



December 16, 2019

Keith Butler, Ph.D.  
Associate Superintendent, Business Services  
Palos Verdes Peninsula Unified School District  
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Re: Proposed Palos Verdes Peninsula Unified School District General Obligation Bonds

Dear Dr. Butler:

On behalf of Orrick, Herrington & Sutcliffe LLP ("Orrick"), I would like to express our appreciation for your choice of our firm to serve as bond counsel ("Bond Counsel") and disclosure counsel ("Disclosure Counsel") to the Palos Verdes Peninsula Unified School District (the "Issuer"), in connection with the seeking of voter approval and proposed issuance of general obligation bonds (the "Bonds") to finance the District's school facilities projects (the "Project"). The purpose of this engagement letter and the attached Standard Terms of Engagement (collectively, the "Agreement") is to confirm the terms and conditions upon which Orrick will be providing legal services to the Issuer. We believe that a mutual understanding of these terms and conditions at the outset is fundamental to establishing a good working relationship.

Orrick's services as bond counsel and disclosure counsel to the Issuer in this transaction will consist of the Customary Bond Counsel Services described in the Standard Terms of Engagement, Customary Disclosure Counsel services described in the Standard Terms of Engagement and the following additional services to the Issuer with respect to seeking voter approval of the Bonds: (i) coordination with the County of Los Angeles (the "County") election officials to ensure that the necessary legal requirements are satisfied, (ii) preparation of the necessary resolution of the Board of Education required to call the election and request consolidation with any other elections to be held on the same date, (iii) attendance at such meetings or hearings of the Board of Education and working group meetings or conference calls as Issuer may request, and assistance to Issuer staff in preparation of such explanations or presentations to the Board of Education as they may request regarding the election and proceedings therefor, (iv) preparation and/or review of the forms of the tax information statement and the County Counsel's independent analysis required to be distributed to voters, (v) review of the ballot arguments to be prepared by or on behalf of the Issuer, if requested, solely to evaluate whether or not statements summarizing the legal terms of the ballot measure are correct, and (vi) consultation with the Issuer and its staff, counsel, and financial advisor, and with the County and its staff, concerning the election proceedings.



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In consideration of the Bond Counsel services set forth above, the Issuer shall pay to Orrick a fee of \$55,000 for the first series of Bonds and, if the District elects to proceed with Orrick, \$40,000 for each additional series of Bonds issued. In consideration of the Disclosure Counsel services set forth above, Orrick shall be paid a fee of \$25,000 for each series of Bonds. The issuance of multiple series of Bonds on the same date or within two weeks of each other shall be treated as a single issuance and shall not result in multiple charges to the District; provided, however, that if an issuance of multiple series of bonds on the same date or within two weeks of each other occasions substantial additional work or responsibility on the part of Orrick, Orrick will be entitled to seek additional compensation in such amount as the Issuer and Orrick shall mutually agree to be appropriate.

These fees are based upon the assumption that each series of the Bonds will be issued on a single date, the scope of services will be limited and conform to the description thereof contained in this Agreement, the transaction will not have an extraordinary number of problems/issues, the parties will work to minimize the number of meetings, conference calls and document distributions, the purposes of the financing and the structure of the transaction will not materially change after preparation of the documents has commenced, and the Bonds will be issued not later than six months from the date initial drafts of any of the bond issuance documents are distributed by Orrick. If any of these assumptions are incorrect, or if any unusual or unforeseen circumstances arise, and occasions substantial additional work or responsibility on the part of Orrick, Orrick will be entitled to seek additional compensation in such amount as the Issuer and Orrick shall mutually agree to be appropriate.

In addition to the fees provided above, Orrick shall be paid a fixed amount of \$2,500 for each series of Bonds to cover costs and expenses (direct and indirect) incurred in connection with the services rendered as set forth herein, including (without limitation) document reproduction and delivery, travel, long distance telephone, telecopy, word processing, computer research, secretarial overtime and other similar expenses; provided that legal publication charges and printing expenses shall be the responsibility of the Issuer.

