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September 27, 2010

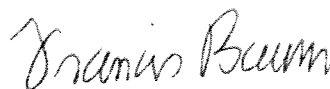
Ms. Tina Kundig
Finance Director
City of Redlands
35 Cajon Street
Redlands, CA 92373-1505

Re: Bond Counsel and Disclosure Counsel Services for Redlands Financing
Authority Water Revenue Refunding Bonds Series 2010A and Wastewater
Revenue Refunding Bonds Series 2010A

Dear Tina:

Enclosed please find two originals of our fee letter for bond counsel and disclosure counsel services on the City's water and wastewater revenue refunding bond issues. Please date, sign and return a copy to me for our files. If you have any questions, please let me know.

Very truly yours,



Francis J. Baum
of BEST BEST & KRIEGER LLP

FJB:ksh
Enclosures

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September 14, 2010

Chairperson and Board Members
Redlands Financing Authority
35 Cajon
Redlands, CA 92373

Mayor and City Council
City of Redlands
35 Cajon
Redlands, CA 92373

Re: Bond Counsel and Disclosure Counsel Services for Redlands
Financing Authority Water Revenue Refunding Bonds Series
2010A and Wastewater Revenue Refunding Bonds Series 2010A

Ladies and Gentlemen:

The firm of Best Best & Krieger LLP is pleased to serve as bond counsel and disclosure counsel in connection with the above-referenced financings by the Redlands Financing Authority (the "Authority") involving the issuance of the Authority's Water Revenue Refunding Bonds and Wastewater Revenue Refunding Bonds (together, the "2010 Bonds"). Proceeds of the two series of the 2010 Bonds will be used to refund the Authority's outstanding Water Revenue Refunding Bonds, Series 1999A and Wastewater Revenue Refunding Bonds, Series 1999A and finance additional water system projects. We will perform the following services on the basis set forth in this letter.

Services as Bond Counsel

We will confer and consult with Authority and City staff on all matters relating to the financings, including participation in the review and selection of appropriate financing methods. We will assist the Authority and City in identifying the most advantageous method of financing based upon our experience and we will attend all meetings of the Authority's and City's staff and financial advisor at which financing methods are to be discussed and analyzed for the successful completion of the financings.

Our services will include the preparation of any resolutions, notices, trust indentures, installment sale agreements, escrow agreements, bond forms and all other legal documents required by California law for the issuance, sale and delivery of each series of the 2010 Bonds. We also will review the official statements prepared on behalf of the

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ATTORNEYS AT LAW

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Authority and City and relating to each series of the 2010 Bonds and attend all meetings at which our attendance is requested in which any action in connection with the proceedings is to be taken. We will also review any purchase contracts pursuant to which the purchaser of the 2010 Bonds proposes to purchase the 2010 Bonds.

Subject to the completion of the two financings to our satisfaction, Best Best & Krieger LLP will issue its approving legal opinions to the purchasers of the 2010 Bonds to the effect that all proceedings have been legally undertaken for the authorization, execution, sale and delivery of the 2010 Bonds, or other transactions relating to the financings and that interest paid with respect to the 2010 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income tax. We will also issue any supplemental opinions and certificates as may be necessary or appropriate.

Finally, we will confer and consult with Authority and City staff with respect to questions which may arise during the period of servicing and payment of the 2010 Bonds and provide any and all other services commonly expected of bond counsel.

Services as Disclosure Counsel

As disclosure counsel, we will confer and consult with the Authority's and City's staff, and the Authority's and City's financing consultant and underwriter on all matters relating to the preparation of the official statements describing the terms of issuance of the two series of the 2010 Bonds. Our services will include the preparation of preliminary and final official statements and continuing disclosure certificates, in order for the Authority and City to comply with Rule 15c2-12. We will also conduct the necessary due diligence in order to verify the narrative in the Official Statements regarding the projects being financed and refinanced with proceeds of the 2010 Bonds and the sources of repayment of the 2010 Bonds.

Subject to completion of the financings to our satisfaction, Best Best & Krieger LLP will issue its disclosure counsel opinions with respect to the matters discussed in the official statements.

Fees

Our fee for the foregoing legal services as bond counsel and disclosure counsel for both series of the 2010 Bonds will be an aggregate fee of \$75,000. Our expenses will not exceed \$2,500. Our fees and expenses will be payable upon the issuance of, and from the proceeds of, the 2010 Bonds.

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If this arrangement is satisfactory to the Authority and the City, please return to us a copy of this letter executed by an authorized officer of the Authority and the City.

Very truly yours,



Francis J. Baum
of BEST BEST & KRIEGER LLP

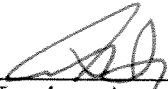
FJB/ksh

TERMS OF EMPLOYMENT APPROVED
THIS 21st DAY OF September, 2010



Authorized Officer of Redlands Financing
Authority and City of Redlands

ATTEST:



Sam Irwin, Agency Secretary and
City Clerk