


COUNTY OF MONTEREY AGREEMENT FOR SERVICES
(MORE THAN \$100,000)

This Agreement for Services (hereinafter "Agreement") is made by and between the County of Monterey, a political subdivision of the State of California (hereinafter, "the County"), on behalf of Natividad Medical Center ("NMC"), a general acute care teaching hospital wholly owned and operated by the County, and **SSI (US), Inc., d/b/a Spencer Stuart** (hereinafter "CONTRACTOR").

In consideration of the mutual covenants and conditions set forth in this Agreement, the parties agree as follows:

1. **GENERAL DESCRIPTION OF SERVICES TO BE PROVIDED.** NMC hereby engages CONTRACTOR to perform, and CONTRACTOR hereby agrees to perform, the services described in **Exhibit A** in conformity with the terms of the Agreement. The services are generally described as follows: **provide Recruitment Consulting Services to fill the Natividad Medical Center Chief Executive Officer (CEO) position.**

2. **PAYMENTS BY NMC.** NMC shall pay the CONTRACTOR in accordance with the payment provisions set forth in **Exhibit A**, subject to the limitations set forth in this Agreement. The total amount payable by NMC to CONTRACTOR under this Agreement shall not exceed the sum of **\$258,534.**

3. **TERM OF AGREEMENT.**
 - 3.1. The term of this Agreement is from **December 2, 2014 through December 1, 2015** unless sooner terminated pursuant to the terms of this Agreement. This Agreement is of no force or effect until signed by both CONTRACTOR and NMC and with NMC signing last and CONTRACTOR may not commence work before NMC signs this Agreement.

 - 3.2. NMC reserves the right to cancel this Agreement, or an extension of this Agreement, without cause, with a thirty (30) day written notice, or with cause immediately.

4. **ADDITIONAL PROVISIONS/EXHIBITS.** The following attached exhibits are incorporated herein by reference and constitute a part of this Agreement:

Exhibit A: Scope of Services/Payment Provisions

5. **PERFORMANCE STANDARDS.**
 - 5.1. CONTRACTOR warrants that CONTRACTOR and Contractor's agents, employees, and subcontractors performing services under this Agreement are specially trained, experienced, competent, and appropriately licensed to perform the work and deliver the services required under this Agreement and are not employees of NMC, or immediate family of an employee of NMC.

5.2. CONTRACTOR, its agents, employees, and subcontractors shall perform all work in a safe and skillful manner and in compliance with all applicable laws and regulations. All work performed under this Agreement that is required by law to be performed or supervised by licensed personnel shall be performed in accordance with such licensing requirements.

5.3. CONTRACTOR shall furnish, at its own expense, all materials, equipment, and personnel necessary to carry out the terms of this Agreement, except as otherwise specified in this Agreement. CONTRACTOR shall not use NMC premises, property (including equipment, instruments, or supplies) or personnel for any purpose other than in the performance of its obligations under this Agreement.

6. PAYMENT CONDITIONS.

6.1. Prices shall remain firm for the initial term of the Agreement and, thereafter, may be adjusted annually as provide in this paragraph. NMC does not guarantee any minimum or maximum amount of dollars to be spent under this Agreement.

6.2. Negotiations for rate changes shall be commenced, by CONTRACTOR, a minimum of ninety (90) days prior to the expiration of the Agreement. Rate changes are not binding unless mutually agreed upon in writing by the County (NMC) and the CONTRACTOR.

6.3. CONTRACTOR shall not receive reimbursement for travel expenses unless set forth in this Agreement, and then only in accordance with any applicable County policies.

6.4. Invoice amounts shall be billed directly to the ordering department.

6.5. CONTRACTOR shall submit such invoice periodically or at the completion of services, but in any event, not later than 30 days after completion of services. The invoice shall set forth the amounts claimed by CONTRACTOR for the previous period, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. NMC shall certify the invoice, either in the requested amount or in such other amount as NMC approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

7. TERMINATION.

7.1. During the term of this Agreement, NMC may terminate the Agreement for any reason by giving written notice of termination to the CONTRACTOR at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.

