



AGENDA REPORT

Meeting Date: July 24, 2012
Item Number: H-9
To: Honorable Mayor & City Council
From: Jeff Kolin, City Manager
Subject: AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND RICHARDS, WATSON & GERSHON, A PROFESSIONAL CORPORATION, FOR LEGAL SERVICES; AND AUTHORIZATION OF A PURCHASE ORDER IN THE AMOUNT OF \$1,140,116 TO RICHARDS, WATSON & GERSHON FOR THESE SERVICES

Attachments:

1. Agreement - Amendment No. 3
2. Agreement No. 266-07
3. Amendment No. 1
4. Amendment No. 2

RECOMMENDATION

Staff recommends that the City Council move to approve Amendment No. 3 to Agreement No. 266-07 with Richards, Watson and Gershon for legal services and a purchase order in the amount of \$1,140,116 for fiscal year 2012-13.

INTRODUCTION

The law firm of Richards, Watson and Gershon has provided services as the in-house City Attorney since April 1989. This third amendment provides legal services to continue for a three year period, from July 1st, 2012 through June 30th, 2015. The monthly retainer rate of \$93,993 will apply for the first year, which is an increase of two percent (2%) from the prior year. In February of 2013 and 2014, the City Council will provide direction on initiating another cost of living adjustment to the retainer by one to three percent (1-3%). The future monthly retainer shall be adjusted to reflect that increase starting July 1, 2013 and July 1, 2014 respectfully. The agreement may be terminated by the City upon 30 days written notice.

DISCUSSION

On July 10th, 2007 the City and Richards, Watson and Gershon entered into Agreement No. 266-07 for legal services. On June 16, 2009 the City and Richards, Watson and Gershon amended Agreement No. 266-07 to reduce the cost of legal services in connection with an overall reduction of the City's budget. On June 22, 2010 the City and Richards, Watson and Gershon entered into Amendment No.2 (Agreement No.229-10) to extend the term of the contract to June 30th, 2012. This request for approval of Amendment No. 3 will allow for on-going services by Richards, Watson & Gershon for three years and incorporates a cost of living adjustment starting July 1, 2012. The cost of living adjustments will be the first for Richards, Watson and Gershon since 2007.

This agreement will also continue to provide for additional legal services, not included in the retainer, if approved by the City. Examples of these services might include civil litigation, employment law services, and special environmental law services. This provision of the agreement also covers legal services for up to 50 hours per month of litigation and related services associated with oil well issues and legal services relating to the development of applications requesting legislative changes. In cases such as these, the developer is responsible for reimbursing the City for legal expenses.

FISCAL IMPACT

Funds have been budgeted to cover legal services for a three year agreement. The agreement with Richards, Watson & Gershon is for a total of \$1,140,116 annually paid at a monthly rate of \$93,993 for Fiscal Year 2012/13; for a total not to exceed \$1,173,953 for Fiscal Year 2013/14 (calculated with maximum Cost of Living adjustment to be approved by City Council in February 2013); and for a total not to exceed \$1,208,809 for Fiscal Year 2014/15 (calculated with a maximum Cost of Living adjustment to be approved by City Council in February 2014). The annual amount includes an additional twelve thousand and two hundred dollars (\$12,200) which covers incidental expenses as outlined in the original agreement.

If approved, separate purchase orders will be brought forth for City Council consideration at the beginning of fiscal year 2013/2014 and 2014/2015.



Scott Miller
Finance Approval



Jeff Kolin
Approved By

Attachment 1

AMENDMENT NO. 3 TO THE AGREEMENT BETWEEN THE CITY
OF BEVERLY HILLS AND RICHARDS, WATSON & GERSHON, A
PROFESSIONAL CORPORATION, FOR LEGAL SERVICES

This AMENDMENT NO. 3 (the "Amendment") to the Agreement for legal services between the City of Beverly Hills (the "City") and Richards, Watson & Gershon, a professional corporation ("RWG") is entered into on this 24th day of July, 2012.

RECITALS

1. On July 10, 2007, the City and RWG entered into Agreement No. 266-07 to provide legal services and discharge the duties of the office of City Attorney (the "Agreement").