Orrick's fees (together with expenses) shall be contingent and payable upon the issuance of the Bonds.

Invoices shall be payable by the Issuer upon issuance of the Bonds if payable from Bond proceeds and otherwise within 30 days of receipt. The obligation to pay our invoices is solely the Issuer's and is not contingent upon any right of the Issuer may have for reimbursement, indemnification or insurance; or the Issuer's receipt of any other form of payment the Issuer may claim or expect to receive from some other party.



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This engagement letter and the attached Standard Terms of Engagement represent the entire understanding and agreement between the Issuer and Orrick with respect to the subject matter referred to herein. The Issuer acknowledges that this engagement letter and the attached Standard Terms of Engagement have been carefully reviewed and their content understood and that the Issuer agrees to be bound by all of the terms and conditions and represents that the person signing below has been authorized to close on behalf of the Issuer. Furthermore, the Issuer acknowledges that Orrick has made no representations or guarantees to the Issuer regarding the successful issuance of the Bonds, the tax status of interest on the Bonds or the time necessary to complete the issuance of the Bonds.

Nothing in the 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 Issuer and Orrick any legal or equitable right or claim under or in respect of the Agreement or with respect to services contemplated hereby, and the Agreement shall inure to the sole and exclusive benefit of the Issuer and Orrick.

The provisions of this engagement letter may only be amended in writing and signed by both parties.

The Agreement will take effect upon execution of this engagement letter, but its effective date will be retroactive to the date Orrick first performed services. This engagement letter may be executed in counterparts, and an electronically transmitted signature shall be deemed to be the legal equivalent of an original signature.



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If you have any questions, please feel free to contact the undersigned. If the foregoing, together with the attached Standard Terms of Engagement, is satisfactory, please sign and return a copy of this letter to me. We look forward to working with you and to a successful completion of this transaction.

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

A handwritten signature in black ink, appearing to read "Donald S. Field".

Donald S. Field

ACKNOWLEDGED AND AGREED TO:

PALOS VERDES PENINSULA UNIFIED SCHOOL DISTRICT

By \_\_\_\_\_  
Keith Butler, Ph.D., Associate Superintendent, Business Services

## **STANDARD TERMS OF ENGAGEMENT (Bond Counsel and Disclosure Counsel)**

Except as modified in writing by the engagement letter accompanying these Standard Terms of Engagement (the “Engagement Letter”) or in another agreement signed by the Issuer (as defined in the Engagement Letter) and Orrick, Herrington & Sutcliffe LLP (“Orrick”) the following provisions shall apply to the relationship between Orrick and the Issuer.

### **1. Issuer**

Orrick’s engagement is only on behalf of the Issuer. In performing the services set forth in the Engagement Letter, Orrick will act as special counsel to the Issuer with respect to issuance of the Bonds; Orrick will assist the Issuer’s counsel in representing the Issuer with respect to the Bonds in a manner consistent with Orrick’s role set forth in the Engagement Letter. Orrick’s representation of the Issuer, does not encompass any governing board member, officer or employee of the Issuer; any agency, department or office part of or affiliated with the Issuer; or any other person or entity affiliated with the Issuer. If any of these persons or entities require the services of counsel in connection with the Bonds, Orrick would be pleased to discuss whether Orrick might be able to represent any of them, but any such representation would need its own engagement letter, and would depend on Orrick’s review and disclosure to all concerned of any conflicts of interest that may arise in connection with any such concurrent representation, and on appropriate consents being obtained from the Issuer and from those seeking such additional representation.

