



STAFF REPORT

TO: City Council
FROM: Public Works Superintendent
DATE: March 14, 2010
FOR CITY COUNCIL MEETING: March 22, 2011

SUBJECT: City-Wide Tree Removal Project

RECOMMENDATION: That City Council Award the contract for the Tree Removal project to West Coast Arborists, Inc. for the amount of \$15,455.50, and to retain Certified Arborist Lori Abdelnour to monitor and inspect the project at an estimated cost of \$ 2750.00. And add additional \$ 5,000 for contingencies for a total project cost of \$ 23,205.50

ORDER OF PROCEDURE:

Request Staff Report (Jose Nieves Presenting)
Council Questions of Staff
Council Discussion
Motion/Second
Discussion of Motion
Call the Question

SUMMARY: On March 3, 2011, bids were received for the City-Wide Tree Removal Project. The project includes removal of 43 trees and pruning of 158 trees at various locations including the Luckie Park, Knott Sky Park, City Hall, and the Senior Center.

BACKGROUND: Certified Arborist Lori Abdelnour was retained by the City to conduct a survey of the trees, as a result a report was produced which recommends some trees should be removed due to severe safety threats to pedestrians and park patrons, and some trees should be pruned to remove dead branches and to stimulate foliage. The recommendation from the certified Arborist was to split the project up into two phases. Due to the favorable bids we received, staff is recommending that the City Council award the contract to West Coast Arborist Inc. For the base bid and alternate bid in the amount of \$ 23,205.50.

Review of Staff Report: _____
City Manager City Attorney Finance Dir. Department Head

<u>Company</u>	<u>Bid Amount</u>
West Coast Arborists, Inc.	\$15,455.50
Andy's Landscaping	\$31,550.00
Mariposa Landscapes	\$37,075.00
United Pacific	\$43,360.00

Certified Arborist's hourly rate is \$25 with a minimum of 16 hours and a \$75 per day travel, for a total cost of \$ 2,750.00 a copy of proposal submitted by the arborist is attached.

In addition staff is requesting an additional \$5,000.00 for contingencies to cover any possible additional work that maybe needed.

This project is funded by the general fund.

ALTERNATIVES:

FISCAL IMPACT: On February 8, 2011 the mid year budget report was approved by the City Council, as part of that report \$ 45,000.00 was allocated for phase one of the tree trimming project. As the total cost is \$ 23,205.50 and will leave a balance of \$ 21,795.50 in that fund.



STAFF REPORT

TO: Redevelopment Agency
FROM: Finance Director
DATE: March 10, 2011
FOR CITY COUNCIL MEETING: March 22, 2011

SUBJECT: Repayment of loan from the General Fund by the Redevelopment Agency

RECOMMENDATION: The Redevelopment Agency authorize the transfer of \$1,500,000 from the Capital Projects Fund to the Debt Service Fund and authorize the Debt Service Fund to repay the remaining balance of the loan from the General Fund (\$2,000,000).

ORDER OF PROCEDURE:

- Request Staff Report
- Agency Questions of Staff
- Agency Discussion
- Motion/Second
- Discussion of Motion
- Call the Question (voice vote)

BACKGROUND: In July 2009 the General fund loaned the Redevelopment Agency \$2,000,000 to be repaid at \$500,000 per year beginning June 30, 2011. The loan agreement allows the Agency to repay all or any portion of the loan at any time without penalty. The Agency has been advised it would be prudent to repay the loan now if the funds are available. The Agency has funds available to make the repayment and still have enough for current operations.

ALTERNATIVES: N/A

FISCAL IMPACT: The Redevelopment Agency will save about \$70,000 in interest expense over the remaining life of the loan and the General Fund will forego the same amount.

City Manager City Attorney City Engineer Finance Dir. Dept. Head



STAFF REPORT

To: City Council
From: Community Development Director
Date: March 15, 2011
For City Council Meeting Of: March 22, 2011

SUBJECT: Adobe Road Rehabilitation Phases 3 and 4 – Amboy Road to USMC Air Ground Combat Training Center.

RECOMMENDATION

That the City Council:

1. Accept the completed work on the “Adobe Road Rehabilitation Phases 3 and 4 – Amboy Road to USMC Air Ground Combat Training Center” with Matich Corporation for the amount of \$4,481,356.
2. Direct the City Clerk to file a Notice of Completion, and notify surety to exonerate contract bonds.
3. Direct the Finance Director to release the retention after thirty (30) days if no claim(s) are filed against the contractor.

Attachment

- Notice of Completion

ORDER OF PROCEDURE

Request Staff Report (Richard Pedersen Presenting)
Council Questions of Staff
Request Public Comment
Council Discussion
Motion/Second
Discussion of Motion
Call the Question

BACKGROUND

On December 15, 2009, the City Council awarded a contract to Matich Corporation for the “Adobe Road Rehabilitation Phases 3 and 4 – Amboy Road to USMC Air Ground Combat Training Center”. The project included grading, asphalt paving, install drywell systems, curb and gutter, sidewalk, bike path, striping and signage.

Analysis

Following the Council’s approval of the contract with Matich Corporation for the construction of that portion of Adobe Road noted within “Background” above, the company has subsequently completed the work associated with this contract to the satisfaction of the City Engineer. As the

Review of Staff Report:

City Manager

City Attorney

City Engineer

Department Head

work has been completed, the City Council may now formally accept this work and file a Notice of Completion with the County Recorder's Office.

Alternatives

The Council may either accept the recommendation of the City Engineer and approve the Notice of Completion, or the council may request further explanation and clarification of the work performed on Adobe Road by Matich Corporation from the City Engineer.

Fiscal Impact

The project was included in the current fiscal year's budget.

Recording Requested by:
City of Twentynine Palms

When Recorded mail to:
**City of Twentynine Palms
Engineering Division
6136 Adobe Road
Twentynine Palms, CA 92277**

FOR RECORDER'S USE ONLY

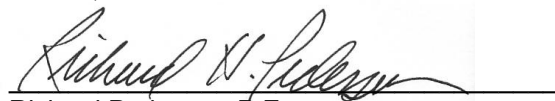
NOTICE OF COMPLETION

(Public Street Improvement)

NOTICE IS HEREBY GIVEN, that

1. The undersigned, Richard Pedersen is the duly appointed and qualified City Engineer of the City of Twentynine Palms, a municipal corporation of the State of California, which is located within the County of San Bernardino, in said State, and the address of the undersigned is 6136 Adobe Road, Twentynine Palms, California 92277.
2. That on the 15th day of December, 2009 and pursuant to approval of the City Council of the said City, the City entered into a contract, in an amount of \$4,199,914.00, with Matich Corporation whose address is 1596 Harry Sheppard Blvd., San Bernardino, CA 92408 for the construction of the Adobe Road Rehabilitation Phases 3 and 4 – Amboy Road to USMC Air Ground Combat Training Center, in the City of Twentynine Palms, and in accordance with the City of Twentynine Palms' Plans and Specifications.
3. That all of the said work or improvement was located within the public street right-of-way of Adobe Road between Amboy Road and the USMC Air Ground Combat Training Center, in said City.
4. That all of the said work or improvement contemplated in and under said contract, including additional work and changes, was completed on October 31, 2010 at a final amount of \$4,481,355.18 and accepted by the City Council action on March 22, 2011.
5. That the surety on the Performance Bond of said Contractor and the surety on the Labor and Material Bond of said Contractor, under said contract, including additional work and changes, was and is \$4,481,355.18 and \$4,481,355.18.

The undersigned, being the first duly sworn, says: That the duly appointed and qualified City Engineer of the City of Twentynine Palms, the political subdivision of the State of California, which conducted the proceedings for the improvement, located at 6136 Adobe Road, in said City, described or referred to in the foregoing Notice; and that he has read the foregoing "Notice of Completion"; and knows the contents thereof, and that the facts recited therein are true.



Richard Pedersen, P.E.
City Engineer
City of Twentynine Palms, California

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF TWENTYNINE PALMS)ss



STAFF REPORT

TO: City Council
FROM: Community Services Director
DATE: March 15, 2011
FOR COUNCIL MEETING OF: March 22, 2011

SUBJECT: Renewal of the Delegate Agency and Cooperation Agreements between the City of Twentynine Palms, and the County of San Bernardino.

RECOMMENDATION: The City Council approve Resolution No. 11-03 for the Delegate Agency and Cooperation Agreements between the City of Twentynine Palms and the County of San Bernardino for fiscal year 2012-2013, 2013-2014, 2014-2015 for participation in the Community Development Block Grant (CDBG) program.

Attachment
Agency Agreements
Resolution No. 11-03

ORDER OF PROCEDURE:

Request Staff Report (Randy Council presenting)
Council Questions of Staff
Council Discussion
Motion/Second
Discussion of Motion
Call the Question

BACKGROUND:

Every three (3) years, the County of San Bernardino re-qualifies with the U.S. Department of Housing and Urban Development (HUD) to receive CDBG funds. During the past three (3) years, the City of Twentynine Palms has participated with the County in the CDBG program under a Cooperation Agreement and Delegate Agency Agreement. For the first time, the County is joining these two Agreements into one document, now referred to as the "AGREEMENTS". To continue this arrangement, for fiscal years 2012-2013, 2013-2014, and 2014-2015, a new AGREEMENTS contract must be approved and submitted to HUD along with minutes, and resolution by July 2011. The County of San Bernardino is requesting the processing of five (5) copies be approved and signature by the City Manager and City Attorney as specified on the agreement signature page.

FISCAL IMPACT:

The approval of this agreement allows the City to participate in the CDBG program as a joint recipient for the next three (3) fiscal years. By not participating in the County's program the City must apply to the State of California under its competitive Small Cities CDBG Program.

Therefore, Staff's recommendation is to approve the resolution, and have the City Manager and Attorney execute the agreements.



STAFF REPORT

TO: City Council
FROM: Public Works Superintendent
DATE: March 16, 2011
FOR CITY COUNCIL MEETING: March 22, 2011

SUBJECT: Purchase of Three Pieces of Equipment from the Equipment Replacement Fund.

RECOMMENDATION: That City Council approve the following purchases:

- (1) 2011 Ford F350 Flat Bed Pickup truck, in the amount of \$ 35,405.50 tax is included.
- (2) 2011 360 Toro Mower in the amount of \$ 22,380.26 tax is included.
- (3) 2011 John Deere Gator Ts in the amount of \$ 6,330.51 tax is included.

ORDER OF PROCEDURE:

Request Staff Report (Jose Nieves presenting)
Council Questions of Staff
Council Discussion
Motion/Second
Discussion of Motion
Call the Question

Attachments

- | | |
|---------------------|-------------|
| 1. Raceway Ford | \$35,405.50 |
| 2. Turf Star (Toro) | \$22,380.26 |
| 3. John Deere | \$ 6,330.51 |

BACKGROUND: Staff is recommending that City Council approve the purchase of three new pieces of equipment at this time **(1) 2011 Ford F350 flat Bed pickup truck** **(2) 2011 Toro 360 lawn mower** **(3) 2011 John Deere Utility Vehicle**. Staff was unable to obtain three separate bids for the 2011 360 Toro lawn Mower this is a manufacture dealer item only. For the desert region we have to use the Bermuda Dunes store for the purchase of a commercial grade lawn Mower. Staff has one bid for this item.

