NOTICE OF AWARD OF CONTRACT

TO: PUBLIC FINANCIAL MANAGEMENT, INC
4350 N. FAIRFAX DRIVE, SUITE 580
ARLINGTON, VA 22203

DATE ISSUED: JULY 16, 2012
CURRENT REFERENCE NO: 239-11
CONTRACT TITLE: DMF - FINANCIAL ADVISOR
PRIOR REFERENCE NO: 192-10

THIS IS A NOTICE OF AWARD OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.

Your firm is awarded the above referenced contract. The contract term covered by this Notice of Award is effective IMMEDIATELY and expires on JUNE 30, 2013.

This is the FOURTH year award notice of a possible FIVE year contract.

The contract documents consist of the terms and conditions of Agreement No. 178-09, including any exhibits, attached or amendments thereto.

CONTRACT PRICING:

1) REFER TO CONTRACTOR’S LETTER DATED JULY 6, 2012 (ATTACHED).

2) PRICE ADJUSTMENTS FOR EXTENSION OPTIONS BASED ON FEBRUARY CPI-U.

ATTACHMENTS:

1) AMENDMENTS NO. 1 - 3
2) AGREEMENT NO. 178-09

EMPLOYEES NOT TO BENEFIT:

NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

VENDOR CONTACT: JOANNE CARTER
VENDOR TEL. NO.: 202-872-8650
VENDOR PAYMENT TERMS: NET 30 DAYS
VENDOR FAX. NO.: 202-872-8840

EMAIL ADDRESS: CARTERJ@PFM.COM
COUNTY TEL. NO.: 703-228-3415

CONTRACT AUTHORIZATION

Elizabeth Dooley, CPPO, CPPB
Assistant Purchasing Agent

7/17/12

DISTRIBUTION

VENDOR: 1
BID FOLDER: 2
ARLINGTON COUNTY, VIRGINIA
AGREEMENT NO. 178-09
AMENDMENT NUMBER 3

REFERENCE NUMBER 239-11

This Amendment Number 3 ("Amendment") is made on the date of execution of the Amendment by the County and amends Agreement Number 178-09 as amended by Amendments No. 1 and 2 ("Main Agreement") and made between Public Financial Management, 4350 N. Fairfax Drive, Suite 580, Arlington Virginia ("Contractor") and the County Board of Arlington County, Virginia ("County").

Whereas the County and the Contractor desire to amend the contract term under the Main Agreement, the Contractor and the County, in consideration of the promises and other good and valuable consideration specified in this Amendment, amend the Main Agreement as follows.

CHANGE THE "CONTRACT TERM" PARAGRAPH TO READ AS FOLLOWS:

CONTRACT TERM

Work under this Agreement shall continue from July 1, 2012 and end on June 30, 2013 ("Third Subsequent Contract Term"), subject to any modifications as provided for in the Contract Documents. Upon satisfactory performance of the Contractor and with the concurrence of the Contractor, the County may, through issuance of an amendment, authorize continued operations of the Contractor under the same contract unit prices for not more than one (1) additional twelve (12) month period from July 1, 2013 to June 30, 2014 (referred to as "Subsequent Contract Term"). Notwithstanding anything herein to the contrary, the Contract Amount for each extension period shall be in an amount not to exceed the funds appropriated for the Contract by the County Board of Arlington County, Virginia for the Subsequent Contract Term.

Terms and Conditions

The work and payment called for under this Amendment shall be subject to all terms and conditions of the Main Agreement. All terms and conditions of the Main Agreement shall remain in full force and effect for the work covered by this Amendment unless specifically changed by the terms and conditions of this Amendment.

WITNESS THESE SIGNATURES:

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA

SIGNED BY: ___________________________ SIGNED BY: ___________________________

PRINT NAME: RICHARD D. WARREN, JR. PRINT NAME: JoAnne Carter
AND TITLE: PURCHASING AGENT AND TITLE: Managing Director

DATE: 7/17/12 DATE: 12/July/2012
Ms. Krystyna J. Hepler  
Department of Management and Finance  
Arlington County Purchasing Division  
2100 Clarendon Boulevard, Suite 500  
Arlington, VA 22201

Re: **Renewal - Contract No. 239-11 (of Agreement 178-09) for Financial Advisory Services**

Dear Ms. Hepler:

In response to your email dated June 29, 2012, regarding Contract No. 239-11 (of Agreement 178-09) between Public Financial Management, Inc. ("PFM") and Arlington County (the "County") for financial advisory services, PFM requests an escalation in the amount of our annual retainer and hourly rates. As stipulated in your email, our Contract allows increases for the next year of the Contract (July 1, 2012 through June 30, 2013) up to the current CPI-U percentage change, not to exceed 2.9%.

PFM proposes that the existing retainer (for the FY ended June 30, 2012) of $49,174.00 be increased by 2.9%. The new annual retainer (for the period July 1, 2012 through June 30, 2013) would be $50,600.00. In addition, revised hourly rates are shown in the table below. Please note that we have adjusted the hourly rates by varying percentages and in all cases not exceeding 2.9%.

<table>
<thead>
<tr>
<th></th>
<th>FY 2012 Hourly Rate</th>
<th>Proposed FY 2013 Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>$306</td>
<td>$310</td>
</tr>
<tr>
<td>Senior Managing Consultant</td>
<td>$255</td>
<td>$260</td>
</tr>
<tr>
<td>Consultant</td>
<td>$193</td>
<td>$195</td>
</tr>
<tr>
<td>Associate</td>
<td>$137</td>
<td>$140</td>
</tr>
</tbody>
</table>

July 6, 2012
All of us at PFM are looking forward to our continued engagement with Arlington County. If you have any questions regarding our response, please call me at 703-741-0175.

Sincerely,
Public Financial Management, Inc.

[Signature]
Anne Carter
Managing Director

/kb

cc: Michelle Cowan
Director, Department of Management and Finance
Arlington County
NOTICE OF AWARD OF CONTRACT

TO: PUBLIC FINANCIAL MANAGEMENT, INC
4350 N. FAIRFAX DRIVE, SUITE 580
ARLINGTON, VA 22203

DATE ISSUED: JUNE 29, 2011
CURRENT REFERENCE NO: 239-11

CONTRACT TITLE: DMF - FINANCIAL ADVISOR
PRIOR REFERENCE NO: 192-10

THIS IS A NOTICE OF AWARD OF CONTRACT AND NOT AN ORDER. NO WORK IS AUTHORIZED UNTIL THE VENDOR RECEIVES A VALID COUNTY PURCHASE ORDER ENCUMBERING CONTRACT FUNDS.

Your firm is awarded the above referenced contract. The contract term covered by this Notice of Award is effective JULY 1, 2011 and expires on JUNE 30, 2012.

This is the THIRD year award notice of a possible FIVE year contract.

The contract documents consist of the terms and conditions of Agreement No. 178-09, including any exhibits, attached or amendments thereto.

CONTRACT PRICING:

1) REFER TO CONTRACTOR'S LETTER DATED JUNE 22, 2011 (ATTACHED).

2) PRICING FOR THIS EXTENSION TERM REMAINS THE SAME AS THE PREVIOUS TERM. PRICE ADJUSTMENTS FOR EXTENSION OPTIONS BASED ON FEBRUARY CPI-U.

