CITY OF BELL

CONTRACT SERVICES AGREEMENT FOR

FINANCIAL ADVISOR SERVICES

This Contract Services Agreement ("Agreement") is made and entered into this 28th day of September, 2011, by and between the City of Bell, a municipal corporation ("City"), and KNN Public Finance, a division of Zions First National Bank ("Consultant").

NOW, THEREFORE, the parties hereto agree as follows:

1.0 SERVICES OF CONSULTANT

Scope of Services. In compliance with all of the terms and conditions of this Agreement, Consultant shall perform the work or services set forth in the "Scope of Services" attached hereto as *Exhibit "A"* and incorporated herein by reference. The Consultant's Proposal for Financial Advisory Services, City of Bell, General Obligation Bond Work-Out Plan, dated September 21, 2011. is attached to *Exhibit "A"* and incorporated herein by this reference ("Proposal"). Consultant warrants that all work or services set forth in the Scope of Services will be performed in a competent, professional and satisfactory manner. As a material inducement to the City entering into this Agreement, Consultant represents and warrants that Consultant is a provider of first class work and services and Consultant is experienced in performing the work and services contemplated herein and, in light of such status and experience, Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder.

The City recognizes that Consultant is not qualified to provide legal or accounting advice, and the City will rely on other professionals as appropriate for such services.

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

1.2 Licenses, Permits, Fees and Assessments. Consultant shall obtain, at its sole cost and expense, such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement including, but not limited to, registration as a financial advisor with the Securities and Exchange Commission (SEC) and Municipal Securities Rulemaking Board (MSRB).

2.0 COMPENSATION

2.1 Contract Sum. For the services rendered pursuant to this Agreement, Consultant shall be compensated in accordance with the rates and amounts set forth in the Proposal, but not exceeding the maximum contract amount of $15,000.00 ("Contract Sum").

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

3.0 COORDINATION OF WORK

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

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

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

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

4.0 INSURANCE AND INDEMNIFICATION

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

(a) Commercial General Liability Insurance. A policy of commercial general liability insurance using Insurance Services Office "Commercial General Liability" policy form CG 00 01, with an edition date prior to 2004, or the exact equivalent. Coverage for an additional insured shall not be limited to its vicarious liability. Defense costs must be paid in addition to limits. Limits shall be no less than $1,000,00.00 per occurrence for all covered losses and no less than $2,000,000.00 general aggregate.

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

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

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

All of the above policies of insurance shall be primary insurance. The general liability policy shall name the City, its officers, employees and agents ("City Parties") as additional insureds and shall waive all rights of subrogation and contribution it may have against the City and the City's Parties and their respective insurers. All of said policies of insurance shall provide that said insurance may be not cancelled without providing ten (10) days prior written notice by registered mail to the City. In the event any of said policies of insurance are cancelled or amended, Consultant shall, prior to the cancellation or amendment date, submit new evidence of insurance in conformance with this Section 4.1 to the Contract Officer. No work or services under this Agreement shall commence until Consultant has provided City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by City.

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

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

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

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

Agreement, except claims or liabilities to the extent caused by the negligence or willful misconduct of the City indemnitees.

5.0 TERM

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

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

6.0 MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

6.12 Ownership of Work Product. All reports, documents or other written material developed by Consultant in the performance of this Agreement shall be and remain the property of Agency without restriction or limitation upon its use or dissemination by Agency provided that Consultant may retain a record copy for its file, subject to confidentiality requirements stated above.

IN WITNESS WHEREOF, the parties have executed and entered into this Agreement as of the date first written above.

ATTEST:

By: ______________________
City Clerk

"CITY"
CITY OF BELL

By: ______________________
Mayor

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

____
City Attorney

"CONSULTANT"
KNN Public Finance, a Division of Zions First National Bank

By: ______________________
Signature

DAVID BRODSKY, MANAGING DIRECTOR
Print Name and Title

By: ______________________
Signature

____
Print Name and Title

Date: 9-28-11

Designee: David Brodsly,
Managing Director
KNN Public Finance
1333 Broadway, Ste 1000
Oakland, California 94612

EXHIBIT "A"

SCOPE OF SERVICES

1. Review the documentation related to the City's two general obligation bond issues.

2. Identify and evaluate financing options.

3. Provide the quantitative analysis related to the financing options.

4. Participate in discussions, as appropriate, with the various parties to each transaction and others, including banks or other lenders, bond Insurance providers, attorneys, underwriting firms, bondholders, among others.

