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CITY OF CARSON

**CONTRACT SERVICES AGREEMENT
FOR THIRD PARTY CLAIMS ADMINISTRATION**

By and Between

CITY OF CARSON

and

ADMINSURE, INC.

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CITY OF CARSON

**AGREEMENT FOR CONTRACT SERVICES
BETWEEN THE CITY OF CARSON AND
ADMINSURE, INC.**

THIS AGREEMENT FOR CONTRACT SERVICES (herein "Agreement") is made and entered into this 15th day of August, 2015 by and between the City of Carson, a municipal corporation ("City") and AdminSure, Inc., a California Corporation ("Contractor"). City and Contractor are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties".

RECITALS

A. City has sought, by issuance of a Request for Proposals or Invitation for Bids, the performance of the services defined and described particularly in Article I of this Agreement.

B. Contractor, following submission of a proposal or bid for the performance of the services defined and described particularly in Article I of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Carson's Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Contractor for performance of those services defined and described particularly in Article I of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE I. SERVICES OF CONTRACTOR

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, the Contractor shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which may be referred to herein as the "services" or "work" hereunder. As a material inducement to the City entering into this Agreement, Contractor represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Contractor shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Contractor covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase "highest professional standards" shall

mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Contractor's Proposal.

The Scope of Service shall include the Contractor's scope of work or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Contractor shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Licenses, Permits, Fees and Assessments.

Contractor shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Contractor's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.5 Familiarity with Work.

By executing this Agreement, Contractor warrants that Contractor (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Contractor discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Contractor shall immediately inform the City of such fact and shall not proceed except at Contractor's risk until written instructions are received from the Contract Officer.

1.6 Care of Work.

The Contractor shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties.

Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the services of the other.

1.8 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum or \$25,000, whichever is less; or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Contractor that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.9 Special Requirements.

Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Contractor the amounts specified in the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Four Hundred Seventy Thousand Six Hundred and Eighty-Two Dollars (\$470,682.00) (the "Contract Sum"), unless additional compensation is approved pursuant to Section 1.8.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services, less

contract retention; (iii) payment for time and materials based upon the Contractor's rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Contractor at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Contractor is required to attend additional meetings to facilitate such coordination, Contractor shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Contractor is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Contractor shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice; however, Contractor acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission. Review and payment by City for any invoice provided by the Contractor shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Contractor for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Contractor.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance.

Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) years from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Contractor.

The following principals of Contractor ("Principals") are hereby designated as being the principals and representatives of Contractor authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

1. Alithia Vargas-Flores, MBA, SIA, WCCP, WCCA
Vice President/Director of Operations AdminSure Inc.
2. Deborah Barba, SIA, WCCP, WCCA
Workers' Compensation Claims Manager AdminSure Inc.
3. Joel Macias, SIA, WCCP, WCCA
Workers' Compensation Claims Adjuster AdminSure Inc.

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It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principals were a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principals shall be responsible during the term of this Agreement for directing all activities of Contractor and devoting sufficient time to personally supervise the services hereunder. All personnel of Contractor, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the foregoing Principals may not be replaced nor may their responsibilities be substantially reduced by Contractor without the express written approval of City. Additionally, Contractor shall utilize only competent personnel to perform services pursuant to this Agreement. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Contractor shall notify City of any changes in Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

4.2 Status of Contractor.

Contractor shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Contractor shall not at any time or in any manner represent that Contractor or any of Contractor's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Contractor, nor any of Contractor's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Contractor expressly waives any claim Contractor may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be **Gail Dixon-McMahon, City of Carson Director of Human Resources and Risk Management**. It shall be the Contractor's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Contractor shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Contractor.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Contractor's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Contractor shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of

Contractor in its business or otherwise or a joint venturer or a member of any joint enterprise with Contractor.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Contractor shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Contractor, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS

5.1 Insurance Coverages.

The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) Commercial General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Contractor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, hired cars and any automobile.

(d) Professional Liability. Professional liability insurance appropriate to the Contractor's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to

services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Contractor's services or the termination of this Agreement. During this additional 5-year period, Contractor shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Subcontractors. Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

(f) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit "B".

