

PROFESSIONAL SERVICES AGREEMENT
(Contingent Fee Special Counsel for diabetes Litigation)

The Parties to this Agreement (“Agreement”) are Nueces County, Texas (“CLIENT”) and Kathryn Snapka Law Firm and Watts Guerra (hereinafter referred to as the “Snapka Team”), Lead Counsel, Law Office of Richard Schechter, P.C. and G. Allan Van Fleet, P.C. (hereinafter referred to as the “Schechter Team”), and The Cicala Law Firm , P.L.L.C. (hereinafter referred to as the “Cicala Team”, and the respective members of each of the Teams (collectively, “SPECIAL COUNSEL”).

In consideration of the mutual promises herein contained, the parties hereto agree as follows:

I. Purpose of Representation

1.01 CLIENT has found a substantial need to employ SPECIAL COUNSEL to assist CLIENT'S attorney in the prosecution of causes of action against the manufacturers of diabetes medications and the pharmacy benefit managers who placed those medications on formularies. It is believed these manufacturers and pharmacy benefit managers were responsible for or contributed to the rising prices of Diabetes medications. These causes of action will be brought under the laws of the State of Texas, federal law and/or the law of any other state of the union against one or more of the following: Eli Lilly and Company, Novo Nordisk, Inc., Sanofi-Aventis U.S., LLC., Express Scripts Holding Company, Express Scripts, Inc., ESI Mail Pharmacy Services, Inc., Express Scripts Pharmacy, Inc., CVS Health Corporation, Caremark RX, LLC., Caremark PCS Health, LLC., Caremark, LLC, Caremark Texas Mail Pharmacy, LLC., Optum, Inc., OptumRx Inc., Aetna Rx Homedelivery LLC, Aetna Pharmacy Management Services, LLC., and their corporate affiliates, parents, and subsidiaries, and such other defendants as may be joined or added to the litigation (collectively, "Defendants"). The lawsuit concerns the Defendants causing or contributing to the rising prices of diabetes medications, and may include claims for violations of Texas DTPA, Texas Insurance Code, Breach of contract, common law-fraud and/or negligent misrepresentation, breach of fiduciary duty, unjust enrichment, RICO, federal and state antitrust laws and any other potentially applicable common law or statutory causes of action, ("Defendants' Violations").

1.02 CLIENT has found a substantial need for the legal services which cannot be adequately performed by CLIENT'S attorneys or the attorneys of a governmental entity, nor, because of the nature of the matter for which legal services will be obtained, can they be reasonably obtained from attorneys in private practice under a contract providing only for the payment of hourly fees, without regard to the outcome of the matter. The estimated amount that may be recovered from the litigation exceeds \$100,000.00.

1.03 Subject to the supervision, direction, and control of the Nueces County Attorney, SPECIAL COUNSEL will prosecute a civil case on behalf of CLIENT against Defendants or other defendants deemed necessary to the prosecution of the civil case. In the civil case, SPECIAL COUNSEL shall seek necessary and appropriate damages, civil penalties, and attorney's fees and such other pecuniary recovery as may be provided for by the laws of the State of Texas and/or any relevant local, state and/or federal statute and/or common law in connection with the Defendants'

Violations of any such local, state or federal statute or the common law of any state ("the Representation").

1.04 CLIENT has determined pursuant to Local Government Code §262.024(a)(4) that this Agreement is for *professional services*, requiring work that is predominantly mental or intellectual, rather than physical or manual, requiring special knowledge or attainment and a high order of learning, skill, and academic intelligence.

1.05 The term of this Agreement shall end after the conclusion of the Representation, unless either party extends this Agreement or terminates this Agreement for cause by providing 30 days written notice.

