be utilized for inputting individual parcel levy amounts onto the tax bills.
8. Provide the City with two (2) bound copies of the district final report and collection roll (one [1] for the City Clerk and one [1] for staff).
9. Provide to the City and/or file the collection tape, resolution to levy and area diagram with the County Auditor/Controller's Office for collection of the service charges.
10. Revise parcel numbers upon receipt of the County's parcel exceptions list; and report the revised parcels and updated levy amounts to the County.
11. Provide the City with a levy summary comparing budget amounts to the actual applied levy.

Client Responsibilities

For District Administration Services, MuniFinancial will obtain the following information from the City of Elk Grove:

- ♦ Copies of assessment diagrams reflecting the boundaries of the districts and the location of separate zones (if any) in the districts.
- ♦ Cost estimates and budget detail, as necessary, for annual maintenance in the districts and zones to assist the City with completion of the operating budgets in the annual Engineer's Report.

Exhibit A-1

- ♦ Changes, modifications or updates to the improvements described in the previous year's Engineer's Report.
- ♦ Certified copies of the resolution(s) or other documentation required by the County for submittal of the annual levy.
- ♦ Fund and/or cash balances, as necessary, for the preparation of the budget for the districts.
- ♦ An annually updated listing of all parcels that have been approved for exemption (if applicable).
- ♦ Assistance from the City in obtaining information that is annually researched and acquired by MuniFinancial, such as land subdivision, and issuance of building permits and/or certificates of occupancy.

Exhibit A-2

Arbitrage Rebate Services

Phase One — Setup

Description: Setup and maintain an arbitrage compliance summary for relevant tax-exempt debt issues. An analyst shall be assigned by MuniFinancial to manage the arbitrage consulting activities for the City. The analyst will contact the City to review those tax-exempt financings, subject to arbitrage rebate compliance and discuss the work plan. The analyst will require that the City provide the following standard documents:

- Official Statement
- Tax Certificate (Arbitrage Certificate, Non-Arbitrage Certificate)
- IRS form 8038-G (governmental) or form 8038 (private activity)
- Escrow Verification (refunding issues only)
- Cash/Asset and Investment Activity Statements (or internal records of expenditure and earnings activity)

City of Elk Grove acknowledges that MuniFinancial shall be relying upon the accuracy of the information provided by the City, and agrees that MuniFinancial shall not be liable for any inaccuracies contained in such information.

The analyst will use all available resources to assist the City in compiling this data. Most Official Statements can be obtained through MuniFinancial's online subscription service. Cash/Asset and Investment Activity Statements can usually be acquired directly from the Trustee.

As the data is collected, subject bond issues will be loaded into MuniFinancial's *Issues Plus* tracking system with their respective target calculation dates to provide timely compliance. The analyst will review each issue to confirm that the financing is subject to the rebate requirement, identify relevant exceptions, elections and yield restrictions, and verify the arbitrage yield in accordance with Section 148(f) of the Internal Revenue Code.

Deliverable: Relevant findings and assumptions will be summarized and incorporated into the arbitrage rebate calculation report. The arbitrage reporting requirements will be reviewed with the City of Elk Grove and future calculation dates are scheduled. Our arbitrage calculation identifies:

- Rebate calculation requirements
- Bond year end date
- Distribution of funds
- Arbitrage yield
- Spending exceptions
- Yield restriction requirements
- Investment highlights

Phase Two — Arbitrage Rebate Calculation

Description: The analyst shall perform the following activities to determine the cumulative arbitrage liability pursuant to Section 148(f) of the Internal Revenue Code:

- Identify all gross and transferred proceeds (advance refunding issues) allocated to the issue;
- Compare allowable arbitrage earnings to actual earnings to determine cumulative arbitrage liability;
- Review and consider alternative investment valuation methods, as appropriate; and
- Review and consider application of alternative regulatory provisions that may improve the arbitrage liability.

Exhibit A-2

Two (2) senior analysts will review the calculation and summary findings. In the event a legal opinion is deemed necessary, this recommendation will be presented to the City of Elk Grove. With City approval, MuniFinancial will engage, on behalf of City and at the City's expense, the services of a tax counsel; and an independent legal opinion shall be rendered.

