

BASS

BERRY • SIMS_{PC}

150 Third Avenue South, Suite 2800
Nashville, TN 37201
(615) 742-6200

August 24, 2011

City of Franklin, Tennessee
Attn: Eric Stuckey, City Administrator
City Hall
109 3rd Avenue South
Franklin, Tennessee 37064

Re: Issuance of Not to Exceed \$21,000,000 Sewer and Water Revenue and Tax Refunding Bonds, Series 2011.

Dear Mr. Stuckey:

The purpose of this engagement letter is to set forth certain matters concerning the services we will perform as bond counsel to the City of Franklin, Tennessee (the "Issuer"), in connection with the issuance of the above-referenced bonds (the "Bonds"). We understand that the Bonds are being issued for the purpose of providing funds for prepaying the Issuer's outstanding Loan Agreement, by and between The Public Building Authority of the County of Montgomery, Tennessee and the Issuer, dated July 9, 2008, in an original amount of not to exceed \$20,000,000, and to pay costs of issuance in connection with the issuance of the Bonds. We further understand that the Bonds will be sold to SunTrust Bank (the "Purchaser") pursuant to a bond purchase agreement.

SCOPE OF ENGAGEMENT

In this engagement, we expect to perform the following duties:

1. Subject to the completion of proceedings to our satisfaction, render our legal opinion (the Bond Opinion) regarding the validity and binding effect of the Bonds, the source of payment and security for the Bonds, and the excludability of interest on the Bonds from gross income for federal income tax purposes.
2. Prepare and review documents necessary or appropriate for the authorization, issuance and delivery of the Bonds, coordinate the authorization and execution of such documents, and review enabling legislation.
3. Assist the Issuer in seeking from other governmental authorities such approvals, permissions and exemptions as we determine are necessary or appropriate in connection with the authorization, issuance, and delivery of the Bonds, except that we will not be responsible for any required blue-sky filings.
4. Review legal issues relating to the structure of the Bond issues.

Our Bond Opinion will be addressed to the Issuer and to the Purchaser and will be delivered by us on the date the Bonds are exchanged for their purchase price (the "Closing").

The Bond Opinion will be based on facts and law existing as of its date. In rendering our Bond Opinion, we will rely upon the certified proceedings and other certifications of public officials and other persons furnished to us without undertaking to verify the same by independent investigation, and we will

assume continuing compliance by the Issuer with applicable laws relating to the Bonds. During the course of this engagement, we will rely on you to provide us with complete and timely information on all developments pertaining to any aspect of the Bonds and their security. We understand that you will direct members of your staff and other employees of the Issuer to cooperate with us in this regard.

Our duties in this engagement are limited to those expressly set forth above. Among other things, our duties do not include:

- a.
 - 1) Assisting in the preparation or review of an official statement or any other disclosure document with respect to the Bonds, or
 - 2) Performing an independent investigation to determine the accuracy, completeness or sufficiency of any such document, or
 - 3) Rendering advice that the official statement or other disclosure documents
 - a) Do not contain any untrue statement of a material fact or
 - b) Do not omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.
- b. Preparing requests for tax rulings from the Internal Revenue Service, or no action letters from the Securities and Exchange Commission.
- c. Preparing blue sky or investment surveys with respect to the Bonds.
- d. Drafting state constitutional or legislative amendments.
- e. Pursuing test cases or other litigation, (such as contested validation proceedings) except as set forth above.
- f. Making an investigation or expressing any view as to the creditworthiness of the Issuer or the Bonds.
- g. Assisting in the preparation of, or opining on, a continuing disclosure undertaking pertaining to the Bonds or, after Closing, providing advice concerning any actions necessary to assure compliance with any continuing disclosure undertaking.
- h. Except for defending our Bond Opinion, representing the Issuer in Internal Revenue Service examinations or inquiries, or Securities and Exchange Commission investigations.
- i. After Closing, providing continuing advice to the Issuer or any other party concerning any actions necessary to assure that interest paid on the Bonds will continue to be excludable from gross income for federal income tax purposes (e.g., our engagement does not include rebate calculations for the Bonds).
- j. Addressing any other matter not specifically set forth above that is not required to render our Bond Opinion.

