



STANDARD AGREEMENT

(version 2-20-2018)

This AGREEMENT ("Agreement") is entered by and between **MuniCap, Inc.** ("Contractor"), located at **222 W. Las Colinas Blvd., Suite 1650E, Irving, Texas 75039** and **City of League City** ("City"), a municipal corporation, located at 300 W. Walker, League City, Texas 77573 on the date set forth below.

Terms:

1. **Scope of Services:** Contractor will perform the designated services and/or provided the designated products, as set forth in **Exhibit A**, which is attached and incorporated herein, and which can be generally described as **administrative services for the public improvement districts of League City**. If there is a conflict between the terms of this Agreement and Exhibit A, the terms of this Agreement will prevail.
2. **Term and Termination:** This Agreement shall begin on **September 1, 2018** and shall terminate on **August 31, 2021**. This City reserves the right to terminate this Agreement for convenience upon seven (7) days-notice to the Contractor. Upon such termination, the City shall pay Contractor, at the rate set out in **Exhibit A**, for services satisfactorily performed or products satisfactorily provided up through the date of termination. Notwithstanding any provision in this Agreement to the contrary, the City will not be required to pay or reimburse Contractor for any services performed or for expenses incurred by Contractor after the date of the termination notice that could have been avoided or mitigated by Contractor. This Agreement is eligible for **2** renewal option(s) with a term of **1** year.
3. **Compensation:** Contractor shall be paid for the services, as set forth in **Exhibit A**, attached and incorporated for all purposes. In no event shall the total compensation exceed **\$276,000** during the term of this Agreement. The City shall pay Contractor in accordance with the Texas Government Code 2251. Contractor must submit invoices for all services, which invoices must include dates of service and details of services provided. Payment for delivery of services rendered shall not be unreasonably withheld or delayed. If the City disapproves any amount submitted for payment by Contractor, the City shall give Contractor specific reasons for disapproval in writing. Upon resolution of any disputed charges, Contractor shall submit an amended invoice covering any remaining charges to the City.
4. **Insurance:** The Contractor **is** required to maintain insurance through the term of this Agreement.

If required by the City, Contractor shall maintain Comprehensive General Liability insurance coverage of \$1,000,000 per occurrence or medical malpractice insurance (whichever applies) throughout the entire term of the Agreement. If at any point during the Agreement, Contractor will enter City property, Contractor shall also maintain the following insurance: (i) Worker's Compensation coverage with statutory limits for the State of Texas, including Employers Liability coverage of \$500,000 per accident; (ii) Commercial Automobile Liability coverage of \$1,000,000 Combined Single Limit; (iii) for engineers and architects only: Professional Liability coverage of \$5,000,000 per occurrence; and (iv) for builders only: Builder's Risk coverage in the amount of the construction cost, including protection against named windstorm and flood. All policies must contain a waiver of subrogation against City. Comprehensive General Liability and Commercial Automobile Liability policies must name the City as Additional Insured. Contractor shall pay all insurance deductibles and deductibles must not exceed \$10,000 unless approved in advance by City. Contractor shall provide City Certificates of Insurance evidencing these insurance requirements prior to the start of work.

