

**EXHIBIT 1-A**



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**ATTORNEY-CLIENT COMMUNICATION  
PRIVILEGED AND CONFIDENTIAL**

January 17, 2020

**Via E-Mail**

Dave Stoldt  
Monterey Peninsula Water Management  
District  
P.O. Box 85  
Monterey, CA 93942-0085

Re: Legal Retainer Agreement for Litigation

Dear Dave:

This letter sets forth the terms under which Shute, Mihaly & Weinberger LLP (“Firm”) will provide legal services to the Monterey Peninsula Water Management District (“Client”) in connection with California-American Water Company’s challenge to the environmental review of the potential acquisition of the Monterey Water System, Monterey County Superior Court Case No. 20CV003201 (the “Litigation”). If you agree to the terms of this retainer agreement (“Agreement”), please sign one copy of this letter and return it to me at your earliest convenience. The second copy of this letter is for your files.

**1. Legal Services to Be Provided**

The Firm is retained to provide Client the following legal services: represent Client in all stages of the Litigation, including without limitation the negotiation, drafting, and implementation of any settlement agreement.

**2. Legal Fees, Costs and Billing Practices**

The Firm’s hourly billing rates for these services will be as follows:

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Partner	\$ 400
Jr. Partner	\$ 370
Associate III	\$ 355
Associate II	\$ 335
Associate I	\$ 285
Paralegal	\$ 155
Law Clerk	\$ 100

Fees will be charged in increments of one-tenth of an hour. The Firm will annually increase these billing rates consistent with any annual increase in the Consumer Price Index (October over October time period) for All Urban Consumers (not seasonally adjusted) San Francisco-Oakland-Hayward area (1982-1984 = 100) as published by the Bureau of Labor Statistics, U.S. Department of Labor, rounded to the nearest whole \$1. The Firm will implement the increase each year on January 1<sup>st</sup>, or as soon thereafter as the CPI information is published, starting on January 1<sup>st</sup>, 2022. If Client declines to pay for the Firm's services at any increased rates, the Firm will have the right to withdraw as Client's attorneys. The Firm has errors and omissions insurance coverage applicable to the services being provided under this Agreement.

Client will also reimburse Firm for costs incurred in the course of representation, including fees fixed by law or assessed by public agencies, long-distance telephone, facsimile, messenger services, postage, photocopying, and charges for electronic legal research time. In the event of out of town travel, Client agrees to pay all transportation costs, lodging, parking, and meals, as well as the hourly rates for attorney travel time. The Firm will provide detailed monthly billing statements for fees and costs incurred. Client agrees to pay the Firm's billed costs and fees within thirty (30) days following billing.

**3. Potential Fee Recovery**

This Firm is providing the legal services described at significantly less than commercial rates in view of the public interest nature of the case. We may seek to recover attorneys' fees and costs incurred by the Firm from adverse parties in connection with any award of sanctions, or other fee award, against adverse parties or their counsel. Under state law, those fees may be assessed on the basis of commercial rates. For your information, commercial rates for the types of services being provided under this Agreement currently range from \$650 to \$800 per hour for a partner and \$400 to \$550 per hour for an associate, and will increase during the time that this matter is underway.

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Any amounts for attorneys' fees or costs incurred by the Firm actually received by us or by Client, as a result of agreement or court order in this matter, will be distributed as follows: (a) payment to the Firm for any unpaid work on this matter, whether billed or unbilled, at the rates established with Client for this litigation, (b) payment to the Firm of the difference between the reduced rates and the commercial rates established for this case, (c) reimbursement to Client of any attorneys' fees and costs incurred by the Firm paid by Client to the Firm for any claim or portion thereof for which fees are awarded, and (d) retention by the Firm of any funds in excess of the foregoing. Notwithstanding the distribution described above, where the recovery is insufficient to pay the compensation contemplated by (b) and (c), after payment of (a), the remaining fees will be apportioned between the Firm and Client. This fee distribution scheme is not set by law but is negotiable between the Firm and Client.

Any attorneys' fees recovered as a result of this litigation may be partly or wholly taxable. The Firm does not have expertise in tax law and tax advice is specifically excluded from the scope of services the Firm will be providing under this Agreement.

