CITY OF REDLANDS
THE REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS
PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT, made this 6th day of February, 2007, by and between the City of Redlands (the "City") and the Redevelopment Agency of the City of Redlands, (hereinafter called the "City/Agency"), and Urban Futures, Inc., a California corporation (hereinafter called the "Consultant"):

WITNESSETH:

WHEREAS, the City is a California municipal corporation and the Agency is a duly constituted redevelopment agency organized and existing under the laws of the State of California and pursuant to such laws is responsible for the administration of redevelopment activities within the City of Redlands; and

WHEREAS, the City and Agency are in need of expert Financial Advisory, Redevelopment Planning, Redevelopment Implementation, Continuing Disclosure and Bond Administration professional services; and

WHEREAS, as evidenced in Consultant's proposal to provide professional services, Consultant has extensive experience in the professional disciplines required by the City/Agency; and

WHEREAS, after due investigation and deliberation, the City/Agency has determined that the Consultant is qualified to provide the services contemplated herein by reason of its training, experience and knowledge.

NOW, THEREFORE, in consideration of the mutual undertakings herein, the parties agree as follows:

1. <u>CONSULTANT RESPONSIBILITIES</u>

The City/Agency hereby employs the Consultant and the Consultant hereby accepts such employment to perform the services, upon the terms, subject to the conditions, and in consideration of payments as hereinafter set forth. The purpose of this Agreement is to enable the City/Agency to acquire expert Consultant services in the professional disciplines of housing and commercial rehabilitation, economic development and affordable housing programs implementation, as described in Attachment "A", the Scope of Professional Services. If the City/Agency requests professional services pursuant to this Agreement, such services shall be confirmed in writing.

2. <u>COMPENSATION</u>

During the term of this Agreement, City/Agency shall pay Consultant the fee and expenses described in Attachment "B", the Schedule of Professional Fees. Said compensation shall be considered full and complete reimbursement for all of Consultant's costs associated with the services provided hereunder. Consultant shall be paid in accordance with the City's/Agency's standard accounts payable system. Invoices shall be approved by City's/Agency's Agreement Administrator prior to payment.

3. <u>NAMED PERSONNEL</u>

Consultant commits the principal personnel listed below to provide services pursuant to this Agreement for the duration of its term.

Consultant's Principal Personnel:

Consultant has assigned Marshall Linn, President, as the primary contact for this agreement. In this role, Mr. Linn will oversee all Consultant activities for this assignment. Mr. Al Holliman, Mr. Doug Anderson, Ms. Eva Torres, Ms. Anita McCarty, and Ms. Jennifer Helbock may also provide assistance to the City/Agency as projects and City/Agency may direct Consultant. It has been determined that the services of Marshall Linn are necessary for the successful performance of this Agreement. Consultant shall not replace this individual without written consent of City/Agency, which shall not be unreasonably withheld. The consent of the City/Agency shall be given in writing within ten (10) days of the receipt of written notice from the Consultant of the intent to replace personnel. If City/Agency fails to respond to Consultant within ten (10) days of notification by Consultant, said personnel replacement shall be deemed approved.

4. TERM

The term of this Agreement shall remain in full force unless terminated by either party. This Agreement may be terminated without cause by either party by giving the other party thirty (30) days written notice of such cancellation.

5. RELEASE OF NEWS INFORMATION

No news release, including photographs, public announcements or confirmation of same, or any part of the subject matter of this Agreement or any phase of any program hereunder shall be made without prior written approval of City's/Agency's Agreement Administrator

6. CONFIDENTIALITY OF REPORTS

Consultant shall keep confidential all reports, information and data received, prepared or assembled pursuant to performance hereunder and that City/Agency designates as confidential. Such information shall not be made available to any person, firm, corporation or entity without the prior written consent of City/Agency.

7. CITY/AGENCY SUPPORT

City/Agency shall provide Consultant with any plans, publications, reports, statistics, records or other data or information pertinent to the services to be provided hereunder which are reasonably available to City/Agency.

8. INDEPENDENT CONTRACTOR

Consultant shall perform the services as contained herein as an independent contractor and shall not be considered an employee of City/Agency or under City/Agency supervision or control. This Agreement is by and between Consultant and City/Agency, and is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association, between City/Agency and Consultant.

