

June 28, 2016



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By E-mail

Mr. Dave Warren
Director of Finance
City of Placerville

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Dear Mr. Warren:

Norton Rose Fulbright US LLP proposes to represent the Placerville Public Financing Authority (the "Authority") as bond and disclosure counsel in connection with (i) the refunding of all or a portion of the Placerville Public Financing Authority Revenue Bonds (Wastewater System Refinancing and Improvement Project), Series 2006 and (ii) the contemporaneous issuance of bonds to finance capital improvements for the Authority, if any (together, the "Matter"). Our acceptance of that representation (the "Representation") becomes effective upon the execution and return of the enclosed copy of this letter.

Terms of Engagement

This letter sets out the terms of our engagement in the Representation. Certain of those terms are included in the body of this letter, and additional terms are contained in the attached document, entitled *Additional Terms of Engagement*. That document is expressly incorporated into this letter, and it should be read carefully. The execution and return of the enclosed copy of this letter constitutes an unqualified agreement to all the terms set forth in this letter and in the attached *Additional Terms of Engagement*.

It is understood and agreed that our engagement is limited to the Representation. We are not being retained as general counsel, and our acceptance of this engagement does not imply any undertaking to provide legal services other than those set forth in this letter.

Our Personnel Who Will Be Working on the Matter

Cliff Gerber, Kimberly Westberry and I will be working on the Matter, and you may call, write, or e-mail either of us whenever you have any questions about the Representation. Other firm personnel, including lawyers with consultant arrangement with the firm (Jim Copeland) and paralegals, will participate in the Representation if, in our judgment, their participation is necessary or appropriate.

Our Legal Fees and Other Charges

Our fees in the Matter will be fixed at \$55,000 for bond counsel and \$50,000 for disclosure counsel. Because the Public Financing Authority will need to be reconstituted to replace the City of Placerville's redevelopment agency, we are proposing an additional not to exceed fee of \$10,000 to accomplish the necessary changes to the composition of the Public Financing

Authority. That work would be billed at hourly rates subject to the \$10,000 cap. These fees include all internal expenses but not third-party expenses that the Authority requests that we pay on their behalf. These fees and expenses are contingent on the successful issuance, sale and delivery of the bonds, described as the Matter. These fees and expenses pertain to the ordinary and customary services rendered in connection with bond and disclosure counsel services, including the delivery of an approving opinion regarding the tax-exempt status of the bonds. They do not include Additional Services.

“Additional Services” would include, but are not limited to services performed which are occasioned by unforeseen delays, litigation, adverse litigation, the need to obtain federal tax rulings, the use of derivative products, investment agreements, guaranteed investment contracts, audits by the Internal Revenue Service or other similar matters, and would typically be billed at hourly rates. No “Additional Services” would be undertaken without the written direction of the Authority. Additional Services would not be contingent upon the issuance or execution and delivery of any municipal obligations.

Conflicts of Interest

Before accepting the Representation, we have undertaken reasonable and customary efforts to determine whether there are any potential conflicts of interest that would bar our firm from representing the Authority in the Matter. Based on the information available to us, we are not aware of any potential disqualification. We reviewed that issue in accordance with the rules of professional responsibility adopted in the State of California. We believe that those rules, rather than the rules of any other jurisdiction, are applicable to the Representation; and the execution and return of the enclosed copy of this letter by you represents an express agreement to the applicability of those rules by the Authority. We do note however, that we represent your municipal advisor, Government Financial Strategies, in standard regulatory compliance matters unrelated to the Matter.

Conclusion

This letter and the attached *Additional Terms of Engagement* constitute the entire terms of the engagement of Norton Rose Fulbright US LLP in the Representation. These written terms of engagement are not subject to any oral agreements or understandings, and they can be modified only by further written agreement signed both by the Authority and Norton Rose Fulbright US LLP. Unless expressly stated in these terms of engagement, no obligation or undertaking shall be implied on the part of either the Authority or Norton Rose Fulbright US LLP.

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Please carefully review this letter and the attached *Additional Terms of Engagement*. If there are any questions about these terms of engagement, please let me know immediately. If both documents are acceptable, please sign and return the enclosed copy of this letter so that we may commence the Representation.

