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February 10, 2014

VIA EMAIL [GNAPPER@CI.CLAYTON.CA.US]

Gary Napper
City Manager
City of Clayton
6000 Heritage Trail
Clayton, California 94517

Received
FEB 10 2014
City of Clayton

Re: Legal Representation

Dear Gary:

ABOUT OUR REPRESENTATION

Best Best & Krieger LLP is pleased to provide the City of Clayton (“City”) with legal counsel pertaining to the formation of a TRANSPAC Joint Powers Authority (“JPA”) made up of the cities of Clayton, Concord, Martinez, Pleasant Hill and Walnut Creek, and Contra Costa County and related matters dealing with employment issues. This letter constitutes our agreement setting the terms of our representation.

CONFIDENTIALITY AND ABSENCE OF CONFLICTS

An attorney-client relationship requires mutual trust between the client and the attorney. It is understood that communications exclusively between counsel and the client are confidential and protected by the attorney-client privilege.

To also assure mutuality of trust, we have maintained a conflict of interest index. The California Rules of Professional Conduct defines whether a past or present relationship with any party prevents us from representing the City. Similarly, the City’s name will be included in our list of clients to ensure we comply with the Rules of Professional Conduct.

We have checked the following names against our client index: *City of Clayton and Concord, Martinez, Pleasant Hill, Walnut Creek, and Contra Costa County as interested parties.* Based on that check, we find we can represent the City. Please review the list to see if any other persons or entities should be included. If you do not tell us to the contrary, we will assume that this list is complete and accurate. We request that you update this list for us if there are any changes in the future.

Gary Napper
February 10, 2014
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YOUR OBLIGATIONS ABOUT FEES AND BILLINGS

The public agency billing rates for attorneys and paralegals for this engagement are as follows: Partner \$350, Associate \$268 and Paralegal \$185. Our billing policies are described in the attached memorandum. You should consider this memorandum part of our agreement as it binds both of us. For that reason, you should read it carefully.

NEW MATTERS

When we are engaged by a client on a particular matter, we are often later asked to work on additional matters. You should know that such new matters will be the subject of a new signed supplement to this agreement.

HOW THIS AGREEMENT MAY BE TERMINATED

The City, of course, has the right to end our services at any time. If so, the City will be responsible for the payment of fees and costs accrued but not yet paid, plus reasonable fees and costs in transferring the case to the City or its new counsel. By the same token, we reserve the right to terminate our services upon written notice, order of the court, or in accordance with our attached memorandum. This could happen if the City fails to pay our fees and costs as agreed, fails to cooperate with us in this matter, or if we determine we cannot continue to represent the City for ethical or practical concerns.

On a personal note, we are pleased that Best Best & Krieger LLP has been selected to represent the City on this matter. We look forward to a continued long and valued relationship with you. If you have any questions at any time about our services or billings, please do not hesitate to call me. As we discussed, we will send our bills to TRANSPAC's Barbara Neustadter for her review and she will review and approve each for payment and then submit them to the City for payment.

If this letter meets with your approval, please have it signed by an authorized person, date it, and return the original to us. If you'd like us to begin work sooner, you can send an advance copy of the signed agreement by e-mail along with the necessary documents you'd like us to review. Unless the agreement is signed, dated and the original returned to us, we will not represent the City in this matter, and we will assume that you have made other arrangements for legal representation.

Very truly yours,



Malathy Subramanian
of Best Best & Krieger LLP

Enclosures

cc: Barbara Neustadter

Gary Napper
February 10, 2014
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Agreed and accepted this 10th day of February, 2014.

