

LITTLE & KARZAI LLP

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Eric R. Little, Esq.
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April 1, 2020

City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

Re: *Insurance Consulting for City of Lompoc*

Dear City of Lompoc:

We are pleased to have been chosen to represent City of Lompoc (hereafter “you” or “your”). We will provide the following legal services: representation regarding your insurance claim for the defense, indemnity, and settlement of an action currently entitled *Joel Alcox v. City of Lompoc, et.al.*, USDC, Central District of CA, Case No. 5:17-cv-0507-JVS (AJW). (The “Alcox Action”) You have not engaged this firm to provide other services. This agreement supersedes all prior agreements.

Our fee is based on hourly rates for time expended on your behalf. Partners of the firm charge the following hourly rates: \$450 for Eric R. Little; \$400 for Najwa T. Karzai. Of Counsel Attorneys of the firm charge the following hourly rates: \$350. Associates of the firm charge the following hourly rates: \$225. Legal Clerks of the firm charge the following hourly rates: \$125. Paralegals of the firm charge the following hourly rates: \$125 for Robyn Scancich; \$125 for James Chuong.

From time to time during our representation of you, we may provide estimates of anticipated fees and expenses. Please keep in mind that these are only an estimate. Actual fees and costs may exceed this estimate due to unforeseen circumstances. You will be billed for, and have agreed to pay, actual fees and expenses.

In addition to the hourly legal fees described above, you have agreed to pay the reasonable costs and expenses we incur on your behalf.

- We do not charge for word processing.
- We maintain a comprehensive subscription to Westlaw and other on-line research facilities pertinent to our nationwide litigation and insurance coverage practice in state and federal courts. We do not charge for matters included in our subscriptions. For matters outside of our subscriptions, you will be charged the discounted rate without markup.
- We do charge for photocopying, faxes, messenger service, filing fees, overnight and expedited mail services, and travel expenses.
- Significant outside vendor services, such as expert fees, will be billed directly to you by the vendor.

We will send you a monthly statement showing the fees and costs incurred on your behalf. Your account balance is due and payable on receipt of the statement.

In lieu of a cash retainer, our firm agrees that our billings will not exceed twenty five thousand dollars (\$25,000.00) and will request additional increases from the City Council on an as needed basis.

Should the insurance claim proceed to litigation, we will require a cash retainer which will be deposited in our Client Trust Account.¹ We will draw on those funds to pay our invoices for fees and costs as incurred on your behalf. Our invoices to you will reflect any amount drawn and will identify the additional amount owed, if any, as well as the amount necessary to replenish the cash retainer. At the conclusion of our representation of you, any part of the retainer that is left after the payment of our final bill will be returned to you.

As of the date of transmission of the billing statement to you, the fees/costs for the services described therein are deemed fixed and earned. As of that date, we may withdraw the amount of funds reflected in the billing statement from the advance fees on deposit in the trust account. If we receive a written or oral objection from you within ten (10) days of transmission of the billing statement, our right to such fees/costs is “disputed” and we will redeposit the disputed portion of fees/costs in the client trust account until the dispute is resolved. If an objection is received by us from you outside the ten (10)-day objection period, we have no obligation to redeposit the disputed fees/costs into the client trust account.

Accounts become delinquent if the account is not paid within 30 days from the date of the statement. If our statements are not paid on a timely basis, we may cease work on this matter and/or withdraw from your representation subject to the applicable rules of professional conduct. Once services have been rendered and our representation has been concluded or terminated, a final bill will be sent to you.

Late charges will be imposed on any unpaid balance of fees or costs remaining unpaid after 30 days from the date of our invoice. Such late charges shall be computed at the annual percentage rate of 10% per annum, which corresponds to a monthly rate of 0.83%. Your unpaid

¹ Cash retainer can be paid via company check or wire transfer. *Wire transfer instructions:*
Account Name – Little & Karzai LLP; Wire Routing # 121002042; Account # 3090329931

balance of fees and costs is determined by taking the beginning balance of your account during each month, adding any new charges for fees and costs and subtracting any payment or credits made to your account. We will then multiply this amount by the applicable monthly periodic rate of 0.83% to compute the late charge for your account.

We have not and do not guarantee results on any matter, and this agreement is not based on any promised or anticipated results.

We do not anticipate having any disagreement with you about the quality, cost or appropriateness of our services. If any concerns about such matters arise, please notify us immediately and we will endeavor to resolve any disagreement in a fair and amicable manner.