#### **4. Authorized Representative of Client**

Client designates Dave Stoldt as the authorized representative to direct the Firm and to be the primary person to communicate with the Firm regarding the subject matter of this Agreement. This designation is intended to establish a clear line of authority and to minimize potential uncertainty, but not to preclude communication between the Firm and other representative of Client. Unless directed otherwise by Client, all correspondence and bills will be directed to the designated authorized representative.

#### **5. Conclusion of Services, Discharge, and Withdrawal**

Unless otherwise agreed in writing, our representation of Client under this Agreement will automatically terminate at the time we complete the legal services we have agreed to perform.

Client may discharge the Firm at any time by providing written notice to the Firm, which is effective upon receipt by the Firm. In the event of such discharge, if the Firm is Client's attorney of record in any proceeding, the Firm will promptly provide Client with a substitution of attorney form. Client will execute and return the substitution of attorney form immediately upon receipt from the Firm.

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The Firm may withdraw at any time as permitted under the Rules of Professional Conduct of the State Bar of California. A valid reason for withdrawal by the Firm would include, but not be limited to, Client's consent, Client's breach of this Agreement, Client's failure to pay fees and costs as provided in this Agreement, Client's conduct renders it unreasonably difficult for the Firm to carry out the representation effectively, or any fact or circumstances that would render the Firm's continuing representation unlawful or unethical.

At such time as the Firm's services conclude, all unpaid fees and costs will immediately become due and payable.

**6. Client File**

After the Firm's services conclude, the Firm will, upon Client's request, deliver to Client the file for this matter with the exception of attorney notes, correspondence, or memoranda not previously sent to Client if such material constitute attorney work product. Client agrees to pay copying and delivery costs as well as the reasonable hourly rates associated with locating, preparing, and transmitting the file (whether in paper or electronic form).

If Client does not request the file for this matter at the conclusion of representation, the Firm will retain the file for a period of five years after the matter is closed. If Client does not request delivery of the file for this matter before the end of the five-year period, the Firm will have no further obligation to retain the file and may, at the Firm's discretion, destroy it without further notice to Client.

**7. No Guarantee**

Nothing in this Agreement and nothing in the Firm's statements to Client will be construed as a promise or guarantee about the outcome of this matter. The Firm makes no such promises or guarantees.

**8. Conflicts Waiver and Consent**

Please be advised that our Firm represents public agencies, private organizations, and individuals in a range of matters throughout California and on energy law matters throughout the United States. Accordingly, it is agreed, and you hereby consent, that our attorney-client relationship with you in this matter will not serve as a basis for the Firm's disqualification from representing other clients or parties in any legal

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proceedings, cases, controversies, or matters, other than those in which we represent you, except if and to the extent absolutely and non-waivably required by the Rules of Professional Conduct.

**10. Electronic Communication Tools and Devices**

In order to maximize efficiency and responsiveness in representing Client, we intend to use electronic communications tools and devices (such as email, electronic transfer and storage of documents, cellular telephones, and “smart phones”) to a significant extent during our representation. The use of such devices under current technology may place Client’s confidential information and privileges at risk. However, we believe the effectiveness and efficiency involved in use of these devices outweighs the risk of accidental disclosure or malicious access. By executing this Agreement, Client acknowledges Client’s consent to the use of these tools and devices without any encryption or other special protections.

**11. Execution of Agreement**

If this Agreement is satisfactory, please execute a copy and return it to me. This Agreement will be effective when it is signed by you. However, this Agreement will apply to any services we may provide in connection with the engagement before the execution date.

The undersigned represents and warrants that it is authorized to execute this Agreement and bind Client to its terms and conditions.

This Agreement may be executed by electronic signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature. Without limitation, “electronic signature” shall include faxed versions of an original signature or electronically scanned and transmitted versions (e.g., via pdf) of an original signature.

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Very truly yours,

SHUTE, MIHALY & WEINBERGER LLP



Gabriel M.B. Ross

**ACCEPTED AND AGREED:**

David Stoldt, Monterey Peninsula Water  
Management District

Name \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

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