

# EXHIBIT A

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### **I. Payments**

In consideration for the Settlement Agreement and Release to which this document is attached and incorporated, the UNITED STATES OF AMERICA, RICK SIMONS and FURTADO, JASPOVICE & SIMONS (collectively referred to as SIMONS) and their insurer, LAWYER'S MUTUAL, SUTTER WEST BAY HOSPITALS dba SUTTER MEDICAL CENTER OF SANTA ROSA, an affiliate of Sutter Health, (hereinafter referred to as SUTTER) hereby agree to pay the following sums in the designated manner:

#### A. Cash payments:

- (i) The UNITED STATES OF AMERICA shall pay the sum of Three Hundred Thousand Dollars and 00/100 (\$300,000.00) in accordance with the terms set forth in paragraph II, entitled Payments, of the Settlement Agreement and Release to which this document is attached;
- (ii) Payments due within 60 days after execution of this Settlement Agreement and Release or the Order of the Court or Approval by the Court, whichever occurs later, as follows:
  - (a) SIMONS and/or their insurer, LAWYER'S MUTUAL, shall pay the sum of Three Hundred Thousand Dollars and 00/100 (\$300,000.00); and,
  - (b) SUTTER shall pay the sum of Fifty Thousand Dollars and 00/100 (\$50,000.00).

#### B. Periodic payments, made according to the following schedule:

- (i) SUTTER shall provide the following periodic payments to Shelly Ocana, Trustee of the Jasper Gonzales Special Needs Trust:

\$447.91 payable monthly for the life of Jasper Gonzales, beginning 07/01/2013, with 240 payments certain, increasing 1%, compounded annually.

Annuity Carrier: American General Life Insurance Company  
Assignee: American General Annuity Service Corporation

The present value of the periodic payments set forth above is One Hundred Twenty-Five Thousand Dollars and 00/100 (\$125,000.00).

- (ii) SUTTER shall provide the following periodic payments to Shelly Ocana, Trustee of the Jasper Gonzales Special Needs Trust:

\$396.75 payable monthly for the life of Jasper Gonzales, beginning 07/01/2013, with 240 payments certain, increasing 1%, compounded annually.

Annuity Carrier: Pacific Life Insurance Company  
Assignee: Pacific Life & Annuity Services, Inc.

The present value of the periodic payments set forth above is One Hundred Twenty-Five Thousand Dollars and 00/100 (\$125,000.00).

- (iii) SIMONS and/or LAWYER'S MUTUAL, shall provide the following periodic payments to Shelly Ocana, Trustee of the Jasper Gonzales Special Needs Trust:

\$390.00 payable monthly for the life of Jasper Gonzales, beginning 07/01/2013, with 240 payments certain, increasing 1%, compounded annually.

Annuity Carrier: Berkshire Hathaway Life Insurance Company of Nebraska  
Assignee: BHG Structured Settlements, Inc.

The present value of the periodic payments set forth above is One Hundred Twenty-Five Thousand Dollars and 00/100 (\$125,000.00).

C. In summary, the present value being paid by the UNITED STATES OF AMERICA is \$300,000.00; the present value of the cash and periodic payments being made by SIMONS and/or their insurer, LAWYER'S MUTUAL, is \$425,000.00; the present value of the cash and periodic payments being made by SUTTER is \$300,000.00, bringing the global present value of this settlement at \$1,025,000.00.

Releasor(s), SIMONS, LAWYER'S MUTUAL, and SUTTER agree that all sums and periodic payments paid by SIMONS, LAWYER'S MUTUAL and SUTTER constitute damages on account of personal injuries or sickness, arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

Releasor(s) agree, however, that they have not received or relied upon any advice or representation from Releasee(s), or its attorneys, agents and claims administrators, including advice or representation as to the tax effect of this Settlement Agreement and Release, or the valuation of any periodic payments, and/or any assignment provisions in this Exhibit. In accordance therewith, Releasor(s) agree to hold harmless Releasee(s) from any losses to

Releasor(s) incurred including any loss by reason of the selection of any annuity issuers or a determination by the Internal Revenue Service or other tax authority that said settlement monies do not constitute, in whole or part, damages on account of personal injury or sickness.