Deliverable: All requested arbitrage liability calculations, as well as expenditure analyses, will be delivered to the City of Elk Grove in a comprehensive report that includes the following:

- Computation Summary
- Summary Analysis of all relevant dates and assumptions
- Sources and uses of funds
- Arbitrage yield and yield restriction requirements
- Rebate liability by fund and aggregate liability for the issue
- Arbitrage/Investment Yield Comparison Graph
- Rebate Calculations by fund
- Outstanding Investments Summary
- Preparation of IRS Form 8038-T and filing instructions as needed

Schedule: Once all necessary data is in the hands of the analyst, an arbitrage rebate calculation can be completed and delivered within 30 days. If requested, a calculation could be provided sooner.

Phase Three — Ongoing Additional Support

Description: MuniFinancial's support does not end with the arbitrage rebate calculation. MuniFinancial consultants shall be available to the City throughout the agreement period for the following activities:

- Review reports with City staff and, as appropriate, schedule future calculations. In addition to identifying the arbitrage liability, each report contains a separate analysis and investment yield comparison by fund. This provides information the City can use to analyze investment strategies and the impact on future rebate liability.
- Maintain up-to-date understanding of the rebate regulations, court decisions and other events that may affect arbitrage compliance requirements. Changes affecting previous calculations will be incorporated into all future rebate updates.
- Assist City staff in the event of an audit. MuniFinancial will provide supporting documentation used to prepare the calculations. At the discretion of the City, a member of MuniFinancial's staff will be available for representation of the rebate calculations. Fees for this service will be charged at MuniFinancial's then-current hourly rate (see "Additional Services" section).
- At the City's request, MuniFinancial will consult with respect to structuring of new bond issues, the investment of bond proceeds, as well as other matters that will affect any eventual arbitrage liability. As a full-service bond administration firm, MuniFinancial has staff experienced in the areas of securities and disclosure law, investment management, derivatives, and general governmental finance.

Together with our Arbitrage Rebate service, we are able to offer an unparalleled service of developing innovative, prudent investment strategies that maximize your agency's earnings on bond proceeds, while also monitoring and advising our clients on how investing impacts rebate liabilities pursuant to Section 148(f) of the Internal Revenue Code.

Exhibit A-3

Municipal Disclosure

MuniFinancial will provide assistance and advice on ongoing disclosure matters. With regard to the City outstanding debt financings, MuniFinancial will provide guidance and direction to the City in preparing disclosure reports. MuniFinancial will help the City provide required financial and operating data requested by investors and which would, otherwise, be considered material in keeping securities holders informed of the investment quality of the debt issue. MuniFinancial will assist the City in responding to questions from investors and other market participants. In addition, MuniFinancial will assist the City with respect to new debt issues in developing reporting requirements for the disclosure documents for compliance with relevant requirements, and meet the demands for information from the marketplace.

Annual Financial Information Statement Preparation

With respect to the preparation of the Annual Financial Information Statement, MuniFinancial will provide one or all of the following services, as directed by the City:

1. Review pertinent documents relating to the debt issue including the official statement, financial statements and annual reports.
2. Collect third-party data and other information required to be included in the Annual Financial Information Statement directly from Trustees, fiscal agents, state and county agencies and others, as applicable.
3. Analyze the information for accuracy, materiality and appropriateness.
4. Provide advice and direction on inclusion and presentation of the information in the Annual Financial Information Statement.
5. Create a draft of the Annual Financial Information Statement for review by the City.
6. Discuss any relevant issues with the City regarding the report and address questions the City may have regarding disclosure matters.
7. Finalize and disseminate the Annual Financial Information Statement, including as necessary, arranging for electronic and paper reproduction and distribution.

Significant Event Notices

Upon notification by the City and/or if MuniFinancial becomes aware and, if deemed to be material, MuniFinancial will prepare Notices of Significant Events covering events enumerated in Rule 15c2-12(b) for review by the City.

Dissemination

MuniFinancial will disseminate the Disclosure Reports to each Nationally Recognized Municipal Securities Information Repository (NRMSIR), the Municipal Securities Rulemaking Board (MSRB), the appropriate State Information Depository (SID), and to any other party as directed by the City. MuniFinancial will also post the final disclosure reports on the MuniFinancial Web site at www.muni.com In addition, MuniFinancial will also assist the City when requests for information are received; and respond to questions from investors and other market participants.

