



April 10, 2014

VIA EMAIL

Liz Baxter (liz@ophi.org)
Chair, Board of Directors
Cover Oregon
16760 SW Upper Boones Ferry Rd.
Suite 200 |
Durham, OR 97224

Re: Retention of Clyde A. Hamstreet & Associates

Dear Ms. Baxter:

1. Introduction

This letter confirms that we, Clyde A. Hamstreet & Associates, LLC (“Hamstreet, LLC”) and Clyde Hamstreet individually (“Clyde Hamstreet”), have been retained by you, the Oregon Health Insurance Exchange Corporation (commonly known as Cover Oregon, a public corporation performing governmental functions), to provide certain financial, advisory and restructuring services (the “Services”) set out below, to you and your entities (collectively, the “Corporation” or “Cover Oregon”). As used herein, “you,” “your” and related terms will refer to the Corporation, “we,” “ours” and “us” and related terms will refer to Hamstreet). As also used herein “Hamstreet” refers to Hamstreet, LLC and Clyde Hamstreet collectively) This letter of engagement, the attached Schedules and the related Terms and Conditions constitute the entire engagement agreement (this “Agreement” or the “Contract”) pursuant to which such Services will be provided.

2. Scope of Services

The Corporation’s board of directors (the “Board”) has delegated to Clyde Hamstreet the powers and duties of the Executive Director of the Corporation and Hamstreet will perform those powers and duties subject to the terms and conditions of this Contract.

At the Board’s direction, the scope of Services to be performed by Hamstreet, LLC will be related to assisting the Corporation organizational, financial and restructuring efforts that the Board requests from time to time. The Services, which are more fully outlined on Schedule A, are subject to change as mutually agreed between us.

3. Fees and Expenses

Compensation for Services. As compensation for providing Services hereunder, the Corporation shall pay Hamstreet non-refundable professional fees based on an hourly rate schedule and the level of staff required to complete our Services plus reasonable out-of-pocket expenses. The scope of our Services, as well as the complexity and length of this project will be based on those tasks required and approved by the Corporation

Hamstreet's current hourly rate schedule is set forth on Schedule B. Hourly rates are generally reviewed and revised effective January 1 of each year. Services will be charged at the rates that are in effect at the time the Services are rendered. Adjustments to rates by classification shall be limited to once in any calendar year. Hamstreet shall provide 30 days written notice to Corporation of any increase in rates. Note that Hamstreet does not provide any assurance regarding the outcome of our work and our fees will not be contingent on the results of such work.

Monthly, Hamstreet shall issue invoices to Cover Oregon no later than the 5th of each month for professional services performed during the prior period and the Corporation shall pay the applicable fees for such professional services. Invoices shall be reviewed and approved by the Cover Oregon Board or Board member designee prior to payment. Invoices shall contain an itemized listing of the Work performed and/or delivered during the time period for which payment is sought, be accompanied by a progress report detailing the Work achieved during the invoice period, include the total payment requested by Hamstreet for such Work, the date(s) on which such Work was performed and/or delivered, the date Hamstreet issued the invoice, and the Contract number pursuant to which the Work was performed. Hamstreet shall email all invoices for payment and required progress reports to Cover Oregon at contracts@coveroregon.com. Cover Oregon will pay approved invoices received from Hamstreet within 30 days of receipt and approval thereof by Cover Oregon, without waiving any and all rights and remedies that may be available to Cover Oregon in accordance with federal, state, and/or local law. Notwithstanding, the foregoing or any other provision of this Contract, Cover Oregon may withhold payment or offset payment for erroneous invoices or for Services that do not meet the requirements and warranties of this Contract.

Hamstreet requests an initial retainer of \$40,000.00 (the "Retainer"), which shall be paid by the Corporation prior to commencement of this engagement or within seven (7) days of the date hereof. Hamstreet will deposit the Retainer in its client deposit account and will withdraw amounts from the Retainer only in order to return it to Corporation or to apply it to amounts due to Hamstreet under this Agreement. If Corporation pays an invoice from Hamstreet after Hamstreet has applied funds from the Retainer to amounts due under that invoice, Hamstreet will deposit the lesser of the amount of the payment made or the amount withdrawn from the Retainer to its client deposit account. The Retainer is not intended to be an estimate for the total cost of the work to be performed.