5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents may apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention.

All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer.

No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance, additional insured endorsement forms or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of and endorsements to all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

All certificates shall name the City as additional insured (providing the appropriate endorsement) and shall conform to the following "cancellation" notice:

CANCELLATION:

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATED THEREOF, THE ISSUING COMPANY SHALL MAIL THIRTY (30)-DAY ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER NAMED HEREIN.

[to be initialed]


Contractor Initials

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Contractor performs; products and completed operations of Contractor; premises owned, occupied or used by Contractor; or any automobiles owned, leased, hired or borrowed by Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Contractor agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Contractor may be held responsible for the payment of damages to any persons or property resulting from the Contractor's activities or the activities of any person or persons for which the Contractor is otherwise responsible nor shall it limit the Contractor's indemnification liabilities as provided in Section 5.3.

In the event the Contractor subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Contractor and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Contractor is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

5.3 Indemnification.

To the full extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of Contractor, its officers, employees, agents, subcontractors, invitees, or any individual or entity for which Contractor is legally liable ("indemnitors"), or arising from Contractor's or indemnitors' reckless or willful misconduct, or arising from Contractor's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Contractor will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys' fees incurred in connection therewith;

(b) Contractor will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of

Contractor hereunder; and Contractor agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorneys' fees.

Contractor shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Contractor shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Contractor in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Contractor and shall survive termination of this Agreement.

5.4 Sufficiency of Insurer or Surety.

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the risk manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Contractor agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three

(3) years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Contractor's business, custody of the books and records may be given to City, and access shall be provided by Contractor's successor in interest. Notwithstanding the above, the Contractor shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Reports.

Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Contractor hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Contractor agrees that if Contractor becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Contractor is providing design services, the cost of the project being designed, Contractor shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Contractor is providing design services, the estimated increased or decreased cost estimate for the project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials") prepared by Contractor, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Contractor will be at the City's sole risk and without liability to Contractor, and Contractor's guarantee and warranties shall not extend to such use, reuse or assignment. Contractor may retain copies of such documents for its own use. Contractor shall have the right to use the concepts embodied therein.

All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Contractor fails to secure such assignment, Contractor shall indemnify City for all damages resulting therefrom. Moreover, Contractor with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

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6.4 Confidentiality and Release of Information.

(a) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Contractor, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives City notice of such court order or subpoena.

(c) If Contractor, or any officer, employee, agent or subcontractor of Contractor, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorneys fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Los Angeles, State of California, or any other appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Los Angeles, State of California.

7.2 Disputes; Default.

In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not

reduced, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Contractor's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Contractor hereby authorizes City to deduct from any amount payable to Contractor (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Contractor's acts or omissions in performing or failing to perform Contractor's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Contractor, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Contractor to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Contractor shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.6 Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Contractor shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue a legal action under this Agreement.

7.7 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Contractor, except that where termination is due to the fault of the Contractor, the period of notice may be such shorter time as may be determined by the Contract Officer. In addition, the Contractor reserves the right to terminate this Contract at any time, with or without cause, upon sixty (60) days' written notice to City, except that where termination is due to the fault of the City, the period of notice may be such shorter time as the Contractor may determine. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Contractor.

If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

7.9 Attorneys' Fees.

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount which

may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest.

Contractor covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Contractor's performance of services under this Agreement. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Contractor agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the Agreement which affects her/his financial interest or the financial interest of any corporation, partnership or association in which (s)he is, directly or indirectly, interested, in violation of any State statute or regulation. The Contractor warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

8.3 Covenant Against Discrimination.

Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

8.4 Unauthorized Aliens.

Contractor hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Contractor so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Contractor hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Carson, 701

East Carson, Carson, California 90745 and in the case of the Contractor, to the person at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.4 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the parties. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Contractor and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

9.5 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 Warranty & Representation of Non-Collusion.