2. On June 16, 2009, the City and RWG entered into Amendment No. 1 to the Agreement, identified as Agreement No. 230-09, in order to reduce the cost of legal services in connection with the City's overall budget reduction measures.

3. On June 22, 2010, the City and RWG entered into Amendment No. 2 to the Agreement, identified as Agreement No. 229-10. That amendment extended the term of the Agreement to June 30, 2012.

4. RWG has not received a cost of living adjustment to its contract since 2007.

5. The City wishes to continue to retain RWG to discharge the duties of the office of City Attorney and RWG wishes to continue to discharge the duties of the office of City Attorney.

NOW THEREFORE, the City and RWG agree as follows:

Section 1. Section 3 of the Agreement is hereby amended to extend the term of the agreement by three years and to read as follows:

“Section 3. Term. The term of this Agreement shall commence on July 1, 2007 and shall expire on June 30, 2015.”

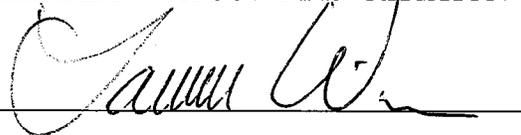
Section 2. Sub-paragraph A of Section 2 of the Agreement shall be amended to provide a cost of living adjustment as follows:

“A. Cost of Living Adjustment. On July 1 2012, the compensation set forth in Section 2 for General Services and Administrative Staffing shall be increased by two percent (2%). On July 1, 2013, the City shall increase the compensation set forth in Section 2 for General Services and Administrative Staffing by no less than one percent (1%) and no more than three percent (3%), as determined by the City Council. On July 1, 2014, the City shall increase the compensation set forth in Section 2 for General Services and Administrative Staffing by no less than one percent (1%) and no more than three percent (3%), as determined by the City Council.”

Section 3. Except as otherwise expressly provided in this Amendment, the provisions of the Agreement, as amended by Amendment Nos. 1 and 2, shall remain in full force and effect and continue without interruption.

EXECUTED ON THE DATE FIRST WRITTEN ABOVE:

RICHARDS WATSON AND GERSHON



LAURENCE S. WIENER

President

[signatures continue]

CITY OF BEVERLY HILLS

WILLIAM W. BRIEN
Mayor, City of Beverly Hills

ATTEST:

BYRON POPE
City Clerk

Attachment 2

AGREEMENT BETWEEN THE CITY OF BEVERLY HILLS AND
RICHARDS, WATSON & GERSHON, A PROFESSIONAL
CORPORATION, FOR LEGAL SERVICES

THIS AGREEMENT is entered into in the City of Beverly Hills between the City of Beverly Hills, a municipal corporation ("City") and the law firm of Richards, Watson & Gershon, a professional corporation ("Attorney").

WHEREAS, the City wishes to continue to retain Attorney to discharge the duties of the office of City Attorney and to designate a member of Attorney as City Attorney of the City; and

WHEREAS, Attorney wishes to continue to discharge the duties of the office of City Attorney;

NOW THEREFORE, the parties agree as follows:

Section 1. Services. Attorney shall provide the following services

A. *General City Attorney Services.* Attorney shall discharge the duties of the office of the City Attorney of City and use its best efforts to provide such services in a professional, thorough, and competent manner. Attorney shall provide all legal services to City of the type generally provided by an in-house City Attorney's office to a city, unless specifically exempted by this Agreement or specifically excused in writing by City. Services shall include, but not be limited to:

1. Provide legal assistance to the City Council, various Commissions (including, without limitation, Planning, Architectural, Traffic and Parking, and Civil Service), the City Manager, and staff.

2. Attend all City Council and Planning Commission meetings.

Attorney shall not be required to regularly attend other commission, committee, or board meetings.

3. Administer contracts that the City may have with other legal counsel.
4. Supervise clerical staff.
5. Provide attorneys on-site as needed.
6. Prepare legal opinions, resolutions, and ordinances.
7. Monitor the handling of liability cases by outside legal counsel and prepare a regular status report for the City Council on all pending liability cases.

B. *Administrative Staffing.* Attorney shall provide administrative personnel as appropriate to maintain the presence of a City Attorney's Office in Beverly Hills City Hall.

