BKS LAW FIRM, PC
BRIDGING PUBLIC & WATER LAW
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BKS LAW FIRM, PC
AGREEMENT FOR LEGAL SERVICES
CARMEL AREA WASTEWATER DISTRICT/PEBBLE BEACH COMMUNITY SERVICES DISTRICT WASTEWATER RECLAMATION PROJECT

This Agreement for Legal Services is made by and between BKS Law Firm, a California professional corporation ("Attorneys"), and the Carmel Area Wastewater District (CAWD)/Pebble Beach Community Services District Wastewater Reclamation Project (PBCSD) Water Reclamation Project (Reclamation Project or Project), acting collectively by and through its Governance Subcommittee ("Client"). Attorneys and Clients are referred to collectively as "Parties".

1. Scope and Duties.

The Reclamation Project is a contractual partnership supporting treatment and distribution of reclaimed water in the Pebble Beach area. The Carmel Area Wastewater District owns and operates the reclamation treatment system at its wastewater treatment plant. The Pebble Beach Community Services District owns and operates the associated distribution system. The Project also includes those who use the water, the Pebble Beach Company, and a group of other water users, collectively referred to as the Independent Reclaimed Water Users Group. The Monterey Peninsula Water Management District is involved to a lesser degree pursuant to agreements that have evolved over time.

The Project seeks to establish a new agreement because the governing documents no longer fully or consistently reflect current participation, financing status, and management practices and the Project is looking to invest significant capital dollars towards improvements that will secure its near-term and future ability to continue to deliver reclaimed water. The Client for the legal services is therefore the Reclamation Project's Governance Subcommittee, who retains Attorneys to provide legal services to negotiate and develop a single, stand-alone agreement that generally maintains the existing governance structure of the Reclamation Project, while clarifying ambiguous provisions and providing a consistent governance strategy.

In undertaking this representation, Attorneys are not being engaged to advocate for the individual interests of one Reclamation Project member against another with respect to the development of the new agreement. Rather, the representation is undertaken for the purpose of assisting the members collectively as the Governance Subcommittee in developing an agreement acceptable to the Project participants. Attorneys shall take direction for this representation only through a majority decision of the Governance

Subcommittee or any designee appointed by the Subcommittee to give direction to Attorneys.

Attorneys will provide the legal services reasonably required to advise and represent Client in the above-described matters and will take reasonable steps to keep Client informed of progress and significant developments, and to respond to Client's inquiries. Client will be truthful with Attorneys, cooperate with Attorneys, keep Attorneys informed of developments and changed circumstances, abide by this Agreement, and pay Attorneys' bills in a timely manner.

2. Billing Rates.

BKS attorneys and paralegals charge for a minimum of one-quarter hour units. Client agrees to pay for legal services at the following hourly rates:

Attorney/Paralegal Class	**Hourly Rate**
Principal I (senior)	$490
Principal II (junior) (Lead Attorney rate)	$450
Of Counsel	$415
Associate I (senior)	$360
Associate II (junior)	$310
Paralegal	$225

Attorneys' rates are subject to adjustment annually (generally as of January 1), with notice to Clients of the adjustment. Attorney rates will not be adjusted from the hourly rates identified above before January 1, 2028. Client agrees to pay for all legal services rendered and costs incurred in accordance with this Agreement.

3. Disclosure and Waiver of Potential Conflicts of Interest That May Arise in the Future.

Common Interest of Reclamation Project Members. At present, the participating members of the Reclamation Project have a common interest in negotiating and developing a single, stand-alone agreement that will provide a clear and consistent framework for the continued governance and operation of the Reclamation Project. In undertaking this representation, Attorneys will not advocate for the individual interests of one Reclamation Project member against another with respect to the development of the new agreement. Rather, Attorneys are being engaged to assist the members collectively as the Governance Subcommittee in developing an agreement acceptable to all the Project participants, who shall retain the individual discretion to approve any proposed final agreement.

Nevertheless, individual members may have differing interests, priorities, or

positions regarding particular terms of the agreement. Such differences do not necessarily create a conflict of interest or preclude BKS from continuing the representation. If, however, the interests of the members become materially adverse, or circumstances otherwise arise that create an actual or potential conflict of interest, Attorneys will evaluate the circumstances at that time to determine whether the conflict affects BKS's ability to continue the representation consistent with its professional obligations. Attorneys have provided the individual members with an initial conflict disclosure and waiver, which shall be signed by all members before Attorneys commence the representation. If a conflict later arises, depending on the nature and extent of the conflict, BKS may determine that the representation can continue, with or without additional informed written consent, or that BKS must withdraw from the representation of the Reclamation Project acting through the Governance Subcommittee as a whole.

