



DATE: June 27, 2012

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **APPROVAL OF A FIVE-YEAR PROFESSIONAL SERVICES AGREEMENT WITH DAVID TAUSSIG AND ASSOCIATES, INC., OF NEWPORT BEACH, IN THE AMOUNT OF \$303,910 FOR SPECIAL TAX ADVISEMENT SERVICES FOR THREE COMMUNITY FACILITIES DISTRICTS, AND AUTHORIZATION FOR THE CITY MANAGER TO EXECUTE THE AGREEMENT**

SYNOPSIS

Staff recommends that the City Council approve a five-year professional services agreement with David Taussig and Associates, Inc. of Newport Beach, CA, in the amount of \$303,910 for tax advisement services for the City's three Community Facilities Districts, and authorize the City Manager to execute the agreement.

BACKGROUND

David Taussig and Associates, Inc. (DTA) has served as the special tax consultant since the formation of the City's existing Community Facilities Districts (CFDs): CFD 2000-1 (Ocean Ranch Corporate Centre), CFD 2001-1 and Improvement Area No. 1 (Morro Hills Development) and CFD 2006-1 (Pacific Coast Business Park).

DTA's current agreement with the City expires on June 30, 2012.

ANALYSIS

Since 2000, the City has engaged David Taussig and Associates, Inc. to provide special tax consultant services related to the formation and administration of the City's three Community Facilities Districts (CFDs). The City enters into a professional services agreement with a special tax administrator to provide services required of each District (such as calculating and preparing the annual tax levy to be submitted to the County of San Diego, annual reporting and disclosure requirements and the year end delinquency report). Such services are specialized in nature and required by the bond covenants for each District. The services are paid for by the annual administrative expense fee charged to each district collected as part of the special tax levy through the County property tax rolls.

In March 2012, a Request for Proposals for special tax administration was sent to three firms and advertised on the California Society of Municipal Finance Officers website. The City received three responses. Staff from Treasury, Finance, Economic Development, as well as the City's bond counsel, reviewed and rated the proposals. DTA received the highest ranking and was selected to provide special tax administration services for the City's CFDs.

The contract term will commence on July 1, 2012, and end on June 30, 2017. Pricing for the contract includes \$32,000 for district administration, \$15,000 for prepayment calculations, \$4,000 for letter of credit calculations and \$4,000 for other billable expenses, for a total of \$55,000 annually. The contract also provides for an annual cost of living increase not to exceed 5%.

FISCAL IMPACT

The first years' cost of the professional services agreement with DTA is \$55,000, to be allocated to the three Community Facilities Districts as follows: CFD 2000-1 Ocean Ranch (170194402.5305), \$8,500; CFD 2001-1 Morro Hills (170189455.5305) \$20,000; CFD 2001-1 Morro Hills Improvement Area No. 1 (170190455.5305) \$17,000; and CFD 2006-1 Pacific Coast (170196403.5305) \$9,500. Revenue to cover the cost of the tax advisement services is collected as part of the annual special taxes levied in each District and through fee charges remitted by the property owner during the special tax prepayment process.

For FY 12-13, there are budgeted amounts in each CFD for special tax administration. With the approval of the new contract, budgeted expenses for CFD 2000-1 (Ocean Ranch) and CFD 2006-1 (Pacific Coast) will be reduced for FY 12-13; budgeted expenses for CFD 2001-1 (Morro Hills and Morro Hills IA1) will increase. The increase for CFD 2001-1 reflects an increased demand for prepayment calculations in the District. Both developers and homeowners have been taking advantage of the option to prepay the CFD special taxes to reduce or eliminate their tax liability. The following table shows the necessary budget adjustments for each account.

CFD	Account Number	FY 12-13 Budget	Increase/ Decrease	FY 12-13 Adjusted Budget
2000-1 OR	170194402.5305	\$11,600	(\$3,100)	\$8,500
2001-1 MH	170189455.5305	\$12,900	\$7,100	\$20,000
2001-1 MH IA1	170190455.5305	\$12,900	\$4,100	\$17,000
2006-1 PC	170196403.5305	\$13,100	(\$3,600)	\$9,500

The change in budgeted costs for the contract affects other budgeted items related to the administration of the City's CFDs. The revenue and expense components related to City staff time allocated for the management of the CFDs also need adjustment.

