

**SUBMITTAL TO THE FLOOD CONTROL AND WATER CONSERVATION DISTRICT
BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

FORM 11: Approve Professional Services Agreements between Best Best & Krieger LLP and Fieldman, Rolapp & Associates, Inc., Project No. 4-0-00310; District 3/District 5 [\$139,000] [District Funds 100%]

DATE: April 22, 2014

PAGE: Page 2 of 2

BACKGROUND:

Summary (continued)

In 2005 and 2006, the District contracted with Fieldman, Rolapp & Associates, Inc., and Best Best & Krieger LLP to provide Financial Advisory Services and Bond Counsel Services in support of the Infrastructure Funding, Acquisition and Reimbursement (IFAR) Agreement approved in 2006 between the District and Homeland/Romoland ADP, Inc., and the formation of CFD F05-01 Homeland/Romoland in 2008. The IFAR Agreement and the CFD were for the purposes of designing, constructing, acquiring and financing certain flood control and stormwater drainage facilities in the Line A Watershed of the Homeland/Romoland Area Drainage Plan. Construction, however, was delayed since the declining economy was not conducive for the District and the Homeland/Romoland ADP, Inc., to meet the terms and conditions set forth in the IFAR agreement and in the Resolutions adopted by the Board to establish the CFD.

The District has since been tasked to construct the Romoland MDP Line A project originally planned to be constructed by the CFD F05-01 which includes six major facilities totaling over seven miles of linear drains and two flood control basins. The Project includes Romoland MDP Lines A, A-2, A-3 and Briggs Road Basin, Homeland MDP Line 1 and Juniper Flats Basin. Fieldman, Rolapp & Associates, Inc., and Best Best & Krieger LLP have been selected to furnish Financial Advisory Services and Bond/Disclosure Counsel for the purpose of the District's proposed debt issuance to finance the construction of the Zone 4 Romoland MDP Line A project from Zone 4 revenues based on their knowledge of the project and to maintain continuity.

County Counsel has approved the Agreements as to legal form and they have been executed by Fieldman, Rolapp & Associates, Inc., and Best Best & Krieger LLP.

Impact on Residents and Businesses

Construction of the Zone 4 Romoland MDP Line A project will provide critically needed flood control and drainage improvements within the Menifee/Romoland/Homeland area.

SUPPLEMENTAL:

Additional Fiscal Information

Consultant costs will be contingent upon and payable at the closing of the proposed debt issuance undertaken to finance the project.

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PROFESSIONAL SERVICES AGREEMENT

RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION
DISTRICT, hereinafter called DISTRICT, and FIELDMAN, ROLAPP & ASSOCIATES,
INC., hereinafter called CONSULTANT, hereby agree as follows:

RECITALS

WHEREAS, DISTRICT desires third-party financial advisory services related to the proposed sale and issuance of promissory notes necessary to finance the construction of DISTRICT'S Zone 4 Romoland MDP Line A project, hereinafter called PROJECT; and

WHEREAS, DISTRICT desires to retain the professional and technical services of CONSULTANT for the purpose of debt issuance, hereinafter called Financial Advisory Services; and

WHEREAS, CONSULTANT represents that it is well qualified to provide professional financial advice to entities such as DISTRICT under this agreement.

AGREEMENT

NOW THEREFORE, in consideration of the above recitals and the mutual covenants and conditions hereinafter set forth, it is agreed as follows:

1. SCOPE OF SERVICES – CONSULTANT shall provide Financial Advisory Services assisting DISTRICT in coordinating the planning and execution of each debt issue relating to PROJECT, as described in Exhibit "A" attached hereto and made a part hereof. CONSULTANT is engaged in an expert financial advisory capacity to DISTRICT only. It is expressly understood that the Financial Advisory Services rendered hereunder are rendered solely to DISTRICT.

2. AMENDMENT TO SCOPE OF SERVICES – DISTRICT may request CONSULTANT to provide additional services relating to PROJECT beyond the scope of

1 services referenced in Section 1 (SCOPE OF SERVICES) and specifically listed on
2 Exhibit "A", hereinafter called "Additional Services", as described in Exhibit "B"
3 attached hereto and made a part hereof. Additional Services, including any increase in
4 the amount of CONSULTANT'S compensation set forth on Exhibit "C" attached hereto
5 and made a part hereof, shall be mutually agreed upon by DISTRICT and
6 CONSULTANT.