C. *Additional Services.* In addition to the General Services and Administrative Staff provided pursuant to subsections A and B, Attorney shall provide the following additional services:

1. Civil litigation.
2. Employment law services.
3. Special environmental law services involving hazardous waste issues, the Clean Water Act, the Clean Air Act and similar environmental statutes.
4. Up to fifty hours per month of litigation and other services related to oil well issues.
5. Legal services related to development applications requesting legislative changes where the developer is reimbursing the City for legal expenses.
6. Matters deemed by the parties to be outside the scope of services generally provided by an in-house city attorney office and which therefore should be referred to

outside counsel or retained to be handled by Attorney for additional compensation outside of this Agreement.

D. *Services Excluded.* Attorney shall not be required to provide the following services:

1. Litigation involving alleged Civil Rights Act violations or other tortious conduct committed by members of City's Police Department.
2. Criminal prosecution and code enforcement services.
3. Workers' Compensation services.
4. Bond Counsel.
5. Any other matter that the City presently considers outside the scope of this Agreement.

Section 2. Consideration. Attorney shall be paid a monthly retainer in the sum of Ninety Four Thousand Five Hundred Dollars (\$94,500) for General Services and Administrative Staffing rendered pursuant to subsections A. and B. of Section 1 of this Agreement. Attorney shall be compensated for Additional Services in accordance with Exhibit A. If the City desires to engage Attorney to provide services excluded from this Agreement pursuant to subsection D of Section 1, the City may direct Attorney in writing to provide such services at a rate agreed upon by the City and Attorney and such work shall be otherwise governed by the provisions of this Agreement. On July 1, 2008, the monthly retainer shall be increased by three percent (3%), and the monthly payment shall be adjusted to reflect that increase. On July 1, 2009, the retainer shall again be increased by three percent (3%) and the monthly payment shall be adjusted to reflect that increase.

City shall reimburse Attorney for actual expenses reasonably incurred in the performance of legal services under this Agreement for long distance telephone calls, court costs, legal research services, services of process, messengers, deliveries, postage, and other similar services

incidental to the performance of this Agreement. City shall not reimburse Attorney for word processing and document preparation costs. City and Attorney agree that Attorney shall be reimbursed no more than one dollar (\$1.00) per page for facsimiles, with a maximum charge of Forty-Five Dollars (\$45.00) for any individual facsimile transmission, and no more than ten cents (10¢) per page for photocopies. Provided further that City shall not be charged for facsimile or copying charges in connection with the provision of General Services pursuant to Section 1 of this Agreement.

Attorney shall send a monthly statement for services rendered during the previous month and for expenses incurred on the City's account. The monthly statement shall describe the nature of the work performed, the attorney performing the work and the time spent for each task as well as the nature of any fees and expenses incurred.

Section 3. Term. The term of this Agreement shall commence on July 1, 2007, and shall expire on June 30, 2010.

Section 4. Indemnification. Attorney shall indemnify, defend, and hold harmless City, City Council, its officers, agents, and employees, from any and all claims or losses resulting from physical injury or property damage arising from the wrongful or negligent action or inaction of Attorney or any person employed by Attorney in the performance of this Agreement.

Section 5. Insurance.

Attorney shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work by Attorney, its agents, representatives, or employees. Insurance shall be of the type, in the amounts, and subject to, the provisions described below.

A. Commercial general liability coverage at least as broad as Insurance Services Office Commercial General Liability occurrence coverage ("occurrence" form CG0001,

Ed. 11/88) with a minimum limit of \$2,000,000 per occurrence. If the insurance includes a general aggregate limit, that limit shall apply separately to this contract or it shall be at least twice the required per-occurrence limit.

B. Workers' Compensation insurance as required by the State of California..

C. Professional Liability Insurance with a minimum limit of ten million dollars (\$10,000,000). Such insurance may be subject to a self-insured retention or deductible to be borne entirely by Attorney which shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence.

D. Evidence of Coverage:

1. Within 14 days after approval of this Agreement by the City, Attorney shall file with the City certificates of insurance with original endorsements evidencing coverage in compliance with this Agreement on the City's standard proof of insurance form, attached hereto as Exhibit B.

2. Attorney shall make the insurance policies required by this Agreement, including all endorsements and riders, available to the City for inspection at Attorney's office during regular business hours.

