

**RENEWAL AND AMENDMENT NO. 4  
TO PROFESSIONAL SERVICES AGREEMENT  
BETWEEN Latham & Watkins LLP AND  
THE NATIVIDAD MEDICAL CENTER  
FOR  
Legal Services**

This Renewal and Amendment No. 4 to Agreement ("Agreement"), dated May 1, 2010 is entered into by and between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Latham & Watkins LLP (Contractor), with respect to the following:

**RECITALS**

**WHEREAS**, the County and Contractor amended the Agreement previously on October 1, 2010 via Amendment No. 1, and on July 1, 2011 via Amendment No. 2, and on July 1, 2012 via Amendment No.3; and

**WHEREAS**, the County and Contractor wish to amend the Agreement to extend the term end date to allow for existing services to continue; and

**WHEREAS**, the County and Contractor wish to amend the Agreement to increase the amount of the Agreement by \$500,000 (over two years) because of the term extension.

**AGREEMENT**

**NOW, THEREFORE**, the parties agree to amend the Agreement as follows:

1. Contractor will continue to provide NMC with the same scope of services as stated in the original Agreement (No. A-11791).
2. Section 6 of the original agreement, "RATES FEES AND CHARGES" paragraph four, shall be amended by removing, *"The maximum amount of the County's liability over the full term of this agreement is \$100,000."* and replacing it with *"The maximum amount of the County's liability over the full term of this agreement (No. A-11791) is \$1,500,000 for the full term of the Agreement"*.
3. Section 6 of the original agreement "RATES FEES AND CHARGES" paragraph four shall be amended by removing, *"The term of this Agreement is from May 1, 2010 to April 30, 2011"* and replacing it with *"The term of this Agreement is May 1, 2010 to June 30, 2015 unless sooner terminated pursuant to this Agreement"*.
4. Except as provided herein, all remaining terms, conditions and provisions of the Agreement and Amendment Nos.1, 2 and 3 are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Agreement.
5. A copy of this Renewal and Amendment No. 4 and all previous amendments shall be attached to the original Agreement (No. A-11791).
6. The effective date of this Renewal and Amendment No. 4 is July 1, 2013.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

**Natividad Medical Center**

By: \_\_\_\_\_  
Sid Cato, NMC Contracts Manager

Date: \_\_\_\_\_

By:  \_\_\_\_\_  
Harry Weis, NMC Chief Executive Officer

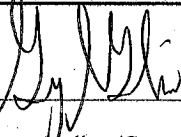
Date: 5/14/13

**APPROVED AS TO LEGAL PROVISIONS**

By:  \_\_\_\_\_  
Anne Brader   
Monterey County, Deputy County Counsel

Date: 5/24/13

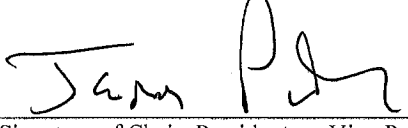
**APPROVED AS TO FISCAL PROVISIONS**

By:  \_\_\_\_\_  
Gary Giboney  
Monterey County Auditor/Controller's Office

Date: 5/24/13

**Contractor**

**Latham & Watkins LLP**  
Contractor's Business Name\*\*\* (see instructions)

 \_\_\_\_\_  
Signature of Chair, President, or Vice-President

Jerry Peters, Partner  
Name and Title

Date: May 9, 2013

By: \_\_\_\_\_  
(Signature of Secretary, Asst. Secretary, CFO,  
Treasurer or Asst. Treasurer)

\_\_\_\_\_  
Name and Title

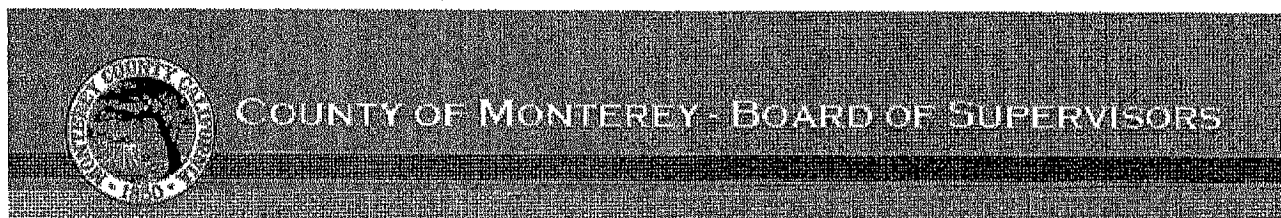
Date: \_\_\_\_\_

**\*\*\*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)

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File #:	A 12-061	Version: 1	Name:	Latham & Watkins Amendment #3
Type:	BoS Agreement		Status:	Consent Agenda
File created:	5/3/2012		In control:	Board of Supervisors
On agenda:	6/12/2012		Final action:	
Title:	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2013 for a total Agreement amount not to exceed \$1,000,000 (no change to previously approved amount) in the aggregate.			
Attachments:	<a href="#">Latham &amp; Watkins LLP Amendment #3, Completed Board Order</a>			

[History \(0\)](#)
[Text](#)
**Title**

Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2013 for a total Agreement amount not to exceed \$1,000,000 (no change to previously approved amount) in the aggregate.

**Body****RECOMMENDATION:**

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2013 for a total Agreement amount not to exceed \$1,000,000 (no change to previously approved amount) in the aggregate.

**SUMMARY/DISCUSSION:**

Latham & Watkins LLP is one of the pre-eminent law firms representing healthcare systems and local community hospitals throughout the United States. Their healthcare attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to fraud and abuse, Medicare/Medicaid reimbursement, healthcare regulatory requirements, financing regulation, and licensing.

On July 27, 2010 the Board of Supervisors approved the original Agreement with Latham & Watkins for Legal Services at NMC in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011 ("Agreement"). On January 11, 2011, the parties entered into an Amendment No. 1 to the Agreement, increasing the maximum liability by \$300,000 and extending the Agreement to June 30, 2011. The parties' Agreement expired on June 30, 2011. Services nevertheless continued since June 30, 2011 without interruption. On November 15, 2011 the Board approved Renewal and Amendment No. 2 to the Agreement. The Renewal and Amendment No. 2 increased the maximum liability by \$600,000, for a total not to exceed Agreement amount of \$1,000,000 in the aggregate, and allowed continuation of services and payment for services on the same terms and conditions as the expired Agreement without interruption for the period July 1, 2011 to June 30, 2012. This Amendment No. 3 extends the Agreement to June 30, 2013 without increasing the maximum liability under the Agreement.

During Fiscal Year 2010-2011, Latham & Watkins provided significant legal services to the County of Monterey, to ensure that the County's agreements complied with state and federal healthcare and Medicare compliance laws. The potential sanctions for noncompliance with these laws are severe and include civil and criminal liability, as well as

debarment or exclusion from participation in Medicare. Because the requested services pertained to multiple healthcare professional agreements and, due to the severity of potential sanctions for noncompliance, required the skilled competence of healthcare law experts, the law firm's advice and counsel were both necessary and extensive. The law firm's services continued to be needed in the Fiscal Year 2011-2012 in the area of healthcare professional agreements compliance and as NMC readied for changes initiated by healthcare reform. Accordingly the maximum liability under the Agreement was increased by \$600,000 for FY 2011-2012, and the Agreement was extended to June 30, 2012. Amendment No. 3, extending the term of the Agreement through June 30, 2013 without increasing the County's maximum liability under the Agreement, is necessary to permit the continuation of Latham's services in the area of healthcare professional agreements compliance and healthcare reform.

**OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this Amendment as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment as to fiscal provisions. The Amendment has also been reviewed and approved by Natividad Medical Center's Board of Trustees.

**FINANCING:**

As a result of Renewal and Amendment No. 2, the Board of Supervisors approved a \$600,000 increase for Fiscal Year 2011-2012 in the maximum liability in the Agreement (for a total Agreement amount not to exceed \$1,000,000 in the aggregate). As a result of this Amendment No. 3, no additional dollars will be added. As of May 8, 2012, for Fiscal Year 2011-2012, \$167,683.39 was spent for services. Remaining funds from previous years purchase orders (approximately \$550,000) will be rolled over for Fiscal Year 2012/2013. \$550,000 is included in the fiscal year 2012/2013 Recommended Budget. There is no impact to the General Fund.

Prepared by: Stacy Saetta, Deputy County Counsel, 755-5333  
Approved by: Harry Weis, Chief Executive Officer, 783-2553

Attachments: Agreement, Amendments 1, 2, and 3.



## Monterey County

### Board Order

168 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

#### Agreement No.: A-11791

Upon motion of Supervisor Salinas, seconded by Supervisor Armenta, and carried by those members present, the Board of Supervisors hereby:

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 3 to the Agreement (A-11791) with Latham & Watkins LLP for Legal Services at NMC, extending the Agreement to June 30, 2013 for a total Agreement amount not to exceed \$1,000,000 (no change to previously approved amount) in the aggregate.

PASSED AND ADOPTED on this 12th day of June 2012, by the following vote, to-wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on June 12, 2012.

Dated: June 25, 2012  
File Number: A 12-0061

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By Danise Hancock  
Deputy

**AMENDMENT NO. 3 OF AGREEMENT (A-11791) BETWEEN THE  
COUNTY OF MONTEREY &  
LATHAM & WATKINS LLP**

WHEREAS, Latham & Watkins LLP, hereinafter "CONTRACTOR", and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as "COUNTY," previously entered into an agreement dated May 1, 2010, for the provision of legal services ("AGREEMENT") in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR amended the AGREEMENT, effective October 1, 2010 via AMENDMENT NO. 1, increasing the maximum liability by \$300,000 and extending the AGREEMENT to June 30, 2011;

WHEREAS, the AGREEMENT, as amended by AMENDMENT NO. 1, expired pursuant to its terms on June 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR entered into a Renewal and Amendment No. 2 of the AGREEMENT retroactive to July 1, 2011, extending the term of the renewed AGREEMENT through and including June 30, 2012; and increasing the maximum amount of COUNTY's liability over the full term of this Agreement to \$1,000,000 and \$600,000 for fiscal year 2011-2012;


WHEREAS, COUNTY and CONTRACTOR wish to further extend the term of parties' AGREEMENT through and including June 30, 2013; NOW THEREFORE,

For valuable consideration, the sufficiency of which is hereby acknowledged, COUNTY and CONTRACTOR agree as follows:

1. Paragraph 4, Section 6, Rates, Fees and Charges, is amended to extend the term date until June 30, 2013.
2. Except as provided herein, all remaining terms, conditions and provisions of the AGREEMENT are unchanged and unaffected by this AMENDMENT NO.3 OF AGREEMENT (A-11791) ("AMENDMENT NO. 3"), and shall continue in full force and effect as set forth in the AGREEMENT;
3. A copy of this AMENDMENT NO. 3 shall be attached to the original AGREEMENT dated May 1, 2010.
4. The effective date of this AMENDMENT NO. 3 is July 1, 2012.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

CONTRACTOR Latham & Watkins LLP

Signature 1 

Dated March 23, 2012

Printed Name Jerry Peters

Title Partner

Signature 2 \_\_\_\_\_

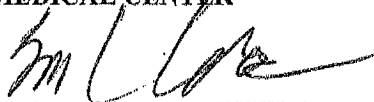
Dated \_\_\_\_\_

Printed Name \_\_\_\_\_

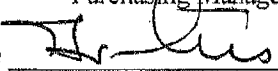
Title \_\_\_\_\_

\*\*\*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. 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. 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.

NATIVIDAD MEDICAL CENTER

Signature   
Purchasing Manager

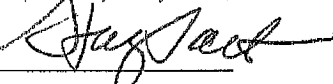
Dated 6-13-12

Signature   
NMC - CEO

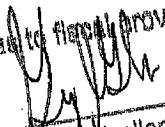
Dated 7/18/12

Approved as to Legality and Legal Form:

Charles J. McKee, County Counsel

By   
Stacy Saetta, Deputy  
Attorneys for County and NMC

Dated: 5/1, 2012

Reviewed as to financial provisions  
  
Auditor-Controller  
County of Monterey  
5-2-12

## MONTEREY COUNTY BOARD OF SUPERVISORS

<b>MEETING:</b>	<b>November 15, 2011</b>	<b>AGENDA NO.:</b>
<b>SUBJECT:</b>	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment #2 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in a total contract amount not to exceed \$1,000,000 in the aggregate, of which \$600,000 is for the period July 1, 2011 to June 30, 2012.	
<b>DEPARTMENT:</b>	Natividad Medical Center	

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment #2 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in a total contract amount not to exceed \$1,000,000 in the aggregate, of which \$600,000 is for the period July 1, 2011 to June 30, 2012.

### **SUMMARY/DISCUSSION:**

Latham & Watkins LLP is one of the pre-eminent law firms representing healthcare systems and local community hospitals throughout the United States. Their healthcare attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to fraud and abuse, Medicare/Medicaid reimbursement, healthcare regulatory requirements, financing regulation, and licensing.

On July 27, 2010, the Board of Supervisors approved the original Agreement with Latham & Watkins for Legal Services at Natividad Medical Center ("NMC") in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011 ("Agreement"). On January 11, 2011, the parties entered into an Amendment No. 1 to the Agreement, increasing the maximum liability by \$300,000 and extending the Agreement to June 30, 2011. An Amendment No. 2 was drafted and reviewed by the parties but never sent to the Board for approval by the expiration of the Agreement. Services nevertheless continued since June 30, 2011, without interruption. This Renewal and Amendment No. 2 increases the maximum liability by \$600,000 and allows continuation of services and payment for services on the same terms and conditions as the expired Agreement without interruption for the period July 1, 2011 to June 30, 2012.

During Fiscal Year 10-11, Latham & Watkins provided significant legal services to the County of Monterey, to ensure that the County's agreements complied with state and federal healthcare and Medicare compliance laws. The potential sanctions for noncompliance with these laws are severe and include civil and criminal liability, as well as debarment or exclusion from participation in Medicare. Because the requested services pertained to multiple healthcare professional agreements and, due to the severity of potential sanctions for noncompliance, required the skilled competence of healthcare law experts, the law firm's advice and counsel were both necessary and extensive. The law firm's services will continue to be needed in the Fiscal Year 11-12 in the area of healthcare professional agreements compliance and as NMC readies itself for changes initiated by healthcare reform. Accordingly the maximum liability



under the Agreement has been increased by \$600,000 for FY 11-12 and the Agreement has been extended to June 30, 2012.

**OTHER AGENCY INVOLVEMENT:**

The Renewal and Amendment No. 2 has been reviewed and approved by County Counsel and the Auditor/Controller's office. It has not been reviewed by the Natividad Medical Center Board of Trustees.