5. **Independent Contractor:** Contractor is an independent contractor and is not an employee, partner, joint venture, or agent of the City. Contractor understands and agrees that he/she will not be entitled to any benefits generally available to City of League City employees. Contractor shall be responsible for all expenses necessary to carry out the services under this Agreement and shall not be reimbursed by the City for such expenses except as otherwise provided in this Agreement.
6. **Intellectual Property:** This Agreement shall be an Agreement for services and the parties intend and consider any work created as a result of this Agreement, including any and all documentation, images, products or results, to be a work for hire under federal copyright law. Ownership of the work shall belong to and remain the exclusive property of the City. The work may be edited at any time within the City's discretion. If the work would not be considered a work-for-hire under applicable law, Contractor hereby assigns, transfers, and conveys any and all rights, title and interest to City of League City, including without limitation all copyrights, patents, rights of reproduction, rights to ownership, and right to secure registrations, renewals, reissues and extensions thereof. As the sole copyright holder of the work, the City maintains and asserts the rights to use, reproduce, make derivative works from, and/or edit the Work in any form of medium, expression or technology now known or hereafter developed, at any time within the City's discretion. Contractor shall not sell, disclose or obtain any other compensation for the services provided herein. If the work is one to which the provisions of 17 U.S.C. § 106A apply, the Contractor hereby waives and appoints the City to assert on the Contractor's behalf the Contractor's moral rights or any equivalent rights regarding the form or extent of any alteration to the work (including, without limitation, removal or destruction) or the making of any derivative works based on the Work, including, without limitation, photographs, drawings or other visual reproductions of the work, in any medium, for the City's purposes.
7. **Confidentiality:** During the course of the work and/or services to be provided under this Agreement, Contractor may come in contact with confidential information of the City. Contractor agrees to treat as confidential the information or knowledge that becomes known to Contractor during performance of this Agreement and not to use, copy, or disclose such information to any third party unless authorized in writing by the City. This provision does not restrict the disclosure of any information that is required to be disclosed under applicable law. Contractor shall promptly notify the City of any misuse or unauthorized disclosure of its confidential information and upon expiration of this Agreement shall return to the City all confidential information in Contractor's possession or control. Contractor shall further comply with all information security policies of the City that may apply and shall not make any press releases, public statements or advertisement referring to the services provided under this Agreement or the engagement of Contractor without the prior written approval of the City.
8. **Warranties and Representations:** Contractor warrants and agrees that Contractor shall perform the Services and conduct all operations in conformity with all applicable federal, state, and local laws, rules, regulations, and ordinances. For any Service performed on premises owned or controlled by the City, Contractor warrants and agrees that Contractor will perform the Services in compliance with all City Rules, including but not limited to, prohibitions related to tobacco use, alcohol, and other drugs.
9. **Licenses/Certifications:** Contractor represents and warrants that it will obtain and maintain in effect, and pay the cost of all licenses, permits or certifications that may be necessary for Contractor's performance of this Agreement. If Contractor is a business entity, Contractor warrants, represents, covenants, and agrees that it is duly organized, validly existing and in good standing under the laws of the state of its incorporation; and is duly authorized and in good standing to conduct business in the State of Texas, that it has all necessary power and has received all necessary approvals to execute and deliver the Agreement and is authorized to execute this Agreement according to its terms on behalf of Contractor.
10. **Performance/Qualifications:** Contractor agrees and represents that Contractor has the personnel, experience, and knowledge necessary to qualify Contractor for the particular duties to be performed under this Agreement. Contractor warrants that all services performed under this Agreement shall be performed consistent with generally prevailing professional or industry standards.

11. **Conflict of Interest:** Contractor warrants, represents, and agrees that Contractor presently has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with Contractor's performance of the Services hereunder. Contractor further warrants and affirms that no relationship or affiliation exists between Contractor and the City that could be construed as a conflict of interest with regard to this Agreement.
12. **INDEMNIFICATION:** **CONTRACTOR SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE CITY, AND EACH OF ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES FROM AND AGAINST ALL CLAIMS, ACTIONS, SUITS, DEMANDS, PROCEEDINGS, COSTS, DAMAGES AND LIABILITIES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND REASONABLE LITIGATION COSTS, RESULTING FROM ANY ACTS OR OMISSIONS OF CONTRACTOR OR ANY AGENT, EMPLOYEE, SUBCONTRACTOR, OR SUPPLIER OF CONTRACTOR IN THE EXECUTION OR PERFORMANCE OF THIS CONTRACT, TO THE EXTENT THE CLAIM ARISES FROM NEGLIGENCE, WILLFUL ACT, BREACH OF CONTRACT OR VIOLATION OF LAW. THE CONTRACTOR IS ENTITLED TO RELY ON THE INFORMATION PROVIDED BY THE CITY. INDEMNIFICATION IS LIMITED TO THE SERVICES PROVIDED BY THE CONTRACTORS AS SET FORTH IN THE SCOPE OF SERVICES AND ALLOWS THE CONTRACTOR TO USE THE INFORMATION PROVIDED TO THE CONTRACTOR.**
13. **Force Majeure:** Neither the City nor Contractor shall be liable for any delay in the performance of this Agreement, nor for any other breach, nor for any loss or damage arising from uncontrollable forces such as fire, theft, storm, war, or any other force majeure that could not have been reasonably avoided by exercise of due diligence.
14. **Notices:** Any notice given under this contract by either party to the other may be affected either by personal delivery in writing or by mail, registered or certified postage prepaid with return receipt requested. Mailed notices shall be addressed to the addresses of the parties as they appear in the contract. Notices delivered personally shall be deemed communicated at the time of actual receipt. Mailed notice shall be deemed communicated three (3) days after mailing.
15. **Texas Family Code Child Support Certification:** Pursuant to Section 231.006, *Texas Family Code*, Contractor certifies that it is not ineligible to receive the award of or payments under the Agreement and acknowledges that the Agreement may be terminated, and payment may be withheld if this certification is inaccurate.
16. **State Auditor:** Contractor understands that acceptance of funds under the Agreement constitutes acceptance of the authority of the Texas State Auditor's Office, or any successor agency (collectively, "Auditor"), to conduct an audit or investigation in connection with those funds. Contractor agrees to cooperate with the Auditor in the conduct of the audit or investigation, including without limitation providing all records requested. Contractor will include this provision in all contracts with permitted subcontractors.
17. **Jurisdiction:** Any disputes under this Agreement shall be brought in a court of competent jurisdiction in Galveston, Texas and governed by Texas law.