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5. Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or

other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Contractor's Authorized Initials



9.7 Corporate Authority.

The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[SIGNATURES ON FOLLOWING PAGE]

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CITY OF CARSON

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:

CITY OF CARSON, a municipal corporation

Art P. [Signature]
_____, Mayor

ATTEST:

Jim Dear

JIM DEAR, City Clerk

APPROVED AS TO FORM:

ALESHIRE & WYNDER, LLP

[Signature]

Sunny K. Soltani, City Attorney

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CONTRACTOR:

AdminSure Inc., a

California Corporation

By: Alithia Vargas-Flores

Name: Alithia Vargas-Flores
Title: CFO, V.P.

By: Brandy L. Williams

Name: Brandy L. Williams
Title: MedReview U.R. Manager (AdminSure Inc.)

Address: 1470 South Valley Vista Drive, Suite 230
Diamond Bar, CA 91765

Two signatures are required if a corporation.

NOTE: CONTRACTOR'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONTRACTOR'S BUSINESS ENTITY.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of LOS ANGELES

On July 7, 2015

Date

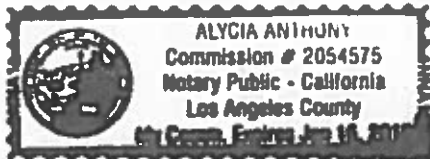
before me, ALYCIA ANTHONY NOTARY PUBLIC

Here Insert Name and Title of the Officer

personally appeared ALITHIA VARGAS-FLORES

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: Alycia Anthony

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: CONTRACT SERVICES AGREEMENT FOR THIRD PARTY CLAIMS ADMINISTRATION

Document Date: 2015

Number of Pages: 33

Signer(s) Other Than Named Above: BRANDY WILLIAMS

Capacity(ies) Claimed by Signer(s)

Signer's Name: ALITHIA VARGAS-FLORES

Signer's Name: _____

☒ Corporate Officer — Title(s): CEO, V.P.

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Attorney in Fact

☐ Trustee

☐ Trustee

☐ Guardian or Conservator

☐ Guardian or Conservator

☐ Other: _____

☐ Other: _____

Signer Is Representing: _____

Signer Is Representing: _____

ADMINSURE INC.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of LOS ANGELES

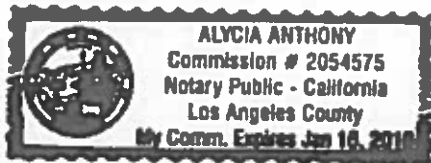
On JULY 7, 2015 before me, ALYCIA ANTHONY, NOTARY PUBLIC

personally appeared BRANDY WILLIAMS

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Place Notary Seal and/or Stamp Above

Signature: [Signature]
Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: CONTRACT SERVICES AGREEMENT FOR THIRD PARTY CLAIMS ADMINISTRATION

Document Date: 2015

Number of Pages: 33

Signer(s) Other Than Named Above: AUTHIA VARGAS - FLORES

Capacity(ies) Claimed by Signer(s)

Signer's Name: BRANDY WILLIAMS

Signer's Name: _____

☐ Corporate Officer — Title(s): _____

☐ Corporate Officer — Title(s): _____

☐ Individual

☐ Individual

☐ Partner — ☐ Limited ☐ General

☐ Partner — ☐ Limited ☐ General

☐ Attorney in Fact

☐ Attorney in Fact

☐ Trustee

☐ Trustee

☐ Guardian or Conservator

☐ Guardian or Conservator

☒ Other: HEADREVIEW U.R.

☐ Other: _____

MANAGER

Signer Is Representing: _____

Signer Is Representing: _____

ADMINSURE INC.

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EXHIBIT "A"

SCOPE OF SERVICES

I. Contractor will perform the following "Services" as a third party administrator ("TPA") to administer the City's self-insured workers' compensation program, and Contractor shall perform such "Services" pursuant to following conditions:

- A. General.** Claim administration and adjustment of all existing claims, open and closed, and all new claims during the contract term. Conversion and/or establishment of loss run data and transference of claim files from the previous TPA. The conversion and/or establishment of loss run data and transference of claim files from the previous TPA shall be completed in its entirety on or before August 14, 2015. There shall be no fee for conversion of data or transfer of claim files from the previous TPA.
- B. Caseload.** The City shall be notified when the Contractor's caseload exceeds 150 open indemnity files at any one time. Non-City claim files are to be included in the 150 total.
- C. Claims Management Services:**
 - 1. Make initial contact with the employee and establish a claims file within 24 hours of receipt of the Employers' First Report of Injury for the City. Claim files will be available for review by the City at any time during the Contractor's regular business hours.
 - 2. Contact City employees to explain Department of Workers' Compensation (DWC) benefit notices and other required letters and forms. In addition, the Contractor will provide guidance and information regarding workers' compensation benefits to City employees.
 - 3. Contractor must provide copies of all correspondence to the City that is sent to employees on the same day the original is sent to the employee.
 - 4. Respond to City staff inquiries within twenty hours (24) hours or the next business day and critical issues on the same day.
 - 5. Monitor treatment programs for injured employees to ensure that they receive proper care and to avoid over treatment situations.
 - 6. Meet state law utilization review, Independent Medical Review and Medical Provider Network guidelines and standards.
 - 7. Establish claim reserves and provide a continual review and update of reserves to reflect changes during the life of the claim.
 - 8. Administer workers' compensation benefits in accordance with the Labor Code.

9. Maintain accurate loss runs in a format and timeframe that is acceptable to the City.
10. Upon knowledge of a catastrophic (serious injury) claim notification will be made immediately via telephone to the City. These catastrophic claims include, but are not limited to, the following:

- a. Fatality
- b. Amputations
- c. Serious disfigurements
- d. Quadriplegic/Paraplegic
- e. Serious Burns
- f. Brain Injury

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11. In accordance with the Labor Code, reduce medical bills, other than medical legal expenses, based on the Official Medical Fee Schedule and recommended rates set by the Administrative Director, Division of Workers' Compensation.
12. The Contractor is responsible for proceeding against responsible third-parties in subrogation actions to recover losses suffered by the City due to payment of workers' compensation benefits.
13. Investigate and recommend special, outside investigations for questionable claims with the coordination and assistance of Risk Management.
14. Provide advance notice and explanation to the Risk Management Division of any claim for workers' compensation benefits that is contested and may be denied by the third party claims administrator.
15. Ensure that the City complies with all Medical Provider Network notice requirements.

D. Closing of Claims:

1. Maintain closed files in accordance with Labor Code provisions.
2. Close files that meet closing criteria in a timely manner. Provide the City with a monthly list of all claims closed.

E. Additional Services:

1. Attend Workers' Compensation Appeals Board hearings, status conferences and trials along with depositions, conferences with legal defense counsel, and meetings with City staff as required.
2. Provide all forms, posters, and pamphlets as required by the Labor Code and the Administrative Director that are necessary for the processing of claim and benefit information at Contractor's own expense.
3. Prepare the Public Entities Self-Insured Annual Report.
4. Review with the City the progress of Contractor's Services, including identification of problem areas and recommend solutions.
5. Timely report all claims meeting the City's excess insurance carrier's reporting criteria as established by the excess insurance carrier.
6. Work with the City's Safety Committee as necessary.
7. Demonstrate thorough knowledge of an Early Return to Work Program and Medical Provider Network.

F. Medical Cost Control:

1. Provide details of medical service cost savings resulting from Contractor's Preferred Provider Network.
2. Provide details of medical facility cost savings from Contractor's Preferred Provider Network.
3. Provide reports on a monthly and annual basis outlining bill review activity, savings and cost.
4. Provide details of cost savings from Contractor's operation or contracted bill review activities.
5. Provide details of cost savings from contracted diagnostic testing facilities.

G. Litigation:

1. Discuss medical control on litigated claims with the City before allowing defense counsel to select a Qualified Medical Examiner or Agreed Medical Examiner.
2. Closely monitor litigation efforts and communicate regularly with the City. The City must authorize all deposition, investigation, subrogation and sub-rosa activities.
3. The City must approve settlement authority on all claims.

4. Prior to any settlement conference, hearing or trial, the claims administrator and defense counsel will provide a written analysis of the case, including options and recommendations for settlement. All permanent disability ratings must include the rating formula and dollar amount.
5. Establish controls and procedures to manage and contain claim defense litigation costs.

