

City of Los Alamitos

Agenda Report Consent Calendar

April 20, 2015
Item No: 8E

To: Mayor Richard D. Murphy & Members of the City Council
Via: Bret M. Plumlee, City Manager
From: Jason Al-Imam, Administrative Services Director
Subject: Refinancing of 2006 Certificates of Participation

Summary: This report seeks City Council approval of a Financial Advisor to assist with the refinancing of the 2006 Certificates of Participation.

Recommendations:

1. Approve the Professional Services Agreement with Fieldman, Rolapp & Associates for Financial Advisor Services; and,
2. Review and approve the Scope of Services for Financial Advisor Services.

Background

In 2006 the City purchased the Laurel Park site from the School District for \$4.65 million. \$3,365,000 of the land acquisition was financed with Certificates of Participation, which had a 30-year amortization period. The bonds have an optional call date in 2016. However, federal tax law permits the defeasance of bonds prior to the first call date, which means the City could refinance the bonds this year.

Discussion

The City currently has \$2,895,000 in outstanding principal on its 2006 Certificates of Participation, which have an all-in true interest cost of approximately 4.8%. If the City refinanced its outstanding debt, it could provide debt service savings due to historically low interest rates. The City could realize debt service savings as soon as fiscal year 2015/16, which could offset other rising costs such as retirement and insurance costs.

Based on current market conditions (which are subject to change), the City could realize total cash flow savings of \$541,366 if we refinanced the debt over the remaining 21-year amortization period. The average annual cash flow savings is estimated to be \$24,800.

Par Amount	\$3,000,000
All-In True Interest Cost	3.7%
Debt Service (Principal and Interest)	4,140,000
Cost of Issuance	167,000
Total Cash Flow Savings	541,366
Net Present Value Savings* (\$)	177,000
Net Present Value Savings* (%)	6%
Average Annual Debt Service	188,200
Average Annual Cash Flow Savings	24,800

** Net present value savings is net of issuance costs and is discounted based on the present value of future cash flow savings.*

The aforementioned savings assumes the debt is refinanced through a public offering. However, the City may have two options for refinancing the 2006 Certificates of Participation, a public offering or a private placement. Public offerings are sold in the public debt market through an underwriter whereas private placements involve direct sales to a single or limited number of investors. In most instances, private placements are with commercial banks or institutional investors and may be arranged by a placement agent.

Often investors will require higher interest rates on issues marketed through private placement. This is usually because such securities are less liquid (i.e., more difficult for the investor to remarket). These investors may also have limits on the term of the investment and may not be willing to have as long of a maturity compared to a public sale. However, since there is no need for a credit rating or underwriter services the cost of issuance in a private placement is typically less than what is incurred in a public offering. The trade-off on private placement is lower initial cost with perhaps higher overall cost.

As an alternative to a straightforward refinancing which would yield approximately \$24,800 of annual savings, the City could extend the remaining amortization period from 21 years to 30 years, which would provide for approximately \$950,000 of new money to be used on capital projects while keeping debt service at levels just below current payments. One benefit to combining the new money component with the refinancing is that issuance costs are only incurred once. In addition, debt service payments spread the costs over the life of the capital asset which ensures intergenerational equity; that is, the capital asset (e.g. street improvements, park improvements, etc.) will be paid for by all citizens who will use and benefit from the capital asset, both when the borrowing occurs and throughout the life of the debt issue.

Roles and Responsibilities of the Financing Team

The bond offering process (including both private placements and public sales) is a coordinated effort among various professionals that provide legal and technical assistance.

Key members of the financing team generally consist of the following:

- Financial Advisor
- Bond Counsel
- Underwriter or Private Placement Agent
- Underwriter's Counsel and Disclosure Counsel

Financial Advisor

GFOA guidelines recommend the use of a Financial Advisor due to the complexities of debt financing. Therefore, staff recommends the retention of an experienced Financial Advisor. The Financial Advisor provides independent financial advice and assists with all aspects of the debt issuance process from inception to closing. The Financial Advisor prepares, advises and assists in the formulation and execution of the financing plan. The Financial Advisor also assists the City with obtaining the best financing terms and assists with research and analyses for pricing, including financial terms and conditions and assessing marketplace timing.