18. **Alternative Dispute Resolution:** To the extent that Chapter 2260, Texas Government Code, is applicable to this Contract and is not preempted by other applicable law, the dispute resolution process provided for in Chapter 2260 and the related rules adopted by the Texas Attorney General Pursuant to Chapter 2260, shall be used by the City and the Contractor to attempt to resolve any claim for breach of contract made by Contractor that cannot be resolved in the ordinary course of business. The Director of Finance of the City shall examine Contractor's claim and any counterclaim and negotiate with Contractor in an effort to resolve such claims. The parties hereto specifically agree that (i) neither the occurrence of an event giving rise to a breach of contract claim nor the pendency of a claim constitute grounds for the suspension of performance by Contractor, (ii) neither the issuance of this Contract by the City nor any other conduct, action or inaction of any representative of the City relating to this contract constitutes or is intended to constitute a waiver of the City's or the state's sovereign immunity to suit; and (iii) the City has not waived its right to seek redress in the courts.
19. **Entire Agreement:** This Agreement contains the entire Agreement between the parties and supersedes all prior agreements, arrangements, and understanding, oral or written between the parties relating to this Agreement. This Agreement may not be modified except by mutual written agreement of the parties executed subsequent to this Agreement.
20. **Eligibility to Receive Payment:** Contractor certifies that, as a matter of State law, it is not ineligible to receive the Agreement and payments pursuant to the Agreement and acknowledges that the Agreement may be terminated, and payment withheld if this representation is inaccurate.
21. **Payment of Debt/Delinquency to State:** Contractor certifies that it is not indebted to the City of League City and is current on all taxes owed to the City of League City. Contractor agrees that any payments owing to Contractor under the Agreement may be applied directly toward any debt or delinquency that Contractor owes the City of League City regardless of when it arises, until such debt or delinquency is paid in full.
22. **Products and Materials Produced in Texas:** If Contractor will provide services under the Agreement, Contractor covenants and agrees that in performing its duties and obligations under the Agreement, it will purchase products and materials produced in Texas when such products and materials are available at a price and delivery time comparable to products and materials produced outside of Texas.
23. **Risk of Loss:** If applicable, all work performed by Contractor pursuant to the Agreement will be at Contractor's exclusive risk until final and complete acceptance of the work by City. In the case of any loss or damage to the work prior to City's acceptance, such loss or damage will be Contractor's responsibility.
24. **Publicity:** Contractor shall not use City's name, logo or likeness in any press release, marketing materials or other public announcement without receiving City's prior written approval.
25. **Legal Construction/Severability:** In the event that any one or more of the provisions contained in this contract shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision, and this contract shall be construed as if such invalid, illegal or unenforceable provisions had never been contained in it. To this end, the provisions of this contract are declared to be severable. The Parties may mutually agree to renegotiate the contract to cure such illegality/invalidity or unconstitutionality if such may be reasonably accomplished.
26. **Limitations:** The Parties are aware that there are constitutional and statutory limitations on the authority of City to enter into certain terms and conditions of the Agreement, including, but not limited to, those terms and conditions relating to liens on City's property; disclaimers and limitations of warranties; disclaimers and limitations of liability for damages; waivers, disclaimers and limitations of legal rights, remedies, requirements and processes; limitations of periods to bring legal action; granting control of litigation or settlement to another party; liability for acts or omissions of third parties; payment of attorneys' fees; dispute resolution; indemnities; and confidentiality (collectively, the "Limitations"), and terms and