3. During the term of this Agreement, Attorney shall maintain with City current valid proof of insurance coverage. Proof of renewals shall be filed prior to expiration of any required coverage and shall be provided on the City's standard proof of insurance form, Exhibit B, attached hereto.

4. Failure to submit any required evidence of insurance within the required time period shall be cause for termination.

5. In the event Attorney does not maintain current, valid, evidence of insurance on file with City, City may, at its option, withhold payment of any moneys owed to Attorney, or which it subsequently owes to Attorney, until proper proof is filed.

6. All insurance coverage shall be provided by insurers satisfactory to the City and with a rating of B+;VII or better in the most recent edition of Best's Key Rating Guide, Property-Casualty Edition.

7. Each insurance policy shall be endorsed to state that coverage shall not be suspended, voided or canceled and shall not be reduced in coverage or limits except after 30 days prior written notice provided to the City. Upon prior request of the carrier, the notice period may be reduced to 10 days in the event of non-payment of premium.

8. Attorney's insurance and any insurance provided in compliance with Agreement, shall be primary with respect to any insurance or self-insurance programs covering the City, its City Council and any officer, agent or employee of City.

9. Where available, the insurer shall agree to waive all rights of subrogation against the City, its City Council and every officer, agent, and employee of City.

10. Any deductibles or self-insured retentions shall be declared to and are subject to approval by City. Provided, however, that Attorney's professional liability insurance may be subject to a self-insured retention or deductible to be borne entirely by Attorney which shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence.

11. In the event that Attorney does not provide continuous insurance coverage, the City shall have the right, but not the obligation, to obtain the required insurance coverage at Attorney's expense, and the City may deduct all such costs from moneys the City owes to Attorney or from moneys which it subsequently owes to Attorney.

12. All commercial general liability insurance coverage required to be maintained pursuant to this Agreement by Attorney shall name the City, its City Council and every officer, agent, and employee of City as additional insureds with respect to work under this Agreement.

Section 6. Successors and Assigns. This Agreement may not be assigned by Attorney.

Section 7. Facilities and Equipment. City shall supply office space, office furniture, telephones, City stationery, office supplies, and photocopying service as appropriate to maintain the presence of a City Attorney's Office in City Hall. Attorney shall, at its own cost and expense, provide all other facilities and equipment which may be required for performance of services required by this Agreement. City shall maintain and keep current its law library.

Section 8. Termination. This Agreement may be terminated by City, with or without cause, upon thirty days written notice. Attorney shall be entitled to the compensation earned by it prior to the date of termination. Attorney shall be entitled to no further compensation after the date of termination. Additionally, in the event of a material breach of this agreement, the City may provide Attorney with ten days notice of termination and an opportunity to cure the breach. The City may terminate this Agreement immediately if Attorney fails to cure the breach during this ten-day period.

Section 9. Conflict of Interest. Except as knowingly authorized in writing by the City, Attorney agrees not to accept any employment during the term of this Agreement by any other person or entity which employment creates a conflict of interest between City's interest and the interests of such other person or entity. "Conflict," as used herein, shall be defined and interpreted in accordance with Section 1090 of the California Government Code and as set forth in the Rules of Professional Conduct of the State Bar of California. Attorney shall not reveal confidential information of the City except with the consent of the City or as otherwise required by law.

In the event that Attorney has a conflict of interest that is not or cannot be waived, any services provided by outside legal counsel retained by City on the matter for which the conflict arose shall be considered as excluded services under Section 3 of this Agreement. Notwithstanding the foregoing, Attorney and City shall negotiate in good faith as to whether the

retainer established by Section 2 of this Agreement should be adjusted if the City is required to retain outside legal counsel due to a conflict of interest arising from a matter which otherwise would fall within the scope of General Services. Such negotiations shall take into consideration the value of the services Attorney has provided to City under the retainer as shown by the summary reports required by Section 2 of this Agreement. In the event of a dispute between the parties as to whether, or to what extent, the retainer should be adjusted, the dispute shall be submitted to binding arbitration pursuant to this Agreement.

Section 10. Files. All legal files of Attorney pertaining to City shall be and remain the property of City. Attorney will control the physical location of such legal files during the term of this Agreement.

