	AG16-0001 **REQUEST FOR PROPOSAL** **Outside Counsel Services** **AMENDMENT #1**	**State of Arizona** **Office of the Attorney General** Procurement Section 1275 W Washington ST Phoenix, Arizona 85007 (602) 542-8030

1. The purpose of this amendment is to update Section II, Agreement for Outside Counsel, to reflect the correct contract period dates of January 1, 2016 – December 31, 2016.

2. All other terms and conditions shall remain unchanged.

* Signature below certifies receipt, understanding and compliance with the provisions of this amendment.

	Arizona Office of the Attorney General
Name:	Cindy Palmer
Title:	Sr. Procurement Specialist
SIGNATURE OF AUTHORIZED INDIVIDUAL	
DATE:	DATE: 9/30/2015

	REQUEST FOR PROPOSAL (RFP) **SOLICITATION NUMBER AG16-0001**	**State of Arizona** **Office of the Attorney General** 1275 W Washington ST Phoenix, AZ 85007-2926

DESCRIPTION: AG16-0001 - OUTSIDE COUNSEL SERVICES FOR CALENDAR YEAR 2016

SOLICITATION DUE DATE: PROPOSALS SHALL BE OPENED OCTOBER 14, 2015 AT 3:00 P.M. Local AZ Time

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QUESTIONS REGARDING RFP: Questions should be directed to Jerry Connolly at 602-542-8030 or may be e-mailed to Jerry.Connolly@azag.gov or Cindy Palmer, 602-542-7986, e-mail: Cindy.Palmer@azag.gov

THIS RFP IS BEING ISSUED OUTSIDE PROCUREAZ. DO NOT SEND YOUR RESPONSE TO PROCUREAZ. THE INSTRUCTIONS FOR RESPONDING ARE INCLUDED IN THIS RFP.

ELECTRONIC COPY OF RFP: An electronic copy of this Request for Proposal (RFP) with Attachment I, Statement of Qualifications and Interest is available at https://www.azag.gov/rfp . Or you may request the RFP by sending a request to procurement@azag.gov; the solicitation number should be identified in the subject line and contact information for your firm provided with the e-mail. The Solicitation on file in the Arizona Office of the Attorney General, Procurement Office shall have precedence over any differing documents. Changes to this Request for Proposal shall be without effect unless proposed in accordance with the Uniform and Special Instruction Sections of this Solicitation and specifically accepted by the Arizona Office of the Attorney General.

OFFER DELIVERY LOCATION: Office of the Attorney General, located at 1275 West Washington Street, Phoenix, Arizona 85007. Mailing address is: Office of the Attorney General; Procurement Unit; 1275 West Washington Street; Phoenix, AZ 85007. Proposals must be in a sealed envelope or container. Proposals should be marked Solicitation #AG16-0001.

GENERAL: In accordance with ARS §41-2538 competitive sealed proposals for the services specified will be received by Office of the Attorney General, Procurement Unit at the specified location until the time and date cited above. Offers received by the correct time and date will be opened and the name of each Offeror will be publicly read. Offers must be in the actual possession of Office of the Attorney General, Procurement Unit on or prior to the Solicitation Due Date and Time, and at the location indicated above. Late offers shall not be considered. Offers must be submitted in a sealed package with Solicitation number and the Offeror's name and address clearly indicated on the package. Additional instructions for preparing a proposal are provided in the Uniform and Special Instructions to Offeror as contained within this notice.

Offerors are Strongly Encouraged to Carefully Read the Entire Request for Proposal

Solicitation Contact Person:
Jerry Connolly, Procurement Manager
Office of the Attorney General
1275 West Washington Street
Phoenix, AZ 85007
Telephone Number: (602) 542-8030
Facsimile Number: (602) 251-2285
E-mail: Jerry.Connolly@azag.gov

Or Solicitation Contact Person:
Cindy Palmer, Procurement Officer
Office of the Attorney General
1275 West Washington Street
Phoenix, AZ 85007
Telephone Number: (602) 542-7986
Facsimile Number: (602) 251-2285
E-mail: Cindy.Palmer@azag.gov

1. Submitting a Proposal

1.1. Attachment I - Minimum Information Which Proposal Should Contain

1.1.1. A completed and signed Offer and Acceptance Form

1.1.2. General Counsel Information Form

1.1.2.1. General Firm Information
1.1.2.2. Offeror's willingness to accept assignments Statewide
1.1.2.3. Acceptance of Insurance Requirements
1.1.2.4. Conflict of Interest - Identify and describe any type of matter, litigation and otherwise, in which your firm is involved with against the State of Arizona or any of its agencies and a concise statement of how your firm proposes to resolve any conflicts of interest with the State of Arizona.
1.1.2.5. List Specific cases and matters firm has been adverse to the State.
1.1.2.6. List Cases firm represented the State.
1.1.2.7. Disclosure of any State Bar Association Investigations and malpractice suits.

1.1.3. Areas of Practice - Indicate those area(s) of practice in which Offeror believes Offeror is qualified to accept assignments. This is done by checking the box next to the various categories listed.

1.1.4. List the Attorneys the firm wishes to be considered for this contract.

1.1.5. For each Area of Law proposed a brief statement should be provided describing the **Qualification and Experience for each Attorney** expected to perform work in that area of law. You may attach the Attorney's full resume to your proposal as additional information, but it is expected each Area of Law will show the attorney(s) proposed for the area of law and a brief statement demonstrating qualifications and experience. Award will be based in part, on this information.

1.1.6. Cost Data – Hourly Rate Table [also see Agreement Appendix D].

2. Purpose of the RFP

The purpose of this Request for Proposal is to establish contracts with legal counsel for the Office of the Arizona Attorney General (AGO), and other State Agencies with appropriate statutory authority to independently retain legal counsel, on an "as needed, if needed" basis. It is understood that this contract, due to the complexity of legal matters, is not intended to be a mandatory contract. Certain matters may be contracted outside this contract based upon the specific need.

3. Authority

This Request for Proposal is issued in accordance with § 41-2538. This contract may be used to represent the State of Arizona and the departments, agencies, boards, commissions, officers, agents and employees of the State of Arizona. This includes State Agencies with statutory authority to independently retain legal counsel.

3.1. Authorization of Assignments

The primary user of any awarded contract is the Office of the Attorney General. Except for limited statutory exceptions, all appointments of counsel are made by the Attorney General's Office. Counsel is responsible to ensure that it either receives an appointment to perform legal work through the Attorney General's Office or from an agency that has statutory authority to independently retain outside counsel for the purpose described in the appointment. Failure to secure a valid appointment may result in a breach of the contract and may impact

payment of fees.

3.2. Usage Report (Quarterly)

The Outside Counsel firm shall furnish to the AGO Procurement Officer a usage report detailing any case assignment or other legal matter assignment made under this contract by any entity other than the Office of the Arizona Attorney General. The report should disclose the number, the agency and the dollar value of each case assignment or legal matter made by each state agency to the Outside Counsel Firm. The usage report is due at the end of each three month period of the contract term.

4. Description of Work

Counsel performing work under this Agreement may represent the State of Arizona and the departments, agencies, boards, commissions, officers, agents and employees of the State of Arizona in litigation and non-litigation matters. Work under this Agreement may include all aspects of litigation, including all discovery, motions, settlement and trial practice deemed to be in the best interest of the State as well as reporting to, consulting with, and advising the Office of the Attorney General and the departments of the State concerning the various functions. Further details of the work to be performed will be detailed as work assignments.

