AMENDMENT TO ENGAGEMENT LETTER

This Amendment is made and entered into this 7th day of September, 2010, ("Effective Date") by and between the CITY OF COSTA MESA, a municipal corporation ("City") and LATHAM & WATKINS, LLP, a limited liability partnership ("Consultant") (Collectively, the "Parties).

WHEREAS, Consultant and City entered into an agreement by way of an Engagement Letter dated August 5, 2010, for legal counsel and assistance in connection with the City's acquisition and lease of the Orange County Fair Grounds in Costa Mesa; and

WHEREAS, in Consultant and City's original agreement the total fees for the initial engagement of the specific matter of the agreement was not to exceed Fifty Thousand Dollars ($50,000.00); and

WHEREAS, Consultant and City now wish to amend the Engagement Letter to delete the limit on the fees and charges.

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

1. The last paragraph in item VI, Rates, Fees and Charges shall be deleted in its entirety.

2. All terms not herein defined shall have the same meaning and use as set forth in the Agreement.

3. All other terms, conditions, and provisions of the Agreement not in conflict with this Amendment, shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have set their hand by their duly authorized representatives as of the day and year first above written.

CITY OF COSTA MESA,
A municipal corporation

_____ Date: _____
City Manager

LATHAM & WATKINS, LLP

_____ Date: _____
Signature

_____
Name and Title

APPROVED AS TO FORM:

_____ Date: _____

City Attorney

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LATHAM&WATKINS LLP

FIRM / AFFILIATE OFFICES
Abu Dhabi, Barcelona, Beijing, Brussels, Chicago, Doha, Dubai, Frankfurt, Hamburg, Hong Kong, Houston, London, Los Angeles, Madrid, Milan, Moscow, Munich, New Jersey, New York, Orange County, Paris, Riyadh, Rome, San Diego, San Francisco, Shanghai, Silicon Valley, Singapore, Tokyo, Washington, D.C.

August 5, 2010

VIA E-MAIL

City of Costa Mesa
77 Fair Drive
Costa Mesa, CA 92626
Attn: Kimberly Hall Barlow, Esq.
City Attorney

Re: Engagement Letter

Dear Ms. Hall Barlow:

We are pleased to welcome the City of Costa Mesa as a client of Latham & Watkins LLP. This letter will confirm our discussions regarding your engagement of our firm.

I. LEGAL SERVICES.

You have asked us to represent you in connection with the City's acquisition and lease of the property commonly known as the Orange County Fair Grounds, Costa Mesa, California.

If additional services are requested by you and agreed to by us, this letter will apply to such services, unless superseded by another written agreement. Our representation is limited to the specific services that you request and that we have agreed to undertake.

II. IDENTITY OF THE CLIENT.

Our client in this matter will be solely the City of Costa Mesa.

III. ROLES OF ATTORNEY AND CLIENT.

Our responsibilities under this agreement are to provide legal counsel and assistance to you in accordance with this letter, and to provide statements to you that clearly state the basis for our fees and charges. We will not disclose any confidential information of yours to any other client, even where that information might have some bearing on their interests. Likewise, we will not disclose the confidences of any other client to you, even where that information might have some bearing on your interests, and you agree that we are under no obligation to do so. You also agree to keep us informed of developments related to this representation and to pay our statements in a timely manner. To allow us to conduct a conflicts check, you represent that you have identified to us all persons and entities that are or may become involved in this matter, including all such persons or entities that are affiliated with you. You also agree to notify us if you become aware of any other persons or entities that are or may become involved in this matter.

During the course of this engagement, we may express opinions or beliefs to you about the effectiveness of various courses of action or about the results that might be anticipated. Such statements are expressions of opinion only, and should not be construed as promises or guarantees.

Please also be aware that Latham & Watkins LLP has internal ethics and professional responsibility counsel, who advise Latham attorneys regarding their ethical, professional and legal duties. From time to time, the attorneys working on your matter may consult these lawyers. You acknowledge that any such consultation is protected by Latham's own attorney-client privilege, and you waive any right to discovery of those communications. Should circumstances arise in which Latham & Watkins LLP faces a conflict of interest with respect to or by virtue of these communications, you agree to waive that conflict. You also agree that such communications are property of the firm and are not part of the Client File as defined in Section 4 of this letter.