The following tables provide these related budget adjustments:

Internal Service Charges – CFD Debt Management				
CFD	Account Number	FY 12-13 Budget	Increase/ Decrease	FY 12-13 Adjusted Budget
2000-1 OR (02)	170194402.5600.0016	\$7,400	\$1,650	\$9,050
2000-1 OR (04)	170195402.5600.0016	\$7,400	\$1,650	\$9,050
2001-1 MH	170189455.5600.0016	\$18,228	\$6,045	\$24,273
2001-1 MH IA1	170190455.5600.0016	\$11,172	\$3,705	\$14,877
2006-1 PC	170196403.5600.0016	\$11,775	\$3,600	\$15,375

Internal Service Revenue – City Treasurer's Office				
CFD	Account Number	FY 12-13 Budget	Increase/ Decrease	FY 12-13 Adjusted Budget
2000-1 OR (02)	140000101.4526.0402	\$14,800	\$3,300	\$18,100
2001-1 MH	140000101.4526.0455	\$29,400	\$9,750	\$39,150
2006-1 PC	140000101.4526.0402	\$11,775	\$3,600	\$15,375

The revenue budgets for the annual administrative fees levied for CFD 2001-1 (Morro Hills and Morro Hills IA1) need to be adjusted as well. Although the contract costs increased for these two districts, an error was made during budget input overstating the fees to be charged to CFD 2001-1 Morro Hills. The estimated administrative fee revenue was entered as \$97,000 and should have been \$63,000; the \$97,000 represented the fees for both Morro Hills and the IA1. The new budget amounts provide for an overall increase of \$5,000 in administrative fee revenue for both the Morro Hills and IA1 (from \$97,000 to \$102,000).

Special Assessment – Admin Fee				
CFD	Account Number	FY 12-13 Budget	Increase/ Decrease	FY 12-13 Adjusted Budget
2001-1 MH	170189455.4141.0002	\$97,000	(\$25,000)	\$72,000
2001-1 MH IA1	170190455.4141.0002	\$34,000	(\$4,000)	\$30,000

COMMISSION/COMMITTEE REPORT

Does not apply.

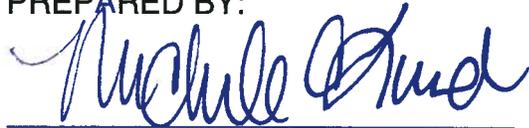
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council approve a five-year professional services agreement with David Taussig and Associates, Inc. of Newport Beach, CA, in the amount of \$303,910 for tax advisement services for the City's three Community Facilities Districts, and authorize the City Manager to execute the agreement.

PREPARED BY:



Michele C. Lund, CCMT
Treasury Manager

SUBMITTED BY:



Peter A. Weiss
City Manager

REVIEWED BY:

Michelle Skaggs-Lawrence, Deputy City Manager
Gary Ernst, City Treasurer
Teri Ferro, Financial Services Director



CITY OF OCEANSIDE

PROFESSIONAL SERVICES AGREEMENT

PROJECT: COMMUNITY FACILITIES DISTRICT SPECIAL TAX ADMINISTRATION

THIS AGREEMENT, dated July 1, 2012 for identification purposes, is made and entered into by and between the CITY OF OCEANSIDE, a municipal corporation, hereinafter designated as "CITY", and David Taussig and Associates, Inc. hereinafter designated as "CONSULTANT."