ATTACHMENTS:

1) AMENDMENTS NO. 1 AND 2
2) AGREEMENT NO. 178-09

EMPLOYEES NOT TO BENEFIT:

NO COUNTY EMPLOYEE SHALL RECEIVE ANY SHARE OR BENEFIT OF THIS CONTRACT NOT AVAILABLE TO THE GENERAL PUBLIC.

VENDOR CONTACT: JOANNE CARTER
VENDOR PAYMENT TERMS: NET 30 DAYS
TAX IDENTIFICATION NUMBER (EIN/SSN): 23-1992164
EMAIL ADDRESS: CARTERJ@PFM.COM

COUNTY CONTACT: MICHELLE COWAN

VENDOR TEL. NO.: 202-872-8650
VENDOR FAX. NO.: 202-872-8840
COUNTY TEL. NO.: 703-228-3415

CONTRACT AUTHORIZATION

DATE: 6/29/11
Pamela Hayes
Assistant Purchasing Agent

DISTRIBUTION

VENDOR: 1
BILL FOLDER: 2
June 22, 2011

Ms. Pamela Hayes
Assistant Purchasing Agent
Department of Management and Finance
Arlington County
2100 Clarendon Boulevard, Suite 511
Arlington, VA 22201

Re: Contract No. 192-10 (Agreement 178-09) for Financial Advisor

Dear Ms. Hayes:

In response to your email dated June 17, 2011, Contract No. 192-10 (of Agreement 178-09) between Public Financial Management, Inc. ("PFM") and Arlington County (the "County") for financial advisory services, PFM requests an escalation in the amount of our annual retainer and hourly rates. As stipulated in your email, our contract allows increases for the next year of the contract (July 1, 2011 through June 30, 2012) up to the current CPI-U percentage change, not to exceed 2.1%.

PFM proposes that the existing retainer and hourly rates (for the FY ending June 30, 2010) of $48,163 be increased by 2.1%. The new annual retainer (for the period July 1, 2011 to June 30, 2012) would be $49,174. In addition, revised hourly rates are shown in the table below. Please note we have rounded down to the nearest dollar increment.

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<td>Associate</td>
<td>$135</td>
<td>$137</td>
</tr>
</tbody>
</table>
All of us at PFM are looking forward to our continued engagement with Arlington County. If you have any questions regarding our response, please call me at 703-741-0175.

Sincerely,
Public Financial Management, Inc.

JoAnne Carter
Managing Director

/kb

cc: Michelle Cowan
   Director, Department of Management and Finance
   Arlington County
ARLINGTON COUNTY, VIRGINIA
AGREEMENT NO. 178-09
AMENDMENT NUMBER 2

REFERENCE NUMBER 239-11

This Amendment Number 2 ("Amendment") is made on the date of execution of the Amendment by the County and amends Agreement Number 178-09 as amended by Amendment No. 1 ("Main Agreement") and made between Public Financial Management, 4350 N. Fairfax Drive, Suite 580, Arlington Virginia ("Contractor") and the County Board of Arlington County, Virginia ("County").

Whereas the County and the Contractor desire to amend the Work called for and the amounts to be paid under the Main Agreement, the Contractor and the County, in consideration of the promises and other good and valuable consideration specified in this Amendment, amend the Main Agreement as follows.

CHANGE THE "CONTRACT TERM" PARAGRAPH TO READ AS FOLLOWS:

CONTRACT TERM
Work under this Agreement shall continue from July 1, 2011 and end on June 30, 2012 ("Third Subsequent Contract Term"), subject to any modifications as provided for in the Contract Documents. Upon satisfactory performance of the Contractor and with the concurrence of the Contractor, the County may, through issuance of an amendment, authorize continued operations of the Contractor under the same contract unit prices for not more than two (2) additional twelve (12) month periods from July 1, 2012 to June 30, 2014 (Each period is referred to as "Subsequent Contract Term"). Notwithstanding anything herein to the contrary, the Contract Amount for each extension period shall be in an amount not to exceed the funds appropriated for the Contract by the County Board of Arlington County, Virginia for the Subsequent Contract Term.

Terms and Conditions
The work and payment called for under this Amendment shall be subject to all terms and conditions of the Main Agreement. All terms and conditions of the Main Agreement shall remain in full force and effect for the work covered by this Amendment unless specifically changed by the terms and conditions of this Amendment.

WITNESS THESE SIGNATURES:

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA

SIGNED
BY:  

PUBLIC FINANCIAL MANAGEMENT GROUP

TAXPAYER ID NUMBER: 23-1002164

SIGNED
BY:  

PRINT NAME RICHARD D. HARREN, JR.
AND TITLE: PURCHASING AGENT
DATE: 6/29/11

PRINT NAME JoAnne Carter
AND TITLE: Managing Director
DATE: 6-28-20
ARLINGTON COUNTY, VIRGINIA
AGREEMENT NO. 178-09
AMENDMENT NUMBER 1.

REFERENCE NUMBER 192-10

This Amendment Number 1 (Amendment) is made on the date of execution of the Amendment by the County and amends Agreement Number 86-08 (Main Agreement) and made between Public Financial Management, 4350 N. Fairfax Drive, Suite 580, Arlington, Virginia (Contractor), a Pennsylvania Corporation authorized to do business in the Commonwealth of Virginia, and the County Board of Arlington County, Virginia (County).

Whereas the County and the Contractor desire to amend the Contract Term under the Main Agreement, the Contractor and the County, in consideration of the promises and other good and valuable consideration specified in this Amendment, amend the Main Agreement as follows.

CHANGE THE "CONTRACT TERM" PARAGRAPH TO READ AS FOLLOWS:

CONTRACT TERM
Work under this Agreement shall continue from July 1, 2010 until June 30, 2011 (first "Subsequent Contract Term"), subject to any modifications as provided for in the Contract Documents for the Contract Term. No Work shall be deemed complete until it is accepted by the Project Officer. Upon satisfactory performance of the Contractor the County may, through issuance of an amendment executed by the parties, authorize continued operations of the Contractor under the same contract unit prices for not more than three (3) additional twelve (12) month periods (each period is referred to as "Subsequent Contract Term"). Notwithstanding anything herein to the contrary, the Contract Amount for extension period shall be in an amount not to exceed the funds appropriated for the Contract by the County Board of Arlington County, Virginia for the Subsequent Contract Term.

Terms and Conditions
The work and payment called for under this Amendment shall be subject to all terms and conditions of the Agreement. All terms and conditions of the Agreement shall remain in full force and effect for the work covered by this Amendment unless specifically changed by the terms and conditions of this Amendment.