7 3. TIME FOR PERFORMANCE – CONSULTANT shall diligently perform
8 Financial Advisory Services in accordance with the scope of work described in Exhibit
9 "A". This Agreement shall continue in full force and effect for a period of twenty-four
10 (24) months from the date of execution by DISTRICT'S Board of Supervisors unless
11 terminated by either party by not less than thirty (30) days written notice to the other
12 party except that the Agreement shall continue in full force and effect until completion of
13 CONSULTANT'S services or unless CONSULTANT'S services are abandoned prior to
14 completion of CONSULTANT'S work pursuant to Section 6 (TERMINATION) of this
15 Agreement. This Agreement may be extended for an additional one (1) year period upon
16 mutual written consent of DISTRICT and CONSULTANT.
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18 4. COMPENSATION – DISTRICT shall pay CONSULTANT for Financial
19 Advisory Services in accordance with the fee schedule set forth on Exhibit "C". The fee
20 schedule set forth on Exhibit "C" is guaranteed by CONSULTANT for a period of twelve
21 (12) months from the date of execution by DISTRICT'S Board of Supervisors. Any
22 increase in the amount of CONSULTANT'S compensation set forth on Exhibit "C" shall
23 be mutually agreed upon by DISTRICT and CONSULTANT and approved by District's
24 Board of Supervisors.
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26 5. PAYMENT – DISTRICT shall pay CONSULTANT in accordance with
27 the schedule set forth on Exhibit "C". CONSULTANT'S compensation for such
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1 Financial Advisory Services shall be payable at the closing of the debt issue(s)
2 undertaken to finance PROJECT. DISTRICT shall pay CONSULTANT within thirty
3 (30) days after receipt of appropriate invoice(s) from CONSULTANT. Except as
4 specifically provided for and stated in this Agreement or on Exhibit "C", DISTRICT shall
5 not be responsible for payment of any of CONSULTANT'S expenses related to this
6 Agreement.

7 6. TERMINATION – This Agreement may be terminated by either
8 CONSULTANT or DISTRICT upon written notice to the other party in the event of
9 substantial failure of performance by the other party or in the event DISTRICT shall elect
10 to abandon or indefinitely postpone the project. In the event DISTRICT abandons or
11 indefinitely postpones PROJECT and gives such notice of termination, DISTRICT shall
12 compensate CONSULTANT for Financial Advisory Services performed to the point of
13 abandonment as if such Financial Advisory Services were Additional Services pursuant
14 to Section 2 (AMENDMENT TO SCOPE OF SERVICES) of this Agreement, subject to
15 a maximum fee of \$0. An act of abandonment shall be deemed to have occurred when no
16 action has been taken by DISTRICT relative to the Financial Advisory Services of
17 CONSULTANT for a period of six (6) months from the date of the initial performance of
18 a service, and there has been a written notification of abandonment of PROJECT to
19 CONSULTANT by DISTRICT. In the event of termination of this Agreement, upon
20 demand, CONSULTANT shall deliver to DISTRICT all notes, studies, reports and all
21 other materials and documents prepared by CONSULTANT and provided by DISTRICT
22 in the performance of this Agreement. All such documents and materials shall be the
23 property of the DISTRICT.
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27 7. INDEPENDENT CONTRACTOR – CONSULTANT and the agents and
28 employees of CONSULTANT shall act at all times in an independent capacity during the

1 term of this Agreement and in the performance of the services to be rendered hereunder
2 and shall not act as or shall not be and shall not in any manner be considered employees
3 or agents of DISTRICT.

4 8. PERSONNEL – CONSULTANT has, or will secure, all personnel
5 required to perform the services under this Agreement. Consultant shall make available
6 other qualified personnel of the firm as may be required to complete CONSULTANT
7 services. DISTRICT has the right to approve or disapprove any proposed changes in
8 CONSULTANT'S staff providing Financial Advisory Services to DISTRICT.

9
10 9. MODIFICATION/ALTERATION – No modification or alteration in the
11 terms of this Agreement shall be valid unless amended in whole or part by mutual
12 consent of the parties. DISTRICT and CONSULTANT are not prohibited from entering
13 into separate agreements for other services.

14 10. WORK PRODUCT – CONSULTANT shall provide all data, materials,
15 analyses, reports and other documents prepared in the performance of Financial Advisory
16 Services as described in Exhibit "A". All work products or deliverables furnished under
17 this Agreement shall be and remain the sole property of DISTRICT. CONSULTANT
18 shall not publish or transfer any material produced or resulting from activities supported
19 by this Agreement without the prior written consent of the General Manager-Chief
20 Engineer. If any such material is subject to copyright or trademark, the parties agree that
21 the right to any and all copyright and/or trademark in and to the material is expressly
22 reserved to DISTRICT. If any such material is copyrighted, the parties hereto understand
23 and agree that DISTRICT reserves a royalty-free, non-exclusive, and irrevocable license
24 to reproduce, publish, and use such material, in whole or in part, and to authorize others
25 to do so, provided written credit is given the author.
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1 11. ASSIGNMENT – Neither this Agreement nor any part thereof shall be
2 assigned by CONSULTANT without the prior written consent of DISTRICT.

3 12. CONFLICT OF INTEREST – CONSULTANT covenants that it presently
4 has no interest, including but not limited to, other projects or independent contracts, and shall
5 not acquire any such interest, direct or indirect, which would conflict in any manner or
6 degree with the performance of services required to be performed under this Agreement.
7 CONSULTANT further covenants that in the performance of this Agreement, no person
8 having any such interest shall be employed or retained by it under this Agreement.

