



January 8, 2020

Peter Wall, Office of the Fresno County Counsel
Allison Pierce, Office of the Tulare County Counsel
San Joaquin Valley Insurance Authority
2200 Tulare Street, Suite 500
Fresno, CA 93721

John S. Clifford
jclifford@smith-lc.com
direct: 949.396.2167

Re: Engagement Agreement

Dear Mr. Wall and Ms. Pierce:

This letter is intended as a written agreement setting forth the terms of our representation and participation as part of the trial team in the *SJVIA v. Gallagher* matter. In reviewing this agreement, please be aware of the following:

- 1) We agree that approval by the director signing this Agreement is subject to ratification;
- 2) We will continue to assist with trial preparation pursuant to our existing agreement with BBK pending execution of this Agreement; and
- 3) In anticipation of approval of this Agreement we will, as agreed, file a Notice of Association of counsel with the Court.

CONFIDENTIALITY AND ABSENCE OF CONFLICTS

An attorney-client relationship requires mutual trust between the client and the attorney. It is understood that communications exclusively between counsel and the client are confidential and protected by the attorney-client privilege.

We have previously run a conflict check against the following names: San Joaquin Valley Insurance Authority; Tulare County; Fresno County; Gallagher Benefit Services, Inc. Based on that check, we can represent SJVIA. Please review the list to see if any other persons or entities should be included. If you do not tell us to the contrary, we will assume that this list is complete and accurate. We request that you update this list for us if there are any changes in the future.

In addition, our representation is limited to the representation of SJVIA and not Tulare County, Fresno County, or any other entity participating in SJVIA.

Orange County, CA | Phoenix, AZ | Provo, UT | Jackson, WY

3161 Michelson Drive, Suite 925 | Irvine, California 92612 | tel: 949.416.5000 | fax: 949.416.5555 | www.smith-lc.com

YOUR OBLIGATIONS ABOUT FEES AND BILLINGS

As a courtesy to SJVIA, we have agreed that Smith LC attorneys John Clifford (Partner) and Stephen Biggs (Partner) will be discounted to the same rate being charged by BBK partner Lauren Strickroth in this matter, which rate we understand to be \$365 per hour, billed in .1 minimum increments. Paralegals will be billed at the reduced rate of \$175 per hour. It is not anticipated that any other Smith LC attorneys other than those listed will be involved in trial preparation or conduct.

Smith LC agrees to follow generally accepted billing practices, including a prohibition on "Block billing". Unless otherwise directed, we will send invoices by email to sjvia-admin@fresnocountyca.gov, with copy by email to each of Peter Wall and Allison Pierce. We will also send hard copies of our invoices to the Fresno County Counsel's Office, Attention SJVIA Counsel. The memorandum attached to this letter describes the other aspects of our firm's billing policies. You should consider this memorandum part of this agreement as it binds both of us. For that reason, you should read it carefully.

INSURANCE

Smith LC carries errors and omissions insurance with Evanston Insurance Company. After a standard deductible, this insurance provides coverage beyond what is required by the State of California.

NEW MATTERS

When we are engaged by a new client on a particular matter, we are often later asked to work on additional matters. You should know that such new matters will be the subject of a new signed supplement to this agreement. Similarly, this agreement does not cover and is not a commitment by either of us that we will undertake any appeals or collection procedures. Any such future work would also have to be agreed upon in a signed supplement.

HOW THIS AGREEMENT MAY BE TERMINATED

You, of course, have the right to end our services at any time. If you do so, you will be responsible for the payment of fees and costs accrued but not yet paid, plus reasonable fees and costs in transferring the case to you or your new counsel. By the same token, we reserve the right to terminate our services to you upon written notice, order of the court, or any other time allowed by the Rules of Professional Responsibility. This could happen if you fail to pay our fees and costs as agreed, fail to cooperate with us in this matter, or if we determine we cannot continue to represent you for ethical or practical concerns.


CLIENT FILE

If you do not request the return of your file, we will retain your file for five years. After five years, we may have your file destroyed. If you would like your file maintained for more than five years or returned, you must make separate arrangements with us.

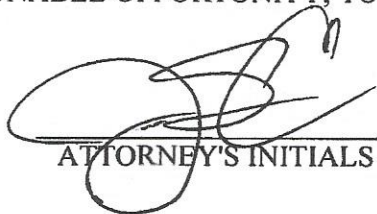
ARBITRATION

If a dispute arises concerning our representation of you under this agreement, you and Smith LC agree that the dispute will be settled by binding arbitration pursuant to Title 9 of the Code of Civil Procedure §§ 1280-1294.2. The arbitrator shall be selected from the Judicial Arbitration and Mediation Service. However, you shall retain the right to elect to first arbitrate all fees of costs disputed pursuant to the provisions of the State Mandatory Fee Arbitration Rules, Business & Professions Code, § 6200 et seq.