H. Financial/Accounting:

1. A copy of all vouchers created by the claims administrator to pay benefits shall be timely provided to the City with supporting documentation.
2. Provide a monthly voucher register of all transactions made for the period.

I. Data Processing/Loss Reporting:

1. Provide a computer generated loss run analysis/summary report for each month covering activity on all new claims reported, open and closed claims for the period.
2. A comprehensive status report will be provided to the City at the time any claim exceeds a total incurred value of \$50,000 and continuing at \$100,000 increments.
3. This report will be customized to meet City needs and will provide, as a minimum, the following information by claim year:
 - a. Monthly listing of open claims by department.
 - b. Monthly listing of open claims alphabetically by claimant.
 - c. Summaries of all open and closed claims by department and the City as a whole.
 - d. Special reports on demand, at no additional charge, such as injury analysis by age, site, occupation, cause, body part, years of service, etc.

J. Records, File and Transcripts:

1. All records, files, transcripts, computer tapes, including loss run data files and other materials related to the management and administration of the City's worker compensation claims are the property of the City and must be relinquished in good order and condition upon termination of the contract with the third party claims administrator.
2. The City will not pay additional costs or fees for the transfer of such property to the City or its agent.

~~II. As part of the Services, Contractor will prepare and deliver the following tangible work products to the City:~~

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CITY OF CARSON

A. _____

B. _____

C. _____

III. In addition to the requirements of Section 6.2, during performance of the Services, Contractor will keep the City apprised of the status of performance by delivering the following status reports (as detailed in "Scope of Services" above but additionally provided here):

- A. Provide advance notice and explanation to the Risk Management Division of any claim for workers' compensation benefits that is contested and may be denied by the third party claims administrator.
- B. Provide City with a monthly list of all claims closed.
- C. Timely report all claims meeting the City's excess insurance carrier's reporting criteria as established by the excess insurance carrier.
- D. Provide reports on a monthly and annual basis outlining bill review activity, savings and cost.
- E. Prior to any settlement conference, hearing or trial, the claims administrator and defense counsel will provide a written analysis of the case, including options and recommendations for settlement. All permanent disability ratings must include the rating formula and dollar amount.
- F. A copy of all vouchers created by the claims administrator to pay benefits shall be timely provided to the City with supporting documentation.
- G. Provide a monthly voucher register of all transactions made for the period.
- H. Provide a computer generated loss run analysis/summary report for each month covering activity on all new claims reported, open and closed claims for the period.
- I. A comprehensive status report will be provided to the City at the time any claim exceeds a total incurred value of \$50,000 and continuing at \$100,000 increments. This report will be customized to meet City needs and will provide, as a minimum, the following information by claim year:
 - 1. Monthly listing of open claims by department;
 - 2. Monthly listing of open claims alphabetically by claimant;

3. Summaries of all open and closed claims by department and the City as a whole; and
 4. Special reports on demand, at no additional charge, such as injury analysis by age, site, occupation, cause, body part, years of service, etc.
- IV. All work product is subject to review and acceptance by the City, and must be revised by the Contractor without additional charge to the City until found satisfactory and accepted by City.
- V. Contractor will utilize the following personnel to accomplish the Services:
- A. Principal: Alithia Vargas-Flores, MBA, SIA, WCCP, WCCA; *Vice President/Director of Operations*
 - B. Manager: Deborah Barba, SIA, WCCP, WCCA; *Workers' Compensation Claims Manager*
 - C. Claims Adjuster: Joel Macias, SIA, WCCP, WCCA; *Workers' Compensation Claims Adjuster*

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EXHIBIT "B"

**SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)**

1. Section 5.1(b), Worker's Compensation Insurance, is hereby amended to read as follows:

(g) Worker's Compensation Insurance. A policy of worker's compensation insurance in the amount of One Million Dollars (\$1,000,000.00) per occurrence or such amount as will fully comply with the laws of the State of California, whichever is greater, and which shall indemnify, insure and provide legal defense for the Contractor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

2. Section 5.1(d), Professional Liability, is hereby amended to read as follows:

(d) Professional Liability. Without limiting Consultant's indemnification obligations set forth in this Agreement, Consultant shall procure and maintain in full force and effect, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement, including any extension thereof, Professional liability insurance appropriate to the Contractor's profession in the amount of One Million Dollars (\$1,000,000.00) single limit per occurrence. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 3 consecutive years following the completion of Contractor's services or the termination of this Agreement. During this additional 5- three (3) year period, Contractor shall annually and upon request of the City submit written evidence of this continuous coverage.