9. CONFLICT OF INTEREST

Consultant represents, warrants and agrees that it does not presently have, nor will it acquire during the term of this Agreement, any interest direct or indirect, by contract, employment or otherwise, or as a partner, joint venturer or shareholder (other than as a shareholder holding a one percent [1%] or less interest in publicly traded companies) or affiliate with any business or business entity that has entered into any contract, subcontract or arrangement with City/Agency. Upon execution of this Agreement and during its term, as appropriate, Consultant shall upon written request, disclose in writing to City/Agency any other contractual or employment arrangement from which it receives compensation. Consultant agrees not to accept any employment during the term of this Agreement by any other person, business or corporation which employment will or may likely develop a conflict of interest between City's/Agency's interests and the interests of third parties.

10. SUCCESSOR AND ASSIGNMENT

The services as contained herein are to be rendered by Consultant whose name is as appears first above written and said Consultant shall not assign nor transfer any interest in this Agreement without the prior written consent of City/Agency

11. INDEMNIFICATION

Consultant agrees to indemnify, defend (upon request by City/Agency) and save harmless City/Agency, its elected and appointed officials, officers, agents and employees from and against any liability, expense, including defense costs and legal fees, and claims for damages of any nature whatsoever, including, but not limited to, bodily injury, death, personal injury or property damage arising from or connected with Consultant's operations, or its services, acts and/or omissions hereunder, including any workers' compensation suit, liability or expense, arising from or connected with the services performed by or on behalf of Consultant by any person pursuant to this Agreement.

12. INSURANCE

Without limiting Consultant's indemnification of City/Agency, Consultant shall procure and maintain at all times during the life of this Agreement, a program of insurance against claims for injuries to persons or damages to property which may arise from or in connection with performance of the work hereunder by Consultant, its officers, representatives, agents or employees. Consultant acknowledges that Section 3700 of the California Labor Code requires all employers to be insured against liability for workers' compensation or undertake self insurance in accordance with the provisions of that Code Section. Consultant assures City/Agency that it will comply with the provisions of Section 3700 of the California Labor Code prior to commencing any work hereunder. Further, prior to commencement of work pursuant to this Agreement, Consultant, including any subcontractor, shall obtain all insurance required hereunder from a company or companies acceptable to City's/Agency's Risk Manager. For the purposes of the Insurance Section of this Agreement, City's/Agency's Risk Manager shall mean City's Finance Director.

a. Minimum Limits on Insurance

Consultant shall maintain limits of no less than:

1. General Liability: $1 million per occurrence and $2 million aggregate for bodily injury, personal injury and property damage for products/completed operations and any other activities undertaken by Consultant pursuant to this Agreement. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to Consultant's services rendered pursuant to this Agreement or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: $1 million per occurrence, combined single limit for bodily injury, death and property damage insuring against liability arising out of the use of any vehicle, including, owned, leased, hired or borrowed and non-owned and employee non-ownership vehicles.

3. Workers' Compensation and Employer's Liability insurance that meets the statutory requirements of the State of California.

4. Professional Liability: $1 million per claims made and $2 million aggregate insuring against any liability arising out of professional errors and/or omissions ("malpractice").

Modifications to the above noted minimum insurance limits may only occur upon concurrence of both parties to this Agreement, confirmed in writing by Consultant and City's/Agency's Risk Manager.

b. Other Insurance Provisions - Commercial General and Automobile Liability

The commercial general liability and automobile liability policies are to contain, or be endorsed to contain, the following provisions:

1. The City/Agency, its elected and appointed officials, officers, agents and employees are to be named as additional insured with respect to:

   (i) Liability arising out of work or operations performed by or on behalf of the Consultant; or

   (ii) Automobiles owned, leased, hired or borrowed by the Consultant.

2. For any claims related to Consultant's services rendered pursuant to this Agreement, the Consultant's insurance coverage shall be primary insurance as respects the City/Agency, its elected and appointed officials, officers, agents and employees. Any insurance or self-insurance maintained by the City/Agency, its elected and appointed officials, officers, agents and employees shall be excess of the Consultant's insurance and shall not contribute with it.

