

Kara N. Sweeney
ksweeney@preti.com
Direct Dial: 603.410.1535

May 20, 2016

Via Electronic and U.S. Mail

Mr. Troy Brown
Town Administrator
2 Liberty Way
Litchfield, NH 03052

RE: Confirmation of Engagement – PFC Contamination Matter

Dear Mr. Brown:

Thank you for asking Preti Flaherty Beliveau & Pachios, LLP (“Preti”) to serve as legal counsel to the Town of Litchfield in the above-referenced matter. This letter will confirm the nature and scope of our legal services and the business terms and conditions of our relationship. With respect to this particular engagement, we understand these to be as follows:

Client. Our client in this matter is the Town of Litchfield (the “Client”). We are not being engaged to represent, and we will not represent, any other person or entity in connection with this matter except as we may hereafter expressly agree in writing.

Professional Undertaking. We are being engaged to represent the Client as legal counsel with respect to contamination of the Town’s drinking water with perfluorooctanoic acid (“PFOA”) by the Saint-Gobain manufacturing plant. The scope of services is as set forth on the attached letter sent from Kara N. Sweeney to Troy Brown on May 17, 2016 (“Services Proposal”).

Our legal representation is limited to the performance of services described in the Services Proposal. If you have any questions about any aspect of our representation or the scope of our services, please contact me.

Matter Responsible Attorney; Hourly Rates and Fees. David Van Slyke, Kara Sweeney, and Jeffrey Talbert will be your principal attorneys and primary contacts at Preti and will have general responsibility for all aspects of our relationship. Our rates for this engagement are as set forth on the Services Proposal.

Commencement of Engagement. Our representation of the Client in this engagement will commence immediately.

Deposit. We require an initial deposit of \$10,000.00 (the “Deposit”). This Deposit will be applied to our invoices on a monthly basis until exhausted. As set forth in the Services Proposal, we have agreed to defer additional fees up to \$50,000.00 until such funds are appropriated at the next Town Meeting currently scheduled for March 2017. By receipt and acceptance of this engagement letter, the Town agrees to pay all deferred fees regardless of whether such funds are expressly appropriated at Town Meeting. Payment of fees incurred in excess of \$50,000 will not be deferred, and we respectfully request that they be paid upon invoice.



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If we do not receive the Deposit within ten (10) days of the date of this letter, we reserve the right to suspend all work and withdraw from this engagement. Work will not re-commence unless and until we receive the Deposit. If, at the time our engagement is concluded, the total amount incurred for attorney fees and costs is less than the Deposit balance, the difference will be refunded to you.

General Terms and Conditions. Other material terms and conditions of this engagement are set forth in the *General Terms and Conditions of Engagement* attached hereto and incorporated herein by this reference. Your acceptance of this engagement letter also constitutes your acceptance of and agreement to abide by the attached *General Terms and Conditions of Engagement*. If any of these are not acceptable to you, please advise us now so that we may resolve any differences and proceed with this engagement with a clear understanding of the essential business terms of our relationship.

Please understand that while we cannot guarantee the outcome or success of this or any other engagement or professional undertaking, we will strive to represent and serve your interests in this matter effectively and efficiently.

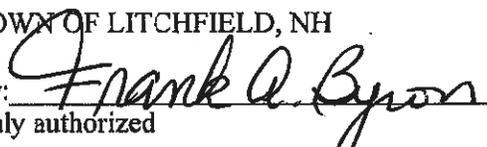
We appreciate your business and confidence in Preti and I look forward to working with you on this matter.

Sincerely,


Kara N. Sweeney

ACKNOWLEDGED AND AGREED:

TOWN OF LITCHFIELD, NH

By: 
Duly authorized

FRANK A. BYRON
Print name

Date: 2 JUNE 2016

KNS:rld

Enclosure(s)

cc: Laura Spector – Morgan, Esq.



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General Terms and Conditions of Engagement

Compensation; Hourly Rates.

Consistent with ethical standards applicable to the jurisdictions in which we practice, we charge reasonable fees for our legal services. Numerous factors go into the establishment of a reasonable fee, and the primary factor will normally be our hourly rates, adjusted annually, applicable to the particular matter and the number of hours expended.

Expenses; Disbursements.