5. Help develop reports and presentations and participate in discussions with the city's governing bodies and senior management, as appropriate.

6. Participate in other tasks and discussions as may be requested or prudent to accomplish the goal of developing a work-out plan.

The Scope of Work, Schedule and Compensation is further detailed in the Consultant's proposal, attached hereto and incorporated herein by this reference.

Attachment to Exhibt A

Proposal for Financial Advisory Services

City of Bell

General Obligation Bond Work-Out Plan

September 21, 2011

KNN public finance

1333 Broadway, Suite 1000, Oakland, CA 94612

phone 510-839-8200 | **fax** 510-208-8282

A Division of Zions First National Bank

1. Work Program

Description of your approach to completing the work.

Based on the material provided, it appears that the City's goals are fairly simple: applying remaining bond proceeds to the reduction of outstanding debt. Because the debt is not currently callable, the funds would be invested in an escrow of securities sufficient to pay debt service until the first optional call date, and then used to redeem bonds. We do not see the need for the City to issue any new debt to accomplish their goal of tax-rate reduction.

A defeasance with cash can be a very simple process. What will complicate it is the extent to which the City desires to consider alternatives to a standard approach that may be more efficient, and thus provide further tax rate relief. The other complications arise from the City's current political environment, where a high level of process may be required in decision making.

Attached to our proposal (and presumably outside the page limit) is an analysis of a standard cash defeasance. The approximately $20.6 million of remaining 2007 general obligation ("GO") bond proceeds would allow the City to defease $16.885 million of 2007 general obligation bonds. Note that the difference in those numbers—$3.7 million—represents negative arbitrage in the escrow. Because current Treasury yields are extremely low, and the bonds are not callable until 2017, the defeasance escrow is rather inefficient. The bonds to be defeased have 4% and 5% coupons, while at current rates a defeasance escrow would earn less than 1%.

Under this "base case," debt service on all the City's GO bonds would be reduced to $2.22 million a year, slightly higher than the City's goal. We have assumed a defeasance structured such that the overall debt service remains level. The defeasance could be refined to ensure that debt service was reduced to $2.1 million in the early years, but that would of course require higher debt service in later years.

There are a number of potential ways to improve on the efficiency of the defeasance and further reduce the tax levy. These alternatives will require some additional analysis to fully develop, and will require discussion with the City's bond counsel. To the extent the City has not selected counsel we would strongly recommend it do so. The key alternatives that we can identify at this point, and would examine as part of this assignment, are as follows:

1. **Defeasance of the 2004 bonds.** While the interest rates on the 2007 bonds are higher, the longer period until the call date (the 2004 bonds are callable 2014) actually makes the 2007 bonds defeasance more expensive. If the City could use the remaining bond proceeds to defease all of the 2004 bonds ($14.3 million outstanding) and apply what is left to defease approximately $3.7 million in 2007 bonds, then you would be able to defease $17.985 in bonds, lowering annual debt service to $2.175 million a year. We have assumed that the proceeds remaining are from the second bond issue; bond counsel would need to be consulted to confirm that the proceeds could be applied to the 2004 bonds.

2. **Economic rather than legal defeasance.** The above discussion assumes that bonds would be legally defeased in accordance with their terms, which means that an escrow is invested in federal Treasury securities. It would be possible to create an escrow of higher yielding securities,

such as federal agencies, reducing the negative arbitrage and thereby defeasing more bonds. Under such a scenario, the bonds would remain outstanding, but the tax levy could presumably be lower as funds are already available from investments in the debt service fund. We are not aware of this mechanism having been used for general obligation bonds, so we would need to work with counsel to ensure it is feasible. But we believe it would be worth exploring as a mechanism to further lower debt service.

3. **Purchase of bonds from investors.** The most efficient option would be to pay off the bonds at par; unfortunately, they are not currently callable. However, it might be possible to purchase the bonds at par, or something close to par, from current investors. Given the junk-level ratings of the 2007 bond insurer, CIFG, and the City's own credit deterioration, it is likely that investors would be eager for the City to purchase their bonds. We have been able to identify one holder of your bonds, a Franklin fund, which has a $5 million position. We would explore the costs associated with conducting a tender program to identify additional holders, as it might prove the most efficient alternative.

The above are four alternatives we can identify as a matter of first impression. To the extent that we identify others, they would be added to our analysis.