Client Responsibilities

For Municipal Disclosure Services, MuniFinancial will rely on being able to obtain certain financial and operating information to perform the necessary due diligence on the bonds. This

Exhibit A-3

information will include, but may not be limited to the following information from the City of Elk Grove:

- ♦ The City's Adopted Budget
- ♦ The City's Audited Financial Statements
- ♦ Current balances on funds held at the City

If needed, the City will assist MuniFinancial in obtaining this information.

Exhibit A-3

Financial Consulting Services

District Annexations

MuniFinancial will perform the following services related to boundary map preparation for periodic annexations to *CFD 2003-2 (Police Services)* and *Street Maintenance District No. 1*:

1. Research and collect relevant information, such as the tax parcel maps and information, land use and development plan, improvements to be constructed, cost estimates, and phasing.
2. Prepare a boundary map of the proposed annexation that meets the requirements of the Community Facilities Act, the Benefit Assessment Act of 1982 and the City of Elk Grove policies.
3. Attend up to two (2) City Council meetings, public hearings and/or staff meetings; and be available to answer questions as requested by staff.

General Financial Services

With the amount and pace of growth occurring in the City, it is anticipated that miscellaneous financial consulting services will be needed in association with infrastructure financing districts. MuniFinancial will provide general information and advisory services, prepare technical analyses, and attend meetings as needed on behalf of the City of Elk Grove. Services will be determined as the need arises and will only proceed on written direction from City staff.

Special Tax Consulting (Bond Issuance Support)

MuniFinancial will provide Special Tax Consulting Services to support future bond sales for *CFD 2002-1 (East Franklin)* and *CFD 2003-1 (Poppy Ridge)*. As special tax consultant, we maintain a presence in this portion of the district formation and bond issuance process, and provide necessary information as it relates to special tax revenues and special tax liens. Our role in the financing is to review the practical implications of the bond sale in an effort to protect the City's ability to collect special tax revenues to meet debt service requirements.

As special tax consultant, we will provide the following services to participate in the creation and review of financing documents:

1. For the Preliminary Official Statement (POS) and Official Statement (OS), we will prepare final calculations from our database, including: (a) Maximum special tax coverage; (b) Value-to-lien computations; (c) An overlapping debt table indicating the value of the property as compared to the new district debt, as well as any other assessment district or community facilities district debt outstanding on the parcels; and (d) Effective tax rate schedules showing the tax rate projected to be on the parcels as a result of the new and prior debts (should be a maximum of two percent according to City's policies). In addition, we will sign a Special Tax Consultant Certificate certifying the sufficiency of the maximum special tax rates to meet debt service requirements for the first series of bonds to be issued.

Exhibit A-3

2. In addition, MuniFinancial will review the continuing disclosure obligation provisions free of charge. If, however, the City would like us to assemble the information for the official statement, we would charge depending on the level of complication.
4. MuniFinancial will participate in the creation and review of the POS and OS as it relates to any items included in the Community Facilities District Public Report, the cost estimate, improvement description, boundary map, and any tables we provide that will be included in the documents. In addition, we review all items related to parity bond issuances, and delinquency and foreclosure provisions as they relate to the annual administration of the district. All original items and comments will be provided to the Underwriter and Disclosure Counsel and discussion with the Financing Team.

Client Responsibilities

For Financial Consulting Services, MuniFinancial will obtain the following information from the City of Elk Grove or the developer, if not already available:

- ♦ Copies of the following documents for the existing CFD:
 - a. Rate and Method of Apportionment of the Special Tax,
 - b. Original CFD diagram or boundary map, and
 - c. Original resolution of intention with the description of authorized facilities and services.
- ♦ Proposed project development information;
- ♦ A listing and the estimated costs of the improvements to be included in the CFD; and
- ♦ Property owner information on an “as needed” basis.

If needed, the City will assist MuniFinancial in obtaining this information.

Exhibit B-1

EXHIBIT B

Compensation and Method of Payment

District Administration Services

Community Facilities District Administration

The number of parcels and districts shown below in *both* fee tables are the basis of this proposal. If the actual number varies substantially, it may cause a change in our fee structure. All hourly rates, fees and expense rates are subject to increase, not to exceed the Consumer Price Index within the applicable area. However, MuniFinancial reviews fees annually and often reduces fees after the second year of our administrative efforts.