(1) 2011 Ford F350 Flat Bed Pickup. This new vehicle will be used by Public Works for storm recovery, barricade placement, road closers, new sign installation, and most importantly patching of pot holes. On March 8th the 1988 Chevy flat bed pickup truck was declared surplus because it was no longer safe for staff to operate. Staff believes that two vehicles of this type would be necessary to have in the event of a storm and for our day to day operations. In the event of a storm we could have two trucks placing barricades and surveying other potential road hazards at the same time. Staff believes that having two trucks of this type would make public works more efficient when performing there daily duties or on a storm recovery.

City Manager City Attorney City Engineer Finance Dir. Dept. Head

(2) 2011 360 Toro Mower. Staff needs two lawn mowers going at all times in order to keep up with all the different sports and activities that are played on city fields. Were now approaching base ball season and all ball fields are being used, with practice and games scheduled we must have two lawn mowers going at all times. On March 8th 2011 one of the Toro mower was declared surplus it's longer functioning efficiently and unable to keep up with the current schedule. Staff believes by replacing this mower they would be able to keep up with the normal mowing schedule.

(3) 2011 John Deere Utility Vehicle. The John Deere Utility Vehicle is a piece of equipment that we use every day we use it to empty trash cans around the park, repair broken pipes, sprinklers, valves, and pickup broken tree limbs we use for just about everything. Having the John Deere in the park is like having another vehicle in the park, this piece of equipment is very valuable to us in many ways it's strong, small and light, it's the perfect piece of equipment for type of work we do in the parks. The John Deere utility vehicle had 4,380 and was used on a daily basis' on March 8th 2011 it was declared surplus because it was no longer functioning properly. The engine is worn and burns oil, most recent it develop some sort of electrical problem that we cannot seem to fix. By replacing this piece of equipment staff can continue using the right piece of equipment for the right job.

ALTERNATIVES: The City has two alternatives, the first alternative is to purchase these pieces of equipment and allow staff to become more efficient in all areas of roads and parks, and start saving on maintenance cost and response time. And allow Public Works staff to continue in their regularly schedule duties, while the second alternative would limit the capabilities of staff to perform their duties, and in the case of a disaster, limit the City's ability to respond.

FISCAL IMPACT: The purchase of this equipment will come from the Equipment Replacement Fund. There is a balance of \$100,000, and the estimated replacement cost for these three items will total \$64,116.24 leaving a balance of \$35,883.76 in the fund.



STAFF REPORT

TO: City Council
FROM: Community Development Director
DATE PREPARED: March 14, 2011

FOR COUNCIL MEETING OF: March 22, 2011

SUBJECT: PC 11-16 – Applicants Mario Ledesma and Kellie Lee Stokes are seeking approval of a Letter of Public Convenience and Necessity for “The Cactus Room”, to be located at 5670 Adobe Road.

RECOMMENDATION

That the City Council authorize and direct staff to issue a Letter of Public Convenience and Necessity (LPCN).

ORDER OF PROCEDURE

Request Staff Report (Charles K. LaClaire Presenting)
Council Questions of Staff
Request Public Comment
Council Discussion
Motion/Second
Discussion of Motion
Call the Question

BACKGROUND

Mario Ledesma and Kellie Lee Stokes, representing The Cactus Room, are requesting that the City Council authorize the issuance of a Letter of Convenience and Necessity for the bar located at 5670 Adobe Road (APN 0621-132-03, Section 20, T1N, R9E) within the General Commercial (CG) zoning district. The request is being made as one of the steps in the requirement to obtain a new Type 42 On-Sale Beer and Wine Public Premises license from the State of California Department of Alcoholic Beverage Control. This license application, and a history of previous license approvals, is listed in the table below for “The Cactus Room” location.

License History – The Cactus

License Holder/Type	Issue Date	End Date
Dennis John Murphy Type 42 On-Sale Beer and Wine Public Premises Transferred 2/9/2004	11/20/82	Expired 1/31/2005
Francis Paul Pomainville Type 42 On-Sale Beer and Wine Public Premises Transferred Transferred 4/10/2004	02/09/04	Expired 1/31/05
Kelly Marie Coe Type 42 On-Sale Beer and Wine Public Premises Transferred 10/4/2004	10/4/04	Expired 09/30/11

Review of Staff Report:

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City Engineer

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ANALYSIS

Under the rules and procedures enforced by the Alcohol and Beverage Control Board, liquor license allowances are predicated upon concentrations of alcoholic sales facilities within individual Census Tracts. New licenses are not allowed within Census Tracts where the ratio of existing licenses to population count within the Census Tract exceeds a specific number. On-sale licenses issued in the City of Twentynine Palms (Census Tract 104.14) is based on an Alcoholic Beverage Control (ABC) population/license ratio formula, which (per information provided by ABC on 3/3/11) allows one (1) license per 1,227 residents. As Census Tract 104.14, where The Cactus Room is located, has a known population of 7,363 persons, a total of six (6) licenses are allowed by the ABC formula in that Tract. To exceed allowed licenses based on ABC formula within the Census Tract, the City must consider, and the City Council must authorize, a Letter of Public Convenience and Necessity (LPCN). Currently there are twenty (20) active licenses (listed in the table below) within Census Tract 104.14 and six (6) active licenses within Census Tract 104.15 (the only other Census Tract within the City with ABC licenses; with the exception of Indian Cove Market in Tract 104.16). If the request for the LPCN is denied by the City, the application for a new license must be denied by ABC.

Census Tract Licenses

	Premises Address	License Type	License No	License Status	Owner	Business Name
1	4733 DESERT KNOLL AVENUE	40 - ON - SALE - BEER	505116	ACTIVE	WERLE ENTERPRISES, INC.	ROADRUNNER DUNES GOLF COURSE
2	4966 ADOBE ROAD	40 - ON - SALE - BEER	484325	ACTIVE	CLAIRE REGINA FABIAN	GORDIE'S BAR & DELI
3	5864 ADOBE ROAD	41- ON - SALE - BEER & WINE - EATING PLACE	484097	ACTIVE	MP INVESTMENT PROPERTIES, INC.	HEADQUARTERS
4	72183 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	374082	ACTIVE	LISA ANN HILL, RONALD EUGENE HILL	THE RIB CO.
5	72317 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	451910	ACTIVE	KARLA LEE FLEISHMAN	CAROUSEL CAFÉ
6	72526 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	265193	ACTIVE	PIZZA HUT OF SOUTHWEST KANSAS, INC.	PIZZA HUT
7	73511 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	476804	ACTIVE	JOSEPH ALLEN LANNEN	WONDER GARDEN CAFE
8	73603 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	296996	ACTIVE	AN YOUG HEE	FUJI RESTAURANT
9	73633 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	265410	ACTIVE	LEE CHI KAR	HOW HOW CHINESE RESTAURANT

10	73741 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	409587	ACTIVE	RIOFRIOCEDILLO JACINTO WANERI	LAS PALMAS MEXICAN BUISINE II
11	73780 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	467522	ACTIVE	THEODORA TSIANOS	PETE'S AMERICAN & GREEK FAST FOOD
12	73845 TWENTYNINE PALMS HIGHWAY	41- ON - SALE - BEER & WINE - EATING PLACE	363481	ACTIVE	REBECCA CHUI LI	CHINA INN CHINESE RESTAURANT
13	5670 ADOBE ROAD	42 - ON - SALE - BEER & WINE - PUBLIC PREMISES	417210	ACTIVE	KELLY MARIE COE	THE CACUTS
14	5670 ADOBE ROAD	42 - ON - SALE - BEER & WINE - PUBLIC PREMISES	417210	PENDING	MARIO LEDESMA AND KELLIE LEE STOKES	THE CACUTS ROOM
15	73502 TWENTYNINE PALMS HIGHWAY	47 - ON - SALE - GENERAL - EATING PLACE	291670	ACTIVE	SPLIT ROCK, INC.	EDCHADAS
16	73527 TWENTYNINE PALMS HIGHWAY	47 - ON - SALE - GENERAL - EATING PLACE	458620	ACTIVE	KAREN LYNN PROVOST	BISTOR TWENTY NINE
17	73737 TWENTYNINE PALMS HIGHWAY	47 - ON - SALE - GENERAL - EATING PLACE	194037	ACTIVE	RAMANO RESTAURANT ENTERPRISES	ROCKY'S NEW YORK PIZZA
18	73768 GORGONIO DRIVE	47 - ON - SALE - GENERAL - EATING PLACE	168202	ACTIVE	KATHRINE M. HOLLOWAY, DAN MINTZ	THE BOWLADIUM
19	73950 INN AVENUE	47 - ON - SALE - GENERAL - EATING PLACE	315304	ACTIVE	JANE SMITH	TWENTYNINE PALMS INN
20	BASELINE & ADOBE	47 - ON - SALE - GENERAL - EATING PLACE	458841	PENDING	29 PALMS BAND OF MISSION INDIANS	NUWU CASINO
21	5712 ADOBE ROAD	48- ON - SALE - GENERAL - PUBLIC PREMISES	466813	ACTIVE	CLUB SILVER SCREEN, INC.	CLUB VO
22	5947 ADOBE ROAD	48- ON - SALE - GENERAL - PUBLIC PREMISES	282228	ACTIVE	THE STUMPS, INCORPORATED	THE STUMPS
23	72143 TWENTYNINE PALMS HIGHWAY	48- ON - SALE - GENERAL - PUBLIC PREMISES	428171	ACTIVE	BRANDI ANN WILCOX	BREAK -n- RUN
24	73643 TWENTYNINE	48- ON - SALE - GENERAL -	257058	ACTIVE	PHYLLIS M. MANNO	THE VIRGINIAN

	PALMS HIGHWAY	PUBLIC PREMISES				
25	73643 TWENTYNINE PALMS HIGHWAY	48- ON - SALE - GENERAL - PUBLIC PREMISES	507202	TEMPOR ARY PERMIT	BOUCHER, TERESA MARIE	THE VIRGINIAN
26	73839 TWENTYNINE PALMS HIGHWAY	48- ON - SALE - GENERAL - PUBLIC PREMISES	250619	ACTIVE	ELMYRA FRANCES MAPES	DOWNTOWN JOSH LOUNGE

In its consideration of granting the Letter of Public Convenience and Necessity, the Council may include the following:

1. On-site sale of beer & wine at the Cactus Room (a long established business within the community) has been offered as an amenity to patrons since 1982.
2. The applicant's license will limit the on-site sale of alcoholic beverage to the sale to beer and wine only, which will limit the potential for adverse impacts to surrounding uses.
3. The Cactus Room is a benefit to the community offering an entertainment and relaxation type of use in the community enhancing the recreational and living environment of Twentynine Palms.

Approval Authority

The City Council is the Approval Authority for the Letter of Public Convenience and Necessity.

FISCAL IMPACT

With approval of the requested Letter of Public Convenience and Necessity, the business at this location will be allowed to continue its sale of alcohol, which may assist in the continuation of the business and, thus, collection of sales tax, a portion of which is returned to the City. Without the LPCN, the business, a beer & wine bar, would be unable to stay in business within the community. Sales, and therefore that portion of sales tax collected by the City, is relative small when compared to that collected from all businesses in the community.