Section 11. Notice. Whenever it shall be necessary for either party to serve notice on the other respecting this Agreement, such notice shall be served personally or by certified mail addressed to the City Manager of the City of Beverly Hills, 455 N. Rexford Drive, Beverly Hills, California, 90210-4817; or to Laurence S. Wiener at Richards, Watson & Gershon, 355 S. Grand Ave. 40th Floor, Los Angeles, CA 90071 unless and until different addresses may be furnished in writing by either party to the other, and such notice shall be deemed to have been served within seventy-two (72) hours after the same has been deposited in the United States Post Office by certified mail. This shall be valid and sufficient service of notice for all purposes.

Section 12. Extent of Agreement. This Agreement represents the entire and integrated Agreement between City and Attorney and supersedes any and all prior negotiations, representations or agreements, either written or oral. This Agreement may be amended only by written instrument signed by both City and Attorney.

Section 13. Severability. Invalidation of any provision contained herein or the application thereof to any person or entity by judgment or court order shall in no way affect any of the other covenants, conditions, restrictions, or provisions hereof, or the application thereof to any other person or entity, and the same shall remain in full force and effect.

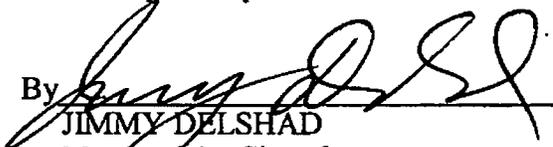
Section 14. Governing Law. This Agreement shall be interpreted in accordance with the laws of the State of California..

Section 15. Independent Contractor. No employment relationship is created by this Agreement. Attorney shall be an independent contractor of City.

Section 16. Arbitration. Any dispute between the parties arising out of or relating to this Agreement or a breach of this Agreement shall be submitted to binding arbitration pursuant to the commercial arbitration rules of the American Arbitration Association or such other procedure agreed upon by the parties.

Executed this 10th day of July, 2007, at Beverly Hills, California.

CITY OF BEVERLY HILLS
A Municipal Corporation

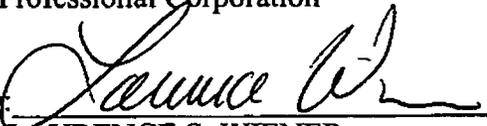
By 
JIMMY DELSHAD
Mayor of the City of
Beverly Hills, California

ATTEST:


BYRON FOPE (SEAL)
City Clerk

[Signatures continue]

RICHARDS, WATSON & GERSHON
A Professional Corporation

By: 
LAURENCE S. WIENER
President

APPROVED AS TO CONTENT:

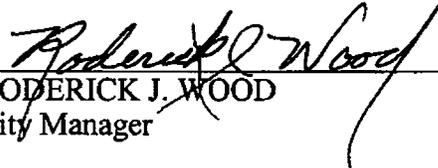

RODERICK J. WOOD
City Manager

EXHIBIT A

Compensation for Additional Services

Attorney shall be compensated at the following rates for additional services provided pursuant to this Agreement.

A. *Civil litigation.* Attorney shall provide civil litigation services at a discount of ten percent from Attorney's standard rates.

B. *Employment law services.* Attorney shall provide employment law services at the composite rate of \$210 per hour for all attorneys. This rate shall be increased by the same percentage and at the same time as the retainer for general services pursuant to Section 2 of this Agreement.

C. *Special environmental law services involving hazardous waste issues, the Clean Water Act, the Clean Air Act and similar environmental statutes.* Attorney shall provide special environmental law services at a discount of ten percent from Attorney's standard rates.

D. *Litigation and other services related to oil well issues.* Attorney shall provide up to fifty hours per month in litigation and other services related to oil well issues at the composite rate of \$200 per hour.

E. *Legal Services related to Development Applications.* Attorney shall provide legal services in connection with development applications that request legislative approvals at Attorney's standard rates. Pursuant to the City's annual fee resolution, the City is reimbursed by developers for these legal services.

G. *Other matters deemed by the parties to be outside the scope of General Services.* In the event that Attorney desires to provide services to City for additional compensation pursuant to subsection C.6. of Section 1 of this Agreement, Attorney shall submit a written request to the City Council, explaining the reasons why the services should not be provided within scope of the general services set forth in this Agreement and the rate at which services shall provided. The determination of the City Council concerning whether a matter shall constitute additional services shall be final.

