

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

848



FROM: Executive Office

SUBMITTAL DATE:
December 30, 2013

SUBJECT: Amendment No. 4 to the Professional Services Agreement for Fiscal Advisory Services Between the County of Riverside and C.M. de Crinis & Company, Inc. for the Update of the County of Riverside's Fiscal Guidelines; All Districts/All Districts TLMA Administration 43% and General Fund 57% [\$46,000].

RECOMMENDED MOTION: That the Board of Supervisors approve Amendment No. 4 to the Professional Services Agreement between the County of Riverside and C.M. de Crinis & Company, Inc. and authorize the Chairman of the Board of Supervisors to execute on behalf of the County.

BACKGROUND:

Summary

On July 30, 2013 (Item 3-12), the Board of Supervisors received and filed a report on the fiscal impacts of a recent proposed annexation. The report was developed by Paul McDonnell from C.M. de Crinis & Company and a sub-contractor, Beverly Burr, from Burr Consulting. C.M. de Crinis & Company were, and still are, contracted fiscal advisors for the County of Riverside.

Continued on Page 2.

TINA GRANDE
Principal Management Analyst

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 46,000	\$ 0	\$ 46,000	\$ N/A	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 26,000	\$ 0	\$ 26,000	\$ N/A	
SOURCE OF FUNDS: TLMA Administration 43%, Executive Office Legislative Budget 57% (10000-1102900000)				Budget Adjustment: Yes	
				For Fiscal Year: 13/14	

C.E.O. RECOMMENDATION:

APPROVE

BY:

Alex Gann

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL
 BY: Synthia M. Gunzel 12-26-13
 SYNTHIA M. GUNZEL
 DATE

Departmental Concurrence

- A-30
- Positions Added
- 4/5 Vote
- Change Order

Prev. Agn. Ref.: 9/14/10 3.32

District: All/All

Agenda Number:

3-4

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: Amendment No. 4 to the Professional Services Agreement for Fiscal Advisory Services Between the County of Riverside and C.M. de Crinis & Company, Inc. for the Update of the County of Riverside's Fiscal Guidelines; All Districts/All Districts TLMA Administration 43% and General Fund 57% [\$46,000].

DATE: December 30, 2013

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The Executive Office sought the expertise of C.M. de Crinis & Company and its sub-contractor, Burr Consulting, due to the size and potential negative impact of the proposed annexation on the county, as the impacts to the county were not addressed to the satisfaction of the county by the city's analysis. This was due, in part, on the county's inability to provide updated guidelines for preparing a fiscal impact report. The previous Fiscal Impact Guidelines are dated January 1995. Updated guidelines will provide basic information for the preparation of fiscal impact reports not only for annexations, but for other incidences such as land development projects. The information in these fiscal impact reports will help the public, staff, and the Board of Supervisors in determining the effects of a proposed project on the county's fiscal position.

The additional scope of work is for the term six months, with a cost of \$36,000 for a completed fiscal guideline report. Payment is based on deliverables outlined in the agreement, which requires the completion of a draft guideline report prior to the first payment. The remaining payment will be upon the completion of the completed fiscal guideline report. The contract does allow for additional work up to \$10,000, based on an hourly rate, for additional revisions or presentations that come up after the guidelines are completed. This additional work is not currently anticipated and if needed will be only completed per authorization by the county Executive Office.

Impact on Residents and Businesses

The Board of Supervisor's action today will have no immediate impact on residents or businesses.

SUPPLEMENTAL:

Additional Fiscal Information

The additional scope of work for \$46,000 includes \$10,000 for additional work. Additional work is not anticipated or necessary at this time. A budget adjustment is not required at this time. If one is needed, it will be included in the next quarterly report.

Contract History and Price Reasonableness

The county has a current contract with C.M. de Crinis & Company. This will be the fourth amendment since, 2010. The reason staff is requesting an amended scope of work to C.M. de Crinis & Company's extensive knowledge of the county's fiscal complexities and additional experience with major incorporation and annexation proposals in the State of California, including the recent Temescal Valley annexation proposal in the county. The recent work on the annexation will allow for the contractor to begin work immediately and complete the guidelines in a short time frame.