NOW THEREFORE, THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **SCOPE OF WORK.** The project is more particularly described as follows (detailed Scope of Work attached as Exhibit 1):
 - 1.1 **Land Use Research.** Determine, gather and organize the land use data required to apportion and collect special taxes, including subdivision research, development research and database management.
 - 1.2 **Classification of Property.** Apply the Rate and Method of Apportionment of the Special Tax to determine appropriate special tax classifications for each parcel in the subject Community Facilities Districts (CFDs) and identify and delineate exempt and taxable properties.
 - 1.3 **Financial Analysis.** Calculate Special Tax Requirement for each fiscal year and allocate it to properties with the subject CFDs. Includes assisting the City in preparation of administrative expense budgets, confirming interest and principal payments and determining other charge or credits to the tax levy. Also includes computing the fiscal year special tax rates for all classifications of taxable property.
 - 1.4 **Report Preparation.** Prepare an Annual Special Tax Report for each CFD containing the findings of the financial analysis and an explanation of the methodology employed to apportion the taxes for the subject CFDs. The report will include a list of special taxes by Assessor's Parcel. The report will be made available to the City in time to be reviewed and docketed for the last City Council meeting each June or the next available City Council meeting prior to the deadline to submit the special tax levies to the County of San Diego. The report shall be submitted to the CITY electronically.

Community Facilities District Special Tax Administration

- 1.5 Submittal of Special Taxes to County of San Diego. Submit the special tax levy on or before August 10th of each year, or such other date as specified by the County of San Diego to the Auditor-Controller for inclusion of the consolidated property tax bills. The special tax levy will be submitted on media required by the County.
- 1.6 Roll Changes. Monitor changes to the secured tax roll, which necessitate new or adjusted property tax bills. This includes calculation of new or adjusted bills and the preparation of requests to the County to prepare such bills.
- 1.7 Response to Property Owner Questions. Provide information to individuals and other interested parties regarding the special tax. Provide a toll free number for the convenience of property owners and City staff.
- 1.8 Annual Reporting and Disclosure. Assist the City in meeting the requirements of SB 1484, the Fair Political Practices Commission as to Consultants and the 1992 Mello-Roos Amendment Bill. Includes the preparation and submission of required data to the California Debt and Investment Advisory Commission each October and assist the City in preparation of special tax disclosure documents pursuant to applicable Civil and Government Code. Assist the City in meeting the annual SB 165 Report requirements for submission to the City Council by December 31st of each year. All report copies shall be submitted to the CITY electronically.
- 1.9 Delinquent Property Owner Research and Reporting. Provide the City with a comprehensive list of delinquencies at the end of the fiscal year. Upon the request of the City, assist in the notification to property owners of delinquent special taxes. Assist in any foreclosure proceedings as required by bond indentures and/or City policies.
- 1.10 Meetings. Attend Council meetings involving the levy and collection of special taxes as requested by the City. Schedule a meeting or conference call annually to review annual reports for each CFD.
- 1.11 Monthly Review of All Funds and Accounts. Monitor fiscal agent financial statements for all funds and accounts for each CFD and Improvement Area (IA) to assure fiscal agent is adhering to the "Bond Indenture". Prepare monthly report of financial activity for all funds showing account balances, interest earnings and expenditures. The report(s) shall be submitted to the CITY electronically.

Community Facilities District Special Tax Administration

- 1.12 Prepayment Calculations.** Prepare special tax prepayment calculations for interested parties, assist in the pricing of bond call provisions and prepare the Notices of Cancellation of Special Tax Lien for parcels that have prepaid the special tax.
- 1.13 Prepare Updated Letter of Credit Calculations.** Prepare updated letter of credit calculations for CFDs and IA at the request of the CITY or developer. Distribute the final calculation to the CITY and coordinate with the fiscal agent regarding the new letter of credit amount.
- 2. INDEPENDENT CONTRACTOR.** CONSULTANT'S relationship to the CITY shall be that of an independent contractor. CONSULTANT shall have no authority, express or implied, to act on behalf of the CITY as an agent, or to bind the CITY to any obligation whatsoever, unless specifically authorized in writing by the CITY. CONSULTANT shall be solely responsible for the performance of any of its employees, agents, or subcontractors under this Agreement. CONSULTANT shall report to the CITY any and all employees, agents, and consultants performing work in connection with this project, and all shall be subject to the approval of the CITY.
- 3. WORKERS' COMPENSATION.** Pursuant to Labor Code section 1861, the CONSULTANT hereby certifies that the CONSULTANT is 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 the CONSULTANT will comply with such provisions, and provide certification of such compliance as a part of this Agreement.
- 4. LIABILITY INSURANCE.**
- 4.1.** CONSULTANT shall, throughout the duration of this Agreement maintain comprehensive general liability and property damage insurance, or commercial general liability insurance, covering all operations of CONSULTANT, its agents and employees, performed in connection with this Agreement including but not limited to premises and automobile.
- 4.2** CONSULTANT shall maintain liability insurance in the following minimum limits:
- | | |
|---|---------------|
| <u>Comprehensive General Liability Insurance</u>
(bodily injury and property damage) | |
| Combined Single Limit Per Occurrence | \$ 1,000,000 |
| General Aggregate | \$ 2,000,000* |