Very truly yours,

Eric Tashman, Partner

The Placerville Public Financing Authority Agrees to and Accepts this Letter and the Attached Terms of Engagement:

By: _____
Name: _____
Title: _____

Date: _____, 2016

NORTON ROSE FULBRIGHT US LLP

Additional Terms of Engagement

This is a supplement to our engagement letter, dated June 10, 2016. The purpose of this document is to set out additional terms of our agreement to provide the representation described in our engagement letter (the "Representation") concerning the matters described in our engagement letter (the "Matter"). Because these additional terms of engagement are a part of our agreement to provide legal services, you should review them carefully and should promptly communicate to us any questions concerning this document. We suggest that the Authority retain this statement of additional terms along with our engagement letter.

The Scope of the Representation

As lawyers, we undertake to provide representation and advice on the legal matters for which we are engaged. It is important for our clients to have a clear understanding of the legal services that we have agreed to provide. Thus, if there are any questions about the scope of the Representation that we are to provide in the Matter, please raise those questions promptly, so that we may resolve them at the outset of the Representation.

Any expressions on our part concerning the outcome of the Representation, or any other legal matters, are based on our professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by our knowledge of the facts and are based on our views of the state of the law at the time they are expressed.

Upon accepting this engagement on the Authority's behalf, Norton Rose Fulbright US LLP agrees to do the following: (1) provide legal counsel in accordance with these terms of engagement and the related engagement letter, and in reliance upon information and guidance provided by the Authority; and (2) keep you reasonably informed about the status and progress of the Representation.

To enable us to provide effective representation, you and the Authority agree to do the following: (1) disclose to us, fully and accurately and on a timely basis, all facts and documents that, to your knowledge, are or might be material or that we may request, (2) keep us apprised on a timely basis of all developments relating to the Representation that, to your knowledge, are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with us.

Our firm has been engaged to provide legal services in connection with the Representation in the Matter, as specifically defined in our engagement letter. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect the Authority's future rights and liabilities in regard to the Matter. Unless we are actually engaged after the completion of the Representation to provide additional advice on such issues, the firm has no continuing obligation to give advice with respect to any future legal developments that may pertain to the Matter.

It is our policy and the Authority's agreement that the person or entity that we represent is the one identified in our engagement letter, and that our attorney-client relationship does not include any related persons or entities.

It is further agreed that the attorney-client relationship terminates upon our completion of the services for which we have been retained in the Representation.

Who Will Provide the Legal Services

As our engagement letter confirms, Norton Rose Fulbright US LLP will represent the Authority in the Matter. Norton Rose Fulbright US LLP is a registered limited liability partnership under Chapter 152 of the Texas Business Organizations Code.

Although our firm will be providing legal services, each client of the firm customarily has a relationship principally with one attorney, or perhaps a few attorneys. At the same time, however, the work required in the Representation, or parts of it, may be performed by other firm personnel, including lawyers and paralegals. Such delegation may be for the purpose of involving other firm personnel with experience in a given area or for the purpose of providing services on an efficient and timely basis.

Our Relationships With Others

Our law firm represents many companies and individuals. In some instances, the applicable rules of professional conduct may limit our ability to represent clients with conflicting or potentially conflicting interests. Those rules of conduct often allow us to exercise our independent judgment in determining whether our relationship with one client prevents us from representing another. In other situations, we may be permitted to represent a client only if the other clients consent to that representation.

Rules concerning conflicts of interest vary with the jurisdiction. To avoid any uncertainty, it is our policy that the governing rules will be those applicable to the particular office of our firm that prepares the engagement letter for a particular matter. The acceptance by the Authority of our engagement letter constitutes an express agreement with that policy, unless the engagement letter specifically states that some other rules of professional responsibility will govern our attorney-client relationship.

If a controversy unrelated to the Matter develops between the Authority and any other client of the firm, we will follow the applicable rules of professional responsibility to determine whether we may represent either the Authority or the other client in the unrelated controversy.

From time to time, our firm may concurrently represent one client in a particular case or matter and, at the same time, our firm may be asked to represent an adversary of that same client in an unrelated case or matter. We would consider doing so only if it is our professional judgment that the firm could undertake the concurrent representation impartially and without any adverse effect on the responsibilities that the firm has to either client.

