

**BROKER/CONSULTANT, RISK MANAGEMENT AND PROGRAM
ADMINISTRATION SERVICES AGREEMENT
BETWEEN**

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY
AND
DRIVER ALLIANT INSURANCE SERVICES, INC.**

I. PARTIES

The PARTIES to this AGREEMENT are the **Authority for California Cities Excess Liability (CLIENT)** and **Driver Alliant Insurance Services, Inc. (PROGRAM ADMINISTRATOR)**.

II. AGREEMENT

In consideration of the payments and agreements specified in the AGREEMENT, PROGRAM ADMINISTRATOR shall perform SERVICES pursuant to Section IV, SCOPE OF SERVICE.

III. DEFINITIONS

When used herein, when capitalized, whether in the singular or in the plural, the following terms shall have the following meanings:

- A. PROGRAM ADMINISTRATOR - Driver Alliant Insurance Services, Inc.
- B. CLIENT - Authority for California Cities Excess Liability (ACCEL).
- C. AGREEMENT - This PROGRAM ADMINISTRATOR services agreement, including any written changes thereto, which were agreed upon by the PARTIES.
- D. COMPENSATION
 - 1. FEE - Remuneration paid by CLIENT directly to PROGRAM ADMINISTRATOR for SERVICES (does not include commission).
 - 2. COMMISSION - Remuneration paid by CLIENT's insurance carriers (or excess pools) directly to PROGRAM ADMINISTRATOR.
- E. COMPANIES - The business entities other than the PROGRAM ADMINISTRATOR which make available services necessary to implement the PROGRAM.
- F. PARTY - CLIENT or PROGRAM ADMINISTRATOR.

- G. PROGRAM – The lines of insurance coverages placed on behalf of CLIENT and SERVICE provided under the scope of this AGREEMENT.
- H. SERVICE - Any and all obligations of PROGRAM ADMINISTRATOR to be performed pursuant to the AGREEMENT.
- I. KEY PERSONNEL – Those individuals on the Account Service Team, listed in **Addendum C**, responsible for the PROGRAM ADMINISTRATOR role provided for under the SCOPE OF SERVICE as detailed in **Addendum A**.

IV. SCOPE OF SERVICE

PROGRAM ADMINISTRATOR shall provide the Consulting, Administrative, and Accounting Coordination identified in **Addendum A**, Parts I. and II. In addition, PROGRAM ADMINISTRATOR shall, as respects the categories of risk and insurance identified in **Addendum B** attached hereto, at CLIENT's request, perform the SERVICES also listed in **Addendum A**, Part III.

V. COMPENSATION

It is agreed that an annual FEE, paid each July 1st. for SERVICES rendered for each year of this AGREEMENT, will be in accordance with **Addendum D** which may be updated annually. A change in the FEE will require the mutual agreement, in a written addendum, duly executed by authorized representatives of CLIENT and PROGRAM ADMINISTRATOR, and be subject to a material change in CLIENT's operations by either the addition or deletion of other operations or members, or a change in the SCOPE OF SERVICES. The PROGRAM ADMINISTRATOR and CLIENT will negotiate in good faith to revise the FEE, as may be appropriate. The annual FEE does not include COMMISSIONS for brokering Optional Programs offered to CLIENT's members as defined in Article XV of the Bylaws.

During the time of this AGREEMENT, the PROGRAM ADMINISTRATOR will disclose all compensation received in connection with any insurance placements. In the event such compensation exceeds the maximum annual FEE provision for any particular AGREEMENT year, the PROGRAM ADMINISTRATOR will reimburse CLIENT for such excess commissions as permitted by law. Otherwise, excess commissions will be carried forward and applied against any other compensation due from CLIENT during any subsequent periods that this AGREEMENT is in effect, or shall be applied to other SERVICES outside this AGREEMENT as mutually agreed.

During the time of this AGREEMENT, PROGRAM ADMINISTRATOR will annually disclose in writing, within 6 months from the end of each Program Year, all commissions received by PROGRAM ADMINISTRATOR in connection with any insurance

placements on behalf of CLIENT under the PROGRAM ADMINISTRATOR'S Transparency and Disclosure policy:

- **Transparency and Disclosure** - Driver Alliant conducts business in conformance with all applicable insurance regulations and in advancement of the best interests of our brokerage clients. We adhere to an established conflict of interest code that rejects any form of broker incentives that would result in business being placed with carriers in conflict with our clients' interests. We operate with full transparency and disclosure and regard all aspects of our brokerage services and compensation arrangements to be appropriate topics for discussion. Clients are encouraged to contact us with any questions regarding our policies and practices.

