

**AMENDMENT NUMBER THREE  
TO PROFESSIONAL SERVICES AGREEMENT  
WITH STRADLING YOCCA CARLSON & RAUTH, PC**

This **Amendment Number Three to Professional Services Agreement with Stradling Yocca Carlson & Rauth, PC** ("Amendment Three") is made and entered into as of the 1st day of August, 2017 ("Effective Date"), by and among the **CITY OF COSTA MESA**, a municipal corporation ("City"), the **SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY**, a public entity existing under Division 24, Part 1.85 of the California Health and Safety Code ("Successor Agency"), the **COSTA MESA HOUSING AUTHORITY**, a public body corporate and politic ("Housing Authority"), and **STRADLING YOCCA CARLSON & RAUTH, PC**, a California professional law corporation ("Consultant"). Together, City, Successor Agency, and Housing Authority may be referred to as "City."

WHEREAS, City and Consultant entered into a professional services agreement dated as of February 1, 2012 for Consultant to provide special counsel legal services to the City ("Agreement"); and

WHEREAS, City and Consultant previously amended and extended the Agreement for one (1) year, through January 31, 2018 by Amendment Number One to Professional Services Agreement; and

WHEREAS, City and Consultant previously amended the Scope of Services to more fully describe the legal services that Consultant will render related to the City's potential issuance of Certificates of Participation for the Lions Park project by Amendment Number Two to Professional Services Agreement; and

WHEREAS, City and Consultant desire to further amend the Scope of Services to include public finance legal services for the refunding of the \$29,960,000 City of Costa Mesa, 2007 Certificates of Participation (Police Facility Expansion Project) ("2017 Refunding COPS"), as set forth in Exhibit "A," attached hereto and fully incorporated herein by this reference; and

WHEREAS, Consultant is performing the scope of services described in Amendment Number Two and the scope of services described in this Amendment Number Three, which the parties, along with the City's financial advisor, are undertaking a combined new money and refunding public financing that is referred to as of this date as the *Costa Mesa Financing Authority, 2017 Lease Revenue Bonds* (\$29,765,000 approximately); and

WHEREAS, Exhibit "A" also sets forth Consultant's compensation for rendering the public finance legal services as bond counsel and disclosure counsel for the 2017 Refunding COPS, which the City intends to authorize by this Amendment Three.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Scope of Services under the existing Agreement is hereby amended to include public finance legal services as bond counsel and disclosure counsel for the 2017 Refunding COPS, as described in Exhibit "A," which will result, if such public financing is completed and approved, as the *Costa Mesa Financing Authority, 2017 Lease Revenue Bonds*.

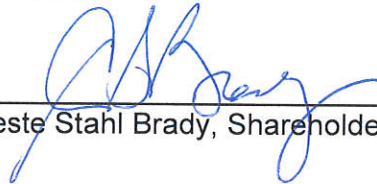
2. Consultant's compensation for the public finance legal services as bond counsel and disclosure counsel for the 2017 Refunding COPS is set forth in Exhibit "A", which includes a flat fee of Twenty-Five Thousand Dollars (\$25,000.00) for bond counsel legal services, a flat fee of Fifteen Thousand Dollars (\$15,000.00) for disclosure counsel legal services, and payment of actual costs and expenses of One Thousand Seven Hundred Fifty Dollars (\$1,750.00), for a cumulative total of Forty-One Thousand Seven Hundred Fifty Dollars (\$41,750.00), subject to the terms and conditions in Exhibit "A."

3. All other terms not defined in this Amendment Three shall have the same meaning and use as set forth in the Agreement.

4. All other provisions of the Agreement, as amended by Amendment One, Amendment Two, and this Amendment Three, shall remain in full force and effect.

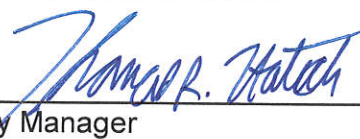
IN WITNESS WHEREOF, the parties hereto have caused this Amendment Three to be executed by and through their respective authorized officers, as of the date first written above.

CONSULTANT

  
\_\_\_\_\_  
Celeste Stahl Brady, Shareholder


Date: 8-8-17

CITY OF COSTA MESA

  
\_\_\_\_\_  
City Manager

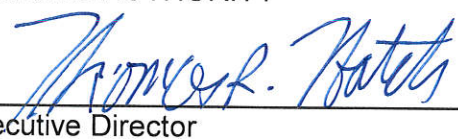
Date: 9/1/17

SUCCESSOR AGENCY

  
\_\_\_\_\_  
Executive Director

Date: 9/8/17

HOUSING AUTHORITY

  
\_\_\_\_\_  
Executive Director

Date: 9/8/17

ATTEST:

  
\_\_\_\_\_  
City Clerk and Secretary



9/22/17

APPROVED AS TO FORM:



\_\_\_\_\_  
City Attorney/General Counsel

Date: 08/23/17

APPROVED AS TO INSURANCE:



\_\_\_\_\_  
Risk Management

Date: 8/9/17

APPROVED AS TO CONTENT:



\_\_\_\_\_  
Project Manager

Date: 8.8.17

DEPARTMENTAL APPROVAL



\_\_\_\_\_  
Economic and  
Development Services Director

Date: 8.19.17

APPROVED AS TO PURCHASING:



\_\_\_\_\_  
Interim Finance Director

Date: 8.8.17

**EXHIBIT A**  
**AMENDED SCOPE OF SERVICES**

CELESTE STAHL BRADY  
(949) 725-4141  
CSBRADY@SYCR.COM  
E. KURT YEAGER  
(949) 725-4169  
KYEAGER@SYCR.COM

May 24, 2017

**Via Email**

Steve Dunivent, Interim Finance Director  
*City of Costa Mesa*  
77 Fair Drive  
Costa Mesa, CA 92628-1200

*Re: Stradling Public Finance Legal Services for Refunding of \$29,960,000 City of Costa Mesa, 2007 Certificates of Participation (Police Facility Expansion Project) in Connection with Lions Park Projects; Fee and Cost Estimate and Scope of Services*

Dear Steve:

In follow-up to our meeting and telephone discussion, we present this letter related to public finance legal services for the refunding of the \$29,960,000 City of Costa Mesa, 2007 Certificates of Participation (Police Facility Expansion Project) ("2017 Refunding COPS") for projected cost savings that you now anticipate to occur concurrently with issuance of new money certificates ("2017 COPS"), both as part of the overall financing plan to undertake and complete the Lions Park Projects.<sup>1</sup> We are pleased to undertake this additional work as both "Bond Counsel" (term used for ease of reference) and as "Disclosure Counsel", but we will charge fees and costs in addition to the amount approved by the City Council on May 2, 2017 in Amendment Two to our Professional Services Agreement ("PSA") with Costa Mesa. Therefore, this letter describes our fees/costs and appends the Scope of Services for public finance legal services in connection with issuance of the 2017 Refunding COPS.

*2017 Refunding COPS Fees and Costs.* The 2017 Refunding COPS is a separate financing, so generally the Firm would charge fees and costs comparable to Amendment Two, but as a longstanding client, Stradling will charge one-half of customary fees—a \$25,000 flat fee as Bond Counsel, a \$15,000 flat fee as Disclosure Counsel, and \$1750 in costs for the 2017 Refunding COPS, or a total of \$41,750.<sup>2</sup>

<sup>1</sup> The 2007 series of certificates issued by the City comprised both the (i) \$14,340,000 City of Costa Mesa Refunding Certificates of Participation (Public Facilities Project) Series 2003 and (ii) \$29,960,000 City of Costa Mesa 2007 Certificates of Participation (Police Facility Expansion Project), which then both (A) refinanced what was referred to therein as the 1993 Project, and (B) financed the modernization improvements to the City's police facilities. On June 6, 2017, the City Council will consider authorizing early payoff of the 2003 COPS, so the refunding described herein relates only to the 2007 COPS (Police Facility Expansion Project), the proceeds of which you explained are an important part of the financing plan for completing the Lions Park Projects, so the 2017 Refunding COPS will be issued concurrently with the new money 2017 COPS described in Amendment Two.

<sup>2</sup> Based on Amendment Two that approved fees and costs of \$83,500 for only the 2017 COPS (\$50,000 flat fee as bond counsel, \$30,000 flat fee as disclosure counsel plus up to \$3500 costs), for our additional work on the

Steve Dunivent, Interim City Manager  
City of Costa Mesa  
May 24, 2017  
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which public finance work may be authorized to proceed either under the City's existing purchasing policies or, as necessary, by an Amendment Three to the PSA.

Payment of flat fees and costs related to Stradling legal services is not contingent upon the successful sale of the 2017 Refunding COPS (or 2017 COPS), which is consistent with the California Attorney General's opinion that such legal services are to be undertaken on a non-contingent basis so if a financing fails to close the Firm may request a fair fee on an hourly basis that will not exceed the fixed fees; and, if the 2017 Refunding COPS are issued successfully payment of fees and costs are expected to be made to us from the proceeds.

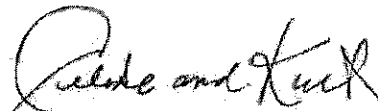
In the event the Firm is requested to perform special services outside the scope of normal public finance or bond counsel or disclosure counsel services in connection with the issuance and post-issuance of the 2017 Refunding COPS, then our Firm would be compensated on a fee basis, flat or hourly, to be negotiated but not less than the hourly fee schedule under the existing PSA, as amended, which rates are materially reduced from the Firm's "design rates" for attorneys.

*Scope of Services.* The Scope of Services for the 2017 Refunding COPS is presented on Exhibit A attached to this letter and incorporated by this reference.

Stradling's team for both issues will include Kurt as lead counsel (bond and disclosure) for the issuance of the new and refunded certificates with assistance from shareholders: (i) Vanessa Locklin, (ii) Cyrus Torabi, and (iii) Carol Lew (tax matters). I will continue to provide general advisory services to the City in connection with the 2017 Refunding COPS (and 2017 COPS). Please contact Kurt or me with any questions regarding this letter.

Sincere thanks for the opportunity to continue to serve the City on this and future public financings, and other public law matters as special counsel.

Very truly yours,



Celeste Stahl Brady and  
E. Kurt Yeager  
STRADLING YOCCA CARLSON & RAUTH, P.C.

CSB/EKY:ja

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2017 Refunding COPS the cumulative total fees for both issues will be \$75,000.00 as Bond Counsel and \$45,000 as Disclosure Counsel plus \$5250 costs, which for both issues totals \$125,250.