

**DEL MAR UNION SCHOOL DISTRICT
BOARD OF TRUSTEES
Del Mar Hills School – Multipurpose Room
14085 Mango Drive
Del Mar, CA 92014**

**MEETING OF THE LEGISLATIVE BODY OF CFD NO. 99-1
5:40 P.M. (Immediately Following the Meeting of
the Legislative Body of CFD 95-1)**

**OFFICIAL AGENDA
October 22, 2008**

Written notice is hereby given in accordance with Education Code Section 35144, Government Code 54956, and other applicable law that the following Meeting of the Legislative Body of CFD 99-1 will be held on Wednesday, October 22, 2008, at the Del Mar Hills School Multipurpose Building, 14085 Mango Drive, Del Mar, CA 92014. The meeting will begin at 5:40 P.M.

PLEASE NOTE: Any member of the public who wishes to address the Board on an item on the agenda or on another topic which lies within the Governing Board's jurisdiction may do so, but must present a written request on the form provided before the meeting is called to order. A member of the public who wishes to address the Board on such item is limited to three minutes unless such time limit is waived by a majority vote of the Board. The total amount of time to be allowed on any item is twenty minutes unless the time limit is waived by a majority vote of the Board.

In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, 3) refer the matter to the next agenda.

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the public meetings of the District's Governing Board, please contact the office of the District Superintendent at (858) 523-6198. Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with this meeting in appropriate alternative formats for persons with a disability.

BUSINESS TO BE TRANSACTED WILL BE LIMITED TO THE FOLLOWING:

1. CALL TO ORDER time: _____
2. Approval of Agenda _____ motion _____ second
3. Board Approval of Meeting Minutes _____ motion _____ second
September 24, 2008
4. Approval of Consent Items
Agenda items preceded by an asterisk () comprise the Consent Agenda and, unless removed at the request of a Board Member, will be approved by the Board as a group.*
 - *4.1 Board Approval of Purchase Orders and Commercial Warrants
_____ motion _____ second
5. Approval of Action Item
 - 5.1 Board Approval of an Agreement with Willdan Financial Services to Provide Community Facilities District ("Special Tax") Administration and Arbitrage Rebate Consulting Services
6. Communications from the Public
This section of the agenda is provided for the public to address any item which lies within the Governing Board's jurisdiction that is not on the agenda.
7. Adjournment of Meeting _____ motion _____ second

**DEL MAR UNION SCHOOL DISTRICT
BOARD OF TRUSTEES
Del Mar Hills School Multipurpose Room
14085 Mango Drive
Del Mar, CA 92014**

**MEETING MINUTES OF THE LEGISLATIVE BODY OF CFD NO. 99-1
September 24, 2008**

Board Members Present: Annette Easton, Janet Lamborghini,
Steven McDowell, Katherine White, Doug Perkins

Members Absent: None

Staff: Sharon McClain, Superintendent
Rodger Smith, Director of Facility Planning and
Human Resources

- 1. Call to Order** President Easton called the meeting to order at 5:55 P.M.

- 2. Approval of Agenda** On a motion by Member White seconded by Member Perkins, and carried unanimously, the Board approved the agenda as shown.

- 3. Approval of Minutes** On a motion by Member Perkins, seconded by Member Lamborghini, and carried unanimously, the Board approved the minutes, as amended, of the September 3, 2008 Meeting of the Legislative Body of CFD 99-1.

4. Approval of Consent Items

On a motion by Member McDowell, seconded by Member White and carried unanimously, the Board approved the consent items.

5. Approval of Action Item

On a motion by Member Lamborghini, seconded by Member Perkins and carried unanimously, the Board approved a contract with Willdan Financial Services for administrative services for CFD 99-1 for the 2009 fiscal year.

6. Communications from the Public

There were no communications from the public.

7. Adjournment of Meeting

On a motion by Member White, seconded by Member Lamborghini and carried unanimously, the meeting of the Legislative Body of CFD 99-1 was adjourned at 5:59 P.M.