Typically, we charge our clients not only for legal services rendered but also for other ancillary costs and services. Examples include charges for long-distance telephone calls, travel, courier services, computerized research services, and the use of our facsimile, photocopy and printing machines. These charges do not, in all instances, reflect our actual out-of-pocket costs. For disbursement items that exceed \$500, we reserve the right to transmit invoices to a client for direct payment. For lesser disbursements, we will generally advance the amount and include a charge for reimbursement in our monthly statement. Extraordinary expenses will not be incurred, except in emergency situations, without a client's specific authorization.

Invoices; Payment; Interest on Past Due Invoices.

Unless otherwise stated in the engagement letter, we will bill you monthly. All amounts owed to us for fees and costs are due, and you agree to pay all such amounts, within thirty (30) days of receipt of our invoice. We reserve the right to assess a late fee of one and one-half percent (1.5%) per month on all amounts unpaid more than thirty (30) days. We may also suspend or terminate services on account of nonpayment, subject to the limitations of applicable bar rules.

Deposits.

We reserve the right to request an appropriate deposit as security for payment of our fees and other charges. This deposit, unless it is applied to outstanding invoices, will be held by us as security for your payment of our

invoices from other funding sources. In the event the deposit is utilized to cover any unpaid invoices, we reserve the right to require that the deposit be replenished. Any unapplied balance remaining from the deposit at the conclusion of an engagement after payment of all invoices will be promptly sent to you. You will not be paid interest on this deposit.

Escrow Deposits.

Any escrow deposits we receive from you will be placed in a trust account for your benefit. Unless we otherwise agree, your escrow deposit will be placed in a pooled account, and you will not be paid interest on it. By court rule in each jurisdiction where we have an office, interest earned on the pooled account is payable to a charitable foundation established in accordance with such court rule. If you prefer your escrow deposits held in a segregated account, please advise us.

Arbitration.

If you disagree with the amount of our fee, please take up the question with your principal lawyer contact or with the Firm's Managing Partner. In most cases, such disagreements are resolved to the satisfaction of both sides with little inconvenience or formality. In the event we are unable to resolve a fee dispute, you have the right to request arbitration under applicable Bar rules, and we agree to participate fully in that process.

Estimates.

Although we may from time to time respond to a client request for an estimate of the amount of professional fees or expenses that may be incurred in an engagement, or on a particular task or undertaking in furtherance of an engagement, such estimates, even though given by us in good faith and on the basis of our best judgment when given, are inherently inexact and are always subject to unforeseen contingencies and changed facts and circumstances. Accordingly, we cannot and will not be bound by any such estimates, unless we expressly agree in writing at the time such estimate is given.



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Communications with the Firm.

Unless you advise us otherwise, we will assume that you agree and consent to our communications with you by telephone, regular mail, e-mail, fax and courier services. To maintain attorney-client privilege with you, all of our communications should be made with devices that are not subject to monitoring by third parties.

Conflicts Waiver.

We are a general service law firm that you recognize has represented, now represents and will continue to represent, numerous clients (including, without limitation, your debtors, creditors and direct competitors), nationally and internationally, over a wide range of industries and businesses and in a wide variety of matters. Consequently, without a binding waiver, conflicts of interest might arise that could deprive you or other clients of the right to select us as their counsel. Thus, as an integral part of the engagement, you agree that we may, now or in the future, represent other entities or persons, including in litigation, adversely to you or any affiliate of yours on matters that are not substantially related to (a) the legal services that we have rendered, are rendering or in the future will render to you under the engagement, and (b) other legal services that the Firm has rendered, is rendering or in the future will render, to you or any affiliate (an "Allowed Adverse Representation"). You also agree that you will not, for yourself or any other entity or person, assert that either (a) our representation of you or any affiliate in any past, present or future matter, or (b) our actual, or possible, possession of confidential information belonging to you or any affiliate is a basis to disqualify us from representing another entity or person in any Allowed Adverse Representation. You further agree that any Allowed Adverse Representation does not breach any duty that we owe to you or any affiliate.

Termination or Withdrawal from Engagement.

You have the right to discharge us for any reason at any time on reasonable notice. We have the right to terminate services and withdraw as your counsel on reasonable notice under any of the circumstances provided in the applicable Bar rules, or if any of the preceding terms and conditions are not fulfilled, or if any invoice is not paid within thirty (30) days. Unless previously terminated, our representation will terminate upon the conclusion of our work for you in this matter, but in no event later than our sending you our final invoice in this matter. Termination of our services will not affect your responsibility for payment of legal services rendered, additional charges

incurred before termination and charges incurred in connection with an orderly transition of the matter. Unless you engage us after completion of the matter to provide additional advice on issues arising from the matter, we will have no continuing obligation to advise you with respect to future legal developments.