ATTACHMENTS

- A. Amendment No. 4 to the Professional Services Agreement with Exhibits A & B**

AMENDMENT NO. 4 TO PROFESSIONAL SERVICE AGREEMENT

FOR

FINANCIAL ADVISOR SERVICES

between

COUNTY OF RIVERSIDE

and

C.M. de Crinis & Company, Inc.

AMENDMENT NO. 4 TO PROFESSIONAL SERVICE AGREEMENT
FOR FINANCIAL ADVISOR SERVICES
BETWEEN COUNTY OF RIVERSIDE AND C.M. de CRINIS & COMPANY, INC.

THIS AMENDMENT NO. 4, ("this Amendment") is made by and between the County of Riverside, a political subdivision of the State of California ("COUNTY"), and C.M. de Crinis & Company, Inc., a California corporation ("CONTRACTOR") as of _____, 20__.

RECITALS

WHEREAS, the COUNTY first entered into the Professional Service Agreement ("Original Agreement") with CONTRACTOR on or about August 31, 2010 to provide financial advisory services to and for the County Executive Office;

WHEREAS, the Original Agreement has been previously amended on three separate occasions to extend the effective date of the Original Agreement (the Original Agreement as amended is referred to hereafter as the "Agreement");

WHEREAS, the COUNTY is in need of additional services by CONTRACTOR to update the County's Fiscal Impact Guidelines and therefore desires to further amend the Agreement to add to CONTRACTOR'S Scope of Service and compensation in respect of these desired services;

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

Section 1. Amendment to Exhibit A of the Agreement. Exhibit A of the Agreement shall be amended by deleting Exhibit A in its entirety and substituting the attached Exhibit A therefore.

Section 2. Amendment to Exhibit B of the Agreement. Exhibit B of the Agreement shall be amended by deleting Exhibit B in its entirety and substituting the attached Exhibit B therefore.

Section 3. Validity. If any one or more of the terms, provisions, promises, covenants or conditions of this Amendment shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Amendment shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 4. Execution in Counterparts. This Amendment may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

Section 5. Choice of Law. This Amendment is made in the State of California under the Constitution and laws of the State of California and is to be so construed.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

COUNTY:

CONTRACTOR:

COUNTY OF RIVERSIDE

C.M. de CRINIS & COMPANY, INC.

By: _____
Chairman, Board of Supervisors

By: _____
Paul McDonnell
Managing Director

Date: _____

Date: _____

ATTEST:
Clerk of the Board
Kecia Harper-Ihem

FORM APPROVED COUNTY COUNSEL
BY: Dale A. Gardner 12/19/13
DALE A. GARDNER DATE

By: _____
Deputy

EXHIBIT A

SCOPE OF SERVICE

1.0 PURPOSE/ BACKGROUND:

1.1 Riverside County (COUNTY) was organized in 1893 from territory in San Bernardino and San Diego Counties and encompasses 7,295 square miles. The COUNTY is bordered in the north by San Bernardino County, on the east by the State of Arizona, on the south by San Diego and Imperial Counties and on the west by Orange County. The COUNTY is the fourth largest by area in the State and stretches from the Arizona border on the east to within 15 miles of the Pacific Ocean on the west. There are 27 incorporated cities in the COUNTY. According to the State Department of Finance, Demographic Research Unit, the COUNTY's population was estimated at 2,107,653 as of January 1, 2009, which is a 17.0% decrease from January 1, 2008. That decrease is the result of two new city incorporations.

1.2 The COUNTY is a general law county divided into five supervisorial districts on the basis of registered voters and population. The COUNTY is governed by the five-member Board of Supervisors, elected within each district. Members serve staggered four-year terms, and the chairperson is elected by the Board members annually. COUNTY administration includes appointed and elected officials, boards, commissions and committees which assist the Board of Supervisors.

1.3 The COUNTY provides a wide range of services to residents, including police and fire protection, medical and health services, education, library services, and public assistance programs. Some municipal services are provided by the COUNTY on a contract basis to incorporated cities within its boundaries. These services are designed to allow cities to contract for municipal services such as police and fire protection without incurring the cost of creating city departments and facilities. Services are provided to the cities by the COUNTY at cost, or at the discretion of the County Board of Supervisors, which in certain cases is below cost.