**FINANCING:**

The cost for this Amendment is \$600,000 and is included in the FY 11-12 Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:

Stacy Saetta

(831) 755-5333

~~October 13~~ November 9, 2011, 2011

\_\_\_\_\_  
Harry Weis

Chief Executive Officer

Attachments: Renewal and Amendment #2, Agreement, as amended, Board Order

**Before the Board of Supervisors in and for the  
County of Monterey, State of California**

**Agreement No. A-11791**

Authorize the Purchasing Manager for Natividad )  
Medical Center (NMC) to execute Renewal and )  
Amendment No. 2 to the Agreement with Latham & )  
Watkins LLP for Legal Services at NMC in a total )  
contract amount not to exceed \$1,000,000 in the )  
aggregate, of which \$600,000 is for the period July )  
1, 2011 to June 30, 2012..... )

Upon motion of Supervisor Potter, seconded by Supervisor Armenta and carried by those members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Renewal and Amendment No. 2 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in a total contract amount not to exceed \$1,000,000 in the aggregate, of which \$600,000 is for the period July 1, 2011 to June 30, 2012.

PASSED AND ADOPTED on this 15th day of November 2011, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker and Potter  
NOES: None  
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on November 15, 2011.

Dated: November 17, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By Denise Hancock  
Deputy

**RENEWAL AND AMENDMENT NO. 2 OF AGREEMENT (A-11791)  
BETWEEN THE COUNTY OF MONTEREY &  
LATHAM & WATKINS LLP**

WHEREAS, Latham & Watkins LLP, hereinafter "CONTRACTOR", and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as "COUNTY," previously entered into an agreement dated May 1, 2010, for the provision of legal services ("AGREEMENT") in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR amended the AGREEMENT, effective October 1, 2010 via AMENDMENT NO. 1, increasing the maximum liability by \$300,000 and extending the AGREEMENT to June 30, 2011; and

WHEREAS, the AGREEMENT, as amended by AMENDMENT NO. 1, expired pursuant to its terms on June 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR wish to renew the AGREEMENT retroactive to July 1, 2011; and

WHEREAS, COUNTY and CONTRACTOR wish to extend the term of the renewed AGREEMENT through and including June 30, 2012; and

WHEREAS, COUNTY and CONTRACTOR wish to further amend the renewed AGREEMENT to increase the total AGREEMENT financial compensation in order to continue the services provided under this AGREEMENT; NOW THEREFORE,

For valuable consideration, the sufficiency of which is hereby acknowledged, COUNTY and CONTRACTOR agree as follows:

1. The AGREEMENT is renewed retroactive to July 1, 2011, and all of its provisions shall be deemed to have been in effect continuously since that time.
2. Paragraph 4, Section 6, Rates, Fees and Charges, is amended to extend the term date until June 30, 2012 and to increase the maximum amount of COUNTY's liability over the full term of this Agreement to \$1,000,000 and \$600,000 for fiscal year 2011-2012.
3. Except as provided herein, all remaining terms, conditions and provisions of the AGREEMENT are unchanged and unaffected by this RENEWAL AND AMENDMENT NO. 2 OF AGREEMENT (A-11791) ("RENEWAL AND AMENDMENT NO. 2"), and shall continue in full force and effect as set forth in the AGREEMENT;
4. A copy of this RENEWAL AND AMENDMENT NO. 2 shall be attached to the original AGREEMENT dated May 1, 2010.

RENEWAL AND AMENDMENT NO.2 OF AGREEMENT A-11791)  
BETWEEN THE COUNTY OF MONTEREY &  
LATHAM & WATKINS LLP

WHEREAS, Latham & Watkins LLP, hereinafter CONTRACTOR", and the County of Monterey, a political subdivision of the State of California, hereinafter referred to as COUNTY," previously entered into an agreement dated May 1, 2010, for the provision of legal services AGREEMENT") in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR amended the AGREEMENT, effective October 1, 2010 via AMENDMENT NO. 1, increasing the maximum liability by \$300,000 and extending the AGREEMENT to June 30, 2011; and

WHEREAS, the AGREEMENT, as amended by AMENDMENT NO. 1, expired pursuant to its terms on June 30, 2011; and

WHEREAS, COUNTY and CONTRACTOR wish to renew the AGREEMENT retroactive to July 1, 2011; and

WHEREAS, COUNTY and CONTRACTOR wish to extend the term of the renewed AGREEMENT through and including June 30, 2012; and

WHEREAS, COUNTY and CONTRACTOR wish to further amend the renewed AGREEMENT to increase the total AGREEMENT financial compensation in order to continue the services provided under this AGREEMENT; NOW THEREFORE,


For valuable consideration, the sufficiency of which is hereby acknowledged, COUNTY and CONTRACTOR agree as follows:

1. The AGREEMENT is renewed retroactive to July 1, 2011, and all of its provisions shall be deemed to have been in effect continuously since that time.
2. Paragraph 4, Section 6, Rates, Fees and Charges, is amended to extend the term date until June 30, 2012 and to increase the maximum amount of COUNTY's liability over the full term of this Agreement to \$1,000,000 and \$600,000 for fiscal year 2011-2012.
3. Except as provided herein, all remaining terms, conditions and provisions of the AGREEMENT are unchanged and unaffected by this RENEWAL AND AMENDMENT NO. 2 OF AGREEMENT A-11791) RENEWAL AND AMENDMENT NO. 2"), and shall continue in full force and effect as set forth in the AGREEMENT;
4. A copy of this RENEWAL AND AMENDMENT NO. 2 shall be attached to the original AGREEMENT dated May 1, 2010.

Renewal and Amendment No. 2 of Agreement between County of Monterey and Latham & Watkins  
1 of 2

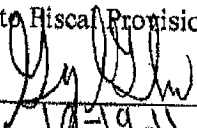
IN WITNESS WHEREOF, the County and CONTRACTOR execute this RENEWAL AND AMENDMENT NO. 2 as follows:

COUNTY OF MONTEREY


  
Contracts/Purchasing Officer

Dated: 12-13-11

Approved as to Fiscal Provisions:

  
10-19-11

Approved as to Form:

  
Deputy County Counsel

Dated: 10/18/11



Department Head Signature

Date

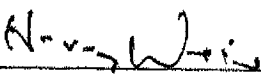
10/11/11

CONTRACTOR

By: 

Jerry Peters, Partner  
Printed Name and Title

Dated: October 6, 2011



Print Name

IN WITNESS WHEREOF, the County and CONTRACTOR execute this RENEWAL AND AMENDMENT NO. 2 as follows:

COUNTY OF MONTEREY CONTRACTOR

By: 4 w? c.

Contracts/Purchasing Officer

Dated:

Approved as t iscaAV;olgisions:

Approved as to Form:

Depfty County 26 nsel

Dated: Jo/(/f

Department Head Signature

/.( i- It,

Date

S'erry I?e 4ers, pwr

Printed Name and Title

Dated: d o-be,r Lo I I

Print Name

Renewal and Amendment No. 2 of Agreement between County of Monterey and Latham & Watkins

2 of 2

## MONTEREY COUNTY BOARD OF SUPERVISORS

<b>MEETING:</b>	<b>January 11, 2011</b>	<b>AGENDA NO.:</b>
<b>SUBJECT:</b>	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #1 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in an amount not to exceed \$400,000 (an increase of \$300,000) for the period October 1, 2010 to June 30, 2011.	
<b>DEPARTMENT:</b>	Natividad Medical Center	

### **RECOMMENDATION:**

It is recommended that the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment #1 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in an amount not to exceed \$400,000 (an increase of \$300,000) for the period October 1, 2010 to June 30, 2011.

