

## BEST BEST & KRIEGER LLP

A CALIFORNIA LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

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KIM A. BYRENS

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March 16, 2011

Mr. John Tooker  
Twentynine Palms Redevelopment Agency  
6136 Adobe Road  
Twentynine Palms, CA 92277

Re: Twentynine Palms Redevelopment Agency Four Corners Redevelopment  
Project 2011 Tax Allocation Bonds

Dear John:

We are pleased to submit this letter to you in connection with our services as disclosure counsel to the Twenty-Nine Palms Redevelopment Agency (the "Agency") relating to the proposed issuance of the above-captioned bonds (the "Bonds"). The firm of Best Best & Krieger LLP will serve as disclosure counsel on this matter and proposes to perform the following services on the basis set forth in this letter.

We will confer and consult with the Agency's staff, bond counsel, the Agency's fiscal consultant and the Agency's financing consultant on all matters relating to the preparation of an official statement describing the terms of issuance of the Bonds. Our services will include the preparation of the Official Statement and review of all legal documents and all notices prepared in connection with the competitive sale of the Bonds.

Subject to completion of the financing to our satisfaction, Best Best & Krieger LLP will issue its legal opinion with respect to the matters discussed in the official statement.

Based on our current understanding of the issuance of the Bonds as proposed in an approximate amount of \$12,000,000 for two series and the involvement of Best Best & Krieger LLP attorneys in drafting documents relating to the issuance of the Bonds and delivering our legal opinion, our fee would be \$25,000.00, payable upon the successful completion of the financing, provided, however, that we will be reimbursed for time on the transaction up to \$5,000, if the transaction should not go forward due to the State budget. If the transaction as completed or our involvement differs significantly from our expectations, we would expect to be paid a fee that we mutually agree would reflect reasonable compensation for legal services rendered considering the risk undertaken and the level of expertise required to undertake such legal service. By your signature and return of this letter, you agree to pay our fees and expenses as set forth in this paragraph.

LAW OFFICES OF  
BEST BEST & KRIEGER LLP

Mr. John Tooker  
March 16, 2011  
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If this arrangement is satisfactory to you, please authorize our employment according to the terms of this letter by having this letter executed by you or your agent.

We look forward to working with you and the staff of the City of Twentynine Palms Redevelopment Agency in order to bring this matter to a successful conclusion.

Sincerely,

  
Kim A. Byrens  
of BEST BEST & KRIEGER LLP

TERMS OF PAYMENT OF FEES AND EXPENSES  
OF DISCLOSURE COUNSEL APPROVED  
THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2011.

\_\_\_\_\_  
Authorized Signatory



ROSENOW SPEVACEK GROUP INC. T 714 541 4585  
309 WEST 4TH STREET F 714 541 1175  
SANTA ANA, CALIFORNIA E INFO@WEBRSG.COM  
92701-4502 WEBRSG.COM

**Via Electronic Mail**

February 18, 2011

John Tooker  
Interim City Manager  
CITY OF TWENTYNINE PALMS  
6136 Adobe Road  
Twentynine Palms, CA 92277

**PROPOSAL FOR FISCAL CONSULTANT SERVICES  
2011 TAX ALLOCATION BONDS – TWENTYNINE PALMS REDEVELOPMENT  
AGENCY**

Dear Mr. Tooker:

Rosenow Spevacek Group, Inc. (RSG) welcomes the opportunity to present this proposal to provide fiscal consultant services to the Twentynine Palms Redevelopment Agency (Agency). It is our understanding the Agency desires to issue 2011 Tax Allocation Bonds (2011 Bonds) secured by tax increment revenue from the Four Corners Redevelopment Project Area (Project Area). The Agency requires a fiscal consultant's report (FCR) that identifies anticipated revenue for 2011 Bond debt service.

This letter presents our scope of services, project team, and fee estimate for this engagement. With the timely deliverable of the necessary materials, we anticipate completion of this assignment approximately 30 days from commencement.

**SCOPE OF SERVICES**

The Project Area was adopted in 1993 and is the Agency's only redevelopment project area. For the proposed 2011 Bonds, RSG will prepare an FCR as outlined below.

1. Compile current and historical assessment and tax rate information using the San Bernardino County Assessor and Auditor-Controller's equalized assessment roll data for 2010-11.
2. Provide utility assessments and utility revenue projections based upon available County and State information.
3. Provide five years of historical assessed valuation and tax increment revenue data.