5. Documents Incorporated by Reference

The State of Arizona's Uniform Instructions to Offerors (Rev 9-2014) and Uniform Terms and Conditions (V9 - Rev 7-1-2013) are incorporated into this Contract and included as Exhibit I and Exhibit II of this solicitation. Offerors are encouraged to obtain these documents. Offerors may obtain copies by visiting the Arizona State Procurement Office (SPO) web site at: https://spo.az.gov/administration-policy/state-procurement-resource/standard-forms-and-documents or by calling the Office of the Attorney General, Procurement at (602) 542-8030.

6. Solicitation Inquiries

6.1. Issuing Office Solicitation Contact Person

The AGO Procurement Office Solicitation Contact Persons identified on the cover page of this RFP shall be the sole point of contact for purposes of the preparation and submittal of proposals to this Solicitation.

6.2. Solicitation Clarifications

Questions or clarification requests regarding this solicitation should be directed to the attention of the Solicitation Contact Persons via: email (preferred), facsimile or mailed to the attention of Solicitation Contact Person. If this results in a change to the Solicitation, a written Solicitation Amendment will be issued prior to the Solicitation due date.

6.3. Solicitation Amendments

The Offeror should acknowledge receipt of a Solicitation Amendment by signing and returning the Solicitation Amendment with their proposal by the specified due date and time.

7. Solicitation Submission Guidelines

7.1. Late Proposals

All proposals must be received by the Solicitation due date and time specified. Any response received after the Solicitation due date and time specified will not be considered. Proposals are to be delivered to the Issuing Office, as indicated on the front page of this solicitation, and clearly designated as a Proposal for this

specific Solicitation. Proposals delivered to any other location will not be considered "received" until they arrive at the location specified on the cover page. The AGO will not waive delay in delivery resulting from need to transport a proposal from another location, or error or delay on the part of the carrier.

7.2. Mailing of Proposals

Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Issuing Office. Proposals arriving after the due date and time will not be considered.

8. Components of a Complete Proposal

8.1. Offer Submittal:

Offerors should submit their Offer as **one (1) original unbound set; three (3) bound copies.** The original copy of the proposal should be clearly labeled "**ORIGINAL**". The material should be in the sequence shown in Attachment I, and be related to the Request for Proposal. The State will not provide any reimbursement for the cost of developing or presenting proposals in response to this RFP.

8.2. Conformance to the RFP

The Offeror should use the provided forms and formats or forms and formats substantially similar. Failure to include the requested information, providing incomplete information or adding irrelevant information may result in lower evaluation scores and may have a negative impact on the evaluation of the Offeror's proposal.

9. Proposal Format

The following information should be submitted with each proposal and in this order. This format provides a section layout for the proposal and pricing section. Failure to include all of the requested information may result in a proposal being rejected.

9.1. Attachment I

Complete Attachment I as per the instructions provided above.

9.2. Solicitation Amendments

Receipt of Solicitation Amendment(s) should be acknowledged by signing and returning the amendment with the proposal or prior to the Solicitation due date and time, to the Solicitation Contact Person listed on the cover page of this Solicitation.

9.3. Exceptions to the RFP

An Offeror who takes exception to any portion of the Solicitation must do so pursuant to the Uniform Instructions to Offeror. If the Offeror is taking exception to a section or sections of the Solicitation, the Offeror shall designate a section in the proposal titled "Exceptions". Any exceptions to the Solicitation not listed in this section or otherwise not submitted in the proper form shall not be considered a part of the Offeror's proposal and shall not be enforceable in any resulting Contract. Taking exception to the Terms and Conditions of the Solicitation may result in a proposal receiving a lower evaluation score. Low evaluation scores may result in the proposal being determined not susceptible for award. Exceptions to the terms and conditions should provide sufficient justification to detail the reason the exception is advantageous to the State of Arizona.

9.4. Confidential Information

All Offers submitted and opened in response to this RFP are public records and must be retained by the State. Offers shall be open to public inspection after Contract award, except for such Offers or specific information within such Offers deemed to be confidential by the State. Pursuant to A.A.C. R2-7-103, if an Offeror believes that information in its Offer should remain confidential, the Offeror shall designate a special section labeled "Confidential Information" and include the information the Offeror indicates as confidential along with a statement detailing the reasons that the information should not be disclosed. The State shall determine whether the identified information is confidential pursuant to the Arizona Procurement Code. Information not specifically identified as confidential by the Offeror in accordance with this paragraph or determined to be not confidential by the State will be open to public inspection.

9.5. Suspension or Debarment Status

If the firm, business or person submitting a proposal has been debarred, suspended or otherwise lawfully precluded from participating in any public procurement activity with any Federal, State or local government, the Offeror should include a letter with its proposal setting forth the name and address of the governmental unit, the effective date of the suspension or debarment, the duration of the suspension or debarment and the relevant circumstances relating to the suspension or debarment. Failure to supply the letter or to disclose in the letter all pertinent information regarding a suspension or debarment will result in rejection of the proposal or cancellation of a Contract. The State also may exercise any other remedy available by law.

10. Offshore Performance of Work Prohibited

Due to security and identity protection concerns, all services under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers. Offerors shall declare all anticipated offshore services in the proposal.

11. Proposal Opening

Proposals shall be opened at the Solicitation Due Date and Time cited on the cover page of the Solicitation. The name of each Offeror shall be publicly read and recorded in the presence of at least one witness. Prices shall not be read.

12. Offer and Acceptance Period

In order to allow for an adequate evaluation, the Office of the Attorney General requires an Offer in response to this Solicitation to be valid and irrevocable for 120 days after the opening due date.

13. Evaluation Criteria for Award of Agreement

Awards shall be made to the responsible Offeror(s) whose proposal(s) are determined to be the most advantageous to the State based upon the evaluation criteria listed below.

13.1. These minimum criteria must be met for a Proposal to receive an award:

13.1.1. Offeror must provide a completed contract.
13.1.2. Provide your interest in performing particular services.
13.1.3. Counsel must be a member of the State Bar of Arizona.

13.2. Additional criteria considered if Counsel meets the minimum criteria:

If the Offeror meets the minimum criteria set forth above, the Offeror's proposal will be evaluated on the

following criteria. These criteria will be used for any awards that are made for one, some or all categories of assignments. The following criteria are listed in order of relative importance:

13.2.1. Special experience in respect to particular areas of law.
13.2.2. Education, including specialized training of persons performing work under the agreement.
13.2.3. History of Past Contract Performance and Professional Reputation
13.2.4. Cost for services.
13.2.5. Location of office and willingness to accept matters in other locations in the State.

14. Discussions

After the initial receipt and evaluation of proposals, the Office of the Attorney General may conduct discussions with Offerors whose proposals are deemed to be reasonably susceptible to award. Proposals should be submitted initially complete and on most favorable terms. In the event discussions are conducted, the Office of the Attorney General shall issue a written request for Best and Final Offers.

15. Best and Final Offer

The request for Best and Final Offer shall inform Offerors, that if they do not submit a Best and Final Offer or a notice of withdrawal, their immediate previous Offer will be considered as their Best and Final Offer. The Offeror's "immediate previous Offer" will consist of the Offeror's original proposal submission and any documents submitted by the Offeror during discussions.

16. Definitions of Key Words Used in the RFP

16.1. Shall, Must:

Indicates a mandatory requirement; Failure to meet these mandatory requirements may result in the rejection of a proposal as non-responsive.