Cover Oregon will not pay for any work performed by Hamstreet pursuant to the Contract prior to the date this Contract becomes effective, nor will Cover Oregon pay Hamstreet for any work it

may perform after the date this Contract expires or is otherwise terminated in accordance with the terms and provisions set forth herein. The maximum, not-to-exceed compensation payable to Hamstreet under this Contract, which includes any allowable expenses, is \$100,000.00. If the maximum compensation is increased by amendment of this Contract, the amendment must be fully effective before Hamstreet performs any additional work subject to the amendment.

Hamstreet reserves the right to suspend further Services until such time as payment is received on past due invoices. In the event that Hamstreet suspends its Services as permitted in this paragraph, Hamstreet shall not be responsible or liable for any resulting loss, damage or expense due to such suspension.

Out-of-Pocket Expenses. The Corporation agrees to reimburse Hamstreet for reasonable out-of-pocket expenses that are incurred in performing Services hereunder. Reimbursable expenses include, but are not limited to, airfare, meals, and hotel accommodations and other similar costs and expense. The reasonable fees and expenses of attorneys consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses. Services of other third parties consulted or engaged by Hamstreet to assist it under this Agreement shall be reimbursable expenses provided that such consultation or engagement has been approved by the Corporation. Hamstreet will not charge any markup, overhead, profit or other fees on the reimbursable expenses.

4. Limitations on Services

Hamstreet's Services are limited to those specifically described in this Agreement. Except as specifically described in Schedule A, Hamstreet's Services do not include accounting or tax related assistance or advisory services. Hamstreet will not be expressing any professional opinions on financial statements or performing attest procedures with respect to other information in conjunction with this engagement. Hamstreet's Services are not designed, nor should they be relied on, to disclose weaknesses in internal controls, financial statement errors, irregularities, or illegal acts. We will, however, inform you of any material irregularities or improper acts that come to our attention.

Notwithstanding anything in the Agreement to the contrary, Hamstreet's Services shall specifically exclude any services that would cause Hamstreet or any of the individuals listed on Schedule B to be a fiduciary within the meaning of the Employee Retirement Security Act of 1974, as amended ("ERISA"). Such excluded services include, but shall not be limited to, (i) the exercise of discretionary authority or control with respect to the management of any Corporation plan that is subject to ERISA ("ERISA Plans") or the management or disposition of its assets; (ii) the rendering of investment advice for a fee or other compensation, direct or indirect, with respect to any moneys or other property of Corporation's ERISA Plans, or the authority or responsibility to do so; or (iii) the discretionary authority or discretionary responsibility in the administration of any of Corporation's ERISA Plans. In no event shall Hamstreet or any of the individuals listed on Schedule B become a named fiduciary with respect to any ERISA Plans.

5. Terms and Conditions

The attached Terms and Conditions set forth the duties of each party with respect to the Services. Further, this letter, the attached Schedules and the Terms and Conditions attached comprise the entire Agreement for the provision of the Services and they supersede all previous proposals, letters of engagement, undertakings, agreements, understandings, correspondence and other communications, whether written or oral, regarding the Services.

6. Personnel Issues

Clyde Hamstreet will coordinate all engagement matters on behalf of Hamstreet. All of Hamstreet, LLC employees, contractors and agents furnished by Hamstreet, LLC to perform the Services (collectively, "Hamstreet, LLC Personnel") are and will remain Hamstreet's agents and, under no circumstances, will any Hamstreet LLC Personnel be deemed to be Corporation's employees. Hamstreet, LLC is solely responsible, at Hamstreet, LLC's sole cost and expense, for (i) the fulfillment of all obligations to Hamstreet, LLC Personnel and (ii) the compliance by Hamstreet, LLC and Hamstreet, LLCs Personnel with this Agreement and all laws, regulations, orders and other governmental requirements applicable to performance of the Services. Hamstreet, LLC will require all Hamstreet, LLC Personnel who are performing any work on the Cover Oregon's premises to comply with all of Cover Oregon's regulations and policies as provided in writing by the Corporation to Hamstreet.

During the term of this engagement, and for a period of one year following its termination, the Corporation agrees that it will not directly solicit, employ or otherwise engage any Hamstreet Personnel (including former Hamstreet Personnel). Subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act, the Corporation further agrees that any violation of this Section 6 shall result in liquidated damages in the amount of 25% of the hired person's total compensation during their first year of employment by Corporation. Payment of liquidated damages for violation of this Section 7 may be billed and shall be payable as an additional reimbursable expense under this Agreement and shall not be subject to any requirement of advance authorization by Corporation or any other limitation that may apply to other fees and expenses payable to Hamstreet, LLC under this Agreement.