conditions related to the Limitations will not be binding on City except to the extent authorized by the laws and Constitution of the State of Texas.

27. **Sovereign Immunity:** Except as otherwise provided by Texas law, neither the execution of the Agreement by City nor any other conduct, action or inaction of any City representative relating to the Agreement is a waiver of sovereign immunity by City.
28. **Authority:** Contractor warrants and represents that Contractor has full power and authority to enter into and perform this Agreement and to make the grant of rights contained herein. The person signing on behalf of the City represents that he/she has authority to sign this Agreement on behalf of City.
29. **Non-Waiver:** No covenant or condition of this Agreement may be waived except by written consent of the waiving party. Forbearance or indulgence by one party in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by the other party.
30. **Prohibition on Boycotting Israel:** Pursuant to Section 2270.002, Texas Government Code, by executing this Agreement Contractor verifies that Contractor: (1) does not boycott Israel; and (2) will not boycott Israel during the term of this Agreement.
31. **Prohibition Against Business with Iran, Sudan or Foreign Terrorists Organizations:** Contractor warrants, covenants, and represents that Contractor is not engaged in business with Iran, Sudan, or any company identified on the list referenced in Section 2252.152, Texas Government Code.

Executed on this ____ day of _____, _____. *(date to be filled in by City Secretary)*

MUNICAP, INC. - "Contractor"

Keenan S. Rice, President

CITY OF LEAGUE CITY – "City"

John Baumgartner, City Manager

Attest:

Diana Stapp, City Secretary

Approved as to Form:

Office of the City Attorney

Exhibit A

Scope of Services/Description of Products
(9 number of pages, including this page)

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Exhibit A

Administrator's Scope of Services

Administrator shall provide services to the City for the District in accordance with this scope of services. There are eight sections to this scope of services relating to eight general types of administrative services provided. These eight sections are as follows: (i) administrative support services related to the special assessments, (ii) delinquency management, (iii) prepayment of special assessments, (iv) homebuyer disclosure, (v) continuing disclosure, (vi) compliance monitoring, (vii) arbitrage rebate services, and (viii) tax reporting and accounting services. The specific services to be provided by Administrator are as follows:

I. ADMINISTRATIVE SUPPORT SERVICES RELATED TO THE SPECIAL ASSESSMENTS

Administrative and management support services are those services associated with the annual determination of the special assessments to be collected from the property subject thereto, updating the Service and Assessment Plan and the special assessment roll, management of Assessment funds and accounts, and providing public information.

A. Calculate and Allocate the Annual Installment

This task entails determining the Annual Installment to be collected from each parcel and includes the following sub-tasks:

1. Background Research

This task involves gathering and organizing the information required to form a database necessary to calculate and to allocate the Annual Installment and includes the following:

- a. Subdivision Research:** Identify parcel subdivisions and any other information relevant to collection of the Annual Installments.
- b. Assessor's Parcel Research:** Upon publication of property tax roll, review assessor parcel maps to compile a list of the assessor's parcels that will be valid for the collection of the Annual Installments and determine the assessed value of each parcel.
- c. Ownership/Exempt Property Research:** Research changes in ownership, dedication, and offers of dedication of property to public agencies and other exempt uses. Identify date property conveyed or offered to exempt entities.
- d. Database Management:** Prepare database to include all relevant property characteristics for the parcels in the District.

