

Keller & Benvenuti LLP
650 California Street, Suite 1900
San Francisco, CA 94108

September 27, 2016

Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, CA 94519

Re: Retention of Keller & Benvenuti LLP;
Reasoned Opinion – 2010 Election GO Bonds (Series G)

To the Members of the Board of Education:

This letter confirms the scope, terms and conditions of our engagement by the Mt. Diablo Unified School District (“Client” or the “District”) with respect to the Reasoned Opinion (as hereafter defined) sought by the District in connection with its proposed issuance of \$38.5 million (the “Series G Issue”) of some \$348 million of general obligation bonds approved by voters within the District pursuant to a vote held on June 8, 2010. Thank you for retaining Keller & Benvenuti LLP (“K&B”, the “Firm,” “we” or “us”) as special bankruptcy counsel to the District in this engagement and your consideration and cooperation concerning the matters covered in this letter.

1. Scope of and Limitations on Engagement and Client Relationship

In connection with the Series G Issue, the District is required to provide, at closing, a “reasoned” opinion from its special bankruptcy counsel confirming that if the District becomes a debtor in a case under Chapter 9 of the United States Bankruptcy Code (11 U.S.C. sections 101 et seq.), a court having valid jurisdiction over the matter, properly applying applicable law to the relevant facts, would determine that: (A) the ad valorem tax revenues (the “Revenues”) pledged to support the Series G Issue constitute “special revenues” within the meaning of Section 902(2) of the Bankruptcy Code, (B) the Revenues are the property of the District and (C) the Revenues are pledged to the bondholders pursuant to a security agreement entered into by the District (the “Reasoned Opinion”). By countersigning a copy of this letter, the District acknowledges and understands that we cannot assure it that we will provide the Reasoned Opinion. Rather, we will undertake the work, research and analysis required to provide the Reasoned Opinion in a timely manner, and so long as we conclude that a proper application of the law to the specific facts supports the determinations described above, we will issue the Reasoned Opinion by a deadline to be set by the District, which deadline shall be not earlier than October 18, 2016.

While our services and advice may benefit or otherwise affect other affiliated persons or entities, we are not agreeing to represent, and are not entering into an attorney-client relationship with, any person or entity other than the District. We are also not agreeing by this letter to represent

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the District in any proceedings before a court, arbitration panel, or any other formal or informal tribunal or decision-making body or governmental agency.

Any new or expanded engagement beyond that described above, including the representation of any additional persons or entities, or the agreement to expand the subject of our representation or the scope of our services, will require a new agreement (which may take the form of a written amendment or addendum to this one, including by exchange of emails). We understand that the District has advised or will advise other involved parties that our representation is only of the District and that this engagement does not include any undertaking by K&B to represent any other persons or entities, or create any attorney/client relationship between K&B and any of them.

2. Staffing, Communication and Direction

I will have primary responsibility for this engagement and will be assisted by other lawyers and service personnel as appropriate in order to provide high quality service in a cost-efficient manner, including my partner Peter Benvenuti and associate Dara Silveira. Our primary client contact will be you through your bond counsel, Jones Hall, and we will take direction from Jones Hall or from such other representatives that you may designate.

3. Potentially Adverse Representations or Conflicts of Interest

We have performed a conflict check¹ and determined that we presently have no matters or relationships that would pose a conflict with the District or the other parties we have identified. It is possible that during the time we are working for the District, an existing or future client may seek to engage us in connection with an actual or potential transaction or pending or potential litigation or other dispute resolution proceeding in which such client's interests are or potentially may become adverse to the District's interests.

Should such a situation arise, we would be unable to take on the adverse representation without obtaining the District's informed consent, and the District has the right to withhold its consent. Should we request the District to consent to an adverse representation, the District agrees to consider our request with an open mind in good faith so long as the subject matter of the proposed adverse representation is not substantially related to this engagement. Under the applicable California legal ethics rules, the District will nevertheless retain the right to decline our request for any reason, or for no reason. In the same vein, as a matter of professional responsibility, we may be unable to, or may elect not to, represent the District in commencing litigation against a then-current client.

¹ Attached as Schedule 1 hereto are the names we have checked against our existing and past representations. Please advise if you anticipate any actual or potential adversities with persons not appearing on Schedule 1.

4. Fees and Disbursements

Our fees are typically determined by the time devoted by each lawyer or other service provider involved in the engagement and the hourly billing rates assigned to each such person. In this instance, however, we have agreed to undertake the work, research and analysis required to provide the Reasoned Opinion for a fixed fee of Thirty Thousand Dollars (\$30,000), payable upon the our delivery of the Reasoned Opinion or, if we are unable to deliver the Reasoned Opinion, conclusion of our work, review and analysis in connection with the Reasoned Opinion.

In addition to our fees, we expect our clients to defray certain costs and expenses incurred during our representation of them. Please note that although our charges for non-cash costs incurred by the Firm reflect our good faith estimate of our actual, fully absorbed, out-of-pocket costs, those estimates may differ from our actual costs. Normally, disbursements and charges will be subject to reimbursement from you in the regular billing cycle. In some circumstances, however, such as in the case of particularly large expense items, we may ask you to pay these items directly or in advance. In this instance, we do not anticipate having more than *de minimis* costs and expenses and will advise you in advance if we anticipate incurring expenses that, in the aggregate, are likely to exceed Five Hundred Dollars (\$500).

5. Audit Letter Issues

In responses to any of your requests to provide information to the District's auditors, our policy is to comply with the American Bar Association Statement of Policy Regarding Lawyers' Responses to Auditors' Requests for Information regarding the scope and content of such responses, except when such Policy is clearly inapplicable.

6. Miscellaneous Issues

a. Procedures upon Termination. Unless previously terminated, our representation of the District will terminate upon our sending the District our final statement for services rendered in this matter. In that case, or otherwise at the District's request, any papers and property sent by the District to us will be returned to the District. Our own files pertaining to the matter, including lawyer work product and administrative records, as well as document copies, will be retained by the Firm in accordance with our document retention policy. All documents retained by the Firm will be transmitted in the ordinary course to the person responsible for administering our records retention program. Subject to our obligations under applicable bar requirements, we reserve the right to destroy or otherwise dispose of any documents or other materials, including electronic versions, retained by us after the termination of the engagement.

b. Publicity. We are required to and will keep confidential any of the District's confidential information obtained in the course of our representation of the District in the same manner and with the same degree of prudence as we keep our own confidential information. If and

when our retention by the District becomes a matter of public record, we reserve the right to identify the District as a client on the firm's web site and in similar disclosures regarding its experience and practice areas.

7. Governing Law

The laws of the State of California, without regard to conflict of law rules, shall govern the interpretation of this agreement, except to the extent a court determines as a matter of law that the laws of another jurisdiction must apply.

Please sign and return to us a copy of this letter in order to confirm that it accurately reflects the scope, terms and conditions with respect to this engagement. If you would like to discuss any of these matters, please give me a call.

With best regards,

KELLER & BENVENUTTI LLP

By: _____


Tobias S. Keller

The foregoing is agreed and accepted.

MT. DIABLO UNIFIED SCHOOL DISTRICT

By: _____

Name:

Title:

Approved as to form & content:

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Schedule 1

Potential Conflict Parties Checked

Client and Client Related:

Mt. Diablo Unified School District

Other Parties:

Dale Scott & Company, Inc.
Jones Hall, APLC
Fitch Ratings Inc.

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