



KRIS MAYES  
ATTORNEY GENERAL

OFFICE OF THE ARIZONA ATTORNEY GENERAL  
CIVIL LITIGATION DIVISION

LESLIE KYMAN COOPER  
DIVISION CHIEF COUNSEL  
(602) 542-8312  
LESLIE.COOPER@AZAG.GOV

May 3, 2023

**Via E-Mail**

Scott Summy, Esq.  
Baron & Budd, P.C.  
3102 Oak Lawn Avenue, Suite 1100  
Dallas, TX 75219  
[ssummy@baronbudd.com](mailto:ssummy@baronbudd.com)

Re: Appointment As Outside Counsel

Dear Mr. Summy:

I write to appoint your firm as outside counsel. The effective date of the appointment is April 28, 2023.

Your representation will be to assist the Arizona Attorney General's Office in legal action against the manufacturer(s) of firefighting foam products (known as "aqueous film forming foam" or "AFFF") and/or other products containing perfluoroalkyl substances ("PFAS") (including perfluorooctanoic acid ("PFOA" or "C8"), perfluorooctane sulfonate ("PFOS"), and any other related compounds.

If there is any reason your firm cannot provide legal services in connection with this matter, please contact me immediately.

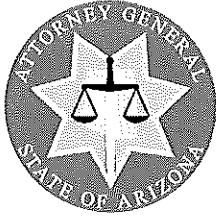
Leslie Cooper will be overseeing this investigation and will be your point of contact regarding this investigation (and any potential litigation). If you have any questions or concerns regarding this appointment, please do not hesitate to contact me.

Sincerely,

Leslie Kyman Cooper  
Division Chief Counsel  
Civil Litigation Division

LKC/dj  
Attachment: Offer and Acceptance AG23-0034

cc: Dan Barr, Chief Deputy  
Cindy Palmer, OPS-PRS, Procurement Manager



OFFICE OF ATTORNEY GENERAL KRIS MAYES  
OPERATIONS DIVISION/PROCUREMENT SECTION

MEMORANDUM

TO: Procurement File #AG23-0034: Outside Counsel Contingency Fee Only  
FROM: Cindy Palmer, Chief Procurement Officer  
DATE: April 28, 2023  
RE: Competition Impracticable in Accordance with A.R.S. § 41-2537

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As per the attached memo a condition exists that makes the competition requirements of the Arizona Procurement Code impracticable, unnecessary or contrary to public interest. As per the memo, competing this project is not feasible per A.R.S. § 41-4802(B). Using another firm only increases the time frame to start the work, will increase the time and effort to bring a new firm up to speed and may result in duplication of work.

For these reasons this procurement is determined competition impracticable in accordance with A.R.S. § 41-2537. A contract advantageous to the Office of the Arizona Attorney General and the State of Arizona shall be negotiated with Baron & Budd, P.C. for this matter.

A handwritten signature in black ink that reads "Cindy Palmer". The signature is written in a cursive, flowing style.

Cindy Palmer  
Chief Procurement Officer



**Kris Mayes**  
Attorney General

**Office of the Attorney General**  
State of Arizona

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**WRITTEN DETERMINATION PURSUANT TO A.R.S. § 41-4802**

This written determination is made by the Arizona Attorney General in accordance with A.R.S. § 41-4802. The Arizona Attorney General has determined that it would be cost effective and in the public interest to engage a private law firm to assist with the Office's litigation of potential Consumer Fraud Act violations in legal action against the manufacturer(s) of firefighting foam products (known as "aqueous film forming foam" or "AFFF") and/or other products containing perfluoroalkyl substances ("PFAS") (including perfluorooctanoic acid ("PFOA" or "C8"), perfluorooctane sulfonate ("PFOS"), and any other related compounds. This litigation involves alleged deceptive and unfair acts and practices relating to contamination of natural resources and property by certain manufacturers through the use of these products.

Pursuant to A.R.S. § 41-4802(B), the Attorney General has also determined that Baron & Budd, P.C. has a developed expertise in this area and requesting proposals from other attorneys is not feasible under the circumstances. Baron & Budd's Environmental Litigation Group has represented hundreds of public entities across the United States whose water, soil, air, and precious natural resources are contaminated with compounds including PCBs, perfluorinated chemicals like PFOA and PFOS, industrial compounds such as PCE and TCE, pesticides like atrazine and 1,2,3-TCP, and gasoline additives such as MTBE. Through litigation, the firm has recovered funds to remove these contaminants from natural resources, drinking water supplies, and property. As such, this firm is uniquely qualified to support the claim this Office is interested in bringing and would be able file suit more quickly and cost efficiently than the Attorney General's Office or any other law firm could. For these reasons, it is advantageous to the State to award the contract to Baron & Budd, P.C. without a competitive bid process.

The Attorney General has determined that it is necessary and appropriate to retain Baron & Budd, P.C. on a contingency fee basis for the reasons that follow.

