

PARADISE REDEVELOPMENT AGENCY

RESOLUTION NO. 09-04

RESOLUTION APPROVING ENGAGEMENT LETTER
WITH MEYERS, NAVE, RIBACK, SILVER & WILSON
FOR BOND COUNSEL SERVICES RESPECTING THE
2009 TAX ALLOCATION REFUNDING BONDS

WHEREAS, by its Resolution No. 08-05, adopted on October 28, 2008 (the "Authorizing Resolution"), this Governing Board (this "Board") of the Paradise Redevelopment Agency (the "Agency") has authorized the issuance, sale and delivery of its 2008 Tax Allocation Refunding Bonds (now renamed and referred to in this resolution as the "2009 Refunding Bonds" as a result of the delay in issuance, sale and delivery due to bond market conditions beyond the control of the Agency) for the purpose of refunding the previously-issued 2003 Tax Allocation Notes and the 2005 Tax Allocation Notes of the Agency (the "Refunding Program"); and

WHEREAS, the bond counsel legal services for the 2009 Refunding Bonds and the Refunding Program have been provided to date by Samuel A. Sperry, formerly an Attorney of Counsel with Orrick, Herrington & Sutcliffe LLP ("Orrick") and now an Attorney of Counsel with Meyers, Nave, Riback, Silver & Wilson ("Meyers Nave"), without benefit of an approved agreement respecting such bond counsel services; and

WHEREAS, with the actual sale of the 2009 Refunding Bonds having occurred on October 1, 2009; with delivery of the 2009 Refunding Bonds scheduled for October 21, 2009; and with the law firm of Meyers Nave having submitted a proposed legal services agreement in the form of an engagement letter, dated September 15, 2009 (the "Engagement Letter"), and the Engagement Letter having been presented to this meeting for consideration by this Board; and

WHEREAS, under the terms of paragraph 10 of the Engagement Letter, the \$30,000 of legal fees payable for the services which have been and will be provided with respect to the 2009 Refunding Bonds and the Refunding Program will be divided between Orrick and Meyers Nave on the basis of the time expended by attorneys of the two law firms on the 2009 Refunding Bonds and the Refunding Program; and

WHEREAS, this Board wishes to approve the Engagement Letter;

NOW, THEREFORE, the Governing Board of the Paradise Redevelopment Agency hereby finds, determines and resolves as follows:

Section 1. The foregoing recitals are true and correct, and this Board so finds and determines.

Section 2. This Board hereby approves the Engagement Letter presented at this meeting and authorizes and directs the Executive Director of the Agency to execute and deliver it to Meyers Nave on behalf of the Agency. The Engagement Letter is attached as Exhibit A.

Section 3. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED by the Paradise Redevelopment Agency this 13TH day of October, 2009 by the following vote:

AYES:

NOES:

ABSENT:

NOT VOTING:


Frankie Rutledge, Chair

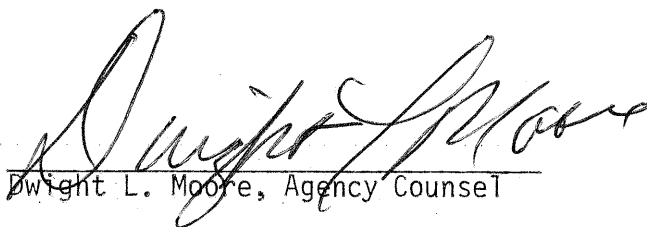
ATTEST:

BY: 
Joanna Gutierrez, Agency Secretary

CERTIFICATION

I HEREBY CERTIFY that this resolution was adopted at regular meeting of the Paradise Redevelopment Agency Board of Directors on October 13, 2009.


Joanna Gutierrez, Agency Secretary


Dwight L. Moore, Agency Counsel

meyers | nave riback silver & wilson
professional law corporation

Samuel A. Sperry
Attorney at Law
510.808.2000

September 15, 2009

Charles L. Rough, Jr.
Executive Director
Paradise Redevelopment Agency
5555 Skyway
Paradise, CA 95969

Re: Engagement of Bond Counsel Legal Services; 2009 Refunding Bonds,
Paradise Redevelopment Project, Paradise Redevelopment Agency

Dear Chuck:

This letter is to outline the terms of the engagement of Meyers, Nave, Riback, Silver & Wilson ("Meyers Nave") to provide bond counsel legal services to the Paradise Redevelopment Agency (the "Agency") in connection with the proposed issuance, sale and delivery to the Paradise Financing Authority (the "Authority") for resale to Kinsell, Newcomb & DeDios, Inc. (the "Underwriter"), of tax allocation refunding bonds (the "2009 Refunding Bonds") the proceeds of which will refinance a portion of the cost and expense of the Agency's Paradise Redevelopment Project (the "Project"). Specifically, this letter sets forth the legal services we will provide, the services which are not included, and our compensation arrangements for the services to be provided, and when executed by you on behalf of the Agency where provided on page 3, this letter shall constitute the agreement between Meyers Nave and the Agency with respect thereto.

The 2009 Refunding Bonds are being issued pursuant to the provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State of California (the "Law"), and an Indenture (the "Original Indenture") dated as of December 1, 2003, as supplemented by the First Supplemental Indenture, dated as of October 1, 2005 (the "First Supplemental Indenture"), as further supplemented and amended by the Second Supplemental Indenture, dated as of December 1, 2006 (the "Second Supplemental Indenture"), and the Third Supplemental Indenture, dated as of October 1, 2009 (the "Third Supplemental Indenture"). Collectively, the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture and the Third Supplemental Indenture, each between the Agency and Wells Fargo Bank, National Association, as Trustee (the "Trustee"), are referred to hereafter in this letter as the "Indenture."

The Agency has previously issued (a) its 2003 Tax Allocation Notes (the "2003 Notes") in the principal amount of \$1.6 million pursuant to the Original Indenture, (b) its 2005 Tax Allocation Notes (the "2005 Notes") in the principal amount of \$2.3 million (on a parity with the 2003 Notes) pursuant to the First Supplemental Indenture, and (c) its 2006 Subordinate Tax Allocation Notes (the "Subordinate Notes") in the principal amount of \$1,300,000 pursuant to the Second Supplemental Indenture. The proceeds of sale of the 2009 Refunding Bonds will be used to (a) refund the Agency's outstanding 2003 Notes and 2005 Notes, (b) fund a debt service reserve for the 2009 Refunding Bonds and (c) pay the costs of issuance of the 2009 Refunding Bonds (together, the "Refunding Program").

It is expressly understood that the Subordinate Notes will remain outstanding, and the charge and lien upon Tax Revenues (as said term is defined in the Indenture) securing the 2009 Refunding Bonds will be senior to the charge and lien upon Tax Revenues securing the Subordinate Notes.

We look forward to this opportunity to serve as your lawyers and to working with you, other Agency officers and staff and the Agency's Financial Advisor, Underwriter and Trustee to implement the Refunding Program.

1. Scope of Engagement. We will provide the legal services outlined in Attachment 1, which also describes (a) items which are expressly excluded and (b) items to be provided by the Agency, whether directly or others who may be retained to assist the Agency with the Refunding Program. Our work is limited to the services described, unless a separate written agreement between Meyers Nave and the Agency is established respecting any of the excluded services. A letter confirming such additional work and the compensation for such additional work shall bring such work within the scope of this agreement.

The services of Meyers Nave under this agreement will be provided primarily by Samuel A. Sperry, Attorney of Counsel, with assistance from time to time by Stephanie Downs, Associate Attorney, providing services under the supervision of Mr. Sperry.

2. Compensation. As compensation for our services, our legal fees will be a flat amount of \$30,000. In addition, we will be entitled to reimbursement of our customary out-of-pocket expenses for duplicating, telephone and facsimile transmission charges, postage and express delivery charges, travel expense (including parking charges, bridge tolls and mileage at rates as authorized by the IRS from time to time) in the unexpected event of attendance at meetings away from the Bay Area as requested by the Agency, and preparation and distribution of closing transcripts to participants.

Payment of such legal fees and expenses shall be entirely contingent upon receipt by the Agency of the proceeds of sale of the 2009 Refunding Bonds and shall be payable based upon an invoice respecting same to be submitted to the Agency and the Trustee not later than the day prior to the date on which the 2009 Refunding Bonds are delivered to the Underwriter.

3. Conflict of Interest. Meyers Nave certifies that it has no interest, either direct or contingent, in any property or contract arising from or affected by the Agency, the Project or the Refunding Program, except as bond counsel to the Agency under this agreement, and Meyers Nave has not received a fee or other form of compensation from any source for services connected with the Project or the Refunding Program.