Payment of Attorneys' Fees by One Member. The Pebble Beach Company, a member of the Reclamation Project's Governance Subcommittee, will execute this legal services agreement and pay Attorneys' invoices on behalf of the Client, the Governance Subcommittee of the Reclamation Project. There is a potential for this arrangement to create divided loyalties or the appearance thereof. However, Attorneys will exercise independent professional judgment on behalf of the Governance Subcommittee alone and will not allow Pebble Beach Company's payment of attorneys' fees to improperly influence our professional judgment.

Disclosure and Waiver. Attorneys have disclosed to all members of the Reclamation Project the potential for the above-described actual or perceived conflicts of interest to arise as a result of Attorneys' representation of the Governance Subcommittee of the Reclamation Project in this matter. In a separate document, attached hereto and incorporated as Exhibit A, all parties acknowledge the risks of such an arrangement and have waived any actual or potential conflicts that may arise or exist in connection with the arrangement.

4. Disclosure of Other Potential Current Conflicts of Interest.

BKS currently represents or has represented the following clients located in or connected to the local area:

- Malpaso Water Company, LLC
- Clint Eastwood and the Margaret Eastwood Trust
- Rancho Canada Venture, LLC
- Carmel Riviera Mutual Water Company
- Monterey Bay Aquarium
- Clark Colony Water Company

Based on the information presently available and Attorneys' current understanding of the proposed scope of services, Attorneys are not aware of any conflict of interest that

would prevent the firm from representing the Reclamation Project in connection with the preparation of the new agreement.

5. Costs and Expenses.

Client will reimburse Attorneys for all necessary and actual costs and expenses incurred by Attorneys, including, but not limited to, the following: messenger and other delivery fees, postage, photocopying of large documents (at $0.20/page black and white and $0.30/page for color), parking, mileage (at the current IRS rate), computer-assisted research charges, other travel costs and other out-of-pocket expenses incurred by Attorneys. Attorneys will itemize all costs incurred on each monthly statement.

6. Statements.

Attorneys will send Client a statement for fees and costs incurred every month, except that when the fees and costs for a particular month are minimal, they may be carried over to the next month's statement. Upon Client's request, Attorneys will provide a statement within 10 days. Client will pay Attorneys' statements within 30 days after each statement's date. Attorneys' statements will clearly state the basis of the charges, including the amount, rate and basis for calculation of Attorneys' fees. Unless directed otherwise by Client, Attorneys will send statements for legal services to Client as follows:

Judah Matthews, SVP, CFO
Pebble Beach Company
2700 17 Mile Drive
Pebble Beach, CA 93953
(831) 622-6431
matthewj@pebblebeach.com

7. Disclaimer of Guarantee.

Attorneys have made no promises or guarantees to Client about the outcome of Client's matters, and nothing in this Agreement will be construed as such a promise or guarantee. Attorneys' comments about the outcome of Client's matters are expressions of opinion only.

8. Termination.

Client may discharge Attorneys at any time by giving notice of termination to Attorneys. Attorneys may withdraw with Client's consent or for good cause. Good cause includes Client's breach of this Agreement, Client's refusal to cooperate with Attorneys or to follow Attorneys' advice on a material matter, or any other fact or circumstance that would render Attorneys' continuing representation unlawful or unethical. Attorneys will comply with Rule 1.16 of the Rules of Professional Conduct of the State Bar of California in

terminating this Agreement. When Attorneys' services conclude, all unpaid charges will become immediately due and payable. After Attorneys' services conclude, Attorneys will, upon Client's request, deliver Client's files to Client, along with any Client funds or property in Attorneys' possession. Attorneys and Client agree to sign any documents reasonably necessary to complete Attorneys' discharge or withdrawal.

9. Insurance.

Attorneys at their sole cost and expense will procure and maintain for the duration of this Agreement the following types and limits of insurance: commercial general liability, $1,000,000 per occurrence; professional liability, $4,000,000 per claim; and, workers' compensation, statutory limits. Upon request, Attorneys will provide to Client a certificate or certificates of insurance evidencing this insurance coverage.