9 13. CONFIDENTIALITY OF DATA – All financial, statistical, personal,
10 technical or other data and information made available to CONSULTANT shall not be
11 disclosed (in whole or in part) by CONSULTANT to any third parties and shall be
12 protected by CONSULTANT from unauthorized use and disclosure. The only exception
13 to this shall be if disclosure is approved in advance in writing by DISTRICT or if the
14 disclosure is made to CONSULTANT'S subcontractors as anticipated by this Agreement.
15 CONSULTANT shall not issue any news release or public relations item regarding
16 designated confidential information or CONSULTANT'S work under this Agreement,
17 without prior review of the contents and written approval by DISTRICT. These same
18 requirements shall be applicable to any of CONSULTANT'S subcontractors.
19 CONSULTANT shall include the requirements stated in this section in the agreement
20 with any of its subcontractors.
21

22 14. INDEMNITY AND HOLD HARMLESS – CONSULTANT agrees to and
23 shall indemnify and hold DISTRICT, its Board of Supervisors, officers and employees
24 free and harmless from all claims, actions, damages and liabilities of whatsoever kind and
25 nature asserted or based upon any act or omission of CONSULTANT or its officers,
26 employees, agents or representatives relating to or in any way connected with the
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1 performance of services under this Agreement. As part hereof and the foregoing
2 indemnity, CONSULTANT agrees to protect and to defend at its own expense, including
3 attorneys' fees, DISTRICT, its officers and employees from any and all legal action based
4 upon any acts or omissions, as stated hereinabove, by any person or persons.

5 15. REQUIRED INSURANCE -- Without limiting or diminishing
6 CONSULTANT'S obligation to indemnify or hold DISTRICT harmless, CONSULTANT
7 shall procure and maintain or cause to be maintained, at its sole cost and expense, the
8 following insurance coverage during the term of this Agreement:
9

10 A. Workers' Compensation:

- 11 1) Statutory Workers' Compensation Insurance (Coverage A) as
12 prescribed by the laws of the State of California.
13 2) Employer's Liability (Coverage B) with policy limits not less
14 than \$1,000,000.

15 B. Commercial General Liability:

16 Comprehensive Commercial General Liability insurance coverage
17 with policy limits of not less than \$1,000,000 combined single
18 limit for bodily injury and property damage, including but not
19 limited to, premises liability, contractual liability, products and
20 completed operations liability.
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22 C. Vehicle Liability:

23 If vehicles are used in the performance of the obligations under
24 this Agreement, then CONSULTANT shall maintain liability
25 insurance for all owned, non-owned or hired vehicles so used in an
26 amount not less than \$1,000,000 per occurrence combined single
27 limit.
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D. Professional Liability:

Errors and omissions with policy limits of \$2,000,000

E. General Insurance Provisions – All Lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for the specific insurer and only for one policy term.

2) Original Certificate(s) of Insurance, satisfactory to the County of Riverside's Risk Manager, evidencing the required coverages, limits and locations of operations to which the insurance coverage applies shall be provided to DISTRICT prior to commencing work. Certificates shall name the DISTRICT, County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured. DISTRICT shall be given notice, in writing, at least thirty (30) days in advance of cancellation, modification or reduction in coverage.

16. PERMITS/LICENSES – CONSULTANT, its employees, agents, contractors and subcontractors shall possess and maintain permits and professional

1 licenses required by the laws of the State of California at all times while performing
2 services under this Agreement.

3 17. NOTICES – Any and all notices sent or required to be sent to the parties
4 of this Agreement will be mailed by first class mail, postage prepaid, to the following
5 addresses:

6 RIVERSIDE COUNTY FLOOD CONTROL
7 AND WATER CONSERVATION DISTRICT
8 1995 Market Street
9 Riverside, CA 92501

FIELDMAN, ROLAPP &
ASSOCIATES, INC.
19900 MacArthur Blvd., Suite 1100
Irvine, CA 92612
Attn: Anna V. Sarabian

10 18. JURISDICTION/LAW/SEVERABILITY – This Agreement is to be
11 construed in accordance with the laws of the State of California. If any provision of this
12 Agreement is held by a court of competent jurisdiction to be invalid, void or
13 unenforceable, the remaining provisions shall be declared severable and shall be given
14 full force and effect to the extent possible. Any legal action, in law or equity related to
15 the performance or interpretation of this Agreement shall be filed only in the Superior
16 Court of the State of California located in Riverside, California, and the parties waive any
17 provision of law providing for a change of venue to another location.

18 19. WAIVER – Any waiver by DISTRICT of any breach of any one or more
19 of the terms of this Agreement shall not be construed to be a waiver of any subsequent
20 or other breach of the same or any other term thereof. Failure on the part of DISTRICT to
21 require exact, full and complete compliance with any terms of this Agreement shall not
22 be construed as in any manner changing the terms hereof, or estopping DISTRICT from
23 enforcement hereof.

24 20. NON-DISCRIMINATION – In the performance of the terms of this
25 Agreement, CONSULTANT shall not engage in or permit its employees to engage in
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1 discrimination in the employment of persons because of the race, color, national origin or
2 ancestry, religion, physical handicap, disability as defined by the Americans with
3 Disabilities Act (ADA), medical condition, marital status or sex of such persons, in
4 accordance with the provision of California Labor Code Section 1735.