In addition to the COMMISSIONS that PROGRAM ADMINISTRATOR receives, its related entities, including Alliant Specialty Insurance Services, Inc. ("ASIS") may receive compensation from PROGRAM ADMINISTRATOR and/or the carrier for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Additionally, the related entities of Driver Signature Services and/or Strategic HR may receive compensation from PROGRAM ADMINISTRATOR and/or the carrier for providing designated, value-added services. Services contracted for by the CLIENT directly will be invoiced accordingly. Otherwise, services will be provided at the expense of PROGRAM ADMINISTRATOR and/or the carrier.

VI. TAXES & FEES, THIRD PARTY BROKERS AND INDIRECT INCOME

A. Surplus Lines Fees and Taxes

In certain circumstances, placement of insurance services made by PROGRAM ADMINISTRATOR on behalf of CLIENT, with the prior approval of CLIENT, may require the payment of surplus lines assessments, taxes and/or fees to state regulators, boards and associations. Such assessments, taxes and/or fees will be charged to CLIENT and identified separately on invoices covering these placements. CLIENT shall be responsible for all such assessments, taxes and fees, whether or not separately invoiced. PROGRAM ADMINISTRATOR shall not be responsible for the payment of any such fees, taxes or assessments, except to the extent such fees, taxes or assessments have already been collected from CLIENT.

B. Third Party Brokers

PROGRAM ADMINISTRATOR may determine from time to time that it is necessary or appropriate to utilize the services of Third Party Brokers (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the CLIENT insurance program. These Third Party Brokers may be affiliates, (other companies of PROGRAM ADMINISTRATOR that provide services other than those included within the SCOPE OF SERVICES of this AGREEMENT) or may be unrelated Third Party

Brokers. Compensation of such Third Party Brokers will be paid by the insurance company out of paid insurance premiums. Where a placement through such Third Party Brokers will result in any compensation to an affiliate, PROGRAM ADMINISTRATOR will, prior to placement, make reasonable inquires to allow full disclose, in writing, to CLIENT, its relationship to the affiliate, the reason(s) recommended for the placement of coverage through the affiliate, and why such placement is in the best interest of the CLIENT, and an estimate of the amount of compensation to be received by PROGRAM ADMINISTRATOR and all its affiliated third parties for such placement. Should PROGRAM ADMINISTRATOR determine, subsequent to placement of CLIENT's business, that one or more affiliate received compensation by PROGRAM ADMINISTRATOR's placements, PROGRAM ADMINISTRATOR shall promptly disclose this information in writing to the CLIENT. Compensation to Third Party Brokers regarding the placements of insurance is not subject to the COMPENSATION of this AGREEMENT.

C. Indirect Income

Indirect Income includes such items as insurance carrier contingency arrangements. PROGRAM ADMINISTRATOR will not accept these compensation incentives from insurers, including contingent commissions, market service agreements (MSA), volume based commissions incentives and rebates on business placed on behalf of CLIENT within the SCOPE OF SERVICE of this AGREEMENT.

VII. PERSONNEL

PROGRAM ADMINISTRATOR agrees key personnel will be responsible for performance of the designated functions for CLIENT as delineated in **Addendum C**. Should such personnel become unavailable to perform Services for CLIENT, PROGRAM ADMINISTRATOR agrees to replace, as soon as practical, such personnel with personnel of comparable skills and experience as determined by CLIENT's evaluation and subject to CLIENT's right of refusal for any reason.

VIII. TERM

The term of the AGREEMENT shall be effective from July 1, 2006 and ending 12:01 a.m. June 30, 2011 (Five Years), unless cancelled pursuant to Section X. CLIENT shall have an option to extend the AGREEMENT for two additional one-year periods, exercisable by CLIENT by notifying PROGRAM ADMINISTRATOR of such extension prior to the anniversary date. The AGREEMENT shall have an anniversary date each July 1st, for the purpose of reviewing compensation and optional extensions. This AGREEMENT supersedes and replaces all previous Agreements or Contracts.