3. Each insurance policy required by this section shall be endorsed to state that coverage shall not be reduced or canceled by either party, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City's/Agency's Risk Manager.

4. Consultant's insurance shall specify that:

   (i) it applies separately to each insured, against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability;

   (ii) any failure to comply with reporting or other provisions of the required policy, including breaches of warranty, shall not affect the coverage required to be provided;

   (iii) the insurer waives all rights of subrogation against any of the named additional insureds; and

   (iv) all costs of adjusting and/or defending any claim against any insured, including court costs and attorney's fees, shall be paid in addition to and shall not deplete any policy limits.

c. Other Insurance Provisions - Workers' Compensation and Employer's Liability

The following provisions apply to Consultant's workers' compensation and employer's liability insurance:

1. Consultant's workers' compensation and employer's liability insurance policies shall provide that the insurer waives all rights of subrogation against City/Agency and its elected and appointed officials, officers, agents and employees.

2. If a "claims made" policy is provided, such policy shall be maintained in effect from the date of performance of work or services hereunder until three (3) years after the date the work or services are accepted as completed. Coverage for the post-completion period may be provided by renewal or replacement of the policy for each of the three (3) years or by a three (3) year extended reporting period endorsement which reinstates all limits for the extended reporting period. If any such policy and/or policies have a retroactive date, that date shall be no later than the date of first performance of work or services hereunder. Renewal or replacement policies shall not allow for any advancement of such retroactive date. Each such policy or policies shall include a standard "notice of circumstances" provision.

f. Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A: VII, unless the City's/Agency's Risk Manager approves, in writing, insurers with a lower A.M. Best rating.

g. Verification of Coverage

Consultant shall furnish the Agency's Risk Manager with original certificates and amendatory endorsements effecting coverage required by this paragraph. Verification of coverage must be approved by the City's/Agency's Risk Manager before work commences. If the life of this Agreement extends beyond the expiration date of Consultant's insurance, Consultant shall cause its agent/broker to verify that Consultant's insurance is current using the procedure identified in this paragraph.

h. Failure to Provide or Maintain Insurance

Failure on the part of Consultant to procure or maintain required insurance shall constitute a material breach of this Agreement upon which City/Agency may immediately terminate this Agreement.

13. NON-DISCRIMINATION

In the fulfillment of the program established under this Agreement, either as to employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other terms of compensation, selection for training, including apprenticeship or participation in the program or the receiving of any benefits under the program, Consultant agrees not to discriminate nor to allow any subcontractor to discriminate on the basis of race, color, creed, religion, natural origin, ancestry, sex, age, marital status or physical disability.

14. COMPLIANCE WITH LAWS

The parties agree to be bound by applicable federal, state and local laws, regulations and directives as they pertain to the performance of this Agreement.

15. SEVERABILITY

In the event that any provision herein contained is held to be invalid, void or illegal by any court of competent jurisdiction, the same shall be deemed severable from the remainder of this Agreement and shall in no way affect, impair or invalidate any other provision contained herein. If any such provision shall be deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

16. INTERPRETATION

No provision of this Agreement is to be interpreted for or against either party because that party or that party's legal representative drafted such provision, but this Agreement is to be construed as if it were drafted by both parties hereto.

17. DISPUTES - ATTORNEY'S FEES

If either party to this Agreement is required to initiate or defend litigation in any way connected with this Agreement, the prevailing party in such litigation, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees, including fees incurred by a party for use of in-house counsel.

18. WAIVER

No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision shall not be deemed to be a waiver of any other breach of the same or any other provision hereof.

19. NOTICE

Notices herein shall be presented in person or by certified or registered U.S. mail, as follows:

To Consultant:

Urban Futures, Inc.,
3111 N. Tustin Street, Ste. 230
Orange, California 92865-1753
Phone: (714) 283-9334
Fax: (714) 283-9319
Attn: Marshall Linn, President

To City/Agency:

City of Redlands
Redevelopment Agency of the City of Redlands
City Hall
35 Cajon Street, Suite 204
P. O. Box 3005
Redlands, California 92373-1505
Phone: (909) 335-4755
Fax: (909) 798-7563
Attn: City Manager/Executive Director

Nothing in this paragraph shall be construed to prevent the giving of notice by personal service. Either party may at any time change the address at which they are to receive notices by providing notice to the other party.