1. There currently do not exist sufficient and appropriate legal and financial resources within the Attorney General's Office to handle the matter without additional assistance, especially of the matter proceeds to litigation;
2. The time and labor required to perform the necessary legal tasks exceeds or likely soon will exceed the current capacity of the Attorney General's Office without additional assistance, especially of the matter proceeds to litigation;
3. Individual attorneys within the Attorney General's Office possess the skill necessary to initiate and oversee this matter, but given the novelty, complexity, and difficulty of the questions involved and the stakes of investigations, the Office would benefit greatly from the expertise offered by Baron & Budd, P.C.;



**Kris Mayes**  
Attorney General

**Office of the Attorney General**  
State of Arizona


- 
4. The geographic area where the private attorney services are to be provided is primarily in Arizona, although the conduct at issue involves in no small part other jurisdictions and may require significant out-of-state action;
  5. The attorneys of Baron & Budd, P.C have substantial complex environmental litigation experience and currently represent three other states in PFAS litigation; and
  6. The primary purpose of this agreement will be to obtain filtration, remediation, or other environmental treatment, or restitution for consumers, disgorgement, statutory penalties available to the State, costs of suit and investigation, attorney's fees, and any other remedies and relief based on the evidence.

A handwritten signature in black ink, appearing to read "Kris Mayes", is written over a horizontal line.

Kris Mayes  
Attorney General

A handwritten date "April 28, 2023" is written in black ink over a horizontal line.

Date

	<b>STATE OF ARIZONA</b> OFFICE OF THE ATTORNEY GENERAL AGREEMENT	<b>State of Arizona</b> <b>Office of the Attorney General</b> 2005 N Central Ave Phoenix, AZ 85004
	<b>OFFER AND ACCEPTANCE</b> <b>AG23-0034</b>	

**COUNSEL'S OFFER**

**TO THE STATE OF ARIZONA:**

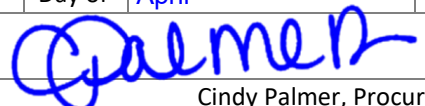
The Undersigned hereby offers and agrees to furnish the material, service or construction in compliance with all terms, conditions, specifications and amendments in the Solicitation and any written exceptions in the offer. Signature also certifies Small Business status.


Baron & Budd, P.C.					
<b>Company Name</b>			<b>Signature of Person Authorized to Sign Offer</b>		
3102 Oak Lawn Avenue, Suite 1100			Scott Summy		
<b>Company Address</b>			<b>Printed Name</b>		
Dallas	Texas	75219	Shareholder		
<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Title</b>		
ssummy@baronbudd.com			214-521-3605	214-520-1181	
<b>Contact Email Address</b>			<b>Phone Number</b>	<b>Fax Number</b>	

**By signature in the Offer section above, the Offeror certifies:**

- The submission of the Offer did not involve collusion or other anticompetitive practices.
- The Offeror shall not discriminate against any employee or applicant for employment in violation of Federal Executive Order 11246, State Executive Order 2009-9 or A.R.S. §§ 41-1461 through 1465.
- The Offeror has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with the submitted offer. Failure to provide a valid signature affirming the stipulations required by this clause shall result in rejection of the offer. Signing the offer with a false statement shall void the offer, any resulting contract and may be subject to legal remedies provided by law.
- The Offeror certifies that the above referenced organization  IS/  IS NOT a small business with less than 100 employees or has gross revenues of \$4 million or less.

**ACCEPTANCE OF OFFER**

Your offer is hereby accepted:					
Counsel is now bound to sell the materials, services or construction listed by the attached contract based upon the solicitation, including all terms, conditions, specifications, amendments, etc., and Counsel's offer as accepted by the Office of the Attorney General.					
Counsel is hereby cautioned not to commence any billable work or provide any material or service under this contract until Counsel receives a purchase order, contract release document or written notice to proceed.					
This Contract shall henceforth be referred to as Contract No.:			<b>AG23-0034</b>		
The effective date of the Contract is:			<b>April 28, 2023</b>		
<b>State of Arizona</b> <b>Office of the Attorney General</b>		Awarded this		28th	Day of April, 2023
					
		Cindy Palmer, Procurement Manager			

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## 1. SCOPE OF WORK

### 1.1. Background

The Office of the Arizona Attorney General (AGO) has the authority to bring actions alleging violations of the Consumer Fraud Act (A.R.S. §44-1521 *et. seq*) and/or other state and federal consumer protection laws. The Civil Litigation Division (CLD) of the AGO works to protect the public from consumer fraud, antitrust and anti-competitive conduct, and related civil litigation matters, as well as to provide advocacy and public education on consumer protection and related issues with an emphasis on fraud and abuse.

### 1.2. Purpose

The purpose of this contract is to retain the law firm of Baron & Budd, P.C to aid the AGO in legal action against the manufacturer(s) of firefighting foam products (known as “aqueous film forming foam” or “AFFF”) and/or other products containing perfluoroalkyl substances (“PFAS”) (including perfluorooctanoic acid (“PFOA” or “C8”), perfluorooctane sulfonate (“PFOS”), and any other related compounds. Legal counsel will bring such action on a contingency fee basis per the terms set forth in this Agreement.

### 1.3. Assignment of Cases

No work, in the name of the Office of the Arizona Attorney General or the State of Arizona shall be undertaken without a written assignment letter or Notice to Proceed from the AGO.

### 1.4. Goals

Litigation on this matter would be brought under the Arizona Consumer Fraud Act, A.R.S. § 44-1521 *et. seq* and/or other state and federal consumer protection and products liability laws and related statutes, as well as under tort theories, on behalf of the State of Arizona. Such litigation would seek to recover monetary damages, civil penalties, disgorgement, restitution, attorneys' fees, costs, potential injunctive relief and other equitable relief, and any other appropriate relief, after consultation with the AGO. The Attorney General will consider seeking all or any combination of these remedies.


