

BRUNICK, McELHANEY & KENNEDY

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June 3, 2014

VIA ELECTRONIC TRANSMISSION

Donna Munoz, General Manager
Morongo Valley Community Services District
11207 Ocotillo Street
Post Office Box 46
Morongo Valley, CA 92256

RE: Retainer Agreement for Legal Services

Dear Ms. Munoz:

You have asked this firm to consider representation of the Morongo Valley Community Services District ("District") in connection with the following matter and we are pleased to do so. The purpose of this letter is to furnish the District and this firm with a written memorandum of the terms and conditions under which we will undertake such representation.

1. Services to be Performed by Attorney - Legal services will be provided in relation to the following:
GENERAL LEGAL COUNSEL SERVICES AS REQUESTED BY THE DISTRICT.

No other services are covered by this agreement.

2. Attorney's Fees - In consideration of the necessary legal services rendered and to be rendered, the firm will charge the following rates:

William J. Brunick	\$125.00 per hour (\$175.00 per hour for litigation)
Steven M. Kennedy	\$125.00 per hour (\$175.00 per hour for litigation)
Leland P. McElhaney	\$125.00 per hour (\$175.00 per hour for litigation)

Services will be billed monthly and all bills are payable thirty (30) days after receipt by the District. All checks should be made payable to Brunick, McElhaney & Kennedy.

Hourly rates are generally increased annually to accommodate rising firm costs and to reflect changes in attorneys' status as they attain new levels of legal expertise. These increases will be instituted automatically on a firm-wide basis and will be applied to your matter upon written notice to the District.

This law firm may withdraw from this matter if prompt payment, in full, is not made within thirty (30) days from the date of the billing, unless other arrangements have been made, in writing, in advance. The District is not obligated to assign any matters to this law firm and will only be charged in connection with matters assigned.

3. Costs and Disbursements - The District agrees to pay all costs and disbursements incurred by us and reasonably required for the legal services to be rendered pursuant to this agreement. This includes filing fees, service fees, charges for depositions, investigators, copying documents, jury fees, and fees for expert witnesses and consultants.

In the event the District fails to pay any of the costs mentioned above, this firm may (but is not obligated to) advance and pay them on the District's behalf. Any such payments, however, shall be repaid to us by the District immediately upon demand, and without regard to the outcome of any legal action on the District's behalf.

4. The District understands that any estimates provided by this firm of the magnitude of the costs or expenses that will be required at certain stages of the representation are just estimates and that the kinds and amounts of expenses required are ultimately a function of many conditions over which this firm has little or no control.

5. Should the District elect to abandon any litigation instituted hereunder, or should the District's conduct seriously prejudice the ability of this firm to adequately represent the District or successfully prosecute or defend any matter of litigation, or should the District's failure to disclose material facts seriously prejudice the continued prosecution or defense of such litigation, or should the District breach this agreement, then this firm shall have the right to terminate this agreement and to demand and receive payment for all unreimbursed expenses advanced on behalf of the District and for all time expended to such date at our hourly rate in effect when the time was expended.

6. The District shall have the sole and exclusive right to accept or reject any offers for settlement of any litigation covered by this agreement. However, the District has an obligation to weigh fully our opinions and recommendations and shall not unreasonably withhold consent to a settlement which in our judgment is, under the circumstances, a fair and reasonable basis for the disposition of such litigation. Should the District unreasonably withhold its consent to a fair and reasonable settlement, this firm shall have the right to terminate this agreement and to demand and receive payment for all time expended to such date at our hourly rate in effect when the time was expended.

7. Should it become our opinion at any time subsequent to the date of this agreement that the District's legal position lacks merit (because of inability to verify the District's claims through witnesses, because of adverse change in the financial condition of parties, or because of adverse developments in the law), then this firm shall have the right to terminate this agreement and be relieved of any obligation to provide any legal services in connection with the advocacy of such legal position. In such case, the District shall be liable to this firm for any unreimbursed expenses this firm may have advanced on behalf of the District.

Donna Munoz, General Manager
Morongo Valley Community Services District
June 3, 2014
Page 3

8. It is expressly acknowledged that this firm has made no guarantees regarding the successful resolution of any legal matter and that all expressions relative thereto are opinions only, based on our judgment and expertise.

9. The District understands that this firm may contract with other attorneys for the performance of certain work to be performed hereunder, and that this firm may pay part of the fees we receive hereunder to such attorneys for the services rendered by them. However, this firm will give the District notice prior to contracting for work with any other attorney.

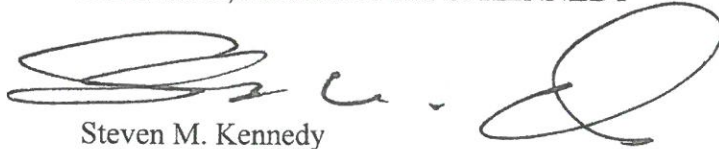
10. The District may, in its sole discretion, contract with other attorneys for services that this firm may or may not be qualified to provide. Procurement of such services may be separate and apart from this Agreement. However, the District will give this firm notice prior to contracting for work with any other attorney.

If this fee agreement is satisfactory to the District, please sign in the space indicated below and return the executed original to our office. The District may keep a copy for its files.

We thank you for the opportunity to represent the District in this matter and look forward to working with you. If you have any questions, please call.

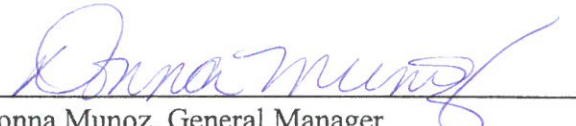
Very truly yours,

BRUNICK, McELHANEY & KENNEDY



Steven M. Kennedy

AGREED TO AND ACCEPTED:

By: 
Donna Munoz, General Manager
Morongo Valley Community Services District

Dated: 6-4-2014, 2014