20. AGREEMENT ADMINISTRATOR

Following approval of this Agreement by the City Council and Redevelopment Agency Board of Directors, this Agreement shall be administered by the City Manager/Executive Director, or designees, in accordance with the provisions of this Agreement (the "City's/Agency's Agreement Administrator"). The City's/Agency's Agreement Administrator shall have the authority to issue interpretations or waive provisions to this Agreement on behalf of the City/Agency so long as such actions are consistent with the City's/Agency's approved annual budgets and/or applicable policy directives.

21. ENTIRE AGREEMENT

This Agreement, consisting of seven (7) pages and two (2) attachments, supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the retention of Consultant by City/Agency and contains all the covenants and agreements between the parties with respect to such retention.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

URBAN FUTURES, INC.,

By: Marshall Linn

Marshall Linn, President

CITY OF REDLANDS

By: Jon Harrison

Jon Harrison, Mayor

ATTEST

Lorrie Poyzer

City Clerk

REDEVELOPMENT AGENCY OF THE CITY OF REDLANDS

By: Jon Harrison

Jon Harrison, Chairman

ATTEST:

Lorrie Poyzer

Lorrie Poyzer, Secretary

ATTACHMENT "A"

SCOPE OF PROFESSIONAL SERVICES

Financial Advisory Services

As hereinafter used, any reference to "bond issue" shall include, but not be limited to: Assessment District Bonds, Mello -Roos Special Tax Bonds, Certificates of Participation, Lease Revenue Bonds, RDA Tax Allocation Bonds — Taxable and Tax-Exempt, RDA Tax Allocation Notes — Taxable and Tax-Exempt, Single Family Revenue Bonds, Mobile Home Revenue Bonds, Multifamily Revenue Bonds, Variable Rate Bonds, Water and Sewer Revenue Bonds, General Obligation Bonds, Grant Anticipation Notes and Enterprise Fund Financings.

Consultant's primary duty as "Financial Advisor" will be to protect the interests of the City/Agency by helping ensure that any financing will be accomplished under the most reasonable terms and conditions, and at the lowest possible cost consistent with security of the issues and prevailing market conditions. In achieving this objective, Consultant will carefully examine the City/Agency's overall debt program for outstanding debt, bond covenants, history of prior debt repayment, existing bond ordinances or resolutions, and enabling legislation. Consultant will analyze all financial, legal, engineering or architectural information related to the projects and then recommend to the City/Agency the type of bond structures permitted along with the exact terms and conditions which are feasible. Consultant will discuss the advantages and disadvantages for applicable financing methods, including an analysis of negotiated and competitive bid structures, and provide a recommended structure. Consultant will assist, as directed by the City/Agency and in close coordination with bond counsel, rating agencies, insurance providers and other City/Agency consultants, in the required financing procedures including the preparation of all required staff reports, resolutions and attendance at any staff, financing team or City Council/Agency Board meeting.

Consultant will then advise on the size of any bond issue to ensure sufficient money is obtained to finance the project after setting aside money for a reserve fund, capitalized interest, if required, and all costs of issuance. Consultant will tailor the recommendations to the ability to repay without undue burden by determining the basic legal and practical security for repayment of principal and interest. To protect the interests of the City/Agency, Consultant will recommend appropriate call features, maturity schedules, reserve fund size and provisions regarding the issuance of additional debt. For bond financings, the amount borrowed will include the costs of acquisition and construction (unless other sources are also available for a project); funded interest during the construction period, if necessary; appropriate amounts for reserves and contingencies; and financing costs. Consultant will also advise on refining the debt maturing mixture (e.g., whether interim construction loans are to be used), the need for credit enhancements and/or bond ratings, and the maturity structure (e.g., term vs. serial bonds). These decisions are based on the specific financing to be used and a careful evaluation and analysis of the credit markets.

