MEMORANDUM

TO: Board of Trustees

FROM: Michaela Tonking, Secretary

SUBJECT: Review, discuss and possibly approve the contract

with Best Best and Krieger LLP for legal services for the period of January 1, 2024 through

December 31, 2024

DATE: January 17, 2024

Recommendation:

The board makes a motion to approve the contract with Best Best and Krieger LLP from January 1, 2024 through December 31, 2024 with Sergio Rudin serving as the District's General Counsel.

Background:

The District's contract for legal services with Best Best and Krieger LLP (BBK) expired on December 31, 2023. Josh Nelson, of BBK, has been the District's General Counsel since mid-2020. In late 2023, Mr. Nelson began transitioning the role of General Counsel to Sergio Rudin.

The board has discussed the possibility of issuing a Request for Proposal (RFP) for legal services, however the Interim General Manager has requested the board delay this action until the board hires a General Manager.

The board directed Trustee Tonking to meet with BBK and negotiate terms directed by the Board at the last board meeting. BBK was amendable to providing a year contract with a 90 day termination notice from BBK and 30 day termination notice from IVGID. BBK offered a discounted rate of \$275 for the first three hours of a meeting and then the original legal rate for all hours after, as well as a discounted rate of \$140 per hour.

Attachments:

DRAFT BBK contract
BBK modifications to rates

AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

1. PARTIES AND DATE.

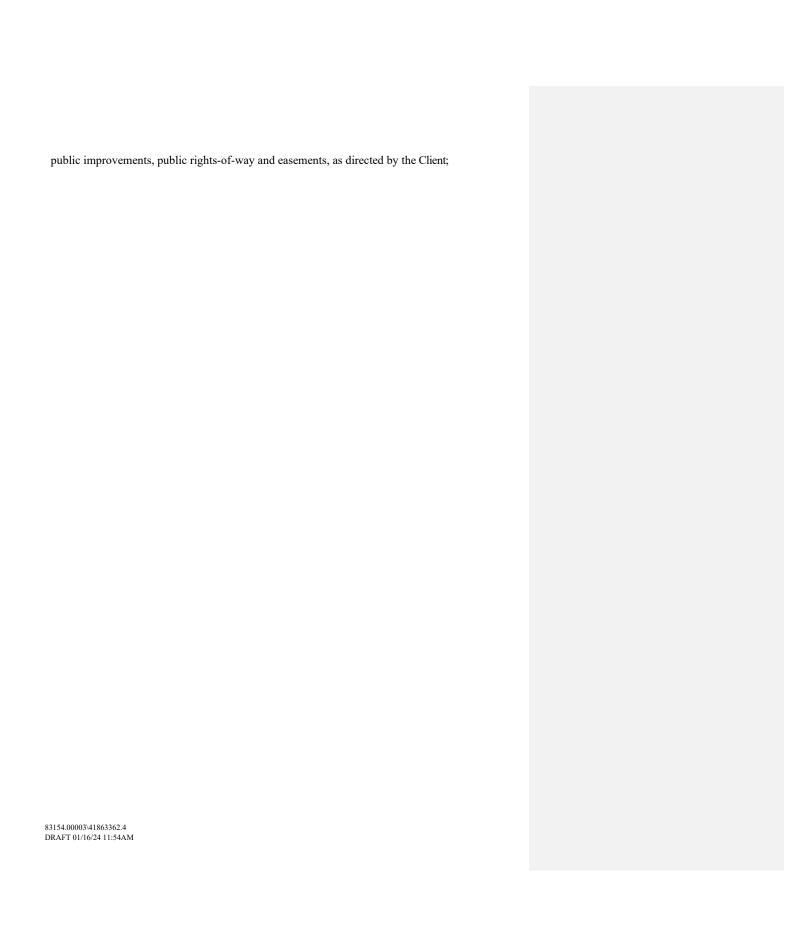
This Agreement is made and entered into as of the 10th day of January, 2024, by and between the Incline Village General Improvement District ("Client") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. RECITALS.

2.1 Client wishes to engage the services of BB&K as its General Counsel to perform all requested legal services for the Client on the terms set forth below.