Katherine White, Clerk of the Board of Trustees

Date

Sharon McClain, Secretary

Date

Regular Board Meeting of October 22, 2008

October 14, 2008

To: Board Members

From: Rodger Smith, Director of Human Resources and Facilities

Through: Sharon McClain, Superintendent

Subject: Board Ratification of CFD No. 99-1 Purchase Orders and Commercial Warrants

Ratification of purchase orders and commercial warrants are in order at this time. It is recommended that the Board of Trustees ratify the purchase orders in the amount of \$214.42 and commercial warrants in the amount of \$4,498.83.

The purchase orders and commercial warrants are for the classroom expansion at Sycamore Ridge School.

FISCAL IMPACT: Supported by CFD No. 99-1

RECOMMENDED: Board Approval to Ratify the CFD No. 99-1 Purchase Orders in the Amount of \$214.42 and Commercial Warrants in the Amount of \$4,498.83.

Regular Board Meeting of October 22, 2008

October 15, 2008

To: Board Members

From: Rodger Smith, Director of Human Resources and Facilities

Through: Sharon McClain, Superintendent

Subject: Approval of an Agreement with Willdan Financial Services to Provide Community Facilities District (“Special Tax”) Administration and Arbitrage Rebate Consulting Services

During the last meeting of the Legislative Body for CFD 99-1, the Board approved the establishment of a contract with Willdan Financial Services for administrative services for CFD 99-1. The agreement that follows this narrative is the formal agreement for these services; the agreement reflects the terms of the response by Willdan Financial Services to the Request for Proposals for these services.

FISCAL IMPACT: The fiscal impact of the services to be provided will be supported by the financial resources of CFD 99-1.

RECOMMENDED: The Superintendent recommends Board approval of the Agreement with Willdan Financial Services to Provide Community Facilities District (“Special Tax”) Administration and Arbitrage Rebate Consulting Services

October 2, 2008

Mr. Rodger Smith
Director of Human Resources and Facilities Planning
Del Mar Union School District
225 Ninth Street
Del Mar, California 92014


Re: Agreement to Provide Community Facilities District ("Special Tax") Administration and Arbitrage Rebate Consulting Services for the Del Mar Union School District

Dear Mr. Smith:

Pursuant to your request, enclosed are two (2) agreements to provide Community Facilities District ("Special Tax") Administration and Arbitrage Rebate Consulting services for the Del Mar Union School District. If acceptable, please sign both documents; and return one (1) in the stamped envelope that has been provided for your convenience.

We look forward to serving the District and working with you and your staff. If you have any questions regarding this agreement, please contact me at your earliest convenience at (800) 755-6864. I may also be reached via email at gmedina@willdan.com.

Very truly yours,
Willdan Financial Services



Gladys Medina, Senior Project Manager
District Administration Services

CALIFORNIA OVERNITE

GM:aer

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT, made and entered into this 2nd day of October, 2008, by and between **WILLDAN FINANCIAL SERVICES**, a corporation, and the **DEL MAR UNION SCHOOL DISTRICT**, hereinafter referred to as "Client."

WHEREAS, Client desires to employ Willdan Financial Services to furnish ongoing professional services in connection with **Community Facilities District ("Special Tax") Administration and Arbitrage Rebate Consulting Services**, hereinafter referred to as the "Project."

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

SECTION I – BASIC SERVICES

Willdan Financial Services shall provide to the Client the basic services described in detail in "Exhibit A," Scope of Services, attached hereto and incorporated herein by this reference.

SECTION II – ADDITIONAL SERVICES

If authorized, Willdan Financial Services shall furnish additional services, which are in addition to the basic services. To the extent that the additional services have been identified in this Agreement, they are itemized in "Exhibit A" and will be paid for by Client as indicated in Section III hereof. As further additional services are requested by Client, this Agreement may be modified and subject to mutual consent by execution of an addendum by authorized representatives of both parties, setting forth the additional scope of services to be performed, the performance time schedule and the compensation for such services.