16.2. Should, Will:

Indicates something that is recommended but not mandatory

16.3. May:
Indicates something that is not mandatory but permissible

16.4. Documents:
Documents shall include all correspondence, evaluations, depositions, interrogatories, reports, pleadings, memoranda, briefs, information and any other similar documents or material prepared or used in connection with Services in the pursuit of this matter.

16.5. Deliverable:

Deliverable shall refer to any report or other work product produced by the Counsel for the Office of the Attorney General.

16.6. Office of the Attorney General:

Office of the Attorney General, Attorney General's Office or AGO shall all refer to the Arizona Office of the Attorney General.

16.7. Counsel:

A firm or firms awarded a contract by the Office of the Attorney General.

1. Parties

The parties to this Agreement are the State of Arizona through the Office of the Attorney General and the firm as named in the Offer and Acceptance form.

2. Recitals

This Agreement is made with reference to the following facts:

2.1. The State of Arizona desires to contract for the provision of legal services by counsel not in its employ.

2.2. Counsel has represented that it is professionally qualified to perform such services, and the State of Arizona has relied on such representation in entering into this Agreement.

2.3. The primary user of this contract is the Office of the Attorney General. Except for limited statutory exceptions, all appointments of counsel are made by the Attorney General's Office. State Agencies with statutory authority to independently retain legal counsel may use this contract. Counsel is responsible to ensure that it either receives an appointment to perform legal work through the Attorney General's Office or from an agency with statutory authority to independently retain outside counsel for the purpose described in the appointment. Failure to secure a valid appointment may result in a breach of the contract and may impact payment of fees.

2.4. Usage Report (Quarterly) - The Outside Counsel firm should furnish to the AGO Procurement Officer a usage report detailing any case assignment or other legal matter assignment made under this contract by any entity other than the Office of the Arizona Attorney General. The report should include the agency and the dollar value of each case assignment or legal matter made by each state agency to the Outside Counsel Firm. The usage report is due at the end of each three month period of the contract term.

2.5. Counsel understands and agrees that certain legal matters may be contracted outside this contract based upon the specific need.

3. Entire Agreement

This Agreement embodies the entire Agreement between the State of Arizona and the Outside Counsel firm named in the Offer and Contract Award form, for cases assigned during the calendar year January 1, 2016 until December 31, 2016 and shall supersede all proposals, representations, negotiations or letters pertaining to the services, whether written or oral concerning this Agreement. The parties shall not be bound by or be liable for any statement, representation, promise, inducement, or understanding of any kind not set forth in this Agreement. This Agreement includes all documents either attached hereto or incorporated herein by reference, including the State of Arizona Uniform Terms and Conditions (V9 - Rev 7-1-2013). Specifically included as appendices to this Agreement and attached hereto are:

Appendix A - SPECIAL REQUIREMENTS
Appendix B - SCOPE OF SERVICES
Appendix C - SCHEDULE
Appendix D - COMPENSATION AND PAYMENT

4. Section Headings and Definitions

Section headings in this Agreement are for convenience only, and are not to be construed to define, limit, expand, interpret, or amplify the provisions of this Agreement. When initially capitalized in this Agreement or amendments hereto, the following words or phrases shall have the meanings specified:

4.1. Agreement

This document, including all referenced material that forms a contract between Arizona **and** proposing person or firm named on the Offer and Acceptance page of Attachment 1.

4.2. Best Efforts

Those efforts which a skilled, competent, experienced and prudent legal professional would use to perform and complete the requirements of this Agreement in a timely manner, exercising the degree of skill, care, competence, and prudence customarily imposed on a legal professional performing similar work.

4.3. Counsel

Firm or individual whose name appears on page 1 of this agreement.

4.4. Documentation

Correspondence, evaluations, depositions, interrogatories, reports, pleadings, memoranda, briefs, information and any other similar documents or material prepared or used in connection with Services.

4.5. Force Majeure

An act of God, or event beyond the control of a party, including an act or omission of government, act or omission of civil or military authority, strike or lockout, act of a public enemy, war, blockade, insurrection, riot, epidemic, landslide, earthquake, fire, storm, lightning, flood, washout or civil disturbance which would have not been avoided through the exercise of reasonable care, prudence and diligence.

4.6. Services

Services refer to all obligations undertaken by Counsel pursuant to Appendix B - SCOPE OF SERVICES.

4.7. Site(s)

The area(s) at Arizona facilities where Counsel may be called upon to visit to perform Services.

5. Scope

Counsel shall perform and complete the Services specified in Appendices B - SCOPE OF SERVICES and shall supply personnel, equipment and material to complete the Services, except equipment and material specified to be supplied by Arizona.

6. Schedule

Counsel shall perform and complete the Services according to the schedule provided in Appendix C – SCHEDULE.

7. Compensation and Payment

The State of Arizona shall compensate Counsel as provided in Appendix D - COMPENSATION AND PAYMENT. Counsel should register in the Arizona State Procurement automated system ProcureAZ to facilitate the payment process. ProcureAZ can be accessed at https://procure.az.gov. Should you have questions or require assistance with registering in ProcureAZ call 602-542-7600 or e-mail procure@azdoa.gov.

8. Insurance

8.1. All personnel furnished by Counsel shall be considered employees of Counsel and Counsel shall be responsible for payments of all Workmen's Compensation claims, Unemployment Disability claims or claims under similar laws.

8.2. Counsel shall be responsible for providing appropriate public, professional, automobile, and aircraft liability insurance (aircraft liability only if applicable) for Counsel and its employees in connection with the performance of the Services under this Agreement. The State of Arizona may request Counsel to provide additional insurance. Counsel agrees to provide such additional insurance upon request.

8.3. Counsel shall provide the Office of the Attorney General with a valid Certificate of Insurance within ten (10) days of receiving a Letter of Retention. Counsel shall provide the Office of Attorney General with updated Certificates of Insurance documenting any changes in policy or coverage (e.g. renewal, change in carrier, loss of policy, etc.) within ten (10) days of the change.

9. INSURANCE REQUIREMENTS:

Contractor and subcontractors shall procure and maintain, until all of their obligations have been discharged, including any warranty periods under this Contract, insurance against claims for injury to persons or damage to property arising from, or in connection with, the performance of the work hereunder by the Contractor, its agents, representatives, employees or subcontractors.

The Insurance Requirements herein are minimum requirements for this Contract and in no way limit the indemnity covenants contained in this Contract. The State of Arizona in no way warrants that the minimum limits contained herein are sufficient to protect the Contractor from liabilities that arise out of the performance of the work under this Contract by the Contractor, its agents, representatives, employees or subcontractors, and the Contractor is free to purchase additional insurance.

9.1. Minimum Scope and Limits of Insurance

Contractor shall provide coverage with limits of liability not less than those stated below.

9.1.1. Commercial General Liability (CGL) – Occurrence Form

Policy shall include bodily injury, property damage, and broad form contractual liability coverage.

- General Aggregate $2,000,000
- Products – Completed Operations Aggregate $1,000,000
- Personal and Advertising Injury $1,000,000
- Damage to Rented Premises $ 50,000
- Each Occurrence $1,000,000

a. The policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Contractor.

b. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

9.1.2. Business Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and/or non-owned automobiles used in the performance of this Contract.