If it is not possible to resolve the disagreement involving the quality, cost or appropriateness of our services between ourselves, then each of us agree that all disputes between us arising out of, or relating to, this matter shall be resolved by binding arbitration with Judicate West in Orange County, California in accordance with Judicate West's then-current commercial arbitration rules. The dispute will be resolved by a single arbitrator to be selected by the parties. The parties agree that a judgment of the court shall be entered upon the award made by the arbitrator. The cost of the arbitration shall be shared by the parties, but the arbitrator shall have the right to allocate costs in the final award. The Federal Arbitration Act shall govern this provision. In any dispute subject to the jurisdiction of the State of California over attorneys' fees, charges, costs or expenses, you have the right to elect arbitration under the fee arbitration procedures of the State Bar of California, as set forth in California Business & Professions Code Section 6200, *et seq.* Those procedures permit a trial after fee arbitration, unless the parties agree in writing, after the dispute has arisen, to be bound by the fee arbitration award. If, after receiving a notice of your right to arbitrate, you do not elect to proceed under the State Bar fee arbitration procedures and file a request for arbitration within 30 days, any dispute over fees, charges, costs or expenses, will be resolved by binding arbitration with Judicate West as provided above. In addition, any trial after fee arbitration shall be pursued in arbitration with Judicate West as provided above.

You understand and acknowledge that, by agreeing to binding arbitration, you waive and thereby eliminate the right to submit the dispute for determination by a court and thereby also waive the right to a jury trial. You acknowledge that you have been informed that the grounds for appeal of an arbitration award are very limited compared to a court judgment or jury verdict. Consequently, you should carefully consider whether arbitration is acceptable to you and you should consult with independent counsel.

We shall have a lien on any recovery by judgment, settlement or otherwise to secure payment of fees and costs incurred in connection with representation of you.

Preservation of Documents. Because you have received notice of this matter, you *must* take immediate steps to identify, preserve and collect all relevant information until the matter is completely resolved. This information includes all paper and electronic data related to all claims in this matter. Electronic data includes, but is not limited to: e-mails, word processing files, pictures, databases, data files and archive files, regardless of whether the information is

contained on servers, laptop and desktop computers, back-up tapes, home and personal computers, disks, CD's, zip drives and handheld devices like iPhones and Blackberries. This information also will likely include any and all surveillance tapes and recordings.

You also must immediately suspend any document retention/destruction policy and put in place a "Litigation Hold". This Litigation Hold is designed to ensure that relevant electronic and other evidence is preserved and not destroyed, altered, modified, disposed of, or in any way compromised. Little & Karzai LLP will assume that these procedures will be implemented in the instant matter and all appropriate personnel will be advised of their corresponding obligations in this regard. Little & Karzai LLP will be pleased to assist in identifying the specific individuals who should receive notice of litigation hold/evidence preservation requirements.

Document retention is critical for this matter and to ensure that you comply with your legal obligation to preserve and produce relevant information. A failure to preserve documents or electronic data could have dire consequences in this matter. For example, in addition to monetary sanctions, in the event of litigation you may be precluded from using certain evidence at trial or the court may allow a jury to draw negative inferences against the organization. Under a worst case scenario, the court may award a judgment in favor of the claimant. Therefore, if you have any doubt regarding whether paper, electronic, or other data falls within the scope of this request, please do not hesitate to let me know.

If any of the information in this letter is not consistent with your understanding of our agreement, please contact us before signing this agreement. Otherwise, please sign the agreement where indicated below and return it to me.

This agreement will not take effect, and our firm will have no obligations to provide legal services, until you return a signed copy of this agreement and pay the initial deposit called for above.

We are pleased to have this opportunity to represent you. As always, should you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "Eric R. Little". The signature is fluid and cursive, with a large initial "E" and "L".

Eric R. Little, Esq.
Managing Partner

I have read this engagement letter and consent to its terms on behalf of City of Lompoc.

Signature of Authorized Representative

Date: _____

Name: _____

Title: _____

City of Lompoc
100 Civic Center Plaza
Lompoc, CA 93436

E-Mail: _____

Office Phone: _____

Mobile Phone: _____

Fax: _____

Billing Contact Information:

Check here if same as above.

Name: _____

Title: _____

Email: _____

Phone: _____

ERL/rms

Cc: Jeff Malawy (via email: jmalawy@awattorneys.com)
Alison Flowers (via email: aflowers@awattorneys.com)