5 21. NON-APPROPRIATION OF FUNDS – It is mutually agreed and
6 understood that the obligation(s) of DISTRICT are limited by and contingent upon the
7 availability of DISTRICT funds for the payment of CONSULTANT'S fees. In the event
8 that such funds are not forthcoming for any reason, DISTRICT shall immediately notify
9 CONSULTANT in writing. This Agreement shall be deemed terminated and have no
10 further force and effect immediately on receipt of DISTRICT'S notification by
11 CONSULTANT. In the event of such termination, CONSULTANT shall be entitled to
12 reimbursement of its costs in accordance with Section 4 (COMPENSATION), Section 5
13 (PAYMENT) and Section 6 (TERMINATION).
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15 22. AMBIGUITY – In the event there is any ambiguity, inconsistency or
16 conflict between this Agreement and Exhibits "A", "B" and "C" hereto, the language
17 contained in this Agreement shall prevail.
18

19 23. DISCLOSURE – CONSULTANT does not assume the responsibilities of
20 DISTRICT, not the responsibilities of the other professionals and vendors representing
21 DISTRICT, in the provision of services and the preparation of the financing documents,
22 including initial and secondary market disclosure, for financing undertaken DISTRICT.
23 Information obtained by CONSULTANT and included in any disclosure documents is,
24 by reason of experience, believed to be accurate; however, such information is not
25 guaranteed by CONSULTANT.
26

27 24. BINDING EFFECT – Each party hereto represents and warrants that this
28 Agreement has been duly authorized and executed by it, and constitutes its valid and

binding agreement, and that any governmental approvals necessary for the performance
of this Agreement have been obtained.

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This Agreement is executed on _____
(to be filled in by Clerk of the Board)

RECOMMENDED FOR APPROVAL:



WARREN D. WILLIAMS
General Manager-Chief Engineer

**RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT**

By: _____
Marion Ashley, Chairman
Riverside County Flood Control and Water
Conservation District Board of Supervisors

ATTEST:


Kecia Harper-Ihem
Clerk of the Board

FORM APPROVED COUNTY COUNSEL
BY:  4/14/14
DALE A. GARDNER

By: _____
Deputy

(SEAL)

FIELDMAN, ROLAPP & ASSOCIATES, INC.

By:  _____
Anna V. Sarabian, Vice President

(949) 660-7308
Area Code/Phone Number

JR:mc
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**EXHIBIT A
TO
PROFESSIONAL SERVICES AGREEMENT FOR FINANCIAL ADVISOR
BY AND BETWEEN
RIVERSIDE COUNTY FLOOD CONTROL
AND WATER CONSERVATION DISTRICT
AND
FIELDMAN, ROLAPP & ASSOCIATES**

Scope of Services

A. General Services

The Consultant shall perform all the duties and services described in Section 1 (SCOPE OF SERVICES) of this Agreement and shall provide such other services as it deems necessary or advisable to accomplish the Project, consistent with the standards and practice of professional financial advisors prevailing at the time such services are rendered to the District.

The District may, with the concurrence of Consultant, expand this Agreement to include Additional Services not specifically identified within the terms of this Agreement. Any Additional Services may be described in an addendum to this Exhibit A and are subject to compensation described in Exhibit C to this Agreement.

B. Transaction Services

The Consultant shall assume primary responsibility for assisting the District in coordinating the planning and execution of each debt issue relating to the Project. Insofar as the Consultant is providing Services which are rendered only to the District, the overall coordination of the financing shall be such as to minimize the costs of the transaction coincident with maximizing the District's financing flexibility and capital market access. The Consultant's proposed debt issuance Services may include, but shall not be limited to, the following:

- Establish the Financing Objectives
- Develop the Financing Schedule
- Monitor the Transaction Process
- Review the Official Statement, both preliminary and final
- Procure and Coordinate Additional Service Providers
- Provide Financial Advice to the District Related to Financing Documents
- Compute Sizing and Design Structure of the Debt Issue
- Plan and Schedule Rating Agency Presentation and Investor Briefings
- Conduct Credit Enhancement Procurement and Evaluation
- Conduct Market Analysis and Evaluate Timing of Market Entry
- Recommend Award of Debt Issuance
- Provide Pre-Closing and Closing Assistance

Specifically, Consultant will:

1. Establish the Financing Objectives

At the onset of the financing transaction process for the Project, the Consultant shall review the District's financing needs and in conjunction with the District's management, outline the objectives of the financing transaction to be undertaken and its proposed form.

Unless previously determined, Consultant shall recommend the method of sale of debt and outline the steps required to achieve efficient market access.

2. Develop the Financing Timetable

The Consultant shall take the lead role in preparing a schedule and detailed description of the interconnected responsibilities of each team member and update this schedule, with refinements, as necessary, as the work progresses.

3. Monitor the Transaction Process

The Consultant shall have primary responsibility for the successful implementation of the financing strategy and timetable that is adopted for each debt issue relating to the Project. The Consultant shall coordinate (and assist, where appropriate) in the preparation of the legal and disclosure documents and shall monitor the progress of all activities leading to the sale of debt. The Consultant shall prepare the timetables and work schedules necessary to achieve this end in a timely, efficient and cost-effective manner and will coordinate and monitor the activities of all parties engaged in the financing transaction.

4. Review the Official Statement

Upon direction of the District, the Consultant shall review the official statement for each debt issue relating to the Project to insure that the District's official statement is compiled in a manner consistent with industry standards.

5. Procure and Coordinate Additional Service Providers

The Consultant will prepare upon direction from the District a request for proposals for underwriting services and will assist the District with the evaluation of underwriter proposals and selection of an underwriter for this financing.

In addition, should the District desire, the Consultant may act as District's representative in procuring the services of financial printers for the official statement and related documents, and for the printing of any securities. In addition, the Consultant may act as the District's representative in procuring the services of trustees, paying agents, fiscal agents, feasibility consultants, redevelopment consultants, or escrow verification agents or other professionals, if the District directs.