- Combined Single Limit (CSL) $1,000,000

a. Policy shall be endorsed, as required by this written agreement, to include the State of Arizona, and its

departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Contractor involving automobiles owned, hired and/or non-owned by the Contractor.

b. Policy shall contain a waiver of subrogation endorsement as required by this written agreement in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

9.1.3. Workers' Compensation and Employers' Liability

- Workers' Compensation — Statutory
- Employers' Liability
  - Each Accident — $1,000,000
  - Disease – Each Employee — $1,000,000
  - Disease – Policy Limit — $1,000,000

a. Policy shall contain a waiver of subrogation endorsement, as required by this written agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Contractor.

b. This requirement shall not apply to each Contractor or subcontractor that is exempt under A.R.S. § 23-901, and when such Contractor or subcontractor executes the appropriate waiver form (Sole Proprietor or Independent Contractor).

9.1.4. Professional Liability (Errors and Omissions Liability)

- Each Claim — $2,000,000
- Annual Aggregate — $2,000,000

a. In the event that the Professional Liability insurance required by this Contract is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this Contract and, either continuous coverage will be maintained, or an extended discovery period will be exercised, for a period of two (2) years beginning at the time work under this Contract is completed.

b. The policy shall cover professional misconduct or negligent acts for those positions defined in the Scope of Work of this contract.

9.2. Additional Insurance Requirements

The policies shall include, or be endorsed to include, as required by this written agreement, the following provisions:

9.2.1 The Contractor's policies, as applicable, shall stipulate that the insurance afforded the Contractor shall be primary and that any insurance carried by the Department, its agents, officials, employees or the State of Arizona shall be excess and not contributory insurance, as provided by A.R.S. § 41-621 (E).

9.2.2 Insurance provided by the Contractor shall not limit the Contractor's liability assumed under the indemnification provisions of this Contract.

9.3. Notice of Cancellation

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Contractor's

insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Contractor must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to the Department and shall be mailed, emailed, hand delivered or sent by facsimile transmission to (State Representative's Name, Address & Fax Number).

9.4. Acceptability of Insurers

Contractor's insurance shall be placed with companies licensed in the State of Arizona or hold approved non-admitted status on the Arizona Department of Insurance List of Qualified Unauthorized Insurers. Insurers shall have an "A.M. Best" rating of not less than A- VII. The State of Arizona in no way warrants that the above-required minimum insurer rating is sufficient to protect the Contractor from potential insurer insolvency.

9.5. Verification of Coverage

Contractor shall furnish the State of Arizona with certificates of insurance (valid ACORD form or equivalent approved by the State of Arizona) as required by this Contract. An authorized representative of the insurer shall sign the certificates.

All certificates and endorsements, as required by this written agreement, are to be received and approved by the State of Arizona before work commences. Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

All certificates required by this Contract shall be sent directly to the Department. The State of Arizona project/contract number and project description shall be noted on the certificate of insurance. The State of Arizona reserves the right to require complete copies of all insurance policies required by this Contract at any time.

9.6. Subcontractors

Contractor's certificate(s) shall include all subcontractors as insureds under its policies or Contractor shall be responsible for ensuring and/or verifying that all subcontractors have valid and collectable insurance as evidenced by the certificates of insurance and endorsements for each subcontractor. All coverages for subcontractors shall be subject to the minimum Insurance Requirements identified above. The Department reserves the right to require, at any time throughout the life of this contract, proof from the Contractor that its subcontractors have the required coverage.

9.7. Approval and Modifications

The Contracting Agency, in consultation with State Risk, reserves the right to review or make modifications to the insurance limits, required coverages, or endorsements throughout the life of this contract, as deemed necessary. Such action will not require a formal Contract amendment but may be made by administrative action.

9.8. Exceptions

In the event the Contractor or subcontractor(s) is/are a public entity, then the Insurance Requirements shall not apply. Such public entity shall provide a certificate of self-insurance. If the Contractor or subcontractor(s) is/are a State of Arizona agency, board, commission, or university, none of the above shall apply.

10. General Requirements

10.1. Independent Contractor - Counsel represents that it is fully experienced and properly qualified to perform the Services in the State where Services are to be performed, and is equipped, organized and financed to perform such Services. Counsel shall act as an independent contractor and not as an agent of Arizona, in performing the Services and duties of this Agreement.

10.2. Subcontracts - Counsel shall not subcontract any part of the Services or any of its obligations under this Agreement, unless prior written approval has been obtained from the Office of the Attorney General.

10.3. Cooperation - Counsel shall, to the best of its abilities, cooperate with Arizona to enable the successful completion of the Services according to the terms of this Agreement including, but not limited to, commitment of additional resources, material and personnel, if requested by the Office of the Attorney General designated representative to assure that the Services are properly performed and completed in accordance with the provisions of this Agreement.

10.4. Advertising and Promotion – The name of Arizona shall not be used in any advertising or other promotional context by Counsel without prior written consent of the Office of the Attorney General designated representative.

10.5. Testimony - Should Counsel be required to testify at any judicial, legislative or administrative hearing concerning matters in any way related to the Services performed under this Agreement, Counsel shall prior to the scheduled time of each hearing supply to the Attorney General or his designated representative in writing all information likely to be disclosed at said hearing as well as Counsel's position thereon. Should Counsel be required by a third party to testify at any judicial, legislative or administrative hearing not specified in this Agreement but concerning the subject matter of this Agreement, Counsel shall notify the Attorney General or his designated representative in advance of the date and time of such hearing to enable State of Arizona representatives to attend and participate.

10.6. Special Requirements - See Appendix A, SPECIAL REQUIREMENTS.

11. Changes

11.1. General - Notwithstanding any other provisions of this Agreement to the contrary, the Office of the Attorney General reserves the right for any reason without invalidating this Agreement to make or to direct any changes in the Services including the performance of additional tasks. Such change shall be made in writing by the Office of the Attorney General authorized representative.

11.2. Delegation - The Office of the Attorney General designated representative may issue and sign written change orders on behalf of the Office of the Attorney General.

12. Professional Responsibility

12.1. General - Counsel shall use Best Efforts to perform and complete the Services in accordance with the provisions of this Agreement.

12.2. Liability - In the event that Counsel breaches its obligations under this Agreement, Counsel shall take the necessary actions to correct and cure its breach of this Agreement. If Counsel, upon notification of said breach does not promptly take steps to correct the breach, the Office of the Attorney General without waiving any other rights or remedies it may have at law or otherwise may do so and Counsel shall reimburse the Office of the Attorney General and the State for all expenses and costs incurred in performing such corrective action.

12.3. Expertise - Work under the Agreement will be performed in the manner that a reasonably competent and prudent attorney would perform legal work. Work may be performed by paralegals if a reasonably competent and prudent attorney would delegate such work to a paralegal. Paralegals are expected to perform their work in the manner that a reasonably competent and prudent paralegal would perform. All time deadlines specified by court or court rules shall be complied with.

12.4. Complaints - Counsel will promptly notify the Office of the Attorney General if a business or bar complaint is filed against Counsel on any matter, if a motion for sanctions is filed against Counsel, or if sanctions are awarded against Counsel in cases assigned pursuant to this Agreement. Any sanctions ordered by the court as a result of attorney or paralegal malfeasance shall be borne by the attorney.

13. Review of Services

The Office of the Attorney General reserves the right to review all and every part of the Services during performance or after completion as the Office of the Attorney General may see fit. If the Services or any part thereof have not been performed in accordance with this Agreement to the satisfaction of the Office of the Attorney General, the Office of the Attorney General may order that no further services be performed and may reject and refuse to pay for any improperly performed services.