Community Facilities District Special Tax Administration

Commercial General Liability Insurance (bodily injury and property damage)

General limit per occurrence	\$ 1,000,000
General limit project specific aggregate	\$ 2,000,000

<u>Automobile Liability Insurance</u>	\$ 1,000,000
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*General aggregate per year, or part thereof, with respect to losses or other acts or omissions of CONSULTANT under this Agreement.

- 4.3** If coverage is provided through a Commercial General Liability Insurance policy, a minimum of 50% of each of the aggregate limits shall remain available at all times. If over 50% of any aggregate limit has been paid or reserved, the CITY may require additional coverage to be purchased by the CONSULTANT to restore the required limits. The CONSULTANT shall also notify the CITY promptly of all losses or claims over \$25,000 resulting from work performed under this contract, or any loss or claim against the CONSULTANT resulting from any of the CONSULTANT'S work.
- 4.4** All insurance companies affording coverage to the CONSULTANT for the purposes of this Section shall add the City of Oceanside as "additional insured" under the designated insurance policy for all work performed under this agreement. Insurance coverage provided to the City as additional insured shall be primary insurance and other insurance maintained by the City of Oceanside, its officers, agents, and employees shall be excess only and not contributing with insurance provided pursuant to this Section.
- 4.5** All insurance companies affording coverage to the CONSULTANT pursuant to this agreement shall be insurance organizations admitted by the Insurance Commissioner of the State of California to transact business of insurance in the state or be rated as A-X or higher by A.M. Best.
- 4.6** CONSULTANT shall provide thirty (30) days written notice to the CITY should any policy required by this Agreement be cancelled before the expiration date. For the purposes of this notice requirement, any material change in the policy prior to the expiration shall be considered a cancellation.
- 4.7** CONSULTANT shall provide evidence of compliance with the insurance requirements listed above by providing, at minimum, a Certificate of Insurance and applicable endorsements, in a form satisfactory to the City Attorney, concurrently with the submittal of this Agreement.

Community Facilities District Special Tax Administration

- 4.8 CONSULTANT shall provide a substitute Certificate of Insurance no later than thirty (30) days prior to the policy expiration date. Failure by the CONSULTANT to provide such a substitution and extend the policy expiration date shall be considered a default by CONSULTANT and may subject the CONSULTANT to a suspension or termination of work under the Agreement.
- 4.9 Maintenance of insurance by the CONSULTANT as specified in this Agreement shall in no way be interpreted as relieving the CONSULTANT of any responsibility whatsoever and the CONSULTANT may carry, at its own expense, such additional insurance as it deems necessary.

5. **PROFESSIONAL ERRORS AND OMISSIONS INSURANCE.** Throughout the duration of this Agreement and four (4) years thereafter, the CONSULTANT shall maintain professional errors and omissions insurance for work performed in connection with this Agreement in the minimum amount of One Million Dollars (\$1,000,000.00).

CONSULTANT shall provide evidence of compliance with these insurance requirements by providing a Certificate of Insurance.

6. **CONSULTANT'S INDEMNIFICATION OF CITY.** To the greatest extent allowed by law, CONSULTANT shall indemnify and hold harmless the CITY and its officers, agents and employees against all claims for damages to persons or property arising out of the negligent acts, errors or omissions or wrongful acts or conduct of the CONSULTANT, or its employees, agents, subcontractors, or others in connection with the execution of the work covered by this Agreement, except for those claims arising from the willful misconduct, sole negligence or active negligence of the CITY, its officers, agents, or employees. CONSULTANT'S indemnification shall include any and all costs, expenses, attorneys' fees, expert fees and liability assessed against or incurred by the CITY, its officers, agents, or employees in defending against such claims or lawsuits, whether the same proceed to judgment or not. Further, CONSULTANT at its own expense shall, upon written request by the CITY, defend any such suit or action brought against the CITY, its officers, agents, or employees resulting or arising from the conduct, tortious acts or omissions of the CONSULTANT.