Tentative schedule by phase and task for completing the work

The following is a schedule to accomplish the analysis phase of the engagement. Execution of the defeasance would take another 30 to 75 days, depending on the option pursued.

Date	Activity	Responsibility
September 30	Conference call with City and bond counsel to review alternatives (Note: September 29 is Rosh Hashanah)	All
October 12	First draft analysis sent to City and bond counsel	KNN
October 19	Meeting at the City to review draft analysis, meet with other City officials as appropriate	All
October 25	Second draft analysis circulated	KNN
October 28	Submit final report	KNN
Week of October 31	Briefings with City officials as appropriate	TBD
November 9th	Presentation to City Council	All

Services or data to be provided by the City.

We don't believe we need additional data from the City, except for confirmation of the amount of funds available for defeasance. We will require feedback from the City, as well as access to its bond counsel.

Any other information that would assist us in making this contract award decision

We recognize that most elected officials and many professional staff are inexperienced in matters of municipal debt. Furthermore, the special circumstances of Bell require clear and detailed explanation of alternatives. It is important that decision-makers not only understand the benefits of alternatives, but also any risks posed by these alternatives.

We are particularly skilled at communicating the important features of alternatives in a manner that is clear but not condescending, laying the foundation for genuinely informed and transparent decision making. David Brodsly, in particular, has conducted numerous training workshops for elected officials to help them in understanding municipal finance, and would represent KNN before the City Council.

2. Qualifications

Experience of your firm in performing similar services

KNN has extensive expertise and unrivaled experience in the structuring of general obligation bonds. Year after year, no firm completes more general obligation bond issues than KNN. Much of that experience comes from our work with school districts, the major issuer of GO bonds in California. But our experience with city and other general obligations is also unsurpassed; we have helped manage such large GO bond programs as those of the cities of Los Angeles, Oakland, San Francisco, and San Jose and the East Bay Regional Park District. Between January 1, 2008 and September 9, 2011 KNN served as financial advisor on 116 general obligation bond issues, representing a par value of $8.4 billion. While the City of Bell will not need to issue such bonds, we clearly bring a wealth of experience with this particular instrument.

During this same period of time, KNN has served as financial advisor on 61 refundings, with a par value of $3.1 billion. Each of these refundings required the management of a bond defeasance, the same tasks that will be required by the City of Bell. We know this element of the business inside and out.

Resumes of the individuals who would be assigned to this project

KNN's team approach to client coverage helps us meet several goals. First, we are able to rely on the strengths of the various individuals to maximize the quality of our service. Second, we are able to ensure that an advisor with real knowledge of your activities is available to meet your needs at all times. For this engagement, we would assign David Brodsly, Jon Armstrong and Nedko Nedev. David would serve as engagement manager and lead author of any report, and would represent the firm at meetings and presentations. Jon would lead our analytic efforts, supported by Nedko. Brief resumes follow.

David Brodsly, Managing Director
David has over 30 years experience in municipal finance. He joined KNN early in 1998 to head up KNN's city, redevelopment and special district consulting practice, and he serves as financial advisor to a number of cities and agencies throughout the State, including the cities of Los Angeles, San Diego, San Francisco, Oakland and Fresno.

For nearly six years, David was a Vice President and Senior Credit Officer with Moody's Investors Service. He served as a senior member of the analytic and management team responsible for all types of local government bond and note ratings on the Pacific Coast, and was a member of Moody's national rating committee. Prior to joining Moody's, David spent over twelve years with the City of Los Angeles, where he was responsible for financial planning, debt issuance and bond administration for general government departments of the City of Los Angeles.

Jon Armstrong, Vice President

He has been a public finance investment banker since 1977, and joined KNN in 1990. He has structured and managed a variety of tax-exempt general fund, enterprise fund and tax supported financings. He has structured general obligation bond and other special tax levy formulas and assessments, and has provided tax impact statements and advised issuers and their campaign consultants for financings requiring voter approval.

Jon received a B.A. degree from George Williams College, an M.A. degree in psychology and an M.A. degree in philosophy from Duquesne University, and an M.B.A. degree in finance from the Wharton School of Finance and Commerce of the University of Pennsylvania.