WITNESS these signatures:

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA

PUBLIC FINANCIAL MANAGEMENT

TAXPAYER ID (SSN/SIN): 23-1992164

AUTHORIZED SIGNATURE: [Signature]

AUTHORIZED SIGNATURE: [Signature]

192-10 Amendment No 1
ARLINGTON COUNTY, VIRGINIA
OFFICE OF THE PURCHASING AGENT
2100 CLARENDON BOULEVARD, SUITE 500
ARLINGTON, VA 22201

AGREEMENT NO. 178-09

THIS AGREEMENT is made, on the date of execution by the County, between
Public Financial Management, 4350 N. Fairfax Drive, Suite 590, Arlington,
Virginia (Contractor), a Pennsylvania Corporation authorized to do business
in the Commonwealth of Virginia, and the County Board of Arlington County,
Virginia (County). The County and the Contractor, for the consideration
hereinafter specified, agree as follows:

CONTRACT DOCUMENTS
The Contract Documents consist of this Agreement, Exhibit A (Scope of
Services), Exhibit B (Pricing) and Exhibit C (Metropolitan Washington Council
of Governments Rider Clause). Where the terms and provisions of this
Agreement vary from the terms and provisions of the other Contract Documents,
the terms and provisions of this Agreement shall prevail over the other
Contract Documents and Exhibit A shall prevail over Exhibit B; and Exhibit A
and Exhibit B shall prevail over Exhibit C.

The Contract Documents set forth the entire Agreement between the County and
the Contractor. The County and the Contractor agree that no representative
or agent of either of them has made any representation or promise with
respect to this Agreement which is not contained in the Contract Documents,
and that all terms and conditions with respect to this Agreement are
expressly contained herein. The Contract Documents shall constitute the
Contract.

SCOPE OF WORK
The Contractor agrees to perform the services described in the Contract
Documents (alternatively, the "Work"). The primary purpose of the Work is to
create and provide to the County Financial Advisory Services. The Contract
Documents set forth the minimum Work estimated by the County and the
Contractor to be necessary to complete the Work. It shall be the
Contractor's responsibility, at the Contractor's sole cost, to provide the
specific services set forth in the Contract Documents and sufficient services
to fulfill the purposes of the Work. Nothing in the Contract Documents shall
be construed to limit the Contractor's responsibility to manage the details
and execution of its Work.

PROJECT OFFICER
The performance of the Contractor required by this Agreement is subject to
the review and approval of the County Project Officer, who shall be appointed
by the Director of the Arlington County Department of Management and Finance
or designee. However, it shall be the responsibility of the Contractor to
manage the details of the execution and performance of its Work under this
Contract.

CONTRACT TERM
Work under this Agreement will commence on July 1, 2009 be completed no later
than June 30, 2010 ("Initial Contract Term"), subject to any modifications as
provided for in the Contract Documents. Upon satisfactory performance of the Contractor and with the concurrence of the Contractor, the County may, through issuance of an amendment executed by the parties, authorize continued operations of the Contractor for not more than four additional twelve (12) month periods from July 1, 2010 to June 30, 2014 (Each period is referred to as "Subsequent Contract Term").

**CONTRACT AMOUNT**

The County will pay the Contractor in accordance with the terms of the Payment paragraph and Exhibit B for the Contractor's completion of the Work described and required in the Contract Documents subject to the terms and conditions in those documents. The Contractor agrees that it shall complete the Work for the total Contract Amount specified in this section unless such amount is modified as provided in this Agreement. The Contract Amount includes all of Contractor's costs and fees (profit).

**PAYMENT**

Payment for services under this agreement shall be as follows:

A. Payment for services rendered for bond sales will be made by the County to the Contractor for Work done which is reasonable and allocable to a bond sale covered by the Agreement and which services have been performed to the satisfaction of the Project Officer.

B. Payments of the annual retainer shall be made quarterly in arrears upon receipt of an invoice from the Contractor in an amount not exceed 25% of the current annual retainer in the first through third quarters. In the event that value of services provided by the Contractor exceeds the amount of the annual retainer, the fourth quarter billing will be for the remaining 25% of the retainer plus the hourly charges for additional services.

C. All other invoices shall be submitted quarterly.

The Project Officer shall either approve invoices or require corrections. The County will pay the Contractor within 30 days after the date of receipt of a correct (as determined by the Project Officer) invoice approved by the Project Officer. The number of the Purchase Order by which authority has been made or services performed shall appear on all invoices. Invoices shall be submitted in duplicate.

**ARLINGTON COUNTY BUSINESS LICENSES**

The Contractor must comply with the provisions of Chapter 11 (Business Licenses) of the Arlington County Code.

**ADDITIONAL SERVICES**

The Contractor shall not be compensated for any goods or services provided except those included in Exhibit A and paid for in accordance with Exhibit B unless those goods or services are covered by a written Amendment to this Agreement signed by the County and the Contractor and a County Purchase Order is issued covering the expected cost of such services.

**NON-DISCRIMINATION NOTICE**

Arlington County does not discriminate against faith-based organizations.
COUNTY EMPLOYEES

No employee of Arlington County, Virginia shall be admitted to any share of part of this Contract or to any benefit that may arise therefrom which is not available to the general public.

EMPLOYMENT DISCRIMINATION BY CONTRACTOR PROHIBITED

During the performance of this contract, the contractor agrees as follows:

A. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by state law related to discrimination in employment except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.

B. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an Equal Opportunity Employer.

C. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

D. The contractor will comply with the provisions of the Americans with Disabilities Act of 1990 which prohibits discrimination against individuals with disabilities in employment and mandates their full participation in both publicly and privately provided services and activities.

E. The contractor will include the provisions of the foregoing paragraphs in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

DRUG-FREE WORKPLACE TO BE MAINTAINED BY CONTRACTOR

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over $10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with the Arlington County Resolution, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.

INDEMNIFICATION
The Contractor covenants to save, defend, hold harmless, and indemnify the County, and all of its elected and appointed officials, officers, employees, agents, departments, agencies, boards, and commissions (collectively the "County") from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, or exposure, however caused, resulting from, arising out of, or in any way connected with the Contractor's intentional, negligent, or grossly negligent acts or omissions in performance or nonperformance of its work called for by the Contract Documents. This indemnification shall survive the termination of this Contract.

COUNTY PURCHASE ORDER REQUIREMENT

County purchases of goods over $5,000.00 per transaction and purchases of services over $500 per transaction are authorized only if a County Purchase Order is issued in advance of the transaction, indicating that the ordering agency has sufficient funds available to pay for the purchase. A purchase order will be issued for any purchase if the vendor requires a purchase order for its records. The County will not be liable for payment for any purchases of goods over $5,000 per transaction or purchases of services over $500 per transaction made by its employees without appropriate purchase authorization issued by the County Purchasing Agent. Contractors providing goods or services without a signed County Purchase Order do so at their own risk and must satisfy themselves that the ordering person or agency is authorized to purchase goods or services in the name of the County. Please direct questions regarding this requirement to the County Procurement Officers at 703-228-3410.

ADJUSTMENTS FOR CHANGE IN SCOPE

The County may order changes in the work within the general scope of the work consisting of additions, deletions or other revisions. No claim may be made by the Contractor that the scope of the project or of the Contractor's services has been changed requiring adjustments to the amount of compensation due the Contractor unless such adjustments have been made by a written amendment to the Contract signed by the County and the Contractor. If the Contractor believes that any particular work is not within the scope of the project or is a material change or otherwise will call for more compensation to the Contractor, the Contractor must immediately notify the Project Officer in writing of this belief. Within ten (10) days after any change or event which the Contractor believes calls for more compensation, the Contractor must provide to the Project Officer a proposal which sets forth the amount of additional compensation claimed, together with the basis therefor and supportive documentation for the amount. The Contractor will not be compensated for performing any work unless a proposal complying with this paragraph has been submitted in the time specified above and a written amendment has been signed by the County and the Contractor and a County purchase order is issued covering the cost of the services to be provided under the amendment. If the Project Officer believes that the work is within the scope of the Contract as written, the Contractor will continue work under the pricing agreement currently in effect.

