

June 17, 2025

Sent Via Email: mfleming@erieco.gov

Malcolm Fleming, Town Administrator
Town of Erie
645 Holbrook Street
Erie, CO 80516

Re: Engagement Letter and Legal Services Agreement

Dear Malcolm:

This Engagement Letter and Legal Services Agreement ("Agreement") will confirm the engagement of Lyons Gaddis, P.C. ("Firm") to provide legal services for the Town of Erie ("Town"). Thank you for giving us the opportunity to serve the Town. We look forward to a successful relationship.

The purpose of this letter is to explain what the Town can expect from us and what we expect from the Town, and to describe our fees and billing practices.

1. Termination of Vranesh and Raisch Agreement: Vranesh and Raisch, LLP will close and no longer provide legal services as of August 1, 2025. Your prior Legal Service Agreement with Vranesh and Raisch, LLP does not require express termination and this Agreement will serve as a termination of that prior Legal Services Agreement with Vranesh and Raisch, LLP, effective July 31, 2025, with this Legal Services Agreement taking effect on August 1, 2025.

2. Description of Legal Services: The Firm understands that it has been retained to represent the Town's interests with regard to waters rights matters, as directed by the Town. We intend to perform these legal services in a professional manner and will keep the Town informed of all material developments in a reasonable and timely fashion. We will strive to provide our best judgment in light of the law and the particular facts made known to us. In this regard, we ask that Town communicate any information to us fully and candidly. Also, we ask that Town work with us to continuously monitor and discuss the matter so that we can agree on a course of action that best achieves the Town's goals.

3. **Supervising Attorney:** The attorney with principal responsibility for supervising the work for the Town will be Peter Johnson. However, our goal is to provide quality legal services to the Town in a cost-effective manner. As a result, the Firm reserves the right to assign other lawyers in the Firm to represent the Town, if in the Firm's reasonable judgment that becomes necessary or will otherwise benefit the Town. The Firm also reserves the right to assign various tasks to Firm staff (*e.g.*, paralegals, law clerks), as appropriate.
4. **Retainer:** Given our long-standing relationship, the Firm will not require any retainer at this time. The Firm may, however, request that the Town provide a retainer in the future if it is expected that the Firm's provision of legal services will result in unusually large fees and costs in, for example, active litigation matters.
5. **Fee Arrangement:** The current billing rate for Peter Johnson is \$330.00 per hour and the current billing rate for paralegals and law clerks is \$155.00 per hour. The Firm generally raises its rates at the beginning of each calendar year and reserves the right to increase and/or modify the above-stated rates over time; provided, however, that the Firm will provide the Town with advance notice of any rate changes. The Firm's monthly billing statement will reflect the current rates in effect at the time the service was performed.
6. **Billable Costs:** Out-of-pocket expenses incurred on behalf of the Town, such as filing costs, service-assisted conference calls, service of process, travel, photocopying, computer-assisted legal research, and deposition and transcript costs, will be charged in addition to the costs of legal services in the Firm's discretion. As part of this engagement, the Town agrees to pay the out-of-pocket expenses that are charged. These expenses will be included in the monthly billing invoices sent by the Firm. We will make every effort to include out-of-pocket expenses in the billing invoice for the month in which they are incurred, or for the month in which the Firm receives the invoice from a third-party vendor who performed the work.
7. **Billing Invoices and Payment:** The Firm bills its time and expenditures on a monthly basis. Unless otherwise agreed to by the Firm in writing, we require the Town to keep all billings paid on a current basis. If the Town has any question about any bill or the services performed by the Firm, please contact the supervising attorney within fifteen (15) days of the date of receipt of the billing statement. Any fee or expense not paid within 60 days of the date of the statement shall bear interest at a rate of 18% per annum.