14. Force Majeure

In the event either party by reason of a Force Majeure is rendered unable to perform its duties under this Agreement, then upon said party giving written notice of the particulars and estimated duration of said Force Majeure, said party may have its time of performance of its duties extended for the period equal to the time performance is delayed by said Force Majeure. The effects of said Force Majeure shall be remedied with all reasonable dispatch and said party giving notice shall use Best Efforts to eliminate and mitigate the consequences thereof. A Force Majeure for which said notice has not been given shall be an unexcused delay.

15. Suspension

The Office of the Attorney General may, by written notice, direct Counsel to suspend performance on any or all of the Services for a specified period of time. If any suspension is not occasioned by the fault or negligence of Counsel, this Agreement may be supplemented to compensate Counsel for extra costs incurred due to said suspension, provided that any claim for adjustment is supported by appropriate cost documentation, subject to audit, and asserted within twenty days after the date the Office of the Attorney General issues an order for resumption of performance of the Services.

16. Termination at Will

At the sole discretion of the Office of the Attorney General, the Office of the Attorney General may terminate this Agreement at any time, or may terminate all or any portion of the Services not then completed by giving the other party written notice of termination. Upon receipt of notice of termination, Counsel, unless the notice requires otherwise, shall discontinue performance of the Services on the date and to the extent specified in the notice, except those Services necessary to preserve and protect the work product of the Services already performed, and otherwise minimize costs to the State. Payment for Services already completed or in the process of completion shall be adjusted between Counsel and the Office of the Attorney General, in a fair and reasonable manner, but such payment shall exclude any allowance for unperformed Services or anticipated profits thereon. Such payment for Services already completed or in the process of completion shall be the total compensation due to Counsel for Termination at Will by either party.

17. Termination for Cause

The Office of the Attorney General may declare this Agreement canceled for default by notifying Counsel in writing should Counsel at any time (i) violate any part of this Agreement, (ii) fail to supply sufficient properly skilled personnel, material or equipment of the quality or quantity to properly perform the Services, (iii) fail to provide services in the most cost effective manner. Without limiting or waiving any other remedies the Office of the Attorney General may have, Counsel shall compensate the Office of the Attorney General for costs (whether they arise before or after completion of the Services) arising out of any breach by Counsel or arising out of any default under this Section 16.

18. Accounting and Auditing

Counsel shall maintain accurate and complete accounting and financial records and vouchers in support of all cost and service billings to the State of Arizona, in accordance with generally accepted accounting principles and practices. The State of Arizona, or its audit representative, shall have the right at any reasonable time to examine and audit the records, vouchers, and their source documents without limitation which serve as a basis for compensation under this Agreement. Said records shall be available to the State of Arizona in Phoenix, Arizona for inspection and audit for five years after completion or termination of the services under this Agreement.

19. Laws and Regulations

19.1. Counsel and its employees shall at all times comply with all applicable federal, state and local laws, ordinances, statutes, rules and regulations. Counsel shall hold the State of Arizona, its departments, agencies, boards, commissions, universities and its officers, officials, agents, and employees harmless from loss, cost or damage by reason of any actual or alleged violation thereof arising out of Counsel's employees or Counsel's contractors failure to so comply.

19.2. Health Insurance Portability and Accountability Act of 1996 (HIPAA) – The State of Arizona intends to comply with assurances given to components of the State covered under HIPAA and its accompanying Administrative Simplification Regulations ("Covered Components"). These written assurances certify that the state of Arizona will collect, receive, use and disclose the minimum necessary protected health information and related records solely for the purposes allowed under HIPAA. Counsel warrants that he or she is familiar with the requirements of HIPAA and its accompanying regulations and will comply with any HIPAA requirement that may be applicable to the State of Arizona during the course of this agreement. In addition, Counsel shall agree to cooperate to ensure compliance with assurances given to Covered Components, including signing a Business Associate Agreement in cases where Counsel and Counsel's employees will represent a Covered Component (e.g. CPS, DDD, State Hospital, BHS, AHCCCS, etc.), and they receive protected health information from or on behalf of the HIPAA covered client. Counsel agrees to execute such further HIPAA assurances or agreements as the State of Arizona may deem appropriate.

20. Documentation

20.1. Format and Quality of Documentation - Documentation prepared by Counsel shall be prepared in a format and of a quality approved by the Office of the Attorney General. All Documentation shall be the property of the Office of the Attorney General and shall be delivered to the Office of the Attorney General at the completion of Services hereunder.

20.2. Documentation Review - Counsel shall review Documentation provided by the Office of the Attorney General during performance of the Services and shall promptly notify the Office of the Attorney General of any defects or deficiencies discovered in said review.

21. Governing Law and Venue

This Agreement shall be interpreted in accordance with the substantive and procedural laws of the State of Arizona. Any action at law or judicial proceeding instituted by Counsel relating to this Agreement shall be instituted only in the State or Federal Courts of the State of Arizona. The parties agree that proper venue for any and all disputes arising out of this Agreement shall be in Maricopa County, State of Arizona.

22. Authorized Representatives and Notices

22.1. Representatives - Prior to commencement of the Services, the Office of the Attorney General and Counsel shall each designate a representative authorized to act on behalf of each party and shall advise the other party in writing of the name, address, and telephone number (day and night) of such designated representative and shall inform the other party of any subsequent change in such designation. All communications relating to the administrative activities under this Agreement shall be exchanged between the respective representatives of the Office of the Attorney General and Counsel.

22.2. Notices - All legal or claim notices required by this Agreement shall be in writing, and shall be delivered personally to the authorized representatives of the Office of the Attorney General and Counsel as set forth below, or shall be mailed thereto by certified mail, postage prepaid, return receipt requested. Notice shall be effective on the date delivered.

To: State of Arizona:
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

To: Counsel:
The person identified in the Offer and Acceptance Form.

23. Disputes

Any controversy or claim arising out of or relating to this Agreement or its breach which may arise between Counsel and the Office of the Attorney General and which is not resolved by the authorized representatives of the parties, shall be noticed in writing by the complaining party as provided in Section 22, AUTHORIZED REPRESENTATIVES AND NOTICES. Such controversy or claim shall subsequently be reviewed and discussed between Counsel and an authorized representative of the Office of the Attorney General. Disputes arising out of this Agreement are subject to the provisions of Article 9, Chapter 23, Title 41 of Arizona Revised Statutes.

24. Assignment of Rights

Counsel shall not assign the rights, nor delegate the duties, or otherwise dispose of any right, title or interest in all or any part of this Agreement, or assign any monies due or to become due to Counsel without the prior written consent of the Office of the Attorney General. Any such approved assignment or delegation shall be for the benefit of and shall be binding on Counsel, the assignee and all future successors; and shall not relieve Counsel, assignee or future successors of any duties or obligations. If the Office of the Attorney General approves any assignment of monies due or to become due to Counsel hereunder, such assignment shall not become effective until at least thirty days after the Office of the Attorney General approval.

25. Offshore Performance of Work Prohibited

Due to security and identity protection concerns, all services under this contract shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

26. Federal Immigration Laws, Compliance by State Contractors

By entering into the contract, the contractor warrants compliance with the Federal immigration and Nationality Act (FINA) and all other Federal immigration laws and regulations related to the immigration status of its employees. The contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the Procurement Officer upon request. The contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the U.S. Department of Labor's Immigration and Control Act), for all Employees performing work under the contract. I-9 forms are available for download at USCIS.GOV.

