

LAW OFFICES OF
McCARTHY & McCARTHY, L.L.P.

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(512) 692-2826 (FAX)

January 15, 2021

City of Pflugerville, Texas
Attn: Amy Giannini, P.E., CFM
Assistant City Manager
P.O. Box 589
Pflugerville, Texas 78691

*Via E-mail &
U.S. Mail*

Re: Engagement of McCarthy & McCarthy L.L.P as Special Counsel for Water Related Matters

Dear Ms. Giannini:

I want to thank you and the City of Pflugerville (the "City" or "Pflugerville"), Texas for the opportunity to represent the City in connection with its planned application to increase its water appropriations. I will be the principal attorney working on matters for Pflugerville. Whenever possible, I will use other attorneys and my legal assistant who have lower billing rates, to provide Pflugerville with efficient and economical representation and results.

Based upon our discussion, I understand that initially our representation will focus on assisting the City with the following initiatives:

- (i) negotiations with the Lower Colorado River Authority ("LCRA") for acquisition of additional surface water supplies from the LCRA Highland Lakes available from water rights already permitted to LCRA; and
- (ii) based upon the resulting negotiations with LCRA, assist in the drafting and prosecution of necessary permitting for the diversion and beneficial use of the water contracted from LCRA at the Texas Commission on Environmental Quality ("TCEQ"), including the beneficial reuse and bed and banks transport, if appropriate, of treated wastewater originating as the water contracted from LCRA as contemplated in subsection (iii), below; and
- (iii) negotiations with LCRA, and to the extent necessary the Brazos River Authority ("BRA"), for acquisition of additional water supplies, pursuant to House Bill 1437, subject to a TCEQ permitted interbasin transfer for additional surface water supplies

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from the LCRA Highland Lakes available from water rights already permitted to LCRA; and

- (iv) other miscellaneous matters directly related to the acquisition of short term and long-term water supplies.

We further understand that from time-to-time, as may be necessary or appropriate, we can update this Engagement Letter to address Projects with greater specificity or add additional projects.

We will bill the City monthly for our services based upon hourly rates. Current hourly rates are \$400.00 for my time, \$225.00 to \$325.00 for other Firm attorneys, and \$65.00 for our Legal Assistant. We will also bill Pflugerville for certain out-of-pocket expenses incurred pursuant to our representation to include, as appropriate, filing and notice fees, process server fees, copying charges for large reproduction jobs, and postage and delivery services. We do not mark-up such expenses, but bill them at our cost.

From time-to-time, we may receive invoices from third-party vendors regarding unusual projects such as oversized copying, *e.g.*, maps or plats. When these invoices are in amounts above \$100.00, we may submit the invoice to you for payment directly by Pflugerville to the vendor.

Our invoices will include a diary reflecting the services rendered daily, as well as a tabulation by category of expenses incurred. I will send our invoices to your attention directly for processing, unless you direct me otherwise.

At the City's request, the initial services regarding the subject matter of this agreement will be limited to a maximum of \$40,000.00. McCarthy & McCarthy, L.L.P. will not provide services that result in exceeding this amount without written authorization by a representative of the City.

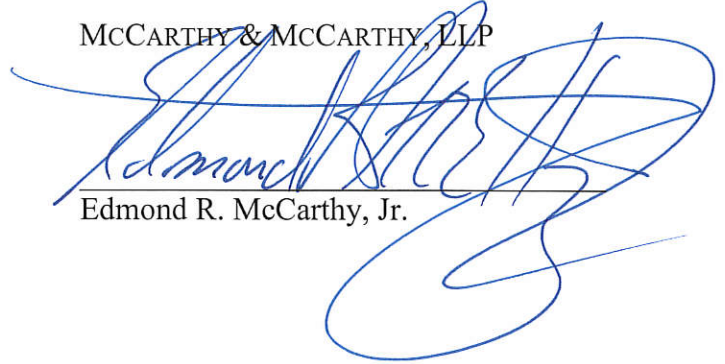
I believe that the foregoing summarizes the terms of our representation. If the same are acceptable to the City of Pflugerville, I would appreciate your having the Acknowledgement below executed on behalf of the City of Pflugerville to memorialize our agreement. I am enclosing a duplicate original of this letter for you to have signed by the authorized City representative, and returned to me for my files. Finally, I am also enclosing a copy of our Firm's IRS Form W-9 for the City's records.

Should you or any one at Pflugerville have any questions regarding the matters outlined herein, please feel free to call me. I can be reached at (512) 904-2313. Again, we appreciate this opportunity to continue to represent Pflugerville, and look forward to working with you and the rest of the Pflugerville Team on its water and wastewater related matters.

Best wishes.

Sincerely,

MCCARTHY & MCCARTHY, LLP



Edmond R. McCarthy, Jr.

ACKNOWLEDGMENT & ACCEPTANCE

On behalf of City of Pflugerville, Texas, I _____, acting in my capacity as _____, of City of Pflugerville, Texas, hereby acknowledge and accept the terms and conditions of representation by McCarthy & McCarthy, LLP, to provide representation as Special Counsel for Water Related Matters as outlined above.

(Printed Name)

(Title)