1.4 Three distinct geographical areas characterize the COUNTY: the western valley area, the higher elevations of the mountains, and the deserts. The western valley, which included the San Jacinto Mountains and the Cleveland National Forest, experience the mild climate typical of Southern California. The eastern desert areas experience warmer and dryer weather conditions.

1.5 As of June 30, 2009, the COUNTY had \$518,250,000 in direct general obligations bonded indebtedness and \$387,995,000 in pension obligation bonded indebtedness. The COUNTY has no authorized but unissued general obligation debt.

1.6 The CONTRACTOR shall provide financial advisement on long-term lease financings and general financial advisement as set forth in Section 2.0 and the CONTRACTOR shall

provide services related to the update of the County of Riverside Fiscal Impact Guidelines as set forth in Section 3.0.

2.0 SCOPE OF SERVICE FOR FINANCIAL ADVISEMENT SERVICES:

2.1 CONTRACTOR shall comply with all conditions identified within this document:

- a) Must operate as a business within the State of California.
- b) Must be a financial advisement firm only and does not provide investment bank services.
- c) Must have significant experience in providing similar services to other California Public issuers.
- d) Must have and maintain the resources and commitment to complete all components of every project in a timely manner, including but not limited to, attending financing meetings, advising staff on matters specific to the financing, preparing and reviewing financing documents, and assisting with due diligence and disclosure processes.

2.2 CONTRACTOR shall provide qualified personnel for services, which can include, but may not be limited to, the following:

- a) Budget Management; provide input on budget strategy, review, and comment of budget reports.
- b) Debt Management, provide analysis and input in regards to management of existing debt, outstanding variable rate debt, the TEETER program, TRANS, and the refinancing of long-term debt. CONTRACTOR shall include financial analysis, review of documents, consultation with rating agencies, coordination with staff and other consultants, and prepare reports.
- c) Pension Liability Management Services, include support of the Pension Advisory Review Committee, and provide input of reports, and analysis of retirement benefit costs to the COUNTY.
- d) General Financial Matter; include analysis and input on any financial matters regarding COUNTY finances.
- e) Assist the COUNTY in assembling financing teams, to include preparing and evaluating Requests for Proposal (RFP) for bond counsel, underwriter, trustee, disclosure counsel, credit enhancement firm, verification agent, and other professionals as required, making recommendations based on the RFP, and negotiating fees.

f) Assist the COUNTY in bringing bond issues to market. This will include advising on the size and timing of bond sales; structuring of sales on a competitive versus negotiated basis; bond maturity schedules; call premiums; provisions for the handling and investment of bond funds; use of credit enhancements; cash funded reserve versus surety; closing instructions; and other matters which may assist in obtaining the lowest practical interest cost and the widest competition for purchase of bonds.

g) Analyze the cost benefits of different structuring and pricing options. This includes, but is not limited to, fixed rate versus variable rate bonds, insured versus uninsured bonds, callable versus non-callable bonds, par versus discounted bonds, and use of alternative financing structures such as Interest Rate Swaps.

h) Assist the COUNTY in preparing a credit profile and making presentations to rating agencies and/or bond insurance companies.

i) Manage competitive sale process.

j) Advise the COUNTY of ongoing developments in the bond industry that may affect the COUNTY.

k) Monitor county bond issues and advise on refunding opportunities.

l) Prepare and make presentations designed to facilitate an understanding of public sector financing and its implications to governing boards as may be necessary.

m) Provide advisory services to the COUNTY's Debt Advisory Committee.

3.0 SCOPE OF SERVICE FOR SERVICES RELATED TO THE UPDATE OF THE COUNTY OF RIVERSIDE FISCAL IMPACT GUIDELINES:

3.1 CONTRACTOR shall provide the following described financial advisory "Basic Services" to revise the County of Riverside's Fiscal Impact Guidelines and perform any "Additional Services" if requested by the COUNTY. These services shall be completed no later than six months from the execution date of this Amendment. CONTRACTOR and COUNTY acknowledge that the total time for actual performance of services is estimated to take four months; two months of which have been allotted for CONTRACTOR to prepare the Administrative Draft Fiscal Impact Guidelines. Extra time has been incorporated to accommodate any unforeseen circumstances that may cause a delay in completion of the services by the CONTRACTOR provided that such delays are beyond the control of the CONTRACTOR or have not been caused by the CONTRACTOR. CONTRACTOR shall commence performance upon execution of this Amendment by both parties and shall diligently and continuously perform thereafter.

