CITY OF BELL

CONTRACT SERVICES AGREEMENT FOR

VERIFICATION AND ADVISORY SERVICES

This Contract Services Agreement ("Agreement") is made and entered into this 2nd day of June, 2012, by and between the City of Bell, a municipal corporation ("City"), and Causey Demgen & Moore Inc., certified public accountants and consultants ("Consultant").

NOW, THEREFORE, the parties hereto agree as follows:

1.0 SERVICES OF CONSULTANT

1.0. Scope of Services. In compliance with all of the terms and conditions of this Agreement, Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by reference. The Consultant’s Proposal for Verification and other services with respect to the redemption of the City of Bell General Obligations Bonds (Election of 2003) Series 2007 is attached to Exhibit "A" and incorporated herein by reference ("Proposal"). Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that Consultant is a provider of first class work and services and Consultant is experienced in performing the work and services contemplated herein and, in light of such status and experience, Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder.

1.1 Compliance With Law. All work and services rendered hereunder shall be provided in accordance with all ordinances, resolutions, statutes, rules and regulations of the City and any federal, state or local governmental agency of competent jurisdiction.

1.2 Licenses, Permits, Fees and Assessments. Consultant shall obtain, at its sole cost and expense, such licenses, permits, registrations and approvals as may be required by law for the performance of the services required by this Agreement.

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the rates and amounts set forth in the Proposal, but not exceeding the maximum contract amount of $2,500 ("Contract Sum").

2.2 Method of Payment. Provided that Consultant is not in default under the terms of this Agreement, Consultant shall be paid upon completion and acceptance of the work by the City.

2.3 Expenses. Consultant shall be reimbursed for reasonable expenses; provided, however, that, the compensation and expenses shall not exceed the Contract Sum.
3.0 COORDINATION OF WORK

3.1 Representative of Consultant. Douglas E. Carlile is hereby designated as being the representative of Consultant authorized to act on its behalf with respect to the work or services specified herein and make all decisions in connection therewith.

3.2 Contract Officer. The City's Chief Administrative Officer is hereby designated as being the representative the City authorized to act in its behalf with respect to the work and services specified herein and make all decisions in connection therewith ("Contract Officer"). The City may designate another Contract Officer by providing written notice to Consultant.

3.3 Prohibition Against Subcontracting or Assignment. Consultant shall not contract with any entity to perform in whole or in part the work or services required hereunder without the express written approval of the City. Neither this Agreement nor any interest herein may be assigned or transferred, voluntarily or by operation of law, without the prior written approval of City. Any such prohibited assignment or transfer shall be void.

3.4 Independent Contractor. Neither the City nor any of its employees shall have any control over the manner, mode or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth on Exhibit "A". Consultant shall perform all services required herein as an independent contractor of City and shall remain under only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City.

4.0 INSURANCE AND INDEMNIFICATION

4.1 Insurance. Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance:

(a) Commercial General Liability Insurance. A policy of commercial general liability insurance. Defense costs must be paid in addition to limits. Limits shall be no less than $1,000,000.00 per occurrence for all covered losses and no less than $2,000,000.00 general aggregate.

(b) Workers' Compensation Insurance. A policy of workers' compensation insurance on a state-approved policy form providing statutory benefits as required by law with employer's liability limits no less than $1,000,000 per accident for all covered losses.

(c) Automotive Insurance. [Not Applicable] A policy of comprehensive automobile liability insurance written on a per occurrence basis in an amount not less than $1,000,000.00 per accident, combined single limit. Said policy shall include coverage for owned, non owned, leased and hired cars.

(d) Professional Liability or Error and Omissions Insurance. A policy of insurance in an amount not less than $1,000,000.00 per claim or as is customary for the
work to be performed under this contract with respect to loss arising from the actions of Consultant performing professional services hereunder on behalf of the City.

All of the above policies of insurance shall be primary insurance. All of said policies of insurance shall provide that said insurance may be not cancelled without providing ten (10) days prior written notice by registered mail to the City. In the event any of said policies of insurance are cancelled or amended, Consultant shall, prior to the cancellation or amendment date, submit new evidence of insurance in conformance with this Section 4.1 to the Contract Officer. No work or services under this Agreement shall commence until Consultant has provided City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by City.

Consultant agrees that the provisions of this Section 4.1 shall not be construed as limiting in any way the extent to which Consultant may be held responsible for the payment of damages to any persons or property resulting from Consultant's activities or the activities of any person or persons for which Consultant is otherwise responsible.

The insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated “A” or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City due to unique circumstances.

In the event that the Consultant is authorized to subcontract any portion of the work or services provided pursuant to this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to this Section 4.1.

4.2 Indemnification. To the fullest extent permitted by law, Consultant agrees to indemnify, defend and hold harmless the City, its officers, employees and agents against, any and all actions, suits, claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities, including paying any legal costs, attorneys fees, or paying any judgment (herein “claims or liabilities”) that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work or services of Consultant, its officers, agents, employees, agents, subcontractors, or invitees, provided for herein (“indemnitors”), or arising from Consultant’s indemnitors’ negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, except claims or liabilities to the extent caused by the negligence or willful misconduct of the City indemnitees.

5.0 TERM

5.1 Term. Unless earlier terminated in accordance with Section 5.2 below, this Agreement shall continue in full force and effect until completion and acceptance of the work by the City.

5.2 Termination Prior to Expiration of Term. Either party may terminate this Agreement at any time, with or without cause, upon seven (7) days' written notice to the other
party. Upon receipt of the notice of termination, the Consultant shall immediately cease all work or services hereunder except as may be specifically approved by the Contract Officer. In the event of termination by the City, Consultant shall be entitled to compensation for all services rendered prior to the effectiveness of the notice of termination and for such additional services specifically authorized by the Contract Officer and City shall be entitled to reimbursement for any compensation paid in excess of the services rendered.

6.0 MISCELLANEOUS

6.1 Covenant Against Discrimination. Consultant covenants that, by and for itself, its heirs, executors, assigns and all persons claiming under or through it, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, marital status, national origin or ancestry.

6.2 Non-liability of City Officers and Employees. No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

6.3 Conflict of Interest. No officer or employee of the City shall have any financial interest in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any state statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement. When requested by the Contract Officer, prior to the City's execution of this Agreement, Consultant shall provide the City with an executed statement of economic interest.

6.4 Notice. Any notice or other communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first class mail, in the case of the City, to the Chief Administrative Officer and to the attention of the Contract Officer, City of Bell, 6330 Pine Avenue, Bell, California 90201, and in the case of the Consultant, to the person at the address designated on the execution page of this Agreement.

6.5 Interpretation. The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

6.6 Integration; Amendment. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and that this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and
understandings, if any, between the parties, and none shall be used to interpret this Agreement. This Agreement may be amended at any time by a writing signed by both parties.

6.7 Severability. In the event that part of this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining portions of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

6.8 Waiver. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. A party's consent to or approval of any act by the other party requiring the party's consent or approval shall not be deemed to waive or render unnecessary the other party's consent to or approval of any subsequent act. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

6.9 Attorneys' Fees. If either party to this Agreement is required to initiate, defend or make a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, shall be entitled to reasonable attorneys' fees, whether or not the matter proceeds to judgment.

6.10 Corporate Authority. The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound.

6.11 Confidentiality. Employees of Consultant, in the course of their duties, may have access to financial, accounting and statistical data provided by City. Consultant covenants that all data, documents, discussion, or other information developed or received by Consultant or provided for performance of this Agreement are deemed confidential and shall not be disclosed by Consultant without written authorization by City. City shall grant such authorization if disclosure is required by law. Upon request, all City data shall be returned to City upon the termination of this Agreement. Consultant's covenant under this section shall survive the termination of this Agreement.

6.12 Ownership of Work Product. All reports, documents or other written material developed by Consultant in the performance of this Agreement shall be and remain the property of City without restriction or limitation upon its use or dissemination by City provided that Consultant may retain a record copy for its file, subject to confidentiality requirements stated above.
IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

By: __________________________
    City Clerk

“CITY”
CITY OF BELL

By: __________________________
    Chief Administrative Officer

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

By: __________________________
    City Attorney

“CONSULTANT”
CAUSEY DEMGEN & MOORE, INC.

By: __________________________
    Signature
    Douglas E. Carlile Jr., Principal

Print Name and Title

By: __________________________
    Signature

Print Name and Title

Date: 6/18/12

Designee: Douglas Carlile
          Principal
          1801 California Street,
          Suite 4650
          Denver, Colorado 80202
EXHIBIT “A”

SCOPE OF SERVICES

SCOPE AND TIMING OF SERVICES

Consultant shall verify the mathematical accuracy of the computations relating to the adequacy of cash plus U.S. Treasury Securities to be placed in escrow to pay, when due, the debt service requirements of the refunded/redeemed bonds bonds, the yield on the escrowed securities; and if requested, the yield on the defeased/redeemed bonds.