ATTORNEY-CLIENT RELATIONSHIP

Upon execution of this engagement letter, the Issuer will be our client and an attorney-client relationship will exist between us. We assume that all other parties will retain such counsel as they deem

necessary and appropriate to represent their interests in this transaction. We further assume that all other parties understand that in this transaction we represent only the Issuer, we are not counsel to any other party, and we are not acting as an intermediary among the parties. Our services as bond counsel are limited to those contracted for in this letter; the Issuer's execution of this engagement letter will constitute an acknowledgment of those limitations. Our representation of the Issuer will not affect, however, our responsibility to render an objective Bond Opinion. Please note that, in our representation of the Issuer, we will not act as a "municipal advisor", as such term is defined in the Securities Exchange Act of 1934, as amended.

Our representation of the Issuer and the attorney-client relationship created by this engagement letter will be concluded upon issuance of the Bonds. Nevertheless, subsequent to Closing, we will mail the appropriate Internal Revenue Service Forms 8038-G, and prepare and distribute to the participants in the transaction a transcript of the proceedings pertaining to the Bonds.

As you are aware, our firm represents many political subdivisions, companies and individuals. It is possible that during the time that we are representing the Issuer, one or more of our present or future clients will have transactions with the Issuer. It is also possible that we may be asked to represent, in an unrelated matter, one or more of the entities involved in the issuance of the Bonds. We do not believe such representation, if it occurs, will adversely affect our ability to represent you as provided in this letter, either because such matters will be sufficiently different from the issuance of the Bonds as to make such representations not adverse to our representation of you, or because the potential for such adversity is remote or minor and outweighed by the consideration that it is unlikely that advice given to the other client will be relevant to any aspect of the issuance of the Bonds.

FEES

Based upon: (i) our current understanding of the terms, structure, size and schedule of the financing represented by the Bonds; (ii) the duties we will undertake pursuant to this engagement letter; (iii) the time we anticipate devoting to the financings; and (iv) the responsibilities we will assume in connection therewith, we estimate that our fee will be \$25,000 for the Bonds. The fees quoted above will include all out-of-pocket expenses advanced for your benefit, such as travel costs, photocopying, deliveries, long distance telephone charges, telecopier charges, filing fees, computer-assisted research and other expenses. The fee will also include incidental phone calls and discussions with Issuer officials on matters related to the issuance of the Bonds.

If, for any reason, the financing represented by the Bonds is completed without the delivery of our Bond Opinion as bond counsel or our services are otherwise terminated, we will expect to be compensated at our normal rates for the time actually spent on your behalf plus client charges as described above unless we have failed to meet our responsibilities under this engagement.

We agree to maintain documentation for all charges against the Issuer. Our books, records, and documents, insofar as they relate to work performed or money received under this engagement, shall be maintained for a period of three (3) full years from the respective Closings and will be subject to audit, at any reasonable time and upon reasonable notice by the Issuer or its duly appointed representatives. The records shall be maintained in accordance with generally accepted accounting principles.

RECORDS

At your request, papers and property furnished by you will be returned promptly upon receipt of payment for outstanding fees and client charges. All goods, documents, records, and other work product and property produced during the performance of this Contract are deemed to be Issuer's property. Our own files, including lawyer work product, pertaining to the transaction will be retained by us for a period of three (3) years and be subject to inspection by Issuer upon reasonable notice.

OTHER MATTERS

We agree to provide services consistent with the "City of Franklin Law Department – Policy and Procedures for Outside Legal Counsel", a copy of which is attached hereto as Exhibit A.

We have not retained any persons to solicit or secure this engagement from the Issuer upon an agreement or understanding for a contingent commission, percentage, or brokerage fee. We have not offered any employee of the Issuer a gratuity or an offer of employment in connection with this engagement and no employee has requested or agreed to accept a gratuity or offer of employment in connection with this engagement.

Any modification or amendment to this Engagement Letter must be in writing, executed by us and contain the signatures of the Issuer. The validity, construction and effect of this Engagement Letter and any and all extensions and/or modifications thereof shall be governed by the laws of the State of Tennessee. Any action between the parties arising from this Engagement Letter shall be maintained in the state or federal courts of Davidson County, Tennessee.