~~7.2. NMC may cancel and terminate this Agreement for good cause effective immediately upon written notice to Contractor. "Good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement. If NMC terminates this Agreement for good cause, NMC may be relieved of the payment of any consideration to Contractor, and NMC may proceed with the work in any manner, which~~

~~NMC deems proper. The cost to NMC shall be deducted from any sum due the CONTRACTOR under this Agreement.~~
NMC may terminate this Agreement for good cause upon written notice to CONTRACTOR. For purposes of this Agreement, "good cause" includes the failure of CONTRACTOR to perform the required services at the time and in the manner provided under this Agreement.. A notice of termination will be given at least thirty (30) days prior to the effective date of termination. The notice of termination will specify the basis for NMC's decision to terminate the Agreement and will specify the steps, if any, which CONTRACTOR may take to cure the breach and the time period in which such steps must be performed. Such notice will further indicate the effective date of such termination. If NMC terminates this Agreement for good cause, NMC may be relieved of the payment of any consideration to Contractor, and NMC may proceed with the work in any manner, which NMC deems proper. The cost to NMC shall be deducted from any sum due the CONTRACTOR under this Agreement.

7.3 NMC's payments to CONTRACTOR under this Agreement are funded by local, state and federal governments. If funds from local, state and federal sources are not obtained and continued at a level sufficient to allow for NMC's purchase of the indicated quantity of services, then NMC may give written notice of this fact to CONTRACTOR, and the obligations of the parties under this Agreement shall terminate immediately, or on such date thereafter, as the County may specify in its notice, unless in the meanwhile the parties enter into a written amendment modifying this Agreement.

8. INDEMNIFICATION.

8.1 CONTRACTOR shall indemnify, defend, and hold harmless the County of Monterey (hereinafter "County"), its officers, agents and employees from any and all claims, liability and losses whatsoever (including damages to property and injuries to or death of persons, court costs, and reasonable attorneys' fees) occurring or resulting to any and all persons, firms or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, and from any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the CONTRACTOR's performance of this Agreement, unless such claims, liabilities, or losses arise out of the sole negligence or willful misconduct of County. "CONTRACTOR's performance" includes CONTRACTOR's action or inaction and the action or inaction of CONTRACTOR's officers, employees, agents and subcontractors.

9. INSURANCE.

9.1 Evidence of Coverage:

Prior to commencement of this Agreement, the CONTRACTOR shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the CONTRACTOR upon request shall provide a certified copy of the policy or policies.

This verification of coverage shall be sent to NMC's Contracts/Purchasing Department, unless otherwise directed. The CONTRACTOR shall not receive a "Notice to Proceed" with

the work under this Agreement until it has obtained all insurance required and NMC has approved such insurance. This approval of insurance shall neither relieve nor decrease the liability of the Contractor.

- 9.2 Qualifying Insurers: All coverage's, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A-VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by NMC's Contracts/Purchasing Director.
- 9.3 Insurance Coverage Requirements: Without limiting Contractor's duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this Agreement a policy or policies of insurance with the following minimum limits of liability:

Commercial general liability insurance, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

- Exemption/Modification (Justification attached; subject to approval).

Business automobile liability insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this Agreement, with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence.

- Exemption/Modification (Justification attached; subject to approval).

Workers' Compensation Insurance, If CONTRACTOR employs others in the performance of this Agreement, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

- Exemption/Modification (Justification attached; subject to approval).

Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this Agreement, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this Agreement.

- Exemption/Modification (Justification attached; subject to approval).

9.4 Other Requirements:

All insurance required by this Agreement shall be with a company acceptable to NMC and issued and executed by an admitted insurer authorized to transact insurance business in the State of California. Unless otherwise specified by this Agreement, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

Each liability policy shall provide that NMC shall be given notice in writing at least thirty days in advance of any endorsed reduction in coverage or limit, cancellation, or intended non-renewal thereof. Each policy shall provide coverage for CONTRACTOR and additional insured with respect to claims arising from each subcontractor, if any, performing work under this Agreement, or be accompanied by a certificate of insurance from each subcontractor showing each subcontractor has identical insurance coverage to the above requirements.