SECTION III – COMPENSATION

Willdan Financial Services shall be compensated for basic services rendered under Section I, as in accordance with the terms and conditions indicated in "Exhibit B," Fees for Services; and Willdan Financial Services will be compensated for any additional services rendered under Section II as more particularly described in a fully approved and executed addendum to this Agreement. If no addendum is executed, then Willdan Financial Services shall be compensated at its then-prevailing hourly rates for such additional services.

Willdan Financial Services may submit monthly statements for basic and additional services rendered. It is intended that Client will make payments to Willdan Financial Services within thirty (30) days of invoice. All invoices not paid within thirty (30) days shall bear interest at the rate of one and one-half (1½) percent per month or the then-legal rate allowed.

SECTION IV – INDEMNITY; INSURANCE REQUIRED

A. **Indemnity.** Willdan Financial Services shall indemnify and hold harmless Client, its officers, officials, directors, employees, designated agents, and appointed volunteers from and against all claims, damages, losses and expenses, including attorney fees, arising out of the performance of the services described herein, caused in whole or in part by the negligent acts, errors, or omissions of Willdan Financial Services, any subconsultant, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, except where caused by the active negligence or willful misconduct of Client or Client's officers, agents, or employees.

B. **Insurance.** Without in any way limiting Willdan Financial Services' liability pursuant to the indemnification described above, Willdan Financial Services shall maintain, during the term of this contract, the following insurance:

Coverage	Minimum Limits
General Liability Comprehensive General Liability, including: Premises and Operations Contractual Liability Personal Injury Liability Independent Contractors Liability (if applicable)	\$1,000,000 Combined Single Limit, per occurrence and general aggregate
Automobile Liability Comprehensive Automobile Liability (including owned, non-owned and hired autos)	\$1,000,000 Combined Single Limit, per occurrence
Workers' Compensation and Employer's Liability Workers' Compensation Insurance Employer's Liability	Statutory, \$1,000,000
Professional Liability Professional Liability Insurance	\$1,000,000 per claim and annual aggregate

SECTION V – INDEPENDENT CONTRACTOR STATUS

Willdan Financial Services shall be an independent contractor and shall have responsibility for and control over the details and means of providing the services under this Agreement.

SECTION VI – OWNERSHIP AND MAINTENANCE OF DOCUMENTS

Willdan Financial Services may rely upon the accuracy of any documents provided to Willdan Financial Services by Client. All documents, including without limitation, reports, plans, specifications, field data, field notes, laboratory test data, calculations, estimates, schedules, spreadsheets, or other documents furnished by Willdan Financial Services pursuant to this Agreement, regardless of media (e.g., paper, electronic, magnetic, optical, Mylar, etc), are instruments of Willdan Financial Services' services in respect to this Project and not products. All such documents shall remain the property of Willdan Financial Services provided, however, that a copy of the final documents shall be made available to Client upon request. These documents are not intended, nor represented to be suitable for reuse by Client or any others on extensions of this Project or on any other project. These documents shall not be changed or reused without the prior written consent of Willdan Financial Services. Any modification or reuse without specific written verification and adoption by Willdan Financial Services for the specific purposes intended will be at user's sole risk. Client agrees to save, keep and hold harmless Willdan Financial Services from all damages, costs or expenses in law and equity including costs of suit and attorneys' fees resulting from such unauthorized reuse. Client further agrees to compensate Willdan Financial Services for any time spent or expenses incurred by Willdan Financial Services in defense of any such claim, in accordance with Willdan Financial Services' prevailing fee schedule.

Client acknowledges that its right to utilize the services and instruments of services of Willdan Financial Services will continue only so long as Client is not in default of the terms and conditions of this Agreement and Client has performed all obligations under this Agreement. Client further acknowledges that Willdan Financial Services has the unrestricted right to use the services provided pursuant to this Agreement, as well as to all instruments of service provided pursuant to this Agreement.

