

**PERRIS UNION HIGH SCHOOL DISTRICT  
PROFESSIONAL SERVICES AGREEMENT  
FOR  
PROFESSIONAL CONSULTANT SERVICES**

THIS AGREEMENT is made and entered into this 20<sup>th</sup> day of June, 2012, by and between the Perris Union High School District (“School District”) and Koppel & Gruber Public Finance, a California Corporation (“Consultant”).

WHERE AS, the School District desires to engage Consultant to furnish Professional Consulting Services (“Project”) as set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions herein contained, the parties agree as follows:

**1. SERVICES**

The Consultant shall perform Community Facilities District Administration Services, Continuing Disclosure, Arbitrage Calculations and School Facilities Needs Analysis. A scope of services (“Services”) is attached as Exhibit A and incorporated herein by this reference.

**2. COMPENSATION**

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. Extra Work may be authorized, as described below, and if authorized, will be compensated at the rates and manner set forth in this Agreement.

**2.1 Payment of Compensation.** Consultant shall submit to the School District a quarterly itemized statement which indicates work completed and Services rendered by Consultant. The statement shall describe the amount of Services and supplies provided since the initial commencement date, or since the start of the subsequent billing periods, as appropriate, through the date of the statement. The School District shall, within 30 days of receiving such statement, review the statement and pay all approved charges thereon.

**2.2 Reimbursement for Expenses.** Consultant shall be reimbursed for any expenses as authorized in Exhibit “B”.

**2.3 Extra Work.** At any time during the term of this Agreement, the School District may request that Consultant perform Extra Work. As used herein, “Extra Work” means any work which is determined by the School District to be necessary for the proper completion of the Project, but which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Consultant shall not perform, nor be compensated for, Extra Work without written authorization from the School District's Representative.

**3. TERM**

3.1 **Term.** The term of this Agreement shall be for five years beginning the 2012-13 school year commencing July 1, 2012, and terminating June 30, 2017, unless terminated earlier pursuant to Section 3.2.

**4. SUSPENSION OR TERMINATION**

**4.1 Suspension.** The School District may, at any time, by thirty (30) days written notice, suspend further performance by Consultant. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and the Consultant shall be paid for all services performed and reimbursable expenses incurred prior to the suspension date.

**4.2 Termination.** Either party may terminate this Agreement at any time by giving thirty (30) days' written notice to the other party of such termination. If this Agreement is terminated as provided herein, Consultant will be paid an amount which bears the same ratio to the total compensation as the services actually performed bears to the total services of Consultant covered by this Agreement, less payments of compensation previously made.

**5. RESPONSIBILITIES OF CONSULTANT**

The Services shall be performed by Consultant or under its supervision. Consultant will determine the means, methods and details of performing the Services subject to the requirements of this Agreement. The School District retains Consultant on an independent contractor basis and not as an employee. Consultant retains the right to perform similar or different services for others during the term of this Agreement. Any additional personnel performing the Services under this Agreement on behalf of Consultant shall also not be employees of the School District and shall at all times be under Consultant's exclusive direction and control. Consultant shall pay all wages, salaries, and other amounts due such personnel in connection with their performance of Services under this Agreement and as required by law. Consultant shall be responsible for all reports and obligations respecting such additional personnel, including, but not limited to: social security taxes, income tax withholding, unemployment insurance, disability insurance, and workers' compensation insurance.

**6. INSURANCE**

As a condition precedent to the effectiveness of this Agreement for work to be performed hereunder and without limiting the indemnity provisions of the Agreement, the Consultant in partial performance of its obligations under such Agreement, shall procure and maintain in full force and effect during the term of the Agreement, the following policies of insurance.