In most cases, the first professional retained in the debt issuance process is the Financing Advisor. By choosing the advisor first, the issuer has the benefit of the Financial Advisor's experience and expertise in the selection of other required professionals.

Staff solicited proposals through a competitive process in order to evaluate the experience and qualifications of potential Financial Advisor consulting firms and to determine fair and reasonable pricing. The scope of services is set forth in Exhibit A (attached).

Staff recommends the award of a Financial Advisor contract to Fieldman, Rolapp & Associates based on the firm's extensive experience in municipal debt financing. It should also be noted that their fees were also the lowest. In addition, Fieldman, Rolapp & Associates served as Financial Advisor on the City's 2006 debt issuance and therefore the firm has a proven track record with the City.

Tom Johnsen and Josh Lentz will be the co-project managers. Tom has 27 years of financial advisor experience serving California cities, counties and special districts. Josh Lentz has 17 years of experience in public finance. Since 2010, Fieldman, Rolapp & Associates has served as Financial Advisor on 88 transactions for over \$2.8 billion in municipal bond transactions in Orange County.

Compensation to the Financial Advisor is contingent upon successful closing of the refunding issue.

Bond Counsel

Bond counsel renders an opinion on the validity of the bond offering, the security for the offering, and whether and to what extent interest on the bonds is exempt from income and other taxation. The opinion of bond counsel provides assurance both to issuers and

to investors who purchase the bonds that all legal and tax requirements relevant to the matters covered by the opinion are met.

Underwriters and Private Placement Agents

Underwriters are securities firms and commercial banks that purchase an issuer's debt securities with the intention to resell the securities to investors at a profit.

Private placement agents are generally banks or securities firms that act for the issuer in the arrangement of a bond sale directly to a private placement purchaser. They differ from underwriters in that a private placement agent does not actually purchase the bonds from the issuer; rather they arrange the bond sale to a third party for a fee.

Underwriter's Counsel and Disclosure Counsel

Underwriter's counsel is customarily selected by the underwriter to represent the underwriter and its interests in a negotiated sale. Underwriter's counsel customarily review, from the underwriter's perspective, the documents prepared by bond counsel and negotiate matters relating to those documents on behalf of the underwriter.

Disclosure counsel handles many of the tasks traditionally handled by underwriter's counsel, except when it is clear that the disclosure counsel's client is the issuer and not the underwriter. If underwriter's counsel has been retained, it may be unnecessary to retain disclosure counsel.

Fiscal Impact

All costs of issuance will be paid from proceeds from the refunding of the 2006 Certificates of Participation. No costs will be borne by the General Fund. Compensation to the Financial Advisor and other members of the financing team is contingent upon successful closing of the refunding issue.

A goal of the refinancing, besides savings, will be to maintain flexibility for other potential financings (such as the Civic Center Relocation Project) and to provide information to the market about the City.

Submitted By:



Jason Al-Imam
Administrative Services Director

Approved By:



Bret M. Plumlee
City Manager

Attachments:

*Attachment 1 – Professional Services Agreement
Exhibit "A" – Scope of Services
Exhibit "B" – Approved Fee Schedule*

PROFESSIONAL SERVICES AGREEMENT
(City of Los Alamitos/ Fieldman, Rolapp & Associates)

1. IDENTIFICATION

THIS PROFESSIONAL SERVICES AGREEMENT (“Agreement”) is entered into by and between the City of Los Alamitos, a California municipal corporation (“City”), and Fieldman, Rolapp & Associates, a California corporation (“Consultant”).