Meyers Nave has provided legal services to other local governmental agencies that include counties (including the County of Butte), cities, redevelopment agencies, special districts and other political subdivisions, as well as departments and agencies of the foregoing. Meyers Nave is providing services for these clients from time to time and expects to continue to do so in the future. The Agency is aware of Meyers Nave's ongoing relationships with such entities. No conflict is currently perceived to exist from such representations. To the extent that any actual conflict is perceived to arise from such relationships, Meyers

Nave will apprise the Agency of such conflict and, after reasonable review and consideration, the Agency will inform Meyers Nave whether it will waive such conflict.

4. Termination of Services. The Agency may terminate our services at any time by written notice. After receiving such notice, we will cease providing services. In the event of such termination by the Agency, whether with or without cause, Meyers Nave shall be entitled to compensation consisting of (a) legal fees for all time expended prior to receipt of the Agency's notice of termination at the hourly rates assigned to the personnel who have provided services under this agreement and (b) reimbursement of out-of-pocket expenses as outlined in paragraph 2 above; provided that the amount of legal fees payable pursuant to this paragraph 4 shall not exceed \$30,000. Payment of compensation following termination pursuant to this paragraph 4 shall be due and payable to Meyers Nave within 30 days of submission to the Agency of an invoice respecting same.

5. Insurance. During the term of this engagement, this law firm shall take out and maintain (a) general liability and property damage insurance and (b) automobile liability and property damage insurance, each in the amount of \$1,000,000, and in each case (whether a single policy or two separate policies) naming the Agency as an additional insured; professional errors and omissions insurance, in an amount of \$2,000,000 per occurrence; and \$4,000,000 aggregate, which insurance may not be canceled or reduced in required limits of liability unless at least ten days advance written notice be given to the Agency.

6. No Guarantee of Outcome. Any comments made by us about the potential outcome of this matter are expressions of opinion only and are not guarantees or promises about any outcome or results, including but not limited to successful consummation of the Refunding Program or the successful execution, sale and delivery of the 2009 Refunding Bonds.

7. Governing Law; Venue. This agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this agreement shall be filed in the Superior Court of Alameda County, California or in the Federal District Court for the Northern Agency of California.

8. Entire Agreement; Full Understanding; Modifications in Writing. This letter contains our entire agreement about our representation. Any modifications or additions to this letter agreement must be made in writing.

9. Joint Representation. Our firm maintains *of counsel* agreements with certain legal specialists, including but not limited to Perry Israel of the Law Office of Perry Israel, Sacramento, California, respecting federal income tax considerations pertaining to the 2009 Refunding Bonds. Because these individuals are deemed independent contractors under the applicable provisions of the tax laws and not employees of the firm, it is necessary that you consent to dual representation by the firm and the specialist in the event the matter pertaining to this engagement requires the use of that specialist. This arrangement has no effect whatsoever on the cost of our legal services, rather it is an ethical requirement that we disclose this fact and that you consent. You are consenting by signing this letter.

Charles L. Rough, Jr.
September 15, 2009
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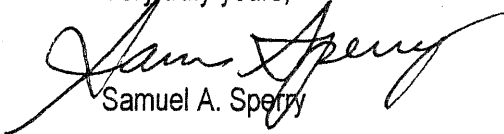
10. Termination of Services of Orrick, Herrington & Sutcliffe LLP; Meyers Nave to Compensate Orrick.

The parties hereto expressly acknowledge that Mr. Sperry performed work on this matter while employed at Orrick, Herrington & Sutcliffe LLP, San Francisco, California ("Orrick"), though without benefit of a written agreement pertaining to same. Having determined that the Agency wishes to have Mr. Sperry continue to provide legal services to the Agency with respect to the Refunding Program, the Agency hereby terminates the services of Orrick on the express condition that Meyers Nave has established an agreement with Orrick to divide the legal fees payable under this agreement with Orrick based upon the time expended by Mr. Sperry and other attorneys at Orrick and the time expended by Mr. Sperry and other attorneys at Meyers Nave.

Conclusion

In conclusion, we would request that you review this letter and, if it is consistent with your understanding of our respective responsibilities, please sign and return a copy of this letter to me at your earliest convenience, retaining a copy for your own records. Again, we look forward to serving as your lawyers for this Refunding Program.