6. Provide Financial Advice to the District Relating to Financing Documents

Simultaneous with the review of official statements for each debt issue relating to the Project, the Consultant shall assist the managing underwriters, bond counsel and/or other legal advisors in the drafting of the respective financing resolutions, notices and other legal documents. In this regard, the Consultant shall monitor document preparation for a consistent and accurate presentation of the recommended business terms and financing structure of each debt issue relating to the Project, it being specifically understood however that the Consultant's services shall in no manner be construed as the Consultant engaging in the practice of law.

7. Compute Sizing and Design Structure of Debt Issue

The Consultant shall work with the District's staff to design a financing structure for each debt issue relating to the Project that is consistent with the District's objectives, that coordinates each transaction with outstanding issues and that reflects current conditions in the capital markets.

8. Plan and Schedule Rating Agency Presentation and Investor Briefings

The Consultant shall develop a plan for presenting the financing program to the rating agencies and the investor community. The Consultant shall schedule rating agency visits, if appropriate; to assure the appropriate and most knowledgeable rating agency personnel are available for the presentation and will develop presentation materials and assist the District officials in preparing for the presentations.

9. Conduct Credit Enhancement Evaluation and Procurement

Upon the District's direction, and if applicable, the Consultant will initiate discussions with bond insurers, letter of credit providers and vendors of other forms of credit enhancements to determine the availability of and cost benefit of securing financing credit support.

10. Conduct Market Analysis and Evaluate Timing of Market Entry

The Consultant shall provide regular summaries of current municipal market conditions, trends in the market and how these may favorably or unfavorably affect the District's proposed financing.

a. Competitive Sales

For all types of competitive sale of debt, the Consultant shall undertake such activities as are generally required for sale of securities by competitive bid including, but not limited to the following:

- Review and comment on terms of Notice of Sale Inviting Bids
- Provide advice on debt sale scheduling
- Provide advice on the use of electronic bidding systems
- Coordinate bid opening with the District officials
- Verify bids received and make recommendations for acceptance
- Provide confirmation of issue sizing, based upon actual bids received, where appropriate
- Coordinate closing arrangements with the successful bidder(s)

b. Negotiated Sales

In the case of a negotiated sale of debt, the Consultant shall perform a thorough evaluation of market conditions preceding the negotiation of the terms of the sale of debt and will assist the District with the negotiation of final issue structure, interest rates, interest cost, reoffering terms and gross underwriting spread and provide a recommendation on acceptance or rejection of the offer to purchase the debt. This assistance and evaluation will focus on the following areas as determinants of interest cost:

- Size of financing
- Sources and uses of funds
- Terms and maturities of the debt issue
- Review of the rating in pricing of the debt issue
- Investment of debt issue proceeds
- Distribution mix among institutional and retail purchasers
- Interest rate, reoffering terms and underwriting discount with comparable issues
- Redemption provisions

11. Recommend Award of Debt Issuance

Based upon activities outlined in Task 10(a) and 10(b) above, the Consultant will recommend accepting or rejecting offers to purchase the debt issue. If the District elects to award the debt issue, the Consultant will instruct all parties and help facilitate the actions required to formally consummate the award.

12. Provide Pre-Closing and Closing Activities

The Consultant shall assist in arranging for the closing of each financing. The Consultant shall assist counsel in assuming responsibility for such arrangements as they are required, including arranging for or monitoring the progress of bond printing, qualification of issues for book-entry status, signing and final delivery of the securities and settlement of the costs of issuance.

13. Other Activities

The Consultant will be available for other financial consultations and advise, as requested by District staff, the Debt Advisory Committee (DAC) or the Board of Supervisors.

C. Continuing Disclosure Services

The Consultant shall assist the District with the preparation and review of its annual Disclosure Reports.

**EXHIBIT B
TO
PROFESSIONAL SERVICES AGREEMENT FOR FINANCIAL ADVISOR
BY AND BETWEEN
RIVERSIDE COUNTY FLOOD CONTROL
AND
FIELDMAN, ROLAPP & ASSOCIATES**

Additional Services

Additional Services include, but are not limited to, the following:

1. Assisting the District in obtaining enabling legislation or conducting referendum elections.
2. Extraordinary services and extensive computer analysis in the structuring or planning of any debt issue or financing program.
3. The repeat of any element of a service described in Exhibit A to this Agreement which is made necessary through no fault of Consultant.
4. Financial management services, including development of financial policies, capital improvement plans, economic development planning, credit analysis or review and such other services that are not ordinarily considered within the scope of services described in Exhibit A to this Agreement.
5. Services rendered in connection with any undertaking of the District relating to a continuing disclosure agreement entered into in order to comply with Securities and Exchange Commission Rule 15c2-12 or other similar rules.
6. Services rendered to the District in connection with calculations or determination of any arbitrage rebate liability to the United States of America arising from investment activities associated with debt issued to fund the Project.

**EXHIBIT C
TO
PROFESSIONAL SERVICES AGREEMENT FOR FINANCIAL ADVISOR
BY AND BETWEEN
RIVERSIDE COUNTY FLOOD CONTROL
AND
FIELDMAN, ROLAPP & ASSOCIATES**

Compensation and Expenses

Transaction Based Compensation

For Services referenced in Section 1 (SCOPE OF SERVICES) of this Agreement, the Consultant will be compensated in the amount of \$42,500, which shall include all Consultants' expenses related to this financing.