### **SUMMARY/DISCUSSION:**

Latham & Watkins LLP is one of the pre-eminent law firms representing healthcare systems and local community hospitals throughout the United States. Their healthcare attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to fraud and abuse, Medicare/Medicaid reimbursement, healthcare regulatory requirements, financing regulation, and licensing. On July 27, 2010, the Board of Supervisors approved the original Agreement with Latham & Watkins for Legal Services at Natividad Medical Center ("NMC") in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011 ("Agreement").

During the first several months of the Agreement, at a time when most of the County's agreements with healthcare professionals at NMC were undergoing amendment for the new fiscal year, Latham & Watkins provided sizeable legal services to the County of Monterey, to ensure that the County's agreements complied with state and federal healthcare and Medicare compliance laws. The potential sanctions for noncompliance with these laws are severe and include civil and criminal liability, as well as debarment or exclusion from participation in Medicare. Because the requested services pertained to multiple healthcare professional agreements and, due to the severity of potential sanctions for noncompliance, required the skilled competence of healthcare law experts, the law firm's advice and counsel were both necessary and extensive. The original maximum liability was reached as a result of services rendered through September 30, 2010. In order to compensate the firm for its legal services rendered since October 1, 2010, Amendment #1 to the Agreement has been given an effective date of October 1, 2010. The law firm's services will continue to be needed in the area of healthcare professional agreements compliance and as NMC readies itself for changes initiated by healthcare reform. Accordingly the Agreement has been extended to June 30, 2011.

**OTHER AGENCY INVOLVEMENT:**

The Amendment has been reviewed and approved by County Counsel, the Auditor/Controller's office and the Natividad Medical Center Board of Trustees.

**FINANCING:**

The cost for this Amendment is \$300,000 and is included in the 2010/2011 FY Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:  
Stacy Saetta  
(831) 755-5333  
January 3, 2011

\_\_\_\_\_  
Harry Weis  
Chief Executive Officer

Attachments: Amendment #1, Agreement, Board Order



**Before the Board of Supervisors in and for the  
County of Monterey, State of California**

**Agreement No.: A-11791**

Authorize the Purchasing Manager for )  
Natividad Medical Center (NMC) to execute )  
Amendment No. 1 to the Agreement with )  
Latham & Watkins LLP for Legal Services at )  
NMC in an amount not to exceed \$400,000 )  
(an increase of \$300,000) for the period )  
October 1, 2010 to June 30, 2011..... )

Upon motion of Supervisor Armenta, seconded by Supervisor Potter, and carried by those members present, the Board hereby;

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute Amendment No. 1 to the Agreement with Latham & Watkins LLP for Legal Services at NMC in an amount not to exceed \$400,000 (an increase of \$300,000) for the period October 1, 2010 to June 30, 2011.

PASSED AND ADOPTED this 11th day of January 2011, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on January 11, 2011.

Dated: January 18, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By *Denise Hancock*  
Deputy

**AMENDMENT NO. 1**  
**FOR PROFESSIONAL SERVICE AGREEMENT**  
**BETWEEN Latham & Watkins AND**  
**THE NATIVIDAD MEDICAL CENTER**  
**FOR**  
**Independent Consulting and Legal Services**

The parties to Professional Service Agreement, dated May 1, 2010 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Latham & Watkins (Contractor), hereby agree to amend their Agreement No. (A-11791) on the following terms and conditions:

1. Contractor will continue to provide NMC with the same scope of service as stated in the original Agreement No. (A-11791).
2. This Amendment shall become effective on October 1, 2010 and shall continue in full force and extending the term date until June 30, 2011.
3. The total amount payable by County to Contractor under Agreement No. (BPO757) shall not exceed the total sum of \$400,000 for the full term of the Agreement and \$400,000 for fiscal year 2010-2011.
4. All other terms and conditions of the Agreement shall continue in full force and effect.
5. A copy of this Amendment shall be attached to the original Agreement No. (A-11791).

**IN WITNESS WHEREOF**, the parties hereto are in agreement with this Amendment and Professional Service Agreement on the basis set forth in this document and have executed this amendment on the day and year set forth herein.

**CONTRACTOR**

Signature J. Peters

Dated 9/22/10

Printed Name Jeff Peters

Title Partner

**NATIVIDAD MEDICAL CENTER**

Signature \_\_\_\_\_

Dated \_\_\_\_\_

Purchasing Manager

Signature [Signature]

Dated 10/8/10

NMC - CEO

Approved as to Legal Form:

Charles J. McKee, County Counsel

By \_\_\_\_\_  
Stacy Saelta, Deputy  
Attorneys for County and NMC

Dated: \_\_\_\_\_, 2010

**MONTEREY COUNTY BOARD OF SUPERVISORS**

<b>MEETING:</b>	<b>July, 27 2010</b>	<b>AGENDA NO.:</b>
<b>SUBJECT:</b>	Authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Agreement with Latham & Watkins for Independent Consulting and Legal Services at NMC in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011.	
<b>DEPARTMENT:</b>	Natividad Medical Center	

**RECOMMENDATION:**

It is recommended the Board of Supervisors authorize the Purchasing Manager for Natividad Medical Center (NMC) to execute the Agreement with Latham & Watkins for Independent Consulting and Legal Services at NMC in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011.

**SUMMARY/DISCUSSION:**

Latham & Watkins healthcare and attorneys have specific experience with the nuanced regulations that govern the healthcare industries, including those related to Medicare/Medicaid reimbursement, healthcare regulatory requirements, Health Insurance Portability and Accountability Act (HIPAA), financing regulation, and licensing. In consultation with the Office of the County Counsel, Latham & Watkins shall render advice on a variety of healthcare-related issues to NMC

**OTHER AGENCY INVOLVEMENT:**

The Agreement has been reviewed and approved by County Counsel, the Auditor/Controller's office, and the Natividad Medical Center Board of Trustees.

**FINANCING:**

The cost of this Amendment is \$100,000 and is included in the Fiscal Year 2010/11 Approved Budget. This action will not require any additional General Fund subsidy.

Prepared by:  
Stacy Saetta  
Deputy County Counsel  
July 14, 2010  
Attachments: Agreement, Board Order

\_\_\_\_\_  
Harry Weis  
Chief Executive Officer

**Before the Board of Supervisors in and for the  
County of Monterey, State of California**

**Agreement No: A - 11791**

Authorize the Purchasing Manager for Natividad Medical )  
Center (NMC) to execute the Agreement with Latham & )  
Watkins for Independent Consulting and Legal Services at )  
NMC in an amount not to exceed \$100,000 for the period May )  
1, 2010 to April 30, 2011. )

Upon motion of Supervisor Potter, seconded by Supervisor Armenta, and carried by those members present, the Board hereby:

Authorized the Purchasing Manager for Natividad Medical Center (NMC) to execute the Agreement with Latham & Watkins for Independent Consulting and Legal Services at NMC in an amount not to exceed \$100,000 for the period May 1, 2010 to April 30, 2011.

PASSED AND ADOPTED this 27<sup>th</sup> day of July, 2010, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker, Potter

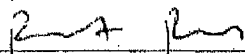
NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on July 27, 2010.

Dated: July 29, 2010

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By  Deputy

Jerry Peters  
Direct Dial: (415) 395-8160  
jerry.peters@lw.com

505 Montgomery Street, Suite 2000  
San Francisco, California 94111-6538  
Tel: +1,415,391,0600 Fax: +1,415,395,8065  
www.lw.com

## LATHAM & WATKINS LLP

### FIRM / AFFILIATE OFFICES

Abu Dhabi	Moscow
Barcelona	Munich
Beijing	New Jersey
Brussels	New York
Chicago	Orange County
Doha	Paris
Dubai	Riyadh
Frankfurt	Rome
Hamburg	San Diego
Hong Kong	San Francisco
Houston	Shanghai
London	Silicon Valley
Los Angeles	Singapore
Madrid	Tokyo
Milan	Washington, D.C.