Attachment 3

AMENDMENT NO. 1 TO THE AGREEMENT BETWEEN THE CITY
OF BEVERLY HILLS AND RICHARDS, WATSON & GERSHON, A
PROFESSIONAL CORPORATION, FOR LEGAL SERVICES

This AMENDMENT NO. 1 (the "Amendment") to the Agreement for legal services between the City of Beverly Hills (the "City") and Richards, Watson & Gershon, a professional corporation ("RWG") is entered into on this 16th day of June, 2009.

RECITALS

1. On July 10, 2007, the City and RWG entered into Agreement No. 266-07 to provide legal services and discharge the duties of the office of City Attorney (the "Agreement").
2. As part of the City's overall efforts to reduce expenditures and balance its budget, City and RWG have agreed to reduce the services and compensation provided in the Agreement.

NOW THEREFORE, the City and RWG agree as follows:

Section 1. Subsection E is hereby added to Section 1 of the Agreement to read as follows:

"E. *Services Excluded due to Budget Reductions.* In conjunction with a reduction in compensation for general services, Attorney shall not be required to provide the following services on and after July 1, 2009:

1. review and handling of public records requests and subpoenas that are served on the City,
2. handling and processing creditor claims in bankruptcy matters (e.g., submitting a claim for unpaid taxes or utility charges),
3. review and revision of Design Review Commission resolutions,

4. review of executed form covenants, encroachment permits, and similar forms;

5. review of communication materials such as newsletters and press releases, and

6. review and handling of contracts that are approved at the staff level.”

Section 2. Section 2 of the Agreement shall be amended to read as follows:

“Section 2. Consideration. Attorney shall be paid a monthly retainer in the sum of Ninety Two Thousand One Hundred and Fifty Dollars (\$92,150) for General Services and Administrative Staffing rendered pursuant to subsections A and B of Section 1 of this Agreement. Attorney shall be compensated for Additional Services in accordance with Exhibit A. If the City desires to engage Attorney to provide services excluded from this Agreement pursuant to subsection D of Section 1, the City may direct Attorney in writing to provide such services at a rate agreed upon by the City and Attorney and such work shall otherwise be governed by the provisions of this Agreement. If the City desires to have Attorney provide services excluded due to budget reductions pursuant to subsection E of Section 1, Attorney shall provide such services at the rate of one hundred seventy five dollars (\$175) per hour.

City shall reimburse Attorney for actual expenses reasonably incurred in the performance of legal services under this Agreement for long distance telephone calls, court costs, legal research services, services of process, messengers, deliveries, postage, and other similar services incidental to the performance of this Agreement. City shall not reimburse Attorney for word processing and document preparation costs. City and Attorney agree that Attorney shall be

reimbursed no more than one dollar (\$1.00) per page for facsimiles, with a maximum charge of forty-five dollars (\$45.00) for any individual facsimile transmission, and no more than ten cents (\$0.10) per page for photocopies. Provided further that City shall not be charged for facsimile or copying charges in connection with the provision of General Services pursuant to Section 1 of this Agreement.

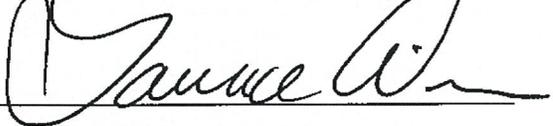
Attorney shall send a monthly statement for services rendered during the previous month and for expenses incurred on the City's account. The monthly statement shall describe the nature of the work performed, the attorney performing the work, and the time spent for each task as well as the nature of any fees and expenses incurred."

Section 3. Except as otherwise expressly provided in this Amendment, the provisions of the Agreement shall remain in full force and effect and continue without interruption.

Section 4. The provisions of this Amendment shall be effective on and after July 1, 2009.