Very truly yours,



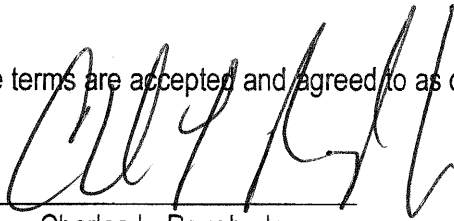
Samuel A. Sperry

Attachment: Attachment No. 1 – Scope of Services

cc: Conflicts Department
Billing Department

These terms are accepted and agreed to as of the date of this letter.

By: _____



Charles L. Rough, Jr.
Executive Director
Paradise Redevelopment Agency

ATTACHMENT 1

1. Scope of Legal Services

(a) Consultation with Agency staff, Financial Advisor and Underwriter with respect to the timing, terms and legal structure of the proposed 2009 Refunding Bonds, to be secured by a pledge of the Tax Revenues of the Project, said pledge to be senior to the pledge securing the Subordinate Notes.

(b) Preparation of resolutions to be adopted by the Agency Board and the Authority Board required for the authorization, issuance, sale and delivery first to the Authority and then to the Underwriter of the 2009 Refunding Bonds, together with the Third Supplemental Indenture, the Bond Purchase Agreement and the Continuing Disclosure Certificate (collectively, the "Bond Documents").

(c) Attendance at such meetings of the Agency Board or working group meetings or conference calls as the Agency may request.

(d) Performance of any review or analysis of Tax Revenues to determine whether issuance of the 2009 Refunding Bonds will cause the Agency to violate any provisions of the Indenture, including but not limited to any coverage requirements.

(d) Review of the Preliminary Official Statement and the Official Statement derived therefrom, each to be prepared by the Financial Advisor, for the limited purpose of enabling Bond Counsel to provide the supplemental opinion and the negative assurance letter respecting the Official Statement as provided in the Bond Purchase Agreement.

(e) Preparation of book-entry bonds and the final closing papers to be executed by the Agency, the Financial Advisor, the Underwriter and the Trustee as required to effect delivery of the 2009 Refunding Bonds to the Underwriter in accordance with the Bond Purchase Agreement, and coordination of the Pre-Closing and the Closing, including but not limited to execution and delivery to the Trustee of the book-entry bonds and execution of the Bond Documents.

(f) Rendering of Bond Counsel's customary final legal opinion on the validity of the 2009 Refunding Bonds and the tax-exempt status of interest thereon, together with the supplemental opinion and the negative assurance letter prescribed by the Bond Purchase Agreement.

(g) Preparation of a transcript of proceedings and the Closing for the Agency and such other participants as designated by the Agency.

2. Exclusions

Meyers Nave's services are limited to those specifically set forth above. Meyers Nave's services do not include representation of the Agency or any other party to the transaction in any litigation or other legal or administrative proceedings involving any of the 2009 Refunding Bonds, the Refunding Program, the Project or any related matter.

Additionally, Meyers Nave services also do not include any responsibility for any aspect of the Project or the implementation of the Project or the Refunding Program, including but not limited to the redemption of the 2003 Notes and the 2005 Notes. Meyers Nave services do not include any financial advice or analysis. Also,

Meyers Nave's services will not extend past the date of execution and delivery of the 2009 Refunding Bonds and will not, for example, include services related to investment of proceeds of sale of the 2009 Refunding Bonds, rebate compliance or continuing disclosure obligations as specified by the Continuing Disclosure Certificate.

3. Services to be Provided by the Agency.

To enable Meyers Nave to perform the services enumerated in paragraph 1 above, the Agency will provide, either directly or through others retained for the purpose, the following:

- (a) All planning services and financial analysis required by the Agency for the planning and implementation of the Project, together with any amendments to the Redevelopment Plan for the Project, and for the administration of Tax Revenues in accordance with the Law and the Indenture.
- (b) Preparation, printing and distribution of the Preliminary Official Statement and the Official Statement pertaining to the 2009 Refunding Bonds and the Refunding Program.
- (c) Coordination of application procedures to obtain a rating on the 2009 Refunding Bonds.
- (d) Preparation and timely delivery of the notice of redemption and coordination of the redemption of the 2003 Notes and the 2005 Notes, all in accordance with the Indenture.
- (e) Preparation of a debt service schedule for the 2009 Refunding Bonds and calculations required for the preparation of the IRS Form 8038-G.