

LEGAL SERVICES AGREEMENT
CONCERNING THE VOLCANO COMMUNITY SERVICES DISTRICT

This Agreement is made between Kronick, Moskovitz, Tiedemann and Girard, a Professional Corporation (hereinafter referred to as "Attorneys"), and the Volcano Community Services District (hereinafter referred to as "Client").

The parties hereto mutually agree as follows:

1. SCOPE OF AGREEMENT

Client retains Attorneys to provide legal services to Client in connection with the protection of its water rights and water supply.

2. DUTIES OF ATTORNEYS AND CLIENT

Attorneys shall provide those legal services reasonably required to represent Client in the matter described in Paragraph 1 of this Agreement. Attorneys shall also take reasonable steps to keep Client informed of significant developments and to respond to Client's inquiries.

Client shall be truthful with Attorneys, cooperate with Attorneys, keep them informed of developments, perform the obligations it has agreed to perform under this Agreement, and pay Attorneys' bills in a timely manner.

3. BILLING RATES

Client agrees to pay for legal services at the hourly rates set forth in the attached Schedule. These rates are subject to adjustment at the beginning of each calendar year.

4. COSTS AND EXPENSES

Whenever practical, Client shall directly pay for major costs and expenses by either advancing such costs or expenses to

Client is entitled to make subsequent requests for bills at intervals of no less than thirty (30) days following the initial request.

6. DEPOSIT

Upon execution of this Agreement, Client shall deposit with Attorneys the sum of \$4,000.00. This sum shall be deposited by Attorneys in a trust account to be applied against the statements rendered to Client pursuant to paragraph 5 hereof. Attorneys may withdraw monies from the deposit in Attorneys' trust account 10 days after the date of such statements. Client hereby authorizes Attorneys to withdraw these sums from the trust account 10 days after the date of such statements.

Any unused deposit remaining at the conclusion of Attorneys' services shall be refunded to Client.

When any deposit is exhausted, Client shall deposit an additional amount as requested by Attorneys within ten (10) days of such request; otherwise Client shall pay Attorneys' statements in accordance with paragraph 5 hereof.

7. DISCLAIMER OF GUARANTEE

Attorneys have made no promises or guarantees to Client about the outcome of Client's matter, and nothing in this Agreement shall be construed as such a promise or guarantee.

8. DISCHARGE AND WITHDRAWAL

Either party may terminate this Agreement upon notice to the other party. If Client elects to terminate this Agreement or if Attorneys elect to terminate for nonpayment of fees or

costs, Attorneys shall be paid for all fees and costs which have accrued up to the time of termination. If Attorneys elect to terminate, for reasons other than nonpayment of fees or costs, Attorneys shall be paid an amount commensurate with the value to Client of services provided up to the time of termination.

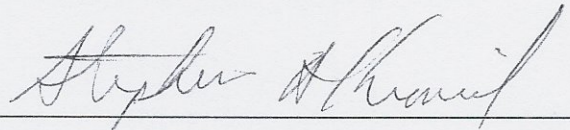
Attorneys and Client each agree to sign any documents reasonably necessary to complete Attorneys' discharge or withdrawal.

9. COMPLETION OF SERVICES

Upon the completion of Attorneys' services, all unpaid charges for services rendered and costs incurred or advanced through the completion date shall become immediately due and payable.

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD,
A Professional Corporation

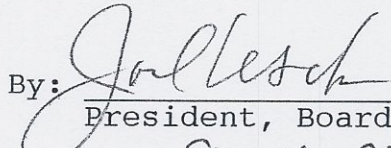
By: _____



Approved:

VOLCANO COMMUNITY SERVICES DISTRICT

By: _____



President, Board of Directors

Dated: _____

8-16-88

ATTORNEY V	\$ 130.00
ATTORNEY IV	\$ 115.00
ATTORNEY III	\$ 105.00
ATTORNEY II	\$ 95.00
ATTORNEY I	\$ 85.00
PARALEGAL AND INVESTIGATIVE SPECIALIST	\$ 65.00
LAW CLERK/PARALEGAL	\$ 50.00