FAILURE TO DELIVER

In case of failure to deliver goods or services in accordance with the Contract terms and conditions, the County, after due oral or written notice, may procure the goods or services from other sources and hold the Contractor

178-09
responsible for any resulting additional purchase and administrative costs; provided, that if public necessity requires the use of materials or supplies not conforming to the specifications, they may be accepted and payment therefor shall be made at a reduction in price to be determined solely by the County. This remedy shall be in addition to any other remedies, which the County may have. The County shall be entitled to offset such costs against any sums owed by the County to the Contractor.

ETHICS IN PUBLIC CONTRACTING
This Contract incorporates by reference Article 9 of the Arlington County, Virginia, Purchasing Resolution, as well as any state or federal law related to ethics, conflicts of interest, or bribery, including by way of illustration and not limitation, the Virginia State and Local Government Conflict of Interests Act, the Virginia Governmental Frauds Act, and Articles 2 and 3 of Chapter 10 of Title 18.2 of the Virginia Code, as amended. The Contractor certifies that its offer is made without collusion or fraud and that it has not offered or received any kickbacks or inducements from any other offeror, supplier, manufacturer, or subcontractor and that it has not conferred on any public employee having official responsibility for this purchase any payment, loan, subscription, advance, deposit of money, services, or anything of more than nominal value, present or promised unless consideration of substantially equal or greater value was exchanged.

LIABILITY
The Contractor shall not be held responsible for failure to perform the duties and responsibilities imposed by this Contract if such failure is due to strikes, fires, riots, rebellions, or Force Majeure, beyond the control of the Contractor, that make performance impossible or illegal, unless otherwise specified in the Contract.

The County shall not be held responsible for failure to perform the duties and responsibilities imposed by the Contract if such failure is due to strikes, fires, riots, rebellions, or Force Majeure, beyond the control of the County, that make performance impossible or illegal, unless otherwise specified in the Contract.

ASSIGNMENT
The Contractor shall not assign, transfer, convey, sublet, or otherwise dispose of any award, or any or all of its rights, obligations, or interests under this Contract, without the prior written consent of the County.

APPLICABLE LAW
This Contract and the work performed hereunder shall be governed in all respects by the laws of the Commonwealth of Virginia and the venue for any litigation with respect thereto shall be in the Circuit Court for Arlington County, Virginia, and in no other court. In performing the Work under this Contract, the Contractor shall comply with applicable federal, state, and local laws, ordinances and regulations.

AUTHORITY TO TRANSACT BUSINESS
Any firm or entity submitting a bid or proposal in response to this solicitation must be authorized to transact business in the Commonwealth of Virginia. THIS SAME REQUIREMENT SHALL APPLY TO ALL FIRMS, REGARDLESS OF THE LEGAL FORM OF THE ENTITY. The proper legal name of the firm or entity must be
written in the space provided on the Bid Form or Proposal Form. The County may require a firm to provide documentation (preferably from a governmental entity) prior to award which: 1) clearly identifies the complete name and legal form of the firm or entity (i.e. corporation, partnership, etc.), and 2) establishes that the firm or entity is authorized to transact business in the Commonwealth of Virginia. Failure of a firm to provide such documentation shall be grounds for cancellation of the award.

EMPLOYMENT OF UNAUTHORIZED ALIENS PROHIBITED
In accordance with §2.2-4311.1 of the Virginia Code, the Contractor acknowledges that it does not, and shall not during the performance of the contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

ANTITRUST
By entering into this Contract, the Contractor conveys, sells, assigns and transfers to the County all rights, title, and interest in and to all causes of action the Contractor may now have or hereafter acquire under the antitrust laws of the United States or the Commonwealth of Virginia, relating to the goods or services purchased or acquired by the County under said Contract.

RELATION TO COUNTY
The Contractor will be legally considered as an independent contractor and neither the Contractor nor its employees will, under any circumstances, be considered employees, servants or agents of the County. The County will not be legally responsible for any negligence or other wrongdoing by the Contractor, its employees, servants or agents. The County will not withhold payments to the Contractor for any federal or state unemployment taxes, federal or state income taxes, Social Security tax, or any other amounts for benefits to the Contractor. Further, the County will not provide to the Contractor any insurance coverage or other benefits, including Workers' Compensation, normally provided by the County for its employees.

DELIVERY
All goods are purchased F.O.B. point of delivery in Arlington County. All costs for handling and transportation charges to the designated point of delivery shall be borne by the Contractor. Transportation, handling and all related charges shall be included in the unit prices or discounts bid for each item.

ARLINGTON COUNTY PURCHASING RESOLUTION
The Contract is governed by the applicable provisions of the Arlington County Purchasing Resolution. The time limit for final written decision by the County Manager in the event of a contractual dispute, as that term is defined in the Purchasing Resolution, is fifteen (15) days. Procedures for considering contractual claims, disputes, administrative appeals, and protests are contained in the Purchasing Resolution, incorporated herein by reference, and available upon request from the Office of the Purchasing Agent.

ARBITRATION
It is expressly agreed that nothing under the Contract shall be subject to arbitration, and any references to arbitration are expressly deleted from the Contract.

PATENTS AND ROYALTIES
The Contractor covenants to save, defend, hold harmless, and indemnify the County, and all of its officers, officials, departments, agencies, agents, and employees (collectively the "County") from and against any and all claims, losses, damages, injuries, fines, penalties, costs (including court costs and attorney's fees), charges, liability, or exposure, however caused, for or on account of any trademark, copyright, patented or unpatented invention, process, or article manufactured or used in the performance of this Contract, including its use by the County. If the Contractor uses any design, device, or materials covered by letters patent or copyright, it is mutually agreed and understood, without exception, that the Contract price includes all royalties or costs arising from the use of such design, device, or materials in any way involved with the work.

CONFIDENTIALITY AND RETURN OF RECORDS
The Contractor agrees that all findings, memoranda, correspondence, documents or records of any type, whether written or oral, and all documents generated by the Contractor or its subcontractors as a result of the County's request for services under this Contract, are confidential records ("Records"), and neither the Records nor their contents shall be released by the Contractor, its subcontractors, or other third parties; nor shall their contents be disclosed to any person other than the Project Officer or designee. The Contractor agrees that all oral or written inquiries from any person or entity regarding the status of any Record generated as a result of the existence of this Contract shall be referred to the Project Officer or designee for response. At the County's request, the Contractor shall deliver all Records to the Project Officer, including "hard copies" of computer records, and at the County's request, shall destroy all computer records created as a result of the County's request for services under this Contract.

The Contractor agrees to include the provisions of this section as part of any Contract or Agreement the Contractor enters into with subcontractors or other third parties for work related to work pursuant to this Agreement.

