



January 3, 2019

Mr. Stephen Sheets
City Attorney – Round Rock, Texas
309 E. Main St.
Round Rock, Texas 78664

RE: Engagement Letter Between City of Round Rock and Herrera Law & Associates, PLLC Regarding SOAH Docket No. 473-18-1422.WS / PUCT Docket No. 48836.

Dear Mr. Sheets:

We are pleased for the opportunity to provide advice to and represent the City of Round Rock ("City") in relation to SOAH Docket No. 473-18-1422.WS / PUCT Docket No. 48836, *Paloma Lake Municipal Utility District No. 1, Paloma Lake Municipal Utility District No. 2, Vista Oaks Municipal Utility District, Williamson County Municipal Utility District No. 10, and Williamson County Municipal Utility District No. 11 Appealing the Ratemaking Actions of the City of Round Rock in Travis and Williamson Counties* ("Docket No. 48836").¹ This letter is intended to confirm the terms of our engagement regarding our representation of the City in relation to Docket No. 48836.

To provide the City with sound advice and better represent the City's interests, the scope of our services will include reviewing and familiarizing ourselves with the City's prior actions in its relationship with the Petitioning MUDs, including, the City Council's actions to set wholesale water rates for the Petitioning MUDs, the contracts between the City and each Petitioning MUD, correspondence to and from the Petitioning MUDs, and of course, the Texas Water Code, the Public Utility Regulatory Act, and the Administrative Procedures Act. We also will review prior decisions issued by the Public Utility Commission of Texas (Commission) relevant to the Petitioning MUDs' petition and relevant opinions issued by the Texas courts of appeals. We will also reach out to Commission Staff on an as-needed basis to assist the Commission Staff in its understanding of the City's water and wastewater rates and the City's contractual relationship with each Petitioning MUD.

¹ Paloma Lake Municipal Utility District No. 1, Paloma Lake Municipal Utility District No. 2, Vista Oaks Municipal Utility District, Williamson County Municipal Utility District No. 10, and Williamson County Municipal Utility District No. 11, are collectively referred to as the "Petitioning MUDs" and individually as the Petitioning MUD."

While I personally will perform much of the work on this project, other lawyers and legal assistants employed by our firm may also work in providing you our services under this Engagement Letter. All work on this project will be done under my direct supervision. My hourly rate for this project is \$450.00 per hour.² The time for our legal assistants will be billed at \$145.00 per hour and the time for our legal clerks is billed at \$125.00 to \$175.00 per hour. The time for our associates' services will be billed at a rate ranging from \$250.00 to \$335.00 per hour. The names and the billing rates for the other attorneys in our office who may assist me under this Engagement Letter are noted below:

<u>NAME</u>	<u>BILLING RATE</u>
Brennan Foley	\$335.00
Sergio E. Herrera	\$250.00

It is difficult to provide a precise amount for our services but my estimate of our legal fees to represent the City's interests in this matter is in the range of \$50,000.00 to \$100,000.00. My estimate assumes the matter is resolved without the need for a fully-litigated proceeding before the State Office of Administrative Hearings ("SOAH"), and that through pre-trial procedures, we are able to reach a non-litigated outcome to the Petitioning MUDs' appeal of the City's wholesale water/wastewater rates. Should the matter not be so resolved, we will provide the City an updated estimate of our fees. The amount of our fees is highly dependent on the degree of controversy the Petitioning MUDs' petition engenders, and in particular the extent of discovery disputes that arise. Nonetheless, we will watch our fees and expenses closely. The fees for our services will be based on the time we spend working on project at the hourly rates I note above. These rates are subject to change once a year. Generally, we will bill the City for all time spent on your matter. Our firm bills in minimum one-tenth hour increments.

We will forward billing statements monthly to you or to where you instruct us. Our statements will contain a description of the service we provided, including the date the service was provided, the person performing the service, the amount of time involved, and a description of the task performed. Our monthly statements also will itemize monies we have expended on your behalf for such things as travel and accommodations, long distance telecommunications, photocopies, facsimile (fax) transmissions, and electronic legal research charges. Payment is due in accordance with Chapter 2251 of the Texas Government Code, as amended. As a matter of course we do not charge our clients for meals while traveling and our billing rate for travel time is one-half of our regular billing rates.

We have performed a check for conflicts and found no apparent or current conflicts.

If you find the terms for engagement of our services acceptable, please so indicate by

² Please note that effective January 1, 2019, the billing rate for my services is \$475.00 per hour. However, because we began work on this project in the latter part of 2018 at my billing rate of \$450.00, we will continue my billing rate for this project at \$450.00 through 2019.

signing where noted below. If you have any questions or concerns, please call me so we may discuss them.

We greatly appreciate the opportunity to provide these services to the City and look forward to working with you.

Sincerely,



Alfred R. Herrera

Principal in the Firm

512-474-1492 (office)

512-474-2507 (fax)

512-653-6462 (mobile)

aherrera@herreralawpllc.com

ACKNOWLEDGEMENT AND ACCEPTANCE

I have read this Engagement Letter and agree to engage the services of Herrera Law & Associates, PLLC under the terms described above, and I am authorized to enter into this agreement.

Date: January __, 2019

Signature

Printed Name of Signatory

City of Round Rock, Texas