3. TERMS.

- 3.1 <u>Term.</u> The term of this Agreement shall commence on January 1, 2024 and shall expire on December 31, $\frac{2026}{2024}$ unless earlier terminated in accordance with Section 3.3, 3.6 or 3.12.
- 3.2 <u>Scope of Services</u>. BB&K shall serve as General Counsel and shall perform legal services ("Services") as may be required from time to time by the Client as set forth by this Agreement, unless otherwise agreed to by the Client and BB&K. Pursuant to Resolution No. 1898 section IV.F, and Nevada Rules of Professional Conduct, Rule 1.13, Client's Board of Trustees is the highest authority of Client and holds ultimate decision-making regarding the Services. The Board Chair shall coordinate the Services. As part of the Services to be performed hereunder, BB&K shall be responsible for the following:
 - 3.2.1 Preparation for, and attendance at, public Board of Trustees meetings;
 - 3.2.2 Provision of legal counsel at such other meetings as directed by the Client;
- 3.2.3 Preparation or review of Client ordinances and resolutions, together with such staff reports, orders, agreements, forms, notices, declarations, certificates, deeds, leases and other documents as requested by the Client;
- 3.2.4 Rendering to the officers and employees of the Client legal advice and opinions on all legal matters affecting the Client, including new legislation and court decisions, as directed by the Client;
- 3.2.5 Researching and interpreting laws, court decisions and other legal authorities in order to prepare legal opinions and to advise the Client on legal matters pertaining to Client operations, as directed by the Client;
 - 3.2.6 Performing legal work pertaining to property acquisition, property disposal,



- 3.2.7 Responding to inquiries and review for legal sufficiency ordinances, resolutions, contracts, and administrative and personnel matters, as directed by the Client;
- 3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and alternative dispute resolution officer, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages. Client understands and agrees that BB&K does not currently have a Nevada office. As such, all litigation matters will require local co-counsel per applicable requirements.
- 3.3 <u>Designated General Counsel</u>. Sergio Rudin shall be designated as General Counsel, and shall be responsible for the performance of all Services under this Agreement, including the supervision of Services performed by other members of BB&K. No change in these assignments shall be made without the consent of the Board of Trustees. If, during the term of this Agreement, BB&K no longer has any Nevada counsel employed with the firm, the Client shall have the right to terminate this Agreement immediately notifying BB&K in writing so that the Client can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement.
- 3.4 <u>Time of Performance</u>. The Services of BB&K shall be performed expeditiously in the time frames and as directed by the Client.
- 3.5 <u>Assistance</u>. The Client agrees to provide all available information and documents reasonably necessary for the attorneys at BB&K to perform their obligations under this Agreement.
- 3.6 Independent Contractor. BB&K shallperform all legal services required under this Agreement as an independent contractor of the Client and shall remain, at all times as to the Client, a wholly independent contractor with only such obligations as are required under this Agreement. Neither the Client, nor any of its employees, shall have any control over the manner, mode or means by which BB&K, its agents or employees, render the legal services required under this Agreement, except as otherwise set forth. The Client shall have no voice in the selection, discharge, supervision or control of BB&K's employees, representatives or agents, or in fixing their number, compensation, or hours of service. It is agreed and understood by the parties hereto that a specific inducement to the Client to enter into this Agreement is that attorney Sergio Rudin will be personally involved in the representation of the Client and the delivery of services under this Agreement. If at any time, Mr. Rudin becomes substantially unavailable for any reason, the Client may terminate this Agreement immediately by notifying BB&K in writing so that the Client can hire replacement counsel. This termination provision shall supersede the time requirement for termination as set forth in Paragraph 3.12 of this Agreement.
- 3.7 <u>Fees and Costs.</u> BB&K shall render and bill for legal services in the following categories and at rates set forth in Exhibit "A" and in accordance with the BB&K Billing Policies set forth in Exhibit "B", both of which are attached hereto and incorporated herein by reference. In addition, the Client shall reimburse BB&K for reasonable and necessary expenses incurred by 83154.00003/41863362.4

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it in the performance of the Services under this Agreement. Authorized reimbursable expenses shall include, but are not limited to, printing and copying expenses, mileage expenses at the rate allowed by the Internal Revenue Service, toll road expenses, long distance telephone and facsimile tolls, computerized research time (e.g. Lexis or Westlaw), research services performed by BB&K's library staff, extraordinary mail or delivery costs (e.g. courier, overnight and express delivery), court fees and similar costs relating to the Services that are generally chargeable to a client. However, no separate charge shall be made by BB&K for secretarial or word processing services. Additionally, BB&K shall not charge for both mileage expenses at the rate allowed by the Internal Revenue Service and the time of the attorney for traveling those miles. For purposes of calculating mileage expense, BB&K shall use IVGID headquarters as the origin of all travel related to IVGID work.