Client agrees not to use or permit any other person to use any instruments of service prepared by Willdan Financial Services, which are not final and which Willdan Financial Services does not sign. Client agrees to be liable for any such use of non-final instruments of service not signed, stamped or sealed by Willdan Financial Services and waives liability against Willdan Financial Services for their use.

Willdan Financial Services' records, documents, calculations, test information and all other instruments of service shall be kept on file in legible form for a period of not less than two (2) years after completion of the services covered in this Agreement.

SECTION VII – SUSPENSION OF SERVICES

Client may, at any time, by thirty (30) days' written notice, suspend further performance by Willdan Financial Services. All suspensions shall extend the time schedule for performance in a mutually satisfactory manner and Willdan Financial Services shall be paid for all services performed and reimbursable expenses incurred prior to the suspensions date.

SECTION VIII – 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, Willdan Financial Services will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of Willdan Financial Services covered by this Agreement, less payments of compensation previously made.

SECTION IX – COMPLIANCE WITH LAW

Each party hereto will use reasonable care to comply with applicable laws in effect at the time the services are performed hereunder, which to the best of their knowledge, information and belief apply to their respective obligations under this Agreement.

SECTION X – SUCCESSORS AND ASSIGNS

This Agreement shall be binding on the successors and assigns of the parties; but either party, without written consent of the other party, shall not assign it.

SECTION XI – ATTORNEYS' FEES

In the event that any judgment is entered in any action upon this Agreement, the party hereto against whom such judgment is rendered agrees to pay the amount equal to the reasonable attorneys' fees of the prevailing party in such action and that such amount may be added to and made a part of such judgment.

SECTION XII – ALTERNATIVE DISPUTE RESOLUTION

If a dispute arises between the parties relating to this Agreement, the parties agree to use the following procedure prior to either party pursuing other available remedies:

A. A meeting shall be held promptly between the parties, attended by individuals with decision-making authority regarding the dispute, to attempt in good faith to negotiate a resolution of the dispute.

B. If, within thirty (30) days after such meeting, the parties have not succeeded in negotiating a resolution of the dispute, they will jointly appoint a mutually-acceptable neutral person not affiliated with either of the parties (the "neutral"), seeking assistance in such regard if they have been unable to agree upon such appointment within forty (40) days from the initial meeting. The parties shall share the fees of the neutral equally.

C. In consultation with the neutral, the parties will select or devise an alternative dispute resolution procedure ("ADR") by which they will attempt to resolve the dispute, and a time and place for the ADR to be held, with the neutral making the decision as to the procedure, and/or place and time (but unless circumstances require otherwise, not later than sixty (60) days after selection of the neutral) if the parties have been unable to agree on any of such matters within twenty (20) days after initial consultation with the neutral.

D. The parties agree to participate in good faith in the ADR to its conclusion, as designated by the neutral. If the parties are not successful in resolving the dispute through the ADR, then the parties may agree to submit the matter to binding arbitration or a private adjudicator, or either party may seek an adjudicated resolution through the appropriate court.

SECTION XIII – RECORDS

Records of Willdan Financial Services' direct labor costs, payroll costs, and reimbursable expenses pertaining to the Project covered by this Agreement will be kept on a generally recognized accounting basis and made available during normal business hours upon reasonable notice.

Willdan Financial Services' records will be available for examination and audit if and as required.

SECTION XIV – MISCELLANEOUS PROVISIONS

This Agreement is subject to the following special provisions:

A. The titles used in this Agreement are for general reference only and are not a part of the Agreement.

B. This Agreement shall be interpreted as though prepared by both parties.

C. Any provision of this Agreement held to violate any law shall be deemed void, and all remaining provisions shall continue in full force and effect.

D. This Agreement shall be interpreted under the laws of the State of California.

E. This Agreement comprises a final and complete repository of the understandings between the parties and supersedes all prior or contemporary communications, representations, or agreements, whether oral or written, relating to the subject matter of this Agreement.

F. Any notices given pursuant to this Agreement shall be effective on the third business day after posting by first class mail, postage prepaid, to the address appearing immediately after the signatures below.

