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July 8, 2013

Supervisor Keith Carson
Chairman
Oakland Oversight Board
1 Frank H. Ogawa Plaza
Oakland, CA 94612

Re: Engagement and Fee Agreement for Legal Services
File No.: 12097-000001

Dear Chairman Carson:

We are pleased that you have asked Sedgwick LLP ("Sedgwick" "we" "us" or "our") to represent and advise the Oakland Oversight Board (the "Board") ("Client" "you" or "your") as legal counsel. This letter agreement sets out the scope of the legal services for which you have retained us and the terms and conditions of our representation.

Scope of Engagement. We will represent you with respect to the Board's obligations under Health & Safety Code Division 24, Part 1.85, Section 34170 et. seq.

For purposes of this engagement, we will be representing you only, and all duties and responsibilities created and imposed by this agreement shall be owed solely to you and we will not be deemed to represent the interests of any of your affiliates, subsidiaries, parent companies, joint ventures, officers, directors, partners, principals, investors or employees (collectively, "Your Affiliates"), unless otherwise agreed to in writing. Accordingly, we will be free to represent other firm clients adverse to or involving Your Affiliates or their interests. Unless otherwise agreed in writing, the terms of this letter also will apply to any additional matters we agree to handle on your behalf or at your direction.

Fees and Rates. You agree to pay our fees for services, which are primarily determined by multiplying the number of hours we spend working on your matter by the hourly rates then in effect for the professional providing such services. I will be primarily responsible to represent you. My current hourly discounted rate for this engagement is \$285.00. It may be necessary or desirable, from time to time, to use other professionals and personnel employed by or associated with us to perform the services you require. We review our hourly rates annually and any changes normally become effective on January 1.

Payment of Costs. You agree to pay all out-of-pocket costs incurred in providing the subject legal representation in connection with any legal proceedings. You will be responsible for the actual fees and expenses on the basis described in this agreement.

Those types of out-of-pocket costs will include, but not be limited to: long distance telephone calls; fax changes; messenger and other delivery fees; postage; parking and other local travel expenses; photocopying

and other reproduction costs; charges for research computer time, such as LEXIS and WESTLAW; fees assessed by courts and other agencies; and similar items will be reflected on Sedgwick's monthly invoices.

Billing Policies and Procedures. We submit bills on a monthly basis shortly after services are rendered so you will have a ready means to monitor the expenses you are incurring. Our bills itemize the services performed by date, time required, and the professional performing the services. Payment is due within thirty (30) days of your receipt of the bill. Sedgwick reserves the right to assess late charges on outstanding balances not paid within the terms agreed upon in this letter.

Estimates. You may from time to time receive an estimate of the fees and expenses likely to be incurred by you in connection with the services we are providing. An estimate is not a fixed fee and does not constitute a commitment by us to perform services for that amount or an obligation by you to pay that amount. The fees and expenses required ultimately are a function of many conditions over which we have little or no control and may be more or less than any estimate. You will be responsible for the actual fees and expenses on the basis described in this agreement.

No Guarantee of Results. Either at the beginning or during the course of our representation, we may express our opinions or beliefs concerning the matter or various courses of action and the results that might be anticipated. Any such statement made by any attorney or employee of our firm is intended to be an expression of opinion only, based on information available to us at the time, and must not be construed by you as a promise or guarantee of any particular result.

Termination of Engagement. Either of us can terminate this relationship at any time, but if we find it necessary to terminate the relationship, we will comply with applicable legal requirements and our ethical obligations to protect your interests in the process of withdrawing. Upon termination of this engagement, you will remain responsible for the payment of all fees and expenses incurred on account of the representation.

Client Files. To save costs and improve efficiency, we intend to reduce the number of printed copies we will generate and store. That means that many client files will be "paperless" and that our files for your matter will be mostly or entirely electronic.

At the conclusion of your matters, we will typically send you a written notice that the matter is concluded and ask you what you want us to do with your file. A client always has a right, at all times, to ask for its file, papers, and property. Unless we hear otherwise from you, we will retain a copy of your file for seven (7) years after the matter is concluded and then will discard the electronic copy and any paper documents without further notice to you.

Conflicts of Interest. You understand and acknowledge that while Sedgwick is representing you, we may be asked to represent a client in connection with matters adverse to or involving your interests. Because of the size, geographical reach and the broad scope of Sedgwick's legal practice, it is possible that lawyers in one or more of the firm's offices or departments may now or in the future represent parties in matters in which their interests are adverse to those of you or Your Affiliates, or that have contractual or other dealings with you. By executing this letter, you acknowledge that we may represent in the future, clients who directly, or through an affiliate, may be adverse to you or Your Affiliates. You hereby acknowledge and agree that you have no objection to our representing such clients adverse to you or your interests in connection with any matter not directly related to those matters for which we are representing or have represented you, and you waive any conflict of interest that may exist by virtue of any such adverse representation, provided that (i) any matter in which Sedgwick represents an adverse party is not

substantially related to the firm's work for the Board, and (ii) if appropriate, an ethical wall is created to separate the other matters from the matters Sedgwick is handling for the Board. This consent and waiver does not permit us to use any confidential information obtained during the course of our representation of you in any matter, nor does it extend to our engaging in litigation, arbitration or other formal dispute resolution proceedings adverse to you without your consent.