- 3.8 <u>Billing.</u> BB&K shall submit monthly to the Client a detailed statement of account for Services. Invoices shall be sent to invoices@ivgid.org with a copy to the Board Chair. Except as otherwise may be provided by Client policies approved by the Board of Trustees, the Board Chair shall review BB&K's monthly statements and approve the payment to BB&K for Services rendered and costs incurred, as provided for in this Agreement, on a monthly basis.
- 3.9 <u>Insurance</u>. BB&K carries errors and omissions insurance with Lloyd's of London. A separate schedule containing BB&K's insurance policies will be available for inspection upon Client's request.
- 3.10 Attorney-Client Privilege. Confidential communication between the Client and BB&K shall be covered by the attorney-client privilege. As used in this article, "confidential communication" means information transmitted between the Client and BB&K in the course of the relationship covered by this Agreement and in confidence by a means that, so far as the Client is aware, discloses the information to no third persons other than those who are present to further the interests of the Client in the consultation or those to whom disclosure is reasonably necessary for the transmission of the information or the accomplishment of the purpose for which BB&K is consulted, and includes any legal opinion formed and advice given by BB&K in the course of this relationship. Subject to applicable Nevada law, the Board of Trustees shall be the holder of the attorney-client privilege, and unless otherwise required by law or ethical requirements, no confidential communications shall be disclosed to a third party without the consent of the Board of Trustees.
- 3.11 <u>Termination of Agreement and Legal Services</u>. This Agreement and the Services rendered under it may be terminated at any time upon thirty ninety (3090) days' prior written notice from BB&K to the Client, and upon thirty (30) days' prior written notice from Client to BB&K, either party, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client. BB&K shall retain the Client's file for seven years or other applicable time period.
- 3.12 <u>Entire Agreement</u>. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

- 3.13 <u>Governing Law</u>. This Agreement shall be governed by the laws of the State of Nevada.
- 3.14 <u>Amendment; Modification.</u> No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.
- 3.15 <u>Waiver</u>. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.
- 3.16 <u>Invalidity; Severability</u>. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.
- 3.17 <u>Counterparts</u>. This Agreement may be signed in counterparts, each of which shall constitute an original.
- 3.18 <u>Delivery of Notices</u>. All notices permitted or required under this Agreement notices shall be deemed made when personally delivered or when mailed, forty-eight (48) hours after deposit in the U.S. Mail, first class postage prepaid and addressed to the party at its applicable address. Actual notice shall be deemed adequate notice on the date actual notice occurred, regardless of the method of service. All notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such other address as the respective parties may provide in writing for this purpose:

Client: Incline Village General Improvement District

893 Southwood Blvd. Incline Village, NV 89451 Attention: District General

Manager

BB&K: Best & Krieger LLP

500 Capitol Mall, Suite 1700 Sacramento, CA 95814 Attention: Sergio Rudin IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

(signatures contained on following page)

SIGNATURE PAGE TO AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By:	Date:	
Sara Schmitz		
Board Chair		
BEST BEST & KRIEGER LLP		
By:	Date:	
Sergio Rudin		
Partner		

EXHIBIT "A" TO AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

- 1. <u>Basic Legal Services Description</u>. Basic legal services shall include all services provided to Client that are not otherwise specifically identified below as Special Legal Services ("Basic Legal Services").
- 2. <u>Basic Legal Services Rates</u>. The Client shall pay for Basic Legal Services at the following hourly rates:

Attorneys	\$285
Paralegals	\$175
Law Clerks	\$175
Litigation Analysts	\$175
Muni Analysts	\$175

- 3. Attendance at meetings. Attendance at meetings shall be billed at a discounted rate of \$275 per hour for Attorneys, up to a maximum of three hours, and thereafter shall be billed at the rate for Basic Legal Services. Travel, if requested by Client, for attendance at meetings, shall be billed at a rate of \$140 per hour.
- 3.4. Special Legal Services Description. Special Legal Services shall include the following types of services:
 - A. Litigation and formal administrative or other adjudicatory hearing matters. For clarity, initiation and/or defense of litigation requires specific approval of the IVGID Board of Trustees. BB&K shall provide immediate notice to IVGID, in writing, of any litigation relating to IVGID which requires initiation or defense and make all reasonable efforts to allow time for IVGID to call a Special Meeting of the Trustees, if one is not regularly scheduled, so that proper authorization may be obtained from the Board of Trustees. Such reasonable efforts may include, but are not limited to, requesting an extension of time to file pleadings from opposing counsel or the opposing party.
 - B. Other matters mutually agreed upon between BBK and the Client and designated in writing from time to time as Special Legal Services.
- 4.5. <u>Special Legal Services Rates</u>. The Client shall pay for Special Legal Services at the following hourly rates:

Attorney \$320

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Paralegals	\$190
Law Clerks	\$190
Litigation Analysts	\$190
Muni Analysts	\$190

5. <u>Adjustment for Inflation</u>. We are happy to discuss mutually agreed upon adjustments whenever necessary. In addition, on July 1, 2024, and each July 1st thereafter, all hourly rates and amounts would be increased for the change in the cost of living for the prior calendar year, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the West Region. In light of the volatility of the current economic climate, BB&K will agree to limit the increase to ensure it will not exceed 5%.