<b>Coverage</b>	<b>Minimum Limits</b>
<b>(a) General Liability</b> <b>1) Products and completed operations</b> <b>2) Contractual liability</b> <b>3) Personal liability</b>	<b>\$1,000,000 Combined Single Limit, per occurrence and general aggregate</b>
<b>(b) Automobile Liability</b> <b>1) Comprehensive automobile</b>	<b>\$1,000,000 Combined Single Limit, each accident</b>

Coverage	Minimum Limits
liability including owned, non-owned and hired autos 2)	
(c) Workers' Compensation 1) Workers' Compensation Insurance 2) Employer's Liability	\$1,000,000 (Statutory)
(d) Professional Liability Insurance 1) Providing coverage on claims made basis for errors and omissions	\$1,000,000 per claim and annual aggregate

**7. DOCUMENTS & DATA; LICENSING OF INTELLECTUAL PROPERTY**

The Consultant may rely upon the accuracy of any documents provided to Consultant by the School District. The School District may copy, use, modify, or reuse any and all copyrights, designs, and other intellectual property embodied in plans, specifications, studies, drawings, estimates, and other documents or works of authorship fixed in any tangible medium of expression, including but not limited to, physical drawings or data magnetically or otherwise recorded on computer diskettes, which are prepared or caused to be prepared by Consultant under this Agreement (“Documents & Data”). Consultant represents and warrants that Consultant has the legal right to license any and all Documents & Data. Consultant makes no such representation and warranty in regard to Documents & Data which were prepared by design professionals other than Consultant or provided to Consultant by the School District. The School District shall not be limited in any way in its use of the Documents and Data at any time, provided that any such use not within the purposes intended by this Agreement shall be at the School District's sole risk.

**8. GENERAL PROVISIONS**

**8.1 Accounting Records.** Records of the Consultant’s direct labor costs, payroll costs and reimbursable expenses pertaining to the Services covered by this agreement shall be maintained on a generally recognized accounting basis and made available during normal business hours upon reasonable notice. Consultant shall allow inspection of all work, data, documents, proceedings, and activities related to the Agreement for a period of three (3) years from the date of final payment under this Agreement.

**8.2 Confidentiality.** All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other Documents and Data either created by or provided to Consultant in connection with the performance of this Agreement shall be held confidential by Consultant. Such materials shall not, without the prior written consent of the School District, be used by Consultant for any purposes other than the performance of the Services. Nor shall such materials be disclosed to any person or entity not connected with the performance of the Services or the Project. Nothing furnished to Consultant which is otherwise known to Consultant or is generally known, or has become known, to the related

industry shall be deemed confidential. Consultant shall not use the School District's name or insignia, photographs of the Project, or any publicity pertaining to the Services or the Project in any magazine, trade paper, newspaper, television or radio production or other similar medium without the prior written consent of the School District.

**8.3 Cooperation; Further Acts.** The Parties shall fully cooperate with one another, and shall take any additional acts or sign any additional documents as may be necessary, appropriate or convenient to attain the purposes of this Agreement.

**8.4 Attorney's Fees.** If either party commences an action against the other party, either legal, administrative or otherwise, arising out of or in connection with this Agreement, the prevailing party in such litigation shall be entitled to have and recover from the losing party reasonable attorney's fees and all other costs of such action.

**8.5 Indemnification.** Consultant shall defend, indemnify and hold the School District, its officials, officers, employees, volunteers and agents free and harmless from all claims, damages, losses and expenses arising out of the performance of the services described herein caused solely by the negligent acts, errors or omission of the Consultant, its officials, officers, employees, agents, subcontractors and subconsultants, except where caused in whole or in part by the active negligence or willful misconduct of the School District or its officials, officers, employees, agents or volunteers.

**8.6 Entire Agreement.** This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements. This Agreement may only be modified by a writing signed by both parties.

**8.7 Governing Law.** This Agreement shall be governed by the laws of the State of California. Venue shall be in Los Angeles County.