EXECUTED ON THE DATE FIRST WRITTEN ABOVE:

RICHARDS WATSON AND GERSHON



LAURENCE S. WIENER

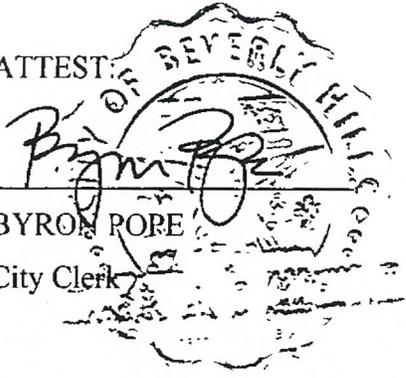
President

CITY OF BEVERLY HILLS



NANCY KRASNE

Mayor, City of Beverly Hills

ATTEST: 
 Byron Pore
 BYRON PORE
 City Clerk

Attachment 4

AMENDMENT NO. 2 TO THE AGREEMENT BETWEEN THE CITY
OF BEVERLY HILLS AND RICHARDS, WATSON & GERSHON, A
PROFESSIONAL CORPORATION, FOR LEGAL SERVICES

This AMENDMENT NO. 2 (the "Amendment") to the Agreement for legal services between the City of Beverly Hills (the "City") and Richards, Watson & Gershon, a professional corporation ("RWG") is entered into on this 22nd day of June, 2010.

RECITALS

1. On July 10, 2007, the City and RWG entered into Agreement No. 266-07 to provide legal services and discharge the duties of the office of City Attorney (the "Agreement"). The Agreement expires on June 30, 2010.

2. On June 16, 2009, the City and RWG entered into Amendment No. 1 to the Agreement, identified as Agreement No. 230-09, in order to reduce the cost of legal services in connection with the City's overall budget reduction measures.

3. The City wishes to continue to retain RWG to discharge the duties of the office of City Attorney and RWG wishes to continue to discharge the duties of the office of City Attorney.

NOW THEREFORE, the City and RWG agree as follows:

Section 1. Section 3 of the Agreement is hereby amended to extend the term of the agreement by two years and to read as follows:

"Section 3. Term. The term of this Agreement shall commence on July 1, 2007 and shall expire on June 30, 2012."

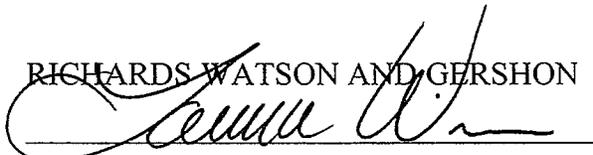
Section 2. In connection with the City's budget reduction measures for the 2010-2011 fiscal year, the parties agree that the Agreement will not include a cost of living adjustment for

the 2010-2011 fiscal year and, beginning July 1, 2011, a cost of living adjustment will only occur to the extent that there is an increase in the City's general fund revenues. To reflect this agreement, sub-paragraph A shall be added to Section 2 of the Agreement to read as follows:

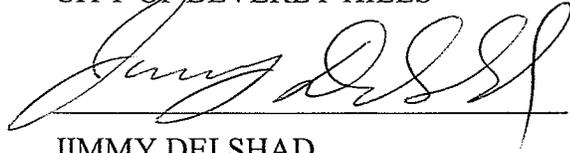
“A. Cost of Living Adjustment. On July 1 of each year, beginning July 1, 2011, the compensation set forth in Section 2 for General Services and Administrative Staffing shall be increased by the same percentage as the annual percentage increase in the City's general fund revenues, if any, as shown in the City's latest Comprehensive Annual Financial Report (“CAFR”), or its successor. Provided, however, in no event shall any annual increase in compensation for General Services and Administrative Staffing exceed three percent (3%), even if the City's general fund revenues grow by a larger percentage. As an example, on July 1, 2011, the latest CAFR will be the CAFR for the fiscal year ending June 30, 2010 and the annual percentage increase in general fund revenues would be determined by comparing the general fund revenues for the fiscal year ending June 30, 2009 against the general fund revenues for the fiscal year ending June 30, 2010.”

Section 3. Except as otherwise expressly provided in this Amendment, the provisions of the Agreement, as amended by Amendment No. 1, shall remain in full force and effect and continue without interruption.

EXECUTED ON THE DATE FIRST WRITTEN ABOVE:

RICHARDS WATSON AND GERSHON

LAURENCE S. WIENER
President

CITY OF BEVERLY HILLS



JIMMY DELSHAD
Mayor, City of Beverly Hills

ATTEST:



BYRON POPE
City Clerk