2. Calculate the Annual Installment to be Collected

This task involves calculating the Annual Installment to be collected and includes the following sub-tasks:

- a. Preparation of Budget:** Prepare a budget for the District for the subsequent fiscal year.
- b. Calculate Other Funds Available:** Calculate other funds available income to be applied to the budget.
- c. Allocate Annual Assessment to the Assessed Property:** Allocate the Annual Installment to be collected to the Assessed Property in the District on the basis of the SAP.

3. Determine Amendments to the Annual Assessment Roll

This task involves determining the amendments to the Annual Assessment Roll and making those amendments pursuant to the SAP.

4. Revising Service and Assessment Plan

This task involves updating the SAP to explain the research, methodology, and assumptions utilized in the preparation of the budget, the Annual Installments to be collected, the allocation of the Annual Installment to be collected from the Assessed Property, and the amendments to the Annual Assessment Roll.

5. Support Services Related to Billing of Annual Installments

- a. Present Findings to the City:** The updated SAP prepared by the Administrator will be provided to the City for its approval.
- b. Provide Assessment Roll to Tax Collector:** The Administrator shall assist the City with its required notification to the Tax Collector of the amount of the Annual Installments to be collected each year, if applicable.
- c. Keep Books and Records:** The Administrator shall keep the books and records of account with respect to the assessment roll of the District and shall provide information with respect thereto to the City upon request.
- d. Billing of Annual Assessments:** The Administrator shall cause the mailing of the annual assessment bills to the owners of property in the District for collection of the annual assessments applicable to each parcel, as applicable. Billing may include sending a copy to any mortgagee of record. Each bill shall identify the portion thereof attributable to principal and interest on the

assessments. A second delinquency bill shall be billed each year after the initial bill is mailed and provided there are delinquencies.

- e. **Remittance to City:** The Administrator shall arrange for all payments of annual assessments to be forwarded to the City, or any designee thereof, promptly upon receipt.
- f. **Enforcement of Liens:** The Administrator shall coordinate with the City and the City's tax collector, if applicable, the enforcement of the annual assessment liens on parcels delinquent in the payment of annual assessments. Administrator shall promptly submit a notice of delinquent annual assessments to the City once such assessment becomes delinquent.

B. Administration of Assessment Funds

This task involves the review and reconciliation of the account statements for funds and accounts maintained for the PID. Accounts and transactions are checked for accuracy and consistency with the applicable documents for debt or financing instrument(s) and the SAP.

C. Public Information

This task involves responding to telephone calls from property owners and other interested parties who have questions regarding the special assessments. These calls may be related to a tax bill or an inquiry related to the purchase or sale of property subject to the special assessments. The Administrator shall provide a toll-free phone number for property owners to call with questions. Additionally, this number may be given to people who call the City or City's tax collector, if applicable, to obtain information about the special assessments.

D. Administrative Review

At the request of the City, the Administrator shall review any notice from a property owner alleging an error in the calculation of any matters related to the Annual Assessment Roll, and if necessary, meet with the property owner, consider oral and written evidence regarding the alleged error and decide whether, in fact, such a calculation error occurred, and take other corrective action as required to correct the error.

II. DELINQUENCY MANAGEMENT

These services are provided only if special assessments are levied and there are delinquencies in the payment of special assessments.

A. Delinquent Special Assessment Report

After the end of the collection period, the Administrator will prepare a report which lists each parcel delinquent in the payment of the Annual Installment and the corresponding amount of delinquency, plus penalties.

B. Delinquency Follow-Up

The Administrator will keep the City informed of special circumstances that come to the attention of the Administrator, such as bankruptcies and foreclosures, and the Administrator will send required notices and assist the city with compliance to its covenant to enforce the Assessments, including by foreclosure.

III. PREPAYMENT OF SPECIAL ASSESSMENTS

Administrator shall coordinate the prepayment of special assessments with the City, property owners, and title companies. This coordination shall include calculation of the amount due to prepay the special assessment and transmittal of a letter with the prepayment amount, prepayment instructions, and the recordable form of the special assessment lien release to the title company or other such steps as required by the Indenture and related documents.