Commercial general liability and automobile liability policies shall provide an endorsement naming the County of Monterey, its officers, agents, and employees as Additional insureds with respect to liability arising out of the Contractor's work, including ongoing and completed operations, **and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by the County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the Contractor's insurance.** The required endorsement from for Commercial General Liability Additional Insured is ISO Form CG 20 10 11-85 or CG 20 10 10 01 in tandem with CG 20 37 10 01 (2000). The required endorsement from for Automobile Additional Insured Endorsement is ISO Form CA 20 48 02 99.

Prior to the execution of this Agreement by NMC, CONTRACTOR shall file certificates of insurance with NMC's Contracts/Purchasing Department, showing that the CONTRACTOR has in effect the insurance required by this Agreement. The CONTRACTOR shall file a new or amended certificate of insurance within five (5) calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in this Agreement, which shall continue in full force and effect.

CONTRACTOR shall at all times during the term of this Agreement maintain in force the insurance coverage required under this Agreement and shall send, without demand by NMC, annual certificates to NMC's Contracts/Purchasing Department. If the certificate is not received by the expiration date, NMC shall notify CONTRACTOR and CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of this Agreement, which entitles NMC, at its sole discretion, to terminate the Agreement immediately.

10. RECORDS AND CONFIDENTIALITY.

- 10.1 Confidentiality. CONTRACTOR and its officers, employees, agents and subcontractors shall comply with any and all federal, state, and local laws, which provide for the confidentiality of records and other information. CONTRACTOR shall not disclose any confidential records or other confidential information received from NMC or prepared in connection with the performance of this Agreement, unless NMC specifically permits CONTRACTOR to disclose such records or information. CONTRACTOR shall promptly transmit to NMC any and all requests for disclosure of any such confidential records or information. CONTRACTOR shall not use any confidential information gained by CONTRACTOR in the performance of this Agreement except for the sole purpose of carrying out Contractor's obligations under this Agreement.
- 10.2 NMC Records. When this Agreement expires or terminates, CONTRACTOR shall return to NMC any NMC records which CONTRACTOR used or received from NMC to perform services under this Agreement.
- 10.3 Maintenance of Records. CONTRACTOR shall prepare, maintain, and preserve all reports and records that may be required by federal state, and County rules and regulations related to services performed under this Agreement. CONTRACTOR shall maintain such records for a period of at least three years after receipt of final payment under this Agreement. If any litigation, claim, negotiation, audit exception, or other action relating to this Agreement is pending at the end of the three year period, then CONTRACTOR shall retain said records until such action is resolved.
- 10.4 Access to and Audit of Records. NMC shall have the right to examine, monitor and audit all records, documents, conditions, and activities of the CONTRACTOR and its subcontractors related to services provided under this Agreement. Pursuant to Government Code section 8546.7, if this Agreement involves the expenditure of public funds in excess of \$10,000, the parties to this Agreement may be subject, at the request of NMC or as part of any audit of NMC, to the examination and audit of the State Auditor pertaining to matters connected with the performance of this Agreement for a period of three years after final payment under the Agreement.
- 10.5 Royalties and Inventions. NMC shall have a royalty-free, exclusive and irrevocable license to reproduce, publish, and use, and authorize other to do so, all original computer programs, writings, sound recordings, pictorial reproductions, drawings, and other works of similar nature produced in the course of or under this Agreement. CONTRACTOR shall not publish any such material without the prior written approval of NMC.
11. **NON-DISCRIMINATION**. During the performance of this Agreement, Contractor, and its subcontractors, shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental disability, medical condition, marital status, age (over 40), or sexual orientation, either in Contractor's employment practices or in the furnishing of services to recipients. CONTRACTOR shall ensure that the evaluation and treatment of its employees and applicants for employment and all persons receiving and requesting services are free of such discrimination. CONTRACTOR and any subcontractor shall, in the performance of this Agreement, full comply with all federal, state, and local laws and regulations which prohibit discrimination. The provision of services primarily or

exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

12. **COMPLIANCE WITH TERMS OF STATE OR FEDERAL GRANT.** If this Agreement has been or will be funded with monies received by NMC pursuant to a contract with the state or federal government in which NMC is the grantee, CONTRACTOR will comply with all the provisions of said contract, and said provisions shall be deemed a part of this Agreement, as though fully set forth herein. Upon request, NMC will deliver a copy of said contract to Contractor, at no cost to Contractor.
13. **INDEPENDENT CONTRACTOR.** In the performance of work, duties, and obligations under this Agreement, CONTRACTOR is at all times acting and performing as an independent CONTRACTOR and not as an employee of NMC. No offer or obligation of permanent employment with NMC or particular County department or agency is intended in any manner, and CONTRACTOR shall not become entitled by virtue of this Agreement to receive from NMC any form of employee benefits including but not limited to sick leave, vacation, retirement benefits, workers' compensation coverage, insurance or disability benefits. CONTRACTOR shall be solely liable for and obligated to pay directly all applicable taxes, including federal and state income taxes and social security, arising out of Contractor's performance of this Agreement. In connection therewith, CONTRACTOR shall defend, indemnify, and hold NMC and the County of Monterey harmless from any and all liability, which NMC may incur because of Contractor's failure to pay such taxes.
14. **NOTICES.** Notices required under this Agreement shall be delivered personally or by first-class, postage per-paid mail to NMC and Contractor's contract administrators at the addresses listed below

FOR NATIVIDAD MEDICAL CENTER:

Natividad Medical Center
Attn: Contracts Manager
1441 Constitution Blvd.
Salinas, CA 9390
FAX: 831-757-2592

FOR SSI (US) INC.:

SSI (US) Inc.

Attn: _____

Address 1: _____

Address 2: _____

FAX: _____

Email: _____

15. MISCELLANEOUS PROVISIONS.

- 15.1 Conflict of Interest: CONTRACTOR represents that it presently has no interest and agrees not to acquire any interest during the term of this Agreement, which would directly, or

indirectly conflict in any manner or to any degree with the full and complete performance of the professional services required to be rendered under this Agreement.

- 15.2 Amendment: This Agreement may be amended or modified only by an instrument in writing signed by NMC and the Contractor.
- 15.3 Waiver: Any waiver of any terms and conditions of this Agreement must be in writing and signed by NMC and the Contractor. A waiver of any of the terms and conditions of this Agreement shall not be construed as a waiver of any other terms or conditions in this Agreement.
- 15.4 Contractor: The term "Contractor" as used in this Agreement includes Contractor's officers, agents, and employees acting on Contractor's behalf in the performance of this Agreement.
- 15.5 Disputes: CONTRACTOR shall continue to perform under this Agreement during any dispute.
- 15.6 Assignment and Subcontracting: The CONTRACTOR shall not assign, sell, or otherwise transfer its interest or obligations in this Agreement without the prior written consent of NMC. None of the services covered by this Agreement shall be subcontracted without the prior written approval of NMC. Notwithstanding any such subcontract, CONTRACTOR shall continue to be liable for the performance of all requirements of this Agreement.
- 15.7 Successors and Assigns: This Agreement and the rights, privileges, duties, and obligations of NMC and CONTRACTOR under this Agreement, to the extent assignable or delegable, shall be binding upon and inure to the benefit of the parties and their respective successors, permitted assigns, and heirs.
- 15.8 Compliance with Applicable Law: The parties shall comply with all applicable federal, state, and local laws and regulations in performing this Agreement.
- 15.9 Headings: The headings are for convenience only and shall not be used to interpret the terms of this Agreement.
- 15.10 Time is of the Essence: Time is of the essence in each and all of the provisions of this Agreement
- 15.11 Governing Law: This Agreement shall be governed by and interpreted under the laws of the State of California.
- 15.12 Non-exclusive Agreement: This Agreement is non-exclusive and each of NMC and CONTRACTOR expressly reserves the right to contract with other entities for the same or similar services.
- 15.13 Construction of Agreement: NMC and CONTRACTOR agree that each party has fully participated in the review and revision of this Agreement and that any rule of construction

to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement or any amendment to this Agreement.