7. Acknowledgement and Acceptance

Please acknowledge your acceptance of the terms of this Agreement by signing both the confirmation below and the attached Terms and Conditions and returning a copy of each to us at the above address. This Agreement will become effective when (i) it has been duly executed by or on behalf of each party, (i) signed counterparts have been delivered to both parties, and (iii) the Retainer required by Section 3 above has been paid by the Corporation to Hamstreet. Electronic transmission of a signed signature page will be the same as delivery of a manually signed counterpart hereof.

If you have any questions regarding this Agreement, the Schedules or the attached Terms and Conditions, please do not hesitate to contact me at (503) 223-6222.

Yours faithfully,

CLYDE A. HAMSTREET & ASSOCIATES, LLC

By: _____
Clyde Hamstreet
Managing Member

CLYDE A. HAMSTREET, in his individual capacity

OREGON HEALTH INSURANCE EXCHANGE CORPORATION, an Oregon Public Corporation

By: _____
Liz Baxter, Chair
Board of Directors

Attachment – Terms and Conditions
Schedule A – Services
Schedule B – Hourly Rates



**CLYDE A. HAMSTREET & ASSOCIATES, LLC
TERMS AND CONDITIONS**

The following are the Terms and Conditions on which Hamstreet will provide the Services to the Corporation set forth within the attached letter of engagement dated as of April 1, 2014 (together with the Schedules thereto, this "Agreement"). Capitalized terms used herein shall have the meanings given them in the letter of engagement unless otherwise defined herein.

This Contract is effective on the date it has been fully executed by each and every party hereto. Unless otherwise extended or terminated earlier in accordance with its terms, this Contract shall expire on July 1, 2014. Contract termination shall not extinguish or prejudice Cover Oregon's right to enforce this Contract with respect to any default by Hamstreet that has not been cured.

1. Work Product

1.1 Deliverables. Materials or reports prepared in connection with Hamstreet's engagement hereunder ("Deliverables") may contain factual data, the interpretation of which may change over time as more information becomes available. Except as specifically directed by the Board, it is understood and acknowledged that Hamstreet shall not have an obligation to update the Deliverables as part of its Services hereunder in the event of such a change. Hamstreet will communicate its findings and observations, together with any recommendations, solely to the Corporation unless otherwise directed by the Corporation. Any decisions to implement such recommendations will be solely that of the Corporation.

1.2 Ownership of Deliverables. Unless otherwise specified herein, on full payment for the Services, Hamstreet hereby assigns to the Corporation any and all rights, title and interest, including, without limitation, copyrights, trade secrets and proprietary rights to the Deliverables). The Deliverables shall be deemed to be "works made for hire" under the federal copyright laws. In the event that Deliverables include third party intellectual property, Hamstreet shall secure on Corporation's behalf ownership such intellectual property or subject to Corporations' approval, a license to the third party intellectual property sufficient to fulfill the business objectives, requirements and specifications identified in this Contract

2. Reports and Advice

2.1 Reliance on Drafts. You acknowledge that no reliance shall be placed on draft reports, conclusions or advice, whether oral or written, issued by us as the same may be subject to further work, revision and other factors, which may mean that such drafts are substantially different from any final report or advice issued.

2.2 Our Responsibility for Final Reports. In the event Hamstreet will be acting as independent experts, our reports or advice must be objective and impartial. While we will be

prepared to discuss draft reports, which do not constitute our final opinion, the content of our final report is a matter for us alone.

2.3 Use and Purpose of Advice and Reports. The Corporation acknowledges that all information (written or oral), including Deliverables, generated by Hamstreet in connection with this engagement is intended solely for the benefit and use of the Corporation (limited to its management) in connection with the purpose in respect of which the Services are provided. Unless required by law, the Corporation agrees that no such information shall be used for any other purpose. In no event, regardless of whether consent has been provided, shall Hamstreet assume any responsibility to any third party to which any advice or report is disclosed or otherwise made available.

2.4 Public Records Law. Cover Oregon is subject to the Oregon Public Records Law (ORS §§192.410 to 192.505), which requires Cover Oregon to disclose all records generated or received in the transaction of corporate business, except as expressly exempted in ORS §§192.501, 192.502, or other applicable law. Accordingly, all documents submitted by Hamstreet to Cover Oregon in connection with and/or related to this Contract shall become public records, subject to disclosure, unless exempt from disclosure pursuant to the Oregon Public Records Law and/or as otherwise stated in this subsection. Cover Oregon reserves the right to disclose information that Cover Oregon determines, in its sole discretion, is not exempt from disclosure or that Cover Oregon is directed to disclose by an independent auditing entity, the Oregon Secretary of State's office, the Oregon Department of Justice, or a court of competent jurisdiction. Cover Oregon shall make reasonable efforts to notify Hamstreet of information that shall be disclosed, prior to disclosure.

