

**AGREEMENT
FOR
BOND COUNSEL SERVICES**

THIS AGREEMENT (this “Agreement”), dated as of May 1, 2014, is by and between the COUNTY OF SAN BERNARDINO (the “County”) and ORRICK, HERRINGTON & SUTCLIFFE LLP (“Bond Counsel”).

W I T N E S S E T H

WHEREAS, the County has determined to issue its County of San Bernardino 2014-15 Tax and Revenue Anticipation Notes, Series A (the “Notes”);

WHEREAS, the County desires to employ Bond Counsel to provide bond counsel services incident to the issuance of the Notes; and

WHEREAS, Bond Counsel possesses the necessary professional capabilities and resources to provide the legal services required by the County as described in this Agreement;

NOW, THEREFORE, it is mutually agreed by the parties hereto as follows:

Section 1. Scope of Services. (a) Bond Counsel shall perform the following legal services as Bond Counsel to the County:

(i) consultation with representatives of the County, including County Counsel, the County’s financial advisor, the underwriters and others, with respect to the timing, terms and legal structure of the proposed financing;

(ii) preparation of documents to be adopted or entered into by the County required for the issuance of the Notes (excluding the bond purchase agreement to be prepared by underwriters’ counsel), including preparation of the authorizing Resolution and the Financing Certificate (the “Major Legal Documents”)

(iii) preparation or review of summaries of the Major Legal Documents included in the Official Statement for the Notes (the “Official Statement”);

(iv) attendance at such working group meetings or conference calls as the County may request;

(v) preparation of final closing papers to be executed by the County required to effect delivery of the Notes (including the tax certificate) and coordination of the closing; and

(vi) rendering of Bond Counsel’s customary form of final legal opinion on the validity of the Notes and the tax-exempt status of interest thereon and customary form of supplemental opinion to the underwriters on the accuracy of summaries contained in the

Official Statement of the Major Legal Documents and the tax portion of said final legal opinion and certain other matters.

(b) The County shall and will rely on County Counsel to render day to day and ongoing general counsel legal services. Bond Counsel shall circulate documents to and coordinate its services with County Counsel to the extent requested by the County or County Counsel. Bond Counsel shall be entitled to assume that County Counsel has reviewed all documents and matters submitted to the County for adoption or approval or to officers of the County for execution prior to such adoption, approval or execution.

In rendering opinions and performing legal services under this Agreement, Bond Counsel shall be entitled to rely on the accuracy and completeness of information provided and certifications made by, and opinions provided by counsel to, the County and other parties and consultants, without independent investigation or verification.

The legal services to be performed by Bond Counsel pursuant to this Agreement are limited to those specifically set forth above. Such legal services do not include any services beyond those set forth above, including, without limitation (i) any representation of the County or any other party to the transaction in any litigation or other legal or administrative proceeding involving the Notes or any related matter, (ii) any responsibility for the preparation or content of the Official Statement, other than preparation of summaries of the Major Legal Documents and the portion thereof relating to the opinion to be rendered by Bond Counsel concerning certain tax matters, (iii) the preparation of any agreements or documents other than as described above, (iv) any responsibility for compliance with federal or state securities laws, environmental, land use, real estate, any tax laws (except as required for tax exemption of the interest on the Notes), insurance or similar laws or matters or for title to or perfection of security interests in real or personal property, or (v) any financial advice or analysis. Bond Counsel will not be responsible for the services performed or acts or omissions of any other participant. Also, Bond Counsel services will not extend past the date of issuance of the Notes and will not, for example, include services related to rebate compliance or continuing disclosure (although Bond Counsel may be available for separate engagement to provide such services pursuant to separate contract) or otherwise related to the Notes.

Section 2. Compensation and Reimbursements. (a) For the services described above, Bond Counsel shall be paid a flat fee of \$25,000.

