



City of Austin
Law Department

301 W. 2nd Street, P.O. Box 1088
Austin, Texas 78767-1088
(512) 974-2268

(512) 974-2268
Writer's Direct Line

(512) 974-2912
Writer's Fax Line

June 6, 2019

Brogan Sullivan
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas, MO 64112

RE: Amendment No. 2 to Engagement Letter Dated February 26, 2019 regarding
AE Transactional Needs.

Dear Mr. Sullivan:

This letter is to notify you of an increase in our original contract agreement to provide legal services concerning the above-referenced matter. The increase is for the amount of \$205,000.00, for a contract total not to exceed \$505,000.00. The total contract includes:

\$61,000.00 per the initial agreement of February 26, 2019;
\$239,000.00 per supplemental agreement dated April 25, 2019; and
\$205,000.00 per this supplemental agreement.

Please sign and return this letter to Teresa Medina in the self-addressed envelope.

Sincerely,

A green ink signature of Anne L. Morgan.

Anne L. Morgan
City Attorney

AGREED:

A blue ink signature of Brogan Sullivan.

Brogan Sullivan
Husch Blackwell LLP

ALM/tmm



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RECEIVED

APR 29 2019

BY: YH

(512) 974-2912
Writer's Fax Line

April 25, 2019

Brogan Sullivan
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas, MO 64112

RE: Amendment No. 1 to Engagement Letter Dated February 26, 2019 regarding AE
Transactional Needs.

Dear Mr. Sullivan:

This letter is to notify you of an increase in our original contract agreement to provide legal services concerning the above-referenced matter. The increase is for the amount of \$239,000.00, for a contract total not to exceed \$300,000.00. The total contract includes:

\$61,000.00 per the initial agreement of February 26, 2019; and
\$239,000.00 per this supplemental agreement.

Please note Texas law requires that counterparties to contracts requiring Council approval (such as this one) complete and submit to us a Disclosure of Interested Parties (Form 1295) from the Texas Ethics Commission. Once provided to us, the City will then submit the completed form to the Texas Ethics Commission within 30 days of receipt from the Firm. A link to Texas Ethics Commission Form 1295 processes and procedures is https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm, where the form can be completed on the Texas Ethics Commission website, printed, and signed by the authorized agent of the Firm with acknowledgment that disclosure is made under oath and under penalty of perjury.

Sincerely,

A handwritten signature in black ink, appearing to read "Anne L. Morgan".

Anne L. Morgan
City Attorney

AGREED:

A handwritten signature in black ink, appearing to read "Brogan Sullivan".

Brogan Sullivan
Husch Blackwell LLP

ALM/tmm

CITY OF AUSTIN OUTSIDE COUNSEL - TERMS OF ENGAGEMENT

I. DEFINITIONS

"Agreement" means this Terms of Engagement, including all exhibits and any written amendments, and the Engagement Letter.

II. DUTIES OF FIRM

A. Scope of Services

We expect matters to be leanly staffed and economically handled. The Managing Attorney will be contacting you to discuss the specific work assignments, possible sharing of work between our in-house staff and your firm, and how to work together most efficiently to fulfill the engagement and to constrain costs. All decisions will be made jointly by you and the Managing Attorney.

Examples of such decisions include whether to:

- engage in extensive research on an issue and who will do the research;
- file a motion;
- hire an expert;
- take a particular deposition; and
- engage in settlement negotiations and the scope of those negotiations.

The potential outcome of a case in litigation should be evaluated early and if early settlement is appropriate, it should be pursued at every stage of the case. If necessary and appropriate, use of a neutral third party is encouraged. Some cases, of course, must be fully litigated.

Any decision to appeal a case must be made by the City Attorney.

In litigation matters, all briefs and any affidavits of City of Austin employees done by your firm must be forwarded to the Managing Attorney for review, in draft, at least three business days before filing. No brief or affidavit may be filed until it has been approved by the Managing Attorney.

In non-litigation matters, discuss with the Managing Attorney the precise services requested and whether a formal opinion is desired, or informal oral or written assistance.

Copies of all legal research or memoranda which you create, whether intended for internal or external use, must be timely furnished to the Managing Attorney.