File Ownership; Client Property.

You are entitled to copies of the records which we create on your behalf during the course of this engagement. To the extent that such files contain work product developed by us over the course of our representation, such work product is our intellectual property and shall, at all times, be subject to our continuing retention and/or destruction in accordance with such policies and procedures as we may, from time to time, adopt. We recognize that you are entitled to the return of all original documents and other property or papers that you deliver to us. Additionally, we agree to provide you with copies of documents we have received from others on your behalf, as well as other materials not otherwise available to you or that, in our opinion, would be of value to you. If at any time during or at the conclusion or earlier termination of this engagement you should determine or believe that our records contain, or that we otherwise have in our possession or under our control, any original signed documents, papers or other property which belongs to you, we strongly recommend that you specifically identify the same to us and request and obtain delivery and return of the same from us promptly. Our retention of such documents shall be subject to the terms of our file retention and destruction policy set forth below.

File Retention and Destruction.

Upon the conclusion of this engagement, our records concerning this engagement will be officially closed. On your request, we will promptly return to you all original signed documents, papers and other property which may then be in our possession which you specifically identify to us as belonging to you. Our own files pertaining to this engagement, including, any documents, papers or other property belonging to you, which you have not asked to be returned, will initially be retained by us (either on or off of our premises), consistent with Bar rules. We reserve the right after ten (10) years for any reason to retain or to destroy all or portions of such closed files in our sole discretion. We will destroy files in a manner consistent with our professional obligation to preserve the confidentiality of the materials and information contained therein. Unless required by Bar rules, we will not provide further notice of our intended destruction of these documents.



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May 17, 2016

Portland, ME
Augusta, ME
Concord, NH
Boston, MA
Washington, DC
Bedminster, NJ
Salem, MA

Via Electronic and U.S. Mail

Mr. Troy Brown
Town Administrator
2 Liberty Way
Litchfield, NH 03052

Re: Representation Regarding PFC Contamination

Dear Mr. Brown:

Thank you for the opportunity to follow-up on our meeting with you and the Board of Selectmen on May 9, 2016 regarding our possible representation of the Town related to the perfluorooctanoic acid ("PFOA") contamination issues being experienced by the Town and a number of its residents. We very much appreciated the opportunity to present our qualifications in the prior written information that we have provided to you (copy also attached hereto) and to meet with you and Selectmen Byron, Lemire, and Perry at the May 9th meeting. This letter follows-up on the Board's request for references and fee information.

As noted during our meeting, Preti Flaherty has represented municipalities and citizens of municipalities throughout New Hampshire, Maine, and Massachusetts, among other jurisdictions, on a number of different types of matters, including with regard to environmental contamination. The following six persons can attest to the Firm's qualifications for this type of engagement:

David Owen, Town Manager
Town of Wolfeboro
84 South Main Street
P.O. Box 629
Wolfeboro, NH 03894
603-569-8159

Karen Montgomery, Administrative Assistant
Town of Barnstead
108 South Barnstead Road
P.O. Box 11
Center Barnstead, NH 03225
603-269-4071 Ext. 104

Norman S. Heitmann, Esq.
City Solicitor
City of Bangor, Maine
(207) 992-4273 Ext. 306
norman.heitmann@bangormaine.gov

Raymond Iannetta
Abutter to Jamestown, RI Municipal Transfer Station
Cell: (401) 829-0570
Home: (401) 423-0949
Work: (401) 829-0570
RayI@aol.com

William Bridgeo
City Manager
City of Augusta
16 Cony Street
Augusta, ME 04330
(207) 626-2300
william.bridgeo@augustamaine.gov

Ted and Stacy Sawyer
32 Mountain Road
PO Box 471
Naples, ME 04055
Cell: (207) 252-4548
Home: (207) 693-4977
kakuhbritt@yahoo.com

In addition, you have asked about our fees for services such as would reasonably be anticipated for the work associated with this matter and the typical phases for such an effort. In recognition of the importance of the issues involved in this matter and with sensitivity to the Town's budget, we are proposing steeply discounted hourly rates to provide these services, as follows:

<u>Attorney</u>	<u>Base Rate</u>	<u>Proposed Rate</u>
David Van Slyke	\$395/hr.	\$250/hr.
Jeffrey Talbert	\$375/hr.	\$250/hr.
Kara Sweeney	\$350/hr.	\$235/hr.
Dan Luker	\$335/hr.	\$235/hr.