G. Willdan Financial Services shall not be liable for damages resulting from the actions or inactions of governmental agencies, including, but not limited to: permit processing, environmental impact reports, dedications, General Plans, and amendments thereto; zoning matters, annexations, or consolidations; use or Conditional Use Permits; project or plan approvals; and building permits.


H. Willdan Financial Services' 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.

I. Client acknowledges that Willdan Financial Services is not responsible for the performance of services by third parties, provided that said Willdan Financial Services has not retained third parties.

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

WILLDAN FINANCIAL SERVICES

DEL MAR UNION SCHOOL DISTRICT

By: 

Mark J. Risco

Title: Vice President

Address: 27368 Via Industria, Suite 110
Temecula, California 92590-3661

By: _____

Rodger Smith

Title: Director of Human Resources and
Facilities Planning

Address: 225 Ninth Street
Del Mar, California 92014

Exhibit A

SCOPE OF SERVICES

Community Facilities District (Special Tax) Administration

Willdan Financial Services provides full-service formation and administration services for Community Facilities Districts (CFDs). The following is our scope of services for administration. All costs associated with CFD annual administration are fully recoverable, either through the Special Tax levy or payment by requestor for special services.

Willdan Financial Services will:

1. Maintain and periodically update an electronic database containing parcel basis data and annual Special Tax levy amounts by Assessor's Parcel Number. This includes researching final tract and/or parcel map recordation information, gathering building permits, along with the appropriate building and parcel information, and certificate of compliance information for properties located within the boundaries of the CFDs.
2. Annually calculate and apportion the Special Taxes, as specified in the Rate and Method of Apportionment of Special Tax (RMA). This includes the assignment of Special Tax classes per each of the RMAs, and the setting of annual Special Tax rates that are necessary to satisfy the Special Tax Requirement.
3. Prepare, if necessary, an annual resolution that establishes the budget for the fiscal year and application of the Special Tax to be submitted to the County, including the Special Tax summary for the fiscal year.
4. Provide Special Tax levies for each parcel by Assessor's Parcel Number to the County Auditor/Controller's Office in the media, format and configuration required by the County for placement on the annual property tax roll.
5. Research parcel exceptions provided by the County and, if possible, resubmit installment amounts that are unapplied by the County Auditor/Controller's Office. Willdan Financial Services will manually invoice Special Tax installments that cannot be collected on the County property tax roll on behalf of the School District.
6. Provide a toll-free number to field inquiries from School District staff, property owners, and other interested parties regarding Special Tax installments and related information.
7. Monitor delinquencies each February and May, and submit periodic delinquency reports to the School District. **(The Delinquency Management scope of services listed immediately following this section describes how we will assist the District in adhering to their foreclosure covenants.)**
8. Calculate the amount of the letter of credit required to be posted by the land developer and/or merchant builder(s), if necessary.
9. Prepare an Annual Special Tax report. This report will include:
 - ♦ The identification of CFD administrative cost items eligible for recovery by the School District;
 - ♦ The review of fund balances to identify any surplus funds;
 - ♦ The requirements for debt service;
 - ♦ The delinquency summaries; and
 - ♦ A cover letter to the report providing related recommendations or issues, if any. The cover letter is not intended to be a component of the report.