Nedko Nedev, Assistant Vice President

Nedko joined KNN in the summer of 2006 as an analyst with no prior public finance experience. In the five years since, he has become a critical part of the firm's team-oriented approach to serving California cities and special districts. Armed with a strong mathematical background, Nedko is the primary source of quantitative and analytic support for the senior advisors in KNN's City and Special District Practice Group. His experience includes a wide range of transactions, including lease revenue, revenue, and tax-supported financings for a variety of clients including the cities of Fresno, Oakland and Los Angeles, City and County of San Francisco, and the California State University system.

Nedko earned his B.A. in Economics from the University of California, Davis, where he was honored with the Distinguished Undergraduate Student in Economics award.

References for at least three clients for whom you have provided similar services.

City of Los Angeles

Natalie Brill, Chief Debt Management — Tel: (213) 473-7526
Natalie.brill@lacity.org

Financial Advisor(s): David Brodsly, Nedko Nedev

Work Performed: General financial advisor, including financial planning and policy development, disclosure, general obligation, judgment obligation, lease revenue, parking revenue bonds, and commercial paper program. Most relevant to the City of Bell engagement, we have provided analysis of several potential bond defeasances, including of the City's parking revenue and certain lease revenue bonds.

City of Oakland
Katano Kasaine, Treasury Manager Tel: (510) 238-2989
kkasaine@oaklandnet.com

Financial Advisor(s): David Brodsly, Nedko Nedev

Work Performed: Financial advisor for general obligation, redevelopment agency financings, assessment district financing, and tax and revenue anticipation note financing. Most relevant to the City of Bell, we worked on a taxable refunding of tax allocation bonds to mediate a change of use. We identified an opportunity to take an open market purchase of securities instead of a defeasance, and saved the City over $2 million.

City of Fremont
Harriet Commons, Finance Director Tel: (510) 284-4010
hcommons@fremont.gov

Financial Advisor(s): Jon Armstrong

Work Performed: Financial advisor for general obligation, general fund fixed and variable rate certificates of participation, judgment obligations, redevelopment agency financings, Mello-Roos and assessment district financing, and tax and revenue anticipation note financing. Most relevant to the City of Bell, are multiple refundings of many types of issues for the City of Fremont, and three series of new money general obligation bonds (and currently a general obligation refunding issue underway) for the City of Fremont.

3. Compensation

We submit a compensation structure based on hours worked. Our billing rates listed below are significantly discounted, recognizing the City's fiscal condition.

This engagement could prove to be relatively simple; in some respects, we have completed the core of the required work in preparing this proposal. It is quite possible that we could complete this engagement for $5,000, and execute it for only $3,000 more (recognizing that execution was not part of this RFP). While we can reasonably anticipate the work involved in preparing a report on alternatives, it is difficult to know the unique needs of the City, including meetings with officials. Therefore, we propose a not-to-exceed fee of $15,000, with an additional $2,000 allowances for expenses, which would include travel to the City.

Hourly Rates

Title	Hourly Fee
Managing Director	$275
Vice President	$250
AVP/Senior Associate	$225
Associate	$175
Analyst	$150

Attachment to Exhibt A

SUMMARY OF BONDS REFUNDED

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2007, 2007:					
SER_NC	08/01/2012	4.000%	420,000.00		
	08/01/2013	4.000%	460,000.00		
	08/01/2014	4.000%	495,000.00		
	08/01/2015	4.000%	515,000.00		
	08/01/2016	5.000%	535,000.00		
	08/01/2017	5.000%	555,000.00		
SER_CALL	08/01/2018	5.000%	570,000.00	08/01/2017	100.000
	08/01/2019	5.000%	590,000.00	08/01/2017	100.000
	08/01/2020	5.000%	605,000.00	08/01/2017	100.000
	08/01/2021	5.000%	630,000.00	08/01/2017	100.000
	08/01/2022	5.000%	660,000.00	08/01/2017	100.000
	08/01/2023	5.000%	680,000.00	08/01/2017	100.000
	08/01/2024	5.000%	710,000.00	08/01/2017	100.000
	08/01/2025	5.000%	740,000.00	08/01/2017	100.000
	08/01/2026	5.000%	770,000.00	08/01/2017	100.000
	08/01/2027	5.000%	800,000.00	08/01/2017	100.000
T1_29	08/01/2028	5.000%	835,000.00	08/01/2017	100.000
	08/01/2029	5.000%	875,000.00	08/01/2017	100.000
T2_32	08/01/2030	5.000%	905,000.00	08/01/2017	100.000
	08/01/2031	5.000%	945,000.00	08/01/2017	100.000
	08/01/2032	5.000%	1,000,000.00	08/01/2017	100.000
T3_37	08/01/2033	5.000%	1,045,000.00	08/01/2017	100.000
	08/01/2034	5.000%	1,100,000.00	08/01/2017	100.000
	08/01/2035	5.000%	135,000.00	08/01/2017	100.000
	08/01/2036	5.000%	140,000.00	08/01/2017	100.000
	08/01/2037	5.000%	140,000.00	08/01/2017	100.000
			16,855,000.00		