CITY OF CLAYTON

By:

Its:



CITY MANAGER

BEST BEST & KRIEGER LLP'S BILLING POLICIES

Our experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or to our Accounting Department. Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

FEES FOR PROFESSIONAL SERVICES

Unless a flat fee is set forth in our engagement letter with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .3 hour) and letters (minimum .5 hour), and on an actual basis for all other work. Unless alternative rates are set forth in our engagement letter, our attorneys are currently billed at rates from \$225 to \$625 per hour, and our administrative assistants, research assistants, paralegals and law clerks are billed at rates from \$110 to \$260 per hour. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

FEES FOR OTHER SERVICES, COSTS AND EXPENSES

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

MONTHLY INVOICES AND PAYMENT

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

CHANGES IN FEE ARRANGEMENTS AND BUDGETS

It may be necessary under certain circumstances for a client to provide an advance payment for fees after the commencement of our engagement and depending upon the scope of the work. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing. Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

**GENERAL COUNSEL LEGAL SERVICES BETWEEN
CITY OF CLAYTON/CLAYTON RDA/OAKHURST GEOLOGIC HAZARD ABATEMENT DISTRICT AND
BEST BEST & KRIEGER LLP**

1. PARTIES AND DATE.

This Agreement is made and entered into as of the 30th day of Aug., 2011, by and amongst the City of Clayton ("City"), the Clayton Redevelopment Agency ("Agency"), the Oakhurst Geologic Hazard Abatement District ("GHAD") (collectively, the "Client") and Best Best & Krieger LLP, a limited liability partnership, engaged in the practice of law ("BB&K").

2. RECITALS.

Client wishes to engage the services of BB&K as its City Attorney/General Counsel to perform all necessary legal services for the Client on the terms set forth below.

3. TERMS.

3.1 Term. The term of this Agreement shall commence on August 23, 2011, and shall continue in full force and effect until terminated in accordance with Section 3.13.

3.2 Scope of Services. BB&K shall serve as City Attorney/General Counsel and shall perform legal services ("Services") as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:

3.2.1 Preparation for and attendance at regular meetings of the Client, including closed sessions, special meetings and study sessions, as requested;

3.2.2 Provision of legal counsel at such other meetings as directed by the Client;

3.2.3 Preparation or review of all Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;

3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;

3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;

3.2.6 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and before any governmental board or commission, including reviewing,

defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages.

3.3 Designated City Attorney/General Counsel. Malathy Subramanian shall be designated as City Attorney/General Counsel and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. Melanie Donnelly shall be designated as Assistant City Attorney/Assistant General Counsel. No change in this assignment shall be made without the consent or initiation of the Client.

3.4 Time of Performance. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.

3.5 Assistance. The Client agrees to provide all information and documents necessary for the attorneys at BB&K to perform their obligations under this Agreement.

3.6 Independent Contractor. BB&K shall perform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. Except as it relates to services performed by BB&K for the Client, the Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service.

3.7 Services and Compensation. BB&K shall render and bill for legal services in the following categories and at the following rates.

3.7.1 Basic Legal Services - Description. Basic legal services shall include all services provided to Client which are not otherwise specifically identified below as either Special Legal Services, Third Party Reimbursable Legal Services or Public Finance Legal Services.

3.7.2 Basic Legal Services – Retainer. The Client shall pay for Basic Legal Services at the fixed monthly retainer amount of Eight Thousand Dollars (\$8,000) per month (estimated at an average of 40 to 45 hours per month) for basic legal services, which shall include 3 hours per month of Code Enforcement special legal services.

3.7.3 Special Legal Services - Description. Special Legal Services shall include the following types of services:

- (a) Litigation and formal administrative hearing matters handled by BB&K;
- (b) Labor relations and employment matters;
- (c) Complex real estate or land acquisitions;
- (d) Redevelopment;
- (e) Natural resources (including CEQA, NEPA, and endangered species);
- (f) Tax and ERISA related matters;
- (g) Toxic substances matters (e.g., CERCLA, RCRA);
- (h) Complex Code Enforcement; and
- (i) Other matters mutually agreed upon.

3.7.4 Special Legal Services – Rates. The Client shall pay for Special Legal Services at the following rates:

Partners/Of Counsel/Associate Attorneys	\$275.00
Paralegals/Law Clerks	\$150.00

3.7.5 Third Party Reimbursable Legal Services - Description. Third Party Reimbursable Legal Services shall include legal services provided to the Client for which the Client receives reimbursement from a developer or other third party.

3.7.6 Third Party Reimbursable Legal Services - Rates. The Client shall pay for Third Party Reimbursable Legal Services on matters involving an existing single family dwelling property owner at Special Legal Services Rates, and for all other third party reimbursable legal services at BB&K's then current published standard private client rates. Upon execution of this Agreement, BB&K shall provide a copy of its published rate schedule to the Client. BB&K shall also provide annual updates to the Client when changes are made to the published rate schedule.