3. The following paragraph is hereby added to the end of Section 5.2, General Insurance Requirements, to read as follows:

The insurance company providing any and all of the above policies of insurance must be an accepted carrier and admitted company in the state of California with an AM Best Rating of no less than A.

4. Section 9.10, Further Provisions, is hereby added to the end of Article 9, Miscellaneous Provisions, to read as follows:

9.10 Further Provisions.

(a) Experience and Self-Insurance Certificate. Contractor shall have a minimum of five (5) years' experience administering claims as a claims administrator and hold a Self-Insurance Certificate or become certified within one year of inception of the contract.

(b) Penalties. All penalties incurred because of failure of the Contractor to comply with statutory laws and/or administrative regulations shall be the sole responsibility of the Contractor.

(c) Defense and Subrogation Counsel. The City will select defense and subrogation counsel with input from the Contractor.

(d) Service Providers. The City reserves the right to approve, disapprove or select any and all service providers including medical case managers, bill review companies, rehabilitation counselors, primary medical treatment in-patient and out-patient facilities, physicians, specialists, chiropractors, legal services, investigators, etc.

(e) Subcontracting. Contractor will identify to City any service(s) Contractor intends to sub-contract to others and identify to City the proposed sub-contractors including names, phone numbers and qualifications of the sub-contractor's company. All such services are subject to the requirements of Section 4.5.

(f) Claims Audit. The City and/or excess insurer reserve the right to conduct an annual independent Claims Audit paid for by the City and/or excess insurer.

(g) Claims Files. All claims files remain the property of the City and will not be disposed of without the City's prior authorization.

(h) Case Nurse Management. The City will provide its own vendor for case nurse management services. The vendor will bill the claims file through Contractor in an amount not to exceed \$20,000 annually and not to exceed \$60,000 for the three year term of the Agreement. Any additional amount must be agreed to by the vendor for case nurse management services and the City.

5. Section 2.2, Method of Compensation, is hereby amended to read as follows:

9.8 Method of Compensation.

The method of compensation may include: ~~(i) a lump sum payment upon completion;~~ (ii) payment in accordance with specified tasks or the percentage of completion of the services, less contract retention; ~~(iii) payment for time and materials based upon the Contractor's rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub-tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded;~~ or (iv) such other methods as may be specified in the Schedule of Compensation.

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EXHIBIT "C"

SCHEDULE OF COMPENSATION

I. Contractor shall perform the following services at the following rates:

A. Claims Administration Flat Fees. Entirety of services encompassed by "Scope of Services" pursuant to Section 1.1 shall be performed for a flat monthly fee as follows (unless expressly indicated otherwise in this "Schedule of Compensation"):

1. For the first year, August 15, 2015 through August 14, 2016, of this Agreement, the Client shall pay the Administrator \$7,425 per month for Claims Administration Services rendered under this Agreement.
2. For the second year, August 15, 2016 through August 14, 2017, of this Agreement, the Client shall pay the Administrator \$7,574 per month for Claims Administration Services rendered under this Agreement.
3. For the third year, August 15, 2017 through August 14, 2018, of this Agreement, the Client shall pay the Administrator \$7,725 per month for Claims Administration Services rendered under this Agreement.
4. For additional years subsequent to the third year, there is an option to extend by mutual agreement. Each additional year shall never exceed a two percent increase per year. Subsequent annual terms from August 15 to August 14 may be mutually agreed upon and the Administrator may adjust a fee with prior approval from the Client.
 - a. For the first option year, August 15, 2018 through August 14, 2019, of this Agreement, the Client shall pay the Administrator \$7,879 per month for Claims Administration Services rendered under this Agreement.
 - b. For the second option year, August 15, 2019 through August 14, 2020, of this Agreement, the Client shall pay the Administrator \$8,037 per month for Claims Administration Services rendered under this Agreement.