CONSULTANT'S indemnification of CITY shall not be limited by any prior or subsequent declaration by the CONSULTANT.

7. **COMPENSATION.** CONSULTANT'S compensation for all work performed in accordance with this Agreement over the next five years, shall not exceed the total contract price of \$303,910. The cost for each fiscal year is broken down as follows:

Community Facilities District Special Tax Administration

FY 2012-2013	\$55,000
FY 2013-2014	\$57,750
FY 2014-2015	\$60,640
FY 2015-2016	\$63,670
FY 2016-2017	\$66,850

A schedule of billing rates is attached as Exhibit 2.

No work shall be performed by CONSULTANT in excess of the total contract price without prior written approval of the CITY. CONSULTANT shall obtain approval by the CITY prior to performing any work that results in incidental expenses to CITY.

8. **TIMING REQUIREMENTS.** Time is of the essence in the performance of work under this Agreement and the timing requirements shall be strictly adhered to unless otherwise modified in writing. The CONSULTANT shall respond in the most expedient and appropriate manner under the circumstances by telephone, e-mail, fax, hand delivery or mail.
9. **ENTIRE AGREEMENT.** This Agreement comprises the entire integrated understanding between CITY and CONSULTANT concerning the work to be performed for this project and supersedes all prior negotiations, representations, or agreements.
10. **INTERPRETATION OF THE AGREEMENT.** The interpretation, validity and enforcement of the Agreement shall be governed by and construed under the laws of the State of California. The Agreement does not limit any other rights or remedies available to CITY.

The CONSULTANT shall be responsible for complying with all local, state, and federal laws whether or not said laws are expressly stated or referred to herein.

Should any provision herein be found or deemed to be invalid, the Agreement shall be construed as not containing such provision, and all other provisions, which are otherwise lawful, shall remain in full force and effect, and to this end the provisions of this Agreement are severable.

11. **AGREEMENT MODIFICATION.** This Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the parties hereto.
12. **TERMINATION OF AGREEMENT.** Either party may terminate this Agreement by providing thirty (30) days written notice to the other party. If any portion of the work is terminated or abandoned by the CITY, then the CITY shall pay CONSULTANT for any work completed up to and including the date of termination

Community Facilities District Special Tax Administration

or abandonment of this Agreement. The CITY shall be required to compensate CONSULTANT only for work performed in accordance with the Agreement up to and including the date of termination.

- 13. **SIGNATURES.** The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the CONSULTANT and the CITY.

IN WITNESS WHEREOF, the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Professional Services Agreement to be executed by setting hereunto their signatures on the dates set forth below.

DAVID TAUSSIG AND ASSOCIATES, INC.