June 6, 2010

Ms. Stacy Saetta  
Deputy County Counsel for the County of Monterey  
Natividad Medical Center  
1441 Constitution Boulevard  
Salinas, CA 93906

Re: Engagement Letter

Dear Stacy:

We are pleased to welcome the County of Monterey (herein "Monterey County" or, in context, "you") as a client of Latham & Watkins LLP. This letter will confirm our discussions regarding Monterey County's engagement of our firm.

### 1. Legal Services.

You have asked us to represent Monterey County in connection with the analysis and potential negotiation of a physician agreements as well as other healthcare matters regarding Natividad Medical Center ("Natividad"), a general acute care teaching hospital owned and operated by Monterey County and located in Salinas, California.

If additional services are requested by you and agreed to by us, this letter will apply to such services, unless superseded by another written agreement. Our representation is limited to the specific services that you request and that we have agreed to undertake.

Please feel free to contact me at (415) 395-8160 or Betty Pang at (415) 395-8130 with any questions as this engagement proceeds.

### 2. Identity of the Client.

Our client in this matter will be Monterey County. We do not represent and will not be deemed to have an attorney-client relationship with any other organization or person. I understand that County Counsel Charles McKee, you, and Deputy County Counsel William Litt will be our primary contacts, and will direct our actions on behalf of Monterey County.

### 3. Roles of Attorney and Client.

Our responsibilities under this agreement are to provide legal counsel and assistance to you in accordance with this letter, and to provide statements to you that clearly state the basis for our fees and charges. We will not disclose any confidential information of yours to any other

**LATHAM & WATKINS LLP**

client, even where that information might have some bearing on their interests. Likewise, we will not disclose the confidences of any other client to you, even where that information might have some bearing on your interests, and you agree that we are under no obligation to do so. We shall provide to Monterey County such reports as may be requested by the Board of Supervisors or County Counsel. You also agree to keep us informed of developments related to this representation and to pay our statements in a timely manner. To allow us to conduct a conflicts check, you represent that you have identified to us all persons and entities that are or may become involved in this matter, including all such persons or entities that are affiliated with you. You also agree to notify us if you become aware of any other persons or entities that are or may become involved in this matter.

During the course of this engagement, we may express opinions or beliefs to you about the effectiveness of various courses of action or about the results that might be anticipated. Such statements are expressions of opinion only, and should not be construed as promises or guaranties.

Please also be aware that Latham & Watkins LLP has internal ethics and professional responsibility counsel, who advise Latham attorneys regarding their ethical, professional and legal duties. From time to time, the attorneys working on your matter may consult these lawyers. You acknowledge that any such consultation is protected by Latham's own attorney-client privilege, and you waive any right to discovery of those communications. Should circumstances arise in which Latham & Watkins LLP faces a conflict of interest with respect to or by virtue of these communications, you agree to waive that conflict. You also agree that such communications are property of the firm and are not part of the Client File as defined in Section 4 of this letter.

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**4. Client Files and Retention.**

In the course of your representation, we shall maintain a file in which we may place correspondence, agreements, governmental filings, prospectuses, disclosures, pleadings, deposition transcripts, exhibits, physical evidence, expert reports, and other items reasonably necessary to your representation ("Client File"). The Client File shall be and remain your property. Upon completion of a specific project, your original Client File for that project shall be available to be taken by you. We will be entitled to make copies if we choose. You also agree at the conclusion of the project (whether or not you take possession of the Client File) to take possession of any and all original contracts, wills, stock certificates, and other such important documents that may be in the Client File and we shall have no further responsibility with regard to such documents. If you do not take possession of the Client File at the conclusion of the project, we will store such file for you for a period of seven years. If you do not take possession of the Client File during such seven-year storage period, you agree that we may dispose of it. You agree that the documents containing our attorney work product, mental impressions or notes and drafts of documents shall be and remain our property and shall not be considered part of your Client File. In addition, electronic documents such as e-mail and documents prepared on our word processing system (but excluding printed copies thereof), and databases shall be and remain our property and shall not be considered part of your Client File. You agree that we may enact and implement reasonable retention policies for such electronic documents and that our firm has discretion to delete such documents.

**5. Conflicts of Interest.**

Latham represents a few clients who are adverse to the County of Monterey on matters unrelated to this matter. I am informed that there are potentially three such clients. Latham

LATHAM & WATKINS LLP

represents Defendant Deloitte in the County Treasurer's securities lawsuit against Washington Mutual. Latham also represents the Pebble Beach Company in various matters that might involve the County. Latham filed an Amicus Brief on behalf of The Irvine Company to California Supreme Court on use of contingent fee lawyers in groundwater toxic torts brought by water districts, which may include the County. Finally, Latham represented a party in a public records act request in 2006. By executing this letter agreement, you consent to our continued representation regarding those matters, none of which involve Natividad.

Without your consent, we will not represent any other party in this matter, nor any other matter substantially related to it. You will have our complete loyalty with respect to this matter.

We note that Latham & Watkins LLP is an international law firm with numerous attorneys and offices in many countries and that we practice in many diverse areas of law. Some of our clients may now or in the future operate in the same lines of business as you do. Both our own prudent business conduct, and the interests of our other clients, call for us to seek to retain the ability to take unrelated matters for all of our clients. We thus ask you in connection with this engagement to consent in advance to our acceptance of future matters (including litigation matters) adverse to Monterey County, provided that those matters do not involve litigation against Monterey County concerning Natividad and are not substantially related to the work that we have done for Natividad. By entering into this agreement, you consent to such adverse representations. Thus, for example, you agree that we would be able to take a new lawsuit or transactional matter for any client, adverse to Monterey County, at the same time that we are representing Monterey County in this matter, so long as the adverse matter does not involve litigation against Monterey County concerning Natividad and is not substantially related to the work we have done for Natividad. This consent also includes being adverse to you in any bankruptcy, regulatory, administrative, legislative or rulemaking proceeding. A matter shall not be construed as "~~substantially related to the work we have done for Natividad~~" if it entails merely advising a client that does business with Natividad regarding routine transactional issues applicable to hospitals generally.

In addition, by entering into this agreement you agree that if we represent you in a matter across from another person or entity, we may represent such person or entity on matters that do not involve litigation against Monterey County concerning Natividad and are not substantially related to our work for Natividad. We agree to inform Monterey County, through timely notification of the County Counsel, of any new actual legal conflicts that arise with respect to Monterey County during the pendency of our representation of Monterey County, subject to our professional obligations under applicable ethics rules.

Because you are consenting only to our taking adverse matters not involving litigation against Monterey County concerning Natividad and not substantially unrelated to anything we have handled for Natividad, we will not have obtained any confidential information from Monterey County that would be pertinent to any matter on which we will be representing these other clients. Nevertheless, we take very seriously our obligations to maintain the confidentiality of information we receive from all of our clients, including Monterey County and any other clients covered by this consent. Accordingly, we will continue to maintain the confidences of both Monterey County and our other clients.

You should feel completely free to consult other counsel concerning these matters and we encourage you to do so. By signing this letter, you acknowledge that you have had an opportunity to consult with other counsel.

LATHAM & WATKINS LLP

**6. Rates, Fees and Charges.**

Our fees are based primarily on the amount of time spent by our lawyers, paralegals and other professionals on your behalf. Each lawyer, paralegal and other professional assigned to this matter will have individual hourly billing rates, and the applicable rate multiplied by the number of hours spent, measured in tenths of an hour, will be the initial basis for determining our fee.