CONCLUSION

If the foregoing terms are acceptable to you, please so indicate by returning the enclosed copy of this engagement letter dated and signed by an authorized officer, retaining the original for your files. We look forward to working with you.

CITY OF FRANKLIN, TENNESSEE

BASS, BERRY & SIMS PLC:

By: _____
Eric Stuckey, City Administrator

By: 
Karen S. Neal, Member

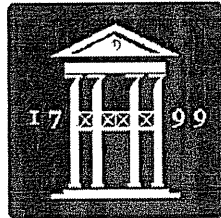
EXHIBIT A

CITY OF FRANKLIN LAW DEPARTMENT - POLICY AND PROCEDURES
FOR OUTSIDE LEGAL COUNSEL

9807001.1

City of Franklin Law Department

Policy and Procedures for
Outside Legal Counsel



HISTORIC
FRANKLIN
TENNESSEE

Introduction

The City of Franklin Law Department Policy and Procedures for Outside Counsel ("Policy") is designed to provide law firms engaged by the City Attorney on behalf of the City of Franklin, its departments, boards, agencies, authorities, commissions, and employees (herein, collectively referred to as the "City") with the requirements for such legal representation. This Policy is mandatory for all law firms engaged by the City of Franklin Law Department (the "Law Department" or "Department"). All law firms representing the City are required to adhere to this Policy, and each such law firm shall ensure that all attorneys and support staff working on City matters are familiar with the requirements set forth herein.

As stated in the Vision and Mission statements on the preceding page, the Law Department is committed to providing top quality legal services to the City. The Department recognizes that its vision will not become reality or its mission accomplished without the involvement and expertise of outside counsel on particular matters. This Policy is designed to ensure that the relationship between the Department and the outside firms is well managed and that all interested parties understand the relationship. This Policy also serves to articulate the specific requirements of the relationship.

This Policy sets forth the basis for the retention of outside law firms by the City of Franklin Law Department. When representing the City, your firm is expected to adhere to the requirements. The Policy will be modified from time to time. Changes to the Policy will be communicated to the law firms representing the City at the time of the changes. It is the responsibility of each law firm to ensure it is operating under the most current version of the Policy.

General Policy Applicable to All City of Franklin Matters

The information contained in this section of the Policy pertains to all matters in which law firms are engaged on behalf of the City. Each law firm is responsible to ensure that all attorneys and support staff working on matters for the City are familiar with this Policy. Outside counsel shall act only as an independent contractor; no employer-employee relationship shall be created between the City and outside counsel or outside counsel's employees or agents. Outside counsel and law firms shall abide by the Tennessee Rules of Professional Conduct and failure to abide by these rules will result in a breach of contract with the City.

Authority to Engage Outside Counsel

The City Charter provides that only the Board of Mayor and Alderman ("BOMA") has the authority to contract and be contracted with. Therefore, it is essential that outside law firms do not perform work on behalf of the City unless the firm has been engaged by the City Attorney, pursuant to an arrangement

consistent with this Policy, and unless the representation has been memorialized in an engagement letter sent by the City Attorney to the law firm and signed by BOMA on behalf of the City.

Budgets

Each law firm that is engaged on a legal matter for which it will be compensated in any manner other than a flat fee for the representation must submit to the City Attorney a good-faith estimate of the cost of the work. While it is likely in many engagements that the cost of the matter will be difficult to estimate at the early stages of the representation, the law firm should make a serious effort to estimate fees for the entire matter, or if that is not possible, for a defined portion of the matter as is deemed appropriate. The estimate will be used by the City Attorney to determine what level of funding to seek during the engagement. Each law firm that is engaged by the City will be expected to continuously monitor the extent of fees generated and to inform the City Attorney as soon as possible if the fees are expected to exceed previous estimates. At times, it may be appropriate to estimate the fees according to various aspects of the work and plan to submit supplemental requests for funding. It is expected that, if this method is used, the law firm (through the Principal Client Contact) will work closely with the City Attorney to anticipate when a particular phase of the work is drawing to a close and additional authority is needed. For litigation matters, please see additional information on budgets included in the section on litigation guidelines.