IX. NONASSIGNABLE

This AGREEMENT is binding upon the parties hereto and their respective successors by merger, sale, consolidation or reorganization. The AGREEMENT is otherwise personal to the PARTIES and cannot be assigned or delegated without prior written consent of the other PARTY.

X. TERMINATION OF THIS AGREEMENT

The AGREEMENT may be cancelled by either PARTY any time upon 90 days advance written notice delivered or mailed to the other PARTY. In the event of termination or expiration of this Agreement, PROGRAM ADMINISTRATOR will assist CLIENT in arranging a smooth transition to another administrator, including, but not limited to, providing CLIENT with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this Agreement, which copies shall become the permanent property of the CLIENT. Except for this transition assistance, PROGRAM ADMINISTRATOR's obligation to provide services to CLIENT will cease at 12:01 a.m. upon the effective date of termination or expiration.

In the event of early termination of this AGREEMENT by CLIENT, other than as a result of a breach of this AGREEMENT by the PROGRAM ADMINISTRATOR, the PROGRAM ADMINISTRATOR will be deemed to have earned its annual FEE, in accordance with the following schedule:

In the event of Termination, the earning by the PROGRAM of its annual FEE shall be on a monthly, pro-rata basis; i.e., if termination were to occur on November 30, 20xx, CLIENT would pay PROGRAM ADMINISTRATOR five-twelfths (5/12) of its annual FEE.

AGREEMENT expiration or termination shall release the PROGRAM ADMINISTRATOR from all account responsibilities including, but not limited to, the reporting of claims to carriers. PROGRAM ADMINISTRATOR and CLIENT may agree to hourly rates for services for handling run on/run off claims and other ongoing services.

XI. ENTIRE AGREEMENT MODIFICATION

This AGREEMENT contains the entire agreement between PROGRAM ADMINISTRATOR and CLIENT. It can be amended only by written agreement signed by both parties. If one part of this Agreement is determined to be unenforceable, the rest of the provisions of the AGREEMENT will remain valid and enforceable. This AGREEMENT shall be governed by the laws of the State of California without regard to any conflict of law provisions.

XII. SEVERABILITY

If any term, covenant, condition or provision of this AGREEMENT is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

XIII. APPLICABLE LAW

This AGREEMENT has been executed and delivered in the State of California, and the validity, enforceability and interpretation of any of the clauses of this AGREEMENT shall be determined and governed by the laws of the State of California.

XIV. HOLD HARMLESS AND IDEMNITY

The PROGRAM ADMINISTRATOR agrees to indemnify, hold harmless, reimburse and defend CLIENT at all times against any claim, costs, expense, liability, obligation, loss or damage (including reasonable legal fees) of any nature, incurred by or imposed upon CLIENT and based upon the work or operations performed by, or any errors or omissions of, the PROGRAM ADMINISTRATOR, its agents or employees, with respect to the services provided by the PROGRAM ADMINISTRATOR under this AGREEMENT; except to the extent the error or omission arises from the PROGRAM ADMINISTRATOR's reliance on information provided by CLIENT or from the PROGRAM ADMINISTRATOR's following instructions from CLIENT. In the event that CLIENT tenders its defense in any such claim, etc., to the PROGRAM ADMINISTRATOR, and the PROGRAM ADMINISTRATOR accepts such tender, the defense of CLIENT shall be conducted by counsel selected and paid by the PROGRAM ADMINISTRATOR.

XV. INSURANCE REQUIREMENTS

During the term of this AGREEMENT, PROGRAM ADMINISTRATOR shall maintain the following insurance coverage and limits or the equivalent self-insurance coverage:

1. Professional Liability insurance with minimum limits of \$1 million per claim providing coverage for any errors and omissions which the PROGRAM ADMINISTRATOR or its agents may make resulting in financial loss to CLIENT;
2. Commercial General and Automobile Liability insurance with limits of at least \$1 million combined single limit per occurrence and in the aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:
 - a. CLIENT, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by the PROGRAM ADMINISTRATOR or on behalf of the

PROGRAM ADMINISTRATOR, or "any auto," whether owned leased, hired or borrowed by the PROGRAM ADMINISTRATOR.