My 2010 billing rate is \$780 per hour. I anticipate performing most of this initial assignment myself, but might utilize an associate at a lower billing rate to reduce the cost of this project if appropriate. In general, our attorneys' billing rates applicable to this engagement will range from \$295 per hour to \$900 per hour during 2010, depending upon the seniority and expertise of the attorney involved. For paralegal and other professional time, our rates will range from \$115 to \$555 per hour.

In addition to fees, you agree to pay for disbursements and other charges. These will include such items as photocopying (\$0.17 per page); color prints/copies (\$0.25 per page); scanning documents (\$0.15 per page); use of fee-based research databases (90% of the third-party vendor rate or 1.25 times our volume-discounted cost depending on vendor); long-distance telephone charges (AT&T standard rates); couriers and air freight (1.10 times our volume-discounted cost); messengers (at third-party vendor rate); client-specific work by staff; staff overtime and meals (as defined by federal or local law); transportation (where dictated by safety reasons, and which may include a transaction fee); word processing (\$60.00 per hour); postage, at cost; supplies (for large volume only); and other reasonable costs and expenses. For disbursements over \$1,500, we may ask that billings be sent directly to you or that advances be provided. Travel and lodging expenses shall be paid in accordance with the County's Travel Policy, which you shall provide to me.

The term of this Agreement is from May 1, 2010 to April 30, 2011. The maximum amount of the County's liability over the full term of this Agreement is \$100,000. This amount may be amended by written agreement between the parties, or this Agreement may be terminated by either party if the maximum is reached and not increased by the County.

We intend to provide statements to you on a monthly basis. They will show our time logged in tenth-of-an-hour increments and will separate fees from disbursements and other charges. Latham shall submit an invoice to Monterey County no later than 45 days following the last day of the month of service. Invoices shall be submitted to:

Stacy L. Saelia  
Deputy County Counsel  
County Counsel's Office  
County of Monterey  
168 West Alisal Street, 3rd Floor  
Salinas, CA 93901

Latham shall provide Monterey County with a detailed statement on a monthly basis, covering its current fees and expenses. It will describe services rendered and will also show the amount of Monterey County's retainer remaining in its trust account or the amount owing to Latham. Natividad's Contract Administrator or his or her designee shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this agreement, and shall promptly submit the invoice to the County Auditor-Controller for



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payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.

It is understood that Latham's fees and charges shall be paid out of Natividad's budget, and that Latham's fees and charges shall not be paid out of the budget of County Counsel's Office.

Our billing rates and charges are usually revised annually, but we reserve the right to revise them at other times. Following any such revision, our new rates and charges will be applied to your account, and this letter constitutes written notice to you of our right to make such revisions.

Any funds that you deposit with us as an advance against our fees and charges will be treated as property of the firm. Any unused portion of such advance after our services are concluded will be returned to you.

From time to time, you may request estimates of the fees and charges that we anticipate incurring on your behalf. These estimates are subject to unforeseen circumstances and are by their nature inexact. While we may provide estimates for your general planning purposes, such estimates are subordinate to our regular billing procedures, absent an express written agreement to the contrary.

We agree to inform Monterey County, through timely notification of the County Counsel, of when our fees and charges have reached monetary milestones of \$25,000, \$50,000, \$75,000, and \$100,000 and of our plan either to terminate this Agreement without completing the scope of work or to complete the scope of work within the not to exceed amount of the contract.

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Contact Information

CONTRACTOR:

Jerry Peters, Esq.  
Latham & Watkins, LLP  
505 Montgomery Street, Suite 2000  
San Francisco, CA 94111-6538  
(415) 395-8160

COUNTY:

OFFICE OF THE COUNTY COUNSEL

Charles J. McKee  
County Counsel  
County of Monterey  
168 West Alisal Street, 3rd Floor  
Salinas, CA 93901  
(831) 755-5045

Stacy L. Saetta  
Deputy County Counsel  
County of Monterey  
168 West Alisal Street, 3rd Floor  
Salinas, CA 93901

LATHAM & WATKINS LLP

(831) 755-5045

William M. Litt  
Deputy County Counsel  
County of Monterey  
168 West Alisal Street, 3rd Floor  
Salinas, CA 93901  
(831) 755-5045

NATIVIDAD MEDICAL CENTER

Harry Weis, CEO  
Natividad Medical Center  
1441 Constitutional Boulevard  
Salinas, CA 93906  
(831) 755-4111

7. Arbitration of Disputes.

Any controversy or claim, whether in tort, contract or otherwise, arising out of or relating to the relationship between Monterey County, its affiliates or successors (the "Client Arbitration Parties") and Latham & Watkins LLP, its affiliated partnerships, attorneys or staff or any of their successors (the "Latham Arbitration Parties") or the services provided by the Latham Arbitration Parties pursuant to this engagement letter or otherwise to the Client Arbitration Parties shall be submitted to binding arbitration. By agreeing to arbitrate, you are agreeing to waive your right to a jury trial. The arbitration will be conducted in accordance with this document, the Federal Arbitration Act and CPR Rules for Non-Administered Arbitration, as in effect on the date of this engagement letter. The arbitration shall be conducted before a panel of three neutral arbitrators. The arbitration shall be commenced and held in the city and state in which the Latham & Watkins office is located whose attorneys spent the most amount of time on the matter in dispute. Any issue concerning the location of the arbitration, the extent to which any dispute is subject to arbitration, the applicability, interpretation, or enforceability of this agreement shall be resolved by all of the arbitrators. To the extent state law is applicable, the arbitrators shall apply the substantive law of the state in which the Latham & Watkins office is located whose attorneys spent the most amount of time on the matter in dispute. Each party will be entitled to depose a maximum of six witnesses, plus all experts designated to be witnesses at the arbitration. The depositions shall be limited to a maximum of six hours per deposition. All aspects of the arbitration shall be treated as confidential and neither the parties nor the arbitrators may disclose the content or results of the arbitration, except as necessary to comply with legal or regulatory requirements. The result of the arbitration shall be binding on the parties and judgment on the arbitrators' award may be entered in any court having jurisdiction.

LATHAM & WATKINS LLP

8. Limited Liability Partnership.

Latham & Watkins LLP is a limited liability partnership (LLP). Similar to the corporate form of business organization, the LLP form generally limits the liability of the individual partners of the firm to the capital they have invested in the firm for claims arising from services performed by the firm. Our form of organization as an LLP will not diminish the ability to recover damages from the firm or from any individuals who directly caused the loss.

Because of legal restrictions in those countries, work done out of our offices in England, France, Hong Kong, Japan, and Italy will be carried out through affiliated partnerships registered locally, but the distinction will be largely transparent to you as a client.

9. Indemnification and Insurance.

9.1. Indemnification.

Indemnification for Professional Liability. For liability arising from professional and technical services provided under this Agreement, Latham shall indemnify, defend and hold harmless County, its governing board, officers, agents, and employees from any loss, injury, damage, expense and liability to the extent arising out of the negligence of Latham, its employees, sub-consultants, or agents.

General Indemnification. For any liability, other than arising out of professional and technical services, Latham shall indemnify, defend and hold harmless, County, its governing board, officers, agents, and employees from any loss, injury, damage, expense and liability resulting from injury to or death of any person and loss of or damage to property, or claim of such injury, death, loss or damage caused by an act or omission in the performance under this Agreement by Latham, its employees, sub-consultants, or agents, excepting only loss, injury or damage caused by the sole negligence or willful misconduct of the County.

