

RSM McGladrey

March 16, 2009

Maria Jimenez
Interim City Manager
City of Coral Gables
405 Biltmore Way
Coral Gables, Florida 33114-1549

Dear Mrs. Maria:

We are enthusiastic about the prospect of serving the Commissioners, you and City of Coral Gables (City). The purpose of this letter is to document your agreement to retain RSM McGladrey, Inc. ("RSM McGladrey," "we" or "our") to provide professional services and assistance as you may request from time to time.

Our Understanding of Your Needs and Objectives

RSM McGladrey has been retained to provide various consulting services (the "Services") at the discretion of the City Commissioners. It is our understanding that the Commissioners would like to engage a Consultant to perform business operational reviews and report to the Commissioners on the overall performance of the function and related risks within the particular function. Our analyses and observations, including any reports or other documents which we prepare, are to be used only for matters arising as a result of this Agreement and may not be published, distributed or used for any other purpose without our prior written consent. Distribution of our report(s) to anyone other than you requires our express authorization. We will require an access letter in our format to be signed by any user other than you prior to the releasing of the report(s).

Services and Scope of Work and Approach

The primary objective of our services will be to provide risk assessment and business reviews of various operations of the City from an operational, financial, and legal and regulatory perspective. The first phase of our engagement will be to complete an overall risk assessment as described in Statement of Work ("SOW ")¹. This statement of work will be to perform a business risk assessment. The Business Risk Assessment is a top-down approach that effectively allows our team and you to partner in identifying and addressing risk. Our methodology addresses business risk in relation to your critical success factors and strategic business objectives. This ensures that as resources to the City that our time reflects the relative importance of risk factors within your organization. Our approach will include interviews with all City Commissioners and key management at the City. We will also work with the existing external audit team to evaluate identified risk. We will then present an overall risk assessment and ranking of areas of risk based on our interviews and analysis to the City.

Subsequent to that initial risk assessment we will report to the Commissioners the results of the risk assessment and agree to specific business operation reviews to be conducted. We will issue additional SOW's for each subsequent project. We anticipate completing a review once every four months and reporting directly to the Commissioners the results of such review.

RSM McGladrey may, at its sole discretion, provide on a non-exclusive basis, such Services as you may request from time to time, and will be outlined in a Statement of Work. Upon our acceptance of your request for Services, we will review the facts of the proposed project and determine a methodology and approach for each individual assignment. Prior to each individual assignment we will provide you with an outline of the Services we expect to perform. You will acknowledge the sufficiency of these procedures for your purpose.

RSM McGladrey and the Client agree that this Agreement (including any Exhibit(s) and the General Business Terms attached hereto) and any Statement(s) of Work issued hereunder contain the sole and exclusive terms and conditions that will govern the rights, responsibilities, and obligations of the parties with respect to the Services provided by RSM McGladrey to the Client. RSM McGladrey agrees to provide the Services to the Client as set forth in an applicable Statement of Work. Each Statement of Work will specify, as may be appropriate under the circumstances, among other things, the type and description of the Services requested by the Client, the premises where the work will be performed, our approach to completing the work, the staffing, the fees and expenses for the Services if different than in this Agreement, and, if applicable, the estimated commencement and completion dates for the Services, the consultants to be assigned, and any relevant work product acceptance criteria.

Any modifications to the obligations of either party within a Statement of Work must be in writing and executed by an authorized representative of each party. Any such modification may be in the form of a change order to the applicable Statement of Work or a subsequently executed Statement of Work.

Our personnel shall observe your confidentiality, code of conduct or other reasonable policies regarding working conditions and business hours, to the extent our personnel are made aware of such policies. RSM McGladrey's responsibility for the refusal of any personnel to observe such policies shall be RSM McGladrey's attempt to furnish the Client with replacement personnel. If for any reason any of our personnel are unable to complete the service period or his/her performance does not meet your expectations, RSM will attempt to provide a suitable replacement.

When it comes to providing risk management and business improvement services to organizations, we don't believe that one size fits all nor do we believe that one solution fits all companies. Our approach to each engagement is to partner with our client to fully understand their needs. We then work with them to custom design solutions responsive to those objectives. An improvement effort without proper perspective and incorporation of best practices can lead to wasted effort and less than optimal business processes.

Kathy Thomas-Beck, Managing Director, will be responsible for overseeing the engagement and the delivery of all services to you. Other professionals at the necessary skill and experience levels may be called upon to assist in this project as appropriate. While we will attempt to comply with your requests for certain individuals, we retain the right to assign and reassign our personnel, as appropriate, to perform the services.