CITY OF OCEANSIDE

By: *Paul Taussig*
Name/Title President

By: *Greg Weiss*
City Manager

By: *Paul Taussig*
Name/Title CEO

APPROVED AS TO FORM:
John P. Muller
City Attorney

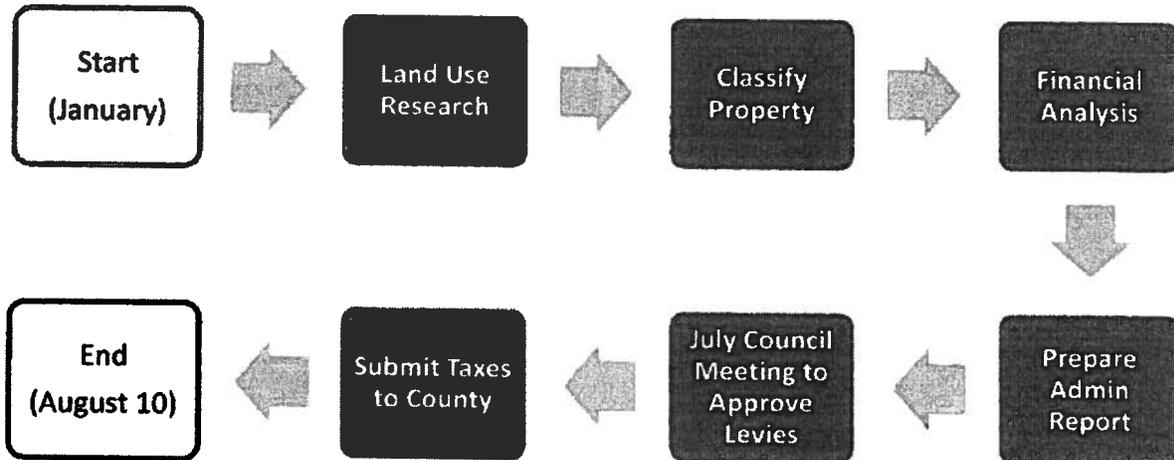
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Employer ID No.

NOTARY ACKNOWLEDGMENTS OF CONSULTANT MUST BE ATTACHED.

Exhibit 1

SECTION IV ■ SCOPE OF WORK

David Taussig & Associates shall provide special tax consulting services, as described in the flow chart and text below, necessary to assist the City with the annual administration of the City's existing CFDs and IA.



Task 1 **Land Use Research**

This task involves determining, gathering and organizing the land use data required to apportion and collect special taxes, and includes the following subtasks:

1.1 Subdivision Research: Identify and obtain copies of all final tract or parcel maps for each CFD. Determine lot square footage for each parcel.

1.2 Development Research: Determine building permit activity as of the appropriate cutoff date for each CFD or IA for each year. Identify building permit issuance date, building square footage and situs address for each new home. Review current Assessor Parcel Maps to determine which parcel numbers will be valid for each fiscal year.

1.3 Database Management: Update automated parcel database to include all parcels. Data items will include Assessor Parcel Number and corresponding tract, lot and unit number, land square footage, building square footage, building permit issuance date and situs address.

Task 2 **Classification of Property**

This task involves application of the Rate and Method of Apportionment of the Special Tax to determine the appropriate special tax classification for each parcel located within each CFD, and includes the following subtasks:

SECTION IV ■ SCOPE OF WORK

- 2.1 Exempt Property:** Identify all property owned by public agencies or entities otherwise exempt from the special tax and classify as exempt property.
- 2.2 Taxable Property:** Identify all taxable properties and classify each as "Developed Property" or "Undeveloped Property." Assign each "Developed Property" to the appropriate special tax class.

Task 3 Financial Analysis

This task involves calculating the Special Tax Requirement for each CFD and IA for each fiscal year and allocating it to property in the CFD and IA, and includes the following subtasks:

- 3.1 Financial Statements:** See Task 11 below for more information.
- 3.2 Administrative Expense Budget:** Assist City with the preparation of an administrative expense budget.
- 3.3 Analysis of Funds Available to Pay Debt Service:** DTA will coordinate with the City to determine the amount of funds available to pay debt service that are not held by the Trustee.
- 3.4 Mello-Roos Special Tax Spread:** Contact the fiscal agent to confirm interest and principal payments. Prepare spread of Mello-Roos Special Taxes according to the Rate and Method of Apportionment. Compute the fiscal year special tax rates for all classifications of taxable property. DTA will calculate the current year special tax rates based on the appropriate escalation factors (tax escalates for CFD No. 2000-1 and CFD No. 2006-1).

Task 4 Report Preparation

This task includes the preparation of an Annual Special Tax Report for each CFD and IA containing the findings of the financial analysis and an explanation of the methodology employed to apportion the special taxes for the CFD and IA. Included in the report is a list of special taxes by Assessor's Parcel which can be used as the exhibit to the resolution authorizing the levy and collection of special taxes for each fiscal year (see Exhibit A for selected sections from a recent administration report prepared for the City). The reports will be made available to the City in time to be reviewed and docketed for the first City Council meeting each July.