Notwithstanding the foregoing two paragraphs, Latham's contract indemnity obligation shall be limited to the specified minimum indemnity amount for which Latham is required to be insured in Section 9.2 of the Agreement. Nothing in this Section 9 shall be construed to or shall expand the responsibility or potential liability of Latham beyond that which may already exist under the common or statutory law. Latham shall have the right in its sole discretion to choose defense counsel and make all decisions regarding defense and settlement, including the amount and whether to settle. Payment of defense counsel shall be limited to reasonable costs and fees.

9.2 Insurance. Latham certifies that it maintains a program of insurance and/or self-insurance that covers its activities in connection with this engagement as follows:

(1) Professional Liability Insurance. Latham shall have coverage for professional liability in the amount not less than \$3,000,000 per claim and \$5,000,000 in the aggregate, to cover liability for malpractice or errors and omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made"

**LATHAM & WATKINS LLP**

basis, such coverage shall continue for at least three (3) years following the expiration or earlier termination of this Agreement;

(2) Commercial General Liability Insurance. Latham shall have coverage for commercial general liability, including but not limited to premises, personal injuries, products, and completed operations, with a combined single limit of not less than \$1,000,000 per occurrence;

(3) Automobile Liability Insurance. Latham shall have coverage for automobile liability, including but not limited to comprehensive automobile liability covering all motor vehicles, including owned, leased, nonowned, and hired vehicles, used in providing services under this Agreement, with a combined single limit of not less than \$1,000,000 per occurrence;

(4) Workers' Compensation Insurance: If Latham employs others in the performance of this Agreement, Latham shall have coverage for workers' compensation in accordance with California Labor Code § 3700 and with a minimum of \$1,000,000 per occurrence for employer's liability; and

(5) Such other and further insurance as may be required by law and identified in advance by you to me.

9.3 Other Insurance Requirements. All insurance required by this Agreement shall be self-insured or with a company acceptable to the County and authorized by law 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 two (2) years following the date Latham completes its performance of services under this Agreement or covered by Latham's self-insurance program.

Commercial general liability and automobile liability self-insurance policies shall provide an endorsement naming the County of Monterey, its governing board, officers, agents, and employees as Additional Insureds and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by Monterey County and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by Monterey County's insurance.

**10. Entire Agreement and Miscellaneous.**

You and we understand that this letter constitutes the entire agreement pertaining to the engagement of Latham & Watkins LLP, and that it shall not be modified by any policies, procedures, guidelines or correspondence from you or your representative unless agreed to in writing by Latham & Watkins LLP.

Our relationship with you will be deemed concluded when we have completed our services. In addition, and without limiting the preceding sentence, in the event we have performed no work on your behalf for six consecutive months, you agree that our attorney-client relationship with you will have been terminated.

LATHAM & WATKINS LLP

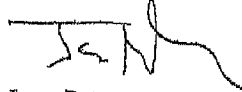
**11. Limitations on law applicability.**

Latham and Monterey County agree that this Agreement is not intended to subject Latham to the requirements of the California Public Records Act, or the open meeting, notice, and other requirements of the California Open Meetings Law (Brown Act), or other similar statutes applicable to state or local agencies to any greater extent than required by law. Latham and Monterey County further agree that this Agreement shall not subject Latham to Monterey County's internal policies and procedures except as set forth specifically in this Agreement.

**12. Approval and Return of Letter.**

If this letter meets with your approval, please sign and return the enclosed copy. We look forward to working with you.

Very truly yours,



Jerry Peters  
of LATHAM & WATKINS LLP

LATHAM & WATKINS LLP

Approval of Engagement

Natividad has read the enclosed letter and agrees to its terms, effective as of the date on which Latham & Watkins LLP first provided services to the County of Monterey.

BY SIGNING THIS LETTER, THE COUNTY OF MONTEREY AGREES TO HAVE ANY ISSUE ARISING OUT OF OR RELATING TO THE SERVICES OF THE LATHAM & WATKINS LLP (INCLUDING ANY CLAIM FOR PROFESSIONAL LIABILITY) DECIDED IN ARBITRATION AND THE COUNTY OF MONTEREY GIVES UP ITS RIGHT TO A JURY OR COURT TRIAL AND ACKNOWLEDGES THE ARBITRATION PROVISION IN SECTION 7 ABOVE.

Date: \_\_\_\_\_, 2010.

The County of Monterey,

By: \_\_\_\_\_  
Charles McKee  
County Counsel for the County of  
Monterey, California

## BUSINESS ASSOCIATE AGREEMENT

This Agreement is made effective April 1, 2010, by and between **MONTEREY COUNTY**, hereinafter referred to as "Covered Entity", and **Latham & Watkins LLP**, hereinafter referred to as "Business Associate", (Individually, a "Party" and collectively, the "Parties").

### WITNESSETH:

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as "the Administrative Simplification provisions," direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule"); and

WHEREAS, the Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, and, pursuant to such arrangement, Business Associate may be considered a "business associate" of Covered Entity as defined in the HIPAA Privacy Rule (the agreement evidencing such arrangement is your engagement letter, dated May \_\_, 2010, with a term of May 1, 2010 through April 30, 2011, and is hereby referred to as the "Arrangement Agreement"); and

WHEREAS, Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement;

THEREFORE, in consideration of the Parties' continuing obligations under the Arrangement Agreement, compliance with the HIPAA Privacy Rule, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Privacy Rule and to protect the interests of both Parties.

### I. DEFINITIONS

Except as otherwise defined herein, any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the HIPAA Privacy Rule, as amended, the HIPAA Privacy Rule shall control. Where provisions of this Agreement are different than those mandated in the HIPAA Privacy Rule, but are nonetheless permitted by the HIPAA Privacy Rule, the provisions of this Agreement shall control.

The term "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including without limitation, demographic, medical and financial information,

## EXHIBIT B

that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

Business Associate acknowledges and agrees that all Protected Health Information that is created or received by Covered Entity and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by Covered Entity or its operating units to Business Associate or is created or received by Business Associate on Covered Entity's behalf shall be subject to this Agreement.

### II. CONFIDENTIALITY REQUIREMENTS

(a) Business Associate agrees;

(i) to use or disclose any Protected Health Information solely:  
(1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom Covered Entity is required to disclose such information or as otherwise permitted under this Agreement, the Arrangement Agreement (if consistent with this Agreement and the HIPAA Privacy Rule), or the HIPAA Privacy Rule, and (3) as would be permitted by the HIPAA Privacy Rule if such use or disclosure were made by Covered Entity;

(ii) at termination of this Agreement, the Arrangement Agreement (or any similar documentation of the business relationship of the Parties), or upon request of Covered Entity, whichever occurs first, if feasible, Business Associate will return or destroy all Protected Health Information received from or created or received by Business Associate on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, Business Associate will extend the protections of this Agreement to the information and limit further uses and disclosures to those purposes that make the return or destruction of the information not feasible; and

(iii) to ensure that its agents, including a subcontractor, to whom it provides Protected Health Information received from or created by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply to Business Associate with respect to such information. In addition, Business Associate agrees to take reasonable steps to ensure that its employees' actions or omissions do not cause Business Associate to breach the terms of this Agreement.

(b) Notwithstanding the prohibitions set forth in this Agreement, Business Associate may use and disclose Protected Health Information as follows:

(i) If necessary, for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that as to any such disclosure, the following requirements are met:



## EXHIBIT B

(A) the disclosure is required by law; or

(B) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached;

(i) for data aggregation services, if to be provided by Business Associate for the health care operations of Covered Entity pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of Protected Health Information by Business Associate with the protected health information received by Business Associate in its capacity as a business associate of another covered entity, to permit data analyses that relate to the health care operations of the respective covered entities.