EXHIBIT "B" TO AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounts Receivable Department (accounts.receivable@bbklaw.com). Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. All legal services are billed in one-tenth of an hour (0.10/hour) or six-minute increments. Our attorneys are currently billed at rates from \$210 to \$750 per hour, and our administrative assistants, research assistants, municipal analysts, litigation analysts, paralegals, para professionals and law clerks are billed at rates from \$70 to \$290 per hour. Additional consultants and/or specialists are available as needed and their rates will be charged at the rate then in effect for such personnel. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate

charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record.

If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP

AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

1. PARTIES AND DATE.

This Agreement is made and entered into as of the 10th day of January, 2024, by and between the Incline Village General Improvement District ("Client") and Best Best & Krieger LLP, a limited liability partnership engaged in the practice of law ("BB&K").

2. RECITALS.

2.1 Client wishes to engage the services of BB&K as its General Counsel to perform all requested legal services for the Client on the terms set forth below.

3. TERMS.

- 3.1 <u>Term</u>. The term of this Agreement shall commence on January 1, 2024 and shall expire on December 31, 2024 unless earlier terminated in accordance with Section 3.3, 3.6 or 3.12.
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- 3.2.8 Representing and assisting on litigation matters, as directed by the Client. Such services shall include, but shall not be limited to, the preparation for and making of appearances, including preparing pleadings and petitions, making oral presentations, and preparing answers, briefs or other documents on behalf of the Client, and any officer or employee of the Client, in all federal and state courts of this State, and alternative dispute resolution officer, and before any governmental board or commission, including reviewing, defending or assisting any insurer of the Client or its agents or attorneys with respect to any lawsuit filed against the Client or any officer or employee thereof, for money or damages. Client understands and agrees that BB&K does not currently have a Nevada office. As such, all litigation matters will require local co-counsel per applicable requirements.
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- 3.11 <u>Termination of Agreement and Legal Services</u>. This Agreement and the Services rendered under it may be terminated at any time upon ninety (90) days' prior written notice from BB&K to the Client, and upon thirty (30) days' prior written notice from Client to BB&K, with or without cause. In the event of such termination, BB&K shall be paid for all Services authorized by the Client and performed up through and including the effective date of termination. BB&K shall also be reimbursed for all costs associated with transitioning any files or other data or documents to a new law firm or returning them to the Client. BB&K shall retain the Client's file for seven years or other applicable time period.
- 3.12 <u>Entire Agreement</u>. This Agreement contains the entire Agreement of the parties with respect to the subject matter hereof, and supersedes all prior negotiations, understandings or agreements.

- 3.13 <u>Governing Law.</u> This Agreement shall be governed by the laws of the State of Nevada.
- 3.14 <u>Amendment; Modification</u>. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing and signed by both parties.
- 3.15 <u>Waiver</u>. No waiver of any default shall constitute a waiver of any other default or breach, whether of the same or other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by a party shall give the other party any contractual rights by custom, estoppel, or otherwise.
- 3.16 <u>Invalidity</u>: Severability. If any portion of this Agreement is declared invalid, illegal, or otherwise unenforceable by a court of competent jurisdiction, the remaining provisions shall continue in full force and effect.
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Client: Incline Village General Improvement District

893 Southwood Blvd. Incline Village, NV 89451 Attention: District General

Manager

BB&K: Best & Krieger LLP

500 Capitol Mall, Suite 1700 Sacramento, CA 95814 Attention: Sergio Rudin IN WITNESS WHEREOF, the Client and BB&K have executed this Agreement for General Counsel Legal Services as of the date first written above.

(signatures contained on following page)

SIGNATURE PAGE TO AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

By:	Date:	
Sara Schmitz		
Board Chair		
BEST BEST & KRIEGER LLP		
By:	Date:	
Sergio Rudin		
Partner		

EXHIBIT "A"