Specifically, Consultant will provide the following:

- A verbal confirmation on the structure of the proposed transaction based on existing documents for the issue to be redeemed prior to the pricing date.

- Verbal confirmation concerning the accuracy of the final numbers within 1 hour of receiving the proposed final numbers on the pricing date.

- Draft verification report e-mailed to all appropriate parties within 1-2 days of the pricing for review and comment.

- Final official report e-mailed to all appropriate parties within 24 hours of receiving comments.
May 21, 2012

Mr. Nedko Nede
KNN Public Finance
1333 Broadway, Suite 1000
Oakland, California 94612

Dear Mr. Nede:

As you requested, we are pleased to submit this letter which describes our proposed assistance to KNN Public Finance, acting as Financial Advisor, to be the Escrow Verification Agent related to the proposed defeasance of a portion of the City of Bell, California General Obligation Bonds (Election of 2003), Series 2007.

SCOPE AND TIMING OF SERVICES

We propose to verify the mathematical accuracy of the computations relating to the adequacy of cash plus U.S. Treasury Securities to be placed in escrow to pay, when due, the debt service requirements of the refunded bonds, the yield on the escrowed securities; and if requested, the yield on the defeased bonds.

Specifically, we will provide the following:

- A verbal confirmation on the structure of the proposed transaction based on existing documents for the issue to be defeased prior to the pricing date.

- Verbal confirmation concerning the accuracy of the final numbers within 1 hour of receiving the proposed final numbers on the pricing date.

- Draft verification report e-mailed to all appropriate parties within 1-2 days of the pricing for review and comment.

- Final official report e-mailed to all appropriate parties within 24 hours of receiving comments.

If requested, we would also serve as the City’s Escrow Bidding Agent for the purpose of acquiring a portfolio of open market securities for the defeasance escrow.
SUMMARY OF EXPERIENCE OF CAUSEY DEMGEN & MOORE INC.

Causey Demgen & Moore Inc. is one of the two leading CPA firms in the United States, expressed in transaction volume, which provide independent third party verifications for tax-exempt refunding bond issues. We have provided verification services for more than 15,000 bond issues, including more than 10,000 engagements for advance refundings of tax-exempt bonds; of these, more than 350 advanced refunding issues involved transferred proceeds calculations including more than 35 with cascading transferred proceeds. We are approved by Assured Guaranty Municipal Corp. and all rating agencies.

Our professionals have provided verifications for more than 10,000 advanced refunding transactions. In the past three years alone we have provided verification services for more than 1,800 refunding issues totaling over $50 billion. In the past two years, we have provided verification services for more than 1,000 refunding issues totaling over $25 billion, including:

$1,286,230,000 State of Hawaii General Obligation Bonds of 2011, Series DZ and General Obligation Refunding Bonds of 2011, Series EA, EB, EC and ED

$1,116,100,000 New Jersey Development Authority School Facilities Construction Refunding Bonds, 2011 Series EE, School Facilities Construction Refunding Bonds, 2011 Series FF (Federally Taxable, School Facilities Construction Refunding Notes, 2011 Series C (SIFMA Index Notes) and School Facilities Construction Refunding Notes, 2011 Series D (LIBOR index Notes)


$959,565,000 State of California Department of Water Resources Power Supply Revenue Bonds, Series 2010N


$874,060,000 New Jersey Development Authority School Facilities Construction Refunding Bonds, Series GG, School Facilities Construction Refunding Bonds, Series HH (Federally Taxable, School Facilities Construction Refunding Notes, Series E (SIFMA Index Notes) and School Facilities Construction Refunding Notes, Series F (LIBOR Index Notes)

$714,715,000 The City of New York General Obligation Bonds Fiscal 2012, Series A, Series B and Series C

$602,105,000 Commonwealth of Puerto Rico Public Improvement Bonds, Series 2011
$599,860,000 Solid Waste Authority of Palm Beach County Refunding Revenue Bonds, Series 2011


$441,500,000 Salt River Project Agricultural Improvement and Power District, Arizona, Salt River Project Electric System Refunding Revenue Bonds, 2011 Series A