B. Medical Bill Review Flat Fees. Medical bill review includes review of Official Medical Fee Schedules (OMFS), Inpatient Hospital Fee Schedules (IHFS) and Preferred Provider Organizations (PPO). The City reserves the right to approve, disapprove or select any and all service providers including bill review companies. The total amount of medical bill review fees for the three year term of the Agreement shall not exceed \$69,000.00.

1. Medical bill review fees are at the rate of \$9.00 per bill.

2. Preferred Provider Organization fees shall not exceed 25% of savings when applicable.
3. No additional fees for online access, reports, or for transmitting medical billing information on behalf of the City to the Workers' Compensation Information System (WCIS) as required by State Law, i.e., Medical Bill Review EDI (Electronic Data Interchange) Services.

C. Utilization Review Flat Fees. The City reserves the right to approve, disapprove or select any and all service providers including bill review companies. The total amount of utilization review fees for the three year term of the Agreement shall not exceed \$69,000.00.

1. Utilization review fees by a Registered Nurse (RN) are incorporated into medical bill review invoices at the rate of 5% of billed charges, or \$85.00 per utilization review decision - the Client reserves the right to select either fee option at any time upon written notice to Administrator. The maximum utilization review fee charged per medical bill by a RN is capped at \$750.00.
2. Utilization review by a Physician is billed separately in 10-minute increments, at the rate of \$200.00 per hour. City approval will be obtained prior to a physician's review that may exceed one hour.

D. Case Nurse Management Fees. The total amount of Case Nurse Management fees shall not exceed \$20,000 annually and shall not exceed \$60,000 for the three year term of the Agreement.

E. No Fees. No fees shall be charged for the following services:

1. Data conversion;
2. Transition and implementation of services;
3. On-line access (all data and reports) for unlimited number of City users;
4. All reports and custom/ad hoc reports;
5. MMSEA, WCIS, ISO/EDEX & 1099s;
6. Training and development of special account instructions/procedures; and
7. All meetings, claims reviews, forms, posters, pamphlets and checks.

II. ~~A retention of ten percent (10%) shall be held from each payment as a contract retention to be paid as part of the final payment upon satisfactory completion of services.~~

III. Within the budgeted amounts for each Task, and with the approval of the Contract Officer, funds may be shifted from one Task subbudget to another so long as the Contract Sum is not exceeded per Section 2.1, unless Additional Services are approved per Section 1.8.

IV. The City will compensate Contractor for the Services performed upon submission of a valid invoice. Each invoice is to include:

- A. Line items for all personnel describing the work performed, the number of hours worked, and the hourly rate.**
- B. Line items for all materials and equipment properly charged to the Services.**
- C. Line items for all other approved reimbursable expenses claimed, with supporting documentation.**
- D. Line items for all approved subcontractor labor, supplies, equipment, materials, and travel properly charged to the Services.**

V. The total compensation for the Services shall not exceed Four Hundred Seventy Thousand Six Hundred and Eighty-Two Dollars (\$470,682.00) as provided in Section 2.1 of this Agreement.

~~**VI. The Contractor's billing rates for all personnel are attached as Exhibit C-1.**~~

HUMAN RESOURCES
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CITY OF CARSON

EXHIBIT "D"

SCHEDULE OF PERFORMANCE

- I. Contractor shall perform all Services timely both in accordance with the following schedule of performance and as specifically provided for in this Agreement. Any modification of the following schedule of performance is subject to the written approval of the Contract Officer and the City Attorney's office. From and after the execution of the Agreement by the parties, Contractor shall, on an ongoing basis:**

Provide to City the regular services as prescribed in both Section 1.1 and Exhibit "A" entitled "Scope of Service," of the Agreement.

- ~~II. Contractor shall deliver the following tangible work products to the City by the following dates.~~**

~~_____ A.~~

~~_____ B.~~

~~_____ C.~~

- III. The Contract Officer may approve extensions for performance of the services in accordance with Section 3.2.**