



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Richard Doyle  
City Attorney

**SUBJECT:** Eighth Amendment to Legal  
Services Agreement with Orrick,  
Herrington & Sutcliffe LLP

**DATE:** January 11, 2007

## RECOMMENDATION

Adoption of a resolution authorizing the City Attorney to negotiate and execute an Eighth Amendment to the Agreement with Orrick, Herrington & Sutcliffe LLP for legal services related to debt secured by Airport revenues, increasing the compensation by \$70,000 for a total amount not to exceed \$170,000 and extending the term to December 31, 2007.

## OUTCOME

Approval of this Eighth Amendment will allow the law firm to continue to provide legal services related to the City's outstanding Airport Revenues Bonds and the Airport Commercial Paper Program.

## BACKGROUND

On September 12, 2001, the City Attorney executed a \$50,000 agreement with Orrick, Herrington & Sutcliffe LLP ("Orrick") for legal services related to debt secured by Airport revenues. Since that time, the agreement has been amended seven times to extend the term and to adjust the compensation. Currently, the compensation under the agreement is not to exceed \$100,000.

## ANALYSIS

Orrick has acted as bond counsel to the City for the City's Airport Revenue Bonds and the Airport Commercial Paper Program. Orrick was selected to be the City's bond counsel for the issuance of Airport related debt as the firm has significant expertise in the area and is very familiar with the City's outstanding Airport debt.

In order to be able to efficiently address questions and issues which come up periodically regarding the City's outstanding Airport debt, the City has engaged Orrick

through a retainer agreement. Under this arrangement, the City pays for Orrick's services on a time and materials basis.

It is anticipated that over the next year, there will be the need to use Orrick's services more frequently in light of the ongoing lease negotiations with the airlines. Because rents and other fees charged to the airlines through the City's lease are a key source of repayment of the City's Airport debt, it is critical that Orrick review and comment on the lease terms.

Additionally, as the City will be issuing its Airport commercial paper notes to fund the costs of the Airport Development Program, it is also anticipated that questions and issues involving federal tax law and the appropriate expenditure of these funds will come up and will need to be addressed.

The City's retainer agreement with Orrick does not address Orrick's services with respect to specific bond issues. Separate agreements with Orrick are entered into for bond counsel services for the issuance of Airport Revenue Bonds and compensation for these services, which is typically a flat fee, is paid from the bond proceeds.

**PUBLIC OUTREACH/INTEREST**

This item does not appear to qualify as an item of significant interest based on the established criteria. This memo is posted on the City's website for the January 23, 2007 Council Agenda.

**COORDINATION**

This Office has coordinated with the Airport on this matter.

**BUDGET REFERENCE**

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	2006-2007 Adopted Budget Page	Last Budget Action (Date, Ord. No.)
523	0802	<u>Airport Non-Personal/Equipment</u>	105110	\$37,125,041	\$70,000	Page XI-3	11/21/06 Ord. # 27922

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**CEQA**

Not a Project

RICHARD DOYLE  
City Attorney

By



Danielle Kenealey  
Chief Deputy City Attorney

cc: Les White

For questions please contact Danielle Kenealey, Chief Deputy City Attorney, at  
(408) 535-1916.