

**De LAY & LAREDO**

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May 24, 2010

Darby W. Fuerst  
General Manager  
Monterey Peninsula Water  
Management District  
P. O. Box 85  
Monterey, California 93942

Re: Legal Services Proposal for Fiscal Years 2010/11 and 2011/12

Dear Mr. Fuerst:

At your request, I am pleased to forward the proposal of De Lay & Laredo to renew the existing legal services agreement for the Monterey Peninsula Water Management District commencing with the 2010-2011 fiscal year on July 1, 2010. I have been privileged to represent the Water Management District in the capacity of General Counsel continuously since March, 1979. During this time a close and frank working relationship has been established with you, the District Board of Directors, appointed officials, and staff. I hope that this relationship will continue.

This firm continues to specialize in the representation of public agencies. I propose to continue as the lead attorney for the Water Management District on substantially the same terms and conditions that have applied to the past two-year contract. We do not propose to increase service rates charged to the Water Management District for the first year of renewal, and propose a modest increase of five dollars per hour for the second year of the contract. Rates proposed for the first year of the renewed agreement are factored upon forty-five (45) hours of retained service, at the rate of two hundred five dollars (\$205) per hour. Additional efforts beyond retained hours shall be provided at two hundred ten dollars (\$210) per hour.

In accord with past practice, we propose to renew this legal services agreement for a two (2) year term, ending June 30, 2012. The agreement may be terminated at any time during its term, without cause, by the affirmative vote of five (5) members of the Board.

The attached agreement will renew the existing terms of our contract, without change for the first contract year. The sole change to year two is the increase in fees noted above.

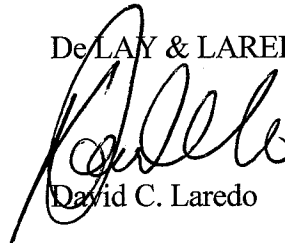
Darby, I am proud of my length of service with the Water Management District, and am happy for this renewed opportunity to support you in your role as General Manager. As always, I enjoy working with your board and its staff. I look forward to maintaining and enhancing each of these relationships.

Darby W. Fuerst  
May 24, 2010  
Page 2

If you have any question, comment, or concern, do not hesitate to contact me.

Sincerely,

De LAY & LAREDO

A handwritten signature in black ink, appearing to read "D. Laredo", written over the printed name "David C. Laredo".

David C. Laredo

DCL:la