ESCROW COST

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	02/01/2012	383,803		383,803.00
SLGS	08/01/2012	748,265	0.040%	748,265.00
SLGS	02/01/2013	320,065	0.070%	320,065.00
SLGS	08/01/2013	780,177	0.120%	780,177.00
SLGS	02/01/2014	311,445	0.170%	311,445.00
SLGS	08/01/2014	806,710	0.220%	806,710.00
SLGS	02/01/2015	302,697	0.310%	302,697.00
SLGS	08/01/2015	818,166	0.440%	818,166.00
SLGS	02/01/2016	294,666	0.580%	294,666.00
SLGS	08/01/2016	830,521	0.730%	830,521.00
SLGS	02/01/2017	285,177	0.880%	285,177.00
SLGS	08/01/2017	14,716,432	1.010%	14,716,432.00
		20,598,124		20,598,124.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
12/01/2011	20,598,124	0.58	20,598,124.58	0.923460%
	20,598,124	0.58	20,598,124.58	

Attachment to Exhibt A

ESCROW DESCRIPTIONS

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

	Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Dec 1, 2011:							
	SLGS	Certificate	02/01/2012	02/01/2012	383,803		
	SLGS	Certificate	08/01/2012	08/01/2012	748,265	0.040%	0.040%
	SLGS	Note	02/01/2013	02/01/2012	320,065	0.070%	0.070%
	SLGS	Note	08/01/2013	02/01/2012	780,177	0.120%	0.120%
	SLGS	Note	02/01/2014	02/01/2012	311,445	0.170%	0.170%
	SLGS	Note	08/01/2014	02/01/2012	806,710	0.220%	0.220%
	SLGS	Note	02/01/2015	02/01/2012	302,697	0.310%	0.310%
	SLGS	Note	08/01/2015	02/01/2012	818,166	0.440%	0.440%
	SLGS	Note	02/01/2016	02/01/2012	294,666	0.580%	0.580%
	SLGS	Note	08/01/2016	02/01/2012	830,521	0.730%	0.730%
	SLGS	Note	02/01/2017	02/01/2012	285,177	0.880%	0.880%
	SLGS	Note	08/01/2017	02/01/2012	14,716,432	1.010%	1.010%
					20,598,124		

SLGS Summary

SLGS Rates File	20SEP11
Total Certificates of Indebtedness	1,132,068.00
Total Notes	19,466,056.00
Total original SLGS	20,598,124.00

Attachment to Exhibt A

ESCROW CASH FLOW

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

Date	Principal	Interest	Net Escrow Receipts	Present Value to 12/01/2011 @ 0.9234602%
02/01/2012	383,803.00	28,122.42	411,925.42	411,293.37
08/01/2012	748,265.00	83,659.61	831,924.61	826,830.40
02/01/2013	320,065.00	83,460.08	403,525.08	399,210.85
08/01/2013	780,177.00	83,348.05	863,525.05	850,366.41
02/01/2014	311,445.00	82,879.95	394,324.95	386,531.38
08/01/2014	806,710.00	82,615.22	889,325.22	867,741.68
02/01/2015	302,697.00	81,727.84	384,424.84	373,371.05
08/01/2015	818,166.00	81,258.66	899,424.66	869,547.55
02/01/2016	294,666.00	79,458.69	374,124.69	360,034.62
08/01/2016	830,521.00	78,604.16	909,125.16	870,865.16
02/01/2017	285,177.00	75,572.76	360,749.76	343,979.56
08/01/2017	14,716,432.00	74,317.98	14,790,749.98	14,038,351.97
	20,598,124.00	915,025.43	21,513,149.43	20,598,124.00

Escrow Cost Summary

Purchase date	12/01/2011
Purchase cost of securities	20,598,124.00
Target for yield calculation	20,598,124.00