With respect to any such issues that may relate to the Representation, we agree to exercise our professional judgment in accordance with the governing rules pertaining to conflicts of interest. At the same time, it is agreed that the Authority will consent to our representation of other clients in such circumstances if the request for consent is reasonable.

In addition to our representation of other companies and individuals, we also regularly represent lawyers and law firms. As a result, opposing counsel in the Matter may be a lawyer or law firm that we may represent now or in the future. Likewise, opposing counsel in the Matter may represent our firm now or in the future. Further, we have professional and personal relationships with many other attorneys, often because of our participation in bar associations and other professional organizations. It is our professional judgment that such relationships with other attorneys do not adversely affect our ability to represent any client. The acceptance of these terms of engagement represents an unqualified consent to any such relationships between our

firm and other lawyers or law firms, even counsel who is representing a party that is adverse to the Authority in the Matter that is the subject of this engagement or in some other matter.

Notwithstanding the foregoing, during the term of this engagement, we will not accept any engagement that is adverse to the Authority or City of Placerville without your prior written consent, and under no circumstances will we accept an engagement that is adverse to the Authority or City of Placerville regarding the substance of this agreement.

Communications and Confidentiality

We have available Internet communication procedures that allow our attorneys to use e-mail for client communications in many instances. Accordingly, unless the Authority specifically directs us otherwise, we may use unencrypted e-mail sent on the Internet to communicate with the Authority and to send documents we have prepared or reviewed.

We recognize our obligation to preserve the confidentiality of attorney-client communications as well as client confidences, as required by the governing rules of professional responsibility. If the Matter involves transactions, litigation or administrative proceedings or like proceedings in which we appear as counsel of record for the Authority in publicly available records, we reserve the right to inform others of the fact of our representation of the Authority in the Matter and (if likewise reflected of record in publicly available records) the results obtained, unless the Authority specifically directs otherwise.

Norton Rose Fulbright US LLP, Norton Rose Fulbright LLP, Norton Rose Fulbright Australia, Norton Rose Fulbright Canada LLP and Norton Rose Fulbright South Africa Inc, each of which is a separate legal entity, are members in Norton Rose Fulbright Verein, a Swiss verein that does not itself provide legal services. Although the members in Norton Rose Fulbright remain separate legal entities, we operate as a single legal practice. We share with other members non-privileged information about our practice and clients for research, practice management, training, administrative and other business purposes. Confidentiality agreements are in place among all members. If you have any concerns about this sharing of non-privileged information that relates to you, please promptly notify us so that we can address your concerns.

Disclaimer

Norton Rose Fulbright US LLP has made no promises or guarantees to the Authority about the outcome of the Representation or the Matter, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

Termination

At any time, the Authority may, with or without cause, terminate the Representation by notifying us of the Authority's intention to do so.

We are subject to the codes or rules of professional responsibility for the jurisdictions in which we practice. There are several types of conduct or circumstances that could result in our withdrawing from representing a client, including, for example, the following: non-payment of fees or charges; misrepresentation or failure to disclose known material facts; fraudulent or criminal conduct; action contrary to our advice; and conflict of interest with another client. The right of Norton Rose Fulbright US LLP to withdraw in such circumstances is in addition to any rights created by statute or recognized by the governing rules of professional conduct. Further, a failure by the Authority to meet any obligations under these terms of engagement shall entitle

us to terminate the Representation. We try to identify in advance and discuss with our clients any situation that may lead to our withdrawal.

In the event of termination of the Representation, the Authority will take all steps necessary to release Norton Rose Fulbright US LLP of any further obligations in the Representation or the Matter, including without limitation the execution of any documents necessary to effectuate our withdrawal from the Representation or the Matter.

Billing Arrangements and Terms of Payment

Our engagement letter specifically explains our fees for services in the Matter. We will give notice if an account becomes delinquent, and it is further agreed that any delinquent account must be paid upon the giving of such notice. If the delinquency continues and the Authority does not arrange satisfactory payment terms, we may withdraw from the Representation and pursue collection of our account.

Document Retention

At the close of any matter, we send our files in that matter to a storage facility for storage at our expense. The attorney closing the file determines how long we will maintain the files in storage. After that time, we will destroy the documents in the stored files.

At the conclusion of the Representation, we return to the client any documents that are specifically requested to be returned. As to any documents so returned, we may elect to keep a copy of the documents in our stored files.