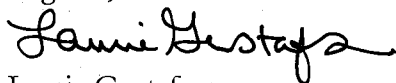
Arbitration. We appreciate the opportunity to serve as your attorneys and look forward to a harmonious relationship unmarred by disputes between us. In the event you become dissatisfied for any reason with the fees charged or the services we have performed, we encourage you to bring that to our attention immediately; we will do the same if we perceive a problem with the representation. It is our belief that most such problems can be resolved by good faith discussion between the parties. Nevertheless, it is always possible that some dispute may arise which cannot be resolved by discussion between us. We believe that such disputes can be resolved more expeditiously and with less expense to all concerned by binding arbitration rather than by court action. Accordingly, both you and we agree to be bound by the Arbitration Provision attached hereto as Schedule A and incorporated herein by this reference.

Effective Date. This agreement will not take effect, and we will have no obligation to provide services to you, until you return a signed copy of this agreement, but the effective date of this agreement will be retroactive to the date we first provided legal services to you. Even if this agreement is not executed and returned by you, you will be obligated to pay the reasonable value of any services we may have performed for you at your direction.

Entire Agreement. This letter reflects the entire agreement and understanding between you and the Firm. No amendment or modification to this agreement will be effective unless it is in writing and signed by both you and us. Signatures sent via email are as effective as original signatures.

If this agreement is acceptable to you, please sign, date and return this letter to me and keep a copy for your files. You may send it as a PDF file attached to an email to laurie.gustafson@sedgwicklaw.com. We appreciate this opportunity to be of service to you.

Regards,



Laurie Gustafson
Sedgwick LLP

We hereby agree to retain Sedgwick LLP on the terms described above.

OAKLAND OVERSIGHT BOARD

(Created Pursuant to Health and Safety Code Section 34179)

By: _____

Keith Carson

(Print Name)

Title: Chairman

Dated: Effective July 8, 12013

Schedule A

ARBITRATION PROVISION

Arbitration is a process by which both parties to a dispute agree to submit the matter to a judge or arbitrator who has expertise in the area and to abide by the arbitrator's decision. In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Rules of evidence and procedure are often less formal and rigid than in a court trial. Arbitration usually results in a decision much more quickly than proceedings in court. Please note that you are free to discuss the advisability of arbitration with other counsel or advisors.

By signing this letter, you agree that, in the event of any dispute arising out of or relating to this agreement, our relationship, or the services performed (including, but not limited to, disputes alleging negligence, breach of fiduciary duty, fraud, or any claim based upon a statute), such disputes shall be resolved by submission to binding arbitration in San Francisco County, California before a neutral arbitrator in accordance with and under the rules of the American Arbitration Association ("AAA"), unless we mutually agree to another arbitration service (AAA or such other arbitration service being referred to as the "Arbitration Service"); provided however, that, in the event of any inconsistency between the rules and procedures of the Arbitration Service and the terms of this Agreement, the terms of this Agreement shall prevail. If we are unable to agree on an arbitrator, each party will name one arbitrator and the two persons so named will select a neutral arbitrator who will act as the sole arbitrator.

The parties shall be entitled to take discovery in accordance with the provisions of the California Code of Civil Procedure, but either party may request that the arbitrator limit the amount or scope of discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

The prevailing party shall be entitled to recover all reasonable attorneys' fees, expert fees, expenses, and costs (whether or not such fees, expenses, and costs are recoverable pursuant to the California Code of Civil Procedure). You agree that, if we represent ourselves in such arbitration and we are the prevailing party, we shall be entitled to recover the reasonable value of the services of fees of our attorneys representing us in such arbitration (based on their normal billing rates). Absent this agreement, we may be precluded from recovering attorneys' fees unless we retain other counsel to represent us in such arbitration.

Notwithstanding the foregoing, in the event a dispute arises between us relating to the amount or payment of our fees, you have the right to request arbitration of such fee dispute under the procedures provided in Sections 6200-6206 of the California Business & Professions Code (which may include the right to request nonbinding arbitration), as opposed to the procedures described in this letter. This firm is required to give you notice of this right at the commencement of any action to recover fees, which will also include the process for electing the alternative arbitration procedures. Any other claims or disputes between us, including claims for professional negligence, shall remain subject to the binding arbitration procedures as provided in this letter.