

January 12, 2021

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SENT VIA U.S. MAIL AND EMAIL

(_____)

Oversight Board of the Successors Agencies
in The Third District of Los Angeles County

_____, California 9_____

RE: ENGAGEMENT AGREEMENT FOR LITIGATION SERVICES

Dear _____:

We are pleased that the Oversight Board to the Successor Agencies of the Third Supervisorial District of Los Angeles County (the "Oversight Board") has chosen to engage the services of Varner & Brandt LLP (the "Firm") for its legal needs. This letter shall serve as an agreement between the Oversight Board and the Firm, setting forth the anticipated scope of our services and the billing policies and practices that apply to the engagement ("Agreement").

Scope of Engagement. The Oversight Board has requested the engagement of the Firm to serve as Independent Counsel to provide the Oversight Board with litigation services reasonably required to represent and defend the Oversight Board in connection with the following litigation matters (collectively "Litigation"):

AIDS Healthcare Foundation v. City of Los Angeles, et al
Sacramento Superior Court Case No. 34-2020-80003462-CU-WMGDS

Hollywood Heritage Inc. v. City of Los Angeles, et al
Sacramento Superior Court Case No. 34-2020-80003493-CU-WM-GDS

The Oversight Board may terminate this Agreement, with or without cause, after no less than ten (10) days written notice to the Firm of termination. The limit on the amounts billed by the Firm under this Agreement shall be \$100,000. If at any time in the course of its representation, the Firm anticipates that its services shall require exceeding the \$100,000 limitation, the Firm shall notify the Los Angeles County Auditor-Controller and the Chair of the Oversight Board.

Sean Varner and Nathan Heyde will be the attorneys responsible for representing the Oversight Board in the Litigation and will lead the team of attorneys identified herein, coordinating the work to ensure the quality and timeliness of the team's work and efforts. The Firm will provide all legal services reasonably required to represent the Oversight Board, as directed by the Oversight

Board, and will keep the Oversight Board apprised of developments involving our representation. The Oversight Board may request that we expand the scope of our litigation services under this Agreement to cover additional litigation matters and, if we agree to do so, our representation may be expanded in the future to include additional matters, pursuant to an amendment to this Agreement that must be approved by the Los Angeles County Auditor-Controller and the Oversight Board. Please note that we reserve the right to limit the scope of this engagement as necessary to avoid conflicts or potential conflicts with the Firm's representation of other clients.

Billing Policies and Procedures. The Firm seeks to provide the most efficient legal services without sacrificing the quality and accuracy of counsel and services. The Firm's fees will be based upon the time reasonably expended to render the required services. Services will be billed within a fraction thereof to the tenth of an hour and computed at the following rates, which we discounted from our standard rates:

<u>Attorney</u>	<u>Billing Rate per Hour</u>
Sean S. Varner	\$380
Nathan W. Heyde	\$350
Scott R. Heil	\$350
Kristin C. Varner	\$325
Brendan Brandt	\$395 (Litigation)

Particular projects, of course, may present the opportunity for alternative billing arrangements, including flat fee and hybrid structures. Any alternative billing structure must be agreed to in writing by all the parties to this Engagement Agreement. Billing rates do not always reflect the actual bills but represent our guidelines for determining appropriate charges for the work performed. We assess our billing on a case-by-case basis and make adjustments when we believe such adjustments are appropriate. These adjustments may be reflected in the billing rates utilized to determine our charges to the Oversight Board during the course of our engagement.

The Oversight Board will be responsible for all reasonable costs of the Litigation including, but not limited to, messenger fees, recording fees, and any costs we advance or incur internally on the Oversight Board's behalf. Costs, other than insubstantial ones, are not normally advanced by us. To the extent we feel it is appropriate, we will absorb certain insubstantial costs which do not represent out-of-pocket expenses we incur on the Oversight Board's behalf, such as facsimile fees, copying charges and phone costs. Notwithstanding the forgoing, the Firm shall be responsible for any costs incurred that are necessary due to circumstances caused or created by the Firm (e.g., express messenger service charges needed due to Firm's failure to provide timely service by more economical means).