1.06 SPECIAL COUNSEL shall prosecute causes of action on behalf of CLIENT against Defendants and seek necessary and appropriate damages, civil penalties, and attorney's fees and such other pecuniary recovery as may be provided for by the laws of the State of Texas and/or any relevant local, state, federal statutory and/or common law in connection with the activities of Defendants. The primary attorneys handling this representation are SPECIAL COUNSEL. SPECIAL COUNSEL shall furnish the services for the Representation. SPECIAL COUNSEL agrees to perform necessary legal work with reference to the Representation, and will work specifically with the Nueces County Attorney or her designee. SPECIAL COUNSEL will work under the supervision, direction, and control of the Nueces County Attorney or her designee.

1.07 To enable SPECIAL COUNSEL to provide effective representation, CLIENT agrees to do the following: (1) disclose to SPECIAL COUNSEL, fully and accurately and on a timely basis, all facts and documents within CLIENT's knowledge that are or might be material or that SPECIAL COUNSEL may request, (2) keep SPECIAL COUNSEL apprised on a timely basis of all developments relating to the Representation that are or might be material, (3) attend meetings, conferences, and other proceedings when it is reasonable to do so, and (4) otherwise cooperate fully with SPECIAL COUNSEL.

1.08 Neither party shall assign, in whole or in part, any duty or obligation of performance under this Agreement, without the express written permission of the other parties, unless otherwise authorized in this Agreement.

1.09 The person or entity that SPECIAL COUNSEL represents is CLIENT, and SPECIAL COUNSEL's attorney-client relationship does not include any related persons or entities. If any potential conflict arises with respect to the Representation, SPECIAL COUNSEL will make full disclosure of the possible effects of such Representation on the professional judgment of each individual associated with SPECIAL COUNSEL working on the Representation. In the event a potential conflict occurs during the course of the Representation, SPECIAL COUNSEL will make full written disclosure of such to the Nueces County Attorney.

1.10 It is understood and agreed that SPECIAL COUNSEL's engagement is limited to the Representation. SPECIAL COUNSEL is not being retained as general counsel, and SPECIAL COUNSEL's acceptance of this Agreement does not imply any undertaking to provide legal services other than those set forth in this Agreement.

1.11 Any expressions on SPECIAL COUNSEL's part concerning the outcome of the Representation, or any other legal matters, are based on SPECIAL COUNSEL's professional judgment and are not guarantees. Such expressions, even when described as opinions, are necessarily limited by SPECIAL COUNSEL's knowledge of the facts and are based on SPECIAL COUNSEL's views of the state of the law at the time they are expressed. SPECIAL COUNSEL has made no promises or guarantees to CLIENT about the outcome of the Representation, and nothing in these terms of engagement shall be construed as such a promise or guarantee.

II. Compensation and Other Matters

2.01 For and in consideration of the services performed under this Agreement, subject to the limitations in this Agreement, CLIENT agrees to pay SPECIAL COUNSEL as follows:

2.02 Any fee payable to SPECIAL COUNSEL will be from the portion of any award, judgment, and/or settlement allocated by law to CLIENT. This Agreement shall not confer upon SPECIAL COUNSEL any rights to any portion of any sum awarded to the State of Texas as a result of the Representation.

2.03. In the event of a judgment against the Defendant(s) and only to the extent collected from any Defendant(s), the CLIENT agrees to pay SPECIAL COUNSEL a fee consisting exclusively of all the attorney's fees awarded pursuant to any statutory basis for recovery of attorney's fees and expenses, and 20% of each additional dollar, if any, in excess of the award of attorney's fees awarded to CLIENT and collected by SPECIAL COUNSEL, or 30% of any amount award to CLIENT and collected by SPECIAL COUNSEL, if the judgment does not provide for an award of attorney's fees for CLIENT. SPECIAL COUNSEL'S fee as set forth in this paragraph is the same regardless of whether the litigation is tried or appealed. The contingent fee set forth in this section will be subject to the limitations set forth in this Agreement pursuant to Subchapter C, Chapter 2254 of the Texas Government Code and in no event shall exceed the amount set forth in Section 2.07.