- 15.14 Counterparts: This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.
- 15.15 Integration: This Agreement, including the exhibits, represents the entire Agreement between NMC and the CONTRACTOR with respect to the subject matter of this Agreement and shall supersede all prior negotiations representations, or agreements, either written or oral, between NMC and CONTRACTOR as of the effective date of this Agreement, which is the date that NMC signs the Agreement.
- 15.16 Interpretation of Conflicting Provisions: In the event of any conflict or inconsistency between the provisions of this Agreement and the Provisions of any exhibit or other attachment to this Agreement, the provisions of this Agreement shall prevail and control.

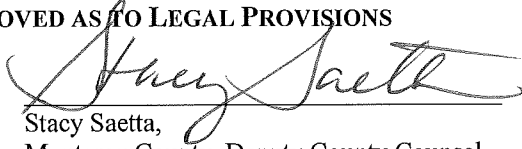
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NATIVIDAD MEDICAL CENTER

By: _____
Kristen Aldrich, NMC Contracts Manager,
Deputy Purchasing Agent

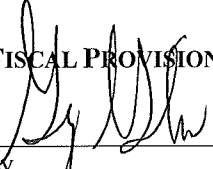
Date: _____

APPROVED AS TO LEGAL PROVISIONS

By: 
Stacy Saetta,
Monterey County, Deputy County Counsel

Date: 11/20/14

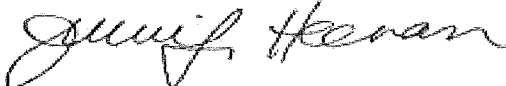
APPROVED AS TO FISCAL PROVISIONS

By: 
Gary Giboney,
Monterey County, Deputy Auditor/Controller

Date: 11-20-14

CONTRACTOR

SSI (U.S.) Inc. d/b/a Spencer Stuart
Contractor's Business Name***



Jennifer Heenan, Consultant

Name and Title

Date: 11/20/2014

By: _____
Signature of Secretary, Asst. Secretary,
CFO, Treasurer or Asst. Treasurer

Name and Title

Date: _____

*****INSTRUCTIONS**

If **CONTRACTOR** is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers (**two signatures required**).

If **CONTRACTOR** is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership (**two signatures required**).

If **CONTRACTOR** is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement (**one signature required**).

EXHIBIT A

I. **Description of All Services to be Rendered by CONTRACTOR:**

CONTRACTOR shall provide all services necessary for an executive search assignment to assist NMC in recruiting an individual to fill the position of Chief Executive Officer (CEO) at Natividad Medical Center. In conducting this search, Jennifer Heenan and Jack Schlosser shall be CONTRACTOR's lead consultants responsible for ensuring the success of the assignment.

CONTRACTOR's standard recruitment documentation includes a position and candidate specification that describes NMC's unique circumstances, requirements and candidate qualifications in addition to a target list of companies on which CONTRACTOR will focus the primary search effort. This is coupled with a thorough disciplined process for identifying and attracting the best qualified candidates for the position through CONTRACTOR's personal relationships, research capabilities, global database and network of contacts.

II. **CONTRACTOR Obligations:**

CONTRACTOR shall provide the following:

Deliverable 1: Preliminary Assignment Study and Development of Search Specifications and Strategy

Estimated period of time to complete Deliverable 1: **Weeks 1 - 2**

Prior to undertaking the search itself, CONTRACTOR shall participate in a series of meetings with Monterey County and NMC key executives, directors, representatives, etc., to gain as much knowledge of NMC's organization and its management as conditions and confidentiality permit. In order to identify and attract the best candidates, CONTRACTOR believes it is essential that it understands NMC's activities and organizational environment as well as possess an in-depth awareness of NMC's plans, objectives and expectations. Meetings with Monterey County and NMC key personnel should include members of the anticipated selection team.