IV. HOMEBUYER DISCLOSURE SERVICES

The Administrator shall monitor notice provided to prospective homebuyers by the developer and builders in accordance with the home buyer disclosure program, including without limitation, the following notices:

- A.** Notice of the special taxing district recorded in the appropriate land records for the property;
- B.** Notice of the special taxing district provided by builders in addendum to contracts on brightly colored paper;
- C.** Collection of a copy of the addendum signed by each buyer from builders with such copy being provided to the City;
- D.** Signage indicating that the property for sale is located in a PID located in conspicuous places in all model homes;
- E.** An overview of the District provided to builders to be included in sales packets;
- F.** Estimates of monthly ownership costs including special assessments;
- G.** Notification to settlement companies through the builders to include special assessments on HUD 1 forms and inclusion in total estimated assessments for the purpose of setting up tax escrows;
- H.** Notice of the PID in the homeowner association documents and provide copies on Administrator's website;
- I.** Announcements of the PID on the City's web site and community channel.

V. CONTINUING DISCLOSURE SERVICES

Upon request, the Administrator will provide the following:

A. Annual Report Preparation

The Administrator will prepare an annual report as required by the continuing disclosure agreements.

B. Developer Quarterly Reports

The Administrator will request from the Developer the reports pursuant to the continuing disclosure agreement.

C. Significant Event Notices

Upon notification by any responsible party or if Administrator independently becomes aware of such knowledge, Administrator will prepare notices of material events covering the events enumerated in the disclosure agreements.

D. Dissemination

The Administrator will disseminate, as applicable, the annual reports quarterly reports from the Developer, and notices of significant events to the Municipal Securities Rulemaking Board (MSRB) and the appropriate state information repository (SID) in a timely manner as set forth in the continuing disclosure agreement. The Administrator shall also disseminate information to bond holders requesting information as provided for in the continuing disclosure agreements.

VI. COMPLIANCE MONITORING

Upon request, the Administrator will provide the following:

A. Ownership and Transfer of Public Improvements

Confirm that all Public Improvements are owned by a public entity, as required by the applicable agreement with the developer.

B. No Modifications

Confirm that there have been no modifications to any public improvement, except for those which are in compliance with agreement with the developer providing for the construction of the public improvements or as otherwise approved by the City.

C. Maintenance of Records

Confirm the adequacy of the records that support expenditures and investments of Assessment proceeds, as applicable.

VII. ARBITRAGE REBATE SERVICES

Arbitrage rebate services encompass those activities associated with computing the rebate liability (if any) related to the bonds. The computations will be prepared as described in Section 148(f)(2) of the Internal Revenue Code of 1986, as amended.

Upon request, the Administrator will provide the following:

A. Background Research

This task involves the review of documents, including the Indenture and any supplements thereto, the non-arbitrage certificate, IRS form 8038-G, trustee fund/account statements, and prior rebate reports, and consultations with bond counsel or special counsel, as needed. The funds subject to arbitrage rebate and any available exceptions will be identified. The flow of funds in the accounts with the trustee will be identified as necessary to perform the arbitrage rebate calculations.

B. Calculation of Bond Yield

This task involves preparation of a debt service table and an independent calculation of the yield on the bonds. The resulting yields will be verified with those stated on the applicable tax certificate of the City related to bonds.

C. Calculation of Rebate Liability

Based on the yields previously calculated, the Administrator will compute the allowable arbitrage earnings and compare the result to the actual investment earnings for the bonds.

D. Preparation of Rebate Report

This task involves the preparation of a written report containing the findings of the financial analysis and an explanation of the underlying methodology followed to compute the rebate liability for each issue. In addition to identifying any arbitrage liability, each report contains a separate investment yield comparison and analysis for each fund and account. Standard features also include the following items as defined by U.S. Treasury Regulations:

- Explanation of calculation methodology
- Overview of applicable rebate requirements and treasury regulations
- Summary of all pertinent dates
- Identification of major assumptions
- Review of sources and uses of funds
- Bond yield calculation
- Investment yield by fund and account with comparison to applicable bond yield
- Rebate liability by fund and account
- Aggregate liability for the issue

E. Rebate Liability Discharge

The Administrator shall provide instructions to the City and the trustee for the deposit to the applicable accounts in the rebate fund established under the Indenture and any supplement thereto at the times and in the manner necessary to enable the City to comply with the terms of the indenture and any supplement thereto. The Administrator will coordinate the filing of IRS Form 8038-T and installment payments to the United States Treasury as necessary, and will keep such records as will enable the City to fulfill its obligations under Section 148(f) of the Code and the United States Treasury regulations applicable thereto.