2.04 In the event of a settlement with the Defendant(s), the CLIENT agrees to pay SPECIAL COUNSEL 30% of any settlement if it does not contain a separate allocation for the award of attorney's fees; or in the event the settlement provides for a separate allocation for the recovery for attorney's fees, SPECIAL COUNSEL shall recover the amount of the settlement designated for attorney's fees to CLIENT plus 20% of each additional dollar awarded to the CLIENT and collected by SPECIAL COUNSEL. The contingent fee set forth in this section will be subject to the limitations set forth in this Agreement pursuant to Subchapter C, Chapter 2254 of the Texas Government Code and in no event shall exceed the amount set forth in Section 2.07.

2.05 The amount recovered for purposes of the contingent fee computation in paragraphs 2.03 and 2.04 is the amount CLIENT receives before reimbursable expenses are deducted. In the event attorney's fees are awarded pursuant to a statutory basis for recovery, SPECIAL COUNSEL shall not be entitled to the additional recovery of attorney's fees as a reimbursable expense.

2.06 SPECIAL COUNSEL will be responsible for paying all expenses of litigation directly to the vendor, such as fees owed to experts, deposition expenses, and other court costs or fees.

2.07 The amount of the contingent fee and reimbursement of expenses under this Agreement will be computed in accordance with Subchapter C, Chapter 2254 of the Texas Government Code. SPECIAL COUNSEL's contingent fee is limited to the lesser of 30% of the amount recovered by CLIENT or four times SPECIAL COUNSEL's base fee, as that term is used in Texas Government Code §2254.106. Because of the expected difficulties in performing the work under this Agreement, the amount of expenses expected to be risked by SPECIAL COUNSEL, the expected risk of no recovery, and the expected long delay in recovery, a reasonable multiplier for the base fee in this matter is four. SPECIAL COUNSEL's reasonable hourly rate for the work performed under the Agreement is \$900 an hour for shareholders and partners of any members of the three teams, \$500 an hour for senior level associates practicing 10 years or more; \$450 per hour for other attorneys, and \$200 per hour for paralegals or law clerks consistent with the relevant experience, demonstrated ability, and standard hourly billing rates for these attorneys, paralegals, and law clerks. These rates apply to the subcontracted work performed, if any, by an attorney, law clerk, or paralegal. The base fee will be computed pursuant to Chapter C, Section 2254 of the Texas Government Code by multiplying the number of hours the attorney, paralegal or law clerk worked in providing legal or support services for the CLIENT times the reasonable hourly rate for the work performed by the attorney, paralegal or law clerk. The base fee is computed by adding the resulting amounts. The computation of the base fee does not include hours or costs attributable to work performed by a person who is not SPECIAL COUNSEL or a partner, shareholder, or employee of SPECIAL COUNSEL or law firm. There are no differences in the method by which the contingent fee is computed if the matter is settled, tried, or tried and appealed. SPECIAL COUNSEL's fee as set forth in this contract is the same regardless of whether the matter is settled, tried, or tried and appealed.

2.08 Reimbursement of subcontracted work, if any, under Texas Government Code Section 2254.107 shall meet the requirements of Chapter 2254 of the Texas Government Code, including Texas Government Code Section 2254.106 requirements, without regard to the expected or actual amount of recovery under this Agreement.

2.09 Payment of the contingent fee and reimbursement of expenses under this Agreement will be paid and limited by the requirements set forth in Subchapter C, Chapter 2254 of the Texas Government Code, including Section 2254.105(5), Section 2254.108(d) and all other applicable sections.