2.5 Testimony. Except for testimony which is within the scope of Services set forth on Schedule A for which Hamstreet will be compensated as provided herein, if Hamstreet is required in any legal proceeding to deliver testimony in connection with the Services provided under this Agreement, the Corporation agrees to pay Hamstreet a fee at Hamstreet's then prevailing hourly rates, in addition to the fees and expenses of outside counsel retained by Hamstreet to advise it in connection with such testimony and other reimbursable expenses incurred by Hamstreet in connection with the testimony. Notwithstanding the foregoing in this section 2.5, the Corporation will have no obligation to compensate or reimburse Hamstreet when the parties are adverse parties in litigation, appeals, mediation or arbitration."

3. Information and Assistance

3.1 Provision of Information and Assistance. Our performance of the Services is dependent on the Corporation providing us with such information and assistance as Hamstreet may reasonably require from time to time.

3.2 Punctual and Accurate Information. The Corporation's personnel shall use reasonable skill, care and attention to ensure that all information Hamstreet may reasonably require is provided on a timely basis and is accurate and complete and relevant for the purpose

for which it is required. Hamstreet shall have access to all necessary personnel, assets, properties, books, and records of and advisors to the Corporation as is available to the Chief Executive Officer and Chief Financial Officer of the Corporation (or equivalent positions). All information made available to Hamstreet by the Corporation will, to the best of the Corporation's knowledge, be complete and correct in all material respects. During the term of this Contract you shall also notify Hamstreet if you subsequently learn that any information provided to us is incorrect or inaccurate or otherwise should not be relied on.

3.3 No Assurance on Financial Data. While our work may include an analysis of financial and accounting data, the Services will not include an audit, compilation or review of any kind of any financial statements or components thereof. Corporation management will be responsible for any and all financial information they provide to us during the course of this engagement, and Hamstreet will not examine or compile or verify any such financial information. Moreover, the circumstances of the engagement may cause our advice to be limited in certain respects based on, among other matters, the extent of sufficient and available data and the opportunity for supporting investigations in the time period. Accordingly, as part of this engagement, Hamstreet will not express any opinion or other form of assurance on financial statements of the Corporation.

3.4 Prospective Financial Information. In the event the Services involve prospective financial information, our work will not constitute an examination or compilation, or apply agreed-on procedures, in accordance with standards established by the American Institute of Certified Public Accountants or otherwise, and Hamstreet will express no assurance of any kind on such information. There will usually be differences between estimated and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We will take no responsibility for the achievability of results or events projected or anticipated by the management of the Corporation.

4. Warranty

4.1 Standard of Performance. Hamstreet represents and warrants that all Services shall be performed in accordance with standards of skill and care generally observed by "restructuring" consultants of recognized national standing in the United States.

4.2 Limited Warranty. THE ABOVE WARRANTY IS OUR ONLY WARRANTY CONCERNING THE SERVICES AND ANY DELIVERABLES, AND IS MADE EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE, OR OTHERWISE, ALL OF WHICH ARE HEREBY DISCLAIMED.

4.3 Remedy for Breach of Warranty. Hamstreet's sole obligation will be to correct any non-conformance with this warranty, provided that you give us written notice within 60 days after the Services are performed or, if applicable, Deliverables are delivered. The notice will

specify and detail the non-conformance and Hamstreet will have a reasonable amount of time, based on its severity and complexity, to correct the non-conformance.

5. Confidentiality of Information

5.1 All information obtained by the Hamstreet shall be treated as privileged communications, shall be held confidential, and shall not be divulged without the written consent of Cover Oregon except as required by other terms of this Contract.

5.2. The use or disclosure of information concerning Cover Oregon shall be limited to persons directly connected with the administration of this Contract. Confidentiality policies shall be applied to all requests from outside sources.