In addition, it may become necessary to utilize other lawyers in the Firm. Partners will charge a maximum of \$250/hr., Associates 175/hr. and Paralegals \$90/hr. Although David Van Slyke and Jeffrey Talbert will be making any necessary travel from our Portland, ME office, our billing for travel will be limited to travel time from our Concord, NH office.

We understand that the Board of Selectmen wishes to delay payment of our legal fees until such amounts are appropriated at the next regular Town Meeting in 2017. We are agreeable to deferring payment of our legal fees up to an amount not to exceed \$50,000, but propose that the Town make an initial deposit in the amount of \$10,000 ("Deposit"). From the outset we will bill against the Deposit until it is exhausted. Payment on fees above the Deposit and not exceeding \$50,000 would be deferred until after the Town votes on the appropriated funds at the



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next regular Town Meeting in 2017. Regardless of whether payment of our deferred fees is expressly approved at the Town Meeting, we understand that the Town agrees to pay any and all unpaid fees in 2017.

With regard to the estimated tasks and costs, we project as follows:¹

- Phase 1: Evaluation of (i) NH Department of Environmental Services (“DES”) current response to the contamination and review of DES files relevant to this matter (including any consultant documents or data); (ii) any relevant Town documents related to this matter, including documents regarding impacted homes and municipal water resources; (iii) Saint-Gobain created documents, preliminary remedial actions and proposals; (iii) the legal rights afforded the Town under NH and federal law; (iv) meetings with Town representatives and development of a plan of action. We estimate the cost for the work entailed in Phase 1 to be approximately \$5,000 to \$10,000 (this estimate assumes between 20 and 40 Partner hours for meetings, review of documents, and planning);
- Phase 2: Representation at meetings with DES/Saint-Gobain; evaluate DES and Saint-Gobain proposals; as necessary, retain experts and evaluate expert analysis; negotiate settlement/resolution. We estimate the cost for the work entailed in Phase 2 to be approximately \$15,000 (assumes no more than 60 partner hours);
- Phase 3: Work with the Town and regular counsel for the Town on authorization and documentation of a settlement. We estimate the cost for the work entailed in Phase 3 to be approximately \$5,000 (assumes no more than 20 partner hours to draft, review, and edit the settlement agreement);
- Phase 4: Review final documentation and monitor execution of plan. We estimate the work entailed in Phase 4 to be approximately \$5,000.

Depending on how the matter develops, the scope of our work may evolve. The time required to perform any necessary work may likewise change, and as a result, our estimated fees will go up or down accordingly. We will endeavor to keep you informed of anticipated changes in time, costs or fees as they become apparent to us. In addition, it may be necessary for the Town to retain an environmental consultant to assist in the technical evaluation of the efforts being required by NHDES and/or proposed to be undertaken by Saint-Gobain; the fee estimates identified above do not include the cost of retaining an environmental consultant.

Last, it is important to note that if the parties cannot arrive at a mutually acceptable resolution, litigation may become necessary. Litigation can be quite costly and time consuming. In the event that the Town decides to proceed with litigation, we will provide a separate budget and scope of work, outlining the anticipated course of action along with the associated costs.

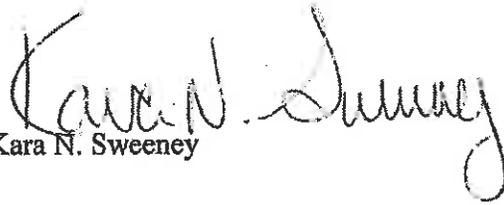
¹ At this point there are several aspects of the matter that are unclear, such as the volume of documents necessary for review and the number of meetings necessary to achieve the Town’s goals; therefore these estimates are done in good faith based upon what is known to date. If, in consultation with the Town, additional efforts are needed or requested, additional fees will be incurred.


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Please let us know if you require additional information, and again, thank you for the opportunity to discuss how we might assist the Town.

Very truly yours,


Kara N. Sweeney

Enclosures



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