3.7.7 Public Finance Legal Services – Description & Rates. The Client shall pay for Public Finance Legal Services at the rates attached hereto as Exhibit "A" and incorporated herein by reference.

3.7.8 Agreement Regarding Rate Categories. If BB&K believes that a matter falls within the Special Legal Services, Third Party Reimbursable Legal Services or Public Finance Legal Services rate categories, BB&K shall provide a scope and budget for the services and seek approval from the City Manager/Executive Director or his/her designee. The City Manager/Executive Director's or his/her designee's approval of such a request from BB&K shall not be unreasonably withheld.

3.7.9 Cost Reimbursement & Exceptions. The Client shall reimburse BB&K for reasonable and necessary expenses incurred by it in the performance of the Services under this Agreement associated with Special Legal Services, Third Party Reimbursable Legal Services, and Public Finance Legal Services. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service for services provided outside of the retainer, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g., Lexis or Westlaw), research services performed by BB&K's library staff, extraordinary mail or delivery costs after obtaining approval from the City Manager/Executive Director (e.g., courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services.

3.8 Billing. BB&K shall submit monthly to the Client a detailed statement of account for Services. The Client shall review BB&K's monthly statements and pay BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.

3.9 Annual Reviews. The Client and BB&K agree that an initial review of performance and compensation should be conducted within six (6) months following the execution of this Agreement, with annual reviews of performance and the compensation amounts referenced in this Agreement at least annually.

3.10 Insurance. BB&K shall, at no cost to the Client, obtain and maintain during the term hereof: (a) Worker's Compensation Insurance pursuant to State law; (b) Commercial General Liability Insurance; (c) Automobile Liability Insurance including coverage for owned and non-owned automobiles; and (d) Errors and Omissions Insurance. The commercial general liability policy and automobile liability insurance policy shall have combined single limit coverage of at least \$2 million per occurrence for all damages due to bodily injury, sickness or disease, or death to any person and damage to property, including the loss of use thereof. BB&K shall carry errors and omissions insurance with a limit of no less than \$5 million, each claim with a retention or deductible acceptable to the Client. BB&K shall carry errors and omissions insurance or purchase tail coverage for a period of 5 years after the contract has ended with Client. Worker's compensation insurance policy and commercial general liability insurance policy shall include a waiver of subrogation provision acceptable to Client. BB&K shall furnish evidence of such coverage, naming the City of Clayton, its agents, officers and employees as Additional Insured for all policies excluding error and omissions insurance and requiring 30 day written notice of policy lapse or cancellation. If such insurance coverage is cancelled, BB&K shall within 15 days after Client's receipt of written notice of such cancellation, file with Client evidence of insurance showing reinstatement or that it has been provided through another insurance company or companies. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request. BB&K shall provide proof of insurance to Client on an annual basis in a form acceptable to Client.

3.11 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means which, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship.

3.12 Indemnification. BB&K shall indemnify and hold the Client free and harmless from any and all claims, demands, causes of action, costs, expenses, liabilities, losses, damages or injuries, in law or equity, to property or persons, to the extent arising out of any omissions, negligence or willful misconduct of BB&K in connection with the performance of the Services under this Agreement. BB&K shall reimburse the Client for any and all legal expenses and costs incurred by the Client in connection therewith or in enforcing the indemnity herein provided.

3.13 Termination of Agreement and Legal Services. This Agreement and the Services rendered under it may be terminated at any time upon sixty (60) days' prior written notice from either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client.

3.14 Entire Agreement. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements, whether written or oral.

3.15 Governing Law. This Agreement shall be governed by the laws of the State of California. Venue shall be in Contra Costa County.

3.16 Amendment; Modification. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.

3.17 Waiver. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.

3.18 Invalidity; Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.

3.19 Counterparts. This Agreement may be signed in counterparts, each of which shall constitute an original.

3.20 Delivery of Notices. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: City of Clayton
6000 Heritage Trail
Clayton, CA 94517
Attention: City Manager

BB&K: Best Best & Krieger LLP
2001 N. Main Street, Suite 390
Walnut Creek, CA 94596
Attention: Mala Subramanian

Such notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service.