The State may request verification of compliance for any contractor or subcontractor performing work under the contact. Should the State suspect or find that the Contactor or any of its subcontractors are not in compliance, the State may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the contractor. All costs necessary to verify compliance are the responsibility of the contractor.

27. Compliance Requirements for A.R.S. § 41-4401, Government Procurement: E-Verify Requirement

27.1. The contractor warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A. (That subsection reads: "After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program.)

27.2. A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the contractor may be subject to penalties up to and including termination of the contract.

27.3. Failure to comply with a State audit process to randomly verify the employment records of contractors and subcontractors shall be deemed a material breach of the contract and the contractor may be subject to penalties up to and including termination of the contract.

27.4. The State Agency retains the legal right to inspect the papers of any employee who works on the contract to ensure that the contractor or subcontractor is complying with the warranty under paragraph 27.1.

28. Survival of Obligations and Liabilities

The termination, cancellation or acceptance of the Services shall not relieve Counsel of its obligations for Services completed prior to the effective date of such termination, cancellation or acceptance nor shall it relieve Counsel of its liabilities at law or under this Agreement.

29. Indemnification:

29.1 To the fullest extent permitted by law, Counsel shall defend, indemnify, and hold harmless State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the negligent acts, errors, omissions, mistakes or malfeasance relating to the performance of this Contract. Counsel's duty to defend, indemnify and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees shall arise in connection with any claim, damage, loss or expense that is caused by any negligent acts, errors, omissions or mistakes in the performance of this Contract by the Counsel, as well as any person or entity for whose acts, errors, omissions, mistakes or malfeasance Counsel may be legally liable.

29.2 The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this paragraph.

29.3 The scope of this indemnification does not extend to the sole negligence of the State of Arizona.

29.4 The Indemnity language in this Section applies only to claims covered by Counsel's professional liability insurance policy. It does not purport to make the State of Arizona an additional insured under that policy.

29.4.1 To the fullest extent permitted by law, Counsel shall indemnify, and hold harmless State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees from and against all claims, damages, losses and expenses, including, but not limited to, attorney fees, court costs, expert witness fees, and the cost of appellate proceedings, relating to, arising out of, or alleged to have resulted from the negligent or intentional actions or acts, errors, omissions, mistakes or malfeasance caused in whole or in part by Counsel relating to work or services in the performance of this contract, including anyone directly employed by them, their agents or representatives.

29.4.2 The scope of this indemnification does not extend to the sole negligence of the State of Arizona or to errors by third parties.

This indemnity shall not apply if the contractor or sub-contractor(s) is/are an agency, board, commission or university of the State of Arizona.

30. Precedence

30.1. Order of Precedence - In the event of conflict between this Agreement, its appendices and/or any other referenced document, the order of precedence shall be this Agreement including Appendix A, SPECIAL REQUIREMENTS, followed by the other appendices in alphabetical order, followed by any other documents referenced in Appendix B, SCOPE OF SERVICES, or Appendix D, COMPENSATION AND PAYMENT.

30.2. Amended Documents - any amendment shall have priority over the document it amends, and any amended document shall have the same precedence classification as stated in this Section.

31. Execution, Effective Date and Expiration

31.1. This Agreement has been executed by the duly authorized representatives of the parties and shall be effective as of January 1, 2016 and shall terminate on December 31, 2016. Pursuant to A.R.S. § 41-2546, the Agreement may be renewed or extended at the option of the Office of the Attorney General for a period or periods, including the initial term, of up to five years.

31.2. Any case assigned to Counsel during the effective period of this Agreement will be performed in accordance with the terms of the Agreement regardless of the calendar year in which the work is performed. Work on a case assigned under this agreement shall continue under the terms of this agreement until the case is resolved or Counsel's assignment is otherwise terminated, regardless of whether the Agreement is renewed or extended.

31.3. Cases involving work over two years may be eligible for an increase in hourly rates. The increase must be based on the Consumer Price Index (CPI) and would be granted at the discretion of the Office of the Attorney General. The request will only be considered if received by the Office of the Attorney General, in January of the year following the anniversary of the minimum two year requirement of first being assigned the case.

32. Assignment of a Case

An award of a Contract is not a promise of a guarantee that Counsel will be assigned a case or cases. If awarded an Agreement, however, Counsel agrees to accept all assignments made by the Office of the Attorney General, except where a genuine conflict of interest exists or other ethical issues prevent Counsel from taking a case. Immediately upon assignment, Counsel will make every effort to determine whether a genuine conflict exists, and if so, will promptly notify the Office of the Attorney General Representative.

33. Withdrawal from Case

If Counsel seeks to withdraw from a case, he/she must first notify the Office of the Attorney General Representative. If the Office of the Attorney General does not agree that Counsel should be allowed to withdraw from the case, Counsel shall file a written motion to **withdraw** with the Court.

Special requirements applicable to this Agreement are:

1. COUNSEL'S PERSONNEL

The Office of the Attorney General reserves the right to designate a specific attorney(s) in Counsel's firm to work on specific cases. Counsel shall employ suitably trained and skilled professional personnel to perform the Service. Prior to changing any key personnel, especially those key personnel who the Office of the Attorney General relied upon in awarding this Agreement, Counsel shall obtain the approval of the Office of the Attorney General. Any replacement personnel shall have capabilities at least equal to those of personnel they replaced for performance of the Services. Counsel shall bear its costs associated with any and all such changes, and said costs shall not be reimbursable by the State of Arizona. While the State of Arizona recognizes that staffing changes may be necessary from time to time, the State of Arizona will not pay for the "downtime" or learning time that may result from such a staffing change. The State of Arizona does not believe it appropriate to pay legal fees for the training of Counsel's personnel. Counsel has been retained because of its expertise. The time Counsel spends educating junior lawyers in the substantive law applicable to the matter assigned may not be included in Counsel's billings. Unless otherwise agreed the State of Arizona expects that only one attorney from Counsel's firm will attend meetings, depositions, and arguments, although a second person may be needed for trials and major hearings or meetings.

2. PRIVILEGED COMMUNICATIONS

All confidential communications between the Office of the Attorney General, any State of Arizona officer, employee or agent ("Arizona") and Counsel, whether oral or written, and all Documentation, whether prepared by Counsel or supplied by Arizona shall be considered privileged communications and shall not, except as required by law, be communicated by Counsel to any public agency, insurance company, rating organization, contractor, vendor, or Counsel, whether or not connected in any manner with Arizona or Counsel, without the prior consent of the Office of the Attorney General. If such communications are approved, or if such communications are required to be disclosed by law, Counsel shall provide the Office of the Attorney General two (2) copies of each written communication and/or two (2) copies of summaries of each oral communication. If such communication is required by law, Counsel shall provide the Office of the Attorney General written notice as to the time, place, and manner of such disclosure as well as a written summary of any information likely to be disclosed by such disclosure, and Counsel's position thereon.

End Appendix A

1. General

These guidelines shall serve as the basis upon which Counsel shall provide legal advice, opinions and representation to the State of Arizona under this Agreement. Unless clearly excepted in individual instances, it shall be understood that Services rendered by attorneys shall be furnished in accordance with these guidelines.