Payment of compensation earned by Consultant pursuant to this Part 1 shall be contingent on, and payable at the closing of the debt issue(s) undertaken to finance the Project.

Continuing Disclosure Services

For Continuing Disclosure Services referenced in Section 2 (AMENDMENT TO SCOPE OF SERVICES) of this Agreement, the Consultant will be compensated at a cost not to exceed \$1,500.

Expenses

Any expenses will be included in the contingent fee.

Limiting Terms and Conditions

The above compensation is based on completion of work orders within twelve months of the District's authorization to proceed, and assumes that the District will provide all necessary information in a timely manner.

The fee shown above in Part 1 presumes attendance at meetings as needed in the District's offices or such other location within a 25-mile radius of the District place of business as the District may designate.

Abandonment

If, once commenced, the services of the Consultant are terminated prior to completion of our final report for any reason; the Consultant will be compensated for professional services and reimbursed for expenses incurred through the time of receiving notification of such termination, subject to a maximum charge of \$0.

PROFESSIONAL SERVICES AGREEMENT

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2 RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION
3 DISTRICT, hereinafter called DISTRICT, and BEST BEST & KRIEGER LLP,
4 hereinafter called CONSULTANT, hereby agree as follows:

5 1. PROJECT – Services as bond counsel and disclosure counsel furnished
6 hereunder pertain to DISTRICT'S proposed sale and issuance of notes payable from Zone
7 4 revenues pursuant to Section 48-14.2 of the California Water Code Appendix
8 associated therewith.

9
10 2. SCOPE OF SERVICES – CONSULTANT shall provide professional
11 legal services in regard to (i) preparation of such legislative approvals of District and
12 such other legal documents necessary for the proper sale and delivery of the Notes,
13 hereinafter called "Bond Counsel Services", both as described in Attachment "A" hereto
14 and made a part hereof, and (ii) preparation of a preliminary official statement and a final
15 official statement, together with a continuing disclosure agreement, and a bond purchase
16 contract on behalf of District, hereinafter called "Disclosure Counsel Services", as
17 described in Attachment "A" hereto.

18
19 3. TIME FOR PERFORMANCE – As stated in Attachment "A" hereto, at
20 the request of DISTRICT, CONSULTANT has commenced performance of the services.
21 CONSULTANT shall diligently perform the services to full completion.

22 4. KEY ATTORNEY – Kim Byrens shall be the lead attorney assigned to
23 perform the work under this Agreement. Additional attorneys may be designated by Ms.
24 Byrens in a support role however any change to the lead attorney assignment requires
25 prior written approval of DISTRICT.
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5. COMPENSATION

A. Bond Counsel Services – For Bond Counsel Services, CONSULTANT'S compensation with respect to each series of Bonds shall be in accordance with the schedule set forth on Attachment "B".

B. Disclosure Counsel Services – For Disclosure Counsel Services, CONSULTANT'S compensation with respect to each series of Bonds shall be in accordance with the schedule set forth on Attachment "B".

6. PAYMENT

Bond Counsel and Disclosure Counsel Services – Upon issuance of each series of Notes, DISTRICT shall pay CONSULTANT in accordance with the schedule set forth in Attachment "B". CONSULTANT'S compensation for such professional legal services in connection with the issuance of each series of Notes shall be payable solely from the proceeds of the sale of the Notes.

7. LICENSES – CONSULTANT'S attorneys who perform services under this Agreement shall maintain professional licenses required by the laws of the State of California at all times while performing services under this Agreement.

8. NOTICES – Any and all notices sent or required to be sent to the parties of this Agreement will be mailed by first class mail, postage prepaid, to the following addresses:

RIVERSIDE COUNTY FLOOD
CONTROL
AND WATER CONSERVATION
DISTRICT
1995 Market Street
Riverside, CA 92501

BEST BEST AND KRIEGER LLP
3390 University Avenue, 5th Floor
Riverside, CA 92501
Attn: Kim A. Byrens

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9. REQUIRED INSURANCE – Without limiting or diminishing CONSULTANT'S obligation to indemnify or hold DISTRICT harmless, CONSULTANT shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage during the term of this Agreement:

A. Workers' Compensation:

If CONSULTANT has employees as defined by the State of California, CONSULTANT shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employer's Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. Policy shall be endorsed to waive subrogation in favor of DISTRICT and, if applicable, to provide a Borrowed Servant/Alternate Employer endorsement.

B. Commercial General Liability:

Commercial General Liability insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of CONSULTANTS performance of its obligations hereunder. Policy shall name the DISTRICT, County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured. Policy's limit of liability shall not be less than \$1,000,000 per occurrence combined single limit. If such

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insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit.

C. Vehicle Liability:

If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then CONSULTANT shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement of not less than two (2) times the occurrence limit. Policy shall name the DISTRICT, County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insured.