**8.7 Successors and Assigns.** This Agreement shall be binding on the successors and assigns of the parties.

**8.8 Assignment or Transfer.** Consultant shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the School District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

**8.9 Construction; References; Captions.** Since the Parties or their agents have participated fully in the preparation of this Agreement, the language of this Agreement shall be construed simply, according to its fair meaning, and not strictly for or against any Party. Any term referencing time, days or period for performance shall be deemed calendar days and not work days. All references to Consultant include all personnel, employees, agents, and subconsultants of Consultant, except as otherwise specified in this Agreement. All references to School District include its elected officials, officers, employees, agents, and volunteers except as otherwise specified in this Agreement. The captions of the various articles and paragraphs are for convenience and ease of reference only, and do not define, limit, augment, or describe the scope, content, or intent of this

Agreement.

**8.10 Amendment; Modification.** No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing and signed by both Parties.

**8.11 Ratification.** In accordance with California Education Code Section 17604, this Agreement is not valid or an enforceable obligation against the District until approved or ratified by motion of the Governing Board duly passed and adopted.

**8.12 Waiver.** Consultant's waiver of any term, condition or covenant, or breach of any term, condition or covenant, shall not constitute the waiver of any subsequent breach of any other term, condition or covenant.

**8.13 Invalidity; Severability.** If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

**8.14 Authority to Enter Agreement.** Consultant has all requisite power and authority to conduct its business and to execute, deliver, and perform the Agreement. Each Party warrants that the individuals who have signed this Agreement have the legal power, right, and authority to make this Agreement and bind each respective Party.

**8.15 Counterparts.** This Agreement may be signed in counterparts, each of which shall constitute an original.

**IN WITNESS WHEREOF**, the parties hereto have accepted, made and executed this Agreement upon the terms, conditions and provisions above stated, the day and the year first above written.

<b>Perris Union High School District</b>	<b>Koppel &amp; Gruber Public Finance</b>
By:	By:
	Lyn Gruber
Title:	Title: Principal
Address: 155 East Fourth Street Perris, CA 92570-2124	Address: 334 Via Vera Cruz, Suite 256 San Marcos, CA 92078

**EXHIBIT "A"**  
**SCOPE OF SERVICES**

**A. Administration Services**

*K&G Public Finance proposes to provide the following scope of services relating to the administration of the Perris Union High School District ("School District") Community Facilities Districts ("CFDs"):*

1. Attend meetings with respect to the ongoing administration of the CFDs. Develop effective channels of communication to facilitate the smooth administration of the CFDs.
2. Prepare a parcel database to be used in maintaining and calculating the annual tax requirements which includes County Secured Roll information such as land use, building square footage, assessed values and ownership data.
3. Track parcel and tract map information, parcel changes, prepaid parcels and collect building permit and certificates of compliance information necessary for the accurate administration of the CFDs.
4. Simultaneously done with Step 2 and 3, parcels will be classified by land use classification as defined in the Rates and Methods of Apportionment ("RMAs") which includes Exempt Property, Taxable Property, Developed Property and Undeveloped Property as well as special tax classes as further defined in the RMAs.
5. Implement and monitor the Senior Exemption program. On an annual basis we will work with the School District to mail out exemption applications to the exemption holders from last year as well as accept new applications. Exemptions will be tracked and processed. We will include a report of the parcels that qualified for a Senior Exemption in our annual report to the School District.
6. Upon issuance of CFD Special Tax bonds, monitor all funds and Bond Accounts monthly in compliance with the Bond Indentures, or similar instrument. Recommend Bond Calls needed from excess funds, prepayments or for early redemption and calculate the bond call spreads. Verify the bond calls with the School District's Paying Agent/Trustee.
7. Work with the School District to recover all costs associated with the ongoing administration of the CFDs, including, but not limited to, staff time, County costs, trustee fees, consultant fees, and legal fees. This is to facilitate the self-sufficiency of the CFD and is allowed for by appropriate statutes and the RMAs.
8. Determine the annual budget for the CFD, typically called the Special Tax Requirement. This includes but is not limited to, debt service needs (if applicable), administrative costs identified in Step 6, funds to be used for pay as you go construction and replenishment of reserves.
9. Spread the Special Tax Requirement to the Taxable parcels within the CFDs in accordance with the RMAs.
10. Place the appropriate charges on the County Tax Roll in the required format and provide the School District with a verification of the total amount placed on the tax roll. Research any exceptions (K&G Public Finance had 0 (zero) rejections for all County submittals in

Fiscal Year 2008/2009) and resubmit if possible and/or mail direct billings for parcels not able to be placed on the County Tax Roll.