### 1.5. Hierarchy

The retention of Outside Counsel under this contract is intended to aid the Attorney General in representing the State of Arizona in the case against the manufacturer(s) of firefighting foam products listed in section 1.2. The AGO will be actively involved in all stages of matters and will be the ultimate decider on all material aspects and issues, including (but not limited to) whether and when to file suit; whom to sue; what claims to assert in any suit; and whether and on what terms to settle or proceed to trial. The AGO shall be co-counsel of record in the litigation.

### 1.6. Scope of Work Tasks

Outside Counsel shall be responsible for the following tasks and shall perform these tasks in accordance with the Method of Approach or other case-plan documents prepared in connection with a particular representation, written assignment letter, or Notice to Proceed.

- 1.6.1. Evaluation of Legality of Practices
- 1.6.2. Decision Process
- 1.6.3. Pre-Litigation Activities

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- 1.6.4. Litigation, including all appeals
- 1.6.5. Litigation Support (including document reviews)
- 1.6.6. Post Litigation Support

## 1.7. Reporting

### 1.7.1. Monthly Reports

Outside Counsel shall prepare and submit monthly reports to the AGO summarizing activities from the previous month and detailing the hours, rates, and costs incurred during that month. Throughout the pendency of this matter, Outside Counsel shall maintain detailed contemporaneous time records for the attorneys and paralegals working on the matter in increments of no greater than one tenth of one hour and shall promptly provide these records to the AGO on request. Where time is spent or expenses are disbursed or incurred by Outside Counsel that also benefit other clients of Outside Counsel in other, similar litigation, only the portion of such time or expenses exclusively allocable to the State in connection with this matter shall be claimed as reasonable expenses of prosecuting the envisioned litigation. The report shall also include activities planned for the upcoming month and budgetary costs associated with these activities. The report shall be due by the seventh day of each month. Reports shall be prepared in a format and of a quality approved by the AGO.

### 1.7.2. Reporting of Related Class Action Litigation

If at any time during the course of a representation Outside Counsel serves as class counsel or files court papers seeking to serve as class counsel in a class action related to the representation or the conduct at issue in the representation, Outside Counsel must immediately notify the AGO of the pertinent class action and Outside Counsel's role or requested role in the class action if Outside Counsel believes that the class action presents a conflict of interest with the representation of the AGO.

## 1.8. Compensation


### 1.8.1. Contingency

Neither the Office of the Attorney General nor the State of Arizona is liable under this Agreement to pay compensation to Outside Counsel other than from a specific fund of monies that is recovered in connection with assigned matters on behalf of the State or its agencies as a result of settlement or judgment related to the representation described in this Agreement.

### 1.8.2. Compensation

- 1.8.2.1. It is agreed that the pre-set, fixed fee ("Fee") to be charged by Outside Counsel in connection with the representation described in this Agreement shall be contingent so that if no recovery is obtained on behalf of the Attorney General or the State of Arizona in this matter, no Fee will be charged by Outside Counsel for the representation. If there is a recovery, the Fee will be based on the contingent fee percentages set forth in A.R.S. § 41-4803, which percentages shall be applied to the gross amount received by settlement, at trial, or on appeal, subject to the following specific limitation: the Fee shall be calculated only based upon the recovery and collection of monetary damages (whether as compensation for out-of-pocket costs incurred, damages for the costs of filtration, remediation, or other environmental treatment, or restitution), exemplary damages, the monetary value of any equitable or injunctive relief, and civil penalties




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pursuant to A.R.S. § 44-1531 or disgorgement pursuant to A.R.S. § 44-1528(A)(3).

- 1.8.2.2. The Fee shall not include costs, except as set forth here. Outside Counsel shall be responsible for paying all internal, litigation-related expenses of Outside Counsel, including (but not limited to) costs related to copies and office supplies, as well as all fees relating to factual discovery and document review, including (but not limited to) document review fees, document hosting and storage fees, and fees related to acquisition of attorney work product from related actions pertinent to factual discovery or review of documents. Fees relating to the engagement and use of expert witness, as well as court fees and appearance fees shall be the responsibility of the State. These fees for which the State will bear ultimate responsibility shall be paid by the State only as follows. Outside Counsel shall advance all such costs and expenses on behalf of the State. Outside Counsel shall not submit to the AGO or the State an invoice for such costs and expenses on an interim basis, but instead shall keep a detailed accounting during the course of the representation (subject to review upon request by the AGO). In the event of any recovery by the State or AGO in connection with this representation, the State agrees that Outside Counsel shall then be paid for all such advanced costs and expenses from the State's share of the recovery. In the event the litigation is dismissed, or the State recovers an amount that does not exceed the reimbursable costs and disbursements detailed above, or the State recovers nothing, or Outside Counsel is terminated without cause, the AGO agrees to seek a legislative appropriation to reimburse reasonable costs. Outside Counsel understands and acknowledges that the AGO's obligation to pay for such costs and expenses under said circumstances is entirely subject to and conditioned upon a legislative appropriation outside the control of the AGO, and Outside Counsel may seek a recovery for such costs and expenses only from funds so appropriated. The State will, however, be responsible for and pay any costs or expenses directly assessed against the State in connection with this representation by a court of competent jurisdiction, such as jury fees and taxable costs of an opposing party.
- 1.8.2.3. Notwithstanding the above, neither the State nor the AGO shall be responsible for sanctions entered against Outside Counsel.