The Firm is being engaged to represent the City in connection with Project Evergreen, and not in connection with any other matter. This Agreement applies to such matter only, unless the City and the Firm otherwise agree.

B. Representation

The Firm shall coordinate all aspects of its services with the Managing Attorney assigned to this matter. Contemporaneous copies of all pleadings, legal memoranda, and correspondence shall be submitted to the Managing Attorney. All policy decisions, including but not limited to all settlement actions shall be made by the Managing Attorney. Please note that formal action by the Austin City Council may be required to approve certain actions, including settlement. All contact with City Officials must be coordinated through the Managing Attorney.

C. Conflict of Interest

Before commencing work on this assignment, you must verify whether your firm has a conflict of interest with respect to the parties involved. If any conflicts are present, please advise the Managing Attorney immediately in writing.

The City agrees that your Firm may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to its work for the City in this matter, provided such representation is consistent with the Texas Disciplinary Rules of Professional Conduct ("TDRPC"). In the event of a conflict of interest as defined by the TDRPC, you shall contact the Managing Attorney immediately to discuss the situation.

The City acknowledges that your Firm currently represents clients in unrelated matters adverse to the City and its divisions, departments, or affiliates other than Austin Energy. The City also acknowledges that your Firm represents many clients on a regional or national basis, including with respect to energy regulatory matters in the State of Texas, and that some of your Firm's present or future clients will have positions adverse to Austin Energy during the time your Firm is providing legal services under this Agreement. The City agrees to any waivable conflict with respect to your Firm's representation of such parties, should a conflict waiver be necessary. Your Firm agrees, however, that this prospective consent shall not apply in any instance where, as a result of representing the City, your Firm has obtained proprietary or other material, confidential, non-public information, that, if known to such other client, could be used by such client to the City's material disadvantage in the other matter. Your Firm also agrees that the City's prospective consent to conflicting representation shall not apply, without the City's prior written consent, (a) in any matter substantially related to a matter in which your Firm has provided legal services to the City (b) in any rate case proceeding, or (c) in any litigation matter filed in any court of law.

D. Assignment

The Firm may not assign this Agreement in whole or in part, or subcontract any legal services without the prior written consent of the Managing Attorney.

E. Budget Cap to Complete the Engagement

If required by the Managing Attorney for this engagement, the Firm's budget for this matter is **attached**. The budget may include an agreement that work on this matter will be billed on an hourly basis with **total fees to complete work on the matter capped at the budget limit**. The budget shall include a list of specific legal services, including a detailed estimate of all fees,

expenses, and costs for each legal service to be performed. If it becomes apparent to the Firm that it may exceed the budget cap because of unforeseeable, exceptional circumstances, the Firm may notify the Managing Attorney in writing describing in detail the reason why the Firm seeks to increase the budget cap. It is solely within the City's discretion to deny or agree to a budget cap increase.

F. Ethics

In providing legal services to the City, the Firm and each attorney providing services to the City shall fully comply with the Texas Disciplinary Rules of Professional Conduct. The law firm shall promptly notify the City if any disciplinary action or malpractice action is instituted against the law firm or an attorney providing services to the City.

G. Media Inquiries

All inquiries from the media must be referred to the Managing Attorney for response. No public comment on litigation matters may be made without prior approval from the City Attorney.

H. Authorized Expenditure Ceiling

The total cost of fees and expenses to the City for representation in this matter shall not exceed the authorized expenditure amount specified in the Engagement Letter. If the City requires additional services, a new or amended Agreement is required before fees or expenses exceeding the expenditure ceiling are incurred. The City will not pay any amount in excess of the authorized expenditure ceiling without a new or amended written agreement. Unlike the Budget Cap which is fixed for the engagement, the authorized expenditure ceiling may be increased if additional work is authorized.

I. Expenses

The Firm shall exercise prudence in incurring expenses. The Firm agrees to timely pay for all reasonable expenses incurred during representation of the City in this matter, including litigation expenses, if applicable. Such payments shall be made as they become due and payable subject to reimbursement as provided in this Agreement. The City agrees to reimburse the Firm for the reasonable, actual cost of expenses incurred in this matter as provided in the Billing Requirements section of this Agreement.