### **2. Scope of Engagement**

The scope of Orrick’s representation of the Issuer is limited to the specific services identified in the Engagement Letter and such additional matters as the Issuer and Orrick may in their mutual discretion agree to in writing from time to time. In each case, Orrick’s agreement to any expansion of the scope of its representation of the Issuer will be subject, among other things, to such additional conflict checks, waivers, approvals and other arrangements as Orrick may in its professional judgment deem necessary or appropriate in the circumstances and may be conditioned upon such fee adjustments or retainers as Orrick may require. Except as otherwise expressly provided in any written engagement letter (or a written amendment of a prior engagement letter) between Orrick and Issuer entered into in connection with such expansion of the scope of Orrick’s representation, the agreement reflected in these Standard Terms of Engagement and in the Engagement Letter applies to Orrick’s current representation of the Issuer and, to the fullest extent practicable, to any subsequent matters that Orrick agrees to undertake on the Issuer’s behalf. Orrick’s services will not extend to other business or legal affairs of the Issuer or to any other aspect of the Issuer’s activities. Orrick’s receipt or use of confidential or other information from the Issuer or others in the course of the representation described in the Engagement Letter does not mean that Orrick will render any advice or services other than those described in the Engagement Letter.

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The parties agree that Orrick is not acting in a staff capacity or otherwise assuming the responsibilities for any public official currently designated in the Issuer's conflict of interest code. The parties also agree that Orrick is not being retained to, has no duty to, and will not, advise the Issuer or otherwise be involved in the Issuer's decisions as to (a) whether the Issuer should issue the Bonds, (b) the principal amount, interest rate or other pricing terms of the Bonds, (c) what project(s) is/are to be financed or refinanced through the issuance of the Bonds (the "Project"), (d) whether the Issuer should enter into contracts related to the possible issuance of the Bonds or (e) the financial terms to be included in the Bonds and/or any such contracts (collectively, the "Governmental Decisions"). Instead, Orrick is being retained to advise and to render opinions as to the validity of or other legal matters respecting the issuance or sale of the Bonds the Issuer determines to issue and certain contracts the Issuer determines to enter into in connection with the Bonds, as set forth in the Engagement Letter. The parties also agree that Orrick is not being retained, and has no duty, to provide financial advice of any kind to the Issuer in connection with the foregoing. The Issuer, through its governing board, staff and independent legal counsel, will be exercising its independent judgment regarding the Governmental Decisions. The Issuer acknowledges that Orrick has not been involved with the preliminary discussions, evaluation, planning, drawing of plans and specifications and solicitation of bids related to the Project.

### **Customary Bond Counsel Services**

When Orrick's role is Bond Counsel, Orrick shall perform the following legal services to the Issuer:

(1) Analysis of eligibility of the Project under state law and for interest on the Bonds to excluded from gross income for federal income tax purposes.

(2) Consultation with representatives of the Issuer, Issuer's counsel, and any financial advisor or underwriters, and others, with respect to the timing, terms, and legal structure of the proposed Bonds, and including the rendering of legal advice with respect to the proceedings deemed necessary or desirable to comply with all requirements of the law preliminary to the authorization, issuance, and sale of the Bonds.

(3) Preparation of the resolution of the governing board of the Issuer approving the issuance and sale of the Bonds and the documents to be adopted or entered into by the Issuer required for the issuance of the Bonds, including the bond resolution or the indenture of trust or trust agreement between the Issuer and a trustee (or, if applicable, the supplement to an existing bond resolution, indenture or trust agreement) (the "Major Legal Documents").

(4) If the Bonds are to be sold through a competitive sale, preparation of the official notice of sale and the notice of intention to sell.

- (5) In the case of a refunding, preparation of the refunding escrow agreement.
- (6) Preparation of summaries of the Major Legal Documents included in the official statement for the Bonds (the “Official Statement”).
- (7) Participation in such meetings of the Issuer and working group meetings or conference calls as the Issuer may request.
- (8) Preparation of final closing papers to be executed by Issuer required to effect delivery of the Bonds (including the Tax Agreement).
- (9) Rendering of Orrick’s customary form of final legal opinion to the Issuer on the validity of the Bonds and the tax-exempt status of interest thereon, and, if required by the underwriters of the Bonds, Orrick’s 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 and, in the case of a refunding, Orrick’s customary form of defeasance opinion.
- (10) Providing, in electronic form, closing transcripts.