5.3 Cover Oregon, Hamstreet and any subcontractor will share information as necessary to effectively serve Cover Oregon.

5.4 Any federal or state tax return or return information, as defined by 26 U.S.C. Section 6103(b), as stated and as revised to render such definition applicable to the State of Oregon, (collectively "Tax Return Information") made available to Hamstreet pursuant to this Contract, from any source, shall be used only for the purpose of carrying out the provisions of this Contract. Tax Return Information contained in any such material shall be treated as confidential and shall not be divulged or made known in any manner to any person except as may be necessary in the performance of this Contract and as permitted by federal or state law, as applicable. Inspection by or disclosure to anyone other than an officer or employee of Hamstreet is prohibited. All Tax Return Information will be accounted for upon receipt and properly stored before, during, and after processing to ensure the appropriate and required measures of confidentiality. In addition, all related output and products will be given the same level of protection as required for the source material. Should Hamstreet seek to subcontract Services to a third party, in full or in part, Hamstreet shall notify Cover Oregon if the intended subcontract will require disclosure of any Tax Return Information as part of the approval process identified in Section 19.1 of the General Terms and Conditions of the Contract.

5.5. Identity Theft. In the performance of the contract, Hamstreet may have possession or access to documents, records or items that contain "Personal Information" as that term is used in ORS 646A.602(11), including Social Security numbers. Personal Information is a type of Confidential Information that is highly sensitive and subject to additional protection. Therefore, prior to the receipt of, and during the period in which Hamstreet has possession of or access to, any Personal Information, Hamstreet shall have in place, a formal written information security program that provides safeguards to protect Personal Information from loss, theft, and disclosure to unauthorized persons, as required by the Oregon Consumer Identity Theft Protection Act, ORS 646A.600-646A.628. Hamstreet shall promptly report to the Agency any breach of security, use, disclosure, theft, loss, or other unauthorized access of any document, record, compilation of information or other item that contains Personal Information to which the Hamstreet receives access, possession, custody or control in the performance of this Contract.

6. Termination

6.1 Termination of Engagement. The Corporation may terminate this Agreement as to Hamstreet, LLC at any time for any or no reason whatsoever by giving written notice to Hamstreet, LLC. The Corporation may terminate this contract as to Clyde Hamstreet in accord with ORS Chapter 741. Hamstreet may terminate this Agreement, by giving written notice to the Corporation, if the Corporation fails to pay when due any amount owing to Hamstreet, if the Corporation fails to cooperate with Hamstreet or to disclose material information, or if for any other reason Hamstreet believes it is unable to effectively perform the Services or continue an effective relationship with the Corporation. Unless a different date is specified in the notice, this Agreement will terminate effective as of the date the notice is actually received by the party to whom the notice is given.

6.2 Effect of Termination. Upon the termination of this Agreement, Hamstreet will promptly generate a final invoice, which the Corporation shall pay within seven (7) days of the invoice date to the extent not paid from any unused portion of the Retainer, and Hamstreet will return to the Corporation any portion of the Retainer that is not used to pay amounts owing by the Corporation to Hamstreet. The terms of this Agreement that by their context are intended to be performed after termination of this Agreement will survive such termination and continue to bind the parties. Without limiting the generality of the preceding sentence, the covenant in Section 7 of the letter of engagement and Sections 5 through 11 of these Terms and Conditions will survive the termination of this Agreement, in each case subject only to applicable statutes of limitation.

7. Indemnification

7.1 Indemnification by Hamstreet

7.1.1 Indemnification. Except as provided in Section 7.1.3, Hamstreet shall defend, save, hold harmless, and indemnify the state of Oregon and Corporation and their officers, employees and agents from and against all tort claims as defined in ORS 30.260(8), and all such suits, actions, losses, damages, liabilities, costs, and expenses (collectively, “tort claims”) of resulting from, arising out of, or relating to the activities of Hamstreet or Hamstreet, LLC Personnel under this Contract.

7.1.2 In performing the indemnification obligation in section 7.1.1, Hamstreet shall select legal counsel reasonably acceptable to the Oregon Attorney General to act in the name of, or represent the interest of, the state of Oregon, Corporation or their officers, employees and agents. Such legal counsel must accept appointment as a Special Assistant Attorney General under ORS Chapter 180 before such action or representation. Further, the state of Oregon acting by and through its Department of Justice, may assume its own defense, including that of its officers, employees and agents, at any time when in the state of Oregon’s sole discretion it determines that (1) proposed counsel is prohibited from the particular representation contemplated; (2) counsel is not adequately defending the interests of the state of Oregon or its

officers, employees and agents; (3) important governmental interests are at stake; or (4) the best interests of this state of Oregon are served thereby. Hamstreet's obligation to pay for all costs and expenses shall include those incurred by the state of Oregon in assuming its own defense or that of its officers, employees, and agents under (1) and (2) above. Further, Hamstreet is not authorized to settle or compromise any claim referenced in this section without the expressed written consent of the Oregon Attorney General.