2. RECITALS

- 2.1 City has determined that it requires the following professional services from a consultant: Financial Advisor Services in connection with the refinancing of the City’s 2006 Certificates of Participation.
- 2.2 Consultant represents that it is fully qualified to perform such professional services by virtue of its experience and the training, education and expertise of its principals and employees. Consultant further represents that it is willing to accept responsibility for performing such services in accordance with the terms and conditions set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions herein contained, City and Consultant agree as follows:

3. DEFINITIONS

- 3.1 “Scope of Services”: Such professional services as are set forth in Exhibit “A” and incorporated herein by this reference.
- 3.2 “Approved Fee Schedule”: Consultant shall perform the Services under this Agreement at the rates set forth in Exhibit “B”.
- 3.3 “Commencement Date”: April 21, 2015.
- 3.4 “Expiration Date”: September 30, 2016.

4. TERM

The term of this Agreement shall commence at 12:00 a.m. on the Commencement Date and shall expire at 11:59 p.m. on the Expiration Date unless extended by written agreement of the parties or terminated earlier in accordance with Section 17 (“Termination”) below.

5. CONSULTANT’S SERVICES

- 5.1 Consultant shall perform the services identified in the Scope of Services. City shall have the right to request, in writing, changes in the Scope of Services. Any such changes and any corresponding increase or decrease in compensation, shall be incorporated by written amendment to this Agreement.

- 5.2 Consultant shall perform all work to the highest professional standards of Consultant's profession and in a manner reasonably satisfactory to City. Consultant shall comply with all applicable federal, state and local laws and regulations, including the conflict of interest provisions of Government Code Section 1090 and the Political Reform Act (Government Code Section 81000 *et seq.*).
- 5.3 During the term of this Agreement, Consultant shall not perform any work for another person or entity for whom Consultant was not working at the Commencement Date if both (i) such work would require Consultant to abstain from a decision under this Agreement pursuant to a conflict of interest statute and (ii) City has not consented in writing to Consultant's performance of such work.
- 5.4 Consultant represents that it has, or will secure at its own expense, all personnel required to perform the services identified in the Scope of Services. All such services shall be performed by Consultant or under its supervision, and all personnel engaged in the work shall be qualified to perform such services. Thomas Johnsen shall be Consultant's project administrator and shall have direct responsibility for management of Consultant's performance under this Agreement. No change shall be made in Consultant's project administrator without City's prior written consent.

6. COMPENSATION

- 6.1 Consultant shall receive compensation, including authorized reimbursements for all services rendered under this Agreement at the rates set forth in Exhibit "B" attached hereto and incorporated herein by reference. The total compensation for all services performed under this agreement and all expenses incurred by Consultant shall not exceed the amounts specified in Exhibit "B". Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.
- 6.2 Payment of compensation shall be contingent upon, and payable at, the closing of the debt issuance undertaken to refinance the 2006 Certificates of Participation. Upon closing, Consultant shall submit a statement and be entitled to be paid based on the fee schedule set forth in Exhibit "B". In the event the services of the consultant are abandoned prior to completion of consultant's work, consultant shall not be entitled to compensation or reimbursement for expenses of any amount or type.
- 6.3 Payments for any services requested by City and not included in the Scope of Services shall be made to Consultant by City on a time-and-materials basis using Consultant's standard fee schedule.

7. OWNERSHIP OF WRITTEN PRODUCTS

All reports, documents or other written material ("written products" herein) developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon use or dissemination by City. Consultant may take and retain copies

of such written products as desired, but no such written products shall be the subject of a copyright application by Consultant.

8. RELATIONSHIP OF PARTIES

Consultant is, and shall at all times remain as to City, a wholly independent contractor. Consultant shall have no power to incur any debt, obligation, or liability on behalf of City or otherwise to act on behalf of City as an agent. Neither City nor any of its agents shall have control over the conduct of Consultant or any of Consultant's employees, except as set forth in this Agreement. Consultant shall not represent that it is, or that any of its agents or employees are, in any manner employees of City.

Under no circumstances shall Consultant look to the City as his employer. Consultant shall not be entitled to any benefits. City makes no representation as to the effect of this independent contractor relationship on Consultant's (or its principals' or employees') previously earned PERS retirement benefits, if any, and Consultant specifically assumes the responsibility for making such a determination. Consultant shall be responsible for all reports and obligations including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation.