2.10 SPECIAL COUNSEL assume joint responsibility for the Representation. Any contingent fee earned and expenses advanced shall be divided as follows: the Snapka Team-30%; the Schechter team-30%; and The Cicala Law Firm, P.L.L.C. and their respective team-40%. If there is a recovery, then upon recovery, the Defendants will be instructed to transfer all of the recovery funds to Nueces County by wire or check payable to Nueces County in care of or to the account of Nueces County as the County Attorney shall direct. Upon receipt of the information required by Section 3.04 of this Agreement and upon approval by the Nueces County Attorney of SPECIAL COUNSEL's computation of the amount of the contingent fee which SPECIAL COUNSEL is required to submit by Section 3.04 of this Agreement, the Nueces County Attorney shall distribute 30% of that contingent fee to Kathryn Snapka Law Firm for payment to be made to the members of her respective team, 30% of that contingent fee to The Law Office of Richard Schechter, P.C., and for payment to be made to the members of his respective team and 40% of that contingent fee to The Cicala Law Firm P.L.L.C. Thereafter, out of the remaining funds received from the Defendants after payment of the contingent fee to SPECIAL COUNSEL as outlined in this

paragraph then the Nueces County Attorney shall distribute a separate sum to each respective team to reimburse them for the Reimbursable Expenses due it as provided for by this Agreement and approved by the Nueces County Attorney based upon the information delivered to her as required by Section 3.04 of this Agreement.

2.11 CLIENT shall have the absolute right to settle the case. Client will not be liable for reimbursable expenses in the event Client makes no recovery in this litigation.

2.12 Nueces County will pay nothing in advance of resolution of the case and afterwards will pay nothing unless there is a recovery from Defendants and the payment will come only from the funds paid by the Defendants. Prior to recovery by settlement or judgment, SPECIAL COUNSEL will be responsible for advancing all expenses of litigation directly to the vendor, such as, expert witness fees, deposition expenses, and other court costs/fees. CLIENT will not advance any litigation expenses under this Agreement. In the event that attorney's fees are specifically awarded in this litigation, CLIENT will assign such award to SPECIAL COUNSEL for collection.

2.13 The fee to be paid under this Agreement shall come exclusively out of any recovery (including but not limited to any attorney's fees and expenses) awarded in any judgment resulting from the Representation, or any settlement during the Representation, and CLIENT shall be liable to SPECIAL COUNSEL for no more than the fee and reimbursable expenses as described herein. CLIENT has specifically allocated and made available from currently budgeted funds the sum of \$0 to discharge any obligation that CLIENT may incur arising out of this Agreement in the event the fee is determined to be prohibited by law.

2.14 It is expressly understood that the fee described above shall be the sole source of compensation to SPECIAL COUNSEL for overhead costs and expenses (with the exception of the reimbursable expenses listed below) and includes, but is not limited to, all costs for clerical work, including overtime, computer time, meals, clerical filing, and proofreading. SPECIAL COUNSEL agrees that they are neither authorized to seek reimbursement nor is CLIENT obligated to pay for mileage within Nueces County, parking fees, local facsimile (fax) transmissions, use of law library, or other costs or expenses (similar or dissimilar) except for those for which reimbursement is specifically provided for in this Agreement, if any. Expert witness fees, mediation fees, expenses associated with depositions, discovery, pretrial matters and hearings or trial (such as costs of the transcript, and court reporter or videographer fees), travel outside Nueces County, research and investigation related fees and expenses, Westlaw expenses, and expenses associated with creating demonstrative exhibits or other means of evidence presentation during trial or hearings (such as trial graphics) shall constitute the reimbursable expenses ("the Reimbursable Expenses"). SPECIAL COUNSEL shall advance all the Reimbursable Expenses. Reimbursable Expenses shall be recovered by SPECIAL COUNSEL out of any settlement or judgment that arises out of the Representation. Travel expenses for Kathryn Snapka Law Firm, Watts Guerra, Richard Schechter, P.C., G. Allan Van Fleet, P.C. and The Cicala Law Firm P.L.L.C., to Nueces County are reimbursable. All other SPECIAL COUNSEL must receive pre-approval for reimbursement from the Nueces County Attorney for travel expenses to Nueces County.

Notwithstanding any other provision of this Agreement, in no event will the contingent fee plus the reimbursement of expenses together exceed 35% of the recovery.