- b. For any covered claims related to this AGREEMENT, the PROGRAM ADMINISTRATOR's insurance coverage shall be primary insurance as respects CLIENT, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by CLIENT or any of its members shall be excess to the PROGRAM ADMINISTRATOR's insurance and shall not contribute with it.
3. Workers' Compensation coverage in compliance with the laws of the State of California, and Employers' Liability insurance in the amount of at least \$1 million per accident or aggregate.
4. Excess Liability of at least \$4 million per occurrence (and in the aggregate) coverage over General Liability, Professional and Auto primary coverage.

Each insurance policy required by this section shall be endorsed to state that coverage shall not be canceled or non renewed by PROGRAM ADMINISTRATOR, except with thirty (30) days prior written notice by certified mail, return receipt requested, given to CLIENT.

All insurance carriers providing the coverages required by this section shall have a financial rating of at least an "A-" published A.M. Best or an equivalent financial rating firm published reports will be used to confirm the insurance carriers' rating, unless the PROGRAM ADMINISTRATOR has obtained the CLIENT's written acknowledgment that an insurance carrier with a lower financial rating is permitted.

PROGRAM ADMINISTRATOR shall also provide to CLIENT certificates of insurance and copies of applicable endorsements evidencing the above coverages and limits, and will maintain these coverages during the term of this Agreement.

The failure of the PROGRAM ADMINISTRATOR to procure and maintain the required insurance does not negate the PROGRAM ADMINISTRATOR's obligation under this Agreement to do so.

XVI. OBLIGATIONS OF CLIENT

CLIENT will reasonably cooperate with the PROGRAM ADMINISTRATOR in the performance of the PROGRAM ADMINISTRATOR's brokerage, risk management and program administration duties by providing the PROGRAM ADMINISTRATOR with reasonable access to CLIENT's personnel and information, including providing the PROGRAM ADMINISTRATOR, where available, reasonably complete and accurate information as to CLIENT's loss experience, risk exposures and any other pertinent information that the PROGRAM ADMINISTRATOR requests. CLIENT shall promptly review coverage documents concerning the PROGRAM delivered by the PROGRAM ADMINISTRATOR for consistency with CLIENT's specifications.

CLIENT shall designate one or more officers or committees of CLIENT to receive and provide significant intervening substantive review, and independently evaluate any and all recommendations or proposals made to CLIENT by the PROGRAM ADMINISTRATOR, which are significant, substantive in nature and under which any benefit shall accrue to the PROGRAM ADMINISTRATOR or the PROGRAM ADMINISTRATOR's affiliates a material financial impact, under the terms of this AGREEMENT. Such officer(s) or committee(s) shall then provide their own recommendations concerning such matters to the officer or board of CLIENT having ultimate decision-making authority on such matters.

XVII. DISPUTE RESOLUTION

Any dispute arising under the terms of this AGREEMENT which is not resolved within a reasonable period of time by authorized representatives of the PROGRAM ADMINISTRATOR and the CLIENT shall be brought to the attention of the Chief Executive Officer (or designated representative) of the PROGRAM ADMINISTRATOR and the Chair (or designee) of the CLIENT for joint resolution. At the request of either party, the CLIENT shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute may be submitted to final and binding arbitration, upon agreement of both parties, or either party may elect to and pursue any rights and remedies by legal action. In any dispute arising out of or under the terms of this AGREEMENT, the prevailing party shall be entitled to recover its legal fees and costs from the other party. Any such arbitration or legal action shall be venued in Contra Costa County, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, the PROGRAM ADMINISTRATOR and CLIENT shall continue without delay to perform their responsibilities under this AGREEMENT. The PROGRAM ADMINISTRATOR shall keep accurate records of its SERVICES in order to document the extent of its SERVICES under this AGREEMENT.

XVIII. COPYRIGHT

Any reports, documents or other materials produced in whole or in part under this AGREEMENT shall be the property of CLIENT and none shall be subject to an application for copyright by or on behalf of PROGRAM ADMINISTRATOR.

XIX. CONFIDENTIALITY

PROGRAM ADMINISTRATOR will not disclose to any third party any of CLIENT's confidential information, protected tangible or intangible property rights, intellectual property, or trade secrets obtained in the course of providing services to CLIENT, except in the furtherance of insurance brokerage, risk management, risk transfer, employee

benefits or other insurance related services or products provided by PROGRAM ADMINISTRATOR to CLIENT, and only on condition that such insurers and financial institutions are informed of the confidential nature of such information. This information may include information relevant to the underwriting and/or evaluation of the CLIENT's risks and the processing of claims.