STAFF REPORT

TO: Members of the City Council and Redevelopment Agency Board
FROM: Interim City Manager
DATE: March 22, 2011

SUBJECT: FORMATION OF TWENTYNINE PALMS PUBLIC FINANCING AUTHORITY

RECOMMENDATION: Staff recommends the following:

Acting as the City Council, adopt Resolution No.11-07, a resolution AUTHORIZING EXECUTION AND DELIVERY OF JOINT EXERCISE OF POWERS AGREEMENT WITH THE TWENTYNINE PALMS REDEVELOPMENT AGENCY, ESTABLISHING THE TWENTYNINE PALMS PUBLIC FINANCING AUTHORITY

Acting as Redevelopment Agency Board, adopt Resolution No. RDA 11-06, a resolution AUTHORIZING EXECUTION AND DELIVERY OF JOINT EXERCISE OF POWERS AGREEMENT WITH THE CITY OF TWENTYNINE PALMS, ESTABLISHING THE TWENTYNINE PALMS PUBLIC FINANCING AUTHORITY

ORDER OF PROCEDURE:

Request Staff Report
Questions of Staff
Request Public Comment
Discussion
Motion/Second
Discussion of Motion
Call the Question

Attachments

City Council Resolution No. 11-07
Agency Resolution No. RDA 11-06
- Joint Exercise of Powers Agreement

BACKGROUND: On January 10, 2011, Governor Jerry Brown announced the State's proposed budget for FY 2011-12. Governor Brown's proposed budget includes the elimination of redevelopment agencies. If passed, the Agency's ability to receive tax increment revenues will be severely limited. Unless the Agency has a contractual obligation for the use of tax increment revenues, its ability to fund Agency and/or City related activities will be eliminated. One way to obligate future Agency tax increment funds is to issue bonds.

On March 2, 2011, staff provided the City Council and Agency Board with further details about securing Agency tax increment revenues by issuing bonds. The presentation also covered what potential projects would be funded with the bond proceeds, and made clear that the bonds will

Review of Staff Report: _____
City Manager City Attorney City Engineer Department Head

not be secured by revenue that is a result of raising property taxes in the Project Area. At the end of the presentation, the City Council and Agency Board directed staff to proceed with the required analyses and procedures to issue bonds, including forming a public financing authority.

PUBLIC FINANCING AUTHORITY: Formation of a public financing authority is authorized by the Joint Exercise of Powers Act (Act), constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. Pursuant to the Act, a public financing authority may be formed by the execution of a joint exercise of powers agreement between two public agencies, such as a city and its redevelopment agency. A public financing authority may borrow money for the purpose of refunding its bonds, notes and other obligations and to provide financing and refinancing for capital improvements of member entities of the public financing authority.

Given the uncertainties surrounding the State Budget and the need to finance projects and infrastructure, staff recommends the City Council and Agency Board execute the attached Joint Exercise of Powers Agreement (Agreement) to form the Twentynine Palms Public Financing Authority (Authority). Under the Agreement, the Authority is authorized to purchase bonds issued by its member entities for financing public capital improvements and to sell such bonds to public or private purchasers at public or by negotiated sale. The Authority may also borrow money for the purpose of refunding its bonds, notes and other obligations and to provide financing and refinancing for capital improvements of member entities.

The powers granted to the Authority under the Act will provide flexibility to the City and the Agency in determining optimal financing structures and sale methods with respect to debt issued in the future. The Authority may provide financing and refinancing for capital improvements of its member entities, and in many cases, will provide the City and the Agency with more flexibility in structuring and marketing debt.

The Authority will be governed as follows:

- Five-member oversight Board consisting of all members of the City Council
- Mayor will serve as the Chair of the Authority
- City Manager will serve as the Executive Director
- City Clerk will serve as the Secretary
- City Finance Director will serve as the Chief Financial Officer

Once the Authority is established, the City Council, Agency Board and Authority will act concurrently to approve the sale of bonds.

PROCEDURE: It is recommended that the City Council and Agency Board receive the staff report, receive any comments from the public, and then consider adopting the attached resolutions to execute the Joint Exercise of Powers Agreement.

FISCAL IMPACT:

There is no fiscal impact associated with this action.

ATTACHMENTS:

- City Council Resolution No 11-07
- Redevelopment Agency Resolution No. RDA 11-06
- Joint Exercise of Powers Agreement

RESOLUTION NO. 11-07

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TWENTYNINE PALMS AUTHORIZING EXECUTION AND DELIVERY OF JOINT EXERCISE OF POWERS AGREEMENT WITH THE TWENTYNINE PALMS REDEVELOPMENT AGENCY, ESTABLISHING THE TWENTYNINE PALMS PUBLIC FINANCING AUTHORITY

WHEREAS, the Twentynine Palms Redevelopment Agency (the “Agency”) is proceeding to finance the acquisition and construction of various capital projects, and in order to provide such financing the Agency requires the assistance of a public agency which is authorized to enter into financing arrangements with the Agency; and

WHEREAS, to that end the Agency has proposed forming a joint powers authority with the City of Twentynine Palms (the “City”), to be organized under Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Joint Exercise of Powers Act”), to be designated the (“Twentynine Palms Public Financing Authority”);

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED by the City Council of the City of Twentynine Palms, as follows:

Section 1. Approval of Joint Exercise of Powers Agreement. The City Council hereby approves the Joint Exercise of Powers Agreement with the Agency, under which the Twentynine Palms Public Financing Authority is established in accordance with the Joint Exercise of Powers Act, in substantially the form on file with the City Clerk of the City of Twentynine Palms (“City Clerk”) together with any changes thereto as are approved by the Mayor of the City of Twentynine Palms (“Mayor”), whose execution thereof shall be conclusive evidence of such approval. The Mayor is hereby authorized and directed to execute, and the City Clerk is hereby authorized to attest, the final form of the Joint Exercise of Powers Agreement.

Section 2. Effective Date. This Resolution shall take effect immediately.

PASSED, APPROVED, AND ADOPTED this 22nd day of March, 2011.

JIM HARRIS, MAYOR

APPROVED AS TO FORM:

A. PATRICK MUNOZ, CITY ATTORNEY

ATTEST:

I, Charlene Sherwood, City Clerk of the City of Twentynine Palms, California, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. 11-07 has been duly signed by the Mayor and attested by the City Clerk, all at a regular meeting of the Twentynine Palms City Council, held on March 22, 2011, and that the same was adopted, signed, and approved by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHARLENE SHERWOOD, CITY CLERK

RESOLUTION NO. RDA 11-06

**RESOLUTION OF THE TWENTYNINE PALMS
REDEVELOPMENT AGENCY AUTHORIZING EXECUTION
AND DELIVERY OF JOINT EXERCISE OF POWERS
AGREEMENT WITH THE CITY OF TWENTYNINE PALMS,
ESTABLISHING THE TWENTYNINE PALMS PUBLIC
FINANCING AUTHORITY**

WHEREAS, the Twentynine Palms Redevelopment Agency (the “Agency”) is proceeding to finance the acquisition and construction of various capital projects, and in order to provide such financing the Agency requires the assistance of a public agency which is authorized to enter into financing arrangements with the Agency; and

WHEREAS, to that end the Agency has proposed forming a joint powers authority with the City of Twentynine Palms (the “City”), to be organized under Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Joint Exercise of Powers Act”), to be designated the (“Twentynine Palms Public Financing Authority”);

NOW, THEREFORE, IT IS RESOLVED, DETERMINED AND ORDERED by the Twentynine Palms Redevelopment Agency, as follows:.

Section 1. Approval of Joint Exercise of Powers Agreement. The Agency hereby approves the Joint Exercise of Powers Agreement with the City, under which the Twentynine Palms Public Financing Authority is established in accordance with the Joint Exercise of Powers Act, in substantially the form on file with the Twentynine Palms Redevelopment Agency Secretary (“Secretary”) together with any changes thereto as are approved by the Twentynine Palms Redevelopment Agency Chairman (“Chairman”), whose execution thereof shall be conclusive evidence of such approval. The Chairman is hereby authorized and directed to execute, and the Secretary is hereby authorized to attest, the final form of the Joint Exercise of Powers Agreement.

Section 2. Effective Date. This Resolution shall take effect immediately.

PASSED, APPROVED, AND ADOPTED this 22nd day of March, 2011.

JIM HARRIS, CHAIRMAN

APPROVED AS TO FORM:

A. PATRICK MUNOZ, AGENCY COUNSEL

ATTEST:

I, Charlene Sherwood, Secretary of the Twentynine Palms Redevelopment Agency, DO HEREBY CERTIFY that the foregoing Resolution, being Resolution No. RDA 11-06 has been duly signed by the Chairman and attested by the Secretary, all at a regular meeting of the Twentynine Palms Redevelopment Agency, held on March 22, 2011, and that the same was adopted, signed, and approved by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

CHARLENE SHERWOOD, SECRETARY

JOINT EXERCISE OF POWERS AGREEMENT

This JOINT EXERCISE OF POWERS AGREEMENT (this "Agreement") dated as of March 1, 2011, is between the TWENTYNINE PALMS REDEVELOPMENT AGENCY, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Agency"), and the CITY OF TWENTYNINE PALMS, a municipal corporation duly organized and existing under the laws of the State of California (the "City").

BACKGROUND:

1. Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Joint Exercise of Powers Act") authorizes two or more public agencies to create a joint exercise of powers entity which has the power to exercise any powers common to its members and to exercise additional powers granted under the Joint Exercise of Powers Act.

2. Article 4 of the Joint Exercise of Powers Act (the "Bond Law") authorizes a joint powers agency formed under the Bond Law to issue bonds and to purchase bonds issued by, or to make loans to, local agencies in the State of California for financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the affected local agency.

3. The Agency and the City wish to enter into this Agreement to establish the Twentynine Palms Public Financing Authority under the Joint Exercise of Powers Act, for the purposes and having the powers set forth herein and in the Bond Law.

AGREEMENT:

For and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I

GENERAL PROVISIONS

Section 1.01. Purpose. This Agreement is entered into pursuant to the Joint Exercise of Powers Act. The purpose of this Agreement is to provide assistance to the Agency and the City (collectively, the "Members") from time to time in connection with their financing programs, or for any other financing purposes authorized under the Bond Law.

Section 1.02. Creation of Authority. Pursuant to the Joint Exercise of Powers Act, there is hereby created a joint powers agency to be known as the Twentynine Palms Public Financing Authority (the "Financing Authority"). The Financing Authority shall be a public entity separate and apart from the Members, and shall administer this Agreement. The Financing Authority shall be deemed to be created and to exist as an entity which is authorized to transact business and exercise its powers, upon the execution hereof by the City and the Agency.

Section 1.03. Board.

(a) Composition of Board; Designation of Chairman. The Financing Authority shall be governed by a Board of Directors (the "Board") of five directors, consisting of the five individuals who serve as members of the City Council of the City. All voting power of the Financing Authority shall reside in the Board. The Mayor of the City shall serve ex officio as the Chairman of the Board.

(b) Call, Notice and Conduct of Meetings. All meetings of the Board, including without limitation, regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act of the State of California (constituting Chapter 9 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California).

(c) Quorum. A majority of the members of the Board shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn from time to time. The affirmative votes of at least a majority of the Board members present at any meeting at which a quorum is present shall be required to take any action by the Board.