In addition to such fee for services, the County shall pay Bond Counsel a flat amount of \$1,500 to cover costs and expenses (direct and indirect) incurred in connection with the services rendered pursuant hereto, including (without limitation) filing, document reproduction and delivery, travel, long distance telephone, telecopy, word processing, computer research, secretarial overtime, final transcripts and other similar expenses.

(b) Bond Counsel's fees and payment for expenses shall be payable by the County at or after issuance of the Notes. Payment of all fees and expenses hereunder shall be made from proceeds of the Notes and shall be contingent upon execution and delivery of the Notes, so long as any failure of the Notes to be issued is for reasons beyond the control of the County.

(c) Bond Counsel's fees are based, in part, upon the assumption that the structure of the financing will conform to the description in the recitals to this Agreement, the scope of services will conform to the description thereof contained in Section 1 of this Agreement, the transaction will not have an extraordinary amount of problems or issues, Bond Counsel will be required to attend no more than the usual number of meetings and conference calls, Bond Counsel will not be required to generate an inordinate number of drafts of the documents for which it is responsible, the structure of the transaction will not materially change (particularly after preparation of the Major Legal Documents has commenced), and the Notes will be issued not later than four months from the date the drafting of the Major Legal Documents has commenced. If any part of this assumption is incorrect, or if any unusual or unforeseen circumstances arise, and occasions substantial additional work or responsibility on the part of Bond Counsel, Bond Counsel will be entitled to seek additional compensation in such amount as the County and Bond Counsel shall mutually agree to be appropriate.

Section 3. Indemnification. Bond Counsel shall defend, indemnify and hold the County and its officers and employees harmless from any and all claims which arise from or are directly connected with Bond Counsel's negligence or failure to perform the services provided for under this Agreement; provided, however, that such obligation to defend, indemnify and hold harmless shall not include any claim based upon professional liability (errors or omissions) of Bond Counsel covered by Bond Counsel's errors and omissions policies or arising from the negligence or willful misconduct of the County, its officers, employees or agents.

Section 4. Insurance. (a) Without in any way affecting the indemnity herein provided and in addition thereto, Bond Counsel shall secure and maintain throughout the term of this Agreement the following types of insurance and limits as shown:

(i) Workers' Compensation: A program of Workers' Compensation Insurance or a State-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employers' Liability with \$250,000 limits, covering all persons providing services on behalf of Bond Counsel and all risks to such persons under this Agreement.

(ii) Comprehensive General and Automobile Liability Insurance: This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage of not less than \$1,000,000.

(iii) Errors and Omissions Liability Insurance: Combined single limits of \$1,000,000 for bodily injury and property damage, and \$3,000,000 in the aggregate.

(iv) Professional Liability: Professional liability insurance with limits of at least \$1,000,000 per claim.

(b) *Additional Named Insured.* All policies, except for workers' compensation, errors and omissions and professional liability policies, shall contain additional endorsements naming

the County and its officers, employees, agents, volunteers and officers as additional named insureds with respect to liabilities arising out of the performance of services hereunder.

(c) *Waiver of Subrogation Rights.* Except for errors and omissions and professional liability policies, Bond Counsel shall require the carriers of the above-required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, Contractors and sub-contractors.

(d) *Policies Primary and Non-Contributory.* All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.

(e) *Proof of Coverage.* Bond Counsel shall furnish certificates of insurance to the County Department administering the contract evidencing the required insurance coverage, including endorsements, as set forth above prior to the commencement of the performance of services hereunder, and Bond Counsel shall maintain such insurance from the time Bond Counsel commences performance of services hereunder until the completion of such services. Within sixty (60) days of the commencement of this Agreement, Bond Counsel shall furnish certified copies of the policies and all endorsements.