2. Client Contact

2.1. Initial authorization for Services will come through the Office of the Attorney General. Counsel shall not initiate contact with any Office of the Attorney General client without first being directed to do so by the Office of the Attorney General. A firm representing the State of Arizona should appoint one senior partner of the firm as the Contact Partner for the State of Arizona. That partner should be prepared to discuss and agree to any Services requested by the Office of the Attorney General pursuant to this Agreement. The Office of the Attorney General will expect to discuss with the Contact Partner at least the following items at any time:

2.1.1.1. Nature of the case, advice or other representation.
2.1.1.2. Degree of difficulty or uniqueness of service and the level of attorney competence or experience necessary to adequately represent the State.
2.1.1.3. Number of attorneys, paralegals, and other personnel which the firm would expect to assist the assigned attorney.
2.1.1.4. Extent of out-of-pocket expenses might be anticipated including computer research time, travel, overtime, outside fees such as license fees and similar costs. Copy fees ordinarily would not be considered unless anticipated to be substantial.
2.1.1.5. Possibility of a fixed fee as an alternative to hourly charges. Hourly fees of persons assigned to the matter will be discussed if an hourly fee is agreed upon.
2.1.1.6. An estimate of the number of hours involved in completing the project or an estimate of the fee which would be incurred. Realistic estimates will be a consideration in assigning subsequent cases to the firm.

2.2. The Contact Partner would be expected to assign the case to an attorney who would act as the contact for future activity on the matter. The Contact Partner would be available to Arizona in the event of any future problems arising from the representation.

2.3. Assignments made by State Agencies with statutory authority to retain legal counsel shall follow similar procedures and include verifying the State Agency has statutory authority to retain Counsel for the matter.

3. Assigned Attorneys

The Office of the Attorney General expects the Contact Partner to assign each project to a competent attorney and that the assigned attorney will complete the project unless extenuating circumstances arise. The Office of the Attorney General will not pay for multiple conferences between attorneys, continuing review of files by various personnel, duplication of effort, or supervision of an associate by a senior partner. If the Office of the Attorney General is dissatisfied with the level of legal assistance, it may discuss the matter with the Contact Partner, and, if necessary, the level of needed expertise can be reevaluated. The Office of the Attorney General has no objection to supervision of associates by senior partners but will not increase its costs by such supervision. Paralegal assistance is desirable and acceptable to the Office of the Attorney General as is additional attorney assistance if such assistance is necessary and is held to a reasonable level. If a project involves several areas which require different expertise, advance discussion should be held with the Office of the Attorney General to determine the manner and extent of coordination required of the various areas.

4. Case Budgeting

The Office of the Attorney General and assigned attorney and/or the Contact Partner shall discuss a legal fee and expense budget which might be realistic for each assigned case. Each litigated case will be examined for the necessity of deposition, interrogatories, anticipated response to interrogatories, the extent to which the Office of the Attorney General can provide assistance in investigation, preparation or answer of interrogatories, anticipated motions, the chances of success of such motions and their cost, travel, out-of-pocket expenses involved in assembling evidence for trial or exhibits. All activities shall be considered as to effectiveness, necessity and whether alternatives are available.

5. Case Management

5.1. The Office of the Attorney General expects to be kept advised of progress on all matters. An initial case/matter management meeting is required within thirty (30) days of case/matter assignment between the Office of the Attorney General, client representative (i.e. Risk Management Section of the Department of Administration, if insurance defense case) and the assigned attorney. The meeting's purpose is to discuss the scope and nature of the matter and, if a litigation case, to assess merits of the lawsuit and monetary exposure to the State of Arizona, to establish initial defense strategy, investigation, assignments, case management instructions and fee limitations. During this meeting Counsel should submit an initial budget, estimating fees and costs. Counsel shall notify the State when and if it becomes apparent that the budget is being or will be exceeded. The budget should specifically identify the work expected to be done, the identity and billing rate of each attorney and paralegal to be involved, and the amount of time the work is expected to take. The Office of the Attorney General expects this budget to be updated quarterly and to be submitted to the Office of the Attorney General, client representatives (i.e. Risk Management Section of the Department of Administration, if insurance defense case) without reminder from the State of Arizona.

5.2. Counsel will provide the State of Arizona a written quarterly report of progress on assigned case/matter as well as a report when significant developments occur. If no activity has occurred, a simple letter to that effect will be satisfactory.

5.3. Notices of depositions shall not be sent by Counsel without prior written authorization from the Office of the Attorney General. Notices of depositions of State of Arizona employees filed by any party will be submitted to the Office of the Attorney General immediately upon Counsel's receipt to make necessary arrangements for their testimony. Summaries of all depositions will be supplied by the assigned Counsel on conclusion of the deposition. Ordinarily only one attorney should attend depositions. The Office of the Attorney General may request the presence of a State of Arizona employee at one or more depositions. Before copies of depositions are ordered, Counsel shall consider the necessity and is encouraged to avoid copies of deposition of questionable value. Copies of portions of depositions should be considered.

5.4. All offers of compromise made by a plaintiff shall be promptly transmitted to the Office of the Attorney General, (Risk Management Section of the Department of Administration, if an insurance defense case) together with Counsel's recommendation. Arizona will be responsible for obtaining proper authority to accept a compromise or for making a counter-offer.

5.5. Counsel shall discuss with the Office of the Attorney General (and Risk Management Section of the Department of Administration, if an insurance defense case) the advisability of attempting to settle a lawsuit when, in the opinion of Counsel, it is deemed in the best interest of Arizona to attempt settlement.

5.6. Whenever additional investigation is required by Counsel and can be provided by use of non-attorney investigators, Counsel shall notify the Office of the Attorney General of such need (and the Risk Management Section of the Department of Administration, if an insurance defense case) who will conduct or contract for

such investigation. Arizona shall be solely responsible for the accuracy of the facts or other information developed in response to such requests.

5.7. Expert witnesses shall be hired only after consultation with and prior written approval by Arizona. Approval for travel by Counsel outside the State of Arizona shall be obtained or confirmed in writing through the Office of the Attorney General prior to departure from the State of Arizona.

5.8. Appeals of litigation defended under this Agreement will be filed by Counsel only after obtaining the prior written authorization from the Office of the Attorney General.

5.9. The State of Arizona maintains many policies of insurance to provide protection for damages arising from the negligent acts or omissions of its employees and agents. In the event a State of Arizona's insurer is involved with a case, the firm will be notified of the insurer's involvement and contact with the insurer shall be through the Risk Management Section of the Department of Administration. A copy of all correspondence and quarterly evaluations shall be provided for the insurer through Risk Management.

6. Correspondence

All correspondence between the firm and the Office of the Attorney General shall be addressed to:

To: State of Arizona:
Office of the Attorney General
1275 West Washington
Phoenix, Arizona 85007

To: Counsel:
The person identified in the Offer and Acceptance Form.

To the extent possible, correspondence should reference the file numbers of both the Office of the Attorney General and the Risk Management Section of the Department of Administration.

7. Conflicts

Arizona recognizes the difficulties in determining conflicts for law firms involved in representing more than one client. It does not wish to unduly hamper Counsel's activity because of a remote conflict and will work with a firm in attempting to resolve conflicts. It is expected that a firm will advise the Office of the Attorney General of any perceived conflict and that the decision as to whether the conflict is remote or disqualifying will be the decision of the Office of the Attorney General. Counsel may, upon referral of a claim or lawsuit, decline to defend. Counsel may also withdraw from representation of the State of Arizona when it would be ethically improper to continue to do so and upon the Court granting a motion permitting withdrawal. In the event Counsel must either withdraw from a case or declines to defend, the Office of the Attorney General shall be immediately notified in writing or by telephone if time is of the essence.