The following types of information shall not be considered confidential:

1. Information in the public domain or which becomes a part of the public domain other than as a result of a breach of this section by PROGRAM ADMINISTRATOR;
2. Information which is independently developed by PROGRAM ADMINISTRATOR as demonstrated by PROGRAM ADMINISTRATOR's records;
3. Information which is disclosed to CLIENT by a third party, other than any member of CLIENT, which PROGRAM ADMINISTRATOR had no reason to believe had any confidentiality or fiduciary obligation to CLIENT with respect to such information; or
4. Information which is required to be disclosed by law or judicial process provided that PROGRAM ADMINISTRATOR shall give CLIENT prior notice of such requirement in sufficient time to permit CLIENT to seek and obtain a protective order against disclosure of such information.
5. Services in connection with loss portfolio transfers and alternative risk financing;
6. Establishment and administration of captive insurers;
7. Non-recurring insurance placements involving significant quantitative or actuarial analysis or modeling, placements of risks with financial institutions other than insurance carriers, and placements of risks not customarily accepted by insurers.

XX. ETHICS AND CONFLICT OF INTEREST STATEMENT

The PROGRAM ADMINISTRATOR understands and agrees that CLIENT desires to compare the cost of obtaining services or insurance products from PROGRAM ADMINISTRATOR against other viable and competitive options and expects that the PROGRAM ADMINISTRATOR will make its compensation agreements and revenue streams known to CLIENT, so as to provide CLIENT with a clear accounting of the costs of the placement of insurance services and products. The PROGRAM ADMINISTRATOR shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of CLIENT ahead of any other concerns in the placement of insurance services and products. To this end, PROGRAM ADMINISTRATOR:

1. Warrants that it will adhere to its ethical obligations to CLIENT to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverages, and to provide access to an open, fair, and competitive insurance market place;
2. Will exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact, and the name, address, phone number and email address of the individual contact for each market;
3. Will make every good faith attempt to avoid even the appearance of a conflict of interest between the PROGRAM ADMINISTRATOR, CLIENT, and any provider of any insurance product or service, and will promptly notify CLIENT of any real or potential conflict of interest;
4. Agrees to provide to CLIENT a copy of PROGRAM ADMINISTRATOR's own Ethics Statement or Code, or PROGRAM ADMINISTRATOR Compliance Statement, or to make such statements available on the PROGRAM ADMINISTRATOR's website;
5. Will require that all insurance carriers show any commission rates on their insurance policies and ensure those rates are known to CLIENT;
6. Will annually benchmark CLIENT's premiums in writing to confirm that the premiums quoted are competitive; and
7. Will work with the CLIENT to analyze, mitigate, and transfer risk in the best interests of the CLIENT.

XXI. NOTICE

All Notices under this agreement shall be delivered as follows:

To CLIENT:

ACCEL
 c/o Driver Alliant Insurance Services, Inc.
 600 Montgomery Street, 9th. Floor
 San Francisco, CA 94111
 Attn: Michael Simmons, ACCEL Program
 Administrators

*(A copy will be sent to the then current
 President of ACCEL to the address on
 record with the Authority).*

To PROGRAM ADMINISTRATOR:

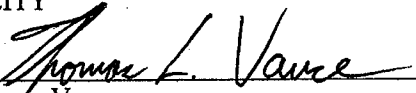
Driver Alliant Insurance Services, Inc.
 600 Montgomery Street, 9th. Floor
 San Francisco, CA 94111
 Attn: Michael Simmons

XXII. PERFORMANCE MEASURES


The PROGRAM ADMINISTRATOR agrees to be evaluated by mutually agreed upon performance measures as developed jointly each year of this AGREEMENT. Performance measures shall be revised and agreed upon for each year of this AGREEMENT.

IN WITNESS WHEREOF, CLIENT and PROGRAM ADMINISTRATOR have hereby executed this AGREEMENT on this 23rd. day of June, 2006.

AUTHORITY FOR CALIFORNIA CITIES EXCESS
LIABILITY

By: 
Thomas Vance
President

DRIVER ALLIANT INSURANCE SERVICES, INC.