## **1.9. Basis of Compensation**

- 1.9.1. If there is recovery of any kind for the State, the amount of compensation due to Outside Counsel as a Fee shall be paid in an amount no greater than the percentages set forth in A.R.S. §41-4803, with the limitations set forth in the statute not to be exceeded, and the Fee being further subject to judicial approval for reasonableness. The fee shall be calculated only based upon the recovery and collection of monetary damages (whether as compensation for out-of-pocket costs incurred, damages for the costs of filtration, remediation, or other environmental treatment, or restitution), exemplary damages, the monetary value of any equitable or injunctive relief, and civil penalties pursuant to A.R.S. § 44-1531 or disgorgement pursuant to A.R.S. § 44-1528(A)(3).
- 1.9.1.1. Contingency fee maximums are established by A.R.S. §41-4803, the AGO reserves the right to negotiate the rate before assigning a case.
- 1.9.2. A defendant who is "settling" is a defendant who has entered into a written settlement

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agreement with the State of Arizona. The settlement agreement shall determine the compensation as per paragraph 1.12. Settlement below.

- 1.9.3.** The State reserves the right to petition any court before payment to determine reasonableness of attorneys' fees outlined in this Agreement.


**1.10. Challenge to Contingency Fee Arrangements**

- 1.10.1.** The AGO and Outside Counsel agree that the contingent fee provisions set forth in A.R.S. §§ 41-4801 to 41-4805 are valid and govern this agreement. The AGO and Outside Counsel agree that the percentage limitations of A.R.S. § 41-4803 properly apply to the special circumstances of this agreement. The AGO and Outside Counsel further agree that the percentages set forth in A.R.S. § 41-4803 are reasonable and in the public interest.

- 1.10.2.** The AGO and Outside Counsel are aware that defendants may challenge and seek to invalidate or limit this contingency fee arrangement. Any such challenge shall not excuse Outside Counsel's performance under this Agreement. The AGO agrees to join Outside Counsel in opposing any challenge to this contingency fee arrangement. In the event of a successful challenge to this contingency fee agreement, the AGO agrees to join Outside Counsel in arguing to the Court that the contingency fee percentages set forth in A.R.S. § 41-4803 are fair and reasonable for purposes of compensation and a formal attorneys' fees application, and in the event such argument is not successful, then Outside Counsel agrees to and shall continue its representation of the State in the litigation at the following maximum hourly billing rates: for partners, not to exceed \$400 per hour; for associates, not to exceed \$250 per hour; for paralegals, not to exceed \$125 per hour. In such event, these hourly fees shall be contingent upon and payable solely out of any recovery obtained in the litigation. If there is no recovery, Outside Counsel will not be paid for such hourly work. If the recovery is insufficient to pay for such hourly work in full, then any excess remainder hourly fees will not be paid. Outside Counsel shall not submit to the AGO or the State an invoice for such hourly fees on an interim basis. Neither the AGO nor the State is liable under this Agreement to pay compensation of any kind to Outside Counsel, other than from a specific fund of monies that may be recovered on behalf of the State or its agencies as a result of settlement or judgment obtained against the named defendants in the litigation. In the alternative, in the event of a successful challenge to this contingency fee agreement, the AGO or the State, in their sole discretion, may terminate this contract and discharge Outside Counsel from any further representation of the State in the litigation.

- 1.10.2.1.** The hourly rates established above are maximum rates and may be negotiated before assigning a case.

- 1.10.3.** Notwithstanding anything to the contrary in this paragraph, in the event the litigation is dismissed, or the State recovers an amount that does not exceed the hourly billings of Outside Counsel, or Outside Counsel is terminated without cause, the AGO, in its sole discretion, may seek a legislative appropriation to reimburse the hourly billings of Outside Counsel. Outside Counsel understands and acknowledges that the AGO's obligation to pay for such costs and expenses under said circumstances is entirely subject to and conditioned upon a legislative appropriation outside the control of the AGO and Outside Counsel may seek a recovery for such costs and expenses only from funds so appropriated.

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**1.10.4.** Furthermore, in no event shall the State be required to pay a contingent fee or hourly fee that is unreasonable under the circumstances.

**1.11. Court Awarded Attorney Fees**

The State intends to seek an award from a court of fees and costs for prosecution of the case. In addition to maintaining detailed contemporaneous time records for the attorneys and paralegals working on this matter in increments of no greater than one tenth of one hour, as set forth above, Outside Counsel shall further ensure that these time records are in a format sufficient to support a court-imposed attorneys' fee award based on those records, including, but not limited to, ensuring the use of the type of specific, detailed billing in an itemized fashion (with no use of block billing) that is required to support an attorneys' fee application in Arizona courts.


Should the court award attorney fees and costs to the State, such amounts will be retained by the State to offset some or all of the fees paid to Outside Counsel under this Agreement.

**1.12. Settlement**

This compensation agreement applies to any partial or total settlement of the matter that is the subject of this representation. In addition, in the event the AGO enters into a partial settlement against the advice of Outside Counsel, Outside Counsel agrees to and shall continue its representation of the State in the litigation against the remaining defendants and to be compensated in accordance with paragraphs 1.8 and 1.9 and 1.10 above. In the event, the AGO enters into a settlement against the advice of Outside Counsel, and such settlement completely resolves the litigation, Outside Counsel agrees to and will be compensated in accordance with paragraphs 1.8 and 1.9 and 1.10 above.

**1.13. Advance Payment Prohibited**

No payment in advance or in anticipation of services or supplies under this contract shall be made by the AGO.