Task 5 Submission of Special Taxes to County of San Diego

This task involves submitting the special tax levy for each CFD and IA on or before August 10 of each year, or such other date specified by the County of San Diego, to the Auditor-Controller for inclusion on the consolidated property tax bills. The special tax levy will be submitted on CD-ROM or other media as specified by the County.

Task 6 Roll Changes and Adjusted Property Tax Bills

This task involves monitoring any changes to the secured tax roll which necessitate new or adjusted property tax bills. This task includes the calculation of new or adjusted bills and the

SECTION IV ■ SCOPE OF WORK

preparation of requests to the County to prepare such bills.

Task 7 Responses to Property Owner Questions

This task involves responding to inquiries from individuals and other interested parties regarding the amount and calculation of the special tax. DTA staff are very proficient and experienced in answering property owner inquiries regarding the City's CFDs. At the City's request, DTA's phone number can also be placed on the property tax bills mailed by the County each year.

Task 8 CFD Disclosure

This task involves assisting the City to meet the annual disclosure requirements of SB 1464 and the 1992 Mello-Roos Amendment Bill for the City's existing CFDs, and includes the following subtasks:

- 8.1** Submit required data to the California Debt and Investment Advisory Commission each October in compliance with Section 53359.5 of the Government Code as stated in SB 1464.
- 8.2** Provide special tax disclosure documents to the City for resale properties pursuant to Section 1102.6b of the Civil Code and Section 53340.2 of the Government Code as stated in SB 1464.
- 8.3** Assist the City in the preparation of the Annual Continuing Disclosure Report required by the Continuing Disclosure Agreement, if applicable.
- 8.4** Assist the City in the preparation of the annual SB165 reports pursuant to Section 53410 and Section 53411 of the Government Code.

Task 9 Delinquent Property Owner Research

This task involves the review and research of County records to determine which parcels are delinquent in the payment of special taxes, and includes the following subtasks:

- 9.1 Static Delinquency Report:** Request the First, Second, and Final Installment Paid/Unpaid Status Reports for each CFD and IA from the San Diego County Auditor-Controller to determine which parcels are delinquent and the corresponding amount of delinquent special taxes. Prepare report summarizing the amount of delinquent special taxes for each CFD and IA (see Exhibit C for recent delinquency reports for the City's CFDs).
- 9.2 Dynamic Delinquency Report:** As necessary, conduct a review of on-line records to provide an up-to-the-minute status report for any given number of delinquent parcels.

Task 10 Meetings

Consultant will schedule up to two formal meetings each fiscal year with the City including the following:

SECTION IV ■ SCOPE OF WORK

- ◆ One meeting each year to review the spread of Mello-Roos special taxes and the upcoming special tax levy for each CFD and IA, including a discussion of the findings of the financial analysis.
- ◆ City Council meeting at which the resolution authorizing the levy and collection of special taxes for each CFD and/or IA fiscal year is scheduled for adoption.

Task 11 Monthly Review of All Funds and Accounts

This task involves continuous monitoring of fiscal agent financial statements for all funds and accounts for each CFD and IA to assure the fiscal agent is adhering to the "Bond Indenture." Prepare monthly report of financial activity for all funds showing account balances, interest earnings and other revenues, and expenditures (see Exhibit B for a recent quarterly account statement letter prepared for the City).

Task 12 Prepayment Calculations

This task involves the preparation of prepayment estimates for CFD No. 2001-1, Improvement Area No. 1 of CFD No. 2001-1, and CFD No. 2006-1 at the request of the City or property owners. The special tax for CFD No. 2000-1 cannot be prepaid pursuant to the rate and method of apportionment. Following each prepayment, DTA will prepare the appropriate bond call documents for the Trustee and we will prepare and record the notice of cancellation with the County.

Task 13 Prepare Updated Letter of Credit Calculations

This task involves the preparation of updated letter of credit calculations for CFD No. 2001-1 and Improvement Area No. 1 of CFD No. 2001-1 at the request of the City or the developer. Pursuant to the bond indenture for the CFD and IA, the letter of credit amount can be updated up to four times per year for each developer. DTA will research ownership records based on data provided by the County Assessor and/or grant deeds provided by the developer. DTA will distribute the final calculation to the City finance team and coordinate with the fiscal agent regarding the new letter of credit amount.