(d) Time and Place of Regular Meetings. The Board will hold regular meetings at such time and place as provided by resolution of the Board. The Board may hold special meetings at any time and from time to time in accordance with law. Notwithstanding the foregoing, no such meeting need be held on any date should the Chairman determine that no business is required to be conducted by the Board at such meeting.

Section 1.04. Chief Financial Officer. Pursuant to Section 6505.5 of the Joint Exercise of Powers Act, the person performing the functions as chief financial officer of the City is hereby designated as the initial Chief Financial Officer of the Financing Authority and, as such, shall perform the functions of the treasurer of the Financing Authority and the functions of the auditor of the Financing Authority, as such functions are set forth in Section 6505.5 of the Joint Exercise of Powers Act. Pursuant to Section 6505.1 of the Joint Exercise of Powers Act, the Chief Financial Officer shall have charge of, handle and have access to all accounts, funds and money of the Financing Authority and all records of the Financing Authority relating thereto. As treasurer of the Financing Authority, the Chief Financial Officer shall have custody of all of the accounts, funds and money of the Financing Authority from whatever source.

In the event, but only in the event, that the Chief Financial Officer holds moneys for the account of the Financing Authority or the Members, the Chief Financial Officer shall verify and report in writing at least quarterly to the Financing Authority and the Members the amount of money so held, the amount of receipts since the last such report, and the amount paid out since the last such report.

As auditor of the Financing Authority, the Chief Financial Officer shall draw warrants to pay demands against the Financing Authority when the demands have been approved by the Board and shall assure that there shall be strict accountability of all funds and reporting of all receipts and disbursements of the Financing Authority.

Section 1.05. Other Officers of the Financing Authority. In addition to the Chairman and the Chief Financial Officer, the City Manager of the City shall serve as the Executive Director of the Financing Authority, and the City Clerk of the City shall serve as Secretary of the Financing Authority. Said officers shall perform such functions as shall be customary in the exercise of such positions, and as may be more specifically provided by the Financing Authority from time to time. The Executive Director shall have charge of the day-to-day administration of the Financing Authority and shall execute the directives of the Board. The Executive Director shall sign all contracts on behalf of the Financing Authority, except as may otherwise be provided by resolution of the Board. The Secretary shall have charge of the records of the Financing Authority and shall be responsible for recording the minutes of all meetings of the Board.

Section 1.06. Bonding of Officers. From time to time, the Board may designate officers of the Financing Authority having charge of, handling or having access to any records, funds or accounts or other assets of the Financing Authority, and the respective amounts of the official bonds of such officers and such other persons pursuant to Section 6505.1 of the Joint Exercise of Powers Act. If any officer of the Financing Authority is required to be bonded pursuant to this Section 1.06, such bond may be maintained as a part of or in conjunction with any other bond maintained on such person by any Member, it being the intent of this Section 1.06 not to require duplicate or over-lapping bonding requirements from those bonding requirements which are otherwise applicable to the Members.

ARTICLE II

POWERS

Section 2.01. General Powers. The Financing Authority shall exercise the powers granted to it under the Joint Exercise of Powers Act, including but not limited to the powers set forth in the Bond Law and the powers common to each of the Members, as may be necessary to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 2.02. As provided in the Joint Exercise of Powers Act, the Financing Authority shall be a public entity separate and apart from the Members.

Section 2.02. Restrictions on Exercise of Powers. The powers of the Financing Authority shall be exercised in the manner provided in the Joint Exercise of Powers Act and in the Bond Law, and, except for the exercise of those powers set forth in the Bond Law, shall be subject (in accordance with Section 6509 of the Joint Exercise of Powers Act) to the restrictions upon the manner of exercising such powers that are imposed upon the City.

Section 2.03. Non-Liability of Members and Directors For Obligations of Authority. The debts, liabilities and obligations of the Financing Authority shall not be the debts, liabilities and obligations of any of the Members. No member, officer, agent or employee of the Financing Authority shall be individually or personally liable for the payment of the principal of or premium or interest on any obligations of the Financing Authority or be subject to any personal liability or accountability by reason of any obligations of the Financing Authority; but nothing herein contained shall relieve any such member, officer, agent or employee from the

performance of any official duty provided by law or by the instruments authorizing the issuance of any obligations of the Financing Authority.

In addition, no Member shall assume any liability or responsibility for any debts, liabilities or obligations which may be incurred by the other Member in connection with the issuance of Bonds or other obligations of the Financing Authority for the benefit of such other Member.

ARTICLE III

CONTRIBUTIONS; ACCOUNTS AND REPORTS; FUNDS

Section 3.01. Contributions. The Members may, but are not required to: (a) make contributions from their treasuries for any of the purposes set forth herein, (b) make payments of public funds to defray the cost of such purposes, (c) make advances of public funds for such purposes, such advances to be repaid as provided herein, or (d) use their personnel, equipment or property in lieu of other contributions or advances. The provisions of Government Code 6513 are hereby incorporated into this Agreement.

Section 3.02. Accounts and Reports. To the extent not covered by the duties assigned to a trustee chosen by the Financing Authority, the Chief Financial Officer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust instrument entered into with respect to the proceeds of any Bonds issued by the Financing Authority. The books and records of the Financing Authority in the hands of a trustee or the Chief Financial Officer shall be open to inspection at all reasonable times by representatives of any of the Members. The trustee appointed under any trust agreement shall establish suitable funds, furnish financial reports and provide suitable accounting procedures to carry out the provisions of said trust agreement. Said trustee may be given such duties in said trust instrument as may be desirable to carry out this Agreement.

Section 3.03. Funds. Subject to the applicable provisions of any instrument or agreement which the Financing Authority may enter into, which may provide for a trustee to receive, have custody of and disburse Financing Authority funds, the Chief Financial Officer shall receive, have the custody of and disburse Financing Authority funds as nearly as possible in accordance with generally accepted accounting practices, shall make the disbursements required by this Agreement or to carry out any of the provisions or purposes of this Agreement.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Term. This Agreement shall become effective and the Financing Authority shall come into existence upon the execution and delivery hereof, and this Agreement and the Financing Authority shall thereafter continue in full force and effect so long as either (a) any bonds or other obligations remain outstanding or any material contracts to which the Financing Authority is a party remain in effect, or (b) the Financing Authority shall own any interest in any real or personal property.

Section 4.02. Disposition of Assets. Upon the termination of this Agreement, all property of the Financing Authority, both real and personal, shall be divided between the Members in such manner as shall be agreed upon by the Members.

Section 4.03. Notices. Notices hereunder shall be in writing and shall be sufficient if delivered to:

Twentynine Palms Redevelopment Agency
6136 Adobe Road
Twentynine Palms, CA 92277
Attention: Executive Director

City of Twentynine Palms
6136 Adobe Road
Twentynine Palms, CA 92277
Attention: City Manager

Section 4.04. Section Headings. All section headings in this Agreement are for convenience of reference only and are not to be construed as modifying or governing the language in the section referred to or to define or limit the scope of any provision of this Agreement.

Section 4.05. Law Governing. This Agreement is made in the State of California under the Constitution and laws of the State of California, and is to be so construed.

Section 4.06. Amendments. This Agreement may be amended at any time, or from time to time, except as limited by contract with the owners of any bonds issued by the Financing Authority or by applicable regulations or laws of any jurisdiction having authority, by one or more supplemental agreements executed by all of the parties to this Agreement either as required in order to carry out any of the provisions of this Agreement or for any other purpose, including without limitation addition of new parties (including any legal entities or taxing areas heretofore or hereafter created) in pursuance of the purposes of this Agreement.

Section 4.07. Enforcement by Authority. The Financing Authority is hereby authorized to take any or all legal or equitable actions, including but not limited to injunction and specific performance, necessary or permitted by law to enforce this Agreement.

Section 4.08. Severability. Should any part, term or provision of this Agreement be decided by any court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or otherwise be rendered unenforceable or ineffectual, the validity of the remaining portions or provisions shall not be affected thereby.

Section 4.09. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the respective Members. No Member may assign any right or obligation hereunder without the written consent of the other Member.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

**TWENTYNINE PALMS
REDEVELOPMENT AGENCY**

By: _____
Chairman

Attest:

Secretary

CITY OF TWENTYNINE PALMS

By: _____
Mayor

Attest:

City Clerk



STAFF REPORT

TO: Members of the Redevelopment Agency Board
FROM: Interim City Manager
DATE: March 22, 2011

SUBJECT: APPROVE BOND TEAM AGREEMENTS AND NOT-TO-EXCEED CONTINGENT AND NON-CONTINGENT FEES FOR BOND ISSUANCE

RECOMMENDATION: Staff recommends the Agency Board approve the following:

- Agreements with each member of the Bond Team
- Non-contingent fees in an amount not-to-exceed \$31,000
- Contingent fees in an amount not-to-exceed \$298,700

ORDER OF PROCEDURE:

Request Staff Report
Questions of Staff
Request Public Comment
Discussion
Motion/Second
Discussion of Motion
Call the Question (roll call vote)

Attachments

- Bond Team Agreements
- Estimated Cost of Issuance

BACKGROUND: On January 10, 2011, Governor Jerry Brown announced the State' of California's proposed budget for FY 2011-12. Amongst other cost-cutting measures, the Governor's proposed budget includes the elimination of redevelopment agencies. If passed, the Twentynine Palms Redevelopment Agency's (Agency) ability to receive future tax increment revenues could be severely limited. However, the proposed language of the Governor's budget clearly states that redevelopment agencies will still be able to collect tax increment revenue to fund all scheduled payments for enforceable obligations such as principal and interest payments on outstanding bond debt. Given this provision, the Agency and City are contemplating issuing bonds to fund housing and non-housing projects in the Four Corners Redevelopment Project Area. Because issuing bonds is a highly technical and complicated process, staff has assembled a team of financial professionals to guide the City Council., Agency Board, and newly formed Public Finance Authority through the bond issuance process. The proposed Bond Team is as follows:

- Bond Counsel - Rutan & Tucker.
 - Financial Advisor - Harrell & Company Advisors.
 - Fiscal Consultant - RSG, Inc.
 - Disclosure Counsel – Best Best Krieger LLP
 - Underwriter - Wedbush Securities
-

The attached Estimated Cost of Issuance provides detail on how the fees would be structured; these fees would be paid from the bond proceeds if the bonds are ultimately issued. If the bonds are not sold, the following not-to-exceed non-contingent fees would apply:

• Bond Ratings	\$11,000
• Financial Advisor (Harrell & Company)	5,000
• Disclosure Counsel (Best Best & Krieger)	5,000
• Fiscal Consultant (RSG)	<u>10,000</u>
	\$31,000

At the February 8, 2011, Working Session, staff informed the Agency Board the Bond Ratings would need to be obtained at a cost of \$15,000; the actual cost is \$11,000. At the same Working Session, staff offered that other non-contingent fees may be applicable should the Council and Agency move forward with the bond issuance. The above non-contingent fees for the Financial Advisor, Disclosure Counsel and Fiscal Consultant are more specific than the conceptual amounts discussed at the Working Session.