No termination of this Agreement shall have the effect of rescinding, terminating or otherwise invalidating this section.

COPYRIGHT
The Contractor hereby irrevocably transfers, assigns, sets over and conveys to the County all right, title and interest, including the sole exclusive and complete copyright interest, in any and all copyrightable works created pursuant to this Agreement. The Contractor further agrees to execute such documents as the County may request to effect such transfer or assignment.

Further, the Contractor agrees that the rights granted to the County by this paragraph are irrevocable. Notwithstanding anything else in this Agreement, the Contractor's remedy in the event of termination of or dispute over the terms of this Agreement shall not include any right to rescind, terminate or otherwise revoke or invalidate in any way the rights conferred pursuant to
the provisions of this paragraph. Similarly, no termination of this Agreement shall have the effect of rescinding, terminating or otherwise invalidating the rights acquired pursuant to the provisions of this "Copyright" paragraph.

The use of subcontractors or third parties in developing or creating input into any copyrightable materials produced as a part of this Agreement is prohibited unless the County approves the use of such subcontractors or third parties in advance and such subcontractors or third parties agree to include the provisions of this paragraph as part of any contract they enter into with the Contractor for work related to work under this Contract.

PAYMENT OF SUBCONTRACTORS
The Contractor is obligated to take one of the two following actions within seven (7) days after receipt of amounts paid to the Contractor by the County for work performed by any subcontractor under this Contract:

a. Pay the subcontractor for the proportionate share of the total payment received from the County attributable to the work performed by the subcontractor under this Contract; or

b. Notify the County and the subcontractor, in writing, of the Contractor's intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.

The Contractor is obligated to pay interest to the subcontractor on all amounts owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the County for work performed by the subcontractor under this Contract, except for amounts withheld as allowed in b., above. Unless otherwise provided under the terms of this Contract, interest shall accrue at the rate of one percent (1%) per month.

The Contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

The Contractor's obligation to pay an interest charge to a subcontractor pursuant to the above provisions may not be construed to be an obligation of the County. A contract modification may not be made for the purpose of providing reimbursement for such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.

AUDIT
The Contractor agrees to retain all books, records and other documents related to this procurement for at least five (5) years after final payment, or until audited by the County, whichever is sooner. The County or its authorized agents shall have full access to and the right to examine any of the above documents during this period. If the Contractor wishes to destroy or dispose of records (including confidential records to which the County does not have ready access) after the County's audit but within five (5) years after final payment, the Contractor shall notify the County at least thirty (30) days prior to such disposal, and if the County objects, shall not dispose of the records.

PROJECT STAFF

8
178-09
The County will, throughout the Contract Term and any renewal term, have the right of reasonable rejection and approval of staff or subcontractors assigned to the project by the Contractor. If the County reasonably rejects staff or subcontractors, the Contractor must provide replacement staff or subcontractors satisfactory to the County in a timely manner and at no additional cost to the County. The day-to-day supervision and control of the Contractor's employees, and employees of any of its subcontractors, shall be solely the responsibility of the Contractor.

**SUPERVISION BY CONTRACTOR**
The Contractor shall at all times enforce strict discipline and good order among the workers performing under this Contract, and shall not employ on the work any person not reasonably proficient in the work assigned.

**CONTRACT EXTENSION WITH PRICE ADJUSTMENTS NEGOTIATED UP TO CPI-U**
The Contract unit price(s) shall remain firm for the first twelve (12) months of the Contract Term. The Contract unit price(s) for each ensuing Contract year, if the County elects to extend the Contract, shall be negotiated by the County and the Contractor. Increases in the price(s) for ensuing years shall not exceed the percentage of change in the U.S. Department of Labor, Consumer Price Index, All Items, Unadjusted, Urban Areas (CPI-U) for the twelve (12) month period ending February of each Contract Year.

If the Contractor and the County do not agree on a price using the procedure set forth above by the thirtieth (30th) day prior to the end of the initial Contract Term or the end of ensuing renewal term or terms, the County will terminate the Contract whether or not the County has previously elected to extend the term. The Contract unit price(s) changed as a result of this procedure shall become effective on the anniversary date of the Contract and shall be binding on the Contractor for the ensuing renewal term or terms.

**REPORT STANDARDS**
Reports or written material prepared by the Contractor in response to the requirements of this Contract shall, unless otherwise provided for in the Contract, meet standards of professional writing established for the type of report or written material provided, shall be thoroughly researched for accuracy of content, shall be grammatically correct and not contain spelling errors, shall be submitted in a format approved in advance by the Project Officer, and shall be submitted for advance review and comment by the Project Officer. The cost of correcting grammatical errors, correcting report data, or other revisions required to bring the report or written material into compliance with the Contract requirements shall be borne by the Contractor.

When submitting documents to the County, The Contractor shall comply with the following guidelines:

- All submittals and copies shall be printed on at least 30% recycled-content and/or tree free paper;
- All copies shall be double-sided;
- Report covers or binders shall be recyclable, made from recycled materials, and/or easily removable to allow for recycling of report pages (reports with glued bindings that meet all other requirements are acceptable);
• The use of plastic covers or dividers should be avoided; and
• Unnecessary attachments or documents not specifically asked for should not be submitted, and superfluous use of paper (e.g. separate title sheets or chapter dividers) should be avoided.

NONAPPROPRIATION
All funds for payments by the County under this Contract are subject to the availability of an annual appropriation for this purpose by the County Board of Arlington County. In the event of nonappropriation of funds by the County Board of Arlington County for the goods or services provided under this Contract or substitutes for such goods or services which are as advanced or more advanced in their technology, the County will terminate the Contract, without termination charge or other liability to the County, on the last day of the then current fiscal year or when the appropriation made for the then current year for the services covered by this Contract is spent, whichever event occurs first. If funds are not appropriated at any time for the continuation of this Contract, cancellation will be accepted by the Contractor on thirty (30) days prior written notice, but failure to give such notice shall be of no effect and the County Board of Arlington County shall not be obligated under this Contract beyond the date of termination.

TERMINATION FOR CAUSE
The Contract will remain in force for the full period specified and until the County determines that all requirements and conditions have been satisfactorily met and the County has accepted the Work, and thereafter until the Contractor has met all requirements and conditions relating to the Work under the Contract Documents following the Initial Contract Term and all Subsequent Contract Terms, including warranty and guarantee periods. However, the County will have the right to terminate this Contract sooner if the Contractor has failed to perform satisfactorily the Work required or otherwise defaults, as determined by the County in its discretion.

In the event the County decides to terminate this Contract for failure to perform satisfactorily, the County will give the Contractor at least fifteen (15) days written notice before the termination takes effect. Such fifteen (15) day period will begin upon the mailing of notice by the County. If the Contractor fails to cure within the fifteen (15) days period specified in the notice and the Contract is terminated for the Contractor's failure to provide satisfactory Contract performance, the Contractor will be entitled to receive compensation for all Contract services satisfactorily performed by the Contractor and allocable to the Contract and accepted by the County prior to such termination unless otherwise barred by the Contract.

In the event the County terminates the Contract for default of any Contract term or condition, the termination will be immediate, unless the County in its discretion provides for an opportunity to cure, and the Contractor will not be entitled to termination costs.