(c) Business Associate will implement appropriate safeguards to prevent use or disclosure of Protected Health Information other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit Business Associate's records and practices related to use and disclosure of Protected Health Information to ensure Covered Entity's compliance with the terms of the HIPAA Privacy Rule. Business Associate shall report to Covered Entity any use or disclosure of Protected Health Information which is not in compliance with the terms of this Agreement of which it becomes aware. In addition, Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

### III. AVAILABILITY OF PHI

Business Associate agrees to make available Protected Health Information to the extent and in the manner required by Section 164.524 of the HIPAA Privacy Rule. Business Associate agrees to make Protected Health Information available for amendment and incorporate any amendments to Protected Health Information in accordance with the requirements of Section 164.526 of the HIPAA Privacy Rule. In addition, Business Associate agrees to make Protected Health Information available for purposes of accounting of disclosures, as required by Section 164.528 of the HIPAA Privacy Rule.

Nothing in this clause, or elsewhere in this Agreement, shall require or be construed to require Business Associate to violate any local, state, or federal law or regulation, or any ethical obligation or court rule or order.

### IV. TERMINATION

## EXHIBIT B

Notwithstanding anything in this Agreement to the contrary, Covered Entity shall have the right to terminate this Agreement and the Arrangement Agreement immediately if Covered Entity determines that Business Associate has violated any material term of this Agreement. If Covered Entity reasonably believes that Business Associate will violate a material term of this Agreement and, where practicable, Covered Entity gives written notice to Business Associate of such belief within a reasonable time after forming such belief, and Business Associate fails to provide adequate written assurances to Covered Entity that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then Covered Entity shall have the right to terminate this Agreement and the Arrangement Agreement immediately.

### V. MISCELLANEOUS

Except as expressly stated herein or the HIPAA Privacy Rule, the parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section shall survive the expiration, termination, or cancellation of this Agreement, the Arrangement Agreement and/or the business relationship of the parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.

This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the State of California. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the arrangement pursuant to which Business Associate provides services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information.

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall address in good faith such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, after such thirty-day period, the Agreement fails to comply with the HIPAA Privacy Rule, then either party has the right to terminate upon written notice to the other party.

**EXHIBIT B**

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written above.

**COVERED ENTITY:  
MONTEREY COUNTY**

**BUSINESS ASSOCIATE:  
LATHAM & WATKINS LLP.**

By: \_\_\_\_\_

By: J. L. Watkins

Title: Purchasing Manager

Title: Partner

Date: \_\_\_\_\_

Date: 6/18/10



## Verification of Insurance

We, the undersigned Insurance Brokers, hereby verify that Underwriters at Lloyd's and Various Insurance Companies have issued the following described insurance, each for their own part and not one for the other, and which is in force as of the date hereof:

**Issued to:** To Whom It May Concern

**Type of Insurance:** Professional Indemnity Insurance

**Name of Assured:** Latham & Watkins LLP and others, as more fully described in the Primary Policy Wording.

**Policy No.:** QB1202138  
QB1302138

**Insurer:** Underwriters at Lloyd's and Various Insurance Companies

**Period:** 12:01 a.m. October 1, 2012 to 12:01 a.m. October 1, 2014

**Limit:** In excess of \$55,000,000 (Limits shown are as requested)

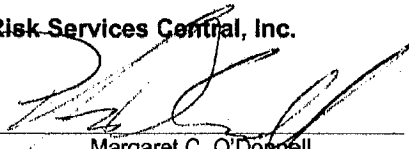
**Geographical  
Limitation:** Worldwide Coverage

Subject to the terms, conditions, exclusions and limitations of the Policy(ies).

This document is furnished as a matter of information only. The issuance of this document does not make the person or organization to whom it is issued an additional Assured, nor does it modify in any manner the contract of insurance between the Assured and the Insurers. Any amendment, change or extension of such contract can only be effected by specific endorsement attached thereto. Portions of this coverage placed with a Bermuda insurer are placed through Aon (Bermuda) Ltd."

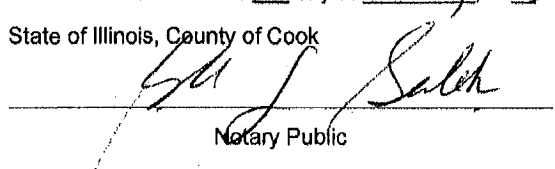
**Aon Risk Services Central, Inc.**

**Per:**

  
Margaret C. O'Donnell  
Senior Managing Director

Sworn to before me this 14<sup>th</sup> day of January, 2013

State of Illinois, County of Cook

  
Notary Public

OFFICIAL SEAL  
GLENDA L. SALEH  
NOTARY PUBLIC - STATE OF ILLINOIS  
MY COMMISSION EXPIRES: 03/27/14

YEAR

2012

**Withholding Exemption Certificate**

CALIFORNIA FORM

**590**

(This form can only be used to certify exemption from nonresident withholding under California R&amp;TC Section 18662. This form cannot be used for exemption from wage withholding.)

File this form with your withholding agent.  
(Please type or print)

Withholding agent's name

Vendor/Payee's name

Latham &amp; Watkins LLP

Vendor/Payee's ☐ Social security number  
☐ SOS. no. ☐ California corp. no. ☒ FEIN**Note:**Failure to furnish your  
identification number will  
make this certificate void.

9 5 - 2 0 1 8 3 7 3

Vendor/Payee's address (number and street)

505 Montgomery Street, 20th Floor

APT. no.

Private Mailbox no.

Vendor/Payee's daytime telephone no.

( 415 ) 395-8160

City

San Francisco

State

CA

ZIP Code

94111

I certify that for the reasons checked below, the entity or individual named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual. Read the following carefully and check the box that applies to the vendor/payee:

☐ **Individuals — Certification of Residency:**

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly inform the withholding agent. See instructions for Form 590, General Information D, for the definition of a resident.

☐ **Corporations:**

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State to do business in California. The corporation will withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California, I will promptly inform the withholding agent. See instructions for Form 590, General Information E, for the definition of permanent place of business.

☒ **Partnerships:**

The above-named partnership has a permanent place of business in California at the address shown above or is registered with the California Secretary of State, and is subject to the laws of California. The partnership will file a California tax return and will withhold on foreign and domestic nonresident partners when required. If the partnership ceases to do any of the above, I will promptly inform the withholding agent. **Note:** For withholding purposes, a Limited Liability Partnership is treated like any other partnership.

☐ **Limited Liability Companies (LLC):**

The above-named LLC has a permanent place of business in California at the address shown above or is registered with the California Secretary of State, and is subject to the laws of California. The LLC will file a California tax return and will withhold on foreign and domestic nonresident members when required. If the LLC ceases to do any of the above, I will promptly inform the withholding agent.

☐ **Tax-Exempt Entities:**

The above-named entity is exempt from tax under California or federal law. The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly inform the withholding agent.

☐ **Insurance Companies, IRAs, or Qualified Pension/Profit Sharing Plans:**

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

☐ **California Irrevocable Trusts:**

At least one trustee of the above-named irrevocable trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly inform the withholding agent.

☐ **Estates — Certification of Residency of Deceased Person:**

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

**CERTIFICATE:** Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided herein is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent.

Vendor/Payee's name and title (type or print) Chief Tax Officer of Latham &amp; Watkins LLP

Vendor/Payee's signature ►

*W. J. Haller Jr.*

Date

4/04/12