9. CONFIDENTIALITY

All data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without prior written consent by City. City shall grant such consent if disclosure is legally required. Upon request, all City data shall be returned to City upon the termination or expiration of this Agreement.

10. INDEMNIFICATION

- 10.1 The parties agree that City, its officers, agents, employees and volunteers should, to the fullest extent permitted by law, be protected from any and all loss, injury, damage, claim, lawsuit, cost, expense, attorneys' fees, litigation costs, taxes, or any other cost arising out of or in any way related to the performance of this Agreement. Accordingly, the provisions of this indemnity provision are intended by the parties to be interpreted and construed to provide the City with the fullest protection possible under the law. Consultant acknowledges that City would not enter into this Agreement in the absence of Consultant's commitment to indemnify and protect City as set forth herein.
- 10.2 To the fullest extent permitted by law, Consultant shall indemnify, hold harmless, and when the City requests with respect to a claim provide a deposit for the defense of, and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person, whether physical, emotional, consequential or otherwise, and injury to any property arising out of or in connection with Consultant's alleged negligence, recklessness or willful misconduct or other wrongful acts, errors or omissions of Consultant or any of its officers, employees, servants, agents, or

subcontractors, or anyone directly or indirectly employed by either Consultant or its subcontractors, in the performance of this Agreement or its failure to comply with any of its obligations contained in this Agreement, except such loss or damage which is caused by the sole active negligence or willful misconduct of the City. Such costs and expenses shall include reasonable attorneys' fees due to counsel of City's choice, expert fees and all other costs and expenses of litigation.

- 10.3 City shall have the right to offset against any compensation due Consultant under this Agreement any amount due City from Consultant as a result of Consultant's failure to pay City promptly any indemnification arising under this Section 10 and any amount due City from Consultant arising from Consultant's failure either to (i) pay taxes on amounts received pursuant to this Agreement or (ii) comply with applicable workers' compensation laws.
- 10.4 The obligations of Consultant under this Section 10 are not limited by the provisions of any workers' compensation statute or similar act. Consultant expressly waives its statutory immunity under such statutes or laws as to City, its officers, agents, employees and volunteers.
- 10.5 Consultant agrees to obtain executed indemnity agreements with provisions identical to those set forth in this Section 10 from each and every subcontractor or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. If Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and to indemnify, hold harmless and defend City, its officers, agents, employees and volunteers from and against any and all claims and losses, costs or expenses for any damage due to death or injury to any person and injury to any property resulting from any alleged intentional, reckless, negligent, or otherwise wrongful acts, errors or omissions of Consultant's subcontractors or any other person or entity involved by, for, with or on behalf of Consultant in the performance of this Agreement. Such costs and expenses shall include reasonable attorneys' fees incurred by counsel of City's choice.
- 10.6 City does not, and shall not, waive any rights that it may possess against Consultant because of the acceptance by City, or the deposit with City, of any insurance policy or certificate required pursuant to this Agreement. This hold harmless and indemnification provision shall apply regardless of whether or not any insurance policies apply to the claim, demand, damage, liability, loss, cost or expense.

11. INSURANCE

- 11.1 During the term of this Agreement, Consultant shall carry, maintain, and keep in full force and effect insurance against claims for death or injuries to persons or damages to property that may arise from or in connection with Consultant's performance of this Agreement. Such insurance shall be of the types and in the

amounts as set forth below:

- 11.1.1 Comprehensive General Liability Insurance with coverage limits of not less than One Million Dollars (\$1,000,000) including products and operations hazard, contractual insurance, broad form property damage, independent consultants, personal injury, underground hazard, and explosion and collapse hazard where applicable. General Liability coverage shall be amended so that Consultant and its managers, affiliates, employees, agents, and other persons necessary or incidental to its operation are insureds.
- 11.1.2 Automobile Liability Insurance for vehicles used in connection with the performance of this Agreement with minimum limits of One Million Dollars (\$1,000,000) per claimant and One Million dollars (\$1,000,000) per incident.
- 11.1.3 Worker's Compensation insurance if and as required by the laws of the State of California.
- 11.1.4 Professional Errors and Omissions Insurance with coverage limits not less than One Million Dollars (\$1,000,000).
- 11.2 Consultant shall require each of its subcontractors to maintain insurance coverages that meet all of the requirements of this Agreement.
- 11.3 The policy or policies required by this Agreement shall be issued by an insurer admitted in the State of California and with a rating of at least A:VII in the latest edition of Best's Insurance Guide.
- 11.4 Consultant agrees that if it does not keep the aforesaid insurance in full force and effect, City may either (i) immediately terminate this Agreement; or (ii) take out the necessary insurance and pay the premium(s) thereon at Consultant's expense.
- 11.5 At all times during the term of this Agreement, Consultant shall maintain on file with City's Risk Manager a certificate or certificates of insurance showing that the policies required by this Agreement are in effect in the required amounts and naming the City and its officers, employees, agents and volunteers as additional insureds. Consultant shall file with City's Risk Manager such certificate(s) prior to commencement of work under this Agreement.
- 11.6 Consultant shall provide proof to the City's Risk Manager that policies of insurance required herein expiring during the term of this Agreement have been renewed or replaced with other policies providing at least the same coverage at least two weeks prior to the expiration of the coverages.
- 11.7 The general liability and automobile policies of insurance required by this Agreement shall contain endorsements naming City and its officers, employees, agents and volunteers as additional insureds. All of the policies required under this Agreement shall contain an endorsement providing that the policies cannot be

canceled or reduced except on thirty days' prior written notice to City. Consultant agrees to require its insurer to modify the certificates of insurance to delete any exculpatory wording stating that failure of the insurer to mail written notice of cancellation imposes no obligation, and to delete the word "endeavor" with regard to any notice provisions.

- 11.8 The insurance provided by Consultant shall be primary to any other coverage available to City. Any insurance or self-insurance maintained by City and/or its officers, employees, agents or volunteers, shall be in excess of Consultant's insurance and shall not contribute with it.
- 11.9 All insurance coverage provided pursuant to this Agreement shall not prohibit Consultant, and Consultant's employees, agents or subcontractors, from waiving the right of subrogation prior to a loss. Consultant hereby waives all rights of subrogation against the City.
- 11.10 Any deductibles or self-insured retentions must be declared to and approved by the City. At the option of City, Consultant shall either reduce or eliminate the deductibles or self-insured retentions with respect to City, or Consultant shall procure a bond guaranteeing payment of losses and expenses.
- 11.11 Procurement of insurance by Consultant shall not be construed as a limitation of Consultant's liability or as full performance of Consultant's duties to indemnify, hold harmless and defend under Section 10 of this Agreement.

12. MUTUAL COOPERATION

- 12.1 City shall provide Consultant with all pertinent data, documents and other requested information as is reasonably available for the proper performance of Consultant's services under this Agreement.
- 12.2 If any claim or action is brought against City relating to Consultant's performance in connection with this Agreement, Consultant shall render any reasonable assistance that City may require in the defense of that claim or action.

13. RECORDS AND INSPECTIONS

Consultant shall maintain full and accurate records with respect to all matters covered under this Agreement for a period of three years after the expiration or termination of this Agreement. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

14. PERMITS AND APPROVALS

Consultant shall obtain, at its sole cost and expense, all permits and regulatory approvals necessary for Consultant's performance of this Agreement. This includes, but shall not be limited to, professional licenses, encroachment permits and building and safety permits and inspections.

15. NOTICES

Any notices, bills, invoices, or reports required by this Agreement shall be deemed received on: (i) the day of delivery if delivered by hand, facsimile or overnight courier service during Consultant's and City's regular business hours; or (ii) on the third business day following deposit in the United States mail if delivered by mail, postage prepaid, to the addresses listed below (or to such other addresses as the parties may, from time to time, designate in writing).