2.15 SPECIAL COUNSEL has been engaged to provide legal services in connection with the Representation, as specifically defined in this Agreement. After completion of the Representation, changes may occur in the applicable laws or regulations that could affect CLIENT's future rights and liabilities in regard to the Representation. Unless SPECIAL COUNSEL is actually engaged after the completion of the Representation to provide additional advice on such issues, SPECIAL COUNSEL has no continuing obligation to give advice with respect to any future legal developments that may pertain to the Representation other than the obligations set out in this Agreement.

2.16 At the conclusion of the Representation, SPECIAL COUNSEL will return to CLIENT any documents that SPECIAL COUNSEL is specifically requested to return. As to any documents so returned, SPECIAL COUNSEL may elect to keep a copy of the documents in SPECIAL COUNSEL's stored files. CLIENT owns all final work product generated from the Representation.

2.17 Any notice required or permitted to be given by the CLIENT to SPECIAL COUNSEL hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage prepaid, return receipt requested, addressed to:

Kathryn Snapka Law Firm
606 N. Carancahua, Suite 1511
Corpus Christi, Texas 78401
P: (361) 888-7676
F: (361) 884-8545
ksnapka@snapkalaw.com

Richard Schechter
Law Office of Richard Schechter, P.C.
One Greenway Plaza, Suite 740
Houston, Texas 77046
Fax 713-622-1680
richard@rs-law.com

and

Joanne Cicala
The Cicala Law Firm, P.L.L.C.
101 College Street
Drippings Springs, Texas 78620
Office: (512) 275-6550
Cell: (917) 860-6566
Fax: (512) 858-1801
joanne@cicalapllc.com

Any notice required or permitted to be given by SPECIAL COUNSEL to the CLIENT hereunder may be given by hand delivery, facsimile, email, or certified United States Mail, postage or fee prepaid, return receipt requested, addressed to:

Honorable Barbara Canales
Nueces County Judge
901 Leopard, Room 303
Corpus Christi, Texas 78401
Fax 361-888-0445

Laura Garza Jimenez
Nueces County Attorney
901 Leopard, Room 207
Corpus Christi, Texas 78401
Fax 361 888 0577
laura.jimenez@co.nueces.tx.us

Such notices shall be considered given and complete upon successful transmission or upon deposit in the United States Mail.

2.18 SPECIAL COUNSEL affirmatively consents to the disclosure of email addresses that are provided to CLIENT. This consent is intended to comply with the requirements of the Texas Public Information Act. TEX GOV'T CODE ANN. §552.137, *ET sequitur*, as amended, and shall survive termination of this Agreement. This consent shall apply to email addresses provided by SPECIAL COUNSEL and agents acting on SPECIAL COUNSEL's behalf and shall apply to any email address provided in any form for any reason whether related to this Agreement or otherwise.

2.19 It is expressly understood that SPECIAL COUNSEL has no authority to settle or otherwise compromise the position of CLIENT or any of its officers. CLIENT retains all authority to settle the case.

2.20 Nothing herein shall be construed as creating any personal liability on the part of any officer or agent of CLIENT.

2.21 If any provision of this Agreement is held in whole or in part to be unenforceable, void, or voidable for any reason, then such provision will be modified to reflect the parties' intention and to make the provision enforceable. It is the parties' intention that the suit against Defendants shall continue regardless of whether any single part of this Agreement is unenforceable, void or voidable. In the event that one or more provisions of this Agreement is held unenforceable, all remaining provisions of this Agreement that have not been determined by a court as being unenforceable, void, or voidable, shall remain in full force and effect.

III. Required Recitals

3.01 This Agreement is effective only after review and approval by the Office of the Attorney General for the State of Texas and that no legal services have been or will be performed under this

contract unless and until the contract is approved by the Attorney General of the State of Texas or in accordance with Section 2254.1038 of the Texas Government Code.

3.02 SPECIAL COUNSEL must and shall keep current and complete written time and expense records that describe in detail the time and money spent each day in performing the contract [this Agreement] as required by Section 2254.104(a) Texas Government Code.