#### *Limitations*

Bond Counsel services are limited to those specifically set forth above. For example, Bond Counsel services do not include representation of the Issuer or any other party in any litigation or other legal or administrative proceeding, audit or investigation involving the Bonds or any use or investment of the proceeds thereof, or any related matter. Additionally, Bond Counsel services do not include any responsibility for the preparation or content of any Official Statement or other disclosure document or presentation (other than preparation of a summary of the Major Legal Documents and of the portion of the opinion to be rendered by Bond Counsel concerning certain tax matters) or any rating agency or investor presentation or the preparation of any credit enhancement agreement, investment agreement or swap agreement. Bond Counsel services also do not include any responsibility for compliance with any federal or state securities laws, environmental, land use, procurement, real estate, construction, insurance or (except as required for tax exemption of the Bonds) tax laws or for title to, recording, filing or perfection or continuation of any liens or security interests in real or personal property. It is not the role or responsibility of Bond Counsel to assure that the interests of any parties other than the Issuer are addressed or that any conditions to closing the transaction, other than as necessary in Bond Counsel’s judgment to render the legal opinions delivered by Bond Counsel, have been satisfied or addressed. Neither Bond Counsel’s role in the Bond closing nor Bond Counsel’s provision of closing transcripts shall imply the completeness or adequacy of any items included in the closing transcript for any purpose other than as expressly addressed in the legal opinions delivered by



Bond Counsel. Bond Counsel services are limited to legal advice and do not include any financial advice or analysis, including advice concerning whether or not to issue the Bonds, or adopt any Bond related resolutions or enter into any Bond related agreements. Bond Counsel services do not extend past the date of issuance of the Bonds and do not, for example, include services related to rebate or other post-issuance tax compliance, continuing disclosure, amendments to any of the Bond related documents, post-issuance investments, interest rate swaps or management contracts entered into after the date of issuance of the Bonds, or redemption or defeasance of the Bonds. Any involvement by Bond Counsel in any of the matters referred to in this paragraph shall not constitute a waiver of any of the foregoing limitations on Bond Counsel's responsibilities unless otherwise agreed to in writing.

#### **Customary Disclosure Counsel Services**

When Orrick's role is Disclosure Counsel, Orrick shall perform the following legal services to the Issuer:

(1) Assistance in preparing a preliminary official statement (the "Preliminary Official Statement") and a final official statement (the "Official Statement") for the Bonds. Such assistance will consist of participation in conferences with the Issuer, the underwriters of the Bonds (the "Underwriters"), their respective counsel, the Issuer's financial advisor and other relevant participants, assistance in the preparation of information about the Bonds, the Issuer and other material information and assistance in coordinating posting, printing or reproduction of the Preliminary Official Statement and the Official Statement, the cost of which shall be the responsibility of the Issuer.

(2) Rendering, in Orrick's customary form, addressed only to the Underwriters, of a so-called "10b-5 letter" (subject to customary limitations and exclusions).

(3) Review of relevant proposed and enacted legislation and case law and other considerations that could have an impact on the District, the legality of the Bonds, or the security for the Bonds.

Unless Orrick is also bond counsel, the Issuer will rely upon, and Orrick will assume the accuracy of, the opinion of bond counsel with respect to the validity of the Bonds and the Bond documents, the federal and state tax-exempt status of interest on the Bonds, exemption from registration of the Bonds under applicable securities laws, and other matters customarily covered by opinions of bond counsel and counsel to other parties, and Orrick will not undertake any independent consideration thereof or have any other responsibility therefor. Bond counsel will also be responsible for preparing summaries of legal documents for inclusion in the Preliminary Official Statement and the Official Statement and giving an opinion as to the accuracy of the



summaries of the legal documents and the Bonds and of Orrick's tax opinion contained in the Official Statement.

In performing Disclosure Counsel services, in addition to relying on the opinions described above, Orrick will be entitled to rely on the accuracy and completeness of information provided and certifications made by the Issuer, the financial advisor, consultants, accountants, the underwriters, various counsel and other parties, without independent investigation or verification. While Orrick will undertake certain activities in order to provide the negative conclusion that constitutes the so-called "10b-5 letter", such activities are inherently limited in character and in scope. They cannot and will not encompass all of the activities an underwriter may be required to undertake in order to establish a due diligence or reasonable investigation defense (if available), and the securities laws do not permit an underwriter to delegate completely duties of due diligence or reasonable investigation it may have to counsel.