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## 2. SPECIAL TERMS AND CONDITIONS

### 2.1. Contract

Authority to Contract: This Contract is issued for the AGO in accordance with A.R.S. § 41-2538.

### 2.2. Contract Type/Compensation

Contingency Fee.

### 2.3. Term of Contract

- 2.3.1. The term of the Contract shall commence upon award and shall remain in effect for a period of one year thereafter unless terminated, canceled or extended pursuant to the terms herein.
- 2.3.2. This contract may be extended by written amendment for an additional 48 months after the original award.
- 2.3.3. Should a case be appointed under this contract, the term of the Contract shall extend from the date of appointment through the term of Litigation unless terminated pursuant to the terms herein, whether the original contract is extended by written amendment or not.

### 2.4. Termination without Cause


The AGO may terminate this Agreement without cause and without penalty upon at least thirty (30) days written notice to Outside Counsel. At the conclusion of the litigation, Outside Counsel terminated without cause will be entitled to be reimbursed for reasonable out-of-pocket costs in accordance with paragraph 1.8 above. In any contract with substitute counsel, the AGO will require substitute counsel to share on a pro-rata basis with counsel terminated without cause any attorneys' fees recovered, according to each counsel's reasonable percentage of time and work spent on the litigation, or as otherwise agreed to by substitute counsel and terminated counsel. Substitute counsel's obligation to share fees with Outside Counsel will only arise at the conclusion of the litigation if there is a recovery by settlement or judgment.

### 2.5. Termination with Cause

The AGO may terminate this Agreement for cause if Outside Counsel breaches any material terms or conditions of this Agreement or fails to perform or fulfill any material obligation under this Agreement or negligently pursues the litigation so as to cause harm to the State. Outside Counsel shall be provided written notice of termination. The AGO may further terminate this Agreement and end any representation for cause upon receipt of a notification from Outside Counsel pursuant to paragraph 1.7.2, or upon the AGO otherwise learning that Outside Counsel serves as class counsel or is seeking to serve as class counsel in a class action related to the representation or the conduct at issue in the representation under this Agreement. If Outside Counsel is terminated for cause, Outside Counsel shall not be entitled to compensation or reimbursement of any kind under this Agreement.

### 2.6. Documents Incorporated by Reference

The State of Arizona's Uniform Instructions to Offerors and Uniform Terms and Conditions are incorporated into this Contract. Offerors are encouraged to obtain these documents. Offerors may obtain copies by visiting the Arizona State Procurement Office (SPO) web site at: <https://spointra.az.gov/resources/standard-forms->

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[and-documents](#) or by calling the Office of the Attorney General, Procurement at (602) 542-7986.

**2.7. Non-Exclusive Contract**

The State has the right to procure the services listed herein from attorneys other than those assigned pursuant to this agreement.

**2.8. Ownership of Materials**

All materials, documents, deliverables and/or other products of the Contract (including but not limited to work plans, reports, etc.) shall be the sole, absolute and exclusive property of the AGO, free from any claim or retention of right on the part of the Outside Counsel, its agents, subcontractors, officers or employees.

**2.9. Outside Counsel Responsibilities**

**2.9.1. Outside Counsel**


A “team arrangement” or “multiple firm arrangement” may be proposed, but must be proposed as an Outside Counsel/Co-Counsel relationship. A firm must be designated as Outside Counsel. Outside Counsel shall be responsible for all contractual obligations and the management of all “Co-Counsels”. Outside Counsel shall also be responsible for and agrees to be liable for any acts or omissions of Co-Counsel in the carrying out of its duties on behalf of the State. The AGO will not become part of any negotiations between Outside Counsel and Co-Counsel or accept any invoices from Co-Counsel. Any agreement between Outside Counsel and Co-Counsel shall include provisions indicating that the AGO and the State of Arizona are not third-party beneficiaries of such agreement and that Co-Counsel is not a third-party beneficiary of this Agreement. A Proposal that reflects a teaming arrangement designating more than one entity as a cosigner of the proposal will not be accepted.

**2.9.2. Key Personnel**

It is essential that the Outside Counsel provide an adequate staff of experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this Contract. Outside Counsel must assign specific individuals to key positions. Outside Counsel agrees and understands that this Agreement is predicated, in part and among other considerations, on the utilization of the specific individual(s) and/or personnel qualification(s) as identified and/or described in the Outside Counsel’s proposal. Outside Counsel shall bear all transitional expenses incurred for any costs associated with removing or replacing Key Personnel who are performing work under this Contract. Outside Counsel agrees to reveal its staffing levels by function, including resumes, upon request by the AGO at any time during the performance of this Contract.

**2.9.3. Lead Counsel**

Outside Counsel shall name an individual as the Lead Counsel for the outside counsel team. This individual shall be considered a Key Personnel as defined in this contract. The Outside Counsel shall provide the Lead Counsel’s complete address, e-mail address and telephone and Fax numbers. The Lead Counsel shall be the company representative to whom all correspondence, official notices, and requests related to the project shall be addressed. If a firm joins together with another firm or firms, the firms shall name only one Lead Counsel.

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**2.9.4. Other Key Personnel**

Outside Counsel should provide the name of any other individual who will perform duties to directly support the person offered as the Lead Counsel. The crucial duties this individual will perform should be identified.

