

- First**
- Second**
- Third**

**Amendment to Standard City of San José Consultant Agreement**  
(Non-Capital Projects)

Consultant's Name: LeSar Development Consultants, a California corporation

**(Standard Agreement AC 32286)**

This Amendment is made and entered into this 9th day of March, 2023. The City and Consultant amend the above-reference agreement as set forth herein.

- 
1. Capitalized words in this Amendment have the same meaning as in the Agreement.
  2. The provisions of this Agreement (including any previous amendments) not modified by this Amendment remain in full force and effect.
  3. The provisions of this Amendment are effective upon execution of the Amendment by both parties.
  4.  **Agreement Term:** Section 2 is amended to extend the expiration date from
  5.  **Maximum Total Compensation:** Subsection 10.1 is amended to  Increase  Decrease the Maximum Total Compensation by \$100,000 from \$20,000 to \$120,000.
  6.  **Agreement Section(s):** Section(s) \_\_\_\_\_ is/are amended to read as set forth in Attachment A of the Amendment.
  7.  **Scope of Basic Services – Exhibit A:** The  original  First Revised  Second Revised Exhibit A is amended to read as set forth in the attached  First  Second  Third Revised Exhibit A, which is incorporated by reference into this Amendment.
  8.  **Compensation – Exhibit B:** The  original  First Revised  Second Revised Exhibit B is amended to read as set forth in the attached  First  Second  Third Revised Exhibit B, which is incorporated by reference into this Amendment.
  9.  **Additional Services:** The Consultant is authorized to perform the Additional Services set forth in the attached Additional Services Exhibit, which is incorporated by reference into this Amendment.
-

**This Amendment is executed by the authorized representatives of the City and Consultant as follows:**

**City of San José**

*Sarah Zarate*

Email: sarah.zarate@sanjoseca.gov  
Date: 03/09/2023 GMT

Name: Sarah Zarate  
Title: Director, City Manager's Office

**Consultant**

*Richard Valdez*

Email: rich@lesarholdings.com  
Date: 03/07/2023 GMT

Name: Richard Valdez  
Title: Chief Operations Officer

**Approval as to Form (City Attorney):**

**Form Approved by the Office of the City Attorney.**

(Maximum Total Compensation, as amended, is \$100,000 or less, and the provisions of the form are not altered.)

**Approved as to Form:**

Attorney  
Hana Hardy Gunther

*Hana Hardy Gunther*

Email: hana.hardy@sanjoseca.gov  
Date: 03/08/2023 GMT

Name: Hana Hardy Gunther  
Title: Senior Deputy City Attorney

## EXHIBIT B: COMPENSATION

### Section 1 – Compensation Table

Part 1 – Compensation for Basic Services						
Column 1	Column 2		Column 3			Column 4
Task Nos.	Basis of Compensation		Invoice Period			Compensation
1-8	<input checked="" type="checkbox"/> Time & Materials	<input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly	<input checked="" type="checkbox"/> Completion of Task(s)	<input type="checkbox"/> Completion of Work	\$117,000
	<input type="checkbox"/> Time & Materials	<input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly	<input type="checkbox"/> Completion of Task(s)	<input type="checkbox"/> Completion of Work	\$
	<input type="checkbox"/> Time & Materials	<input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly	<input type="checkbox"/> Completion of Task(s)	<input type="checkbox"/> Completion of Work	\$
	<input type="checkbox"/> Time & Materials	<input type="checkbox"/> Fixed Fee	<input type="checkbox"/> Monthly	<input type="checkbox"/> Completion of Task(s)	<input type="checkbox"/> Completion of Work	\$
Part 2 – Reimbursable Expenses						
<input type="checkbox"/> No expenses are separately reimbursable. The amount(s) in Column 4 of Part 1 include(s) payment for all expenses.			<input checked="" type="checkbox"/> Expenses are separately reimbursable in accordance with Subsection 10.5 of this Agreement. The maximum amount of reimbursable expenses is:			\$3,000
Part 3 – Subconsultant Costs						
<input checked="" type="checkbox"/> Subconsultant costs are <i>not</i> separately compensable. The amount(s) in Column 4 of Part 1 include(s) payment for subconsultants.			<input type="checkbox"/> Subconsultant costs are separately compensable in accordance with Subsection 10.6 of this Agreement. The maximum amount of compensation for subconsultant costs is:			\$
Part 4 – Additional Services						
<input checked="" type="checkbox"/> No money is budgeted for Additional Services, and the Director can not authorize any Additional Services.			<input type="checkbox"/> The Director may authorize the Consultant to perform Additional Services up to the following maximum amount:			\$
<b>Maximum Total Compensation</b> (sum of Parts 1 through 4):						<b>\$120,000</b>

**Section 2 – Schedule of Rates and Charges**

- Omitted.** No Schedule of Rates and Charges is included because the City will not be compensating the Consultant for any Basic Services on a “time & materials” basis.
- The following is the Schedule of Rates and Charges applicable to this Agreement:

Work may commence upon execution of this Agreement. Work shall require a separate written request by the Director of Housing, or his/her authorized designee, prior to Consultant’s commencing performance of work on any tasks.