REDEVELOPMENT PLANNING  
REAL ESTATE ECONOMICS  
HOUSING  
FINANCING  
REAL ESTATE ACQUISITION  
ECONOMIC DEVELOPMENT  
GOVERNMENT SERVICES

4. Identify the effects of the financial and time limitations contained in the Four Corners Redevelopment Plan, and the impact of negotiated and statutory taxing agency payments on tax increment revenue.
5. Identify Project Area land uses and their associated assessed value.
6. Review building permit data since January 1, 2011, and determine when these values will appear on future assessment rolls.
7. Review property sales since January 1, 2011, and determine when these values will appear on future assessment rolls.
8. Identify potential new development and their anticipated value and construction schedule.
9. Identify each taxing agency's tax rate and override rates.
10. Identify property tax collection delinquency rates based upon County Auditor Controller data.
11. Summarize County assessment, tax collection and tax allocation practices; Any anomalies in tax increment will be explained.
12. Document the 2010-11 top ten taxpayers in the Project Area, along with their secured and unsecured assessed values.
13. Compile and analyze assessment appeals data, and determine if any of the pending assessment appeals involve the top ten taxpayers.
14. Based upon the information collected and noted above, tax increment revenue projections will be developed that depict gross revenue, housing fund deposits, and taxing agency payments pursuant to negotiated and statutory requirements. The tax increment revenue projections will incorporate the Agency's financial and time limits.

#### **PROJECT TEAM**

This engagement will be led by Frank Spevacek, Principal, who will attend meetings and oversee all aspects of the work product. Matt McCleary, Associate, will act as project manager and prepare the report. John Leonard, Senior Analyst, will prepare the revenue projections. Other RSG personnel may be assigned as necessary to collect the required data.

#### **FEE QUOTE**

RSG proposes a not-to-exceed fee of \$22,500. This fee is inclusive of all normal incidental expenses including copies, mailings, fax charges, overnight mail, and travel within Southern California.

RSG's 2011 fee schedule is as follows:

Principal/Director	\$195
Senior Associate	160
Associate	140
Senior Analyst	110
Analyst	100
Research Assistant	90
Technician	70
Clerical	60
Reimbursable Expenses	Cost, Plus 10%

RSG is willing to postpone payment of fees until the time of bond closing; however, the fee may not be contingent upon the sale of bonds, and if the sale is delayed beyond ninety (90) days from the presentation of the final report, RSG may request payment. If requested, the Agency agrees to provide payment.

Thank you for the opportunity to submit this proposal. Should you have any questions or require any additional information, please do not hesitate to contact me.

Sincerely,  
ROSENOW SPEVACEK GROUP, INC.



Frank J. Spevacek  
Principal

DRAFT

## AMENDMENT TO RETAINER AGREEMENT

THIS AMENDMENT TO RETAINER AGREEMENT ("Amendment") is entered into as of February 7, 2011, to amend that certain agreement entitled RETAINER AGREEMENT, effective as of July 28, 2009, by and between RUTAN & TUCKER, LLP, a limited liability partnership including professional corporations ("Attorney"), and the CITY OF TWENTYNINE PALMS ("Client").

### 1. Bond Counsel and Related Services

The above noted Retainer Agreement does not provide rates for Attorney to legal services to Client in connection with the issuance of bonds and related matters. Accordingly, section 3 of said Retainer Agreement related to billing rates is hereby amended to incorporate the attached Exhibit A which provides rates for such services.

### 2. No other Changes

No provision of the Retainer Agreement shall be changed except as expressly provided in this Amendment.

Attorney:

RUTAN & TUCKER, LLP

By \_\_\_\_\_

A. Patrick Muñoz

Client:

CITY OF TWENTYNINE PALMS

By \_\_\_\_\_

John Tooker, Interim City Manager

## 2. DISCLOSURE COUNSEL SERVICES FEE SCHEDULE

### a. Each Issue or Series of Tax Allocation Bonds

\$20,000, plus 0.15 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.08 percent of the principal amount in excess of \$10,000,000.

### b. Each Issue or Series of Special Assessment Bonds

\$20,000, plus 0.15 percent of the principal amount in excess of \$5,000,000.

### c. Each Issue or Series of Special Tax Bonds

\$25,000, plus 0.20 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000.

### d. Each Issue or Series of Certificates of Participation, Revenue Bonds and 501(c)(3) Bonds

\$20,000, plus 0.15 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.08 percent of the principal amount in excess of \$10,000,000.