TASK 14 SCOPE OF SERVICES – OTHER TASKS (OPTIONAL)

DTA can assist on any other tasks as requested by the City.

Exhibit 2

SECTION V ■ FEE SCHEDULE

Total compensation (excluding expenses) for completion of Tasks 1 through 14 of Section IV (Scope of Work) for the City's CFDs shall be the amounts indicated in Table 1 below. Please note that there will not be any initial one-time fees.

**Table 1
Annual CFD Administration Services**

TASKS	CFD	MAXIMUM ANNUAL FEE
TASKS 1 THROUGH 11	CFD No. 2000-1 (OCEANRANCH) CFD No. 2001-1 (MORRO HILLS) CFD No. 2001-1, IA No. 1 (MORRO HILLS) CFD No. 2006-1 (PACIFIC COAST BUSINESS PARK)	\$7,500 PER YEAR \$8,500 PER YEAR \$8,500 PER YEAR \$7,500 PER YEAR
TASK 12 (PREPAYMENT ESTIMATES)	ALL CFDs/IAs	\$500 PER PREPAYMENT
TASK 13 (LETTER OF CREDIT CALCULATIONS)	ALL CFDs/IAs	\$1,000 PER CALCULATION PER DEVELOPER
OPTIONAL TASK 14	ALL CFDs/IAs	TIME & MATERIALS AT HOURLY RATES IN TABLE 2

Any additional tasks assigned by the City shall be charged at the hourly rates listed in Table 2 below.

**Table 2
Hourly Rates**

Managing Director	-	\$180/Hour
Vice President	-	\$170/Hour
Manager	-	\$160/Hour
Senior Associate	-	\$140/Hour
Associate	-	\$120/Hour
Senior Analyst	-	\$110/Hour
Analyst	-	\$105/Hour
Research Assistant	-	\$80/Hour

In addition to fees for services, City shall reimburse DTA for out-of-pocket expenses for each district as indicated in Table 3 below.

SECTION V ■ FEE SCHEDULE

**Table 3
Expenses**

REPRODUCTION: 8.5" x 11", 8.5" x 14", OR 11" x 17" (BLACK & WHITE) 8.5" x 11", 8.5" x 14", OR 11" x 17" (COLOR) LARGER THAN 11" x 17" (ASSESSOR MAPS, TRACT MAPS, BOUNDARY MAPS, ZONING MAPS, SPECIFIC PLANS, ETC.)	\$0.15/PAGE \$0.75/PAGE ACTUAL COST
TRAVEL: MILEAGE LONG DISTANCE (REGULARLY SCHEDULED COMMERCIAL AIRLINE TICKET COSTS, MEALS, LODGING, AND RENTAL VEHICLE)	\$0.505/MILE ACTUAL COST
TELEPHONE AND FACSIMILE	ACTUAL COST
POSTAGE, OVERNIGHT DELIVERY AND MESSENGER SERVICE	ACTUAL COST
CLERICAL SERVICES	\$75/HOUR
PURCHASE OF DATA: SECURED TAX ROLL, PAID/UNPAID DATA, ELECTRONIC, ASSESSOR'S MAP AND TRACT MAP FILES, OR OTHER THIRD-PARTY DATA	ACTUAL COST
OTHER OUT-OF-POCKET EXPENSES NOT MENTIONED ABOVE	ACTUAL COST

All budgets, rates, and expenses are subject to a cost of living increase every 12 months, not to exceed 5% per year.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Orange }

On 5/24/2012 before me, Kelly Buck, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared David Taussig
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/hers/their authorized capacity(ies), and that by his/hers/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Signature Kelly Buck
Signature of Notary Public



Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: City of Oceanside agreement

Document Date: 5/24/2012 Number of Pages: _____

Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

Signer's Name: David Taussig

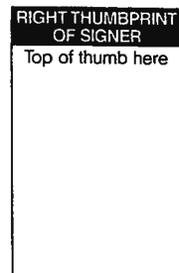
- Individual
- Corporate Officer — Title(s): President & CEO
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____



Signer Is Representing: _____