3.03 (a) SPECIAL COUNSEL shall permit CLIENT or CLIENT's attorney or CLIENT's governing body or governing officer, the Attorney General for the State of Texas, the State Auditor, or any other appropriate official, to inspect or obtain copies of the time and expense records kept in accordance with Section 3.02, at any time on request, as required by Section 2254.104(b) Texas Government Code. (b) In addition to the requirement set forth in subsection (a), SPECIAL COUNSEL shall submit monthly status reports of all times and expenses to the Nueces County Attorney effective after the last signature of this Agreement.

3.04 Upon conclusion of any matter for which SPECIAL COUNSEL was retained, SPECIAL COUNSEL shall provide CLIENT with a complete written statement that describes the outcome of the matter, states the amount of any recovery, shows SPECIAL COUNSEL's computation of the amount of the contingent fee, and contains the final complete time and expense records required by Section 2254.104(c) Texas Government Code. The complete written statement required under this section is public information under Chapter 552 of the Texas Government Code and may not be withheld from a requester under that chapter under Section 552.103 or any other exception from required disclosure.

3.05 All time and expense records required by Section 3.02 are public information subject to required disclosure under Chapter 552 of the Texas Government Code. Information contained in the time and expense records may be withheld from a member of the public under Section 552.103 only if, in addition to meeting the requirements of Section 552.103, the chief legal officer or employee of CLIENT determines that withholding the information is necessary to protect the CLIENT's strategy or position in pending or reasonably anticipated litigation. If any information is withheld from public disclosure in accordance with this subsection, CLIENT shall segregate said information from information that is subject to required public disclosure.

3.06 The amount recovered for purposes of the contingent fee computation is the amount obtained before expenses are deducted.

3.07 Any subcontracted legal or support services performed by a person who is not SPECIAL COUNSEL or a partner, shareholder, or employee of SPECIAL COUNSEL is an expense subject to reimbursement only after receiving written permission from CLIENT and only in accordance with Subchapter C, Section 2254.105(4) of the Texas Government Code.

3.08 SPECIAL COUNSEL agrees that litigation and other expenses payable under this contract, including expenses attributable to attorneys, paralegals, accountants or other professional work performed by a person who is not a contracting attorney or a partner, shareholder or employee of a contracting attorney or law firm, may be reimbursed only if the CLIENT and, if applicable, its auditor, determine that the expenses were reasonable, proper, necessary and actually incurred on

behalf of CLIENT, and were paid for by the contracting attorney or law firm. Further, the contingent fee set out in this contract may not be paid until the CLIENT, CLIENT's auditor or the Commissioners Court, as applicable, has reviewed the relevant time and expense records and verified that the hours of work on which the fee computation is based were actually worked in performing reasonable and necessary services for CLIENT under the contract.

3.09 SPECIAL COUNSEL agrees to fully indemnify, defend and hold harmless CLIENT for and from any cost or expense arising from or related to any judgment, fine, fee, penalty, award, sanction or other cost or expense, to include attorney's fees, which may be ordered, imposed on or assessed against CLIENT arising from a ruling that the claims brought were frivolous or the conduct of SPECIAL COUNSEL. To the extent sanctions are issued as a result of the conduct of one or more specific SPECIAL COUNSEL, the SPECIAL COUNSEL sanctioned will be the only counsel responsible for the indemnification.

APPROVED BY NUECES COUNTY AND SPECIAL COUNSEL

NUECES COUNTY, TEXAS /CLIENT

By: _____
County Judge Barbara Canales Date _____

By: _____
Laura Garza Jimenez Date _____
Nueces County Attorney

SPECIAL COUNSEL

By: _____
Kathryn Snapka Law Firm Date _____

By: _____
Watts Guerra Date _____

By: _____
The Cicala Law Firm, PLLC Date _____

By: _____
Richard Schechter, P.C. Date _____

By: _____
G. Allan Van Fleet, P.C. Date _____

APPROVED BY:

OFFICE OF THE TEXAS ATTORNEY GENERAL

By: _____
Ken Paxton or his designee

_____ Date