10. Use of Artificial Intelligence.

Attorneys may use artificial intelligence ("AI"), including generative AI and AI-enabled research, drafting, document review, analysis, and other technology tools, in providing legal services to Client. Attorneys' use of AI is subject to appropriate attorney supervision, review, and independent professional judgment, and Attorneys remain responsible for the legal services provided. BKS attorneys use a licensed version of Microsoft Copilot for all AI-assisted legal work, which provides enterprise-level security and data-protection controls. Attorneys will take reasonable measures to protect Client confidential information and will not input such information into a generative AI system unless it is determined that the system provides appropriate confidentiality and security protection and the AI use is consistent with applicable law and professional obligations. BKS also maintains an internal AI policy governing the appropriate and secure use of AI tools, which is available to Client upon request. Firm will bill Client only for attorney and staff time actually devoted to the matter in accordance with this Agreement and will not bill for time avoided through efficiencies achieved through the use of AI or other technology.

11. No Third-Party Beneficiaries.

No third-party beneficiaries are intended or created by this Agreement.

12. Authority to Execute.

Each individual executing this Agreement represents and warrants that they have full authority to execute this Agreement on behalf of the entity, agency, organization, group, or other party identified in their respective signature block, and that all approvals or other actions necessary to authorize such execution have been obtained.

13. Entire Agreement.

This document constitutes the entire agreement between the parties and supersedes all prior and contemporaneous agreements between the Parties. There are no understandings, agreements, terms or conditions with respect to the subject matter of this document except for those contained in this writing.

14. Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of California.

The foregoing is agreed to by the Parties as of the date the Agreement is fully executed below.

PEBBLE BEACH COMPANY, as a member of and on behalf of the CAWD/PBCSD Wastewater Reclamation Project Governance Subcommittee	**BKS LAW FIRM**, a California Professional Corporation
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

Exhibit A

BKS LAW FIRM, PC
BRIDGING PUBLIC & WATER LAW
1600 K Street, Suite 4A || Sacramento, CA 95814 || www.bkslawfirm.com / kristinbpeer
Kristin B. Peer || kbp@bkslawfirm.com || (916) 325-9908

Disclosure Regarding Representation of Carmel Area Wastewater District/Pebble Beach Community Services District Wastewater Reclamation Project and Request for Written Waiver and Consent

Background

The Carmel Area Wastewater District/Pebble Beach Community Services District Wastewater Reclamation Project (Reclamation Project or Project), by and through its Governance Subcommittee, has requested that BKS Law Firm, PC (BKS) represent the Governance Subcommittee of the Reclamation Project in connection with the negotiation of a new agreement that will govern the Project into the future. The Reclamation Project is a contractual partnership supporting treatment and distribution of reclaimed water in the Pebble Beach area. The Carmel Area Wastewater District owns and operates the reclamation treatment system at its wastewater treatment plant. The Pebble Beach Community Services District owns and operates the associated distribution system. The Project is governed through its Governance Subcommittee, which also includes entities who use the water, including the Pebble Beach Company, and a group of other water users, collectively referred to as the Independent Reclaimed Water Users Group. The Monterey Peninsula Water Management District is involved to a lesser degree pursuant to agreements that have evolved over time. The Reclamation Project's Governance Subcommittee has also authorized the Pebble Beach Company to sign the Legal Services Agreement on behalf of the Governance Subcommittee and to pay for BKS's legal services.

Disclosure of Potential Conflicts of Interest

Based on information known to date, BKS does not believe there is any actual, present conflict of interest that would present an ethical impediment to BKS representing the Governance Subcommittee of the Reclamation Project. However, the relationship between the Governance Subcommittee and its member agencies presents risks that conflicts of interest may arise. Where conflicts of interest may potentially or actually exist, BKS must: (1) disclose any potential or actual conflicts of interest, as we understand them; (2) discuss the risks of the representation under the circumstances; (3) request that the Governance Subcommittee consent to the representation by BKS despite the risks; and (4) have the Governance Subcommittee consent to BKS's withdrawal from representation at the point where the likelihood of an actual conflict could arise. Additionally, under the

applicable professional rules of conduct relating to representation of clients when a third party is compensating the attorney for its legal fees (Rule of Professional Conduct, Rule 1.8.6), BKS is required to make certain disclosures and obtain written consent before commencing representation.

Because the Governance Subcommittee of the Reclamation Project is a contractual partnership comprising various members, it will not be possible for BKS to represent the Reclamation Project's Governance Subcommittee without also having an attorney-client relationship with each member agency's representative(s) when they are acting in their collective capacity as the Governance Subcommittee.