J. No Increase in Billing Rates

The City will not increase billing rates for any matter which is in progress without the written approval of the City Attorney in an amended Rate Schedule.

K. Indemnity

The services to be provided by the Firm include legal advice and other legal services to be rendered to the City. The Firm agrees to comply with all professional standards and to exercise the requisite standard of care in the delivery of such legal services. The Firm acknowledges that

it may be held responsible in tort for any professional negligence or breach of duty in connection with the legal services provided hereunder.

L. Insurance

The Firm shall carry professional liability insurance with minimum limits of one million dollars (\$1,000,000.00) per occurrence and shall not permit such insurance to be canceled or lapse during this engagement. The Firm shall provide an insurance certificate or other proof of insurance to the Managing Attorney with the return of the signed Engagement Letter.

M. Work Products

It is agreed that all files, reports, exhibits, pleadings, data compilations, memoranda, and other work products produced under this Agreement, collectively, the "Documents," are the property of the City of Austin. Upon termination, the Firm may retain a copy of the Documents, but the Firm shall deliver the original Documents to the City Attorney on request, at no expense to the City.

III. BILLING INSTRUCTIONS

Failure to follow these policies may result in no payment for part or all of the fees associated with work that does not comport with these policies.

The City will not pay for work outside the scope of work and assignments approved by the Managing Attorney.

All invoices must be submitted with a remittance page. Your firm's name and remittance address must exactly match your registration on the Vendor Self Service System (VSS).

If your firm has a change of address, you must notify the Managing Attorney immediately and update your registration on VSS. If you move to a different firm, you must indicate in writing your final date with the firm, submit a final invoice from the firm, and indicate your start date with your new firm. The continuation of this engagement and any staffing changes at your new firm must be approved in writing by the City Attorney.

A. Billing Requirements

1. Itemized bills must be submitted on Firm letterhead on a monthly basis.
2. Itemized bills must include a remittance page.
3. The Firm shall bill time in 1/10th of an hour increments.

4. The negotiated hourly rates on the attached Rate Schedule include all overhead and internal charges associated with your firm's practice. The work for the City will be done at a 10% discount from the firm's general billing rates. The City will not separately pay for overhead or law firm costs associated with services of secretaries, word processors, librarians, investigators, or other support staff.

5. The City will not pay for time spent preparing, discussing, or correcting a billing statement.

6. The City will not pay for opening routine correspondence which does not require a response or impact the merits of the case.

7. The City expects inefficiently spent time to be shown on the bill and written off in the sound exercise of billing judgment.

8. Any attorney work product for which the City is billed shall be provided to the City, either electronically or as a paper copy at the time it is completed.

9. If the Firm requests attorney fees in a contested motion and fees are awarded, the draft should be made payable to the City of Austin, or the amount of the award must be specifically credited on the next billing statement.

10. A copy of all invoices, bills, and receipts for expenses shall be attached to the monthly bill.

11. Expenses over and above the limits set forth herein shall be borne solely by the Firm and shall not be reimbursed under this Agreement.

B. Billing Statement Requirements

All billing statements must contain the following information:

1. IRS taxpayer identification number of the firm or attorney.
2. The vendor's name and address which must exactly match the name and address on the VSS (e.g., if the name includes L.L.P., it must match on the bill and on VSS).
3. Style of case or Matter description.
4. A remittance page with the monthly statement.
5. Dates of service and a detailed description of service. Vague descriptions, such as "review," "update," "attention to file," "research," and "trial preparation" without more specifics are not acceptable.
6. Name, classification (e.g., "partner," "associate," "legal assistant"), billing rate for the person doing the task, and specific time for service to a tenth of an hour.
7. Detailed listing of all expenses with supporting documentation for all third party and travel expenses.

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Sales and Use Tax. The Firm's invoices to the City must not contain assessments of any of these taxes.

* Please note that billing statements are subject to release under the Public Information Act.

C. Consultations

1. The City will not pay for inefficient conferences among outside attorneys or support staff. The City expects the matter to be leanly staffed.
2. The City will not pay for time involved educating an outside attorney on a particular matter when it has previously been handled by another attorney in the Firm.