TO

AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN

INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND

BEST BEST & KRIEGER LLP

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- 3. <u>Attendance at meetings</u>. Attendance at meetings shall be billed at a discounted rate of \$275 per hour for Attorneys, up to a maximum of three hours, and thereafter shall be billed at the rate for Basic Legal Services. Travel, if requested by Client, for attendance at meetings, shall be billed at a rate of \$140 per hour.
- 4. <u>Special Legal Services Description</u>. Special Legal Services shall include the following types of services:
 - A. Litigation and formal administrative or other adjudicatory hearing matters. For clarity, initiation and/or defense of litigation requires specific approval of the IVGID Board of Trustees. BB&K shall provide immediate notice to IVGID, in writing, of any litigation relating to IVGID which requires initiation or defense and make all reasonable efforts to allow time for IVGID to call a Special Meeting of the Trustees, if one is not regularly scheduled, so that proper authorization may be obtained from the Board of Trustees. Such reasonable efforts may include, but are not limited to, requesting an extension of time to file pleadings from opposing counsel or the opposing party.
 - B. Other matters mutually agreed upon between BBK and the Client and designated in writing from time to time as Special Legal Services.
- 5. <u>Special Legal Services Rates</u>. The Client shall pay for Special Legal Services at the following hourly rates:

Attorney \$320

Paralegals	\$190
Law Clerks	\$190
Litigation Analysts	\$190
Muni Analysts	\$190

5. Adjustment for Inflation. We are happy to discuss mutually agreed upon adjustments whenever necessary. In addition, on July 1, 2024, and each July 1st thereafter, all hourly rates and amounts would be increased for the change in the cost of living for the prior calendar year, as shown by the U.S. Department of Labor in its All Urban Consumers Index set forth for the West Region. In light of the volatility of the current economic climate, BB&K will agree to limit the increase to ensure it will not exceed 5%.

EXHIBIT "B" TO AGREEMENT FOR GENERAL COUNSEL LEGAL SERVICES BETWEEN INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT AND BEST BEST & KRIEGER LLP

BB&K BILLING POLICIES

Our century of experience has shown that the attorney-client relationship works best when there is mutual understanding about fees, expenses, billing and payment terms. Therefore, this statement is intended to explain our billing policies and procedures. Clients are encouraged to discuss with us any questions they have about these policies and procedures. Clients may direct specific questions about a bill to the attorney with whom the client works or our Accounts Receivable Department (accounts.receivable@bbklaw.com). Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement agreement with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set to reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. All legal services are billed in one-tenth of an hour (0.10/hour) or six-minute increments. Our attorneys are currently billed at rates from \$210 to \$750 per hour, and our administrative assistants, research assistants, municipal analysts, litigation analysts, paralegals, para professionals and law clerks are billed at rates from \$70 to \$290 per hour. Additional consultants and/or specialists are available as needed and their rates will be charged at the rate then in effect for such personnel. These hourly rates are reviewed annually to accommodate rising firm costs and to reflect changes in attorney status as lawyers attain new levels of legal experience. Any increases resulting from such reviews will be instituted automatically and will apply to each affected client, after advance notice.

Fees For Other Services, Costs and Expenses

We attempt to serve all our clients with the most effective support systems available. Therefore, in addition to fees for professional legal services, we also charge separately for some other services and expenses to the extent of their use by individual clients. These charges include but are not limited to, mileage at the current IRS approved rate per mile, extraordinary telephone and document delivery charges, copying charges, computerized research, court filing fees and other court-related expenditures including court reporter and transcription fees. No separate

charge is made for secretarial or word processing services; those costs are included within the above hourly rates.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Advance Deposit Toward Fees And Costs

Because new client matters involve both a substantial undertaking by our firm and the establishment of client credit with our accounting office, we require an advance payment from clients. The amount of this advance deposit is determined on a case-by-case basis discussed first with the client, and is specified in our engagement agreement.

Upon receipt, the advance deposit will be deposited into the firm's client trust account. Our monthly billings will reflect such applications of the advance deposit to costs and not to attorney's fees. At the end of engagement, we will apply any remaining balance first to costs and then to fees. We also reserve the right to require increases or renewals of these advanced deposits.

By signing the initial engagement agreement, each client is agreeing that trust account balances may be withdrawn and applied to costs as they are incurred and to our billings, after presentation to the client. If we succeed in resolving your matter before the amounts deposited are used, any balance will be promptly refunded.

Monthly Invoices and Payment

Best Best & Krieger LLP provides our clients with monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 30 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record.

If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.

Changes in Fee Arrangements and Budgets

It may be necessary under certain circumstances for a client to increase the size of required advances for fees after the commencement of our engagement and depending upon the scope of the work. For example, prior to a protracted trial or hearing, the firm may require a further advance payment to the firm's trust account sufficient to cover expected fees. Any such changes in fee arrangements will be discussed with the client and mutually agreed in writing.

Because of the uncertainties involved, any estimates of anticipated fees that we provide at the request of a client for budgeting purposes, or otherwise, can only be an approximation of potential fees.

BEST BEST & KRIEGER LLP