**2.9.5. Removal of Outside Counsel's Employees**

The AGO may require the Outside Counsel to remove from an assignment employee(s) who endanger persons, property or whose continued employment under this Contract is inconsistent with the interests of the AGO.

**2.9.6. Availability of Outside Counsel**

The Outside Counsel shall be available immediately upon receipt of the Notice to Proceed and remain available to the AGO throughout the period of performance as stated in the Contract.

**2.9.7. Submission of Electronic Deliverables**

At the request of the AGO, the Outside Counsel shall submit electronic deliverables. All electronic deliverables shall be in format compatible with AGO software. The AGO currently uses the MS Office 2010 suite of products (e.g. docx, xlsx, and pptx) and Adobe Acrobat Pro X (e.g. pdf) software, other formats may be considered. Electronic Deliverables shall be treated with confidentiality and provided through encrypted e-mail, the AGO file share website (<https://agfileshare.azag.gov>), encrypted hard drive, or encrypted flash drive.

**2.10. Oversight and Draft Document Review**

**2.10.1. Oversight**

The retention of Outside Counsel is intended to aid the Attorney General in representing the State of Arizona in a major matter. The AGO will be actively involved in all stages of this matter and deciding all major issues, including whether to file suit, when to file suit, who to file suit against, approval of the asserted claim or claims and whether and on what basis to settle or proceed to trial. Outside Counsel shall acknowledge and defer to the Attorney General for direction and decisions.


**2.10.2. Review of Services**

The AGO reserves the right to review all and every part of the Services during performance or after completion as the AGO may see fit. If the Services or any part thereof have not been performed in accordance with this Agreement to the satisfaction of the Attorney General, the AGO may order that no further services be performed and may reject and refuse to pay for any improperly performed services and shall fully comply with all the requirements set forth in A.R.S. § 41-4803(C) and elsewhere.

**2.10.3. Draft Document Review**

Prior review of all documents is required to assure the AGO approval of the information, content and completeness. Documents for prior review shall include all pleadings, petitions, findings and any other document produced in the pursuit of a representation undertaken pursuant to this Agreement. All draft deliverables and other materials developed by the Outside Counsel as part of a representation under this Agreement shall be reviewed and approved in writing by the AGO prior to finalizing the material. Outside Counsel shall promptly provide, in final form, the designated assistant attorney general with copies of all pleadings, discovery requests and responses, and relevant correspondence



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related to the Litigation.

**2.10.4. Settlements/Compromises**

All offers of compromise shall be promptly transmitted to the Attorney General together with Outside Counsel's recommendation.

**2.10.5. Depositions**

Notices of depositions of State of Arizona employees filed by any party must be submitted to the Attorney General immediately upon Outside Counsel's receipt to make necessary arrangements for their testimony. Summaries of all depositions will be supplied by the assigned counsel from the AGO on conclusion of the deposition. The AGO may request the presence of a State of Arizona employee at one or more depositions.

**2.10.6. Testimony**


Should Outside Counsel be required to testify at any judicial, legislative, or administrative hearing concerning matters in any way related to the Services performed on behalf of the State of Arizona under this Agreement or an engagement undertaken pursuant to this Agreement, Outside Counsel shall immediately supply to the Attorney General or his designated representative in writing all information likely to be disclosed at said hearing as well as Outside Counsel's position thereon. Should Outside Counsel be required by a third party to testify at any judicial, legislative or administrative hearing not specified in this Agreement but concerning PFAS litigation undertaken pursuant to this Agreement or an engagement undertaken pursuant to this Agreement, Outside Counsel shall immediately notify the Attorney General or his designated representative in order to enable State of Arizona representatives to attend and participate.

**2.10.7. Media**

Outside Counsel should, in the absence of direction in writing from the AGO, refrain from making any statement to a member of the media related to any representation of the State of Arizona entered into under this Agreement. Should Outside Counsel be asked to give a statement to the media related to any representation entered into under this Agreement or the subject matter of a representation entered into under this Agreement, Outside Counsel shall immediately refer the inquiry to the AGO, unless otherwise directed in writing by the AGO.

**2.10.8. Privileged Communications**

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

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position thereon.

**2.11. Records**

Pursuant to A.R.S. §§35-214, 35-215, and 41-4803, Outside Counsel shall retain and shall contractually require each Subcontractor to retain books, records, documents and other evidence pertaining to the acquisition and performance of the Contract, hereinafter collectively called the “records,” to the extent and in such detail as will properly reflect all net expenses, disbursements, charges, credits, receipts, invoices, and costs, direct or indirect, of labor, materials, equipment, supplies and services and other costs and expenses of whatever nature for which payment is made under the Contract. Outside Counsel shall agree to make available at the office of the Outside Counsel at all reasonable times during the period, as set forth below, any of the records for inspection, audit or reproduction by any authorized representative of the State or AGO. In coordination with the AGO, Outside Counsel shall preserve and make available the records for a period of five years from the date of final payment under the Contract and for such period, if any, as is required by applicable statute. If the Contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any resulting final settlement.

**2.12. Professional Responsibility**

**2.12.1. General**

Outside Counsel shall use best efforts to perform and complete the Services in accordance with the provisions of this Agreement. Best efforts shall be considered those efforts which a skilled, competent, experienced, and prudent legal professional would use to perform and complete the requirements of this Agreement in a timely manner, exercising the degree of skill, care, competence, and prudence customarily imposed on a legal professional performing similar work.