D. Professional Liability:

CONSULTANT shall maintain Professional Liability Insurance providing coverage for CONSULTANT'S performance of professional legal services pursuant to this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate. If CONSULTANT'S Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and CONSULTANT shall purchase at its sole expense either 1) an extended reporting endorsement (also known as Tail Coverage); or 2) Prior Dates coverage from a new insurer with a retroactive date back to the date of, or prior to, the inception of this

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Agreement; or 3) demonstrate through certificates of insurance that CONSULTANT has maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will continue for a period of three (3) years beyond the termination of this Agreement.

E. General Insurance Provisions – All Lines:

1) Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for the specific insurer and only for one policy term.

2) CONSULTANT'S insurance carrier(s) must declare its insurance self-insured retentions. If such self-insured retentions exceed \$500,000 per occurrence such retentions shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retentions which are deemed unacceptable to DISTRICT, at the election of the County's Risk Manager, CONSULTANT'S carriers shall either 1) reduce or eliminate such self-insured retentions with respect to this Agreement with DISTRICT; or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses.

3) CONSULTANT shall cause its insurance carrier(s) to furnish DISTRICT with 1) a properly executed original certificate(s) of

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insurance and original certified copies of endorsements effecting coverage as required herein; or 2) if requested to do so orally or in writing by the County Risk Manager, provide original certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that no less than thirty (30) days written notice be given to DISTRICT prior to any material modification, cancellation, expiration, or reduction in coverage of such insurance. In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless DISTRICT receives, prior to such effective date, another properly executed original certificate of insurance and original copies of endorsements or original certified policies, including all endorsements and attachments thereto, evidencing coverage's set forth herein and the insurance required herein is in full force and effect. Individual(s) authorized by the insurance carrier to do so, on its behalf shall sign the original endorsements for each policy and the certificate of insurance. CONSULTANTS shall not commence operations until DISTRICT has been furnished with original certificate(s) of insurance and certified original copies of endorsements and, if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section.

4) It is understood and agreed by the parties hereto and CONSULTANT'S insurance carrier(s) that the certificate(s) of insurance

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and policies shall so covenant and shall be construed as primary insurance and DISTRICT'S insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

5) If during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or there is a material change in the equipment to be used in the performance of the scope of work which will add additional exposures (such as the use of aircraft, watercraft, cranes, etc.); or the term of this Agreement, including any extensions thereof, exceeds five (5) years, the DISTRICT reserves the right to adjust the types of insurance required under this Agreement and the monetary limits of liability for the insurance coverage currently required herein, if in the County Risk Manager's reasonable judgment, the amount of type of insurance carried by CONSULTANT has become inadequate.

6) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the DISTRICT.

7) The CONSULTANT shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

8) CONSULTANT agrees to notify DISTRICT of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

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10. INDEMNITY AND HOLD HARMLESS – CONSULTANT agrees to and shall indemnify and hold DISTRICT, its Board of Supervisors, officers and employees free and harmless from all claims, actions, damages and liabilities of whatsoever kind and nature asserted or based upon any negligent act or omission of CONSULTANT or its attorneys relating to or in any way connected with the performance of services under this Agreement which have been determined to be malpractice. As part hereof and the foregoing indemnity, CONSULTANT agrees to protect and to defend at its own expense, including attorneys' fees, DISTRICT, its officers and employees from any and all legal action based upon any acts or omissions, as stated hereinabove, by any person or persons.

11. TERMINATION – This Agreement may be terminated by either CONSULTANT or DISTRICT upon written notice to the other party in the event of substantial failure of performance by the other party or in the event DISTRICT shall elect to abandon or indefinitely postpone the project. In the event DISTRICT abandons or indefinitely postpones the project and gives such notice of termination, DISTRICT shall make payment for all services performed in accordance with this Agreement up to and including the date written notice of termination is received by CONSULTANT. DISTRICT shall make payment for all services performed to the date of written notice in accordance with the standard rates set forth on Attachment "B". In the event of termination of this Agreement, upon demand, CONSULTANT shall deliver to DISTRICT all notes, studies, reports, plans, drawings and all other materials and documents prepared by CONSULTANT and provided by DISTRICT in the performance of this Agreement. All such documents and materials shall be the property of the DISTRICT.

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12. ASSIGNMENT – Neither this Agreement nor any part thereof shall be assigned by CONSULTANT without the prior written consent of DISTRICT.

13. NON-APPROPRIATION OF FUNDS – It is mutually agreed and understood that the obligation(s) of DISTRICT are limited by and contingent upon the availability of DISTRICT funds from Developer advances and proceeds of the sale or of bonds or notes of Zone 4 for the payment of CONSULTANT'S fees. In the event that such funds are not forthcoming for any reason, DISTRICT shall immediately notify CONSULTANT in writing. This Agreement shall be deemed terminated and have no further force and effect immediately on receipt of DISTRICT'S notification by CONSULTANT. In the event of such termination, CONSULTANT shall be entitled to reimbursement of its costs in accordance with Section 4 (COMPENSATION).

14. NON-DISCRIMINATION – In the performance of the terms of this Agreement, CONSULTANT shall not engage in or permit its employees to engage in discrimination in the employment of persons because of the race, color, national origin or ancestry, religion, physical handicap, disability as defined by the Americans with Disabilities Act (ADA), medical condition, marital status or sex of such persons, in accordance with the provision of California Labor Code Section 1735.