Firm's Lead Counsel

When the law firm is first engaged by the City Attorney, the firm will designate a Lead Counsel, who will be responsible for managing the overall relationship between the law firm and the City Attorney. The firm's Lead Counsel is responsible to designate the Client Service Team for every matter for which the firm is engaged, to oversee the billing (including arranging for any alternative billing arrangements), to ensure adherence to this Policy and top quality service, and to interact regularly with the City Attorney and the designated staff within the Law Department and to address with the City Attorney any potential conflicts of interest. The firm's Lead Counsel will be required, from time to time, to engage in a review of the relationship between the law firm and the City and to assess the quality and costs of the service with the City Attorney. The firm's Lead Counsel will be responsible to manage the particular engagement to ensure that the City Attorney is kept informed of developments in the particular matter and that the Client Service Team works closely with the City's Law Department.

City Client Service Team

Each law firm providing service to the City is required to designate a Client Service Team to coordinate with the Law Department in the representation. The team shall include the following:

1. The firm's Lead Counsel who will be responsible for the particular matter.
2. The Principal Client Contact who will be responsible to assemble the Client Service Team needed to address the particular matter and to work closely with the Responsible Law Department Attorney, other Law Department staff as deemed appropriate, and the business contacts as deemed appropriate.

At the time a matter is assigned to the law firm, the Department will expect the law firm to designate a Client Service Team appropriate to the particular matter. The experience of the team members and the number of attorneys and support staff assigned to each matter will be determined by the law firm in consultation with the City Attorney and will be designed to properly staff the matter in a manner that is appropriate, while being cost effective. Changes to the Client Service Team should not be made unless first reviewed by the law firm with the City Attorney.

City of Franklin Contacts

It is essential that, when providing legal services to the City of Franklin, the City Attorney and the law firms work closely at all times. The law firm should strive to work with the Law Department in conjunction with the business contacts in the City and not communicate solely with the business contacts. Law firms should not accept work from anyone in the City of Franklin other than the Law Department as no other department has authority to do so. It is necessary that good communication be established among the law firm, the Law Department and the appropriate City Business Representative (discussed below).

The method used to provide this communication will likely vary according to the nature of the matter. For example, engagement of a firm to do multiple condemnations will require a different type of communication than one involving a single litigation matter. The City Attorney will work with the law firm to determine the type of communication that is expected for the particular matter, and the law firm shall adhere to those requirements. In addition, every firm providing legal service to the City will be expected to provide semi-annual form status reports to the City Attorney.

City Business Representative

Frequently, it will be necessary for the Law Department to arrange for the law firm to work directly with City representatives outside of the Law Department. If this type of activity is appropriate, the City Attorney will inform the law firm of the business contacts with whom the attorneys should work. The City Attorney will designate (in conjunction with the department being represented) a City Business Representative, who will serve as the principal business contact for the

particular matter. The City Attorney will inform the firm's Lead Counsel of the names of Business Representative(s) that the firm should contact and/or work with. In addition, the City Attorney will inform the firm's Lead Counsel of how the firm should communicate with the City Business Representative and when the Law Department Attorney should be included in those contacts. If in doubt, the law firm should always err on the side of communicating with the Law Department.

Matter Assignment

Legal work for the City of Franklin will only be assigned by the Law Department. Law firms performing work for the City should not accept any work outside the scope of the representation previously designated by the Law Department and pursuant to the engagement letter without specific written approval from the City Attorney. Any requests by business contacts to perform legal work should be immediately referred to the City Attorney. Failure to communicate additional work outside of the scope of representation to the City Attorney may result in a denial of fees claimed and any work performed will be considered a free service to the City. Any questions regarding whether a particular matter is within the designated representation for which the firm has been retained should be directed to the City Attorney.

Procurement of Professional Legal Services by the Law Department

It is the goal of the Law Department to procure legal services that are tailored to the particular legal need that has been identified. Consideration for such professional services will be at the discretion of the City Attorney, based on whether a firm's qualifications are consistent with the overall goals of the City in providing top quality legal work and opportunities for diverse law firms and attorneys to participate in the City's legal representation.

Promotion of Diversity

It is the policy of the Law Department to obtain legal services in a manner that is consistent with the City of Franklin's equal business opportunity policies. All requests for proposals sought by the City Attorney for the provision of legal services will include a statement from the proponents on meaningful diversity practices and initiatives. Selection of outside counsel will be reviewed in light to the City's diversity objectives with consideration given to the establishment of co-counsel relationships between minority or female and majority-owned firms, the presence of female and minority partners in majority owned firms, mentor-protégé relationships, and meaningful opportunities for medium, small and sole practitioners to participate in work on behalf of the City.