$429,125,000 State of Mississippi General Obligation Bonds Series 2011A (Tax Exempt), General Obligation Bonds Series 2011B (Tax Exempt and Taxable General Obligation Refunding Bonds Series 2011D


$423,165,000 Massachusetts Development Finance Agency Revenue Bonds, Partners Healthcare System Issue, Series 2011K

$375,815,000 State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Hartford Healthcare Issue Series A and B and Hartford Healthcare Corporation Taxable Bonds, Series C

$367,295,000 Commonwealth of Kentucky State Property and Building Commission Revenue and Refunding Bonds, Project No. 100 Series A and Revenue Bonds, Project No. 100 Taxable Series B

$346,025,000 Miami-Dade County General Obligation Bonds (Building Better Communities Program), Series 2011A, general Obligation refunding Bonds (Parks Program), Series 2011B and Seaport General Obligation Refunding Bonds, Series 2011C

$339,475,000 City and County of San Francisco General Obligation Refunding Bonds, Series 2011-R1

$275,425,000 The State of Delaware General Obligation Bonds, Series 2011

$265,270,000 State of Oregon Department of Transportation, Highway User Tax Revenue Subordinate Lien Note, Series 2001A (Tax Exempt)

$255,970,000 City of Columbus, Ohio, General Obligation Bonds, Series 2011A, 2011B and 2011C

$213,650,000 Private Colleges and Universities Authority, Emory University Revenue Bonds, Series 2011A
STAFFING

This engagement will be staffed by the following individuals:

Jack Blumenthal, CPA, Principal, is the Director of our Management Consulting Practice, and has ultimate responsibility for all our Public Finance engagements. He will have lead responsibility for this engagement and will be actively involved in the services we would provide to you. He has had partnership responsibility on more than 10,000 tax-exempt refunding bond issues totaling over $80 billion including more than 350 with transferred proceeds.

Douglas Carlile, Principal, has preformed verification services on over 6,500 issues totaling over $50 billion. He would supervise our services to you on this engagement.

Teow Lim Goh, Senior Consultant, has performed verification services on over 600 issues totaling over $4 billion. She would be the prime consultant on this engagement.

FEES

Based on the above approach and scope, our fee for this transaction, to include all expenses, is $2,250 assuming no verification of the yield on the defeased bonds is required, or $2,500 if such yield verification is required.

If we are engaged to serve as the City’s Escrow Bidding Agent, our fee would be $4,500.00.

We are an SEC Practice Section CPA firm with the quality controls and insurance that this entails, and we are subject to formal peer review of our quality assurance systems and procedures by the American Institute of Certified Public Accountants. We have consistently passed these reviews without qualification during the 26 years of our existence. We are an accounting firm registered with the Public Company Accounting Oversight Board (“PCAOB”), which was created by the Sarbanes-Oxley Act of 2002 to oversee auditors of public companies. This membership requires us to be inspected by the PCAOB, and we have consistently passed these inspections without exception. Copies of these inspections are available at www.pcaobus.org. Additionally, we maintain a professional liability insurance policy with a $5,000,000 coverage limit. These reviews and insurance policies provide a value to clients and come at a cost relative to other firms that are not CPA firms or do not subject themselves to these quality standards or to inspections to assure that these standards are adhered to, or that do not carry professional liability insurance commensurate with their work and their client’s exposure.

Causey Demgen & Moore Inc. is a licensed CPA firm with $5 million of professional liability insurance. We have no debt in our firm and have no pending or threatened litigation against our firm. It is our practice to have at least two people at the principal level review our reports. We believe that these factors assure our ability to provide you with the best possible quality and service; we recommend that this be considered in conjunction with price difference when choosing a verification agent.
Mr. Nedko Nedev  
May 21, 2012  
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It is our practice to submit our invoice at completion of the engagement, with payment due thirty days from the invoice date.

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We greatly appreciate the opportunity to submit our proposal to you. We believe that extensive experience should be a key requirement for selection, and our firm and professionals assigned to this engagement have this experience. We are committed to providing consistently high quality and cost effective services on each engagement we undertake and are committed to doing so again for you.

If you have any questions concerning any aspect of this proposal, please call me.

Very truly yours,

CAUSEY DEMGEN & MOORE INC.

By:  

Douglas E. Carlile, Principal