Exhibit A

10. Provide an annual report to the California Debt and Investment Advisory Commission (CDIAC) by October 30 if required by the *California Government Code*, Section 53359.5(b), as amended.
11. Prepare "Notice of Special Tax" as required by the *California Government Code*, Sections 53340.2(b) and 53341.5, as amended. The fee for this service is \$15 per notice and is to be **paid by the requestor**.
12. Assist the School District in the filing of a report with its governing body each year to comply with legislation that enforces additional reporting requirements. This annual filing shall meet with regulations imposed by the *California Government Code*, Section 50075.3 (a) & (b) and/or Section 53411 (a) & (b), as amended (Senate Bill 165).
13. Be available to attend meetings.
14. Calculate written prepayment quotes for individual Special Tax liens, as described in the Rate and Method of Apportionment of Special Tax or by resolution. For parcels prepaying the Special Tax, Willdan Financial Services will coordinate the removal of the lien. The fee for this service is \$250 per calculation and is to be **paid by the requestor**.
15. Perform required bond call spreads, and coordinate the early redemption of outstanding bonds. Additional efforts needed to complete bond calls, such as cash flow certificates, special analyses and/or atypical spread calculations, shall be charged hourly using our then-current hourly rates (see "Additional Services" section). However, Willdan Financial Services will not begin any additional work without prior approval from School District staff.
16. Audit the CFD accounts to ensure proper allocation of the Special Tax apportionments, along with the corresponding interest earnings, to the correct CFD accounts by the County Treasurer. Moreover, monthly reconciliations will be provided to District staff, as well as recommendations for corrective journal entries.
17. Review pertinent documents relating to the debt issue, collect third-party data and other information required to be included in the Annual Financial Information Statement, create a draft of the Annual Financial Information Statement for review by the School District, finalize and disseminate (through the central post office) the Disclosure reports to all major repositories/depositories and to any other party directed by the School District, and post the Disclosure reports on the Willdan Financial Services Website at www.muni.com. Upon request or if deemed necessary, Willdan Financial Services will prepare the Notices of Significant Events covering events enumerated in Rule 15c2-12(b) for review by the School District.

Client Responsibilities

Willdan Financial Services will rely on being able to obtain the following information from the Del Mar Union School District:

- ♦ An electronic listing of all parcels within each district for the most recent fiscal year, including the Special Taxes levied on each parcel, and the corresponding parcel information used for each parcel.
- ♦ Information regarding collections, taxes, funds, and payments and/or prepayments received by the School District. Although Willdan Financial Services will annually research information regarding issuance of building permits and/or certificates of occupancy, it may still be necessary to obtain additional assistance from the School District.
- ♦ The budget summary to be incorporated into the annual resolution or district report establishing the budget.

Exhibit A

- The District’s Adopted Budget and Audited Financial Statements.
- Current balances on funds held at the District.

Delinquency Management

Willdan Financial Services would obtain and download County delinquency data into MuniMagic. The School District would then be provided with a comprehensive record after both the December 10 and April 10 installments. Other services include:

1. Sending reminder letters to property owners, with results regularly reported to the School District staff.
2. Reviewing the status of delinquencies with School District staff, as covenant dates occur.
3. Working with the School District’s foreclosure attorney to complete the foreclosure process (if deemed necessary).

Arbitrage Rebate

Accurately calculating a rebate liability involves more than precise data entry. It involves the consideration of over 300 pages of IRS regulations that apply to tax-exempt bonds. ***Given the heightened emphasis by the IRS and SEC on proper policies, procedures, and management responsibility, it is vital that the information provided in an Arbitrage Rebate report be easily understood by all levels of staff, including by the governing board.***

Willdan Financial Services uses a “cash flow” format for Arbitrage Rebate reporting, which enhances transactional transparency. We track bond proceed transactions from the date the bonds are sold, specifically accounting for expenditures, transfers, and interest earnings. We monitor debt service funds and advance refunding escrows to ensure they remain in compliance. In cases where a rebate liability has accrued, we layer in applicable exceptions to reach the lowest possible liability payment.

The following presents our scope of services for Arbitrage Rebate Services in an easy-reference table format:

Phase I	Process	Willdan Financial Services Advantage
<i>Review</i>	Review existing debt and current recordkeeping practices for funds subject to Arbitrage; make recommendations to improve funds, as well as records management.	<i>Proficient Analysts</i>
<i>Collect</i>	Coordinate the collection of bond documents and cash flow data required for the Arbitrage Rebate computation.	
<i>Analyze</i>	Analyze pertinent documents relating to debt to verify whether financing is subject to the Arbitrage Rebate requirements; and identify relevant exceptions, elections, and yield restrictions.	