D. Court Proceedings Attendance

1. Attendance of more than one attorney at depositions or court proceedings, including trials, is not reimbursable without prior approval by the Managing Attorney. Generally, one attorney is expected to handle matters.
2. Time involved for clerks, junior associates, or paralegals to accompany counsel to depositions, hearings, or trials for training purposes is not reimbursable.

E. Inefficient or Duplicate Work

The City will not pay for inefficient work, including the following:

1. More than one attorney performing any one task on a matter.
2. An attorney to re-do the work of a paralegal or another attorney.
3. Multiple entries for reviewing correspondence, documentation, trial, and/or deposition transcripts, indicative of inefficient work.
4. Repeat and inefficient research on an issue.
5. Legal research over 3 hours or any paralegal project over 5 hours, without prior Managing Attorney approval.
6. Research for matters which should be within the knowledge of an experienced practitioner.
7. Time spent training junior or other lawyers.

F. Expenses

The City will not pay for the following expenses:

1. General operating expenses other than long-distance phone bills, postage, and copying (not to exceed 10 cents per page).
2. Unnecessary use of express mail, facsimile transmissions, or couriers.

3. Any computerized legal research over \$200.00 without prior Managing Attorney approval.

The Firm must evaluate the need to engage experts, investigators, visual aid companies, etc. on a case by case basis, and must obtain approval of the Managing Attorney before retaining any such services.

G. Travel

The City will not pay:

1. For time spent traveling unless productive work is done during that time or a specific arrangement is agreed to in writing with the City Attorney in an amendment to this agreement.

2. For air travel expenses in excess of standard coach or economy fares. Counsel is expected to take advantage of special fares or discounts whenever possible and will check with the Managing Attorney for information on City vendor discounts.

3. For lodging and meals that exceed the per diem rates established by the U. S. General Services Administration.

4. For alcoholic beverages.

5. For charges from in room hotel "honor" bars.

The City will pay for automobile mileage not to exceed the amount permitted as a business expense under the Internal Revenue Code.

IV. DUTIES OF CITY

A. Payment Terms

1. The City shall pay the Firm on the basis of monthly invoices submitted by the Firm and approved by the City Attorney or his designee.
2. The City shall make payments to the Firm within 30 days of receipt of an invoice meeting contract and billing requirements.

B. Disputed Payments

1. If the City disputes any item in an invoice the Firm submits for any reason, the Managing Attorney shall advise the Firm of the issue and request that the Firm submit a new invoice of current date that does not include the disputed amount. The City will not pay for time spent discussing or correcting an invoice.

2. If the dispute is later resolved in the Firm's favor, the Firm may include the disputed amount on a separate invoice or on a subsequent monthly invoice.

C. Written Amendment

Unless otherwise specified, this Agreement may be amended only by written instrument executed by the City Attorney.

V. GENERAL PROVISIONS

A. Compliance with Laws

This Agreement and all disputes concerning this Agreement shall be governed by the laws of the State of Texas. Venue of any civil action between the parties regarding this Agreement shall lie exclusively in Travis County, Texas. All obligations of the parties shall be deemed performable in Travis County, Texas.

B. Right to Audit

The City has the right to inspect and audit all books, records, and documents of the Firm pertaining to this engagement at any reasonable time, to the extent necessary to verify the accuracy of any statement, charge, or computation.

C. Audit Expenses

If the Firm is asked to provide information to the City, including, but not limited to City auditors (either City employees or professionals hired by the City to audit the City's records) or the City finance department, the Firm shall provide such information at no additional cost to the City.

D. Entireties

This Agreement, together with the engagement letter, shall constitute the entire Agreement and understanding of the parties concerning the engagement of the law firm. There shall be no amendment or modification to this Agreement, except in writing signed by all parties.

E. Severability

If any provision of this Agreement is declared invalid, illegal, or unenforceable by a court or an agency of competent jurisdiction, such declaration shall not affect the remainder of this Agreement and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

VI. TERMINATION

A. Termination of Agreement

The City may terminate this Agreement with or without cause at any time. Upon receipt of a written request by the City, the Firm shall immediately discontinue work under the Agreement and transmit all files or written materials to the City. Thereafter, only those legal services necessary

to effectuate termination of representation or transfer to another attorney may be performed. All such services must be expressly authorized in advance and in writing by the Managing Attorney.