Only professional services will be billed. Secretarial or clerical functions do not constitute professional services. Two billing statements for services performed will be prepared on a monthly basis, as set forth below:

1. One billing statement ("Detailed Billing Statement") will be itemized to specify:
(1) the legal professional performing the service; (2) the type of service performed;
(3) the successor agency and/or city involved or if the service was general to the entire Oversight Board (i.e. meeting attendance); (4) a **thorough** description of the

services rendered, including the case name and case number of the litigation and date the service was performed; and (5) the actual time expended on the service by tenth of an hour.

2. A second billing statement ("Summary Billing Statement") will be itemized to specify: (1) the legal professionals performing the service; (2) the type of service performed; (3) the successor agency and/or city involved; (4) a **summary** of the type of services rendered, including the case name and case number of the litigation and date the service was performed, but omitting confidential attorney-client information; and (5) the actual time expended on the service by tenth of an hour. The Summary Billing Statement shall also include, at the end of the statement, a certification and signature block for the Chair of the Third District Consolidated Oversight Board to certify that the work invoiced in the Summary Billing Statement was performed.

The Summary Billing Statement, once signed by the Chair, shall be delivered to the Auditor-Controller for payment. Payment shall be issued in arrears by the Auditor-Controller after approval of Summary Billing Statement by the Oversight Board, and best effort will be made for payment to be within 90 days of Oversight Board approval. If a billing statement or portion thereof is disputed by the Los Angeles County Auditor-Controller or the Oversight Board ("disputing party"), the dispute shall be submitted to the Firm in writing. The disputing party and the Firm shall negotiate to resolve the dispute in good faith. If the disputing party and the Firm are unable to resolve the dispute within 30 days, then either the disputing party or the Firm may file suit in a court of competent jurisdiction to resolve the dispute.

General Responsibilities of Attorney and Client. The Firm will provide the above-described legal services for the Oversight Board's benefit only, for which it will be billed in the manner set forth above. We will keep the Oversight Board apprised of developments as necessary to perform our services and will consult with the Oversight Board as necessary to ensure the timely, effective and efficient completion of our work.

The Oversight Board agrees to provide the Firm with such factual information and documents as we require to perform the services (and any updates for changes), make any business or technical decisions and determinations as are appropriate to facilitate the completion of our services, and will remit payment of our billing statements within ninety (90) days of receipt, in accordance with the procedures described above. Certain documents we create are the copyrighted material of our firm and may not be used for any matter other than the intended transaction or any litigation matter.

The Firm will maintain in full force and effect, an insurance policy covering liability for errors and omissions of the Firm in performing the scope of services described herein, in an amount of not less than One Million Dollars (\$1,000,000.00). In addition, the Firm will maintain general liability insurance in an amount of not less than One Million Dollars (\$1,000,000.00) and workers' compensation coverage in accordance with the California workers' compensation laws for all workers under the Firm's employment performing work under this engagement.

Finally, it should be noted that nothing in this Agreement or in the Firm's statements will

be construed as a promise or guarantee of any particular outcome or result. The Firm makes no such promises or guarantees and any comments about the matter are expressions of opinion only. Any estimate of fees given by the Firm are not a guarantee, and the Oversight Board understands that actual fees may vary from the estimates given.

We are delighted to be asked to serve as Independent Litigation Counsel to the Oversight Board and look forward to working with the Oversight Board on this engagement. Should the Oversight Board ever wish to discuss any matter relating to our legal representation, please do not hesitate to call me directly.

If this letter correctly reflects our Agreement, please sign and date where indicated and return the executed copy to our office.

Very truly yours,

Sean S. Varner
of VARNER & BRANDT LLP

SSV/cp
Encls.

I have read the above letter concerning our Agreement for legal representation by Varner & Brandt LLP, and agree to the terms and conditions set forth in this letter.

Dated: _____, 2021

OVERSIGHT BOARD OF THE SUCCESSORS
AGENCIES IN THE THIRD DISTRICT OF LOS
ANGELES COUNTY

By: _____

Name: _____

Its: _____