Exhibit A

Phase I (Continued)	Process	Willdan Financial Services Advantage
File Setup	Load subject bond issues into Willdan Financial Services tracking system.	Online Compliance Management System
Data Entry and Analysis	Identify appropriate accounts and track activity. Allocate earnings to accounts and issues (if necessary).	Cost Effective
Phase II	Task	Willdan Financial Services Advantage
Computation	Compute the amount of excess earnings, and determine the cumulative Arbitrage liability for each issue on the fifth year anniversary date.	Sound Methodology
	Prepare annual calculations for issues comprising unspent material proceeds, as well as summary status report (at least, annually) for all bond liabilities.	
	Compute spend-down penalties (if provision has been elected).	
Phase III	Task	Willdan Financial Services Advantage
Deliverables	Provide the necessary IRS forms, along with filing instructions.	Readable Reports
	Provide documentation to support calculation, including: <ul style="list-style-type: none"> ▪ Rebate liability by fund and aggregate liability for the issue ▪ Arbitrage/Investment Yield Comparison Graph ▪ Rebate calculations by fund ▪ Outstanding Investments Summary 	
	Provide summary of methodology, assumptions, and recommendations, including: <ul style="list-style-type: none"> ▪ Executive Summary ▪ Summary Analysis of all relevant dates and assumptions ▪ Sources and uses of funds ▪ Arbitrage yield and yield restriction requirements 	Focused

Exhibit A

Phase IV	Task	Willdan Financial Services Advantage
<i>Portfolio Maintenance</i>	Add new debt issues throughout the term of the contract.	<i>Comprehensive Compliance Services</i>
<i>Document Retention</i>	Provide assistance with record retention and documentation relating to Arbitrage Rebate.	
<i>Regulatory Consultation</i>	Keep staff apprised of enforcement actions and code/regulation changes that may affect Arbitrage compliance requirements.	
<i>Audit Support</i>	In the event of an IRS inquiry during and subsequent to the term of the contract, assist staff as the inquiry relates to work performed by Willdan Financial Services.	
<i>General Consultation</i>	Assist with all tasks necessary to meet the primary objective of this RFP.	

The Del Mar Union School District acknowledges that Willdan Financial Services is relying upon the accuracy of the information provided by the District or their designees and that Willdan Financial Services shall not be liable for any inaccuracies contained therein.

Exhibit B

FEES FOR SERVICES

Community Facilities District (Special Tax) Administration

The annual administration fee below reflects application of the scope of services. It is based on the time we estimate we will spend on average each year. There will **not** be any additional charges for **data requests, custom reports** or **phone calls** relating to the CFDs listed below. The fees are payable on a **monthly** basis, as the work progresses, unless another billing format is mutually agreed upon between the Del Mar Union School District and Willdan Financial Services. The fees and rates are subject to increase, which will not exceed the most recent annual change in the Consumer Price Index (CPI) within the applicable area, as calculated by the United States Department of Labor.

District	No. of Parcels	Annual Fee Per District ⁽¹⁾
Community Facilities District No. 95-1	1,559	\$ 6,700
Community Facilities District No. 99-1	726	5,900
Payoff Quote (Per Request) ⁽²⁾		\$ 250

(1) The annual fee includes the preparation and dissemination of the Continuing Disclosure reports for CFD 95 -1 and COP 99 -1.

(2) The requesting party pays the fees for this service. There is no charge to the School District.

Delinquency Management

Services	Fees
Fees Ultimately Reimbursed to Agency by Property Owner:	
Delinquency Reminder Letter	\$ 15
Delinquency Demand Letter	45
21-Day Foreclosure Letter	65
Removal from Tax Roll and Record Notice of Satisfaction	110
Subsequent Foreclosure Fee *	100-300

* *Excludes County fees.*

Exhibit B

Arbitrage Rebate

The nature and complexity of each bond issue, the frequency of computation, and the transparency of the transactional data determines the maximum fee charged for each report. If circumstances are encountered that affect our ability to proceed (such as additional information coming to our attention that was not previously determined or available during our scoping efforts), we will inform you promptly; and seek your approval for any changes in scope, timing, or fees that may result from such circumstances.