F. Assistance with IRS Inquiries

The Administrator will provide assistance in the event of an IRS inquiry related to any issue for which the Administrator computed rebate liability. In the event of an audit, the Administrator will provide supporting documentation used to prepare the calculations and will explain the calculations in a meeting with the IRS, if necessary. These services are not included in the base fee.

VIII. TAX REPORT AND ACCOUNTING SERVICES

Upon request, the Administrator will provide the following:

A. Review and Track Payment Certifications

Administrator shall enter any payment certifications received by the City into the accounts receivable journal, check the invoice against approved contracts or purchase orders, and otherwise verify the payment certification submitted by the Developer and facilitate the payment of authorized improvement project costs by the City.

B. Maintain General Ledger

Administrator shall enter transactions in a general ledger for the District to maintain accounting records to be used for the preparation of financial statements, as needed.

C. Financial Statement Preparation

Administrator shall record financial transactions of the District in the appropriate ledgers of the District and prepare annual financial statements for the District, as needed.

D. Annual Audit Coordination

The Administrator shall coordinate with the auditor the preparation of an audit of the financial records of the District. Administrator shall incorporate internal controls as recommended by the auditor.

E. Requisition Review

The Administrator shall review all requisition documentation and verify confirmation of compliance with the applicable documents for debt or financing instrument(s), confirm proper documentation in the audit file, and identify any missing information or requirements not confirmed, as needed.

The Administrator may provide other services requested by the City for which the Administrator has expertise. Such services shall be provided only if confirmed in writing (including by email) and shall be billed on a time and material basis as provided for in Exhibit B. The services provided herein do not include conducting due diligence on information provided to or used by Administrator. The Administrator will not rely on information it does not believe to be reasonable and valid, but it will not investigate the validity of information unless requested to so as additional work. Administrator's services do not include any services not specified herein or specified at the time additional services are requested, including review of legal, engineering, and land use issues.

Exhibit B

Scope of Services/Description of Products
(5 number of pages, including this page)

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Exhibit B

Administration Services Fee Schedule

I. ADMINISTRATIVE SERVICES RELATED TO THE SPECIAL ASSESSMENTS

A. League City Public Improvement District No. 1

Administrative services, as set forth in Section I of Exhibit A, shall be provided on a time and material basis with total annual estimated costs of \$14,000 to \$19,000, plus an estimate of \$3,000 to \$5,000 for one-time initial set up costs. An additional \$7,500 should be added for each additional phase of development within the District. These costs should decrease after final plat subdivision for the District. This estimate includes attendance at an annual meeting of the City to review the update of the annual service and assessment plan. Fees shall be billed based on the number of hours worked at Administrator's prevailing hourly rates, which are currently shown in the fee schedule below for "Additional Work", as agreed by City and Administrator.

B. League City Public Improvement District No. 2

Administrative services, as set forth in Section I of Exhibit A, shall be provided on a time and material basis with total annual estimated costs of \$14,000 to \$19,000, plus an estimate of \$3,000 to \$5,000 for one-time initial set up costs. An additional \$7,500 should be added for each additional phase of development within the District. These costs should decrease after final plat subdivision for the District. This estimate includes attendance at an annual meeting of the City to review the update of the annual service and assessment plan. Fees shall be billed based on the number of hours worked at Administrator's prevailing hourly rates, which are currently shown in the fee schedule below for "Additional Work", as agreed by City and Administrator.

C. League City Public Improvement District No. 3

Administrative services, as set forth in Section I of Exhibit A, shall be provided on a time and material basis with total annual estimated costs of \$14,000 to \$19,000, plus an estimate of \$3,000 to \$5,000 for one-time initial set up costs. An additional \$7,500 should be added for each additional phase of development within the District. These costs should decrease after final plat subdivision for the District. This estimate includes attendance at an annual meeting of the City to review the update of the annual service and assessment plan. Fees shall be billed based on the number of hours worked at Administrator's prevailing hourly rates, which are currently shown in the fee schedule below for "Additional Work", as agreed by City and Administrator.