(f) *Insurance Review.* The above insurance requirements are subject to periodic review by the County. The County Risk Manager is authorized, but not required, to reduce or waive any of the above insurance requirements whenever the Risk Manager determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interest of the County. In addition, if the Risk Manager determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Section 5. Termination of Agreement and Legal Services. This Agreement and all legal services to be rendered under it may be terminated at any time by written notice from either party, with or without cause. In that event, all finished and unfinished documents prepared for adoption or execution by the County, shall, at the option of the County, become its property and shall be delivered to it or to any party it may designate; provided that Bond Counsel shall have no liability whatsoever for any subsequent use of such documents. In the event of termination by the County, Bond Counsel shall be paid for all satisfactory work at its usual hourly rates unless the termination is made for cause, in which event compensation, if any, shall be adjusted in the light of the particular facts and circumstances involved in the termination. If not sooner terminated as aforesaid, this Agreement and all legal services to be rendered under it shall terminate upon the issuance of the Notes; provided that the County shall remain liable for any unpaid compensation or reimbursement due under Section 2 hereof. Upon termination, Bond Counsel shall have no future duty of any kind to or with respect to the Notes or the County. For various cost and other reasons, Bond Counsel reserves the right to dispose, in any manner it chooses, of any documents or other materials retained by it after such termination.

Section 6. Nature of Engagement; Relationships With Other Parties. The role of bond counsel, generally, is to prepare or review the procedures for issuance of the bonds, notes or other evidence of indebtedness and to provide an expert legal opinion with respect to the validity thereof and other subjects (usually including the tax status of interest on the bonds) addressed by the opinion. Consistent with the historical origin and unique role of bond counsel, and reliance thereon by the public finance market, Bond Counsel's role as bond counsel under this Agreement is to provide opinions and related legal services that represent an objective judgment on the matters addressed rather than the partisan position of an advocate.

In performing its services as bond counsel in connection with the issuance of the Notes, Orrick will act as special counsel to the County with respect to the issuance of the Notes; that is, Bond Counsel will assist County Counsel in representing the County but only with respect to the validity of the Major Legal Documents and the tax status of interest on the Notes, and in a manner not inconsistent with the role of bond counsel described in the first sentence of this Section.

The County acknowledges that Bond Counsel regularly performs legal services for many private and public entities in connection with a wide variety of public finance related matters. For example, Bond Counsel has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, contractors, suppliers, financial and other consultants/advisors, accountants, investment providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the financing or that may be involved with or adverse to the County in this or some other matter. Bond Counsel agrees not to represent any such entity in connection with the issuance of the Notes, during the term of this Agreement, without the consent of the County, except possibly with respect to investment or derivative products where, because Bond Counsel has assisted a number of the providers/brokers in designing and developing their products and provides general and transactional advice with respect to such products, it is not practical to seek specific consent in each case, and instead Bond Counsel agrees to separate the attorneys working on the financing pursuant to this Agreement from the attorneys working on the investment or derivative products. Given the special, limited role Bond Counsel described above, the County acknowledges that no conflict of interest exists or would exist, and waives any actual or potential conflict of interest that might be deemed to arise, now or in the future, from this Agreement or any such other relationship that Bond Counsel may have had, have or enter into, and the County specifically consents to any and all such relationships.

Section 7. Limitation of Rights to Parties; Successor and Assigns. Nothing in this Agreement or in any of the documents contemplated hereby, expressed or implied, is intended or shall be construed to give any person other than the County and Bond Counsel any legal or equitable right or claim under or in respect of this Agreement, and this Agreement shall inure to the sole and exclusive benefit of the County and Bond Counsel.

Bond Counsel may not assign its obligations under this Agreement without written consent of the County, except to a successor partnership or corporation to which all or substantially all of the assets and operations of Bond Counsel are transferred. The County shall not assign its rights and obligations under this Agreement without written consent of Bond

Counsel. All references to Bond Counsel and the County in this Agreement shall be deemed to refer to any such successor of Bond Counsel and to any such assignee of the County and shall bind and inure to the benefit of such successor and assignee whether so expressed or not.

Section 8. Counterparts. This Agreement may be executed in any number of counterparts and each counterpart shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

COUNTY OF SAN BERNARDINO

By: _____
Name:
Title:

**ORRICK, HERRINGTON &
SUTCLIFFE LLP**

By: _____
Greg Harrington, Partner