Additionally, this Agreement shall terminate automatically upon the conclusion of the Firm's work on Project Evergreen.



MEMORANDUM

TO: File

FROM: Sydney Ceder, Procurement Specialist III

DATE: March 11, 2019

SUBJECT: MA 5700 PA190000032

The Master Agreement was created and administered by the Law Department. All original documents are located with the Law Department. The Purchasing Office is not responsible for any procurement actions taken for this Master Agreement Contract other than the creation of the payment mechanism for accounting purposes.



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RECEIVED

MAR 01 2019

Admin / Finance

February 26, 2019

Brogan Sullivan
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas, MO 64112

RE: Legal services related to transactional concerning implementation of Austin
Energy generation resource planning, as assigned by the City Attorney

Dear Mr. Sullivan:

This Engagement Letter confirms that you will represent the City of Austin to provide legal services concerning the above-referenced matter. The City requires outside counsel to follow certain policies outlined in the attached Terms of Engagement. Please sign and return this Engagement Letter to Teresa Medina in the enclosed envelope, confirming that you agree to these policies. Additionally, the firm must include proof of professional liability insurance with minimum limits of one million dollars (\$1,000,000) per occurrence, per "Section II L" of attached Terms of Engagement.

Division Chief Andy Perny is the in-house attorney responsible for managing this matter (the "Managing Attorney"). The City will pay for the legal services you provide, in a total amount not to exceed \$61,000.00 for all fees and expenses billed under this agreement.

We have agreed that your billing rate for this matter is \$589.50 per hour. The agreed billing rates for any other named attorney(s) and paralegal(s) authorized to work on this matter, if any, are shown on the attached Rate Schedule. **The City will not pay for work by any person not listed on the Rate Schedule unless I preauthorize the change in writing in an amendment to the Rate Schedule.** Unless later agreed to in writing, these hourly rates are set for the duration of this engagement.

If you require consultant or subcontractor services, you must receive prior written approval from me. Pursuant to the City's accounting and auditing policies, you must bill the City on your letterhead for services rendered by other firms, i.e., court reporters, record companies, and consultants. The City cannot pay invoices from other businesses if they were not hired directly by the City.

Brogan Sullivan
February 26, 2019
Page 2

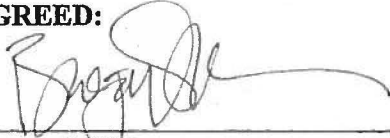
If you have any questions, please do not hesitate to call me or the Managing Attorney.

Sincerely,



Anne L. Morgan
City Attorney

AGREED:



Brogan Sullivan
Husch Blackwell LLP

Attachments: Terms of Engagement
 Rate Schedule

ALM/tmm

Outside Counsel Hourly Rate Schedule and Authorized Staff

The City will only pay for work done by the staff named and at the hourly rates listed below.

The City expects that this matter will be leanly staffed and economically handled.

Work is to be done by the person with the appropriate qualifications and an appropriate hourly rate for the services performed.

The City expects that work on city matters will be done at hourly rates that are a substantial discount from the firm's general billing rates.

These hourly rates are set for the duration of the engagement.

Only the following people are authorized to work on this matter:

Brogan Sullivan	Partner	\$589.50/hr
Chauncy Lane	Partner	\$477.00/hr
Mary Sprouse	Associate	\$279.00/hr
Jessica Morgan	Associate	\$375.00/hr
Victoria Sitz	Partner	\$472.50/hr
Brian Pullin	Associate	\$351.00/hr
Alison Nelson	Senior Counsel	\$427.50/hr
Sylvia Bartell	Associate	\$373.50/hr
Lynn Butler	Partner	\$607.50/hr
Jason Reschly	Partner	\$679.50/hr
Linda Walsh	Senior Counsel	\$625.50/hr
Patricia Martin	Senior Counsel	\$544.50/hr
John Crossley	Partner	\$535.00/hr
George Khoukaz	Associate	\$265.50/hr
Name	Classification (e.g., "partner," "associate," "paralegal")	Hourly Rate

Agreed:

BTS
Outside Counsel Initials

3/6/19
Date

Revised April 28, 2008

CITY OF AUSTIN OUTSIDE COUNSEL - TERMS OF ENGAGEMENT

I. DEFINITIONS

"Agreement" means this Terms of Engagement, including all exhibits and any written amendments, and the Engagement Letter.