To fulfill the above, Consultant's services shall include, but are not limited to any and/or all of the following services as requested by the City/Agency:

A. Strategic Issues and Planning

1. Consultant will work with staff to develop a long term financing model that the City/Agency may utilize for capital project financings. The model will use projected revenues and operating capital expenditures and will be used to determine funding shortfalls and the effects of financing alternatives. Consultant will work with staff to update and maintain the model periodically (at least annually) as events and/or assumptions change.

2. Consultant will develop, with staff, fiscal and debt management policies, to the extent not already in place. The fiscal and debt management policies will be developed in a manner to address any credit rating issues determined during the policy development stage.

3. Consultant will assist staff in evaluating specific projects and potential funding sources to determine suitability for financing. This evaluation will include a determination of whether the project can be financed on a tax-exempt or taxable basis, the essentiality of the project to the City/Agency's operation, the potential financing team as it relates to the useful life of the project and the security provided by the ultimate funding source. Consultant will recommend specific financing methods, the reasons therefor and the justification in the context of the long-term financial model.

4. In each case, Consultant shall: a) review a draft report with staff, b) outline findings and recommendations in a formal report, and c) present findings and recommendations as requested.

B. Bond Management Services

1. Prepare the timetable for the financing, considering and factoring in all aspects of the project through construction, as applicable.

2. Assist, as requested, in the selection of other service providers based on City/Agency criteria. If necessary, Consultant shall prepare and recommend such criteria.

3. Advise as to the structure of each financing and finalize the key provisions of the financing, including, amount of securities, interest rate provisions, maturity and call features, reserve fund and capitalized interest requirements, flow of funds, identification of assets to be leased if a Certificate of Participation financing is pursued, and preparation of debt service schedules.

4. Coordinate the efforts of all parties to the financing.

5. Review documents to ensure that key provisions, such as insurance covenants, are of maximum benefit to the City/Agency.

6. Attend all meetings and make presentations, as requested.

7. Except for non-rated issues and single payer special tax issues, prepare and distribute (or if counsel prefers, assist with the preparation and distribution of) the Preliminary Official Statement in a manner consistent with existing laws and standards of the securities industry.

8. Prepare and present to the rating agencies and bond insurance companies, if insurance is sought, a comprehensive document containing information necessary to the rating process. If bond insurance is sought, Consultant will evaluate the cost effectiveness of the offered insurance and advise the City/Agency.

9. Consultant shall recommend a method of sale of the securities and manage the sale process. If a negotiated sale is preferred, Consultant will assist in the selection of an underwriter. Consultant will prepare and distribute the notice of sale and bid form, actively solicit bids, coordinate the bid process and calculate the net interest cost of each bid received.

10. Coordinate the printing and delivery of the final Official Statement, and attend the closing to assist counsel to represent the City's/Agency's interests.

11. Assist the City/Agency in the investment of bond proceeds.

12. Provide the City/Agency with on-going support services as requested, including ongoing disclosure requirements.

C. Consultant Availability

Consultant shall be available at reasonable times by telephone or at the offices of the City/Agency to discuss, on a continuing basis, the results of studies and analyses and generate such additional information as desired or requested and consult with the City/Agency as to the financial aspects of any specific project then being considered.

D. Other Services

Consultant may provide any other related service as may specifically be requested by City/Agency and agreed to by Consultant in writing. Examples of such Other Services include, but are not limited to:

1. **Redevelopment Planning**

Redevelopment Planning includes the preparation of redevelopment feasibility studies, redevelopment plans, amendments to redevelopment plans and redevelopment implementation plans (e.g., per AB 1290).

2. **Redevelopment Implementation**

Formulation and Implementation of redevelopment implementation strategies and initiatives that include, but are not limited to the preparation and execution of custom projects, programs, strategies and procedures necessary to conduct complex redevelopment activities. Examples include the preparation of marketing and promotional programs and tools, and major development proposals and commercial property improvement programs, affordable housing programs, project feasibility assessments, project or program administration, property acquisition and disposition negotiations and strategies, negotiation and preparation (or coordination through counsel) of owner participation and disposition agreements, preparation of fiscal impact reports (e.g., 33433 reports) and redevelopment plan implementation financial strategies.