By: 
Michael Simmons
Vice Chairman

ADDENDUM A - SCOPE OF SERVICES

General Administration - Part I.

PROGRAM ADMINISTRATOR agrees to provide to CLIENT the following services:

A. CONSULTING AND PROGRAM ADMINISTRATION.

1. Act, upon request, as a liaison for communications among or between all parties involved in the Program, including CLIENT, its participating members, insurance carriers and others.
2. Develop and recommend to CLIENT insurance and other risk financing or loss funding programs, techniques and methods, including incidental insurance purchases such as Trustee's Errors & Omissions and Public Employee Dishonesty.
3. Develop underwriting information necessary to administer CLIENT's programs.
4. Monitor the PROGRAM to assure its continuing balance of coverage scope, cost, service and stability.
5. Prepare written reports to CLIENT management to include:
 - a. Reports as needed of pending rate, coverage or renewal problems including significant changes in the financial status of major insurers, re-insurers for the Program.
 - b. At least 180 days prior to PROGRAM anniversary, a written report stating anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes.
 - c. A comprehensive summary report (within 30 days of purchasing coverage) outlining the PROGRAM. Such report shall contain the following information:
 - 1) Summary of insurances and their terms and conditions.
 - 2) Summary of financial conditions of insurers providing coverage.
 - d. Annually during the term of this AGREEMENT or at such other interval agreed between the Parties, the PROGRAM ADMINISTRATOR will prepare a stewardship report which will include a complete list of insurance in force, an evaluation of the overall self-insurance and insurance PROGRAMS (including recommendations for change) and a forecast of expected market conditions and estimated premiums. At the time of the presentation of the stewardship report, the PROGRAM

ADMINISTRATOR will advise the officer(s) or committee(s) of CLIENT so designated by CLIENT of any changes which are appropriate in services to be performed for CLIENT by the PROGRAM ADMINISTRATOR during any succeeding term of this Contract, for substantive review by such person(s) or committee(s).

- e. On a six-month basis, provide a report on the services rendered for the period and a projection of work to be accomplished during the next six-month period.
6. Evaluate (i) CLIENT's loss exposures and draft insurance policy specifications which address such exposures; (ii) existing insurance policies as to the adequacy of coverage; (iii) appropriate retention levels; and (iv) significant restrictions in coverage, the existence of warranties, concurrency of coverage, duplications or gaps in coverage, suitability of forms, and other related matters. Upon such evaluation, make recommendations regarding these subjects to the officer(s) or committee(s) designated by CLIENT, for substantive review by such officer(s) or committee(s).
7. In the event that any excess insurance is written for the PROGRAM, unless CLIENT gives the PROGRAM ADMINISTRATOR contrary written instructions, the PROGRAM ADMINISTRATOR will provide information to CLIENT's Claims Administrator necessary to implement the practice of notifying all excess insurance carriers whenever CLIENT or one of its members has requested that notice of a claim be given to the primary carrier.
8. Assist CLIENT, and where applicable CLIENT's third party claims administrator, in settlement issues with insurance carriers. However, it is understood and agreed that the PROGRAM ADMINISTRATOR is not providing claims management services under this AGREEMENT.
9. Coordinate, as requested by CLIENT and/or its participating members, safety/loss control programming and development of loss prevention materials.
10. Review coverage provided by CLIENT to its members.
11. Collect comprehensive underwriting data on each city applying for membership to CLIENT. Analyze data and loss information. Provide a written report to the Underwriting Committee, summarizing the exposures, loss experience and risk management structure as required by CLIENT. Provide support documentation on all areas of concern, which need to be addressed by either the Committee or Board regarding possible exclusions of undesirable exposures.
12. Issue, amend, endorse and maintain Memorandum of Coverage forms and insurance policies.
13. Issue, secure and maintain Certificate of Coverage on behalf of CLIENT.

14. Provide ongoing information on the status of the insurance industry and the markets.
15. Prepare agendas, set up meetings, and provide other general administrative functions.
16. Record and distribute minutes of meetings to all Board members.
17. Meet at members sites as requested and necessary.
18. Act as the central clearing-house for dissemination of information.
19. Assist members on matters of liability insurance coverage required of contractors.
20. Work with CLIENT committees and coordinate the activities of the committees.
21. Produce an annual stewardship report and bulletins to members throughout the year.
22. Attend meetings of CLIENT as requested.
23. Serve as custodian of official records of CLIENT except as otherwise provided for.
24. Meet performance standards established by the Board.
25. Other duties as mutually agreed by the PARTIES.