City shall pay a fixed fee upon completion of Tasks 1-8 as detailed in Part 1, Compensation for Basic Services, above. City shall reimburse consultant for travel expenses that are approved in advance by City’s Director of Housing, or designee. Travel shall be reimbursed at cost. The maximum amount for such travel shall not exceed \$1,500. Consultant shall submit invoices in accordance with the hourly rates below. Hourly rates shall increase by 3% during each successive option period.

<b>Title</b>	<b>Hourly Rate</b>
Senior Principal	\$310
Principal	\$310
Senior Associate	\$180
Associate	\$170
Research Analyst	\$115

## EXHIBIT A: SCOPE OF BASIC SERVICES

(Non-Capital Projects)

The Consultant shall provide services and deliverables as set forth in this **Exhibit A**. The Consultant shall provide all services and deliverables required by this **Exhibit A** to the satisfaction of the Director.

---

**General Description of Project:** Contractual Loan Underwriting

---

### Task No. 1: Contractual Loan Underwriting

**A. Services:** Underwriting new loans with ground leases; requested loan modifications, and transfer requests for the production, rehabilitation, and preservation of restricted affordable rental housing. Functions include, but are not limited to:

- Determination of project feasibility, financing and otherwise.
- Assessment of project risks.
- Identification of how project and proposed terms meet the City's policy objectives.
- Recommendation of proposed business terms.
- Appropriateness and likelihood of potential loan repayments.
- Financial analysis of loan modifications on City's position.
- Working cooperatively with Housing Department staff in Project Development and Asset Management for their parts of the underwriting.

**B. Deliverable:** Deliverables include, but are not limited to:

- Written project summaries.
- Underwriting benchmark checklists and/or narratives.
- Detailed rent and expense analysis.
- Written approval requests via Council memoranda or the Director's Delegation of Authority under the Municipal Code.
- Presentation of project to internal leadership.
- Financial modeling of impact of loan modifications.

**C. Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:

On or before the following date: June 30, 2023.

On or before      Business Days from \_\_\_\_\_.

**Task No. 2: Originations**

- A. Services:** Representing the City on deal team calls and coordinating work and documents with the City Attorney's Office, Finance Department, external counsel and advisors, and transaction support staff in the Housing Department to close transactions, including new loans, loan conversions, loan modifications, and tax-exempt bond issuances. Negotiating business terms with borrowers within parameters defined by the Director of Housing or designee.
- B. Deliverable:** Deliverables include, but are not limited to: business term sheets, edits to documents, short summaries of project status, and updates of reports.
- C. Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:

On or before the following date: June 30, 2023.

On or before \_\_\_\_ Business Days from \_\_\_\_\_.

**Task No. 3: Financial Analysis**

- A. Services:** Analyzing sponsor financial statements to understand sponsors' financial strength.
- B. Deliverable:** Deliverables include, but are not limited to, written analysis incorporated into project analyses, or standalone analysis.
- C. Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:

On or before the following date: June 30, 2023.

On or before \_\_\_\_ Business Days from \_\_\_\_\_.

**Task No. 4: Policies and Procedures**

- A. Services:** Suggesting policy solutions and suggested changes to the existing Policies and Procedures of the Housing Department. Such tasks may include underwriting benchmarks, dispersion analysis and recommendations, and drafting sections of the Policies and Procedures Manual.
- B. Deliverable:** Deliverables include, but are not limited to, edits, drafting new language, and underwriting aids including workflow templates.
- C. Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:

On or before the following date: June 30, 2023.

On or before \_\_\_\_ Business Days from \_\_\_\_\_.

**Task No. 5: Competitive Solicitations**

- A. **Services:** Managing the competitive solicitation processs for disposition of City-owned properties for development of affordable housing.
- B. **Deliverable:** Deliverables include, but are not limited to, solicitation writing and editing, solicitation issuance and award work plan, and related documents.
- C. **Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:
  - On or before the following date: June 20, 2023.
  - On or before      Business Days from \_\_\_\_\_.

**Task No. 6: Surplus Property Management**

- A. **Services:** Evaluating surplus government properties for their affordable housing development potential, and managing the City's acquitision of suitable sites.
- B. **Deliverable:** Deliverables include, but are not limited to, written assessments of suitability, recommendations, and meetings with external entities as well as internal staff from Planning, Building and Code Enforcement, Real Estate, and the City Attorney's Office.
- C. **Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:
  - On or before the following date: June 30, 2023.
  - On or before      Business Days from \_\_\_\_\_.

**Task No. 7: Special Projects**

- A. **Services:** As needed, managing other special assignments related to the development or preservation of affordable housing, such as handling complex development projects assigned to the Housing Department or doing development or underwriting related research, policy development or program development.
- B. **Deliverable:** Special projects as directed by the Director of Housing, or designee.
- C. **Completion Time:** The Consultant must complete the services and deliverable for this task in accordance with whichever one of the following time is marked:
  - On or before the following date: June 30, 2023.
  - On or before      Business Days from \_\_\_\_\_.