a) Basic Services: Under the general direction of the County Executive Officer, or his designee, the CONTRACTOR shall provide financial advisory services to update the County of Riverside Fiscal Impact Guidelines (“Guidelines”) to reflect current COUNTY financial information and best practices with the intended application of the Guidelines primarily to proposed development projects (planning/land use) and governance/boundary proposals (LAFCO applications) affecting the COUNTY.

i) Deliverables: The CONTRACTOR shall prepare and provide four documents (“Deliverables”) for and to the County:

(1) A Memo on the key conceptual options, if any, for the new Guidelines and the pros and cons of each;

(2) A Mid-Project Report identifying completed tasks, any issues that need to be addressed and projected completion dates for the remaining tasks;

(3) An Administrative Draft Guidelines for review and comment by affected COUNTY departments; and

(4) Completed Guidelines in final form.

ii) Tasks: CONTRACTOR shall perform the following tasks, in coordination with COUNTY staff, in order to prepare and provide the aforementioned Deliverables:

(1) Options memo: The CONTRACTOR shall review relevant COUNTY financial documents and a representative sample of fiscal impact reports and interview directly affected departments and LAFCO for their input. The CONTRACTOR shall prepare a memo outlining any conceptual options for the COUNTY to consider and the pros and cons of each.

(2) Administrative Draft Guidelines: the CONTRACTOR shall estimate revenue factors and ranges, operating cost factors, and relevant capital cost factors. The CONTRACTOR shall test the Guidelines with analysis of four prototype projects (a) residential, (b) commercial, (c) mixed use, and (d) existing development.

(3) Guidelines: The CONTRACTOR shall update and make appropriate revisions to the Guidelines in response to comments from affected COUNTY departments. The CONTRACTOR shall make up to one presentation of the Guidelines to the Board of Supervisors if requested by the Executive Office.

b) Additional Services: Additional services are services, which, if requested and authorized by the COUNTY, are to be paid for by the County in the form of Additional Services Compensation. Additional Services consist solely and exclusively of those services listed below and shall be performed only if authorized and directed in writing by COUNTY in advance in accordance with this section. Additional Services, whether or not listed below, do not include

any service that arises, in whole or in part, from the breach of this Amendment by CONTRACTOR or an act or omission of CONTRACTOR, its agents, representatives or authorized subcontractors (if any), constituting negligence (ordinary or professional), willful misconduct or a violation of applicable laws. The following Additional Services are excluded from the scope of Basic Services to be performed under this Amendment. The estimated additional cost of performing such Additional Services is indicated in the event the County wishes to expand the project scope. Additional Services are:

i) Additional presentation(s) to the Board of Supervisors and related staff report. Any such additional service is in addition to the presentation obligation required as part of the Guidelines task as reflected in Section 3.1 a) ii) (3). (Estimated amount not to exceed a total of \$2,500.)

ii) Presentation(s) to city managers or affected governing body. (Estimated amount not to exceed a total of \$2,500.)

iii) Revision of the document in response to comments from cities, communities, developers and other affected parties. (Estimated amount not to exceed a total of \$5,000.)

EXHIBIT B

1.0 PAYMENT PROVISIONS FOR FINANCIAL ADVISEMENT SERVICES:

Par Value/Each Series of Debt	Range	Base Fees
\$0-	\$2,499,999	\$47,500
\$2,500,000 to	\$4,999,999	\$47,500
\$5,000,000 to	\$7,499,999	\$47,500
\$7,500,000 to	\$9,999,999	\$47,500
\$10,000,000 to	\$12,499,999	\$47,500
\$12,500,000 to	\$14,999,999	\$47,500
\$15,000,000 to	\$17,999,999	\$47,500
\$18,000,000 to	\$19,999,999	\$47,500
\$20,000,000 to	\$24,999,999	\$47,500
\$25,000,000 to	and above	\$47,500
Above \$100 Million		

Personnel	Per Hour Rate
Curt de Crinis, Managing Director	\$297
Michael Williams, Managing Director	\$297
Paul McDonnell, Managing Director	\$297

Service may include:

1. Teeter Plan Cash Flow Modeling,
2. Debt and Investment Policy Development,
3. Debt Capacity Analysis and Financial Review,
4. Investor Outreach and Relations Programs,
5. Preparation of Independent, Objective Analysis and Reports,
6. Preliminary Financing Feasibility Study,

7. Monitoring of Bond Refunding Opportunities,
8. Evaluation of Securitizations (VLF, Tobacco, Proposition 42, AB, 811, etc.),
9. Cash Flow Analysis and Planning (TRANS, Revenue Bonds),
10. Evaluation and Monitoring Swaps,
11. Evaluation of/and Written Response to Underwriter Proposals,
12. Pension and OPEB Analysis,
13. Presentation and Agenda Items for Board and DAC meetings,
14. "Bonds 101" Educational Workshops for Staff and Board,
15. Debt Affordability Models,
16. Formation of Redevelopments Agencies, Community Facility Districts and Assessment Districts,
17. Variable Rate Remarketing Oversight.

CONTRACTOR shall be paid a fee of \$39,500 for the 2010 Teeter Series B Notes, and a fee of \$42,500 for the 2010 Teeter Series C Notes.

All rates are inclusive of any overhead expense, including but not limited to: travel, lodging, meals, copying costs, meetings, courier services, reports, any materials or related matter, official statements, postage, and out of pocket expenses. No other additional fees or expenses will be considered or reimbursed by the COUNTY. Payment of fees earned by CONTRACTOR shall be contingent on the closing of the debt.

2.0 PAYMENT PROVISIONS RELATED TO THE UPDATE OF THE COUNTY OF RIVERSIDE FISCAL IMPACT GUIDELINES:

The COUNTY shall pay the CONTRACTOR for services performed in accordance with this Amendment. All Amounts of compensation are inclusive of any overhead expenses, including but not limited to travel, lodging, meals, copying costs, meetings, courier services, reports, any materials, official statements, postage, and out of pocket expenses. The total amount of compensation to be paid to CONTRACTOR for performance of the Basic Services (as outlined in Section 3.1 b of Exhibit A) shall be Thirty Six Thousand Dollars (\$36,000).

a) Upon completion of the Deliverables described in Section 3.1 b of Exhibit A, CONTRACTOR shall be compensated in installments in accordance with the terms herein and as follows:

1) Options Memo	\$0
2) Mid-Project Report	\$0
3) Administrative Draft Fiscal Impact Guidelines	\$20,000
4) Completed Fiscal Impact Guidelines	\$16,000

COUNTY shall have the right to withhold Sixteen Thousand Dollars (\$16,000) of the Thirty Six Thousand Dollar (\$36,000) compensation until such time as the CONTRACTOR has delivered and the COUNTY has accepted the final completed Fiscal Impact Guidelines.

b) There shall be no additional compensation paid by the COUNTY for any costs incurred or Basic Services rendered EXCEPT that the County Executive Office is authorized to pay Additional Services Compensation for any Additional Services (as defined in Section 3.1 b of Exhibit A), if requested by the County, in a total amount not to exceed Ten Thousand Dollars (\$10,000). The County shall pay compensation for any requested Additional Services rendered by CONTRACTOR based upon actual hours worked and at a hourly rate of \$297/hour for Paul McDonnell (Primary Contractor); \$150/hour for Beverly Burr (Sub-Contractor).

c) Compensation shall be paid in accordance with an invoice submitted to COUNTY by CONTRACTOR within fifteen (15) days from the date the CONTRACTOR submits a DELIVERABLE to and is accepted by the COUNTY, and COUNTY shall pay the invoice within thirty (30) working days from the date of receipt of the invoice. Payment shall be made to CONTRACTOR only after services have been rendered. For any Additional Services requested by the COUNTY and rendered by the CONTRACTOR, compensation shall be paid in accordance with an invoice submitted to the COUNTY by CONTRACTOR within fifteen (15) days from the last day of each calendar month, and COUNTY shall pay the invoice within thirty (30) working days from the date of receipt of the invoice.

d) CONTRACTOR shall prepare invoices in duplicate and send the original and duplicate copies of invoices to the address listed in Section 3.3 of the Amendment. Each invoice shall contain a minimum of the following information: invoice number and date; remittance address; description of work completed and an invoice total. Invoices shall be submitted only upon completion of each Deliverable for Basic Services and upon rendering any Additional Services in accordance with the terms of this Amendment.