Arbitrage Services	Description	Fee
Engagement Fee	One-time fee charged for newly-contracted issues.	\$500
Base Fee Range	Annual report.	\$1,300 to \$1,800
Yield Restriction Computation	If we determine that a yield reduction payment is due on yield restricted nonpurpose investments, an additional fee will be charged to analyze and determine the yield reduction due payment.	\$500 Per Fund
Commingled Funds Analysis	Clients providing data with commingled funds will incur an additional charge to uncommingle transactional data.	\$250 Per Fund
Data Analysis in Excess of 12 months	Arbitrage analysis for periods greater than one year will be charged an extra fee for each additional bond year analyzed.	\$250 Per Fund
Transferred Proceeds Analysis	The regulations require an additional level of analysis for proceeds of refunding and refunded bonds.	\$500 Per Fund
Non-Bonafide Debt Service Fund	Our base fee assumes that the Bond Fund, as defined in the bond documents, meets the bonafide debt service fund exemption to rebate. If this fund fails to qualify for this exemption, an additional fee will be charged to analyze the investment activity.	\$500 Per Fund
Request for Refund of Overpayment	—	\$150 Per Hour
IRS Audit Assistance	—	\$150 Per Hour
Online Compliance Management System	—	No Charge
Preparation of IRS Form 8038T (Payment)	—	No Charge

Optional Supplemental Reports

Spending Exception Analysis: If the proceeds of a bond issue are spent within a specific timeframe, the regulations offer few exceptions to the Arbitrage Rebate rules. If our consultant's report for the bonds indicates that a positive rebate liability has accrued, we will explore these rebate exceptions, as they relate to the bonds. If the exceptions to rebate appear to provide a favorable alternative, we will prepare an additional calculation stating these results. The fees to prepare a calculation relating to the appropriate spending exception will be separate from the above-stated fees and will be discussed with the School District before pursuing these opportunities.

Exhibit B

Variable Rate Yield Optimization: The regulations allow the issuer of variable rate debt to compute yield separately for each bond year. At the end of the first five (5) bond years, the issuer may use the most advantageous combination of bond years to compare bond yield to the yield on investments. If the School District desires, we will prepare an additional calculation to determine the optimal combination of periods that achieves the lowest possible rebate payment. The fee to prepare this analysis will be separate from the above-stated fees and will be discussed before pursued.

Evidence of Due Diligence: In many cases, a tax-exempt bond will meet an exception to the Arbitrage Rebate and yield restriction regulations and will only need evidence of due diligence that Section 148 of the IRS regulations has been considered. If requested, we will prepare a summary letter documenting the discovery efforts of the issuer. **The fee for this service will be \$500.**

Reimbursable Expenses

Willdan Financial Services will be reimbursed for out-of-pocket expenses, **not-to-exceed \$500 per year.** Examples of reimbursable expenses include, but are not limited to: postage, travel expenses, mileage (58.5¢ per mile), maps, electronic data furnished from the County and/or other applicable resources, construction cost periodicals, and copying (currently 6¢ per copy). Charges for meeting and consulting with the Board, the School District, or other parties (or requests for reports containing information not included in the CFD parcel databases, County secured roll, or County tax payment tapes that are **not listed in the scope of work**) will be at our then-current hourly rates (see the "Additional Services" section).

In the event that a third party requests any documents, Willdan Financial Services may, in accordance with Willdan Financial Services' applicable rate schedule, charge such third party for providing these documents.

Additional Services

Hourly Rates

Additional authorized services will be billed at Willdan Financial Services' current hourly consulting rates. Our current hourly rates are presented below.

Title	Hourly Rate
Principal Engineer	\$ 200
Group Manager	200
Principal Consultant	190
Senior Project Manager	155
Project Manager	135
Senior Project Analyst	120
Senior Analyst	110
Analyst	90
Analyst Assistant	75
Property Owner Services Representative	55
Support Staff	50