IV. CLIENT FILES AND RETENTION.

In the course of your representation, we shall maintain a file in which we may place correspondence, agreements, governmental filings, prospectuses, disclosures, pleadings, deposition transcripts, exhibits, physical evidence, expert reports, and other items reasonably necessary to your representation ("Client File"). The Client File shall be and remain your property. Upon completion of a specific project, your original Client File for that project shall be available to be taken by you. We will be entitled to make copies if we choose. You also agree at the conclusion of the project (whether or not you take possession of the Client File) to take possession of any and all original contracts, wills, stock certificates, and other such important documents that may be in the Client File and we shall have no further responsibility with regard to such documents. If you do not take possession of the Client File at the conclusion of the project, we will store such file for you for a period of seven years. If you do not take possession of the Client File during such seven-year storage period, you agree that we may dispose of it. You agree that the documents containing our attorney work product, mental impressions or notes and drafts of documents shall be and remain our property and shall not be considered part of your Client File. In addition, electronic documents such as e-mail and documents prepared on our word processing system (but excluding printed copies thereof), and databases shall be and remain our property and shall not be considered part of your Client File. You agree that we may enact and implement reasonable retention policies for such electronic documents and that our firm has discretion to delete such documents.

V. CONFLICTS OF INTEREST.

Without your consent, we will not represent any other party in this matter, nor any other matter substantially related to it. As with any other client and any other matter, you will have our complete loyalty with respect to this matter.

We also note, however, that Latham & Watkins LLP is an international law firm with numerous attorneys and offices in many countries and that we practice in many diverse areas of law. Both our own prudent business conduct, and the interests of our other clients, call for us to seek to retain the ability to take unrelated matters for all of our clients. We thus ask you in connection with this engagement to consent in advance to our acceptance of future matters (including litigation matters) adverse to the City of Costa Mesa, provided that those matters are not substantially related to the work that we have done for you.

In particular, as you may know, Latham & Watkins LLP represents C. J. Segerstrom & Sons and its affiliated partnerships and entities ("CJS") in a variety of matters, some of which matters have been or in the future may be adverse to the City of Costa Mesa (including litigation matters).

By entering into this agreement, you consent to such adverse representations. Thus, for example, you agree that we would be able to take a new lawsuit or transactional matter for any client (including CJS), adverse to the City of Costa Mesa, at the same time that we are representing the City of Costa Mesa in this matter, so long as the adverse matter is not substantially related to the work we have done for you. This consent also includes being adverse to you in any bankruptcy, regulatory, administrative, legislative or rulemaking proceeding.

In addition, by entering into this agreement you agree that if we represent you in a matter across from another person or entity, we may represent such person or entity on matters not substantially related to our work for you.

Because you are consenting only to our taking matters unrelated to anything we have handled for the City of Costa Mesa, we will not have obtained any confidential information from the City of Costa Mesa that would be pertinent to any matter on which we will be representing these other clients. Nevertheless, we take very seriously our obligations to maintain the confidentiality of information we receive from all of our clients, including the City of Costa Mesa and any other clients covered by this consent. Accordingly, we will continue to maintain the confidences of both the City of Costa Mesa and our other clients.

You should feel completely free to consult other counsel concerning these matters and we encourage you to do so. By signing this letter, you acknowledge that you have had an opportunity to consult with other counsel.

VI. RATES, FEES AND CHARGES.

Our fees are based primarily on the amount of time spent by our lawyers, paralegals and other professionals on your behalf. Each lawyer, paralegal and other professional assigned to this matter will have individual hourly billing rates, and the applicable rate multiplied by the number of hours spent, measured in tenths of an hour, will be the initial basis for determining our fee.

In general, our attorneys' billing rates applicable to this engagement will range from $295 per hour to $700 per hour, depending upon the seniority and expertise of the attorney involved. [redacted] For paralegal and other professional time, our rates will range from $115 to $255 per hour.

In addition to fees, you agree to pay for disbursements and other charges. These will include such items as photocopying ($0.17 per page); color prints/copies ($0.25 per page); scanning documents ($0.15 per page); use of fee-based research databases (90% of the third-party vendor rate or 1.25 times our volume-discounted cost depending on vendor); long-distance telephone charges (AT&T standard rates); couriers and air freight (1.10 times our volume-discounted cost); messengers (at third-party vendor rate); client-specific work by staff; staff overtime and meals (as defined by federal or local law); transportation (where dictated by safety reasons, and which may include a transaction fee); word processing ($60.00 per hour); postage, at cost; supplies (for large volume only); and other reasonable costs and expenses. For

disbursements over $1,500, we may ask that billings be sent directly to you or that advances be provided.

When our personnel travel, we generally utilize business class for international flights. Through a third-party travel management company, in-house travel services are provided for our U.S. offices. A ticketing fee of $30 will be charged for fares up to $300, and $75 will be charged for fares over $300. There are no additional charges for changes to reservations or for reimbursement of unused tickets. Our attorneys and paralegals bill for travel time, but if they work on another matter while traveling for you, you will not be billed for that time.

We intend to provide statements to you on a monthly basis. They will show our time logged in tenth-of-an-hour increments and will separate fees from disbursements and other charges. Payment of our statements is due promptly upon receipt. Our rates are based on our receiving payment within thirty (30) days.