**2.12.2. Conflict of Interest/Litigation against the State of Arizona**

2.12.2.1. Conflicts

Outside Counsel shall advise the Attorney General of any perceived conflict. This duty shall extend throughout the performance of this contract when a conflict or perceived conflict becomes known to the Outside Counsel. Whether the conflict is remote or disqualifying will be the Attorney General’s decision.


2.12.2.2. Related Class Action Litigation As Conflict

Service as class counsel or seeking through the filing of court papers to serve as class counsel in a class action related to a representation under this Agreement or the conduct at issue in a representation under this Agreement may qualify as a Conflict of Interest. Outside Counsel will notify the AGO if any class action representation may present a conflict of interest with Outside Counsel’s representation of the AGO.

2.12.2.3. Litigation against the State of Arizona

Outside Counsel is retained only for the purposes and to the extent set forth in this Agreement. Outside Counsel shall be free to dispose of such portion of his entire time, energy, and skill not required to be devoted to the State of Arizona in such manner as he sees fit and to such persons, firms, or corporations as he deems advisable, but shall not engage in private litigation against the



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State of Arizona at the same time Outside Counsel accepts appointments representing the State of Arizona pursuant to this Agreement unless such litigation does not present an ethical conflict of interest, and a written waiver is first obtained from the Attorney General. Outside Counsel shall disclose to the State of Arizona, in the proposal as well as in connection with a particular representation, written assignment letter, or Notice to Proceed, all litigation, claims and matters in which Outside Counsel represents parties adverse to the State of Arizona. If Outside Counsel is selected to contract with the State of Arizona pursuant to the Agreement, Outside Counsel shall have a continuing duty to disclose such information.

2.12.2.3.1. Request for Waiver of Conflict Form

A Request for Waiver of Conflict Form must be submitted in writing either by mail, e-mail, or transmitted by fax to the AZ Attorney General’s Office. Normal response time is approximately 5-7 business days. Expedited requests will be considered with a valid written justification. One request form is expected for each case submitted for consideration.

Contact: Vanessa Hickman, Chief Counsel, State Government Division  
Mailing Address: 2005 N Central Ave, Phoenix, AZ 85004  
E-mail: [WaiverRequests@azag.gov](mailto:WaiverRequests@azag.gov) cc: [Vanessa.Hickman@azag.gov](mailto:Vanessa.Hickman@azag.gov)  
E-mail Subject Line: Waiver Request


2.12.2.3.2. Form Availability

The Request for Waiver of Conflict Form will be provided upon contract award and also is available online at [www.azag.gov/procurement](http://www.azag.gov/procurement).

**2.13. Indemnification Clause**

To the fullest extent permitted by law, Outside Counsel shall defend, indemnify, and hold harmless the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as “Indemnitee”) from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys’ fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as “Claims”) for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of Outside Counsel or any of its owners, officers, directors, agents, employees or subcontractors. This indemnity includes any claim or amount arising out of, or recovered under, the Workers’ Compensation Law or arising out of the failure of such Outside Counsel to conform to any federal, state, or local law, statute, ordinance, rule, regulation, or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by Outside Counsel from and against any and all claims. It is agreed that Outside Counsel will be responsible for primary loss investigation, defense, and judgment costs where this indemnification is applicable. In consideration of the award of this contract, the Outside Counsel agrees to waive all rights of subrogation against the State of Arizona, its officers, officials, agents, and employees for losses arising from the work performed by the Outside Counsel for the State of Arizona.

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

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**2.14. Insurance Requirements**

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

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

**2.15. Minimum Scope and Limits of Insurance**

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

**2.15.1. Commercial General Liability (CGL) – Occurrence Form**

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

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


- a. The policy shall be endorsed, as required by this written Agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by or on behalf of the Outside Counsel.
- b. Policy shall contain a waiver of subrogation endorsement, as required by this written Agreement, in favor of the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees for losses arising from work performed by or on behalf of the Outside Counsel.

**2.15.2. Business Automobile Liability**

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

- Combined Single Limit (CSL) \$1,000,000
- a. Policy shall be endorsed, as required by this written Agreement, to include the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as additional insureds with respect to liability arising out of the activities performed by, or on behalf of, the Outside Counsel involving automobiles owned, hired and/or non-owned by the Outside Counsel.
  - b. Policy shall contain a waiver of subrogation endorsement as required by this written Agreement in favor of the State of Arizona, and its departments, agencies, boards,



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right to increase the minimum insurance requirements set forth in 2.16 before a case is assigned.

**2.18. Notice of Cancellation**

Applicable to all insurance policies required within the Insurance Requirements of this Contract, Outside Counsel’s insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without thirty (30) days prior written notice to the State of Arizona. Within two (2) business days of receipt, Outside Counsel must provide notice to the State of Arizona if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly by mail or hand delivery to: Office of the Arizona Attorney General, Procurement Section, 2005 N Central Ave, Phoenix, AZ 85004 or emailed to: procurement@azag.gov, or sent by facsimile transmission to Procurement at: 602-251-2285.

**2.19. Acceptability of Insurers**

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

**2.20. Verification of Coverage**

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


All such certificates of insurance and policy endorsements must be received by the State before work commences. The State’s receipt of any certificates of insurance or policy endorsements that do not comply with this written Agreement shall not waive or otherwise affect the requirements of this Agreement.

Each insurance policy required by this Contract must be in effect at, or prior to, commencement of work under this Contract. Failure to maintain the insurance policies as required by this Contract, or to provide evidence of renewal, is a material breach of contract.