Upon any termination for cause, an amount equal to all additional costs required to be expended by the County to complete the Work covered by the Contract, including costs of delay in completing the project, shall be either subtracted from any amount due the Contractor or charged to the Contractor.
Except as otherwise directed by the County, the Contractor shall stop Work on the date of receipt of notice of the termination or other date specified in the notice, place no further orders or subcontracts for materials, services, or facilities except as are necessary for the completion of such portion of the Work not terminated, and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

In the event any termination for cause shall be found to be improper or invalid by any court of competent jurisdiction, then such termination shall be deemed to have been a termination for convenience.

**TERMINATION FOR THE CONVENIENCE OF THE COUNTY**
The performance of work under this Contract may be terminated by the Purchasing Agent in whole or in part whenever the Purchasing Agent shall determine that such termination is in the County's best interest. Any such termination shall be effected by the delivery to the Contractor of a written notice of termination at least fifteen (15) days before the date of termination, specifying the extent to which performance of the work under this Contract is terminated and the date upon which such termination becomes effective. The Contractor will be entitled to receive compensation for all Contract services satisfactorily performed by the Contractor and allocable to the Contract and accepted by the County prior to such termination and any other termination costs as negotiated by the parties, but no amount shall be allowed for anticipatory profits.

After receipt of a notice of termination and except as otherwise directed, the Contractor shall stop all work on the date of receipt of the notice of termination or other date specified in the notice; place no further orders or subcontracts for materials, services or facilities except as are necessary for the completion of such portion of the work not terminated; immediately transfer all documentation and paperwork for terminated work to the County; and terminate all vendors and subcontracts and settle all outstanding liabilities and claims.

**REQUIREMENTS CONTRACT (ESTIMATED QUANTITIES)**
During the Contract Term, the Contractor will furnish all of the items or services described in the Contract Documents if so requested by the County. The Contractor understands and agrees that this is a requirements contract and the County will have no obligation to the Contractor if no items or services are required or requested by the County. Any quantities which are included in the Contract Documents are the present expectations of those who are planning for the County for the period of the contract. The amount is only an estimate and the Contractor understands and agrees that the County is under no obligation to the Contractor to buy any amount as a result of having provided this estimate or of having had any normal or otherwise measurable requirement in the past. The Contractor further understands that the County may require services in excess of the estimated annual Contract amount and that such excess shall not give rise to any claim for compensation other than at the unit prices in this Contract.

**INSURANCE REQUIREMENTS**
The Contractor shall provide to the County Purchasing Agent a Certificate of Insurance indicating that the Contractor has in force the coverage below prior to the start of any Work under this Contract. The Contractor agrees to
maintain such insurance until the completion of this Contract. All required insurance coverages must be acquired from insurers authorized to do business in the Commonwealth of Virginia and acceptable to the County. The minimum insurance coverage shall be:

Workers Compensation - Virginia Statutory Workers Compensation (W/C) coverage including Virginia benefits and employers liability with limits of $100,000/100,000/500,000. The County will not accept W/C coverage issued by the Injured Worker's Insurance Fund, Towson, MD.

Commercial General Liability - $1,000,000 combined single limit coverage with $1,000,000 general aggregate covering all premises and operations and including Personal Injury, Completed Operations, Contractual Liability, Independent Contractors, and Products Liability. The general aggregate limit shall apply to this Contract. Evidence of Contractual Liability coverage shall be typed on the certificate.

Additional Insured - Arlington County, its officers, elected and appointed officials, and employees shall be named as an additional insured in the Contractor's Commercial General Liability policy; evidence of the Additional Insured endorsement shall be typed on the certificate.

Contract Identification - The insurance certificate shall state this Contract's number and title.

Business Automobile Liability - $500,000 Combined Single Limit (Owned, non-owned and hired).

The Contractor shall carry Professional Liability or similar errors and omissions insurance which will pay for damages arising out of errors or omissions in the rendering, or failure to render professional services or perform Work under the contract, in the amount of $1,000,000.

The Contractor assumes all risks for direct and indirect damage or injury to the property or persons used or employed on or in connection with the Work contracted for, and of all damage or injury to any person or property wherever located, resulting from any action, omission, commission or operation under the Contract, or in connection in any way whatsoever with the contracted Work.

No acceptance or approval of any insurance by the County shall be construed as relieving or excusing the Contractor from any liability or obligation imposed upon the Contractor by the provisions of the Contract Documents.

The Contractor shall be responsible for the Work performed under the Contract Documents and every part thereof, and for all materials, tools, equipment, appliances, and property of any description used in connection with the Work. The Contractor shall be as fully responsible to the County for the acts and omissions of its subcontractors and of persons employed by them as it is for acts and omissions of persons directly employed by it.

Notwithstanding any of the above, the Contractor may satisfy its obligations under this section by means of self insurance for all or any part of the
insurance required, provided that the alternative coverages are submitted to and acceptable to the County.

NONEXCLUSIVITY OF REMEDIES
All remedies available to the County under this contract are cumulative and no such remedy shall be exclusive of any other remedy available to the County at law or in equity.

AMENDMENTS
This Contract shall not be amended except by written amendment executed by persons duly authorized to bind the Contractor and the County.

SEVERABILITY
The sections, paragraphs, sentences, clauses and phrases of this Contract are severable, and if any phrase, clause, sentence, paragraph or section of this Contract shall be declared invalid by the valid judgment or decree of a court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Contract.

WITNESS these signatures:

THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA
AUTHORIZED SIGNATURE: ____________________________
NAME AND TITLE: Pamela Hayes, Purchasing Agent
DATE: 7/7/09

PUBLIC FINANCIAL MANAGEMENT GROUP
TAXPAYER EIN 23-1992164
AUTHORIZED SIGNATURE: ____________________________
NAME AND TITLE: JoAnne Carter, Managing Director
DATE: 6/30/2009
AGREEMENT NO. 178-09

EXHIBIT A

SCOPE OF SERVICES

The Contractor shall provide Financial Advisor services to the County relating to the County's issuance of General Obligation Bonds (GOS) (AAA/Aaa/AAA rated by S&P, Moody's, and Fitch Ratings), annual-appropriation backed bonds and lease-purchase financing. The Contract anticipates that the Contractor will provide financial advisor services during the initial Contract Term for work on two GO bond sales, one annual-appropriation backed bond issue, and miscellaneous financial advisory services (collectively the "Projects"). Any other work shall be considered Additional Services. Services related to planning and execution of bond sales for development projects, and other financing of operating or capital needs of the County shall be considered Additional Services and may be included or excluded from this Agreement at the sole discretion of the County.

REIMBURSABLE EXPENSES

Expenses not identified as reimbursable will not be reimbursed by the County without the prior written approval of the County and the issuance of a purchase order detailing the specific level of expenses to be incurred by the Contractor. Payment for approved reimbursable expenses will be made within 30 days after receipt by the Project Officer of a correct invoice identifying the nature of the expense. Reimbursable expenses allowed shall be charged to the County on a unit price basis at the Contractor's cost or as otherwise set forth in the Agreement. Reimbursable expenses are contemplated as including, by way of illustration and not limitation: actual cost of travel, meals and lodging; Special postage, overnight delivery, and courier services at cost; Computer data base search time at cost; other expenses as may be agreed to by the County in writing. Travel time to and from locations within the Metropolitan Washington area are not reimbursable. All correspondence with Arlington County shall be transmitted via regular mail, with some exception during the bond sale time that the Contractor might need to expedite the approval of bond documents.