If to City:

City of Los Alamitos
3191 Katella Ave.
Los Alamitos, CA 90720
Attn: Bret Plumlee City Manager
Telephone: (562) 431-3538
Facsimile: (562) 493-1255

If to Consultant:

Fieldman, Rolapp & Associates
19900 MacArthur Blvd. Ste. 1100
Irvine, CA 92612
Telephone: (949) 660-7300

With courtesy copy to:

Cary S. Reisman, City Attorney
Wallin, Kress, Reisman & Kranitz, LLP
2800 28th Street, Suite 315
Santa Monica, CA 90405-6201
Telephone: (310) 450-9582
Facsimile: (320) 450-0506

16. SURVIVING COVENANTS

The parties agree that the covenants contained in Section 9, Section 10, Paragraph 12.2 and Section 13 of this Agreement shall survive the expiration or termination of this Agreement.

17. TERMINATION

- 17.1. City may terminate this Agreement for any reason on five calendar days' written notice to Consultant. Consultant may terminate this Agreement for any reason on sixty calendar days' written notice to City. Consultant agrees to cease all work under this Agreement on or before the effective date of any notice of termination. All City data, documents, objects, materials or other tangible things shall be returned to City upon the termination or expiration of this Agreement.
- 17.2. In the event the services of the consultant are terminated prior to completion of consultant's work, consultant shall not be entitled to compensation or reimbursement for expenses of any amount or type.

18. GENERAL PROVISIONS

- 18.1 Consultant shall not delegate, transfer, subcontract or assign its duties or rights hereunder, either in whole or in part, without City's prior written consent, and any attempt to do so shall be void and of no effect. City shall not be obligated or liable under this Agreement to any party other than Consultant.
- 18.2 In the performance of this Agreement, Consultant shall not discriminate against any employee, subcontractor, or applicant for employment because of race, color, creed, religion, sex, marital status, sexual orientation, national origin, ancestry, age, physical or mental disability medical condition or any other unlawful basis.
- 18.3 The captions appearing at the commencement of the sections hereof, and in any paragraph thereof, are descriptive only and for convenience in reference to this Agreement. Should there be any conflict between such heading, and the section or paragraph at the head of which it appears, the section or paragraph, and not such heading, shall govern construction of this Agreement. Masculine or feminine pronouns shall be substituted for the neuter form and vice versa, and the plural shall be substituted for the singular and vice versa, in any place or places herein in which the context requires such substitution(s).
- 18.4 The waiver by City or Consultant of any breach of any term, covenant or condition of this Agreement shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition of this Agreement. No term, covenant or condition of this Agreement shall be deemed to have been waived by City or Consultant unless in a writing signed by one authorized to bind the party asserted to have consented to the waiver.
- 18.5 Consultant shall not be liable for any failure to perform if Consultant presents acceptable evidence, in City's sole judgment, that such failure was due to causes beyond the control and without the fault or negligence of Consultant.
- 18.6 Each right, power and remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise shall be cumulative and in addition to every other right, power, or remedy provided for herein or now or hereafter existing at law, in equity, by statute, or otherwise. The exercise, the commencement of the exercise, or the forbearance from the exercise by any party of any one or more of such rights, powers or remedies shall not preclude the simultaneous or later exercise by such party of any of all of such other rights, powers or remedies. If legal action shall be necessary to enforce any term, covenant or condition herein contained, the party prevailing in such action, whether or not reduced to judgment, shall be entitled to its reasonable court costs, including any accountants' and attorneys' fees incurred in such action. The venue for any litigation shall be Orange County, California and Consultant hereby consents to jurisdiction in Orange County for purposes of resolving any dispute or enforcing any obligation arising under this Agreement.