BY SIGNING IN THE SPACE BELOW, YOU ACKNOWLEDGE THAT THIS SPECIFIC AGREEMENT TO ARBITRATE WAIVES YOUR RIGHT TO A COURT OR JURY TRIAL FOR ANY FEE DISPUTE OR MALPRACTICE CLAIM. THIS ALSO MEANS THAT YOU ARE GIVING UP RIGHT TO DISCOVERY AND TO APPEAL THE ARBITRATOR(S) DECISION. IF YOU LATER REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO DO SO, YOU MAY BE REQUIRED TO ARBITRATE PURSUANT TO THE PROVISION OF THE LAW. YOU ACKNOWLEDGE THAT BEFORE SIGNING THIS ENTIRE AGREEMENT AND THIS SPECIFIC AGREEMENT TO ARBITRATE, YOU ARE ENTITLED, AND HAVE BEEN GIVEN A REASONABLE OPPORTUNITY, TO SEEK THE ADVICE OF INDEPENDENT COUNSEL.



CLIENT'S INITIALS

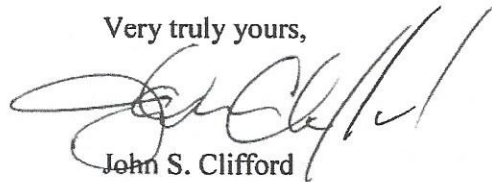


ATTORNEY'S INITIALS

THANK YOU

If this letter meets with your approval, please sign and date it, and return the original to us. We have enclosed a separate signed copy of this letter for your records.

Very truly yours,


John S. Clifford

AGREED AND ACCEPTED:

San Joaquin Valley Insurance Authority

By:



Dated:

Nathan Magsig
1/9/2020

SMITH LC BILLING POLICIES

We believe that transparency is the key to successful relationships. Towards that end, we would ask that you direct specific questions about the bill in this matter to John Clifford as soon as possible.

Any specific billing arrangements different from those set forth below will be confirmed in a separate written agreement between the client and the firm.

Fees for Professional Services

Unless a flat fee is set forth in our engagement letter with a client, our fees for the legal work we will undertake will be based in substantial part on time spent by personnel in our office on that client's behalf. In special circumstances which will be discussed with the client and agreed upon in writing, fees will be based upon the novelty or difficulty of the matter, or the time or other special limitations imposed by the client.

Hourly rates are set forth in our engagement letter with you and reflect the skill and experience of the attorney or other legal personnel rendering services on the client's behalf. Time is accrued on an incremental basis for such matters as telephone calls (minimum .1 hour) and letters (minimum .5 hour), and on an actual basis for all other work.

Fees For Other Services, Costs and Expenses

We will incur on your behalf various costs and expenses in performing legal services under this agreement. Costs specific to your matter such as investigation and filing fees, process server fees, required costs of travel, out-of-town lodging and meals, courier and express delivery and mail services, deposition and court reporter fees, computerized legal research, major photocopying, conference calls and staff overtime, as needed, are itemized and will appear on your monthly statement as separate items.

All costs and expenses are billed at our cost. In some instances, invoices for outside services will be sent directly to you for payment. You agree to pay the administrative charge and the costs itemized on your statements in addition to the hourly fees.

We may need to advance costs and incur expenses on your behalf on an ongoing basis. These items are separate and apart from attorneys' fees and, as they are out-of-pocket charges, we need to have sufficient funds on hand from you to pay them when due. We will advise the client from time to time when we expect items of significant cost to be incurred, and it is required that the client send us advances to cover those costs before they are due.

Monthly Invoices and Payment

Smith LC will provide a monthly invoices for legal services performed and expenses incurred. Invoices are due and payable upon receipt.

Each monthly invoice reflects both professional and other fees for services rendered through the end of the prior month, as well as expenses incurred on the client's behalf that have been processed by the end of the prior month. Processing of some expenses is delayed until the next month and billed thereafter.

Our fees are not contingent upon any aspect of the matter and are due upon receipt. All billings are due and payable within ten days of presentation unless the full amount is covered by the balance of an advance held in our trust account. If a bill is not paid within 45 days, a late charge of one percent per month on the unpaid invoice shall be added to the balance owed, commencing with the next statement and continuing until paid.

It is our policy to treat every question about a bill promptly and fairly. It is also our policy that if a client does not pay an invoice within 60 days of mailing, we assume the client is, for whatever reason, refusing to pay. We will then advise the client by letter that the client may pay the invoice within 14 days or the firm will take appropriate steps to withdraw as attorney of record. If the delay is caused by a problem in the invoice, we must rely upon the client to raise that with us during the 14-day period. This same policy applies to fee arrangements which require the client to replenish fee deposits or make deposits for anticipated costs.

From time to time clients have questions about the format of the bill or description of work performed. If you have any such questions, please ask them when you receive the bill so we may address them on a current basis.