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

**2.21. Subcontractors**

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

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**2.22. Approval and Modifications**

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

**2.23. Exceptions**

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

**2.24. Termination at Will**


At the sole discretion of the AGO, the AGO may terminate this Contract at any time, or may terminate all or any portion of the Services not then completed by giving the other party written notice of termination. Upon receipt of notice of termination, Outside Counsel, unless the notice requires otherwise, shall discontinue performance of the Services on the date and to the extent specified in the notice, except those Services necessary to preserve and protect the work product of the Services already performed, and otherwise minimize costs to the State.

**2.25. Offshore Performance of Work Prohibited**

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

**2.26. Notices, Correspondence and Invoices from Outside Counsel to the AGO shall be sent to:**

State of Arizona  
 Office of the Arizona Attorney General  
 Civil Litigation Division  
 2005 N Central Ave  
 Phoenix, AZ 85004


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### 3. Rate Schedule

The contingency fee received by this state's private attorney shall not exceed fifty million dollars, except for reasonable costs and expenses and regardless of the number of lawsuits filed or the number of private attorneys retained to achieve the recovery. Rates below are the maximum allowed and may be negotiated on a case by case basis.

Item #	Description
1	Not to exceed Twenty-five per cent of the initial recovery of less than ten million dollars.
2	Not to exceed Twenty per cent of that portion of any recovery of ten million dollars or more but less than fifteen million dollars.
3	Not to exceed Fifteen per cent of that portion of any recovery of fifteen million dollars or more but less than twenty million dollars.
4	Not to exceed Ten per cent of that portion of any recovery of twenty million dollars or more but less than twenty-five million dollars.
5	Not to exceed Five per cent of any recovery of twenty-five million dollars or more.

Hourly Rate Schedule			
The Hourly Rate Schedule shall be governed by the provisions of Paragraph 1.10.			
Item	Description	Maximum Rate	Hourly Rate Offered (Not to Exceed Rate)
1	Partner	\$400.00	
2	Associate	\$250.00	
3	Paralegal	\$125.00	

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**Standard Contract Addendum for All Office of the Arizona Attorney General Contingency Fee Contracts as Per A.R.S. §41-4803**

(This addendum is added as a part of this contract in accordance with A.R.S. §41-4803. These requirements are minimum and may be superseded by other statutory requirements listed within this Agreement.)

A. This state may not enter into a contingency fee contract that provides for this state's private attorney to receive a contingency fee from this state's portion of the recovery in excess of an aggregate of all of the following:

1. Twenty-five per cent of the initial recovery of less than ten million dollars.
2. Twenty per cent of that portion of any recovery of ten million dollars or more but less than fifteen million dollars.
3. Fifteen per cent of that portion of any recovery of fifteen million dollars or more but less than twenty million dollars.
4. Ten per cent of that portion of any recovery of twenty million dollars or more but less than twenty-five million dollars.
5. Five per cent of any recovery of twenty-five million dollars or more.

B. The contingency fee received by this state's private attorney shall not exceed fifty million dollars, except for reasonable costs and expenses and regardless of the number of lawsuits filed or the number of private attorneys retained to achieve the recovery.


C. The state shall not enter into a contract for contingency fee attorney services unless the following requirements are met throughout the contract period and any extensions of the contract:

1. A government attorney retains ultimate control over the course and conduct of the case.
2. A government attorney with supervisory authority is personally involved in overseeing the litigation.
3. A government attorney retains veto power over any decisions made by the private attorney.
4. Any defendant's attorney that is the subject of the litigation may contact the lead government attorney directly without having to confer with the private attorney.
5. A government attorney with supervisory authority for the case attends all settlement conferences. For the purposes of this paragraph, "attends" includes attendance by phone, teleconferencing or similar electronic devices.
6. Decisions regarding settlement of the case may not be delegated to this state's private attorney.

D. The attorney general shall develop a standard addendum to every contract for contingent fee attorney services that the attorney general must use in all cases, describing in detail what is expected of both the contracted private attorney and this state, including the requirements prescribed in subsection C.

E. The attorney general shall post copies of any executed contingency fee contract and the attorney general's written determination to enter into a contingency fee contract with the private attorney on the attorney general's website for public inspection within five business days after the date the contract is executed, which shall remain posted on the website for the duration of the contingency fee contract, including any extensions or



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amendments of the contract, unless the attorney general determines that the posting may cause damage to the reputation of any business or person. Notwithstanding the requirements of this subsection, posting on the website shall be made no later than when a lawsuit is filed. The attorney general shall post any payment of contingency fees on the attorney general's website within fifteen days after the payment of the contingency fees to the private attorney, which shall remain posted on the website for at least three hundred sixty-five days thereafter.

F. Any private attorney under contract to provide services to this state on a contingency fee basis, from the inception of the contract until at least four years after the contract expires or is terminated, shall maintain detailed current records, including documentation of all expenses, disbursements, charges, credits, underlying receipts and invoices and other financial transactions that concern the provision of the attorney services. The private attorney shall make all the records available for inspection and copying on request pursuant to title 39, chapter 1, article 2. The private attorney shall maintain detailed contemporaneous time records for the attorneys and paralegals working on the matter in increments of no greater than one tenth of one hour and shall promptly provide these records to the attorney general on request.

G. This chapter does not apply to any contingent fee contract in which this state hires a private attorney to pursue debt collection and restitution cases for this state.