Our billing rates and charges are usually revised annually, but we reserve the right to revise them at other times. Following prior notice to you of any such revision, our new rates and charges will be applied to your account, and this letter constitutes written notice to you of our right to make such revisions.

From time to time, you may request estimates of the fees and charges that we anticipate incurring on your behalf. These estimates are subject to unforeseen circumstances and are by their nature inexact. While we may provide estimates for your general planning purposes, such estimates are subordinate to our regular billing procedures, absent an express written agreement to the contrary.

As we discussed, we understand that our initial engagement for this specific matter will be limited to a total of $50,000.00 of fees and charges, and that while we are unable to agree to a so-called cap or limit on our fees and charges, if it appears likely that we exceed such amount, we will notify you promptly and obtain your prior authorization/approval to exceed such amount.

VII. ARBITRATION OF DISPUTES.

Any controversy or claim, whether in tort, contract or otherwise, arising out of or relating to the relationship between the City of Costa Mesa and its affiliates or successors (the "Client Arbitration Parties") and Latham & Watkins LLP, its affiliated partnerships, attorneys or staff or any of their successors (the "Latham Arbitration Parties") or the services provided by the Latham Arbitration Parties pursuant to this engagement letter or otherwise to the Client Arbitration Parties shall be submitted to binding arbitration. By agreeing to arbitrate, you are agreeing to waive your right to a jury trial. The arbitration will be conducted in accordance with this document, the Federal Arbitration Act and CPR Rules for Non-Administered Arbitration, as in effect on the date of this engagement letter. The arbitration shall be conducted before a panel of three neutral arbitrators. The arbitration shall be commenced and held in the city and state in which the Latham & Watkins office is located whose attorneys spent the most amount of time on the matter in dispute. Any issue concerning the location of the arbitration, the extent to which any dispute is subject to arbitration, the applicability, interpretation, or enforceability of this agreement shall be resolved by all of the arbitrators. To the extent state law is applicable, the arbitrators shall apply the substantive law of the state in which the Latham & Watkins office is located whose attorneys spent the most amount of time on the matter in dispute. Each party will be entitled to depose a maximum of six witnesses, plus all experts designated to be witnesses at the arbitration. The depositions shall be limited to a maximum of six hours per deposition. All aspects of the arbitration shall be treated as confidential and neither the parties nor the arbitrators

may disclose the content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. The result of the arbitration shall be binding on the parties and judgment on the arbitrators' award may be entered in any court having jurisdiction.

VIII. LIMITED LIABILITY PARTNERSHIP.

Latham & Watkins LLP is a limited liability partnership (LLP). Similar to the corporate form of business organization, the LLP form generally limits the liability of the individual partners of the firm to the capital they have invested in the firm for claims arising from services performed by the firm. Our form of organization as an LLP will not diminish the ability to recover damages from the firm or from any individuals who directly caused the loss.

Because of legal requirements in those countries, work done out of our offices in England, France, Hong Kong, Japan, Singapore, Saudi Arabia, and Italy will be carried out through affiliated partnerships registered locally, but the distinction will be largely transparent to you as a client.

IX. ENTIRE AGREEMENT AND MISCELLANEOUS.

You and we understand that this letter constitutes the entire agreement pertaining to the engagement of Latham & Watkins LLP, and that it shall not be modified by any policies, procedures, guidelines or correspondence from you or your representative unless agreed to in writing by Latham & Watkins LLP. In particular, you have advised us that there are no municipal or other local requirements applicable to our engagement other than as expressly set forth in this letter.

Our relationship with you will be deemed concluded when we have completed our services. In addition, and without limiting the preceding sentence, in the event we have performed no work on your behalf for six consecutive months, you agree that our attorney-client relationship with you will have been terminated.

X. APPROVAL AND RETURN OF LETTER.

If this letter meets with your approval, please sign and return the enclosed copy. We will begin our work promptly upon our receipt of that signed copy and further instruction from you.

We look forward to working with you.

Very truly yours,

David C. Meckler
of LATHAM & WATKINS LLP

LATHAM&WATKINS LLP

Approval of Engagement

The City of Costa Mesa has read the enclosed letter and agrees to its terms, effective as of the date on which Latham & Watkins LLP first provided services to the City of Costa Mesa.

BY SIGNING THIS LETTER, THE CITY OF COSTA MESA AGREES TO HAVE ANY ISSUE ARISING OUT OF OR RELATING TO THE SERVICES OF THE LATHAM ARBITRATION PARTIES (INCLUDING ANY CLAIM FOR PROFESSIONAL LIABILITY) DECIDED IN ARBITRATION AND THE CITY OF COSTA MESA GIVES UP ITS RIGHT TO A JURY OR COURT TRIAL AND ACKNOWLEDGES THE ARBITRATION PROVISION IN SECTION 7 ABOVE.

Date: August__, 2010.

CITY OF COSTA MESA

By: _____
Name: Allan L. Roeder
Title: City Manager