11. Answer property owner questions regarding the CFDs or special taxes placed on the tax roll. This helps to minimize School District staff time spent on the CFDs. We also provide a toll-free phone number that is placed on the tax bill next to the special tax.
12. Track delinquent payments and provide the School District with semi-annual reports. Please see Delinquency Administration below for a description of additional services provided for delinquencies.
13. Prepare an Annual Report for the CFDs including the annual budget, a list of valid assessor parcels, the calculated rates for each parcel based upon the rate and method of apportionment, describe development changes, delinquency summary, fund balances, debt service statements (if any) and other pertinent information about the CFDs. This provides the CFD a summary of the calculation of the annual special tax for easy access and reference.
14. Prepare Resolutions needed to approve the Annual Levy (if necessary) and provide reports that may be helpful for presentation to the School Board.
15. Attend up to three (3) School Board Meetings to approve the annual or other CFD related items as necessary.
16. Calculate and prepare written prepayment quotes (partial or in full) for individual parcels as requested. A reasonable fee for this service may be charged directly to the party requesting the prepayment and will not be charged to the School District.
17. Calculate amounts required for a letter of credit posted by the developer, if applicable.
18. Compile and submit CDIAC (California Debt and Investment Advisory Commission) reports for the bond issues as required.
19. Prepare "Notice of Special Tax" as provided for in Government Code 53340.2(b) and 53341.5. A fee of \$10.00 may be charged to the requestor.
20. If requested by a person who resides in or owns property within the CFD, prepare an "Annual Report" as provided for in Government Code 53343.1. A fee for the cost of preparing the report may be charged by the School District to the requesting party.

#### ***A. Delinquency Administration***

1. Prepare and mail delinquency letters to delinquent property owners if requested. Develop a customized program with the School District to address current needs, and if CFD Bonds are issued, meet the foreclosure covenants requirements specified in the CFD Bond Official Statement(s).
2. Answer delinquent taxpayer inquiries about correspondence.
3. After the letter campaign is completed and in coordination with the School District, remove parcels from tax roll and turn over to Foreclosure Counsel.
4. Coordinate with the School District and Foreclosure Counsel during the foreclosure process.

## ***B. Continuing Disclosure***

*In addition to the above scope of services, we will provide continuing disclosure for each of the School District bond issues, as required.*

1. Compile continuing disclosure reports under SEC Rule 15c2-12 and in accordance with the Disclosure Certificate.
2. Disseminate continuing disclosure reports to the Central Post Office and/or NRMSIRS.
3. Publish continuing disclosure reports on our website and/or the School District's website.
4. Assist with investor inquiries.
5. Monitor all "significant events" as defined in the Disclosure certificate and prepare and publish significant event notices as necessary.

## ***C. Arbitrage Calculations***

*Below is the scope of services we will provide in conjunction with the calculation of arbitrage rebate for the School District bond issues, as required.*

1. Review bond documents including but not limited to the bond offering's Official Statement, IRS Form 8038-G, Tax Certificate (arbitrage certificate and/or non-arbitrage certificate) and Cash/Investment Statements.
2. Evaluate and determine bond funds subject to Arbitrage Rebate.
3. Input data and calculate arbitrage rebate liability pursuant to Section 148 (f) of the Internal Revenue Code of 1986.
4. Prepare a report showing the following:
  - a. Arbitrage calculations and liability results, collectively and by fund,
  - b. Assumptions utilized in the calculations,
  - c. Backup supporting schedules leading to the results,
  - d. Arbitrage yield and yield restriction requirements, and
  - e. Investment/yield comparison graph.
5. Discuss the results with the School District and/or their financing team.
6. As applicable, prepare IRS Form 8038-T for payment to the IRS.