#### *Limitations*

Disclosure Counsel services will be limited to those specifically set forth above and, for example, will not include other services, including but not limited to matters relating to the mode or manner of dissemination of the official statement, the accuracy of any printing or posting of the official statement, registration or qualification of the Bonds under federal or state securities laws, derivative products, regulatory matters (such as compliance with FINRA or MSRB rules or other broker-dealer regulations) or independent investigation of prior compliance with continuing disclosure undertakings, and will not include preparation or review of any rating agency or investor presentation or representation in any litigation or other legal or administrative proceeding, audit or investigation involving the Official Statement, the Bonds, the Project or any related matter. Disclosure Counsel services do not include any financial advice or analysis. Disclosure Counsel services are limited to legal advice and do not extend past the date of issuance of the Bonds and do not, for example, include services related to any post-issuance amendment of or supplement to the Official Statement or to any continuing disclosure. Any involvement by Disclosure Counsel in any of the matters referred to in this paragraph shall not constitute a waiver of any of the foregoing limitations on Disclosure Counsel's responsibilities unless otherwise agreed to in writing.

### **3. Costs and Expenses**

Unless otherwise provided in the Engagement Letter, the Issuer will pay Orrick for costs and expenses (direct and indirect) incurred in connection with the services set forth in the Engagement Letter, including (without limitation) filing and publication, document reproduction and delivery, travel, long distance telephone, telecopy, word processing, computer research, secretarial overtime, closing transcript and other similar expenses. Indirect costs, such as word

processing, document reproduction and transcript costs, shall be payable at Orrick's standard cost recovery rates from time to time in effect.

Any filing, publication or printing costs required in connection with the Bonds shall be paid directly by the Issuer, but if paid by Orrick on behalf of the Issuer, the Issuer shall reimburse Orrick for such costs upon demand.

If any claim or action is brought against Orrick or any of its personnel which alleges negligence or wrongdoing of the Issuer, or if Orrick or any current or former attorney or employee of Orrick is asked or required by a third party to testify or produce documents as a result of Orrick's representation of the Issuer, the Issuer agrees to pay Orrick for any resulting costs or expenses, including Orrick's time, even if Orrick's representation of the Issuer has ended. This paragraph is not intended to apply to any claim brought by or on behalf of the Issuer alleging wrongdoing by Orrick.

#### **4. Waiver of Conflicts of Interest**

Orrick's agreement to represent the Issuer is conditioned upon the understanding that Orrick is free to represent any clients (including entities that may be adverse to the Issuer) and to take positions adverse to either the Issuer or an affiliate in any matters (whether involving the same substantive area(s) of law for which the Issuer has retained Orrick or some other unrelated area(s), and whether involving business transactions, counseling, litigation or otherwise). Orrick agrees, however, to not represent any party other than the Issuer in connection with the Bond financing prior to the date of termination determined in accordance with Paragraph 8 hereof without thirty (30) days advance notice and the written consent of the Issuer. In this connection, the Issuer should be aware that Orrick regularly provides legal services for many private and public entities in connection with a wide variety of matters. (A summary of Orrick's current practice areas and the principal industries in which Orrick represents clients can be found on Orrick's web site at [www.orrick.com](http://www.orrick.com).) For example, Orrick has represented, is representing or may in the future represent other public entities, underwriters, trustees, rating agencies, insurers, credit enhancement providers, lenders, borrowers, developers, contractors, suppliers, financial and other consultants/advisors, accountants, investment and swap providers/brokers, providers/brokers of derivative products and others who may have a role or interest in the Bond financing or the Project or that may be involved with or adverse to Issuer. In addition, Orrick's wholly-owned subsidiary BLX Group LLC may provide financial advisory services, including arbitrage rebate compliance and other post-issuance compliance services, to other parties involved in the Bond financing and Orrick may provide legal advice to such other parties in connection with such BLX Group LLC services. Orrick will, of course, hold in confidence the Issuer's secrets and confidences and will remain subject to all applicable rules of professional responsibility, independent of this Conflict Waiver. Similarly, the Issuer understands that while