At present, the participating Reclamation Project members acting as the Governance Subcommittee have a common interest in negotiating and developing a single, stand-alone agreement that will provide a clear and consistent framework for the continued governance and operation of the Reclamation Project. The parties nevertheless recognize that individual members may have differing interests, priorities, or positions regarding particular terms of that agreement. Such differences do not necessarily create a conflict of interest or preclude BKS from continuing the representation.

If the interests of the members do become materially adverse, or if circumstances otherwise arise that create an actual or potential conflict of interest, however, BKS will evaluate the circumstances at that time to determine whether the conflict affects BKS's ability to continue the representation consistent with its professional obligations. Depending upon the nature of the conflict, BKS may determine that the representation can continue, with or without additional informed written consent, or that BKS must withdraw from the representation of the Governance Subcommittee of the Reclamation Project as a whole.

Additionally, the Pebble Beach Company, a member of the Reclamation Project's Governance Subcommittee, will execute the legal services agreement with BKS and pay BKS's invoices on behalf of the Reclamation Project. There is a potential for this arrangement to create divided loyalties or the appearance thereof. However, BKS attorneys will exercise independent professional judgment on behalf of the Reclamation Project's Governance Subcommittee alone and will not allow Pebble Beach Company's payment of attorneys' fees to improperly influence our professional judgment and duty of loyalty to the client, which is the Governance Subcommittee of the Reclamation Project as a whole.

Written Consent to the Risks and Conflict of Interest Waiver

We have evaluated the above risks and have determined that our representation of the Governance Subcommittee of the Reclamation Project is appropriate under the

aforementioned conditions. Under the California Rules of Professional Conduct Rule 1.8.6, we are required to obtain your written consent before the representation begins.

In accordance with the disclosures outlined above, we request that the Reclamation Project, by and through its Governance Subcommittee, review this disclosure, and if there is agreement with the conclusion that the representation of the Governance Subcommittee of the Reclamation Project does not present an actual, present conflict of interest and each Project member independently determines that BKS's representation of the Governance Subcommittee as described in this letter is in the Reclamation Project's best interest, we request that you sign the Waiver and Consent form included below with the appropriate signatures.

Each member of the Reclamation Project should consider retaining independent legal counsel to review and advise on this disclosure and request for waiver and consent. At any time, the Reclamation Project and its members remain free to seek independent legal counsel, even if the attached waiver and consent to BKS's representation is agreed upon here.

WAIVER AND CONSENT

Each member of the Carmel Area Wastewater District/Pebble Beach Community Services District Wastewater Reclamation Project (Reclamation Project or Project), the Pebble Beach Company, and the Independent Reclaimed Water Users Group acknowledge the conflict disclosure made by BKS Law Firm, PC (BKS) of the potential for its representation of the Governance Subcommittee of the Reclamation Project in connection with the development of a new Project agreement. The Project's members acknowledge that the above-described conflicts of interest may arise and the steps BKS may have to take if material conflicts between the Governance Subcommittee 's members arise. BKS has explained the possible consequences to the Project of BKS's representation of the Governance Subcommittee in this matter.

BKS has also disclosed that because the Pebble Beach Company will be paying all or part of the legal fees associated with BKS's representation of the Governance Subcommittee of the Reclamation Project, there is a potential for the arrangement to create divided loyalties or the appearance thereof. As counsel to the Governance Subcommittee, BKS's only loyalty would be to the Governance Subcommittee. BKS will exercise our independent professional judgment on behalf of the Project alone and will not allow the Pebble Beach Company's payment of the Project's attorneys' fees to improperly influence our professional judgment.

The members of the Governance Subcommittee of the Reclamation Project have reviewed legal counsel's disclosures and are satisfied that BKS may exclusively represent the Governance Subcommittee in this matter. The Project and its members acknowledge that it has been advised by BKS that each may seek independent counsel before signing

this Waiver and Consent. Notwithstanding the existence of the above-described potential conflicts of interest, the Governance Subcommittee of the Reclamation Project and its members consent to the representation by BKS in this matter.

Carmel Area Wastewater District

By: _____

Name: _____

Title: _____

Date: _____

Pebble Beach Community Services District

By: _____

Name: _____

Title: _____

Date: _____

Pebble Beach Company

By: _____

Name: _____

Title: _____

Date: _____

Independent Reclaimed Water Users Group

By: _____

Name: _____

Title: _____

Date: _____

Monterey Peninsula Water Management District

By: _____

Name: _____

Title: _____

Date: _____