## **D. School Facilities Needs Analysis**

*K&G Public Finance will perform the following scope of work in relation to the SFNA:*

1. Verify the District's eligibility to impose Level II fees by determining the following:
  - a. School District's eligibility by the State Allocation Board to receive funding from the State for new school facility construction;
  - b. Satisfaction of two (2) of the four (4) statutory school threshold tests set forth in Government Code Section 65995.5(b)(3) and as summarized below:
    - (i) School District has substantial enrollment of its students on a multi-track year-round schedule;
    - (ii) School District has placed on the ballot in the previous four (4) years at least one (1) local general obligation bond to finance school facilities and the measure received at least 50 percent plus one of the votes cast;
    - (iii) School District has issued debt or incurred debt obligations for capital outlay in an amount equivalent to the percentage of the School District's bonding capacity as further specified in Government Code Section 65995.5(b)(3)(C); and/or
    - (iv) At least 20 percent of the teaching stations within the School District are relocatable classrooms.

AB 2173 proposes to amend, modify and revise the eligibility requirements summarized above. In the event AB 2173 is enacted prior to the completion of the SFNA, the School District's eligibility will be evaluated in accordance with the provisions of AB 2173.

2. Prepare SFNA for the School District to consider in accordance with Government Code Sections 65995.5, 65995.6 and 65995.7 and that meet the requirements of Government Code Section 66000 *et seq.* The SFNA will discuss and make determination as to the following:
  - a. Projected number of unhoused students based on historical student generation rates;
  - b. Calculation of existing facilities student capacity;
  - c. Identification of surplus property;
  - d. Identification of school facility needs to accommodate new growth;
  - e. Determination of reasonable relationship between the fees and the impact of new residential development; and,
  - f. Calculation of the allowable alternative fees authorized by Sections 65995.5 (Level II Fee) and 65995.7 (Level III Fee) of the Code.
3. Participate in conference calls as necessary throughout the SFNA preparation process. Develop effective channels of communication to facilitate the project moving forward in a successful and timely manner.
4. Assist in the preparation of the required notices and relevant information, including a notice of the preparation of an SFNA to be sent to agencies/commissions of the cities and

counties with land jurisdiction within the School District, and an offer to meet and discuss the information, pursuant to Section 65352.2(c) of the Code.

5. Assist the School District with the preparation of Notice of the Public Hearing made available to the public.
6. Attend School District meetings where the consideration of the resolution adopting the SFNA is on the agenda. Testify at the Public Hearing meetings and/or other public meetings if required.

## **Proposed Report**

Both the preparation of the SFNA and the adoption process require strict compliance with statutory requirements. K&G Public Finance prepares the SFNA by applying a conservative methodology that strictly adheres to the requirements set forth in the Code. In addition, we provide as much evidence as possible to support the determinations described in the SFNA. Features of the proposed SFNA include the following:

1. **Eligibility Requirements – discusses the School District’s eligibility to adopt Alternative School Fees.** Section 65995.5 of the Code requires that in order to be eligible to adopt Alternative School Fees, a school district must (i) be eligible to receive new construction funding as determined by the SAB, and (ii) have satisfied two (2) of the four (4) statutory requirements set forth in Section 65995.5(b)(3) of the Code and as summarized below:
  - (i) School District substantial enrollment of students on a multi-track year-round schedule;
  - (ii) School District has placed on the ballot in the previous four (4) years at least one (1) local general obligation bond to finance school facilities and the measure received at least 50 percent plus one of the votes cast;
  - (iii) School District has issued debt or incurred debt obligations for capital outlay in an amount equivalent to the percentage of the School District’s bonding capacity as further specified in Section 65995.5(b)(3)(C); and/or
  - (iv) At least 20 percent of the teaching stations within the School District are relocatable classrooms.
2. **Projected Unhoused Students from New Residential Development** – determines the projected number of unhoused pupils in at each applicable school level (elementary school, middle school, high school) generated by the various types of new residential units as defined by Section 65995.6(a). The projected number will be based on five-year historical student generation rates of similar types of new residential units anticipated to be constructed within the School District. AB 2173 currently proposes to require this projection be based on ten-year historical student generation rates. If the bill is adopted, this projection will be calculated accordingly.
3. **Surplus Property and Local Funds** – identifies and discusses (i) any surplus property owned by the School District that can be used as a school site and/or sold to finance additional school facilities, and/or (ii) any existing surplus local funds that can be used to