Orrick may obtain confidential information from other clients that may be of interest to the Issuer, Orrick cannot share such information with the Issuer. The Issuer acknowledges that it has had the opportunity to consult with its counsel about the consequences of the waiver set forth in this paragraph. The Issuer consents to these other representations, agrees that it will not seek to disqualify Orrick from any such present or future representations, and waives any actual or potential conflict of interest that might arise or be deemed to arise, now or in the future, from this engagement of Orrick to serve as Bond Counsel or Disclosure Counsel and any past, current or future representations.

#### **5. Internal Communications**

The occasion might arise for the Orrick attorneys providing service to the Issuer to consult regarding Orrick's engagement for the Issuer with Orrick's own counsel (e.g., Orrick's Chief Legal Officer, other firm lawyers working with Orrick's Chief Legal Officer who do not perform work for the Issuer with respect to the Bonds, or Orrick's own outside counsel). To the extent that Orrick is addressing Orrick's own rights or responsibilities, a conflict of interest might be deemed to exist between Orrick and the Issuer as to such consultation or resulting communications, particularly if a dispute were ever to arise between Orrick and the Issuer regarding the Bonds or matters relating to the issuance of the Bonds. The Issuer hereby consents to such consultation occurring, and waives any claim of conflict of interest based on such consultation or resulting communications that could otherwise disqualify Orrick from continuing to represent the Issuer or from acting in Orrick's own behalf, even if such consultation or communications might be deemed adverse to the interests of the Issuer. The Issuer acknowledges and agrees that any such consulting and communications are protected by Orrick's own attorney-client privilege from disclosure to the Issuer.

#### **6. Responsibilities of Orrick and the Issuer**

The Issuer shall have and will rely on the Issuer's elected, appointed or retained chief legal officer or on outside counsel (other than Orrick) ("Issuer Counsel") to render day-to-day and ongoing general legal services and to advise the Issuer with respect to all Governmental Decisions. Orrick shall circulate documents to and coordinate its services with Issuer Counsel to the extent requested by Issuer or Issuer Counsel. Orrick shall be entitled to assume that Issuer Counsel has reviewed all documents and matters submitted to Issuer for adoption or approval or to officers of Issuer for execution prior to such adoption, approval or execution.

In rendering opinions and performing legal services, Orrick shall be entitled to rely on the accuracy and completeness of information provided and certifications made by, and opinions provided by counsel to, Issuer and other parties, counsel and consultants, without independent investigation or verification. Knowledge of attorneys and non-attorneys at Orrick not working

directly on the Bond issue will not be imputed to Orrick nor shall there be any duty on Orrick's part to make any inquiry of such other attorneys or non-attorneys.

Orrick will provide to the Issuer legal counsel and assistance in accordance with the accompanying engagement letter and this Standard Terms of Engagement. The Issuer will not look to or rely upon Orrick for any investment, accounting, financial or other non-legal advice or for any advice with respect to Governmental Decisions, including without limitation any advice regarding the character or credit of any person with whom the Issuer may be dealing. Although Orrick will at times communicate with the Issuer by e-mail, letter, or other written form, Orrick may provide much of its counsel and assistance in telephone conversations and meetings with the Issuer. In addition, Orrick shall have the right, subject to applicable rules of professional responsibility, to discard any files or other materials relating to the Bonds either before or after termination of Orrick's representation of the Issuer.

For Orrick to represent the Issuer effectively, Orrick needs the Issuer to provide Orrick with complete and candid information regarding matters relating to the Bonds and the Project, and, if Orrick is providing Disclosure Counsel Services, regarding financial, operating and other information material to prospective investors in the Bonds, to keep Orrick informed of relevant developments, to make decisions necessary for Orrick to fulfill its responsibilities with respect to the Bonds and otherwise to provide to Orrick the Issuer's reasonable assistance and cooperation.