SPECIFIC TASKS UNDER THE CONTRACT

The Contractor shall be responsible for the following:

A. Review the County's plans for financing Fiscal Year 2010 and Fiscal Year 2011 capital improvements, including the following:
   • Issuing approximately $50 million of general obligation bonds in the summer of 2009
   • Issuing approximately $50 to $100 million of general obligation bonds in the summer of 2010
   • Providing assistance in the solicitation in summer 2009 of a new Letter of Credit for the Variable Rate Demand Revenue Bonds for the Ballston Public Parking Project, Series 1984, and related structuring advice
• Issuing approximately $13 million in annual-appropriation backed bonds for a critical fire station in the fall of 2009
• Providing assistance in the solicitation in 2010 of a new Letter of Credit for the Taxable Economic Development Revenue Bonds (Skating Facility Project), Series 2005

B. Recommend specific details and schedules for each bond issue or other financings, including maturity schedules, timing of sale, call provisions and related items.

C. Review all documentation, including ordinances and resolutions relating to each bond, lease purchase, or other financings, and make recommendations as appropriate.

D. For general obligation bonds, or other financings, evaluate the text of, and recommend changes to, the Preliminary Official Statement, Notice of Sale, and other material information designed to provide the public, analysts, investors and the rating services with appropriate disclosure as either required by federal law or as recommended by the Government Finance Officers Association.

E. Work with County staff and Bond Counsel to complete the authorizing resolution, Official Statement, Notice of Sale, closing documents and other related documents. County staff will collect the necessary data and draft the Official Statement for the Bond Counsel and Financial Advisor review, comment and/or revision.

F. Obtain bids, in accordance with existing County Procurement Regulations, evaluate and recommend paying agents, trustees, verification agents and financial printers for County selection.

G. Coordinate development of rating agency presentation document. Apply to the rating agencies for ratings on each bond, note, or lease purchase issue if a rating is requested by the County. This would include coordinating the scheduling of rating agency meetings, advising County staff on presentation, and attending the rate agency meetings with County staff and officials.

H. Coordinate distribution of the Official Statements and Notices of Sale to potential underwriters and investors.

I. Provide recommendations to and assist the County in selecting underwriters, determining the management structure of an underwriting and implementing a marketing program to secure the most competitive bids.

J. Attend bid openings for competitive sales and review each bid for compliance to the bidding covenants, determine the true interest cost (TIC) of each bid, and make recommendations to the County to accept or reject bid(s). Attend negotiated sales as well as prepare analyses of market interest rate conditions prior to and during the negotiated sale.

K. Assist the County with the closing and delivery of the bond documents and proceeds. Determine the amount, including accrued interest, to be
delivered at the closing, and furnish the County with a debt service schedule of interest and principal due at each date to service each bond issue. Provide the County with a detailed post-sale analysis report.

L. Make recommendations on the timing, structure, technical features and amount of the proposed bond, note or other issues, including design features and marketing of the bonds, notes and certificates with particular emphasis on ensuring the lowest cost of capital as well as best practices disclosure to investors.

M. Advise the County of pertinent market factors and expected trends during the next two to three years, including real estate market, changing federal and state tax laws, and regulation implications. Keep the County current on changes in state and federal law and regulations.

N. Review financing options including, but not limited to, refinancings, interest rate swaps, and the issuance of taxable securities.

O. Provide periodic advice upon County request relating to financial market conditions. Such occasional advice shall be considered as part of the Financial Advisor's fee received for each bond issuance.

P. Assist the County in tracking its debt service obligations. Provide the County an annual report of County's outstanding General Obligation and other debt.

Q. Upon request by the County, undertake special economic and financial studies or analyses particularly in the area of capital financing. Such studies may include, but are not limited to regional transit or commuter rail financing, regional highway financing, special taxing districts or assistance with projects financed through the County Industrial Development Authority. When requested, assist in representing the County's interests in negotiation of in-County and regional capital financing agreements. As requested by the County, assist the County in cooperative capital financing projects with entities, including, by way of illustration and not limitation, such as non-profit housing corporations, higher educational institutions and health care institutions. These tasks listed under paragraph "Q" comprise the Miscellaneous financial advisor services referred to in the Additional Services section of the Agreement.

R. Assist the County in negotiating with other parties to shape the fundamentals of underlying business deals in a manner that supports expected financings by the Arlington County Industrial Development Authority (IDA). For example, the Contractor shall review various agreements on the financing, and suggest favorable business terms to limit the County's risks. The Contractor also shall review the pro formas and market/feasibility analysis performed by the County and others. The Contractor shall participate in weekly meetings on the projects' status.

S. Assist the County and the IDA in executing financing for development projects. These efforts shall encompass all of the traditional "bond
sale activities' associated with the County's general obligation bond sales such as preparing rating agency presentations and assisting with the development of documents such as the Preliminary Official Statement. These transactions could be sold via negotiated sale and a new legal credit structure could be devised. These transactions would involve additional work tasks such as negotiating the pricing and preparing additional documentation such as the bond indenture, lease/cooperation agreements, and bond purchase agreements.
AGREEMENT NO. 178-09

EXHIBIT B

PRICING

See attached PFM letter dated June 25, 2009, three (3) pages.
June 25, 2009

Mr. Mark J. Schwartz  
Director of Management and Finance

Ms. M. Jean Wilson  
Financial Analyst

Department of Management and Finance  
Arlington County  
2100 Clarendon Blvd, Suite 501  
Arlington, Virginia 22201

Dear Mr. Schwartz and Ms. Wilson:

The PFM Group ("PFM") looks forward to continuing in our role as Arlington County’s financial advisor. As we discussed, please accept this letter as an amendment and restatement of my letter to you dated June 18, 2009 for the proposed pricing for financial advisory services to be provided to the County. As requested, the proposed structure presented below includes a retainer for non-transaction assignments and flat, not-to-exceed fees for individual bond transactions which are tied to the complexity of such credits.

**General Obligation Transactions**

For financial advisory services related to the issuance of the County’s general obligation debt, PFM proposes a base amount of $52,000. This amount assumes a) the issuance of fixed rate new money bonds pursuant to a competitive sale, and b) that bond counsel is responsible for the processing of the preliminary and final official statements with PFM providing review and comments. We propose an additional $12,000 amount if the financing includes an “in person” rating agency presentation in New York or a site visit in Arlington or another location.

**Revenue Bond Transactions**

For financial advisory services related to the issuance of County revenue bonds or IDA revenue bonds or other types of debt (such as water revenue bonds, lease revenue bonds, special district financings, certificates of participation, or variable-rate debt) of greater complexity than general obligation bonds, PFM estimates a base amount of $95,000 to $175,000 depending on the particular credit and structure. The actual amount would be negotiated at the time the structure of the transaction is defined. We propose an additional amount of $12,000 if the financing will include a rating agency presentation in New York or a site visit in Arlington or another location.
Refunding Transactions
For a stand-alone refunding transaction, the base amount would be determined by the type of transaction described above, whether a general obligation bond or revenue bond. If a refunding is combined with a new money sale, PFM proposes a structuring amount of $12,000 in addition to the base amount.