Title VI

Due to federal funds received by the City, the law firm must agree, warrant, and assure that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Policy or in the employment practices of the law firm on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. Further, the law firm shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

Correspondence and Documents

All correspondence, pleadings and other documents created or transmitted by the law firm in connection with the representation of the City on a particular matter should clearly identify the matter on which the law firm is working.

Media Inquiries

Law firms retained by the City Law Department must refrain from responding to media inquiries about the legal work of the City. All requests from the media for comment should immediately be referred to the City Attorney. If the City Attorney is not available, the law firm should contact the City Administrator's office at (615) 791-3217.

Conflicts of Interest

All law firms representing the City must be free of conflicts of interests. Any potential conflicts should be disclosed and discussed with the City Attorney, whether they arise when the law firm is first engaged or arise after the relationship has been established. Conflicts will be discussed by the City Attorney and the firm's Lead Counsel and will be resolved in a manner that is consistent with the Tennessee Rules of Professional Conduct and all applicable ethics laws and regulations.

In addition to conflicts of interest that typically arise in law firms when representing private entities, an additional concern will be taken into account by the City Attorney when a determination is made on whether to grant a waiver of a conflict requested by a firm representing the City. If the request for a waiver relates to a matter of particular importance in the City's initiatives, or a particularly important public policy issue facing the City, the City Attorney may not agree to a waiver. The City Attorney recognizes that most law firms will have other clients who interact with the City on many levels and many issues. It is the intent of the City Attorney to address conflict waiver requests in a manner that affords maximum flexibility to the firms in representing other clients. However, law firms agreeing to perform work for the City should recognize that such work

may at times create an actual or potential conflict and preclude the firm from representing other clients on certain public issues.

Training Programs

At times, law firms may be asked by City Business Representatives to provide training to city employees regarding particular issues of interest. Although the Law Department does not prohibit such training, no training should be undertaken without the prior approval of the City Attorney. Any training materials to be used by the law firm must be reviewed first by the City Attorney's office. Failure to submit such materials and to receive prior approval may result in a denial of fees claimed and any training provided will be considered a free service to the City.

Professional Liability Insurance

Unless otherwise requested, law firms represent that it carries professional liability insurance in accordance with the most current Government Tort Liability Act, which can currently be located at Tenn. Code Ann. § 29-20-403. It is the law firm's responsibility to keep informed of the current Government Tort Liability requirements and to adhere to those requirements. The policy shall indicate the attorneys in the firm that are covered and what percentage(s) of their practice are devoted to the area of law upon which they will be providing advice. The policy shall include at least a three (3) year Extended Reporting Provision.

If the above requirements and coverages are not included in the policy at any time during the representation, then the City Attorney may, without notice, terminate the relationship and all amounts due and owing, if any, may be paid within thirty (30) days if not disputed. The Department may request a certificate of insurance to substantiate the above coverages.

Retention of Records by Law Firms/Open Records Requests

The law firm should keep records of matters it handles for the City consistent with the Tennessee Rules of Professional Conduct and the City's internal record retention practices. The law firm should consider that some records it has in its possession, if not covered by attorney/client privilege, work product protection or any other privilege, could be subject to an Open Records request pursuant to Tenn. Code Ann. § 10-7-501 *et seq.* If a law firm receives an Open Records request relating to a City matter, the City Attorney should be contacted immediately. Under no circumstances should a record be released or destroyed until the City Attorney's office concurs that the record is required to be disclosed or destroyed in accordance with the law.

Policy Regarding Litigation

In addition to the general policy, the following policy applies when a law firm is

engaged by the Law Department to represent the City in litigation matters. These rules are supplemental and in addition to the response dates and conferences required by the Tennessee Civil Practice Act and the Federal Rules of Civil Procedure, where applicable.