B. WEBSITE MAINTENANCE.

Update and maintain CLIENT Website; www.accelpool.org. and other PROGRAM documentation.

C. ELECTRONIC DATA MAINTENANCE.

PROGRAM ADMINISTRATOR shall maintain the following electronic data and related database programs for CLIENT, with the understanding except that database programming services are not contemplated within the SCOPE OF SERVICES:

1. Retrospective Rating Calculations.
2. Prepare Budget and Quarterly Year-to-date Statements.
3. Estimated Earnings Report Maintenance.

Accounting Coordination - Part II.

Provide general accounting services as established by the ACCEL Board based on the recommendations of the Finance Committee and in compliance with other conditions of the Agreement.

DUTIES OF ACCEL ACCOUNTANT

- A. Check *writing* for administrative expenses;
- B. Reconciliation of administrative check (checking) account activity monthly;
- C. Preparation of monthly checking account activity statement;
- D. Receipt of monthly reports from Investment Advisor;
- E. Preparation of cover letters for review of ACCEL Treasurer on monthly report of investments;
- F. Preparation of monthly report of investment cover letters for review by ACCEL Treasurer;
- G. Gathering of data quarterly for preparation and compilation of Estimated Interest Earning Report;
- H. Preparation of Balance Sheet, Profit and Loss YTD Comparison, and Profit and Loss Previous Year Comparison Monthly;
- I. Gathering of data to submit to auditors annually;
- J. Requesting estimated and final payroll information from cities;
- K. Tracking on spreadsheet payroll information to compare estimated to actual payrolls;
- L. Submit invoices to cities for:
 - 1. Annual premium;
 - 2. Annual admin fee; and
 - 3. Final payments based on actual payroll.
- M. File State Controller's report annually;
- N. Annual budget preparation (to be reviewed by ACCEL Treasurer);
- O. Tracking on spreadsheet of expenditures/appropriates to present to each CLIENT meeting;
- P. Assist ACCEL Treasurer in request of monies from investment accounts;

- Q. Gathering of financial data to send to PROGRAM ADMINISTRATOR for meetings;
- R. Monitoring and distribution of retrospective refunds to members;
- S. Keeper of financial records;
- T. Provide Auditor with all required information;
- U. Provide PROGRAM ADMINISTRATOR a list of all outstanding Final Audit items necessary for meeting Critical Path deadlines;
- V. Identify missing vendor "Confirmations";
- W. Preparation of (Quarterly Compilation); and
- X. Preparation of Quarterly Estimated Interest Earning Report.
- Y. As directed, transfer monies to and from the Local Agency Investment Fund under authority granted by the Board.

Brokerage - Part III.

- A. Develop and recommend to CLIENT insurance and other risk financing or loss funding PROGRAMS, techniques and methods whenever they will benefit CLIENT
- B. Develop underwriting information, structure offerings to insurers and secure, when reasonably available, a PROGRAM as desired by CLIENT with financially acceptable insurance companies or other pooling programs providing the balance of coverage scope, cost and services selected by the ACCEL Board.
- C. Design insurance wording for PROGRAM contracts to meet the specific needs of CLIENT
- D. Review marketing plan with CLIENT prior to approaching insurers on any PROGRAM.
- E. Review insurance policies, binders, certificates and other documents related to the PROGRAM for accuracy and obtain revisions in such documents when needed.
- F. Monitor the PROGRAM to assure its continuing balance of coverage scope, cost, service and stability.
- G. Prepare written reports to CLIENT management to include:
 - 1. Reports as needed of pending rate, coverage or renewal problems including significant changes in the financial status of major insurers,

reinsurers and other entities providing services for PROGRAM. At least 90 days prior to PROGRAM anniversary, a written report stating anticipated renewal terms and conditions and other indications of market conditions, trends and anticipated changes,