3. **Bond Administration**

Bond administration services include provision of Administrator and Compliance Agent services for single family bond issues, mortgage credit certificate programs, 2nd trust deed programs including Mortgage Assistance and Fee-Assistance Programs. Bond administration services may also include reviews all loan packages for compliance on the home ownership programs. Consultant also has the capability of communicating with the Issuer and lenders to keep them abreast of the availability of funds. Consultant's website can be used to obtain on-line loan status for participating lenders. Consultant uses a management information system to streamline the administration/compliance process. Custom reports can be provided as needed. Consultant is capable of preparing the quarterly 8330 IRS report for mortgage credit certificate programs.

4. **Continuing Disclosure**

Continuing Disclosure services assist bond Issuer's meet their obligation to provide updated financial information to bondholders and other interested parties on a regular basis (at least annually). Consultant will assure that the City/Agency meets its disclosure obligations as a bond issuer and meets all necessary requirements. This includes gathering the necessary information to prepare needed reports, act as dissemination agent, and provide internet publication services.

5. **Written Confirmation of Other Services**

If the City/Agency requests the Consultant to perform Other Services pursuant to this Agreement, such Other Services shall be confirmed in writing. Such written confirmation shall describe the work to be performed, indicate the funding source and state whether a particular assignment will be based on a time and materials, not to exceed maximum or lump-sum payment compensation arrangement.

ATTACHMENT "B"

SCHEDULE OF PROFESSIONAL FEES

Pursuant to Section 2, Compensation, of this Agreement and as further defined below, Consultant shall provide services on a commission, time and materials, not to exceed maximum or lump-sum payment compensation arrangement, as applicable to the services provided, as described below. Consultant shall charge only those actual costs required in performing services hereunder, as follows:

I. COMPENSATION APPLICABLE TO FINANCIAL ADVISORY SERVICES

For services rendered by Consultant as Financial Advisor, Consultant shall be entitled to a commission, contingent upon closing, based on the following:

	Financial Advisory Fee	Bond Amount
1)	$28,500 up to and including	$ 1,000,000
2)	$31,500 up to and including	$ 2,000,000
3)	$34,500 up to and including	$ 3,000,000
4)	$37,500 up to and including	$ 4,000,000
5)	$40,500 up to and including	$ 5,000,000
6)	$41,500 up to and including	$ 6,000,000
7)	$45,500 up to and including	$ 7,000,000
8)	$47,500 up to and including	$ 8,000,000
9)	$49,500 up to and including	$ 9,000,000
10)	$51,500 up to and including	$10,000,000
11)	$53,500 up to and including	$11,000,000
12)	$55,500 up to and including	$12,000,000
13)	$57,500 up to and including	$13,000,000
14)	$59,500 up to and including	$14,000,000
15)	$61,500 up to and including	$15,000,000
16)	$63,500 up to and including	$16,000,000
17)	$65,500 up to and including	$17,000,000
18)	$67,500 up to and including	$18,000,000
19)	$69,500 up to and including	$19,000,000
20)	$71,500 up to and including	$20,000,000
21)	$73,500 up to and including	$21,000,000
22)	$75,500 up to and including	$22,000,000
23)	$77,500 up to and including	$23,000,000
24)	$79,500 up to and including	$24,000,000
25)	$81,500 up to and including	$25,000,000

For any single issue in excess of $25,000,000, the financial advisory fee will be $2,000 per million over and above $25,000,000.

The applicable financial advisory fee shall become payable only upon delivery by the City/Agency (or the legal entity or entities issuing such bonds, notes or obligations) of such bonds. In addition, if a competitive bid process is used, Consultant shall also be reimbursed from the proceeds from the financing for direct out-of-pocket expenses and for legal expenses.

II. COMPENSATION APPLICABLE TO OTHER SERVICES

If the City/Agency requests the Consultant to perform Other Services pursuant to this Agreement and such services will be compensated on a time and materials or not to exceed maximum basis, the following rates shall apply:

A. Personnel

The following rates are applicable through June 30, 2007 (the "Professional Fee"):

Positions	Hourly Rates
Principals	$185.00
Senior Staff	$160.00
Associate Staff	$125.00
Staff Assistants	$ 75.00

B. Materials, Supplies, Services and Expenses

Consultant shall not charge for telephone and facsimile expenses, postage and incidental copies. All other necessary materials, supplies, services and expenses shall be charged on an actual cost basis, plus 10%. If requested by the Agency, Consultant shall provide justification for the cost of materials (i.e., receipts, invoices, etc.) and indicate the purpose of such materials.