Early Case Assessment

The Law Department believes that early evaluation of litigation brought against the City is an important aspect of providing cost-effective legal services. When a litigation matter is assigned to a law firm, the law firm should plan, within the first sixty (60) days after the matter is assigned, to hold a conference (the "Early Case Assessment Conference") with the City Attorney regarding how to handle the case. This early case assessment should include at least the following:

1. Fact evaluation: The law firm should develop the facts of the particular matter as fully as practicable during the first sixty (60) days after the matter is assigned. This factual investigation should include review of the available documents and interviews (in person, if possible) with the key witnesses.
2. Legal authority: The law firm should, during the early case assessment, prepare a summary of the principal legal authority relative to the matter and review this material with the City Attorney.
3. Summary: As part of the Early Case Assessment Conference, the law firm should prepare a written summary of the facts and law to be provided to the City Attorney prior to the Conference.

Litigation Budget

At the time a law firm is engaged to represent the City in litigation, the law firm is required to prepare a litigation budget, which should include the law firm's best estimate of the cost of litigating the matter, considering the need for expert witnesses, fact witness discovery and potential trial exhibits. The budget should be submitted to the City Attorney within sixty (60) days after the matter is assigned to the firm. The budget should be submitted using the form at Attachment B.

Retention of Experts

Approval by the City Attorney is required prior to any engagement of an expert by the law firm. The expert is required to submit a budget for his/her services, and approval of the budget must be obtained from the City Attorney prior to the authorization for any services. As litigation proceeds, the law firm is required to ensure that the budget is kept current. Before any written reports or summaries are elicited from an expert, the City Attorney must be contacted to discuss the effect of any such report on the case strategy.

Extensions of Time

Because lengthy extensions of time to respond to pleadings or provide discovery responses can increase the cost of litigating a matter or delay its resolution, lengthy extensions should not be routinely sought. Prior to authorizing any extension greater than three (3) months, the law firm must discuss the request with the City Attorney.

Vendors

Use by the law firm of vendors, such as court reporters, document management companies, or investigators, should be coordinated by the law firm with the City Attorney. The City of Franklin Law Department encourages law firms to seek opportunities to include minority, women and locally-owned business among its vendors, and to include such businesses among those who do work on City matters.

Alternative Dispute Resolution

The Law Department recognizes that certain, special matters may be considered for alternative dispute resolution ("ADR"), but as a general rule the City will not agree to such terms. Any law firm engaged to represent the City in a litigation matter should, throughout that representation, seek to identify times when the use of ADR might be an appropriate and cost effective option to resolve the matter. As these opportunities arise, the Lead Counsel should discuss the possibility with the City Attorney, who in conjunction with the law firm, make a determination as to whether the City will engage in ADR.

Settlement Authorization

No case or claim in the City of Franklin may be settled, even by the City Attorney, without the authorization of the BOMA (except as may be previously authorized by the City Budget). Any law firm representing the City should not make any offers of settlement without prior authorization from the City Attorney. All approved offers of settlement should include information about the necessity of gaining authority to settle from the governing authority of the City. The Court and opposing counsel should be informed that any settlement offer communicated is contingent on such approval.

Strategic Discussions Required

Strategic, significant pleadings and discovery responses must be discussed with the City Attorney prior to their submittal to the court or opposing counsel. Drafts may be requested by the City Attorney to ensure review prior to the due date. It is recommended that the discussions and drafts be presented with at least one week for review by the Law Department.

Questions Regarding Litigation

Any questions regarding the guidelines for handling litigation matters should be directed to the City Attorney or City Administrator.

Legal Fees and Billing Requirements

Alternative Billing Arrangements

The Law Department encourages the use of alternative billing arrangements whenever appropriate for work done by outside counsel. Such alternative billing arrangements could include flat fees for certain aspects of the work; blended rates for all personnel working on the matter; discounts associated with certain aspects of the works; standard government rates comparable to those offered the State of Tennessee or other local governments; and similar arrangements.

When the standard hourly billing method is used, the Law Department encourages law firms to consider the nature of public sector representation and adjust their hourly rates to reflect the need to be prudent in the expenditure of public money.

All billing arrangements must be discussed by the Business Representative and the City Attorney at the time the representation begins. The billing arrangement will be included in the engagement letters signed by the City Attorney and the Business Representative.