Client Acceptance of Work

At the conclusion of each phase of work, we will review with you the intended Scope of Work and deliverables set out in this document to confirm we have met the defined project expectations. If you believe the deliverables do not conform, you will notify us in writing within thirty (30) days of receiving the deliverables that they do not conform. We will then have a reasonable period of time, based upon its severity and complexity, to correct the non-conformity. If you use the deliverables before acceptance, or if you fail to notify us of the non-conformance within the thirty (30) day period, the deliverables will be considered accepted.

Engagement Assumptions and Client Responsibilities

Our services, fees and work schedule are based upon the following assumptions, representations and information supplied by you.

The City will determine the extent of services it wishes RSM McGladrey to provide and ensure our company has access to key people and data.

If circumstances arise relating to the availability of sufficient, competent evidence or information which, in our professional judgment, prevents us from completing the engagement, we retain the unilateral right to take any course of action permitted to us, including withdrawal from the engagement.

In the event we are requested or authorized by the City or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for the City, the City will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, including the fees and expenses of our counsel, incurred in responding to such requests.

You agree to furnish personnel, facilities and resources, and undertake the responsibilities set forth in this engagement letter. You also agree to cause all levels of your employees and contractors to cooperate fully and timely with us. You will designate an employee or employees within your senior management who will make or obtain all management decisions with respect to this engagement on a timely basis. You also agree that all assumptions set forth in this engagement letter are accurate and agree to provide us with such further information we may need and which we can rely on to be accurate and complete. We will be entitled to rely on all of your decisions and approvals made independently and we will not be obligated to evaluate, advise on, confirm, or reject such decision and approvals. You will evaluate the adequacy and results of services and will let us know immediately of any problems or issues you perceive in our personnel, services, or deliverables. We will also let you know where we feel we are not getting the appropriate cooperation or direction and advise you of any other issues related to this engagement.

The success of this engagement is dependent upon full openness, communications, cooperation, and timely direction. The fulfillment of these responsibilities is critical to the success of this engagement. The successful delivery of our services, and the fees charged, are also dependent on your timely and effective completion of your responsibilities, the accuracy and completeness of the assumptions, and timely decisions and approvals by your management. You will be responsible for any delays, additional costs, or other liabilities caused by or associated with any deficiencies in the assumptions or in carrying out your responsibilities.

The two overarching principles of the independence standards of the "Government Auditing Standards" issued by the Comptroller General of the United States provide that management is responsible for the substantive outcomes of the work and, therefore, has a responsibility and is able to make any informed judgment on the results of the services described above. Accordingly, the city agrees that City Management is responsible for the following:

1. Establishing and maintaining effective internal control over financial reporting and safeguarding assets;
2. Identifying and ensuring that the City complies with the requirements of the laws and regulations applicable to Client's activities;
3. Informing us of all significant deficiencies and material weaknesses in internal controls of which the City has knowledge; and
4. Making all financial records and related information, including existing internal control documentation and management's evaluation of design and operating effectiveness, available to us.

Fees and Expenses

Attached is SOW #1, which has a flat fee quoted within. Each additional project will include a Statement of Work with anticipated fees included within. The future SOW's will be based on an estimate of hours at the following rates by level:

Managing Director	\$378
Director	\$306
Manager	\$216
Supervisor	\$198
Senior	\$162
Staff	\$120

We will agree to an estimated all inclusive fees at the beginning of each project.

You acknowledge our quoted fees will be good faith estimate based upon our understanding of the engagement assumptions and the facts and circumstances we are aware of at the time. If the basis of our estimates is inaccurate, the fees and expenses may be different from those we each anticipate.

Fees for services of this type are always difficult to estimate. If circumstances are encountered that affect our ability to proceed according to the plan outlined in the attached Statements of Work, such as major scope changes, loss of key City personnel, unavailable information or undetermined or requested scope changes during our scoping efforts, we will inform you promptly and seek your approval for any changes in scope, timing or fees that may result from such circumstances.

We will bill our fees and expenses monthly. Those fees and expenses do not include taxes. You will be responsible for and pay all applicable sales, use, excise, value added and other taxes associated with the provision or receipt of the services and deliverables, excluding taxes on our income generally. Our invoices are payable upon presentation and amounts remaining overdue for more than thirty (30) days will be subject to an interest charge of 1.5% per month from the date of invoice. If you object to any portion of an invoice, you will notify us of your objection within ten (10) days of the date of the invoice, and the parties will promptly make a good faith effort to settle the disputed portion of the invoice. No interest will accrue on such disputed portion of the invoice until the dispute is resolved. You will in any event pay the portion of the invoice that is not in dispute within such thirty (30) day period. We reserve the right to suspend or terminate services if our invoices are not timely paid, in which event we will not be liable for any resulting loss, damage or expense connected with such suspension or termination.