C. Travel Expenses

Consultant's local travel expenses are included within Consultant's Professional Fee. If, however, in the performance of services pursuant to this Agreement Consultant believes it is necessary to travel outside the local area (e.g., with respect to the preparation and/or filing of a grant application), said out of the local area travel expenses shall be billed on an actual cost basis. In addition, any out of the local area travel that Consultant contemplates billing the City/Agency shall be disclosed to and approved by City/Agency in advance of such travel. Said disclosure and approval shall be in writing.

If the City/Agency requests the Consultant to perform Other Services pursuant to this Agreement and such services will be compensated on a lump-sum payment basis, the following rates shall apply:

D. Continuing Disclosure Services

Compensation for continuing disclosure services shall be $2,150 per year per bond issue.

E. Bond Administration Services

Bond administration services are provided for a rate of 4 basis points (4/100 of 1%) per year of the original bond amount for projects funded with bond proceeds, subject to a $2,500 annual minimum. For projects that are not funded with bond proceeds, services will be provided on a per unit basis, subject to a $2,500 annual minimum. The specific per unit fee will be quoted separately and will depend upon the nature of the project, owner tenant relationship, the size of the project, etc. For non bond financed projects, a firm price quote will be provided before commencement of services and incurrence of charges.

III. Financial Limits

If the City/Agency requests the Consultant to perform Other Services pursuant to this Agreement, such Other Services shall be confirmed in writing. Such written confirmation shall describe the work to be performed, indicate the funding source and state whether a particular assignment will be based on a time and materials, not to exceed maximum or lump-sum payment compensation arrangement. Subsequent to June 30, 2007, the Professional Fee shall be the Professional Fee that Consultant charges to its other clients as periodically specified by the Consultant in writing.

ITEM NO. H-2b
MEETING OF 05/15/07

REQUEST FOR AGENCY ACTION

SUBJECT: REQUEST TO APPROVE RETENTION OF URBAN FUTURES, INC. FOR REDEVELOPMENT IMPLEMENTATION SERVICES

MOTION:

I move to authorize the Executive Director of the Redevelopment Agency to retain Urban Futures, Inc. for redevelopment implementation services in accordance with the authorization letter dated May 7, 2007.

DISCUSSION:

On February 6, 2007, the Agency Board approved a professional services agreement with Urban Futures, Inc. That agreement provided for the delivery of financial advisory, redevelopment planning, redevelopment implementation, continuing disclosure and bond administrative professional services by that firm. As a result of a recent opening in the position of Interim Redevelopment Director, the Agency is currently in need of certain redevelopment implementation services to carry out redevelopment strategies and initiatives that include, but are not limited to, the preparation and execution of custom projects, programs and procedures necessary to conduct complex redevelopment activities. Examples include preparation and marketing of promotional programs and tools, major development proposals and commercial property improvement programs, affordable housing programs, project feasibility assessments, project or program administration, property acquisition and disposition negotiations and strategies, negotiation and preparation (or coordination through counsel) of owner participation and disposition agreements, preparation of fiscal impact reports and redevelopment financial strategies.

The proposal from Urban Futures, Inc. is to provide approximately 27 hours per week of redevelopment project and program administration services. Urban Futures, Inc. will be responsible for determining the method, means and manner of providing these services, and the designation of its personnel who will provide such services. Presently, Urban Futures, Inc. proposes to designate Mr. Steven H. Dukett, who is a Principal with this firm, to provide these services for a period of up to eight months. The overall professional fee for these services shall not exceed $131,040 without further written authorization from the Agency.

The attached authorization letter to Urban Futures, Inc. has been reviewed and approved by general counsel for the Agency. Staff recommends the Redevelopment Board authorize the Executive Director's execution of the authorization letter.

Attachments:

Agency Authorization Letter
Agreement dated February 6, 2007 with Urban Futures, Inc.