- 18.7 If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, then such term or provision shall be amended to, and solely to, the extent necessary to cure such invalidity or unenforceability, and in its amended form shall be enforceable. In such event, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.
- 18.8 This Agreement shall be governed and construed in accordance with the laws of the State of California.
- 18.9 All documents referenced as exhibits in this Agreement are hereby incorporated into this Agreement. In the event of any material discrepancy between the express provisions of this Agreement and the provisions of any document incorporated herein by reference, the provisions of this Agreement shall prevail. This instrument contains the entire Agreement between City and Consultant with respect to the transactions contemplated herein. No other prior oral or written agreements are binding upon the parties. Amendments hereto or deviations herefrom shall be effective and binding only if made in writing and executed by City and Consultant.

TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

“City”
City of Los Alamitos

“Consultant”
Fieldman, Rolapp & Associates

By _____
 Richard D. Murphy, Mayor

By _____
 Thomas G. Johnsen, Principal

Date: _____

Date: _____

Attest:

By _____
 Windmera Quintanar, CMC, City Clerk

Date: _____

Approved as to form:

By _____
 Cary S. Reisman, City Attorney

EXHIBIT A SCOPE OF SERVICES

In connection with the proposed advance refinancing of the City's 2006 Certificates of Participation, the financial advisor shall:

- Provide independent financial advice serving the interests of the City solely.
- Provide the City with an analysis of the various financing options (e.g., direct bank loan versus bonds issued through a public or private offering).
- Formulate a comprehensive plan to refund the Certificates of Participation along with the possibility of a new money component.
- Develop a sale calendar that describes the responsibilities of each participant.
- Coordinate the selection of the financing team and additional service providers through a competitive process to ensure that needed services are obtained at a fair and reasonable cost.
- Review all documents relating to the proposed debt issuance.
- Attend and participate at public meetings, hearings and/or workshops as the City deems necessary.
- Assist with research and analyses for pricing, including financial terms and conditions and assessing marketplace timing.
- Assist in the creation and distribution of the Preliminary Official Statement, Notice of Sale, Official Statement, Offering Memorandum and other documents and materials required to facilitate the debt issuance.
- Coordinate meetings with and presentations to rating agencies, bond underwriters, institutional investors, etc. on an as-needed basis.
- Attend the bond pre-closing, computing closing figures and assist bond counsel in the coordination of closing events. Provide a closing memorandum report and financing summary.
- Provide an evaluation of assessment of bond market conditions at time of bond sale.

**EXHIBIT B
APPROVED FEE SCHEDULE**

Consultant agrees that the total compensation contained in Section 6 of this Agreement be contingent upon, and payable at, the closing of the debt issuance undertaken to refinance the 2006 Certificates of Participation. In the event the services of the consultant are abandoned prior to completion of consultant's work, consultant shall not be entitled to compensation or reimbursement for expenses of any amount or type.

Hourly Fees

The hourly rates reflected in the table below are fully contingent upon a successful closing of a refunding issue.

SCHEDULE OF FEES	
Executive Officer	\$300 Per Hour
Principal	\$290 Per Hour
Principal/Senior Vice President	\$275 Per Hour
Vice President	\$225 Per Hour
Assistant Vice President	\$195 Per Hour
Senior Associate	\$150 Per Hour
Associate	\$125 Per Hour
Analyst	\$85 Per Hour
Administrative Assistant	\$65 Per Hour
Clerical	\$35 Per Hour

Not-To-Exceed Fees

The table below lists the "not-to-exceed" service fee for the contemplated refunding based on the structure and method of sale.

	COMPETITIVE SALE	NEGOTIATED SALE
Private Placement	\$21,500	\$20,000
Public Sale	\$24,500	\$23,000

Expenses

Expenses will be billed separately and will cover, among other things, travel, lodging, overnight courier, document reproduction and the like. Any travel or lodging shall only be incurred if approved in advance by the City. Expenses will not exceed \$1,500. In the event that expenses in excess of \$1,500 need to be incurred for a successful closing, Consultant agrees to pay same and not look to City for reimbursement. Additionally, a surcharge of 4% of the compensation is added to the verifiable out-of-pocket costs for recovery of costs such as telephone, postage, document reproduction and the like.