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- engage in extensive research on an issue and who will do the research;
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- hire an expert;
- take a particular deposition; and
- engage in settlement negotiations and the scope of those negotiations.

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Any decision to appeal a case must be made by the City Attorney.

In litigation matters, all briefs and any affidavits of City of Austin employees done by your firm must be forwarded to the Managing Attorney for review, in draft, at least three business days before filing. No brief or affidavit may be filed until it has been approved by the Managing Attorney.

In non-litigation matters, discuss with the Managing Attorney the precise services requested and whether a formal opinion is desired, or informal oral or written assistance.

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Before commencing work on this assignment, you must verify whether your firm has a conflict of interest with respect to the parties involved. If any conflicts are present, please advise the Managing Attorney immediately in writing.

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D. Assignment

The Firm may not assign this Agreement in whole or in part, or subcontract any legal services without the prior written consent of the Managing Attorney.

E. Budget Cap to Complete the Engagement

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The Firm shall exercise prudence in incurring expenses. The Firm agrees to timely pay for all reasonable expenses incurred during representation of the City in this matter, including litigation expenses, if applicable. Such payments shall be made as they become due and payable subject to reimbursement as provided in this Agreement. The City agrees to reimburse the Firm for the reasonable, actual cost of expenses incurred in this matter as provided in the Billing Requirements section of this Agreement.

J. No Increase in Billing Rates

The City will not increase billing rates for any matter which is in progress without the written approval of the City Attorney in an amended Rate Schedule.

K. Indemnity

The services to be provided by the Firm include legal advice and other legal services to be rendered to the City. The Firm agrees to comply with all professional standards and to exercise the requisite standard of care in the delivery of such legal services. The Firm acknowledges that

it may be held responsible in tort for any professional negligence or breach of duty in connection with the legal services provided hereunder.

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III. BILLING INSTRUCTIONS

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All invoices must be submitted with a remittance page. Your firm's name and remittance address must exactly match your registration on the Vendor Self Service System (VSS).

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A. Billing Requirements

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8. Any attorney work product for which the City is billed shall be provided to the City, either electronically or as a paper copy at the time it is completed.

9. If the Firm requests attorney fees in a contested motion and fees are awarded, the draft should be made payable to the City of Austin, or the amount of the award must be specifically credited on the next billing statement.

10. A copy of all invoices, bills, and receipts for expenses shall be attached to the monthly bill.

11. Expenses over and above the limits set forth herein shall be borne solely by the Firm and shall not be reimbursed under this Agreement.

B. Billing Statement Requirements

All billing statements must contain the following information:

1. IRS taxpayer identification number of the firm or attorney.
2. The vendor's name and address which must exactly match the name and address on the VSS (e.g., if the name includes L.L.P., it must match on the bill and on VSS).
3. Style of case or Matter description.
4. A remittance page with the monthly statement.
5. Dates of service and a detailed description of service. Vague descriptions, such as "review," "update," "attention to file," "research," and "trial preparation" without more specifics are not acceptable.
6. Name, classification (e.g., "partner," "associate," "legal assistant"), billing rate for the person doing the task, and specific time for service to a tenth of an hour.
7. Detailed listing of all expenses with supporting documentation for all third party and travel expenses.

The City is exempt from payment of Federal Excise and Transportation Tax and Texas Sales and Use Tax. The Firm's invoices to the City must not contain assessments of any of these taxes.

*** Please note that billing statements are subject to release under the Public Information Act.**

C. Consultations

1. The City will not pay for inefficient conferences among outside attorneys or support staff. The City expects the matter to be leanly staffed.

2. The City will not pay for time involved educating an outside attorney on a particular matter when it has previously been handled by another attorney in the Firm.

D. Court Proceedings Attendance

1. Attendance of more than one attorney at depositions or court proceedings, including trials, is not reimbursable without prior approval by the Managing Attorney. Generally, one attorney is expected to handle matters.