Year One Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
East Franklin CFD No. 2002-1	4,915	\$ 4,000	\$ 1.00	\$ 8,915
Poppy Ridge CFD No. 2003-1	3,500	4,000	1.00	7,500
CFD 2003-2 (Police)	2,426	2,000	1.00	4,426
CFD 2005-1	2,000	5,000	1.00	7,000
Total Year One				\$ 27,841

Year Two Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
East Franklin CFD No. 2002-1	4,915	\$ 4,000	\$ 1.00	\$ 8,915
Poppy Ridge CFD No. 2003-1	3,500	4,000	1.00	7,500
CFD 2003-2 (Police)	2,426	2,000	1.00	4,426
CFD 2005-1	4,000	5,000	1.00	9,000
Total Year Two				\$ 29,841

Exhibit B-1

Year Three Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
East Franklin CFD No. 2002-1	4,915	\$ 4,000	\$ 1.00	\$ 8,915
Poppy Ridge CFD No. 2003-1	3,500	4,000	1.00	7,500
CFD 2003-2 (Police)	2,426	2,000	1.00	4,426
CFD 2005-1	6,000	5,000	1.00	11,000
Total Year Three				\$ 31,841

Payoff quotes are \$125 per request and the requesting party pays for this service. There is no charge to the City.

Street Maintenance & Service Area District Administration

Year One Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
Street Maintenance District No. 1	2,430	\$ 2,500	\$ 0.50	\$ 3,715
Laguna West Service Area	2,372	2,500	0.50	3,686
Lakeside Service Area*	1000 (est.)	2,500	0.50	3,000
Total Fee Year One				\$ 7,401

** District may not be levied annually. Annual Fee shall be assessed only during the fiscal years where the collection charges are placed on the County Property Tax Roll.*

Exhibit B-1

Year Two Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
Street Maintenance District No. 1	3,000	\$ 2,500	\$ 0.50	\$ 4,000
Laguna West Service Area	2,372	2,500	0.50	3,686
Lakeside Service Area*	1000 (est.)	2,500	0.50	3,000
Total Year Two				\$ 7,686

** District may not be levied annually. Annual Fee shall be assessed only during the fiscal years where the collection charges are placed on the County Property Tax Roll.*

Year Three Fee				
District	No. of Parcels	Base Fee	Per Parcel Fee	Approx. Total Annual Fee
Street Maintenance District No. 1	3,500	\$ 2,500	\$ 0.50	\$ 4,250
Laguna West Service Area	2,372	2,500	0.50	3,686
Lakeside Service Area*	1000 (est.)	2,500	0.50	3,000
Total Year Three				\$ 7,936

** District may not be levied annually. Annual Fee shall be assessed only during the fiscal years where the collection charges are placed on the County Property Tax Roll.*

District Administration Services will not exceed \$110,000.

Exhibit B-2

Arbitrage Rebate Services

The following table applies our standard fees to the following outstanding issues:

Issue Name	Issue Date	Calculation Period	Proposed Fees
Community Facilities District 2002-1 (East Franklin)	10/29/02	Annual	\$ 1,250
Community Facilities District 2003-1 (Poppy Ridge)	10/30/03	Annual	1,250
Community Facilities District 2002-1, Series 2003 (East Franklin)	12/17/03	Annual	1,250
Community Facilities District 2005-1	TBA	Annual	1,250
4 Future Issues	TBA	Annual	5,000
Setup Fee — (new issues only)			\$ 500

The Setup Fee is a *one-time fee* that is assessed when no prior calculation has been performed. *Additional Service Fees* may or may not apply depending on the type of financing. Examples where such fees would apply are situations requiring analysis of transferred proceeds for advance refunding issues, the ongoing recalculation of yield for variable rate financings, and commingled funds analysis in the event bond proceeds have been commingled with other bond or non-bond proceeds.

MuniFinancial reserves the right to review all official bond documents before any bid is binding. Should any fee adjustments be required after our review, MuniFinancial will notify and gain approval from the City before engaging in the calculation.

MuniFinancial will honor the above referenced pricing for the term of the contract. If the U.S. Treasury and/or Internal Revenue Service enact new regulations, MuniFinancial will make necessary adjustments the prior calculations and provide updated reports for an additional cost not to exceed \$500 per report.