Under normal circumstances, fees for a bond team are contingent upon the sale of bonds with the exception of the Fiscal Consultant who prepares the Fiscal Consultant's Report (FCR). Federal regulations require that the FCR be independently prepared and not be contingent upon the sale of bonds. In order to maintain an independent perspective on the tax increment revenue projections, RSG has outlined the above non-contingent fee. The Financial Advisor and Disclosure Counsel have included non-contingent fees due primarily to the additional work that has been required in light of the Governor's proposal to eliminate redevelopment agencies. As the final outcome of the budget process is not known, various scenarios and analyses have been required to address potential additional passthrough payments.

Staff recommends the Agency Board approve the attached agreements with each member of the Bond Team, and the non-contingent and contingent fees before proceeding on actions later in the agenda relating to the sales of the bonds.

PROCEDURE: It is recommended that the Agency Board receive the staff report, receive any comments from the public, and then consider approving each agreement for the members of the Bond Team.

FISCAL IMPACT:

There are two different fiscal impacts associated with this action. If the bonds are not sold, the Agency would incur non-contingent fees in an amount not-to-exceed \$31,000. If the bonds are sold, the Agency would incur expenses paid from bond proceeds in an amount not-to-exceed \$298,700.

ATTACHMENTS:

- Bond Team Agreements
- Estimated Costs of Issuance

**TWENTYNINE PALMS REDEVELOPMENT AGENCY
2011 TAX ALLOCATION BONDS
(FOUR CORNERS REDEVELOPMENT PROJECT AREA)
ESTIMATED COSTS OF ISSUANCE**

Estimated Par Amount		8,600,000	3,000,000	
		Series A	Series B	
Bond Counsel	<i>Rutan & Tucker</i>			
	<i>Fees</i>	37,000.00	35,000.00	72,000.00
	<i>Expenses</i>	<u>2,000.00</u>	<u>2,000.00</u>	<u>4,000.00</u>
		39,000.00	37,000.00	76,000.00
Financial Advisor	<i>Harrell & Company Advisors</i>			
	<i>Fees</i>	35,000.00	15,000.00	50,000.00
	<i>Expenses</i>	<u>500.00</u>	<u>500.00</u>	<u>1,000.00</u>
		35,500.00	15,500.00	51,000.00
Disclosure Counsel	<i>Best Best & Kreiger</i>	12,500.00	12,500.00	25,000.00
Trustee/Counsel	<i>The Bank of New York</i>	3,500.00	3,500.00	7,000.00
Printing	<i>AVIA</i>	1,250.00	1,250.00	2,500.00
Fiscal Consultant	<i>RSG, Inc.</i>	11,250.00	11,250.00	22,500.00
Rating Fees	<i>Standard & Poors</i>	8,000.00	3,000.00	11,000.00
City Attorney	<i>Rutan & Tucker</i>	2,500.00	2,500.00	5,000.00
Contingency		<u>1,500.00</u>	<u>1,500.00</u>	<u>3,000.00</u>
		115,000.00	88,000.00	203,000.00
Undewriting	<i>Wedbush</i>	<u>70,950.00</u>	<u>24,750.00</u>	<u>95,700.00</u>
		185,950.00	112,750.00	298,700.00
As a % of Total Issue				2.58%
Non-Contingent				
Rating		<i>8,000.00</i>	<i>3,000.00</i>	<i>11,000.00</i>
Financial Advisor		<i>2,500.00</i>	<i>2,500.00</i>	<i>5,000.00</i>
Disclosure Counsel		<i>2,500.00</i>	<i>2,500.00</i>	<i>5,000.00</i>
Fiscal Consultant		<u><i>5,000.00</i></u>	<u><i>5,000.00</i></u>	<u><i>10,000.00</i></u>
		<i>18,000.00</i>	<i>13,000.00</i>	<i>31,000.00</i>



HARRELL & COMPANY
A D V I S O R S , L L C

March 1, 2011

John Tooker
Interim City Manager
City of Twentynine Palms
6136 Adobe Rd.
Twentynine Palms, CA 92277

RE: Proposal for Financial Advisory Services

Dear Mr. Tooker:

I am pleased to provide a proposal for financial advisory services in connection with the Redevelopment Agency's Tax Allocation Bonds, 2011 Series A and Housing Tax Allocation Bonds, 2011 Series B. The anticipated bond size is expected not to exceed \$9 million and \$3 million respectively.

Scope of Services

Harrell & Company proposes to perform the services listed below.

1. Bond Sizing. Size the bonds and structure bond repayment terms and conditions which most advantageously meet current market conditions and the objectives of the Agency .
2. Document Review. Review and comment on all legal documents prepared by the Agency's bond counsel to ensure conformance with the proposed financing structure
3. Rating Agency Meetings. Submit documents, conduct negotiations and attend meetings with rating agencies as may be required.
4. Official Statement. Prepare the preliminary and final Official Statements to be used in connection with the offering of the bonds and distribute electronically.
5. Disclosure Issues. Provide technical support in defining disclosure issues necessary to meet SEC guidelines, as well as work with the Agency to fulfill its continuing disclosure responsibilities under the Securities and Exchange Commission Rule 15c2-12.

6. Pricing. For a negotiated sale Wedbush Securities, Inc., acting as underwriter:
 - advise the Agency on the propriety of the underwriter's pricing and compensation relative to the current market conditions;
 - negotiate to provide the lowest available rates and costs to the Agency;
 - provide the Agency with a pricing analysis and comparison of its transaction with other recent sales of comparable credit quality; and
 - provide quantitative scheduled showing the results of the final pricing.
7. Bond Closing. Review and coordinate arrangements for closing and delivery of the bonds, paying particular attention to needed certificates and representations of other parties to ensure certification of information relied upon in the financing.
8. Attendance at Meetings. Attend all meetings relating to the financing with Agency staff, bond counsel and fiscal consultant as required.

Fees

The following fees are proposed for the combined \$12 million principal amount of 2011 Series A Bonds and 2011 Series B Bonds:

- ◆ A fixed fee of \$15,000 for preparation of the preliminary and final official statements;
- ◆ A fixed fee of \$35,000 for all other financial advisory services in connection with the bonds as described under the scope of services
- ◆ Out-of pocket expenses at cost.

Fees are contingent on the successful closing of the bonds and delivery of funds. If, however, due to proposed or adopted State Legislation which creates a legal or market condition where it is not possible to issue the Bonds prior to June 1, 2011, or at all, a fixed non-contingent fee of \$5,000 will be payable for the required advance preparation of the official statement and review of underlying documents in connection therewith. Such amount would be credited against any fee paid to Consultant if the Bonds are issued after June 1, 2011.

John Tooker
March 1, 2011
Page 3

I look forward to the opportunity to work with the Agency. If you need any additional information or have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Suzanne Harrell". The signature is written in a cursive, flowing style.

Suzanne Harrell

Accepted by:

Authorized Officer

Date:

Twentynine Palms Redevelopment Agency 2011 Tax Allocation Bonds

Proposal and Statement of Qualifications to provide Underwriting Services



February 1, 2011

WEDBUSH

February 1, 2011

Patrick Munoz, Esquire
Rutan & Tucker, LLP
611 Anton Boulevard, Suite 1400
Costa Mesa, CA 92277

Re: Proposal and Statement of Qualifications to provide Underwriting Services

Dear Mr. Munoz,

On behalf of Wedbush Securities, we are pleased to submit our proposal and statement of qualifications to serve as underwriter for the Twentynine Palms Redevelopment Agency's (the "Agency") proposed 2011 Tax Allocation Bonds. Serving as the Agency's banker is a top priority for us and for our firm, and as you evaluate our credentials and capabilities for serving the Agency, please consider the following:

- **Wedbush Securities is California's largest, full service investment bank** – The firm has over \$3 billion in assets and nearly 1,000 employees, *making us the largest public finance firm headquartered in California as measured by both assets and employees*. Due to the extensive capitalization of our firm, we are able to maintain substantial secondary market liquidity for tax-exempt bonds in our firm's on-going trading activities. As a major source of liquidity to the fixed income investor community, our firm's reputation for making markets in the securities we underwrite provides additional pricing support for the financing needs of our clients.
- **Leading Private Client Services Investor Team** - Traditional retail investors, once the backbone of the municipal bond market, have again become a critical component of new issue underwriting success. With over 400 in-house Private Client Executives at Wedbush Securities and a correspondent affiliation with an additional 1,500 brokers, our firm provides an effective vehicle for accessing this segment of the market. Institutional and taxable fixed income salespersons round out our extensive market coverage and are based in our San Francisco, Los Angeles, Solana Beach and Newport Beach offices.
- **Wedbush Securities is a Leader in Redevelopment Finance** - Our Wedbush Securities Tax Allocation Team has participated in 55 tax allocation bond issues over the last five years totaling \$1.2 billion for Redevelopment Agencies across California. The volume and number of tax allocation transactions by the Wedbush Securities Redevelopment Financing Team ranks our firm as one of the top California tax allocation bond underwriters.
- **Credit Expertise** - With the implosion of the municipal bond insurance providers, the credit markets are once again focused on fundamental issues of credit. Being based in California, with a team that includes two 25-year veterans of the California redevelopment bond market, Wedbush Securities has the expertise to effectively articulate the Agency's strengths, enabling us to support a higher market price and lower financing cost for the Agency's financing.
- **Our Balance Sheet is Rock Solid** - Our firm is extraordinarily well capitalized and conservatively managed, with \$234.8 million in equity capital and no debt. The firm has not applied for or received funds under TARP, or any other federal program, nor has the firm

WEDBUSH

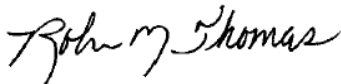
been the focus of inquiry by the SEC, US Attorney's Office or other federal or State agencies with respect to our municipal securities practices.

Lastly, Wedbush Securities is an active member of the California Redevelopment Association and was a financial contributor, on both a firm and an individual banker level, to the successful Proposition 22 campaign. We have closely followed the budget proposals from Governor Brown and are prepared to move quickly should rumors of impending legislation be further clarified.

We have not included an underwriter's discount in the attached information but will be happy to do so once the sizing, tax status and credit quality of the Agency's financing(s) has been determined.

Thank you for inviting us to join the Agency's Financing Team. Please don't hesitate to contact us if you have any questions or need clarification of our proposal and/or qualifications.

Sincerely,

A handwritten signature in black ink that reads "Robin Thomas". The signature is written in a cursive, flowing style.

Robin Thomas

Managing Director, Public Finance
201 Lomas Santa Fe Drive, Suite 500
Solana Beach, CA 92075
Tel: (800) 659-8200



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I. PROPOSED SCOPE OF SERVICES

In conjunction with our firm's appointment as underwriter for the Agency's 2011 Tax Allocation Bonds, we would provide the following services.