8. **Conflicts of Interest:** The Firm has an ethical obligation to inquire into and avoid conflicts or potential conflicts with any of the Firm's existing clients' interests. The Town should recognize and understand that actual or apparent conflicts of interest with respect to matters within the scope of this Agreement are possible. The Firm and the Town agree to identify such conflicts promptly and to dispose of them to the mutual satisfaction of each other. If a conflict is discovered after the Firm has started work for the Town, the Firm may be disqualified from continuing to represent the Town. However, the Firm shall not by this Agreement be precluded from representation adverse to the Town in matters outside the scope of work covered by this Agreement.

We ask that the Town review all of the interests that may be involved with the matter for which the Firm's representation is being sought, and that the Town fully inform the Firm about all of the persons or entities whose interests are now in conflict with the Town's interests, or that may come into conflict with the Town's interests in the future. If, in the Firm's sole judgment, a conflict of interest does exist, or arises in the future, the Firm will notify all affected clients and will proceed in a manner consistent with the ethical standards contained in the Colorado Rules of Professional Conduct.

Based on the information provided to date, the Firm is currently aware of an existing conflict with the Plumb and Dailey Ditch Company (a current Firm client) and the potential for a conflict pertaining to some of the Firm's other clients, including the Lower Boulder Consolidated Ditch Company, the Erie-Coal Creek Ditch Company, the Leyner-Cottonwood Ditch Company, the Godding Ditch Company, and the New Coal Ridge Ditch Company. As we have discussed, the Firm will address these conflicts by implementing a confidentiality wall between the clients, and obtaining a conflict waiver from each affected client as necessary, which waiver approves representation of the respective client subject to the conditions set forth in the waiver. The Firm will be taking the same approach with any of its other clients for which a conflict exists. The Town's execution of this Agreement and the related conflict waivers will signify its consent as well. Should the Town have any questions about our representation of the other clients and the conflicts approach described above, please feel free to contact this office for clarification or to contact an independent attorney to evaluate the protection of the Town's interests by the mechanisms described herein.

9. **Firm - Client Relationship:** The Town has the right at any time to terminate the Firm's services and representation for any reason. If the Town wants the Firm to discontinue its representation, the Town should inform the supervising attorney in writing. If the Town terminates the Firm's representation under this Agreement, the Town will still owe the Firm for all fees and costs incurred up through the date and

time that the Town informed the Firm of the termination. The Firm also has the right to withdraw from its representation of the Town. This withdrawal could be for reasons including, but not limited to, nonpayment of the Town's outstanding balance for services provided. The Firm will comply with the Colorado Rules of Professional Conduct if it determines it is appropriate to terminate its legal representation of the Town.

10. Client Files: We may destroy any documents or other data ("Client Files") obtained or provided to us during this representation 60 days after we notify the Town that this matter is concluded, unless we are informed that litigation is pending or anticipated on this matter at the 60-day point. Upon the Town's written request, we will provide the Town any Client Files obtained by us during the course of this representation if we receive that request before the 60-day timeframe ends. The Town agrees to pay the cost of transmitting the data. The Town also agrees that the Firm has the right to retain copies of the Client Files but is not required to do so.

11. Communications and Point of Contact: In order to avoid confusion, duplication of effort, and conflicting instructions, the Firm requires that one person be designated as the client contact. The person designated as the client contact for the Town is Todd Fessenden, Utilities Director. The Town can change the client contact by providing written notice to the Firm. We will communicate with the Town primarily by telephone and by e-mail, and we ask that the Town stay apprised of your e-mail account for our communications.

We look forward to continuing our longstanding relationship and representation of the Town. If the Town has any questions or comments about the foregoing, please call us at your convenience. If the Town is satisfied with the foregoing Legal Services Agreement, please sign a copy of this letter in the space provided below and return it to us by email at pcj@vrlaw.com and aak@vrlaw.com.

Sincerely,

LYONS GADDIS

Peter C. Johnson, Esq.

Town of Erie

By:_____

Date:_____

Its:_____