2. Not more than 90 days after renewal, comprehensive annual summary report outlining the PROGRAM for use in the CLIENT Annual Report. Such report shall contain the following Information:
 - a. Recapitulation of PROGRAM'S cost for current and preceding years.
 - b. Summary of coverages and other PROGRAM terms and conditions, including any coverage not purchased through the PROGRAM ADMINISTRATOR.
- H. Provide additional brokerage services as agreed upon by the PARTIES.
- I. Act as CLIENT's insurance broker of record and perform all customary duties of an insurance broker. This may include the brokering of optional insurance programs available to CLIENT members as defined in the ACCEL Bylaws, Article XV.
- J. Evaluate the financial status and service capabilities of the insurers affording coverage or making quotations of coverage under the Program, based upon the available data. CLIENT recognizes and agrees that PROGRAM ADMINISTRATOR is not responsible for any change in the financial condition of any insurance carrier after an insurance placement is made.
- K. Deliver binders or other evidences of insurance within ten (10) calendar days after the placement of any insurance under the Program to be effective until such time as the policy or policies for the placement are received by CLIENT from the insurance carriers. Such binders shall be signed by an authorized agent or employee of the insurance carrier.
- L. The PROGRAM ADMINISTRATOR shall use best efforts to secure a correct policy or policies within sixty (60) days of placement of any insurance under the Program.
- M. The PROGRAM ADMINISTRATOR shall not be responsible for the failure of members to make premium payments.

ADDENDUM B – PROGRAMS SERVICED

PROGRAM ADMINISTRATOR agrees to provide SERVICES to the following PROGRAMS of CLIENT:

1. Fidelity (Crime),
2. Trustees' Errors & Omissions, and
3. Municipal Excess Liability with limits BELOW \$10,000,000

It is understood and agreed that CLIENT may obtain additional services from PROGRAM ADMINISTRATOR for additional and/or Optional Programs. COMMISSIONS on these Programs will be limited to the percentage listed. Current Programs where COMMISSION is collected in addition to the FEE include:

- Municipal Excess Liability with Limits ABOVE \$10,000,000¹
 - COMMISSION Percentage: 10%
- Excess Workers' Compensation
 - COMMISSION Percentage: Not to Exceed 3.5%

Excess Layer	Comm.	Layer Ratio	\$10 XS \$10	\$10 XS \$7	\$10 XS \$5	\$10 XS \$2
20,	10.00%	25	25			
19,	10.00%	25	25			
18,	10.00%	25	25			
17,	10.00%	25	25	25		
16,	10.00%	25	25	25		
15,	10.00%	40	40	40	40	
14,	10.00%	40	40	40	40	
13,	10.00%	40	40	40	40	
12,	10.00%	40	40	40	40	40
11,	10.00%	40	40	40	40	40
10,	0.00%	60		60	60	60
9,	0.00%	60		60	60	60
8,	0.00%	60		60	60	60
7,	0.00%	60			60	60
6,	0.00%	60			60	60
5,	0.00%	100				100
4,	0.00%	100				100
3,	0.00%	150				150
2,	0.00%	150				
SIR						
AVERAGE %						
COMM:			10.00%	5.81%	4.00%	1.10%
Rounded to .25%:			10.00%	6.00%	4.00%	1.00%

¹ When an excess insurance policy overlaps the \$10,000,000 layer indicated above, the commission collected will be 10% only on the portion above this limit. Therefore, a sliding scale as depicted in the chart directly above will be used to determine the percentage amount collectible.

ADDENDUM C – ACCOUNT SERVICE TEAM

PROGRAM ADMINISTRATOR agrees to provide an Account Team to SERVICE the PROGRAMS of CLIENT that includes:

1. Michael Simmons, Vice Chairman;
2. Daniel Howell, Senior Vice President;
3. Janelle Aldea, Account Manager.

ADDENDUM D – ANNUAL FEE

During the term of this AGREEMENT, the FEES for SERVICES will be:

Prog. Yr.:	06/07	07/08	08/09	09/10	10/11
FEE:	\$180,000	\$185,000	\$190,000	\$195,000	\$200,000

Any additional FEES for a new member joining must be approved by the ACCEL Board. Any other mid-AGREEMENT adjustments in the FEE due to a change of SERVICES, or time to provide these SERVICES shall not result in a change more or less than 20% of the initial annual amount.

FEES for the optional “two additional one-year extensions” addressed in Section VIII. Term, are to be mutually agreed at the time the extension(s) are approved.