1. Analyze the financing alternatives available to the Agency for the issuance of the Bonds and recommend the appropriate financing mechanism to provide the lowest cost of funds taking into account the Agency's policy considerations;
2. Together with the Agency, and the Financing Team, develop a financing plan consistent with the goals and objectives established by the Agency;
3. Assist the Financing Team in sizing the Bonds and calculating rating services fees, professional fees and other costs of issuance;
4. In cooperation with the Agency and its Financing Team, review all documents necessary to implement the issuance of Bonds, including but not limited to the authorizing resolutions, bond purchase agreement, and preliminary and final official statements distributed to potential investors, as required;
5. Structure those terms and conditions for the Bonds such as maturities, coupon rates, call features, and security features, which most advantageously meet demands of current market conditions, meet the objectives of the Agency, and provide the lowest possible net interest cost as well as maximum refunding savings;
6. Organize and participate in information meetings, if needed, to create investor interest in the Bond issue with retail and institutional clients;
7. Advise the Agency on the timing of the sale of the Bonds in relation to the market conditions and financing needs;
8. Arrange for distribution of the final official statements in accordance with Section 240.15c2-12 of Title 17 of the Code of Federal Regulations;
9. Participate in the settlement and Bond Closing process; and
10. Serve as underwriter for the Bonds, subject to a mutually satisfactory bond purchase agreement and other customary documentation, and coordinate with the Financing Team so as to consummate the sale and delivery of the Bonds in a timely manner.

II. FIRM OVERVIEW

Founded in 1955 in Los Angeles, Wedbush Securities, a privately held corporation, has a rich history in California public finance. In 1975, Wedbush Securities acquired William R. Staats & Co., a firm that dated back to 1887 and underwrote some of the first bonds used to construct the Los Angeles streetcar system. *Today Wedbush Securities is the largest California-based full service brokerage firm and investment bank with nearly 1,000 employees, approximately 600 employees in California (among 16 offices throughout the state).*

At the helm of Wedbush Securities is Edward Wedbush, the firm's founder and Chief Executive Officer, who along with a Board of Directors, develop and implement decisions for the corporation. Wedbush Securities' California Public Finance Banking professionals are located in Los Angeles, San Francisco, Newport Beach and Solana Beach.



Commitment to Public Finance / Recent Changes.

Wedbush Securities is committed to growing our public finance and municipal bond departments with the goal of building the number one California public finance practice.

In recent months Wedbush Securities doubled its municipal sales force from six to eighteen institutional sales professionals, bringing on 30-year municipal industry veteran Jim Dolan as our National Sales Manager, along with a team of exceptionally talented sales professionals who hail from Tier 1 firms like Lehman Brothers, UBS, and Merrill Lynch.

In addition, Wedbush Securities recently hired 30-year California municipal market veteran Peter Auzers to run our underwriting desk. Peter, who most recently ran Schwab's municipal department, and previously was lead West Coast underwriter at RBC and Fidelity Capital markets, has spent his entire career focused on the California market. He is based in San Francisco and represents an enormous resource for Wedbush Securities.

Market Knowledge. The ability to get the Agency the best deal available in the market depends on being in the market frequently because the market is so fluid. Knowing what happened last year may be useful from a "credit precedent" perspective (having a base of knowledge of prior solutions that worked for similar challenges), but knowing what happened yesterday is even more important. We know the California market and are actively involved in the secondary market every day, trading 2,500-3,000 separate California names and nearly \$500 million monthly. We are in the flow of secondary trading, so we know which investors are active and what they are looking to buy at any given time.

In addition to our ongoing secondary market presence, we bring to the Agency a very "fresh" resume of primary market transactions and market intelligence that we can tap for your benefit. Our California public finance team underwrote 61 negotiated transactions totaling more than \$22.5 billion par, in the roles of senior, sole and co-manager, in 2010.

Capital Position. Wedbush Securities is debt free and solidly capitalized. Unlike many of our competitors, whose balance sheets have been plagued by excessive leverage, exposure to the sub-prime mortgage, auction rate and CDO markets, Wedbush Securities' capital position has been unimpaired by the ongoing credit crisis. The strength of Wedbush Securities' capital is evidenced by the substantial increase in our equity position over the past several years, as shown in the graph to the right.

Wedbush Securities Aims to Be Top Underwriter on West Coast
 Wednesday, October 6, 2010
 By [Patrick McGee](#) [Print](#) [Email](#) [Reprints](#)

RELATED STORIES
 Wedbush Morgan Hires Thiel to Boost California Push - May 27, 2009
 Wedbush Reorganizes As It Integrates Peacock Operations - November 20, 2008

Los Angeles-based Wedbush Securities only started senior managing municipal borrowings a decade ago, but after a few years of rapid growth the firm is setting itself ambitious goals.

The financial services and investment bank, which has been involved in public finance in various ways since its founding in 1955, now seeks to be top underwriter on the West Coast.

"I don't think we'll ever get to the par amount of the big boys, but as far as numbers of transactions go, our goal is to be the number one underwriter of public finance on the West Coast," said Gary Wedbush, executive vice president and head of capital markets.

The bank has been senior manager on 40 regional issues so far this year totaling \$600 million, according to Thomson Reuters. That ranks it 15th in California, by volume, and easily puts the firm on track to triple the \$206 million of deals it led in 2008. It has already passed the \$528 million volume it underwrote last year.

Wedbush said the bank, founded by his father and bank president Edward Wedbush, was centered on equities for more than 30 years when it began to push into fixed income about 10 years ago. Public finance was a natural place to start to serve private clients, he said.

The timing worked out pretty well. The bank laid a foundation for business and senior-managed a few dozen deals in the years leading up to the financial crisis. When larger banks collapsed, merged, or left muni underwriting, Wedbush was in a position to take advantage of a new pool of talent and expand its operations.

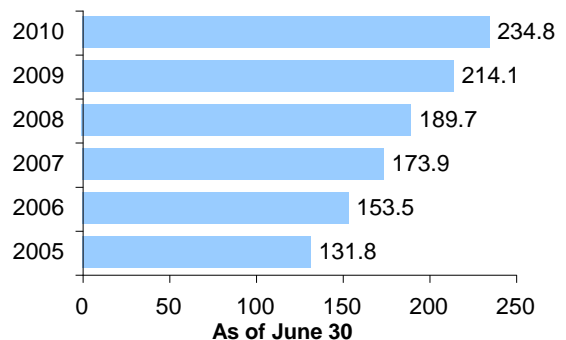
"A lot of our growth is fueled by the credit crisis," Wedbush said. "We never had an opportunity before then to hire the kind of talent that became available."

One of the most recent senior hires added to the roster is James Dolan, who joined the public finance group in Boston in July as head of institutional sales.

Dolan's 27-year career began at Lehman Brothers, where he worked for 15 years. Before joining Wedbush, Dolan was co-manager of the muni division at Finacorp Securities, and he also was a founding partner and chief executive officer of Alta Capital Group LLC.

Other recent hires on the sales team include Mitch Asch and Dennis Diccio in Boston, and Jeff Molinari in New York.

Wedbush Total Equity Capital (in \$Millions)





The Firms’ financial position over the past three years is detailed in the following table. With \$234.77 million in equity capital, and excess net capital of \$181.96 million (as of the firm’s most recent audited statement), Wedbush Securities can legally underwrite \$2.6 billion of high-grade municipal bonds on a sole-managed basis. Our financial reports are available on the firms’ website at www.wedbush.com.

Wedbush Securities Capital Position (in \$Millions)			
	As of 06/30/08	As of 06/30/09	As of 06/30/10
Total Capital	\$189.67	\$214.11	\$234.77
Net Capital	\$132.72	\$171.49	\$188.05
Excess Net Capital	\$126.66	\$168.74	\$181.96

While other firms may tout “multi-billion dollar” balance sheets, what should be important to the Agency is how much of that capital is really available, versus being

tied up in illiquid assets, untapped corporate loan commitments, or credit default swap exposures. Our uncommitted excess net capital is the largest of any investment banking firm headquartered in California. Perhaps more importantly, we are willing and able to commit our capital during this time of market turmoil to support our clients’ financings. It is our view that an underwriter’s responsibility is to assume risk and deliver the lowest cost of capital for our clients, especially in this time of market uncertainty. On any given pricing, Wedbush Securities allocates enough capital to the municipal bond underwriting activities to ensure a successful pricing.

III. TAX ALLOCATION BOND EXPERIENCE

California redevelopment finance is a core business for Wedbush Securities. Our team includes senior level investment bankers considered among the most experienced in California. Our redevelopment team expertise runs the gamut from, fixed rate tax allocation financings to taxable and tax-exempt bonds, low and moderate income housing fund issues, cross-collateralized Marks-Roos structures, senior-subordinate lien structures, purchases-in lieu of redemption, rated and non-rated bonds, and financings issued under ARRA of 2009, including BABs and RZEDBs.

We have experience working with a variety of redevelopment agencies to develop comprehensive financing plans to support ambitious capital improvement programs. We have helped these agencies with all aspects of the redevelopment financing process including assisting with the development of an agency “budget model” to estimate resources available to pay debt service, preparing expert credit presentations, recommending appropriate financing structures (i.e. issue taxable bonds in the front end of the yield curve, fixed vs. variable vs. synthetic fixed, Marks-Roos vs. conventional structure) and coordinating the process for subordination of AB1290 pass-through payments.

Our work with redevelopment agencies across California doesn’t end when the financing closes. We have served our redevelopment clients as a trusted advisor on a wide variety of issues they face such as providing workshops on the nuances of the new SERAF legislation and the investment of bond proceeds. We believe our diligence before, during and after the financing process is the reason why we receive repeat business from our clients.

Over the last five years (Since January 1, 2006), the Wedbush Securities Team has brought to market 55 tax allocation bond issues totaling \$1.2 billion for redevelopment agencies across California (includes transactions completed while bankers were at prior firms). Of these transactions, 44 have been done at Wedbush Securities with a total par of nearly \$860 million; **all but five transactions were senior or sole managed**. The number and volume of tax allocation transactions the Firm has completed ranks Wedbush Securities as one of the top California tax allocation bond underwriters. A detailed list of Wedbush Securities’ tax allocation transactions since January 1, 2008 can be found in **Appendix A**.

Wedbush Securities has consistently ranked one of the top tax allocation bond underwriters in California. The following table shows Wedbush Securities’ California rankings for Senior/Sole managed, negotiated tax allocation bonds underwritten in 2009 and 2010, by both total par issued



and number of deals.

Ranking Type	2009	2010
Ranking based on Total Value Issued	4	3
Ranking based on Number of Deals	2	4

Source: iPREO MuniAnalytics

IV. FINANCING TEAM WITH REDEVELOPMENT EXPERTISE

Wedbush Securities has a talented team of senior level investment bankers considered among the most experienced in redevelopment finance in California. Our Tax Allocation Team clearly distinguishes Wedbush Securities from our competition in this sector of public finance. In addition, because of our extensive experience with tax allocation bonds, and our considerable volume of trading redevelopment credits in the secondary market, Wedbush Securities has developed the most knowledgeable sales force with California tax allocation credits.