Billing Requirements

All bills for legal services should adhere to the following policy:

1. Bills should be submitted to the City Finance Director with a copies to the City Attorney and to the affected City Department(s).
2. The matter name and any relevant file information will be identified in the engagement letter, and this name should be used when the bill is submitted. Multiple matters should be submitted on separate invoices.
3. The preferred billing cycle is monthly. Bills should be submitted monthly covering each month's activity.
4. At the beginning of the representation, the firm's Lead Counsel should provide to the Law Department that name and contact information for the billing manager in the event we need to contact the billing manager regarding an invoice.
5. The bill should be submitted in the form substantially like the one described below.
6. Bills should include a record of all timekeepers on the file and the description of the work *should be in sufficient detail* to allow the Law Department and City staff to assess the nature and scope of the work performed, while protecting attorney/client privileged information. Break down separate tasks on matters so that it is

clear how much time was spent on each task; the City reserves the right to challenge the length of time spent on a task if it is not reasonable and customary under the circumstances. A single line entry of multiple tasks will not be approved.

Example of poor billing entry:

<u>Hours</u>	<u>Attorney</u>	<u>Matter</u>	<u>Task</u>
4 hours	XYZ	ABC litigation	Met client. Reviewed documents. Researched. Discussed with counsel. Advised. Drafted letter. Billed on TimeSlips.

Total= \$360.00

Example of good billing entry (using same tasks as above):

<u>Hours</u>	<u>Attorney</u>	<u>Matter</u>	<u>Task</u>
.50 hours	XYZ	ABC litigation	Met with Mr. Q, Ms. S and City Attorney.
.25 hours	XYZ	ABC litigation	Reviewed contract and exhibits, reviewed letter from Citizen B, reviewed minutes from April 1, 2007 BOMA meeting.
1.0 hours	RST	ABC litigation	Researched employment law in regard to letter from Citizen B.
1.0 hours	RST	ABC litigation	Researched case law on estoppel.
.25 hours	XYZ	ABC litigation	Telephone conference with Mr. Q discussed case law and research.
.50 hours	XYZ	ABC litigation	Met with Mr. Q, Ms. S and City Attorney discussed status and my thoughts on drafting the letter in response to Citizen B's letter.
.50 hours	XYZ	ABC litigation	Drafted letter to Citizen B responding to his breach of contract. (Note: billing time entries <i>disallowed</i> .)

Total: 4.0 hours

Rates: RST paralegal 2 hours @ \$ 40.00 per hour = \$ 80.00
 XYZ attorney 2 hours @ \$140.00 per hour = \$280.00
 \$360.00

Travel

The City will reimburse outside counsel for reasonable travel expenses associated with the legal work performed on behalf of the City, provided the expenses meet all regulations established by the City's current Travel Policy, a copy of the most recently adopted version is attached as Exhibit A. All travel must be pre-approved by the City Attorney, and the law firm representatives should make travel arrangements that are consistent with the prudent use of public funds. Law firms will not be reimbursed for first class air travel, expenses at luxury hotels or similar expenditures. The City also will not pay for time spent traveling unless the attorney was performing work for the City while en route.

Staffing

When staffing a matter for the City, care should be taken to ensure that the staffing is appropriate for the matter, with limitations on the number of timekeepers assigned to the file. The number of timekeepers and the experience level of those timekeepers should be consistent with professional standards considering the complexity of the matter and the volume of the work. Staffing should be established at the beginning of the representation, and any changes to that staffing must be reviewed with the City Attorney.

Expenses and Disbursements

The City will reimburse law firms for reasonable disbursements. The cost of filing fees, long distance phone calls (telephone and facsimile), messenger and overnight delivery charges will be reimbursed at the actual expense incurred. Copying charges will be reimbursed at the maximum rate approved by BOMA in its records policy, a copy of the most recently adopted version can be found online at www.franklin-gov.com. Absent extenuating circumstances, it is expected that the firm will not charge the City for that research in addition to the time spent performing the research by the timekeeper. The City will not pay for secretarial overtime, library services, temporary employees, and similar expenses that should be included in the law firm's overhead (i.e., filing, billing, Westlaw® fees, etc.). Because the City is exempt from all taxes, such a line-item should not be charged. All other fees and charges shall be presumed to be a part of the Outside Counsel's overhead and shall be denied unless specifically authorized by the City Attorney.