UNREFUNDED BOND DEBT SERVICE

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2012			768,161.17	768,161.17	
08/01/2012	685,000	4.000%	768,157.58	1,453,157.58	2,221,318.75
02/01/2013			754,461.17	754,461.17	
08/01/2013	710,000	4.000%	754,457.58	1,464,457.58	2,218,918.75
02/01/2014			740,261.17	740,261.17	
08/01/2014	740,000	4.000%	740,257.58	1,480,257.58	2,220,518.75
02/01/2015			725,461.17	725,461.17	
08/01/2015	770,000	4.000%	725,457.58	1,495,457.58	2,220,918.75
02/01/2016			710,061.17	710,061.17	
08/01/2016	800,000	** %	710,057.58	1,510,057.58	2,220,118.75
02/01/2017			692,286.17	692,286.17	
08/01/2017	835,000	** %	692,282.58	1,527,282.58	2,219,568.75
02/01/2018			673,736.17	673,736.17	
08/01/2018	875,000	** %	673,732.58	1,548,732.58	2,222,468.75
02/01/2019			654,286.17	654,286.17	
08/01/2019	910,000	** %	654,282.58	1,564,282.58	2,218,568.75
02/01/2020			634,036.17	634,036.17	
08/01/2020	955,000	** %	634,032.58	1,589,032.58	2,223,068.75
02/01/2021			612,761.17	612,761.17	
08/01/2021	995,000	** %	612,757.58	1,607,757.58	2,220,518.75
02/01/2022			590,248.13	590,248.13	
08/01/2022	1,040,000	** %	590,245.62	1,630,245.62	2,220,493.75
02/01/2023			566,366.88	566,366.88	
08/01/2023	1,090,000	** %	566,364.37	1,656,364.37	2,222,731.25
02/01/2024			541,329.38	541,329.38	
08/01/2024	1,140,000	** %	541,326.87	1,681,326.87	2,222,656.25
02/01/2025			514,750.64	514,750.64	
08/01/2025	1,190,000	** %	514,749.36	1,704,749.36	2,219,500.00
02/01/2026			487,000.00	487,000.00	
08/01/2026	1,245,000	** %	487,000.00	1,732,000.00	2,219,000.00
02/01/2027			457,550.00	457,550.00	
08/01/2027	1,305,000	** %	457,550.00	1,762,550.00	2,220,100.00
02/01/2028			426,675.00	426,675.00	
08/01/2028	1,365,000	** %	426,675.00	1,791,675.00	2,218,350.00
02/01/2029			394,375.00	394,375.00	
08/01/2029	1,430,000	5.000%	394,375.00	1,824,375.00	2,218,750.00
02/01/2030			358,625.00	358,625.00	
08/01/2030	1,505,000	5.000%	358,625.00	1,863,625.00	2,222,250.00
02/01/2031			321,000.00	321,000.00	
08/01/2031	1,580,000	5.000%	321,000.00	1,901,000.00	2,222,000.00
02/01/2032			281,500.00	281,500.00	
08/01/2032	1,655,000	5.000%	281,500.00	1,936,500.00	2,218,000.00
02/01/2033			240,125.00	240,125.00	
08/01/2033	1,740,000	5.000%	240,125.00	1,980,125.00	2,220,250.00
02/01/2034			196,625.00	196,625.00	
08/01/2034	1,825,000	5.000%	196,625.00	2,021,625.00	2,218,250.00
02/01/2035			151,000.00	151,000.00	
08/01/2035	1,915,000	5.000%	151,000.00	2,066,000.00	2,217,000.00

UNREFUNDED BOND DEBT SERVICE

CITY OF BELL
Defeasance of General Obligation Bonds
Scenario 1: 2007 Bonds Only; Level Unrefunded Debt Service

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2036			103,125.00	103,125.00	
08/01/2036	2,010,000	5.000%	103,125.00	2,113,125.00	2,216,250.00
02/01/2037			52,875.00	52,875.00	
08/01/2037	2,115,000	5.000%	52,875.00	2,167,875.00	2,220,750.00
	32,425,000		25,297,318.75	57,722,318.75	57,722,318.75

Attachment to Exhibt A

KNN
public finance

September 23, 2011

City of Bell
c/o William C. Statler

Dear Mr. Statler:

This letter confirms our conversation today regarding the following two points:

- We are willing to sign a contract substantially in the form attached to your request for proposals.

- Our fee proposal is amended so that our not-to-exceed fee will be $15,000, inclusive of any expense reimbursement.

I look foreward to working with you and the City.

Very truly yours,

David Brodsly
Managing Director