3.21 Mutual Cooperation. BB&K has a public law practice on a regional basis. BB&K will not represent Client and one of BB&K's public agency clients interacting with Client in a matter in which the interest of the clients potentially or actually conflict unless both Client and the public agency client have consented to such dual representation. BB&K will provide the City Manager/Executive Director notice under California Rule of Professional Conduct Rule 3-310 as BB&K becomes aware of the matter. The City Manager/Executive Director will forward such notices to the Client. The City Manager/Executive Director may acknowledge disclosures and may waive conflicts under Rule 3-310, subject to revocation by the Client when such disclosures or requests for waivers can be reviewed by the Client.

IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

CITY OF CLAYTON, CA

By: 
David T. Shuey, Mayor

CLAYTON REDEVELOPMENT AGENCY

By: 
Julie K. Pierce, Chair

OAKHURST GEOLOGIC HAZARD ABATEMENT DISTRICT

By: 
Hank Stratford, Chair

BEST BEST & KRIEGER LLP

By: 
Malathy Subramanian, Partner

EXHIBIT "A"
BB&K SCHEDULE OF PUBLIC FINANCE FEES

For bond counsel and special counsel services in connection with the financing of public facilities, BB&K shall be compensated, depending upon the type of bonds, certificates of participation or other obligations which are to be issued, based on the following schedules. Unless otherwise mutually agreed, BB&K's fees as bond counsel on these financings will be payable from proceeds of each series of the bonds upon their issuance.

1. Certificates of Participation and Revenue Bonds. For services in connection with the issuance and sale of certificates of participation and revenue bonds, BB&K shall be paid a fee which will be the greater of (i) \$35,000 or (ii) an amount based on the total principal amount of the certificates of participation or bonds to be sold, computed as follows:

- .50% of the first \$10 million of the amount of the certificates or bonds issued, plus
- .25% of the next \$10 million of the amount thereof, plus
- .125% of the amount thereof, if any, over \$20 million.

Notwithstanding the foregoing, in those cases where the fees are reimbursable by a third party, at BB&K's option it may proceed on a hourly basis and utilize the Third Party Reimbursable Legal Services category provided for in Section 3.7 of the Agreement.

2. Investment and Other Agreements. For investment agreements, derivative transactions or interest rate swaps relating to of any bond issue, a separate fee will be charged depending on the type of derivative. Generally, BB&K's fee for a derivative transaction mirrors BB&K's bond counsel fee. Review of investment agreements will be charged at the hourly rates as provided above in Section 3.7 of the Agreement.

3. Disclosure Counsel. BB&K's disclosure counsel fees for financings of the Client in the range of \$10 million to \$30 million will be \$25,000. BB&K's disclosure counsel services will include preparation and delivery of a preliminary official statement, bond purchase contract, final official statement, and continuing disclosure undertaking. If the transaction exceeds \$30 million, BB&K will seek additional compensation based upon an arrangement with the Client.

The fees include disclosure counsel services described above together with travel expenses to two meetings at the Client offices. These fees do not include attendance at any ratings presentations of the Client or related expenses. If other services are requested by the Client which are not within the scope of those provided for above, they will be performed on an hourly basis as provided above in Section 3.7 of the Agreement.

Fees for bond and disclosure counsel will be payable from proceeds of each series of the bonds upon their issuance, and are not contingent on the bonds being sold.

4. Issuer's Counsel Opinions. For all Issuer's Counsel opinions provided by BB&K in connection with any bond financing, fees shall be the following: (1) for opinions on financings for which BB&K does not provide bond counsel and disclosure counsel services, \$10,000; (2) for opinions on financings for which BB&K provides bond counsel services only, \$5,000; (3) for opinions on financings for

which BB&K provides disclosure counsel services only, \$2,500; and (4) for opinions on financings for which BB&K provides both bond and disclosure counsel services, there will be no charge.

5. Other Public Finance Services. If other services are requested by the City which are not within the scope of those provided for above, they will be performed on an hourly basis as provided for in Section 3.7 of the Agreement.