7.1.3. The foregoing indemnity provision in section 7.1.1 will have no effect with respect to tort claims covered by indemnity by the state of Oregon under section 7.2, provided that Hamstreet (1) promptly reports any such claim or occurrence that could give rise to a claim in writing to Risk Management Division, 1225 Ferry St. SE., U150, Salem, OR 97301-7337 (or any subsequent address of such division); and (2) cooperates fully in the investigation and defense of any claim.

7.2 Indemnification by the State of Oregon and the Corporation

7.2.1 Indemnification for Hamstreet Activities. From funds available in that portion of the Insurance Fund dedicated for state insurance programs, the state of Oregon, acting by and through its Department of Administrative Services (DAS), shall defend and indemnify Hamstreet and Hamstreet, LLC Personnel up to the limits for tort claims against the state of Oregon, as specified in ORS 30.271 and 30.273 (including the costs of defense), for all claims for torts committed or alleged to have been committed by Hamstreet or Hamstreet, LLC Personnel in the course of their delivery of Services under this Agreement. Notwithstanding the foregoing, the state of Oregon shall have no obligation to indemnify Hamstreet or Hamstreet, LLC Personnel to the extent the claims arise from the gross negligence or willful misconduct of Hamstreet, its officers, employees, subcontractors, or agents under this Contract. Subject to the monetary limits stated above, Hamstreet and Hamstreet, LLC Personnel are entitled to the same defense and indemnification rights afforded to qualifying agents of the Corporation under ORS 30.260 to 30.300. However, none of the terms of this Agreement are intended to, and none do, make Hamstreet or Hamstreet, LLC Personnel the agents or employees of Corporation, DAS, or the state of Oregon generally.

7.2.2 Indemnification for State Activities. To the extent permitted by Article XI, section 7 of the Oregon Constitution and by the Oregon Tort Claims Act (ORS 30.260 through 30.300) the Corporation will indemnify Hamstreet and Hamstreet, LLC Personnel against any and all claims relating to intellectual property infringement, bodily injury or death of any person, or damage to real or tangible personal property arising from the state's activity under this Contract.

8. Liability Limitation; Waiver of Jury Trial

8.1 Limitation of Liability. The Corporation agrees that neither Hamstreet nor any Hamstreet, LLC Personnel shall have any liability to the Corporation or to any third party as a result of the Corporation's retention of Hamstreet, the execution and delivery of this Agreement,

the provision of Services or other matters relating to or arising from this Agreement, other than liabilities that shall have been determined by a final non-appealable order of a court of competent jurisdiction, including administrative bodies, to have resulted from the gross negligence or willful misconduct of Hamstreet or Hamstreet, LLC Personnel in respect of whom such liability is asserted. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor any Hamstreet, LLC Personnel shall be liable for consequential, indirect or punitive damages, damages for lost profits or opportunities or other like damages or claims of any kind. Except for liabilities incurred by Hamstreet under section 7.1, neither Hamstreet nor Hamstreet, LLC Personnel shall be liable to the Corporation for an amount which in the aggregate exceeds the total amount of compensation actually received by Hamstreet under this Agreement.

8.2 Liability for Delay. Neither of us will be liable for any delays or failures in performance due to circumstances beyond our reasonable control.

8.3 Waiver of Jury Trial. SUBJECT TO THE PROVISIONS OF SECTION 10, TO FACILITATE JUDICIAL RESOLUTION AND SAVE TIME AND EXPENSE, THE CORPORATION AND HAMSTREET IRREVOCABLY AND UNCONDITIONALLY AGREE NOT TO DEMAND A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THE SERVICES OR THIS AGREEMENT.

9. Governing Law and Jurisdiction. Any claim, action, suit, or proceeding (collectively, “Claim”) between Agency (or any other agency or department of the State of Oregon) and Hamstreet that arises from or relates to this Contract shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon. In no event shall this section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether sovereign immunity, governmental immunity, immunity based on the eleventh amendment to the Constitution of the United States or otherwise, from any claim or from the jurisdiction of any court. The parties submit to the jurisdiction of such courts and irrevocably waive any right they may have to object to any action being brought in these courts, to claim that the action has been brought in an inconvenient forum or to claim that those courts do not have jurisdiction.

10. Reserved

11. Miscellaneous Provisions

11.1 Assignment. This Agreement shall inure to the benefit of the parties and their respective successors and permitted assigns. Neither party may assign this Agreement, in whole or in part, without the prior written consent of the other. Any attempt to make such an assignment shall be void.

11.2 Complete Agreement. This Agreement constitutes the complete agreement and understanding between the parties and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof. This Agreement may be modified only by a writing, signed by both parties, which specifically identifies this Agreement by name and date.