15. AMBIGUITY – In the event there is any ambiguity, inconsistency or conflict between this Agreement and Attachments "A" and "B" hereto, the language contained in this Agreement shall prevail.

[Balance of this page intentionally left blank.]

This Agreement is executed on _____
(to be filled in by Clerk of the Board)

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RECOMMENDED FOR APPROVAL:

**RIVERSIDE COUNTY FLOOD
CONTROL AND WATER
CONSERVATION DISTRICT**



WARREN D. WILLIAMS
General Manager-Chief Engineer

By: _____
Marion Ashley, Chairman
Riverside County Flood Control and
Water Conservation District Board of
Supervisors

ATTEST:

Keicia Harper-Ihem
Clerk of the Board

FORM APPROVED COUNTY COUNSEL
BY: DALE A. GARDNER 4/14/14 DATE

By: _____
Deputy

(SEAL)

BEST BEST & KRIEGER LLP

By: Kim Byrens
Kim A. Byrens, Partner

(951) 686-1450
Area Code/Phone Number

JR:mc
P8/159616

ATTACHMENT "A"

DESCRIPTION OF SERVICES AND METHOD OF COMPENSATION

Bond Counsel

Consultant will meet with District staff to discuss any preliminary actions to be taken, supervising the sale of bonds and providing our final approving opinion; drafting and reviewing legal documentation; participating in meetings; preparing presentations for rating agencies and investors; and reviewing the official statements for the financings.

Subject to completion of a bond issue to Consultant's satisfaction, Consultant will issue approving legal opinion to District to the effect that all proceedings had been legally undertaken for the authorization, issuance, sale and delivery of the bonds or notes, and that the interest on the bonds or notes is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. Consultant will issue appropriate reliance letters, supplemental opinions and provide non-arbitrage and other closing certificates as might be necessary or appropriate.

Upon closing of a bond issue, Consultant will timely prepare and deliver to all involved parties a complete bond transcript. After closing, we will be available to confer and consult with District staff with respect to issues which may arise during the period of servicing and payment of the bonds or notes, and provide any and all other services commonly expected of Consultant.

Disclosure Counsel

Consultant will prepare the drafts of a Preliminary Official Statement relating to the sale of the bonds or notes and advise the District as to the scope of disclosure, the sources of all information, and its compliance with applicable securities laws; attend administrative or financing team meetings at which the financing is discussed when requested to attend or when attendance is deemed necessary; facilitate the printing of the Preliminary and Final Official Statements; any additional support or documentation related to the role of Consultant and required for closing and ongoing advice on continuing disclosure requirements and prepare certificates and agreements to comply with applicable securities laws.

Disclosure counsel services include the following:

- Review District's disclosure program and its compliance;
- Assemble and prepare preliminary and final official statement;
- Review, for disclosure purposes, any intended investment arrangement for the proceeds of the proposed bonds or notes;
- Review legal documents and approving resolutions prepared by bond counsel for disclosure purposes and in particular review compliance with the disclosure of Rule 15c2-12;

- Undertake such independent inquiry as may be necessary at the time of initial offering to render an appropriate disclosure opinion. This would likely include meetings with the management staff of District and District's financial consultant at which oral and written inquiries and requests for information can be directed to the participants and prepare a discussion of the project and the expected cost. We would also discuss other funding sources of District's project costs;
- Review materials to be distributed at any investor presentations;
- We would render an appropriate disclosure counsel opinion which will describe the nature of our review and inquiries and indicate that the issuer has appropriately disclosed all material information with respect to the financing in the disclosure document; and
- Provide, as required, legal advice with respect to an "event" disclosure under Rule 15c2-12.

Additionally, we would review District's process for approval of the Official Statement and make such recommendations, if necessary, to comply with the anti-fraud provisions of the 1933 Act, in light of recent actions against tax-exempt issuers by the SEC.

ATTACHMENT "B"

COMPENSATION

For bond counsel and disclosure counsel services in connection with the Zone 4 Notes, BB&K will be compensated from proceeds of the bonds upon their issuance as discussed below.

Bond Counsel

We assume that the sale price of the notes will be approximately \$20 million. Our fee will be \$60,000, assuming that the issue closes in the fall of 2014.

For investment agreements, derivative transactions or interest rate swaps relating to any bond issue, a separate fee may be charged depending on the type of derivative.

Disclosure Counsel

Assuming that the sale price of the bonds to be issued will be approximately \$20 million, our fee will be \$35,000.

Reimbursement

Consultant makes no separate charge for secretarial or other administrative charges. Consultant's fees include all routine word processing, secretarial and office costs associated with the provision of legal services, including facsimile transmittals and voicemails.

Reimbursement of costs advanced by Consultant on behalf of District, as well as other expenses, will be billed in addition to the amount billed for fees. These currently include, but are not limited to, automobile mileage at the IRS rate to locations outside Riverside County, actual expenses away from our office on your business, long distance telephone calls at actual cost, extraordinary photocopy charges at \$0.25/page, any costs of printing the preliminary and final official statements, producing or reproducing photographs, documents, and other items necessary for legal representation including computer research. Additionally, costs advanced include the preparation of transcript books and CD ROMs for each transaction. Generally, the total expense is approximately \$2,500, not including travel for any presentations to investors, rating agencies or bond insurance companies. Travel outside Riverside County and any expense item exceeding \$500 require prior approval of the District.