## **II. Qualified Assignment**

Releasor(s), SIMONS, LAWYER'S MUTUAL, and SUTTER, hereto acknowledge and agree that SUTTER and LAWYER'S MUTUAL will make "qualified assignments" within the meaning of Section 130(c), of the Internal Revenue Code of 1986, as amended, to American General Annuity Service Corporation as to payments set forth in paragraph 1(B)(i), to Pacific Life & Annuity Services, Inc., as to payments set forth in paragraph 1(B)(ii), and to BHG Structured Settlements, Inc., as to payments set forth in paragraph 1(B)(iii) [hereinafter referred to as Assignee(s)] of SUTTER and/or LAWYER'S MUTUAL's liabilities to make the periodic payments described herein.

Such assignment, if made, shall be accepted by the Releasor(s) without right of rejection and shall completely release and discharge SUTTER and/or LAWYER'S MUTUAL from such obligations hereunder as are assigned to Assignee(s).

The obligation assumed by Assignee(s) with respect to any required payment shall be discharged upon the mailing of a check or electronic funds transfer on or before the due date of a valid payment in the amount specified to the address of record. In the event Payee notifies the Assignee that a check has not been received, or that an electronic transfer has not been deposited, Assignee will initiate a stop payment action, and, upon confirmation that such check has not been negotiated or electronic funds transfer deposited, Assignee shall issue a replacement check or electronic funds transfer.

The Releasor(s) hereto expressly understand and agree that upon the qualified assignment being made by SUTTER and/or LAWYER'S MUTUAL to Assignee(s) as authorized by this agreement, all of the duties and responsibilities to make the periodic payments otherwise imposed upon SUTTER and/or LAWYER'S MUTUAL by this agreement shall instead be binding upon Assignee(s), and SUTTER and/or LAWYER'S MUTUAL shall be released from all obligations to make said periodic payments, and Assignee(s) shall at all times remain directly and solely responsible for and shall receive credit for all such payments made to Releasor(s). It is further understood and agreed that, upon such a qualified assignment, Assignee(s) assumes all of the duties and responsibilities of SUTTER and/or LAWYER'S MUTUAL to make the periodic payments.

The Releasor(s) agree that:

A. Periodic payments under this Settlement Agreement from Assignee(s) cannot be accelerated, deferred, increased or decreased by the Releasor(s).

B. Assignee's obligation for payment of the periodic payments shall not be greater than the obligation of the person or entity originally liable (whether by suit or agreement) for payment and from whom the obligation was assigned.

**III. Releasor(s)'s Right to Payments**

SUTTER, LAWYER'S MUTUAL and/or Assignee(s) shall not segregate or set aside any of its assets to fund the payments to Releasor(s) required herein. Said payments cannot be accelerated, deferred, increased or decreased by the Releasor(s) and no part of the payment(s) called for herein or any assets of SUTTER, LAWYER'S MUTUAL and/or Assignee(s) is to be subject to execution of any legal process for any obligation in any manner. The Releasor(s) shall have no power to sell, mortgage, encumber, or anticipate the payments in whole, or part, by assignment or otherwise, except as pursuant to a qualified order under IRC Section 5891.

**IV. Right to Purchase an Annuity**

Releasor(s) agree that SUTTER, LAWYER'S MUTUAL and/or Assignee(s) shall have the right to fund its liability to make periodic payments by purchasing a "qualified funding asset", within the meaning of Section 130(c) of the Code, in the form of an annuity policies from American General Life insurance Company, Pacific Life Insurance Company, and Berkshire Hathaway Life Insurance Company of Nebraska [hereinafter referred to as Annuity Issuer(s)].

SUTTER, LAWYER'S MUTUAL and/or Assignee(s) shall be the owner of the annuity policy or policies, and shall have all rights of ownership. SUTTER, LAWYER'S MUTUAL and/or Assignee(s) may have Annuity Issuer(s) mail payments directly to the Releasor(s). The Releasor(s) shall be responsible for maintaining the currency of the proper mailing address and transmitting mortality information to Annuity Issuer(s).

**V. Releasor(s)'s Beneficiary**

Any payments to be made after the death of the Releasor(s) pursuant to the terms of this Settlement Agreement and release shall be made to such person or entity as shall be designated in writing by said Releasor(s) to SUTTER, LAWYER'S MUTUAL or their respective Assignee(s). If no person or said entity is so designated by the Releasor(s), or if the person designated is not living at the time of the Releasor's death, such payments shall be made to the estate of the Releasor. No such designation, nor any revocation thereof, shall be effective unless it is in writing and delivered to SUTTER, LAWYER'S MUTUAL or their respective Assignee(s). The designation must be in a form acceptable to SUTTER, LAWYER'S MUTUAL or their Assignee(s) before such payments are made.