Orrick shall maintain errors and omissions insurance coverage applicable to the services to be rendered pursuant to the Engagement Letter.

The Engagement Letter and these Standard Terms and Conditions shall not be the basis of any breach of contract claim that would have the effect of extending any statute of limitations pertaining to legal malpractice to the statute of limitations pertaining to breach of contract.

Orrick will not be responsible for any services performed by, or acts or omissions of, any co-counsel or other transaction participant.

#### **7. Client Files (Cloud Storage, Retention and Disposition)**

Orrick recognizes that cloud computing services offer valuable tools to Orrick's clients and has entered into arrangements with certain providers of those services to host, process, and analyze data, including client data. Like online services or platforms, cloud computing services are not immune from security compromises. While Orrick maintains a cyber security vendor risk management program, Orrick cannot guarantee the security of any cloud computing service, including third-party cloud computing services utilized by Orrick. If the Issuer does not wish to have its information and data stored with third party cloud service providers, the Issuer must

advise Orrick not to do so. Orrick will not be responsible for security or confidentiality breaches that occur with respect to any cloud computing service.

Unless otherwise required by specific Issuer instruction, Orrick will retain all hardcopy and electronic records for a period of years consistent with Orrick's internal record retention policy. When that time expires, Orrick's policy is to destroy all records related to the Bonds in a manner that preserves confidentiality. The Issuer understands and agrees that records related to the Bonds will be destroyed in the absence of such alternate instruction. For these purposes "records" includes paper files as well as information in other mediums of storage including voicemail, email, printer files, electronic document files, facsimiles, dictation recordings, video files, and other formats.

Orrick reserves the right to make, at Orrick's expense, certain copies of all documents generated or received by Orrick in the course of Orrick's representation of the Issuer. Orrick will maintain the confidentiality of all documents throughout this process.

Orrick's own files pertaining to the Bonds will be retained by the firm (as opposed to being sent to the Issuer) or destroyed. These firm files may include internal communications, firm administrative records, time and expense reports, personnel and staffing materials, and credit and account records. Orrick reserves the right to destroy or otherwise dispose of any of Orrick's own files within a reasonable time after the engagement has concluded.

## **8. Termination**

The Issuer may terminate Orrick's representation of the Issuer at any time, with or without cause. Orrick may terminate its representation of the Issuer at any time, with or without cause, subject to applicable rules of professional responsibility, including if, among other things, the Issuer fails to cooperate or follow Orrick's advice on a material matter, or any fact or circumstance arises that, in Orrick's view, renders Orrick's continuing representation unlawful or unethical. Orrick may terminate or suspend its representation of the Issuer, subject to applicable rules of professional responsibility, if the Issuer fails to make timely payment on any invoice. In the event of termination by either the Issuer or Orrick, the Issuer shall pay Orrick fees and costs for work performed prior to termination and Orrick will have no responsibility or liability whatsoever for any subsequent use of documents prepared or advice provided by Orrick prior to termination. The Issuer acknowledges that it has had an opportunity to consult with its counsel about the consequences of Orrick's disclaimer of responsibility and liability herein.

## **9. Date of Termination**

Orrick's representation of the Issuer with respect to the matters covered by the Engagement Letter will be considered terminated at the earliest of (i) the Issuer's termination of

the representation, (ii) Orrick's termination of the representation, (iii) the issuance of the Bonds or (iv) the Issuer's abandonment of the Bond financing. Sections 3, 4, 5 and 7 of this Standard Terms of Engagement shall survive termination of the representation.

**10. Notices**

Any and all notices pertaining to this Engagement Letter shall be sent by U.S. Postal Service, first class, postage prepaid to Orrick at 2050 Main Street, Suite 1100, Irvine, California 92614, Attention: Donald S. Field, and to the Issuer at 3801 Via La Selva, Palos Verdes Estates, California 90274, Attention: Associate Superintendent, Business Services.