11.3 No Third Party Benefit. This Agreement is made solely for the benefit of the parties hereto, and no third party shall acquire any claim against Hamstreet as a result of this Agreement.

11.4 Invalidity; Severability. If any provisions of this Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed to give effect as nearly as possible to the intent of the parties. The parties agree to work together to replace such invalid, illegal or unenforceable provision as promptly as possible with a provision that is valid, legal and enforceable.

11.5 Construction. The parties acknowledge that this Agreement was the subject of fair negotiation between the parties. Neither party shall be considered the “drafter” of this Agreement for the purpose of construing any of its terms and conditions.

11.6 Headings. Section headings and numbers are provided for convenience only, and shall not affect the construction or interpretation of this Agreement.

11.7 Days. References to “days” or a “day” shall mean a calendar day, unless otherwise stated.

11.8 Notices. Any notice or communication required to be given by a party under this Agreement shall be in writing and shall be hand delivered or sent by certified mail, return receipt requested, or by confirmed facsimile transmission to the other party.

11.9 Advertisement. Hamstreet is authorized, at its expense, to place a customary “tombstone” advertisement or similar announcement with respect to its engagement hereunder in such form and in such media as Hamstreet deems appropriate.

11.10 Subcontracts. Hamstreet shall not enter into any subcontracts for any of the Services required by this Contract without Agency’s prior written consent. Any proposed use of a subcontractor which is located outside the United States or use of subcontract labor or facilities located outside the United States must be called to the specific attention of Agency. Agency’s consent to any subcontract or assignment shall be timely and not unreasonably withheld. Agency’s consent to a subcontract does not relieve Hamstreet of any of its duties or obligations under this Contract

11.11 Counterparts. This Agreement may be executed in any number of counterparts (including facsimile or electronic portable document format counterparts), each of which will be deemed an original and all of which taken together will constitute one and the same document.



SCHEDULE A

Services

1. Scope of Service, Clyde Hamstreet:

- a. Clyde Hamstreet, as delegated by the Cover Oregon Board shall perform the duties of and have the powers of the Cover Oregon Executive Director pursuant to ORS 741.201 and subject to policy direction by the Cover Oregon's Board

2. Scope of Services, Hamstreet, LLC

Hamstreet, LLC shall provide the following services:

- a. Assist the Corporation by providing leadership in business operations, and oversight in planning and implementing an organizational restructuring until handoff to future executive director.
- b. Review and provide comments and recommendations to the board with respect to the organizational, financial and operating policies, plans and programs of Cover Oregon. Hamstreet, LLC may with approval of the board participate in any major decisions which might have a significant impact on such policies, plans or programs or on the restructuring of the Cover Oregon.
- c. **Assess Cover Oregon's business operations**, including but not limited to:
 - i. Business mission (requirements of customers and business partners)
 - ii. Current operating performance
 - iii. Business organization structure
 - iv. Management roles, responsibilities and reporting relationships
 - v. Management accountability and authority
 - vi. Management and staff resources
 - vii. Management and staff development

Draft Report due

Review comments from Corporation due

Final Report due

- d. **Assess Cover Oregon's financial management**, including but not limited to:
 - i. Accounting controls
 - ii. Periodic financial reporting
 - iii. Budgeting and budget management



3.

Draft Report due

Review comments from Corporation due

Final Report due

- a. Based on its assessment and findings, Hamstreet will prepare and recommend to the board for its approval, a plan for restructuring Cover Oregon to efficiently and effectively carry out its obligations.

Draft Report due

Review comments from Corporation due

Final Report due

- b. Provide limited support to the State of Oregon's website development project team, including assistance with:

- i. Project requirements
- ii. Project communications
- iii. Project advice, as requested.
- iv. Perform other such work as the Board requests.



SCHEDULE B

State of Oregon Hourly Rates

Consultant	State of Oregon Hourly Rates*
Clyde Hamstreet	\$ 300
Mark Schmidt	\$ 260
Maren Cohen	\$ 240
Shirley Dunn	\$ 275
Hannah Schmidt	\$ 210

Note: Two Hamstreet Consultants live a significant distance from Corporation and will have expenses for travel, lodging and meals. Lodging, meals and incidental expense will be billed at cost and will not exceed GSA's FY2014 per diem rates and travel will not exceed GSA's mileage reimbursement rates. All travel expenses will be paid in accordance with HHS regulations at 45 CFR Part 92 Subpart C Section 92.22(43) (OMB Circular A-87).