Related Fees
In addition to advising on any bond transactions, PFM is often called upon to perform many additional duties. These duties may include structuring and implementing refunding escrows, structuring debt service reserve and debt service payment fund investments, executing investment liquidation, pricing and implementing interest rate swaps and other related services. Services for any structured product engagement, such as escrow structuring and procurement, escrow restructuring, investment agreement, or swap structuring or procurement, will be provided by PFM Asset Management LLC.

Separate fees for such services will be negotiated and agreed to in writing prior to our undertaking any specific engagement since the actual fee will depend on the nature of the work. For example, structuring an escrow portfolio of State and Local Government Securities (SLGs) is less complex than one of open market Treasury securities. Likewise, structuring an advance refunding escrow differs in complexity and nature from implementing the competitive or negotiated procurement of an interest rate swap. PFM fully discloses all fees related to any transaction.

Retainer (Non-Transaction) Services
For services other than those related to the issuance of bonds, such as financial planning services, analysis of financing alternatives, formulation of debt and financial management related policies, development of financial plans, assistance with rating agency relations (outside the course of a bond sale), and advice regarding special projects, PFM proposes an annual retainer. Utilization of the retainer would be based on the hourly rates shown in the table below, and in years beyond FY2010, subject to annual escalation in accordance with the CPI-U index. To the extent that the County’s utilization of PFM services exceeds the retainer, PFM’s services would be compensated at our hourly rate schedule.

<table>
<thead>
<tr>
<th>Experience Level</th>
<th>Rate per Hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing Director</td>
<td>$300</td>
</tr>
<tr>
<td>Senior Managing Consultant</td>
<td>$250</td>
</tr>
<tr>
<td>Consultant</td>
<td>$190</td>
</tr>
<tr>
<td>Associate</td>
<td>$135</td>
</tr>
</tbody>
</table>

As you know, the annual retainer amount provides the County with budgetary certainty and is well suited to our day-to-day interactions. The current retainer amount between PFM and the County for FY2009 is $45,437. Generally, the goal of setting the retainer amount has been to target both the County’s and PFM’s expectations for workflow during the year. Historically, amounts in excess
of the annual retainer have ranged from a low of $0 to a high of $27,000. Using this data and our discussions regarding the County’s workplan for the coming fiscal year, PFM proposes a retainer for FY2010 of $48,163. We are open to discussing other methodologies for deriving this amount with the County.

Expenses
In addition to the fees described above, PFM would expect to be reimbursed at cost for travel, meals, lodging, computer, communications, reproduction, graphics, express mail, legal fees, and any other miscellaneous costs incurred. Appropriate documentation and third party receipts will be provided with each invoice. All PFM financial analyses are undertaken internally, primarily using software prepared by PFM professionals. PFM would not charge Arlington for the development or use of this software.

On behalf of my partners and colleagues at PFM, thank you for this opportunity to continue as Arlington’s financial advisor. If you have any questions about this proposed compensation arrangement, please call me at 703-741-0175.

Sincerely,
Public Financial Management

[Signature]
Anne Carter
Managing Director
AGREEMENT NO. 176-09
EXHIBIT C
Metropolitan Washington Council of Governments
Rider Clause

USE OF CONTRACT(S) BY MEMBERS COMPRISING THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS PURCHASING OFFICERS’ COMMITTEE.

A. If authorized by the bidder(s), resultant contract(s) will be extended to any or all of the listed members as designated by the bidder in accordance with contract terms.

B. Any member utilizing such contract(s) will place its own order(s) directly with the successful contractor. There shall be no obligation on the part of any participating member to utilize the contract(s).

C. A negative reply will not adversely affect consideration of your bid/proposal.

D. It is the awarded vendor’s responsibility to notify the members shown below of the availability of the Contract(s).

E. Each participating jurisdiction has the option of executing a separate contract with the awardee. Contracts entered into with a participating jurisdiction may contain general terms and conditions unique to that jurisdiction including, by way of illustration and not limitation, clauses covering minority participation, non-discrimination, indemnification, naming the jurisdiction as an additional insured under any required Comprehensive General Liability policies, and venue. If, when preparing such a contract, the general terms and conditions of a jurisdiction are unacceptable to the awardee, the awardee may withdraw its extension of the award to that jurisdiction.

F. The issuing jurisdiction shall not be held liable for any costs or damages incurred by another jurisdiction as a result of any award extended to that jurisdiction by the awardee.

BIDDER’S AUTHORIZATION TO EXTEND CONTRACT:

YES NO JURISDICTION

X ______ Alexandria, Virginia
X ______ Alexandria Public Schools
X ______ Alexandria Sanitation Authority
X ______ Arlington County, Virginia
X ______ Arlington County Public Schools
X ______ Bladensburg, Maryland
X ______ Bowie, Maryland
X ______ Charles County Public Schools
X ______ College Park, Maryland
X ______ Culpeper County, Virginia
_____ District of Columbia
X ______ District of Columbia Courts
X ______ District of Columbia Public Schools
X ______ District of Columbia Water & Sewer Auth.
X ______ Fairfax, Virginia
X ______ Fairfax County, Virginia
X ______ Fairfax County Water Authority
X ______ Falls Church, Virginia
X ______ Fairfax County Schools & Government, Virginia
X ______ Frederick, Maryland
X ______ Frederick County, Maryland
X ______ Gaithersburg, Maryland
X ______ Greenbelt, Maryland
X ______ Herndon, Virginia
X ______ Leesburg, Virginia
X ______ Loudoun County, Virginia
X ______ Loudoun County Public Schools
X ______ Loudoun County Sanitation Authority
X ______ Winchester Public Schools

X ______ Manassas, Virginia
X ______ City of Manassas Public Schools
X ______ Manassas Park, Virginia
X ______ Maryland-National Capital Park & Planning Comm
X ______ Maryland State Department of Transportation
X ______ Metropolitan Washington Airports Authority
X ______ Metropolitan Washington Council of Governments
X ______ Montgomery College
X ______ Montgomery County, Maryland
X ______ Montgomery County Public Schools
X ______ Northern Virginia Community College
X ______ OmniRide
X ______ Potomac & Rappahannock Trans. Commission
X ______ Prince George’s County, Maryland
X ______ Prince George’s Public Schools
X ______ Prince William County, Virginia
X ______ Prince William County Public Schools
X ______ Prince William County Service Authority
X ______ Rockville, Maryland
X ______ Spotsylvania County Schools
X ______ Stafford County, Virginia
X ______ Takoma Park, Maryland
X ______ Upper Occoquan Sewage Authority
X ______ Vienna, Virginia
X ______ Virginia Railway Express
X ______ Washington Metropolitan Area Transit Authority
X ______ Washington Metropolitan Area Transit Authority
X ______ Washington Suburban Sanitary Comm.
X ______ Winchester, Virginia

Vendor Name
Revised 8/29/08