Non-Solicitation

During the term of this engagement and for a period of one (1) year following its expiration or termination, neither party will actively solicit, employ or otherwise engage any of the other party's employees (including former employees) who were involved in the engagement. In the event either party breaches this provision, the breaching party agrees to pay to the aggrieved party within thirty (30) days after demand an amount equal to the greater of \$50,000 or 100 percent (100%) of the annual base salary of any such employee. For the avoidance of doubt, the foregoing does not prohibit either party from employing individuals who were not involved in the engagement or who apply for positions in response to internal postings, employment advertisements or other general solicitations of employment, whether such applications are during the term of this engagement or thereafter.

General Business Terms and Project Acceptance

The attached General Business Terms apply to this engagement and are an integral part of our agreement. Please indicate your agreement to these arrangements by signing and returning to me the enclosed copy of this letter.

We appreciate the opportunity to be of service to you and look forward to working with you on this project. You will receive our closest attention. If at any time you have questions, concerns, or issues with our services, billings or anything else related to our service, do call me at (321) 795-3216.

Sincerely,
RSM McGladrey, Inc.

By:



Kathy Thomas-Beck
Managing Director

Attachments: General Business Terms

This engagement letter, attached General Business Terms and Statements of Work correctly set forth our understanding and acceptance of this agreement.

Acknowledged and accepted:
City of Coral Gables

By:
Title:
Date:

RSM McGladrey

General Business Terms

These General Business Terms (the "Terms") will govern the services provided by RSM McGladrey, Inc. ("RSM") as set forth in the engagement letter dated March 16, 2009 (the "Engagement Letter") executed by the City of Coral Gables ("Client") and RSM to which these Terms are attached. These Terms, together with the Engagement Letter and any of its attachments, constitute the entire understanding and agreement between Client and RSM with respect to the services described in the Engagement Letter (collectively, the "Agreement"), supersede all prior oral and written communications, and may be amended, modified or changed (including changes in scope or nature of the services or fees) only in writing when signed by both parties. If there is a conflict between these Terms and the terms of the Engagement Letter, these Terms will govern.

1. Confidentiality With respect to any information supplied in connection with this Agreement and designated by either party as confidential, or which the recipient should reasonably believe is confidential based on its subject matter or the circumstances of its disclosure, the recipient agrees to protect the confidential information in a reasonable and appropriate manner, and use and reproduce the confidential information only as necessary to perform its obligations under this Agreement and for no other purpose. The obligations in this section will not apply to information which is: (i) publicly known; (ii) already known to the recipient; (iii) lawfully disclosed by a third party; (iv) independently developed; or (v) disclosed pursuant to legal requirement or order. Subject to the foregoing, the recipient may disclose the confidential information on a need-to-know basis to the recipient's contractors, agents and affiliates who agree to maintain its confidential nature.

2. Deliverables (a) Upon full payment of all amounts due RSM in connection with this Agreement, all right, title and interest in the deliverables set out in the Engagement Letter will become Client's sole and exclusive property, except as set forth below. RSM will retain sole and exclusive ownership of all right, title and interest in its work papers, proprietary information, processes, methodologies, techniques, ideas, concepts, trade secrets, know how and software, including such information as existed prior to the delivery of the services and, to the extent such information is of general application, anything which RSM may discover, create or develop during the provision of services for Client. Except for software owned by and/or proprietary to RSM, to the extent the deliverables contain RSM's proprietary information, RSM grants Client a non-exclusive, non-assignable, royalty-free license to use it in connection with the deliverables and the subject of the Engagement Letter and for no other or further use. To the extent the deliverables contain the proprietary information of a third party, Client agrees to comply with such third party's terms of license as the same are communicated to Client. All licenses to software (including any enhancements to software) will be licenses to object code only. (b) Client acknowledges and agrees that any advice, information or work product provided to Client by RSM in connection with this engagement is for the sole benefit and use of Client and may not be relied upon or used by any third party. Client further agrees that if it makes any such advice, information or work product available to any third party other than as expressly permitted by the Engagement Letter or Section 1(v) above, the provisions of Section 4(c) below will apply unless: (i) Client provides to the third party an acknowledgement and release letter substantially in the form of Exhibit A

attached hereto (the "Letter"); and (ii) the third party signs and returns the Letter to Client. Upon request, Client will provide RSM with a copy of the signed Letter.