After this preliminary work is completed, CONTRACTOR shall prepare a position and candidate specification, which includes the position description and specifications for the ideal candidate. At the same time, CONTRACTOR shall develop and review with NMC a basic search strategy and a list of target organizations on which the primary thrust of CONTRACTOR's search is expected to be focused.

Deliverable 2: Research, Source Contacts and Prospective Candidate Screening, and Evaluation

Estimated period of time to complete Deliverable 2: **Weeks 3-15**

Utilizing the resources of CONTRACTOR's extensive research team, CONTRACTOR's global consulting staff and its research retrieval system, candidate prospects and sources shall be identified and discreetly contacted and screened by CONTRACTOR. The most suitable prospects shall be interviewed and evaluated against the ideal candidate specifications by CONTRACTOR. Reference information shall be developed on prospective candidates, if possible, before introducing candidates to NMC.

Deliverable 3: Candidate Reports and Introductory Meetings

Estimated period of time to complete Deliverable 3: **Weeks 16-19**

Comprehensive candidate reports shall be submitted to NMC prior to introductory meetings with the most qualified and attractable individuals. These reports include the following:

- Education data and a detailed career history
- An incisive analysis and appraisal prepared by us
- If available, preliminary reference data compiled from our database, consultants or third-party sources

Candidate meetings then shall be scheduled with NMC. CONTRACTOR shall present at these meetings, primarily in the role of an observer/facilitator. CONTRACTOR's participation, although limited, is intended to provide the necessary guidance and support to both NMC and the candidates during the latter stages of the assignment.

CONTRACTOR shall communicate with NMC as frequently as necessary to ensure the search remains on target and meets NMC's expectations.

Deliverable 4: Candidate Selection, Negotiations, Reference Checking and Closure

Estimated period of time to complete Deliverable 4: **Weeks 20-24**

All candidates shall undergo the same interviewing and screening processes.

When the appropriate candidate is selected and the search enters the final negotiation and reference-checking stages, CONTRACTOR shall participate as facilitator in both these sensitive and sometimes difficult steps. CONTRACTOR's participation is intended to ensure a successful conclusion to the search.

The information in CONTRACTOR's reports generally is gathered from the candidate, the public domain and third-party sources (when available). If NMC should request a more detailed background check, including criminal, credit, employment history, professional license or SEC violation checks, CONTRACTOR shall refer NMC to an independent investigative firm as outlined below under section *V. Enhanced Due Diligence Services*.

After the selected candidate has joined NMC's organization, CONTRACTOR shall continue to monitor his/her placement on a regular basis. CONTRACTOR shall hold the hired candidate "off-limits" on a permanent basis and will not approach any of the hired candidate's direct reports for a period of one (1) year from the completion of the search. There may be situations in which a current employee is in discussions with CONTRACTOR for other employment opportunities before the execution of this agreement, and as a result, will not be subject to this policy. Additionally, if placed candidates later declare their intention to leave NMC's senior management, CONTRACTOR would seek confirmation from NMC that CONTRACTOR can recruit that individual. Lastly, the above off-limits would not apply if NMC cancels the search, experiences a change in control, fails to pay the total fees owed, becomes insolvent, or if applicable law otherwise disallows.

III. NMC Obligations:

NMC shall participate in meetings during the preliminary assignment phase so as to assist CONTRACTOR in understanding NMC's needs.

NMC shall become acquainted with the background of the finalist candidates and NMC has the option to conduct two or three reference checks on its own. Should this be NMC's option, NMC shall discuss with CONTRACTOR so both parties acknowledge which candidates NMC selects to check references on and which CONTRACTOR shall check references on.