Wedbush Securities Financing Team	
<p>ROBIN M. THOMAS <i>Managing Director</i> 201 Lomas Santa Fe Drive Suite 500 Solana Beach, CA 92075</p> <p>(800) 659-8200 (858) 793-1446 robin.thomas@wedbush.com</p>	<p>Role: Lead Banker – Responsible for coordination of all Wedbush Securities efforts on behalf of the Agency, including day-to-day transaction structuring and execution.</p> <p>Experience: Ms. Thomas has been active in the California public finance community for almost 30 years. She has underwritten in excess of \$2 billion in debt over her career, working with redevelopment agencies, cities, and community facilities districts. Ms. Thomas’ recent redevelopment clients include Monrovia RDA, Montclair RDA, Dinuba RDA, Lancaster RDA, Norco RDA, Glendale RDA and La Quinta RDA. She prides herself in having maintained several California municipal relationships for more than twenty years and has consistently been a leader in city and redevelopment finance. Robin Thomas is active in several industry organizations including CSMFO and CRA.</p> <p>Background: Ms. Thomas has spent her entire career living and working in San Diego County, the past ten years with Wedbush Securities. Registered NASD – Series 7, 53, and 63</p>
<p>RICHARD H. CLARK <i>Managing Director</i> 1000 Wilshire Blvd Los Angeles, CA 90017</p> <p>(213) 688-4393 (213) 688-6642 (fax) richard.clark@wedbush.com</p>	<p>Role: Redevelopment Specialist – Responsible for providing additional redevelopment expertise.</p> <p>Experience: Richard Clark joined Wedbush Securities in 2008 after 12 years at RBC Capital Markets and its predecessor firm, Sutro & Co. Incorporated. He previously worked in public finance for the investment banking firm of Alex. Brown & Sons for 4 years and Security Pacific National Bank for 13 years. Mr. Clark has experience with a wide variety of public agency credits and has specific credit and structuring experience working with redevelopment agencies, municipal utilities, water and wastewater, solid waste, public power, and general fund credits. Mr. Clark has worked with the redevelopment agencies of the cities of San Diego (CCDC and SEDC), Carson, Folsom, Poway, Fontana, El Cerrito, Fullerton and Ontario, as well as Riverside and San Bernardino counties, among others.</p> <p>Background: Richard has a B.A. Degree from Dartmouth College, Hanover, New Hampshire and an M.B.A. from Stanford University, Palo Alto, California. Registered NASD – Series 7, 52, 53, and 63</p>



Wedbush Securities Financing Team

<p>LESLIE WIENAND <i>Assistant Vice President</i> 201 Lomas Santa Fe Drive Suite 500 Solana Beach, CA 92075</p> <p>(858) 523-4928 (858) 793-1446 leslie.wienand@wedbush.com</p>	<p>Role: Transaction Banker – Responsible for providing transactional and quantitative support.</p> <p>Experience: Ms. Wienand joined Wedbush Securities four years ago and has nine years experience in financial analysis and economic research. Since joining Wedbush Securities, she has provided quantitative and analytical support on senior managed transactions and financial advisory transactions for issuers throughout California, totaling in excess of \$2 billion. Her experience with tax allocation bonds includes transactions for the Redevelopment Agencies of Lancaster, Norco, Glendale, El Cajon, Lindsay, Monrovia, Montclair, Dinuba, Sand City, and Morgan Hill.</p> <p>Background: Ms. Wienand holds a Bachelor of Science in both Finance and Accounting from the University of Arizona.</p> <p>Registered NASD – Series 7 and 63</p>
<p>KEN YOON <i>Associate</i> Los Angeles</p> <p>(213) 688-4558 (213) 688-6642 (fax) kenneth.yoon@wedbush.com</p>	<p>Role: Transaction Banker – Responsible for providing transactional and quantitative support.</p> <p>Experience: Mr. Yoon has four years of experience and has provided transactional and analytical support for clients throughout California. Prior to joining Wedbush Securities, Mr. Yoon worked at UBS in their municipal securities group where he provided support on senior managed transactions worth over \$490 million. Ken’s experience with tax allocation financings includes transactions for the redevelopment agencies of the cities of Folsom and Fontana and the counties of San Bernardino and Riverside.</p> <p>Background: Ken holds a B.A. in Economics from the University of California San Diego.</p> <p>Registered NASD – Series 7 and 63</p>

Wedbush Securities Underwriting Team

<p>PETER AUZERS <i>Managing Director</i> San Francisco, CA</p> <p>(415) 273-7302 (415) 263-6644 (fax) peter.auzers@wedbush.com</p>	<p>Role: Lead Underwriter – Responsible for managing all aspects of sales, trading and underwriting for the Agency.</p> <p>Experience: Peter is based in the Firm’s San Francisco office, and serves as Wedbush Securities’ lead underwriter. Peter joined Wedbush Securities in October 2010 as California Municipal Syndicate Manager. He comes to Wedbush Securities from Charles Schwab where he served as the head municipal underwriter for all California, Western Northwestern and Midwestern states. Previously he was at RBC Capital Markets where he was the lead underwriter for all long-term California municipal issues. Peter also spent 13 years at Fidelity Capital Markets, where he established and systematically expanded Western U.S. regional fixed income trading, underwriting and institutional sales. In the course of his 30-year career in the California market, Peter has participated in transactions of all sizes for every major California issuer.</p> <p>Background: Peter holds degrees from the State University of New York at Cortland and California State University College at Los Angeles. He is a Member and former President of the Los Angeles Municipal Bond Club and is a former board member of the California PSA.</p> <p>Registered NASD - Series 7, Series 24, Series 53, and Series 63.</p>
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Wedbush Securities Underwriting Team

<p>JIM DOLAN Managing Director Boston, MA</p> <p>(617) 832-3725 (617) 832-3720 (fax) jim.dolan@wedbush.com</p>	<p>Role: National Institutional Sales Manager – Responsible for institutional sales for the Agency.</p> <p>Experience: Mr. Dolan is based in the Firm’s Boston office and has over 27 years experience with institutional sales, covering Tier 1, 2 and 3 accounts. He joined Wedbush Securities in July 2010 and serves as Head of Municipal Institutional sales nationally. Mr. Dolan began his career in institutional sales with Lehman Brothers in 1983, where he worked for 15 years. He subsequently worked for top securities firms in the Boston area, most recently as the Co-manager of Municipal Finance Division with Finacorp Securities.</p> <p>Background: Mr. Dolan holds a Bachelor of Arts in Economics from the University of Massachusetts, Amherst.</p> <p>Registered NASD – Series 7, 9, 24, 53 and 63</p>
<p>CAP HARLAN Vice President Solana Beach, CA</p> <p>(858) 523-4921 (858) 793-1446 (fax) cap.harlan@wedbush.com</p>	<p>Role: Back-up Underwriter – Responsible for managing all aspects of sales, trading and underwriting for the Agency.</p> <p>Experience: Cap is based in the firm’s Solana Beach office, and serves as Wedbush Securities’ underwriter, senior trader and head of retail sales. Mr. Harlan has over 31 years of municipal underwriting experience in California municipal bonds. He has also served as Head Municipal Trader for E.F. Hutton (west coast division). Mr. Harlan is responsible for all Wedbush Securities municipal commitments including day-to-day secondary trading and institutional posting.</p> <p>Background: Cap holds a Bachelor of Art degree from UCLA. Cap maintains active participation in municipal industry affairs and is a past president of the Los Angeles Bond Club.</p> <p>Registered NASD - Series 8 and 53</p>

V. WEDBUSH SECURITIES DISTRIBUTION CAPABILITIES AND MARKETING PLAN

Retail Sales Capability

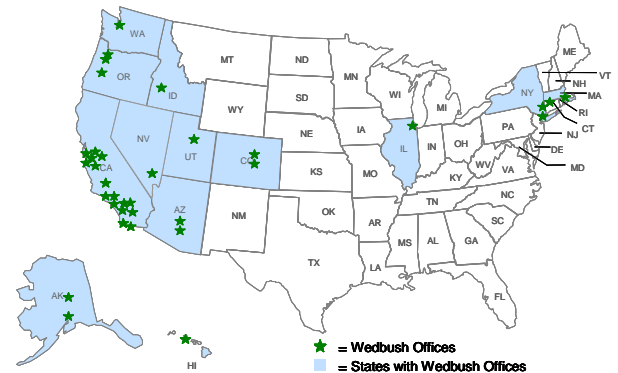
Wedbush Securities brings to the Agency the largest retail distribution network of any California based investment bank. The Firm has over 90 retail brokerage offices located throughout the United States, with 16 of the retail brokerage offices located in California.

Traditional retail investors, once the backbone of the municipal bond market have again become a critical component of new issue underwriting success. To provide our clients with retail distribution, Wedbush Securities maintains a retail base 1,900 brokers strong. Wedbush Securities employs more than 400 brokers and an additional 1,500 correspondent brokers who all have access to Wedbush Securities offerings.

Wedbush Retail Distribution

- Over 90 Offices – Over 400 Private Client Executives – 105,000 Active Investor Accounts
- 125 Correspondent Broker/Dealer Firms – 1,500+ Sales Professionals
- 2 Full Time Retail Liaisons

- | | |
|--------------------------|---------------------------|
| Anchorage, AK | Woodland Hills, CA |
| Fairbanks, AK | Cherry Creek, CO |
| Phoenix, AZ | Denver, CO |
| Scottsdale, AZ | Honolulu, HI |
| Beverly Hills, CA | Boise, ID |
| Glendale, CA | Chicago, IL |
| Hemet, CA | Boston, MA |
| Los Angeles, CA | Concord, NH |
| La Jolla, CA | Las Vegas, NV |
| Menlo Park, CA | New York, NY |
| Newport Beach, CA | Tarrytown, NY |
| Palm Desert, CA | Lake Oswego, OR |
| Roseville, CA | Portland, OR |
| Sacramento, CA | Salem, OR |
| San Diego, CA | Provo, UT |
| San Francisco, CA | Seattle, WA |
| Santa Rosa, CA | |
| Solana Beach, CA | |
- Visit : www.wedbush.com/offices for additional locations.





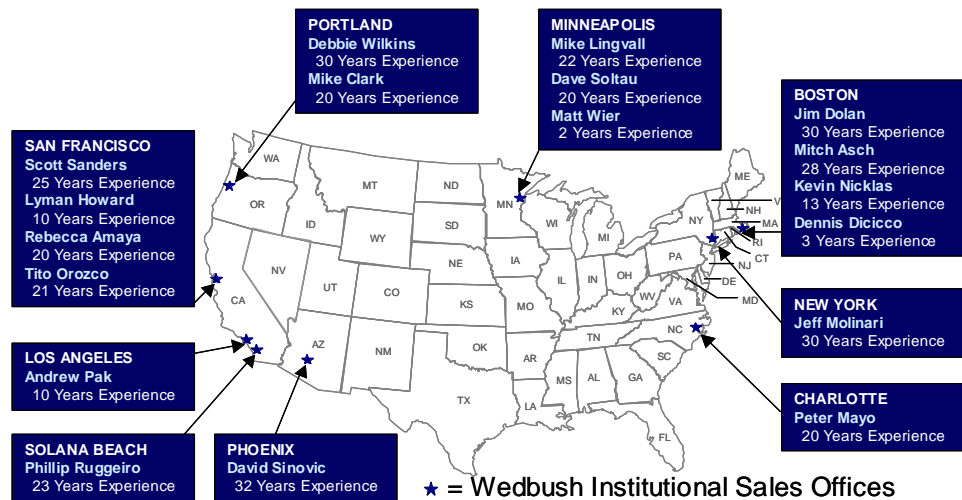
Dedicated Retail Liaisons. Our California public finance is supported by two dedicated retail liaisons who sit on our trading desk in Los Angeles. The retail liaisons serve as a continuous link between our municipal underwriters and our retail system, providing everything our retail brokers need to generate trades—POS/OS links, credit briefs, rating materials, pricing levels, and market commentary. They can help swap clients out of existing bonds to make room for new issues and help fill “reverse inquiry” requests from clients for specific portfolios or bonds that meet specific investment needs.