Recommended by:

N. Enrique Martinez
Executive Director

Reviewed by:

Daniel J. McHugh
Agency Counsel

CITY OF
REDLANDS
REDEVELOPMENT DEPARTMENT

May 7, 2007

Mr. Marshall Linn
President
Urban Futures, Inc.
Crestview Corporate Center
3111 North Tustin Street, Suite 230
Orange, California 92865-1753

Re: Redevelopment Implementation Services

Dear Mr. Linn:

On February 6, 2007, the Board of Directors of the Redevelopment Agency of the City of Redlands (the "Agency") approved a professional services agreement (the "Agreement") with your firm. The Agreement provided for the delivery of financial advisory, redevelopment planning, redevelopment implementation, continuing disclosure and bond administration professional services by your firm. The Agency is currently in need of certain redevelopment implementation services as more particularly described in this letter.

By way of background, the professional services your firm will render related to redevelopment implementation were contemplated under the "Other Services" portion of your firm's Scope of Professional Services as described in Section "D. 2." of Attachment "A" of the Agreement. With respect to this specific provision, your firm's services may comprise formulation and implementation of redevelopment implementation strategies and initiatives that include, but are not limited to the preparation and execution of custom projects, programs, strategies and procedures necessary to conduct complex redevelopment activities. Examples include the preparation of marketing and promotional programs and tools, and major development proposals and commercial property improvement programs, affordable housing programs, project feasibility assessments, project or program administration, property acquisition and disposition negotiations and strategies, negotiation and preparation (or coordination through counsel) of owner participation and disposition agreements, preparation of fiscal impact reports (e.g., 33433 reports) and redevelopment plan implementation financial strategies.

In this particular instance, the Agency requires approximately 27 hours per week (+ or -) of redevelopment project and program administration services. Your firm will be responsible for determining the method, means and manner, and designating the personnel, for the provision of these services. We understand that your firm proposes to designate Mr. Steven H. Dukett, who is a Principal with your firm, to be the person principally responsible for providing these services for a period of up to eight (8) months. Based on our recent conversation, your firm will serve as the Agency's Interim Redevelopment Director until the sooner of the hiring of a replacement for that position by the Agency or the City of Redlands or December 31, 2007. Notwithstanding the foregoing, this particular assignment may be terminated by the Agency at any time. In total, this assignment shall not exceed 936 billable hours without further written authorization from the Agency. Further, no provision of the Agreement, or this letter, shall be deemed to cause any personnel of your firm providing these services to be deemed employees of the Agency or the City of Redlands. The relationship with your firm established by the Agreement and this letter is that of an independent contractor to the Agency.

Further, pursuant to Attachment "B," Schedule of Professional Fees, of the Agreement, your firm provides services on a commission, time and materials, not to exceed maximum or lump-sum payment compensation arrangement, as applicable to the services provided. With respect to this assignment, compensation will be based on a "not to exceed maximum." In addition, in consideration of the magnitude of the services to be rendered, this shall confirm your agreement to discount your firm's Principal-level billing rate for Mr. Dukett by $45.00 per hour. As a result, for this assignment the firm's billing rate for the Principal providing this service shall be $140.00 per hour. Therefore, consistent with Attachment "B", Schedule of Professional Fees, of the Agreement (as modified by your agreement to adjust your firm's Principal-level billing rate for the services), this letter shall confirm that the overall professional fee for the services described in this letter, shall not exceed $131,040.00 without further written authorization from the Agency. Further, the professional fee limit for this assignment does not include any materials, supplies, services and expenses, all of which shall be the responsibility of the Agency. However, in the event your firm does incur any charges for materials, supplies, services and expenses, such charges shall be paid in accordance with the appropriate provisions of the Agreement.

In order to formally initiate this work, please confirm your willingness to carry-out this assignment, as described herein, by signing in the place provided below and returning a copy of this letter to me.

Thank you for your cooperation and I look forward to working with you and your staff on this assignment. If you have any questions or require further information, please contact me at (909) 798-7510.

Sincerely,

N. ENRIQUE MARTINEZ
Executive Director

NEM:njm

ACCEPTED:

MARSHALL LINN
President, Urban Futures, Inc.

Date: ____________________