IV. Pricing/Fees:

Total compensation is an estimate only and is subject to the actual end compensation package of the hired candidate. Fees paid by NMC to CONTRACTOR are estimated as follows:

Professional Fee: \$166,668

Administrative Fee: \$16,667

Expenses: \$25,200

Contingency: \$50,000

TOTAL ESTIMATED AGREEMENT: \$258,534

Agreement between NMC and Spencer Stuart
Recruitment Consulting Services for NMC CEO Position
Term 12/2/14 – 12/1/15
Total Agreement shall not exceed \$258,534

The Contingency fee is an estimated reserve should any of the stated costs herein run over what was originally estimated.

Compensation paid by NMC to CONTRACTOR shall include a professional fee and an administrative fee. NMC also shall pay CONTRACTOR for reimbursable expenses actually incurred and in accordance with the County of Monterey Travel Policy, a copy of which is available at <http://www.co.monterey.ca.us/auditor/policies.htm>

CONTRACTOR's professional fee is derived so as to cover the direct cost of services rendered and is computed as one-third of the successful candidate's anticipated first full year, or annualized, total compensation package. For purposes of this Agreement, "total compensation package" is the total of the successful candidate's base salary and projected annual performance incentive compensation. This professional fee consists of two parts; a non-contingent retainer which is based on an estimate of the anticipated total compensation and a final fee adjustment upon the successful completion of the assignment (when the total compensation package is known).

CONTRACTOR shall set this retainer at \$166,666.67, based on an estimated total compensation package of \$500,000.

CONTRACTOR shall invoice the professional fee as follows:

December 30, 2014	\$55,555.56
January 30, 2015	\$55,555.56
February 28, 2015	\$55,555.55

Upon the hiring of a candidate, if one-third of the total compensation package defined above exceeds the retainer, CONTRACTOR shall issue a final invoice to account for this difference.

Administrative fees are established to cover all indirect costs associated with the services rendered. Administrative fees are averaged and charged at an amount equal to ten percent of the retainer (billed in equal installments during the three-month retainer period).

CONTRACTOR shall set administrative fees at \$16,666.67. CONTRACTOR shall invoice the administrative fees in three stages:

December 30, 2014	\$5,555.56
January 30, 2014	\$5,555.56
February 28, 2015	\$5,555.55

This administrative expense covers real costs related to NMC's project that CONTRACTOR is unable to allocate directly to NMC's particular search due to the

indirect nature of the expenses, subscription models and CONTRACTOR's preferred pricing agreements with third parties. These include third-party costs associated with candidate education verification; license and certification confirmations; social media checks; and press checks in local, regional, national and world wide web publications. Administrative expenses also cover administrative resources who arrange conference calls and book, manage and re-bill out-of-pocket expenses associated with candidate travel and interviews. Additional items include other third-party online databases and research tools used to conduct research on prospects, candidates and industry competitors during your assignment, such as LinkedIn, Lexis, Hoovers, etc. Any cost over-run on the expenses described above would be at CONTRACTOR's own risk.

CONTRACTOR shall bill NMC separately for **Reimbursable Expenses** related to travel, videoconferencing, and third-party background investigative reports. Original receipts shall be submitted for all Reimbursable Expenses. CONTRACTOR currently estimates that candidate travel expenses shall be \$18,000.00 and CONTRACTOR staff travel expenses shall be \$7,200.00.

After February 28, 2015, administrative expenses shall be Two Hundred Dollars (\$200.00) monthly and billed each month until the search is completed.

Should CONTRACTOR complete the assignment before the end of the retainer period, CONTRACTOR's full professional fee is due at that time, and NMC shall pay only for Administrative Expenses and Reimbursable Expenses actually incurred through the completion date of the assignment. NMC shall not pay CONTRACTOR for Administrative Expenses that post-date the completion date of the assignment.

Should NMC should hire any candidates that CONTRACTOR presented or identified to NMC, for other positions whether as an employee or board member during the search or within two years from its completion or termination, CONTRACTOR will bill NMC its standard fees accordingly. It is NMC's obligation to notify CONTRACTOR of the hire of individuals that have been identified by CONTRACTOR. The above fee will not apply in situations where a candidate presented or identified by CONTRACTOR is hired by NMC for another position and the candidate responded to an open recruitment position without any invitation or communication from NMC and hired without reference to CONTRACTOR'S work or materials in presenting the candidate for this assignment.