8. Litigation against the State of Arizona.

Counsel will be retained by the State of Arizona only for the purposes and to the extent set forth in this Agreement. Counsel shall be free to dispose of such portion of his entire time, energy and skill as are not required to be devoted to the State of Arizona in such manner as he sees fit and to such persons, firms or corporations as he deems advisable, but shall not engage in private litigation against the State of Arizona at the same time counsel accepts appointments defending the State of Arizona pursuant to this Agreement unless such litigation does not present an ethical conflict of interest, and a written waiver is first obtained from the Office of the Attorney General. Counsel shall disclose to the State of Arizona, in the proposal, all litigation, claims and matters in which counsel represents parties adverse to the State of Arizona.

9. Disclosure of Litigation Against the State of Arizona

Pursuant to this Agreement, counsel shall have a continuing duty to disclose any and all litigation against the State of Arizona regardless of the State Entity who the Counsel was adverse to.

End Appendix B

1. General

Counsel shall be available to perform services beginning upon notice of award in the most expeditious manner necessary for each particular task and within the time agreed upon by the respective representatives of each party, all within the term of this Agreement.

2. Period Of Agreement

2.1 This Agreement is from January 1, 2016 to December 31, 2016. Pursuant to A.R.S. § 41-2546, the Agreement may at the option of the State be renewed or extended for additional terms so long as the total contract term does not exceed five years if the following conditions are met:

2.1.1 Contractor's performance has been satisfactory in the first year of the Agreement.
2.1.2 The cost for services remains acceptable to the State.
2.1.3 The education, including continuing specialized training of persons performing work under the Agreement, is at an acceptable level.
2.1.4 Contractor maintains special experience in respect to particular litigation areas
2.1.5 The contractor maintains continued interest in performing particular services.
2.1.6 The contractor maintains a good reputation in the legal community.
2.1.7 Renewal of the Agreement is deemed to be in the best interest of the State by the State.

2.2 Any case assigned to the contractor during the effective period of this Agreement will be performed in accordance with the terms of the Agreement regardless of the fiscal year in which the work is performed. Work on a case assigned shall continue pursuant to the terms of this Agreement until the case is resolved or your assignment is otherwise terminated, regardless of whether the Agreement is renewed or extended.

3. Reporting Schedule

3.1. Written status reports shall be issued to the Office of the Attorney General on a quarterly basis and when significant developments occur, indicating the progress and results to date and what action Counsel is taking.

End Appendix C

1. General

Except as otherwise agreed, the State of Arizona shall compensate Counsel for the reasonable costs and expenses arising out of the satisfactory and complete performance of the Services at the composite rates per hour, or fractions thereof, specified in Attachment I, "Rate Table", spent by Counsel's personnel in performing the Services. These rates shall include all professional fees, salaries, overhead, profits and employee costs. Expenses for travel and other costs associated with the performance of Services shall be billed directly to the State of Arizona at the cost to Counsel.

2. ProcureAZ

Counsel should register in the Arizona State Procurement automated system ProcureAZ to facilitate the payment process. ProcureAZ can be accessed at https://procure.az.gov. Should you have questions or require assistance with registering in ProcureAZ call 602-542-7600 or e-mail procure@azdoa.gov.

3. Pricing

All prices shall be on an all-inclusive basis and shall contain the labor rate, labor benefits, payroll burden, insurance, workman's compensation, all taxes, profit, overhead, general and administrative expenses and all other related charges. A price reduction adjustment may be offered at any time during the term of the Contract and shall become effective upon notice.

4. Billings and Invoices

Payment for legal service under this agreement may be the responsibility of the Office of the Attorney General or the state entity being represented. The source of payment will be identified at the time of case matter assignment. All billings shall be submitted bi-monthly to the State entity responsible for payment. If the state entity responsible for payment is other than the Office of the Attorney General copies of all billings shall be submitted to the Office of the Attorney General, upon request. Billings for any fiscal year shall be submitted to the State within 15 days of the end of the fiscal year, which begins July 1 and ends June 30. The State expects to remit payments promptly upon receipt and review by the State (and Risk Management Section of the Department of Administration, if an insurance defense case). Each billing shall be in sufficient detail to clearly indicate:

4.1. The project or matter involved including the file numbers of the Office of the Attorney General (and the Risk Management Section of the Department of Administration, if an insurance defense case). Separate billings for each file number are required.

4.2. The attorney or other personnel whose time is involved on each charge.

4.3. The number of hours billed to the nearest 1/10 of an hour.

4.4. The date and activity which generated the time billed.

4.5. The hourly rate for the attorney or other personnel. (A current master charge list is satisfactory.)

4.6. A list of expenses including receipts for air travel and lodging, deposition transcripts, service of process and expert fees. Expenses under $200.00 are to be paid by Counsel's firm and submitted with their billing. The State of Arizona will attempt to resolve billing problems but expects COUNSEL to assist in resolving billing problems without additional cost to the State.

4.7. Counsel may charge an Hourly Rate and/or mileage reimbursement only when Counsel must travel over a 50 mile radius from their normal place of business. This reimbursement would begin from the time the Counsel leaves their normal business location.

4.8. Invoices, with receipts attached, shall be accompanied by itemization of disbursements and costs (long

distance calls, photocopying, transcripts, expert witnesses, court costs, et cetera) and travel and living expenses shall be itemized separately to indicate travel, lodging, business meetings, meals, taxis, and other expenses (specifically detailed)

4.9. Counsel will only bill for the actual time spent performing a task, not for a unit charge (e.g., no automatic billing of one-third of an hour for a phone call that may have taken only five minutes) and that all charges will be specified and not grouped or clustered into one billing charge.

5. Spending Limit

5.1. Travel expenses for Counsel shall be in accordance with the Arizona Department of Administration Travel Policy and shall be limited to:

5.1.1. $.445 per mile for the use of the private conveyances of Counsel;
5.1.2. Coach air fare with airline ticket receipts attached to billings; and
5.1.3. The actual costs of lodging and meals in accordance with Arizona Department of Administration Travel Policy. The Policy may be viewed at http://www.gao.state.az.us

5.2. Only in unusual cases can travel by more than one attorney be permitted.

5.3. Expenses will be reimbursed at the firm's cost, except for certain disbursements that will not be paid unless agreed to in advance by the State. Unless authorized in advance by the State, the following charges are not acceptable:

5.3.1. Secretarial or word processing services (normal, temporary, or overtime);
5.3.2. Incoming facsimiles at more than 5 cents per page. Charges for outgoing local facsimiles and out of area facsimiles shall not be billed at more than actual cost.
5.3.3. Photocopy expenses at more than 10 cents per page;
5.3.4. Any other staff service charges, such as meals, filing, proofreading, regardless of when incurred;
5.3.5. Computer time (other than computer legal research specifically authorized in advance by the State).

5.4. Photocopy costs in excess of $2,000 for a single job should be authorized in advance by the State.

5.5. Expenses should not include local telephone expenses or office supplies.

5.6. Unless otherwise approved in advance, the State does not pay charges for time spent in preparing bills.

5.7. In addition to the per diem limits outlined above it is expected that expenses for lodging, meals, and transportation shall be at reasonable rates and that counsel will exercise prudence in incurring such expenses.

5.8. The State will not reimburse the costs of first-class travel and expects that travel arrangements will take advantage of any cost-effective discounts or special rates.

6. Total Compensation

Payment as specified above for performance of the Services shall be total compensation paid to Counsel for performance of all of Counsel's obligations under this Agreement.

7. Invoices

Invoice shall reference the contract number (assigned upon award on Offer and Acceptance Form), case matter, the contact name and phone number.

End Appendix D