D. League City Public Improvement District No. 5;

Administrative services, as set forth in Section I of Exhibit A, shall be provided on a time and material basis with total annual estimated costs of \$12,000 to \$16,000, plus an estimate of \$2,000 to \$4,000 for one-time initial set up costs. An additional \$5,000 should be added for each additional phase of development within the District. These costs should decrease after final plat subdivision for the District. This estimate includes attendance at an annual meeting of the City to review the update of the annual service and assessment plan. Fees shall be billed based on the

number of hours worked at Administrator's prevailing hourly rates, which are currently shown in the fee schedule below for "Additional Work", as agreed by City and Administrator.

II. DELINQUENCY MANAGEMENT

Services related to delinquency management, as set forth in Section II of Exhibit A, are provided on an as needed basis at the request of the City and are billed for based on the hours actually worked at the rates shown in the fee schedule below for "Additional Work" and the expenses actually incurred are billed under the Reimbursable Expenses section of this Exhibit "B." These costs are included in the total annual estimates described above in Section I of this Exhibit "B."

III. PREPAYMENTS OF SPECIAL ASSESSMENTS

Services related to prepayment of special assessments, as set forth in Section III of Exhibit A, are billed directly to the party requesting the prepayment and paid from prepayment proceeds.

IV. HOMEBUYER DISCLOSURE SERVICES

The costs of preparing the annual report and dissemination are provided on a time and material basis and are included in the total annual estimates described above in Section I of this Exhibit "B."

V. CONTINUING DISCLOSURE SERVICES

The costs of preparing the annual report and dissemination are provided on a time and material basis and are estimated to be between \$2,500 and \$3,500 per year should the City request the service be provided.

VI. COMPLIANCE MONITORING

The costs of the compliance monitoring are provided on a time and material basis and are estimated to be \$1,500 per year should the City request the service be provided.

VII. ARBITRAGE REBATE SERVICES

The costs of the arbitrage rebate services are provided on a time and material basis and are estimated to be \$2,000 per year plus an initial setup fee of \$500 should the City request the service be provided. Calculations provided each five (5) years in lieu of annual calculations are provided for a cost of \$4,000 plus an initial setup fee of \$500 should the City request the service be provided.

VIII. TAX REPORTING AND ACCOUNTING SERVICES

The costs of the accounting services are provided on a time and material basis and are estimated to be between \$2,000 and \$3,500 per year should the City request the service be provided.

REIMBURSABLE EXPENSES

Out of pocket expenses are billed at actual costs without any mark up. Administrator shall receive written approval from the City before incurring any expenses in excess of one-hundred dollars (\$100).

The fees provided for herein may be increased from time to time to reflect increased costs of labor and services; provided however, that in no event shall such increase be made more than one time per year and such increase shall not exceed 10% of the fee charged immediately prior to the increase. Administrator shall provide City with ninety (90) days advance written notice of each such increase.

ADDITIONAL WORK

Services or meetings not included in the scope of work set forth in Exhibit "A" to this Agreement are identified as additional work and shall be billed at Administrator's prevailing hourly rates, which currently are as follows:

Title	Hourly Rate
President	\$275
Senior Vice President	250
Vice President	225
Manager	200
Senior Associate	175
Associate	150

Administrator's hourly rates may be adjusted from time to time to reflect increased costs of labor and services; provided, however, that in no event shall such increase be made more than one time per year and such increase shall not exceed 10% of the fee charged immediately prior to the increase. Administrator shall provide the City with ninety (90) days advance written notice of each such increase.

Administrator shall not provide additional work without City's prior written authorization.

Administrator shall send an invoice to City each month showing the work performed, the person performing the work, the date the work was performed, the amount of the time worked, and the hourly rates for the work. The invoice shall be accompanied by a certificate to be signed by the City. Administrator's invoices shall be paid solely from available funds of the District.