Arbitrage Rebate Calculation will not exceed \$27,000.

Exhibit B-3

Municipal Disclosure

Annual Financial Information Statement Preparation

Debt Issue(s)	Annual Fee
Community Facilities District 2002-1, East Franklin, Series 2002	\$ 1,750
Community Facilities District 2002-1, East Franklin, Series 2003	250
Community Facilities District 2002-1, East Franklin, Future Issue	250
Community Facilities District 2003-1, Poppy Ridge	1,750
Community Facilities District 2003-1, Poppy Ridge, 2 Future Issues	500
Community Facilities District 2005-1, Laguna West, 2 Future Issues	2,000

First Year Combined Setup Fee

Included

Significant Event Notice Preparation

(If necessary)

Hourly Rates

Dissemination Fees

Annual Financial Information Statement (per Debt Issue)

Waived

Significant Event Notices (per event)

Included

Municipal Disclosure will not exceed \$18,000.

Exhibit B-4

Financial Consulting Services

Financial services may be authorized by the City and will be billed at our then-current hourly consulting rates (see “Additional Services” section). The consultant will only proceed on task under “Financial Consulting Services” with written authorization from City staff. All services under this task will be billed based on hourly expenses, plus for annexations an additional cost per map sheet.

These hourly fees will also include the billing rates specified in the table below.

Services	Fee
District Annexations (per annexation)	Hourly
General Financial Services	Hourly
Special Tax Consulting Bond Issuance Support (per district)	Hourly

Based on project hours performed and incurred out-of-pocket expenses, MuniFinancial will bill on a *monthly* basis.

Financial Consulting Services will not exceed \$40,000.

Exhibit B-5

Expenses

MuniFinancial will be reimbursed, at cost, for out-of-pocket expenses not to exceed the amounts in the table above. Examples of reimbursable expenses include, but are not limited to: postage, travel expenses, mileage (40.5¢ per mile), maps, electronic data furnished from the County and/or other applicable resources, construction cost periodicals, and copying (currently 6¢ per copy). Any additional expense for reports or from outside services will be billed to the City, at our cost, with no overhead markup.

Charges for meeting and consulting with counsel, the City, or other parties regarding services not listed in the scope of work will be at our then-current hourly rates (see “Additional Services” section). In the event that a third party requests any documents, MuniFinancial may, in accordance with MuniFinancial’s applicable rate schedule, charge such third party for providing these documents.

Our fees will not be contingent on the sale of bonds. To cover our costs, we recommend that the City continue the practice of obtaining a deposit for annexations and formations from the developers.

Exhibit B-5

Additional Services

Hourly Rates

Additional services may be authorized by the City and will be billed at our then-current hourly consulting rates. Our current hourly rates are:

Title	Hourly Rate
Division Manager	\$180
Principal Consultant	145
Senior Project Manager	125
Project Manager	105
Senior Analyst	85
Analyst	75
Analyst Assistant	65
Property Owner Services Representative	50
Support Staff	45

Under no circumstances will the aggregate amount paid under this Agreement exceed the amount specified in Section 4.A. above.

**CERTIFICATION
ELK GROVE CITY COUNCIL RESOLUTION NO. 2005-63**

STATE OF CALIFORNIA)
COUNTY OF SACRAMENTO) ss
CITY OF ELK GROVE)

I, Peggy E. Jackson, City Clerk of the City of Elk Grove, California, do hereby certify that the foregoing resolution was duly introduced, approved, and adopted by the City Council of the City of Elk Grove at a regular meeting of said Council held on the 9th day of March 2005 by the following vote:

AYES 5: COUNCILMEMBERS: Briggs, Scherman, Soares, Cooper, Leary

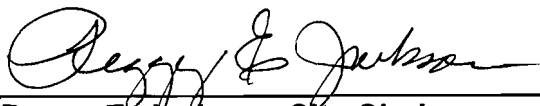
NOES 0: COUNCILMEMBERS:

ABSTAIN 0: COUNCILMEMBERS:

ABSENT 0: COUNCILMEMBERS:

RECUSAL 0: COUNCILMEMBER:





**Peggy E. Jackson, City Clerk
City of Elk Grove, California**