3. Warranty RSM warrants that the services will be performed with reasonable care in a diligent and competent manner. RSM's sole obligation will be to correct any non-conformance with this warranty or, if RSM cannot correct the non-conformance, to refund to Client the amount paid to RSM for the portion of the services or deliverables that does not conform to this warranty; provided that Client gives RSM written notice within thirty (30) days after the services are performed or, if applicable, deliverables are delivered. The notice will specify and detail the non-conformance and RSM will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance. RSM does not warrant and is not responsible for any third party products or services. Client's sole and exclusive rights and remedies with respect to any third-party products or services are against the third-party vendor and not against RSM. THIS WARRANTY IS RSM'S ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLE, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

4. Indemnification (a) Each party agrees to indemnify, hold harmless and defend the other from and against any and all claims, actions, fees, expenses, costs, damages, losses and liabilities (including reasonable attorneys' fees) (collectively, "Liabilities") for bodily injury or death of any person or damage to real or tangible personal property which the other party may sustain or incur, to the extent such Liabilities result from the negligence or willful misconduct of the indemnifying party, its employees, agents or representatives. (b) RSM agrees to indemnify, hold harmless and defend Client from and against any and all Liabilities to the extent such Liabilities result from the infringement of any third party's intellectual property by any deliverables provided under this Agreement. The foregoing indemnification will not apply to the extent any infringement results from: (i) the use of the deliverables other than in accordance with the terms of this Agreement and any applicable documentation or instructions supplied by RSM; (ii) any modification to the deliverables not expressly agreed to in writing by RSM; or (iii) the combination of the deliverables with any materials not provided or expressly approved by RSM. (c) Client agrees to indemnify, defend and hold harmless RSM from and

against any and all Liabilities incurred or suffered by or asserted against RSM to the extent such Liabilities result from a third party's use, possession of or reliance upon RSM's advice, information or work product as a result of Client's failure to comply with the Letter requirements of Section 2(b) above.

5. Liability Except for each party's indemnification obligations under this Agreement, the total liability of Client and RSM (and their respective affiliates, officers, directors, employees, contractors, agents and representatives) relating to this Agreement will in no event exceed an amount equal to the fees paid (in the case of RSM's liability) or owing (in the case of Client's liability) to RSM under this Agreement. In no event will Client or RSM (or their respective affiliates, officers, directors, employees, contractors, agents or representatives) be liable for any special, consequential, incidental, punitive or exemplary damages or loss (nor any loss of profits, savings, data, use of software or hardware or business opportunity, or interruption of business) even if advised of the possibility of such loss.

6. Termination (a) Either party may terminate this Agreement at any time, with or without cause, upon fifteen (15) days' prior written notice to the other party.

(b) Client will pay RSM for all services rendered (including deliverables and products delivered), expenses incurred and commitments made by RSM through the effective date of termination.

7. General (a) Except for the payment of money, neither party will be liable for any delays or failures in performance due to circumstances beyond its reasonable control.

(b) No term of this Agreement will be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

(c) Neither party may assign or transfer this Agreement without the other party's prior written consent.

(d) Any notices given pursuant to this Agreement will be in writing, delivered to the addresses set forth in the Engagement Letter (unless changed by either party by notice to the other party), and will be effective upon receipt.

(e) If any term or provision of this Agreement is determined to be invalid or unenforceable, such term or provision will be

deemed stricken, and all other terms and provisions will remain in full force and effect.

(f) Each party is an independent contractor and not an employee, agent, joint venturer or partner of the other.

(g) RSM may from time to time use subcontractors to deliver specific products or services to Client. The management of and all financial arrangements with subcontractors will be RSM's responsibility.

(h) The terms of this Agreement which by their nature are to survive this Agreement will survive its expiration or termination.

(i) The parties acknowledge that they may correspond or convey documentation via Internet e-mail and that neither party has control over the performance, reliability, availability, or security of Internet e-mail. Therefore, neither party will be liable for any loss, damage, expense, harm or inconvenience resulting from the loss, delay, interception, corruption, or alteration of any Internet e-mail due to any reason beyond its reasonable control.

(j) Neither party intends that there be any third party beneficiaries to this Agreement.

(k) Neither party will use the other party's name, trademarks, service marks, logos, trade names and/or branding without such party's prior written consent. Notwithstanding the foregoing, RSM may mention Client's name and provide a general description of the engagement in RSM's client lists and marketing materials.

(l) The parties agree that this Agreement and any dispute or claim arising out of or relating to this Agreement or the services will be governed by and construed in accordance with the laws of the state in which the RSM office providing the services is located without regard to such state's laws of conflicts. The parties agree that all litigation or other legal proceedings under this Agreement will be brought in the State or Federal courts located therein. The parties agree to this choice of law, jurisdiction and venue, and waive the defense of an inconvenient forum. Additionally, the parties waive trial by jury and agree that any dispute or claim should be resolved by a judge without a jury.

(m) Any action against either party by the other in connection with this Agreement must be brought within eighteen (18) months after the cause of action arises.