finance the construction of school facilities needed to accommodate projected unhoused students.

4. **Site Acquisition and Site Development Costs** – an analysis of the site requirements, if any, needed to accommodate any projected unhoused students, and the site acquisition and site development costs of such sites and/or facilities that may be included in the Alternative School Fees.
5. **Alternative School Fee Calculation** – a step-by-step summary of the calculations used to determine the proposed Level II and Level III Fees.
6. **Appendices and Exhibits** – includes any calculations, resources, references or other documents that provide evidence supporting the determinations described in the body of the SFNA.

**EXHIBIT "B"**  
**COMPENSATION**

**A. Annual Administration Related Fees**

K&G Public Finance will provide the above listed Scopes of Services for the fixed fees described below:

Task	Fees
<b>Annual Administration</b>	
CFD No. 91-1	\$3,971
CFD No. 92-1	\$12,539
<b>Delinquency Administration</b>	
1 <sup>st</sup> Letter	\$15 per parcel
2 <sup>nd</sup> Letter	\$25 per parcel
Foreclosure Letter	\$50 per parcel
Tax Roll removal	\$100 per parcel
Foreclosure coordination	\$250 per parcel

**B. Continuing Disclosure**

Task	Fees
GO or COP bond issues	\$993 (per bond issue, per report)
Significant Event Notice (per event)	\$375 (per event)

**C. Arbitrage Calculations**

Task	Fees
One-Time Set-up	\$250
Annual Calculation	\$1,276
Per Additional Year (beyond 1 year)	\$459
Installment Calculation (every 5 <sup>th</sup> year assuming no annual calculations)	\$2,961

**Additional Fees**

The following additional services and fees, though not typical, only apply on an as needed basis:

Task	Fees
Variable Rate Yield Computation*	\$250-\$500
Variable Rate Bond Liability Analysis	\$250
Transferred Proceeds Analysis/Allocation	\$250
Commingled Funds Analysis	\$250
General Ledger Data Entry	\$250
Universal Cap Analysis	\$500

Task	Fees
Excess Funds (greater than 5)	\$250
Non-Bona Fide Debt Service Funds (per year)	\$100
Audit Support	\$180 per hour

*\*Depending on complexity. If yield computation involves Qualified Guarantee Fees, Swap Payments, etc.*

**D. School Facilities Needs Analysis**

Task	Fee
School Facilities Needs Analysis	\$8,657

K&G Public Finance will invoice on a quarterly basis for Annual Administration and on a monthly basis for all other services. The quoted fees will be subject to an annual Consumer Price Index increase for the Los Angeles-Riverside-Orange County Area All Urban Consumer Price Index (All Items) beginning March 2013.

**E. Expenses**

In addition to fees for services, K&G Public Finance shall be reimbursed for direct expenses for: travel, photocopying, data sources, courier services, and overnight delivery at our cost (no mark-up).

**F. Additional Work**

If authorized by the School District, K&G Public Finance will provide additional services not included in the above scopes of services at the hourly rates set forth in the table below unless otherwise agreed upon between the School District and K&G Public Finance.

**G. Hourly Rates**

Below are our hourly rates that K&G Public Finance will provide for the School District.

Title	Rate
Principal	\$190
GIS Mapping	\$160
Senior Associate	\$130
Associate	\$ 95
Production/Administration	\$ 60