

January 25, 2017

Mr. Don Jones
Office of Legal Counsel
State Bar of Texas
P.O. Box 12487
Austin, TX 78711

Re: Insurance Review and Coverage Consultations

Dear Mr. Jones:

We appreciate the opportunity to represent The State Bar of Texas (hereinafter referred to as the "Company" or "you") in connection with the above-referenced matter. If at any time you have any questions or concerns, please contact us promptly. We want you to be fully satisfied with the legal services provided by us. This letter outlines the basic scope of our engagement, our fee arrangement, and other matters in accordance with the Texas Disciplinary Rules of Professional Conduct.

Scope of Engagement

You have engaged us to provide a review and analysis of various insurance policies issued to the State Bar of Texas, and to consult with the Company on coverage issues as they may arise in the future. The Company will be our only client in this matter. We do not represent the individual interests of any person or entity affiliated with the Company in connection with the affairs of the Company. Our representation of the Company does not give rise to an attorney-client relationship with any parent, subsidiary or affiliate of the Company.

We are not your general counsel; our representation of you is limited to the matter described in this letter. The scope of our representation of you may be limited at your written request from time to time. If we jointly agree in writing to expand the scope of our representation, or if you engage us in writing on another matter, the provisions of this engagement letter shall apply to the new expanded scope or the new matter unless specifically agreed otherwise in writing.

Cooperation and Communications

We will rely upon the information you and your agents give us and will assume that you will disclose fully and accurately all facts and keep us informed of all developments relating to this matter.

Please be careful to maintain confidentiality in all communications with us. If you use a means of electronic communication provided by another party (such as email provided by an employer or another entity or person), you may risk waiver of the attorney-client privilege.

Payment of Fees and Expenses

You will pay for our services, expense disbursements and other charges in accordance with the terms set forth in the attached memorandum entitled "Payment for Legal Services."

Commencement of Engagement

If circumstances require that we begin work on your matter before you return a signed copy of this letter to us the performance of such services will be considered your consent to the terms of this letter until or unless you advise us in writing to the contrary.

Conflicts of Interest

Please complete the enclosed Client Conflict Questionnaire Form and return it to us with this letter counter-signed by you. This information will allow us to confirm, both for our benefit and yours, any potential conflicts that we may have and will also provide us with a database for investigating possible future conflicts. Our representation of you is governed by the Texas Disciplinary Rules of Professional Conduct, including the rules dealing with conflicts of interest.

While we are representing you, some of our other present or future clients may have disputes or transactions with you. You agree that this Firm may continue to represent or may undertake in the future to represent such clients, or any other present or future clients, in any matter that is not substantially related to our work for you, even if the interests of such clients in those other matters are directly adverse to you and even if such representations would be simultaneous. We will not accept representations where, as a result of our representation of you, we have obtained sensitive, proprietary or other confidential or non-public information that, if known to any such other client of ours, could be used in such other matter by such other client to your material disadvantage.

The Company acknowledges and agrees that it is a separate entity from its parent, subsidiaries and affiliates for conflicts of interest purposes.

Our lawyers may have substantial investments in public and private entities that have an interest in this matter. We also may represent other lawyers in various matters, including your opponent's attorneys. If you would like for us to make special inquiry, please make a written request for us to do so.

Termination of Engagement

Each of us may terminate our relationship at any time, subject to reasonable notice. If we withdraw, we will comply with all ethical requirements and you will pay for all of our services rendered and all of our expense disbursements and other charges, pursuant to the attachment hereto, through the time we withdraw.

Our attorney-client relationship will be considered terminated upon our completion of the specific services for which you have retained us. If you later retain us to perform further or additional services, our attorney-client relationship will be revived, subject to these and any supplemental terms. If we inform you from time to time of developments in the law which may be of interest to you, by newsletter or otherwise, it does not constitute a revival of an attorney-client relationship. Moreover, we have no obligation to inform you of developments in the law unless we are specifically engaged in writing to do so.

Our Files

All of our "work product" accumulated while representing you will be owned by us. "Work product" includes our handwritten notes, internal memos, firm administrative records such as client screening documents and time records, and legal research.

Once our engagement in each matter ends, you may ask that the matter file be returned to you. Files remaining in our possession will be subject to a retention period. Before proceeding with disposition of files, we will notify you at your last known address on file, at which time you may ask that the file be returned to you or you may give approval for destruction. If you do not respond to the notice within 60 days of receipt, you agree and understand that any materials remaining with us after each engagement ends may be retained or destroyed per our policy. "Materials" include paper files as well as information in other media formats, such as electronic documents, voicemail, email, fax, recordings, and video files.

Opinions

We may express opinions concerning the outcome of your legal matters, but the outcome of transactions and lawsuits are subject to uncertainties and risks, and we make no provisions or guarantees to you about the outcome of any such matters.

Renewal Notices of Security Interests and Liens

Public filings of security interests or liens must be renewed prior to expiration of a prescribed period of time (e.g. five years in the case of renewal notices of security interests granted under the Texas Uniform Commercial Code). Failure to make timely renewal filings could result in the loss of the security interest or lien. We *do not* undertake to calendar or make any renewal filings on your behalf.