2. Time involved for clerks, junior associates, or paralegals to accompany counsel to depositions, hearings, or trials for training purposes is not reimbursable.

E. Inefficient or Duplicate Work

The City will not pay for inefficient work, including the following:

1. More than one attorney performing any one task on a matter.
2. An attorney to re-do the work of a paralegal or another attorney.
3. Multiple entries for reviewing correspondence, documentation, trial, and/or deposition transcripts, indicative of inefficient work.
4. Repeat and inefficient research on an issue.
5. Legal research over 3 hours or any paralegal project over 5 hours, without prior Managing Attorney approval.
6. Research for matters which should be within the knowledge of an experienced practitioner.
7. Time spent training junior or other lawyers.

F. Expenses

The City will not pay for the following expenses:

1. General operating expenses other than long-distance phone bills, postage, and copying (not to exceed 10 cents per page).
2. Unnecessary use of express mail, facsimile transmissions, or couriers.

3. Any computerized legal research over \$200.00 without prior Managing Attorney approval.

The Firm must evaluate the need to engage experts, investigators, visual aid companies, etc. on a case by case basis, and must obtain approval of the Managing Attorney before retaining any such services.

G. Travel

The City will not pay:

1. For time spent traveling unless productive work is done during that time or a specific arrangement is agreed to in writing with the City Attorney in an amendment to this agreement.

2. For air travel expenses in excess of standard coach or economy fares. Counsel is expected to take advantage of special fares or discounts whenever possible and will check with the Managing Attorney for information on City vendor discounts.

3. For lodging and meals that exceed the per diem rates established by the U. S. General Services Administration.

4. For alcoholic beverages.

5. For charges from in room hotel "honor" bars.

The City will pay for automobile mileage not to exceed the amount permitted as a business expense under the Internal Revenue Code.

IV. DUTIES OF CITY

A. Payment Terms

1. The City shall pay the Firm on the basis of monthly invoices submitted by the Firm and approved by the City Attorney or his designee.

2. The City shall make payments to the Firm within 30 days of receipt of an invoice meeting contract and billing requirements.

B. Disputed Payments

1. If the City disputes any item in an invoice the Firm submits for any reason, the Managing Attorney shall advise the Firm of the issue and request that the Firm submit a new invoice of current date that does not include the disputed amount. The City will not pay for time spent discussing or correcting an invoice.

2. If the dispute is later resolved in the Firm's favor, the Firm may include the disputed amount on a separate invoice or on a subsequent monthly invoice.

C. Written Amendment

Unless otherwise specified, this Agreement may be amended only by written instrument executed by the City Attorney.

V. GENERAL PROVISIONS

A. Compliance with Laws

This Agreement and all disputes concerning this Agreement shall be governed by the laws of the State of Texas. Venue of any civil action between the parties regarding this Agreement shall lie exclusively in Travis County, Texas. All obligations of the parties shall be deemed performable in Travis County, Texas.

B. Right to Audit

The City has the right to inspect and audit all books, records, and documents of the Firm pertaining to this engagement at any reasonable time, to the extent necessary to verify the accuracy of any statement, charge, or computation.

C. Audit Expenses

If the Firm is asked to provide information to the City, including, but not limited to City auditors (either City employees or professionals hired by the City to audit the City's records) or the City finance department, the Firm shall provide such information at no additional cost to the City.

D. Entireties

This Agreement, together with the engagement letter, shall constitute the entire Agreement and understanding of the parties concerning the engagement of the law firm. There shall be no amendment or modification to this Agreement, except in writing signed by all parties.

E. Severability

If any provision of this Agreement is declared invalid, illegal, or unenforceable by a court or an agency of competent jurisdiction, such declaration shall not affect the remainder of this Agreement and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

VI. TERMINATION

A. Termination of Agreement

The City may terminate this Agreement with or without cause at any time. Upon receipt of a written request by the City, the Firm shall immediately discontinue work under the Agreement and transmit all files or written materials to the City. Thereafter, only those legal services necessary

to effectuate termination of representation or transfer to another attorney may be performed. All such services must be expressly authorized in advance and in writing by the Managing Attorney.

Additionally, this Agreement shall terminate automatically upon the conclusion of the Firm's work on Project Evergreen.