Daily PCS Morning Call. Each morning, our Private Client Services (retail) group hosts a live internal teleconference for our 400+ in-house brokers. The call features economic news, market analysis and “new issue” briefings, allowing our public finance bankers a forum to announce upcoming transactions and highlight key credit/structural features. The call is also taped and posted on our intranet, allowing our brokers to tap back into the call for salient transaction details.

Electronic Sales and Distribution Capabilities. The “Bond Insight” bond trading platform is embedded in the Firm’s own proprietary software “Broker Insight” available to all 1,900 in-house and correspondent brokers in Wedbush Securities’ retail network. Wedbush Securities is able to post bonds into inventory for search by brokers logged into the system. Brokers can match their clients’ needs by searching according to state, maturity, tax-status (AMT, non-AMT), credit quality and call features.

Institutional Sales Capability

Wedbush Securities has recently expanded its municipal institutional sales force from 6 to 18. Last Fall, we hired Jim Dolan as National Institutional Sales Manager. Mr. Dolan has recruited some top tier sales professionals who bring over 130 years of municipal experience, most having spent the bulk of their careers at major Tier 1 firms, from Lehman Brothers to UBS to Merrill Lynch to name



a few. We now have institutional sales professionals in Charlotte, New York, Boston, Minneapolis, Portland, Los Angeles, Solana Beach and San Francisco, as indicated in the chart to the right.

Our sales force has long standing relationships with the top 350 Municipal Asset managers, many that manage billions in California high net worth municipal assets, and large California Mutual funds. In addition to these institutional relationships, Jim Dolan has long standing marketing relationships with a number of independent broker dealers that lack their capital markets banking capabilities. These relationships produce a consistent flow of retail demand for California bonds and new issues. The table below highlights some of Wedbush Securities’ best California tax-free bond buy-side relationships.



Aetna	Dodge & Cox	PacLife
ALG Asset Management	Fidelity	PIMCO
AllianceBernstein	Franklin Templeton Investments	PineBridge Investments
Allstate Investment Management	General Re	Protective Life Corp
American Century	Goldman Sachs Asset Management	Prudential
American Family Life Assurance Co	Guggenheim Investment Management	STW
Aviva Investors	Hartford Investment Management	T Row Price Associates
BlackRock	John Hancock	TCW Asset Management
BNY/Mellon	Lord, Abnett & Co.	Teachers Advisors (TIAA-CREF)
Cap Re	Metropolitan Life Insurance Co.	USAA Investment Management
Columbia Management	MFC Global Investment Management	Vanguard Group
Conning Asset Management	Nationwide Insurance Co	Wellington
Cutwater Asset Management	New York Life	Wells Capital
Delaware Investments	Northwestern	Western Asset Management Co.
Deutsche Asset Management		

Marketing Plan – Back to the Future

One of the most significant consequences of the 2008-2009 financial crisis is that the bond marketing program is a priority. Credit is once again relevant, and selling bonds is, as once before, a two-step process: you have to get through the credit door before you can have the price conversation with the portfolio manager. Call it the “revenge of the analysts,” but the buy-side is now populated by many of the analysts who formerly worked at the bond insurers, and the battery of questions and issues they raise in the credit approval process is intense.

Start the marketing program immediately. Two weeks prior to pricing day, we will internally distribute a “marketing memo”. This document describes the purpose, structure and the security of the issue. Our program is intended to tap both institutional accounts and our own proprietary retail system.

When the POS is posted, we will email it to our offices throughout the Country and to approximately 200 institutional customers. Our 1,500-broker correspondent network will also be tapped to distribute the Agency’s bonds.

Targeting Retail. A comprehensive retail focused marketing approach will be critical to the success of the sale of the bonds. In today’s market, a properly executed retail marketing plan can often demonstrate demand in a range between 5 and 10 bps lower than what institutions may demand for the same maturities. Hence, the larger the retail book, the greater the Agency’s influence will be over institutions to accept a lower yield or be forced out of the deal. Wedbush Securities’ Palm Springs and Hemet retail offices would be a prime candidate for marketing bonds to local area investors.

- **Daily PCS Morning Call.** Each morning at Wedbush Securities, our Private Client Services (retail) group hosts a live internal teleconference for our 400+ in-house brokers. The call features, economic news, market analysis and “new issue” briefings, allowing our public finance bankers a forum to announce upcoming transactions and highlight key credit/structural features. The call is also taped and posted on our proprietary intranet, allowing our brokers to tap back

Top Buyers of California Tax Allocation Bonds
40/86 Advisors Inc
Allstate Investments LLC
American Century Investment Management (Mountain View)
BlackRock Investment Management LLC (Plainsboro)
Calvert Asset Management Co Inc
Capital Research & Management Co (Los Angeles-West)
Deutsche Asset Management (DeAM) (Boston)
Eaton Vance Management Inc
Franklin Templeton Investments
Hartford Investment Management Co (HIMCO)
Loomis, Sayles & Co LP
Morgan Stanley Investment Management Inc
Nuveen Asset Management Inc
OppenheimerFunds Inc (Rochester)
Pacific Investment Management Co LLC (PIMCO)
Putnam Investment Management LLC
Teachers Advisors Inc
USAA Investment Management Co
Van Kampen Investments Inc
Wells Capital Management Inc (San Francisco)



into it for salient transaction details. Our public finance bankers will reserve time on the Morning Call to coincide with the mailing of the POS to tout the Agency's upcoming issue.

- **Pre-Sale Ads are extremely effective.** Traditional print media can reach an extremely wide audience, depending on the choice of newspaper and frequency of ads. The Agency can place an ad in a local paper such as The Desert Trail.

Target Institutional Investors. A successful marketing plan will need to focus on expanding the Agency's access to institutional investors. In addition to the most active buyers of primary market municipal issues for tax allocation bonds as shown in the chart to the right, Wedbush Securities covers a broad array of capital providers, including the new breed of "carry trade" and Hedge Fund Capital managers that have added tremendous liquidity to the Municipal marketplace over the past 5 years. Our institutional base consists of Municipal Mutual Funds, Insurance Companies, Arbitrage Accounts, Bank Trust Departments, Private Asset Management firms, Family Office Operations, Corporate Entities, VIP Accounts, Unit Investment Trusts and High Net-Worth Individuals.

Allow Time for Rating Agencies to Publish Their Reports. One interesting quirk that we have observed over the last few months is that despite investors' "looking through" ratings and wanting time to do their own credit analysis, we have seen a strong desire by investors to have the rating reports in hand—not just the ratings—2-3 days prior to pricing. Whether this is professional career risk minimization or prudent redundancy, we don't know, but we do know that several key institutions are reluctant to submit orders without having had time to review the actual credit write ups, so we encourage the Agency to build time into the schedule to enable the rating analysts to get their reports published (which is different than issuing the rating) a few days prior to the sale.

APPENDIX A

Wedbush Securities Tax Allocation Bond Experience
2008-Present



Issuer	Project Name	Par (\$ in mils)	Sale Date	Rating	Tax Status	Role
City of Fullerton PFA *	2010 Lease Revenue Refunding Bonds, Series A (Federally Taxable RZEDBs)	\$2.705	12/16/10	AA	Taxable	Sole Manager
City of Fullerton PFA*	2010 Refunding Lease Revenue Bonds, Series B	1.730	12/16/10	AA	Tax-Exempt	Sole Manager
San Bernardino County Redevelopment Agency	Tax Allocation Bonds, 2010 Series A (Taxable)	16.95	11/10/10	BBB	Taxable	Sole Manager
San Bernardino County Redevelopment Agency	Tax Allocation Bonds, 2010 Series B (Taxable RZEDBs)	13.61	11/10/10	BBB	Taxable	Sole Manager
Redevelopment Agency of the City of Fullerton	2010 Tax Allocation Housing Bonds	28.98	10/21/10	A	Taxable	Sole Manager
Redevelopment Agency for the County of Riverside	2010 Tax Allocation Bonds, Series E (Interstate 215 Corridor Redevelopment Project Area)	50.52	07/01/10	Baa2/A-	Tax-Exempt	Co-Manager
Redevelopment Agency for the County of Riverside	2010 Tax Allocation Bonds	32.42	06/29/10	A3/A	Tax-Exempt	Co-Manager
Redevelopment Agency for the County of Riverside	2010 Tax Allocation Housing Bonds, Series A-T	50.86	05/19/10	A2/A-	Taxable	Senior Manager
Redevelopment Agency for the County of Riverside	2010 Tax Allocation Housing Bonds, Series A	15.89	05/19/10	A2/A-	Tax-Exempt	Senior Manager
Lancaster Redevelopment Agency	Lease Revenue Refunding Bonds, Issue of 2010	5.56	04/22/10	A	Tax-Exempt	Sole Manager
Norco Redevelopment Agency	Norco Redevelopment Project Area No. One, 2010 Refunding Tax Allocation Bonds	24.50	04/21/10	A	Tax-Exempt	Sole Manager
Glendale Redevelopment Agency	Central Glendale Redevelopment Project, 2010	26.97	02/12/10	A-/Baa2	Tax-Exempt	Sole Manager
Redevelopment Agency of the City of Folsom	Tax Allocation Bonds, Series 2009 (Central Folsom Redevelopment Project)	18.10	10/05/09	A	Tax-Exempt	Sole Manager
Lancaster Redevelopment Agency	Combined Redevelopment Project Areas (Housing Programs) Tax Allocation Bonds, Issue of 2009	37.50	08/17/09	A	Tax-Exempt	Sole Manager
Dinuba Redevelopment Agency	Subordinate Tax Allocation Notes, Series 2009	1.37	05/22/09	Non-Rated	Tax-Exempt	Sole Manager
Norco Redevelopment Agency	Norco Redevelopment Project Area No. One (School District Pass-Through), Issue of 2009	12.20	04/16/09	A	Tax-Exempt	Senior Manager



Issuer	Project Name	Par (\$ in mils)	Sale Date	Rating	Tax Status	Role
Monrovia Redevelopment Agency	Central Redevelopment Project (Project Area No.1 Subordinate Tax Allocation Notes), Issue of 2008	12.00	09/03/08	Non-Rated	Tax-Exempt	Sole Manager
Montclair Redevelopment Agency	Mission Boulevard Joint Redevelopment Project Tax Allocation Notes, Issue of 2008	7.80	07/25/08	Non-Rated	Tax-Exempt	Sole Manager
Westminster Redevelopment Agency	Tax Allocation Bonds, Issue of 2008	28.51	05/15/08	Aaa/AAA	Tax-Exempt	Co-Manager
Clovis Public Financing Authority	2008 Tax Allocation Revenue Bonds, Series A	19.10	04/16/08	AA/Baa1	Tax-Exempt	Senior Manager
Lindsay Redevelopment Agency	Tax Allocation Bonds, Issue of 2008	3.17	03/19/08	AA	Tax-Exempt	Sole Manager
Sand City Redevelopment Agency	Tax Allocation Bonds, 2008 Series A	7.02	01/17/08	Aaa	Tax-Exempt	Sole Manager
Sand City Redevelopment Agency	Taxable Tax Allocation Bonds, 2008 Series B	2.14	01/17/08	Aaa	Taxable	Sole Manager
Total	23 Issues	\$ 419.575				

* Fullerton PFA had a financing agreement with the Agency.