Governing Law

Our engagement will be governed by Texas law.

Texas Lawyers Creed

The Supreme Court of Texas has adopted the attached "Texas Lawyers Creed." We are required to advise you of its contents at the time of undertaking representation.

Mediation/Arbitration

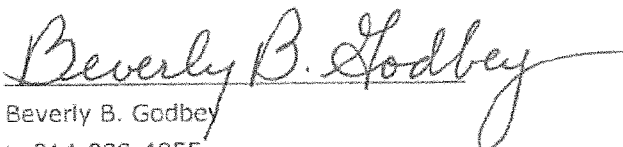
Any dispute or controversy regarding or arising out of our representation of you shall be subject to mediation before a mutually-agreeable mediator. If the mediation is unsuccessful, or if we are unable to agree upon a mediator within thirty days after the dispute arises, then the dispute shall be subject to binding arbitration in Dallas, Texas. The arbitration shall be administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

The arbitration process is normally speedier, less expensive, and more private than court litigation. In addition, arbitrators typically are more highly-educated and experienced than are jurors concerning business matters. On the other hand, arbitration involves waiver of the right to a jury trial, possible waiver of broad discovery, loss of the right to challenge the final arbitration award in court, except in very limited circumstances, and the possible payment of the fees and costs of arbitration.

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Please confirm your acceptance of the terms and conditions set forth in this agreement above by returning an executed copy in the enclosed envelope.


GARDERE WYNNE SEWELL LLP

By: 
Beverly B. Godbey
t: 214-999-4855
f: 214-999-3855

THIS LETTER CONTAINS AN AGREEMENT TO RESOLVE DISPUTES BY ARBITRATION

The undersigned agrees to all terms stated above.

State Bar of Texas

By: 
Don Jones

Its: Attorney, Office of Legal Counsel

PAYMENT FOR LEGAL SERVICES

Unless modified in writing by mutual agreement, the terms below will be an integral part of our agreement with you.

How Fees Are Set

Our charges for legal services will be calculated on an hourly basis at our hourly rates. These hourly rates presently vary from \$215.00 to \$950.00, depending on the attorney or paralegal who is providing the services. Rates are adjusted each April 1 at the beginning of our fiscal year, and sometimes at other points during the year. We expect that Beverly Godbey will be the person primarily working on your matter. Ms. Godbey's current hourly rate is \$625.00. In the event it becomes necessary or advisable for others to work on this matter, their hourly rates may be higher or lower. We may agree in writing to alternative fee arrangements, subject to the applicable rules governing our professional conduct.

We are often requested to estimate the amount of fees and costs likely to be incurred in connection with a particular matter. Whenever possible we will furnish such an estimate based upon our professional judgment, but always with a clear understanding that it is not a maximum or fixed fee quotation.

We do not accept representation on a fixed-fee basis except in limited situations. In all such situations, the fixed-fee arrangement will be expressed in a letter setting forth both the amount of the fee and the scope of the services to be provided.

Expense Disbursements and Other Charges

Third-party charges incurred on your behalf in significant amounts will be sent to you for payment directly to the vendor. We will bill you monthly for our other expense disbursements incurred on your behalf (filing fees, travel expenses, delivery costs, copying, etc.). A complete explanation of the basis of such charges will be provided to you upon request.

Gardere's Litigation Support services staff assists the attorneys in litigation matters. Certain litigation support projects may be provided on a flat fee basis, but typically fees will be charged on an hourly basis at staff's billing rates ranging from \$190.00 to \$255.00 per hour. We may adjust our rates periodically in the normal course of business. The litigation support staff's responsibilities include, among others, reviewing, organizing, indexing, imaging, and maintaining all documents; assisting with document production; creating privilege logs; conducting research; assisting in preparation for depositions, hearings, and trial; summarizing depositions; cite checking legal briefs; and providing technical support.

Retainer and Trust Deposits

Most clients are asked to deposit a retainer to be held in our trust account to secure payment of amounts due us. If we conclude that the retainer deposit is insufficient, we may require that it be increased. Payment of each invoice is due as submitted, without regard to the retainer deposit. At the conclusion of our legal representation, or earlier at our discretion, the retainer deposit will be returned to you or applied to our invoices. If any balance of the retainer deposit remains, and if you have engaged us to represent you in other matters, any remaining balance of the retainer deposit may be applied to amounts due us in connection with such other matters.

Billing Arrangements and Terms of Payment

We will bill you on a regular basis, normally monthly, for fees, expense disbursements and other charges. Payment is due within 30 days of the invoice date. If you dispute any portion of our invoice, you must notify us in writing as to the basis for the dispute and pay the undisputed balance within such 30-day period. Failure to notify us in writing within the 30-day period of any disputed item shall constitute your agreement to the validity of your obligation to pay the invoice as presented.

We are not undertaking this matter on a contingency basis. Continued work by us is conditioned upon current payment of our invoices in accordance with the terms set forth above. If you fail to comply with those terms, you hereby consent to our withdrawal from the representation.