It is NMC's obligation to notify CONTRACTOR of the hire of individuals who have been identified by CONTRACTOR.

If NMC should decide to cancel this project before the full fees become payable, the retainer installments and administrative expenses are considered earned on a 90-day prorated basis from the commencement of the assignment to the date of cancellation,

subject to a minimum charge of the first installment plus expenses. For the avoidance of doubt, this means if NMC decides to cancel the Agreement within the first 30 days, one-third of the retainer plus expenses is owed (i.e. \$61,111.12, plus out-of-pocket expenses, if applicable). If NMC decides to cancel the search after 30 days, a 90 day pro-rata portion of the retainer, which corresponds to a 90 day billing cycle, plus expenses will be charged. If NMC decides to cancel the search after 90 days, the retainer plus expenses would be considered earned in full.

NMC shall pay only for Administrative Expenses actually incurred through the cancellation date. NMC shall not pay CONTRACTOR for Administrative Expenses that post-date the cancellation date. Should NMC cancel the search without hiring a candidate that CONTRACTOR presented or identified to NMC, but then within two years from cancellation hire someone CONTRACTOR presented or identified for the position outlined in the letter, CONTRACTOR will bill NMC the professional fees as outlined herein less any amounts you already paid prior to cancellation.

V. Enhanced Due Diligence Services

CONTRACTOR can refer NMC to a qualified independent investigative firm that offers comprehensive background information about potential candidates and complements CONTRACTOR's search process. Please also note that the cost of this third-party service is separate from CONTRACTOR's services and will be passed on to NMC as an out-of-pocket expense item. In all cases, the candidate must provide the investigative firm with written consent prior to beginning the background check, which generally occurs after the final reference stage on the finalist candidate(s).

VI. Replacement Searches

CONTRACTOR agrees to make every possible effort to present NMC with the best candidates, but understandably cannot guarantee the performance of a candidate that is ultimately selected by NMC. CONTRACTOR can, however, stand by what it should have reasonably foreseen. Therefore, should NMC hire one of CONTRACTOR's candidates for the position outlined in the letter, but then that individual is later discharged within one year of hire for reasons that CONTRACTOR should have identified during the search assignment, CONTRACTOR shall conduct a replacement search. In such event, assuming no material change to the candidate specification, CONTRACTOR will apply the original fees paid toward the replacement search (and charge only for out-of-pocket expenses). CONTRACTOR's work in replacing the person will be the extent of its liability with this respect as it cannot be liable for any consequential or other damage from the termination or resignation of the hired candidate.

VII. Unsuccessful Recruitment Conditions

Should there be no successful candidate after six months, the assignment will be reviewed with NMC in detail and, if both parties mutually agree to continue, changes may be made to the specification, search approach and fees as described in a supplementary proposal letter.

VIII. Equal Employment Opportunity (Diversity)

CONTRACTOR is an equal opportunity employer committed to the principles of nondiscrimination in the workplace. CONTRACTOR does not discriminate in search on the basis of age, race, creed, color, religion, sex, sexual orientation, national origin, disability, marital status or any other basis that is prohibited by federal, state or local law. In providing the services described in this agreement, CONTRACTOR represents that it has not and will not discriminate on any such basis. It is CONTRACTOR's policy to source and present candidates in a nondiscriminatory manner. Proactively, CONTRACTOR makes every good faith effort to include a diverse pool of qualified candidates in its search assignments. Likewise, NMC ensures that candidate information provided by CONTRACTOR will not be used in violation of any applicable federal, state or local equal opportunity law and that, as an employer, NMC agrees to comply with any employment law requirements that may be applicable (such as in the U.S., the Fair Credit Reporting Act).

IX. Reference

CONTRACTOR shall, from time to time, refer to NMC or specific executive hire resulting from this Agreement in select proposals to prospective clients.