*The hourly rates for services provided to the Oregon Health Insurance Exchange Corporation for this engagement are below those we charge our for profit clients and are not reflective of our standard hourly rates for corporate or bankruptcy engagements.



SCHEDULE C

Insurance requirements

Required Insurance: Unless otherwise agreed upon pursuant to Cover Oregon's sole discretion, Hamstreet shall, at all times during which this Contract is in effect, and at Hamstreet's sole expense, procure and maintain insurance on all its operations, including but not limited to all work performed by Hamstreet, and its employees and agents, pursuant to and/or in connection with this Contract, with insurance companies that are acceptable to Cover Oregon, have no less than an A- rating by A.M. Best, and are authorized to transact the business of insurance and issue coverage within the State of Oregon, as follows:

1. WORKERS COMPENSATION

- 1.1 All employers, including Hamstreet, that employ subject workers, as defined in ORS 656.027, shall comply with ORS 656.017 and shall provide Workers' Compensation Insurance coverage for those workers, unless they meet the requirement for an exemption under ORS 656.126(2). Hamstreet shall require and ensure that each of its subcontractors complies with these requirements.

2. PROFESSIONAL LIABILITY / ERRORS AND OMISSIONS

- 2.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Professional Liability Insurance or Errors and Omissions Insurance covering any damages caused by an error, omission or any negligent acts of the Hamstreet, and its agents, officers, and employees, that are related to the services to be provided under this Contract. Such insurance shall contain coverages and limits of liability that are satisfactory to Cover Oregon, consistent with industry standards as they relate to the Work being performed and/or services provided by Hamstreet and their employees and/or agents, in annual amounts not less than:
 - \$1,000,000 per occurrence for any single claimant;
 - \$1,000,000 per occurrence for any multiple claimant; and
 - \$1,000,000 general aggregate.

3. COMMERCIAL GENERAL LIABILITY

- 3.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Commercial General Liability insurance covering bodily injury and property damage in a form and with coverages that are satisfactory to Cover Oregon. This insurance shall include personal and advertising injury liability, products and completed operations. Such insurance shall be in a form and have coverages and limits that are



satisfactory to Cover Oregon, consistent with industry standards as they relate to the work being performed and/or services being provided by Hamstreet, and shall be written on an occurrence basis. Notwithstanding the foregoing, the policy shall have annual limits in amounts not less than the following:

\$2,000,000 per occurrence (combined single claimant for bodily injury and property damage);

\$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage); and

\$2,000,000 general aggregate.

4. AUTOMOBILE LIABILITY INSURANCE

4.1 Hamstreet shall procure and maintain, at its sole expense, for the entire duration this Contract is in effect, Automobile Liability Insurance covering all owned, non-owned, or hired vehicles. This coverage may be written in combination with the Commercial General Liability Insurance (with separate limits for “Commercial General Liability” and “Automobile Liability”). Hamstreet shall provide proof of insurance of not less than the following amounts as determined by Cover Oregon:

\$1,000,000 per occurrence (combined single claimant for bodily injury and property damage);

\$2,000,000 per occurrence (combined multiple claimant for bodily injury and property damage); and

\$2,000,000 general aggregate.

5. ADDITIONAL INSURED

5.1 The Commercial General Liability Insurance and the Automobile Liability Insurance policies that Hamstreet is required to procure and maintain pursuant to the terms and conditions of this Contract shall name the Oregon Health Insurance Exchange (dba Cover Oregon), the State of Oregon, and their respective board members, officers, employees, and agents as additional insureds, with respect to Hamstreet's activities to be performed under this Contract. Such coverage shall be primary and non-contributory with any other insurance and self-insurance.

6. NOTICE OF CANCELLATION OR CHANGE

6.1 There shall be no cancellation, material change, potential exhaustion of aggregate limits or non-renewal of insurance coverage(s) without 60 days' written notice from Hamstreet or its insurer(s) to Cover Oregon. Any failure to comply with the reporting provisions of this



clause shall constitute a material breach of Contract and shall be grounds for immediate termination of this Contract by Cover Oregon.

7. PROOF OF INSURANCE

- 7.1 Hamstreet shall provide to Cover Oregon proof of all required insurance no later than 10 business days after the execution of the Contract. Hamstreet shall pay for all deductibles, self-insured retention and self-insurance, if any. Hamstreet's failure to provide full and complete proof of insurance, with the coverages and minimum limitations required by this Contract, within 10 business days of the date this Contract becomes effective, shall be deemed a material breach of the Contract.