

**JONES HALL,
A PROFESSIONAL LAW CORPORATION**

**AGREEMENT FOR LEGAL SERVICES
(Wastewater System Improvement Project)**

THIS AGREEMENT FOR LEGAL SERVICES is made and entered into on _____, 2017 by and between the CITY OF FORT BRAGG, 416 N. Franklin Street, Fort Bragg, California 95437 (the "Client"), and JONES HALL, A Professional Law Corporation, 475 Sansome Street, Suite 1700 San Francisco, California 94111 ("Attorneys").

RECITALS:

WHEREAS, the Client anticipates the issuance of bonds or certificates of participation (the "Bonds") of the Client pursuant to the appropriate state laws to finance public capital improvements to be owned by the Client through the sale of the Bonds to USDA Rural Utilities Service; and

WHEREAS, the Client has determined that Attorneys are specially trained and experienced to provide services for accomplishing such financing plan and Attorneys are willing to provide such services; and

WHEREAS, the public interest, economy and general welfare will be served by this Agreement for Legal Services;

NOW, THEREFORE, IT IS HEREBY AGREED, as follows:

1. Duties of Attorneys. Attorneys shall provide legal services in connection with the authorization, issuance and consummation of the financing proceedings relating to the Bonds. Such services shall include the following:

a. Confer and consult with the officers and administrative staff of the Client and Client's engineers and consultants as to matters relating to the financing proceedings;

b. Prepare any required resolutions, notices, instructions and legal documents and provide advice by telephone and/or electronic mail as necessary for the proper conduct of the financing proceedings relating to the Bonds;

c. Review all financial documents for legal sufficiency;

d. Prepare and provide a signature and no-litigation certificate, an arbitrage certificate and any and all other closing documents required to accompany issuance of the Bonds;

e. Prepare and provide a complete transcript of the conduct of the proceedings necessary to accompany issuance of the Bonds;

f. Subject to the completion of proceedings to the satisfaction of Attorneys, provide the legal opinion of Attorneys that the interest on the Bonds is excludable from gross income for purposes of federal income taxation and that such interest is exempt from California personal income taxation; and

g. Subject to the completion of proceedings to the satisfaction of Attorneys, provide the legal opinion of Attorneys approving in all regards the legality of all proceedings relating to the Bonds.

2. Compensation. For the services set forth under Section 1, Attorneys shall be paid the percentage compensation equal to 1% of the principal amount of Bonds (subject to a minimum fee of \$25,000 and a maximum fee of \$60,000).

In addition, Attorneys shall be reimbursed for any costs advanced by Attorneys on behalf of the Client, including transcript preparation, delivery services, duplication costs and expenses for travel outside the State of California, if any, but specifically excluding travel expenses within the State of California, in a total amount not to exceed \$1,500.

Payment of said fees and expenses shall be entirely contingent, shall be due and payable upon the delivery of the Bonds and shall be payable solely from the proceeds of the Bonds and from no other funds of the Client. The fee is not set by law but is negotiable between Attorneys and Client. Client agrees a percentage of bond amount fee calculation does not constitute a conflict of interest for Attorneys.

3. Exceptions. The services to be rendered for the compensation set forth in Section 2 above do not include the following: (a) any services rendered in any litigation (including judicial validation proceedings deemed necessary by Attorneys) involving the Client or the financing proceedings relating to the Bonds; (b) on-going advice and preparation of necessary documentation regarding compliance with Section 148 of the Internal Revenue Code of 1986, relating to arbitrage limitations and rebate provisions; (c) on-going advice and preparation of necessary documentation regarding secondary market continuing disclosure; and (d) conduct of proceedings to increase utility rates under Proposition 218. For such services which Attorneys are directed to render for and on behalf of the Client, compensation shall be on the basis of reasonable fees to be agreed upon by the Client and Attorneys.

4. Attorney-Client Relationship. Upon execution of this Agreement, the Client will be Attorney's client and an attorney-client relationship will exist between Client and Attorneys. Attorneys assume that all other parties will retain such counsel, as they deem necessary and appropriate to represent their interests in this transaction. Attorneys further assume that all other parties understand that in this transaction Attorneys represent only the Client, Attorneys are not counsel to any other party, and Attorneys are not acting as an intermediary among the parties. Attorneys' services as bond counsel are limited to those contracted for in this Agreement; the Client's execution of this Agreement will constitute an acknowledgment of those limitations. Attorneys' representation of the Client will not affect, however, our responsibility to render an objective Bond Opinion.

5. Responsibilities of the Client.

(a) General. The Client will cooperate with Attorneys and furnish Attorneys with certified copies of all proceedings taken by the Client, or otherwise deemed necessary by Attorneys to render an opinion upon the validity of the proceedings. During the course of this engagement, Attorneys will rely on Client to provide Attorneys with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. Attorneys are not responsible for costs and expenses incurred incidental to the actual issuance and delivery of the Bonds, including the cost of preparing certified copies of proceedings required by Attorneys in connection with the issuance of the Bonds, and printing and publication costs.

(b) Federal Tax Law-Related Responsibilities. The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. As a condition of Attorneys issuing their opinion, you will be required to make certain representations and covenants to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. Attorneys' opinion will assume the accuracy of these representations and compliance with these covenants. Attorneys will not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. In this regard, Client agrees to familiarize itself with the relevant requirements and restrictions necessary for the Bonds to qualify for exemption from federal income taxation and to exercise due diligence both before and after issuance of the Bonds in complying with these requirements.

6. Conflicts; Prospective Consent. Attorneys represent many political subdivisions, investment banking firms and financial advisory firms. It is possible that during the time that Attorneys are representing the Client, one or more of Attorneys present or future clients will have transactions with the Client. It is also possible that Attorneys may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. Attorneys do not believe such representation, if it occurs, will adversely affect Attorneys' ability to represent you as provided in this Agreement, either because such matters will be sufficiently different from the issuance of the Bonds so as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds. Execution of this Agreement will signify the Client's consent to Attorneys' representation of others consistent with the circumstances described in this paragraph.

7. Termination of Agreement.

(a) Termination by Client. This Agreement may be terminated at any time by the Client with or without cause upon written notice to Attorneys.

(b) Termination by Attorneys. This Agreement may be terminated by Attorneys upon 15 days' written notice to Client if Client fails to follow written legal advice given by Attorneys.

(c) Termination Upon Issuance of Bonds. This Agreement shall terminate upon the issuance of the Bonds.

(d) Consequences of Termination. In the event of termination, all finished and unfinished documents shall at the option of the Client become its property and shall be delivered to the Client by Attorneys.

8. Independent Contractor. Attorneys will act as an independent contractor in performing the services required under this Agreement, and under no circumstances shall Attorneys be considered an agent, partner, or employee of the Client.

9. Professional Liability Insurance. Attorneys are covered by standard professional liability errors and omissions insurance with coverage of \$2 million. A copy of the policy is available upon request.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

CLIENT:

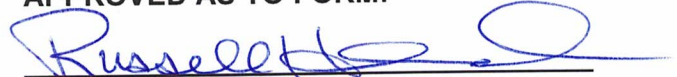
CITY OF FORT BRAGG

By: _____
Title: Linda Ruffing, City Manager

ATTEST:

June Lemos, CMC
City Clerk

APPROVED AS TO FORM:



Russell Hildebrand
City Attorney

ATTORNEYS:

JONES HALL,
A Professional Law Corporation

By: _____
David T. Fama, Vice President