### e. Each Issue or Series of Multifamily and Single Family Mortgage Revenue Bonds

\$30,000, plus 0.15 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.08 percent of the principal amount in excess of \$10,000,000.

## 3. ISSUER COUNSEL SERVICES FEES

If Attorney's role is to provide only advisory services in connection with a public finance transaction, Attorney shall be paid a composite hourly rate of \$300 per hour.

## 4. JOINT POWERS AUTHORITY

In the event Client forms or is a member of a joint powers authority which has the power to issue bonds or other securities, Attorney shall provide bond counsel, disclosure counsel and issuer counsel services to the joint powers authority in connection with the issuance of bonds or other securities, if and when requested by the joint powers authority. If a joint powers authority is formed, it shall be included in the definition of "Client" for purposes of this Agreement. The compensation for services in connection with service to the joint powers authority shall be as specified herein.

## EXHIBIT A

### **BOND COUNSEL, DISCLOSURE COUNSEL AND ISSUER COUNSEL SERVICES**

Attorney shall provide bond counsel, disclosure counsel and issuer counsel services in connection with the issuance of bonds or other securities by Client, if and when requested by Client. The compensation for those services shall be as follows:

#### 1. BOND COUNSEL FEE SCHEDULE

a. Each Issue or Series of Tax Allocation Bonds

\$35,000, plus 0.25 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000.

b. Each Issue or Series of Special Assessment Bonds

\$35,000, plus 0.25 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000. Assessment district formation (including ballot proceedings) are paid separately at a composite hourly rate of \$230 per hour.

c. Each Issue or Series of Special Tax Bonds

\$35,000, plus 0.25 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000. Community facilities district formation (including election proceedings) are paid separately at a composite hourly rate of \$230 per hour (or at design rates if Client is reimbursed by a third party.)

d. Each Issue or Series of Certificates of Participation, Revenue Bonds and 501(c)(3) Bonds

\$35,000, plus 0.25 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000.

e. Each Issue or Series of Multifamily and Single Family Mortgage Revenue Bonds

\$40,000, plus 0.25 percent of the principal amount between \$5,000,000 and \$10,000,000, plus 0.10 percent of the principal amount in excess of \$10,000,000.



# STAFF REPORT

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

**SUBJECT:** AGENCY PAYMENT FOR PROPERTY ACQUIRED FROM CITY

**RECOMMENDATION:** Staff recommends the Agency transfer funds in the amount of \$126,850 from the Agency Capital Projects Fund to the City General Fund for payment of property acquired from the City.

**ORDER OF PROCEDURE:**

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

<p><i>Attachments</i></p> <p>- Map of Subject Property</p>
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**BACKGROUND:** On April 28, 2009, the Agency acquired four parcels (Subject Property) from the City totaling 2.12 acres in the Four Corners Redevelopment Project Area (Project Area). The Subject Property is located west of Bullion Road on Highway 62 (map attached). The City originally purchased the Subject Property to abate dilapidated houses. The homes were vacant and subsequently demolished. In turn, the Agency acquired the Subject Property from the City in an attempt to negotiate an Exclusive Negotiation Agreement with a developer for the development of a commercial/restaurant use. At the present time, the Subject Property is home to a public art piece.

The original terms of the Property Conveyance and Loan Agreement (Agreement) between the City and Agency provided that the City would convey the Subject Property to the Agency for \$116,750; this value represented the cost the City paid for the Subject Property plus the cost the City incurred to demolish the improvements and clear the site. The Agreement stipulated that the Agency would make equal yearly payments for the Subject Property over a ten year period, starting in fiscal year 2018-19; the outstanding principal would accrue simple interest at 6.5%.

Given the uncertainties surrounding the proposed State Budget and pending abolishment of redevelopment agencies, staff recommends the Agency Board accelerate the repayment schedule

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Review of Staff Report:

\_\_\_\_\_  
City Manager    City Attorney    City Engineer    Department Head

and authorize staff to make the payment now. The total amount to be repaid is \$126,850 – the original \$116,750 plus 6.5% simple interest from the time of acquisition until now.

**PROCEDURE:** It is recommended that the Agency Board receive the staff report, receive any comments from the public, and then consider authorizing staff to make the payment to the City General Fund for the purchase of the Subject Property.

**FISCAL IMPACT:**

The fiscal impact on the Agency is \$126,850

**ATTACHMENTS:**

- Map of Subject Property

**CITY OF TWENTYNINE PALMS**  
City Property at Highway 62 and Bullion Road



\*Parcel boundaries are approximate

