

**BROKER/CONSULTANT, RISK MANAGEMENT AND PROGRAM
ADMINISTRATION SERVICES AGREEMENT
BETWEEN
AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY
AND
ALLIANT INSURANCE SERVICES, INC.**

I. PARTIES

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

II. AGREEMENT

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

- F. PARTY - CLIENT or ALLIANT.
- 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 ALLIANT to be performed pursuant to the AGREEMENT.
- I. KEY PERSONNEL – Those individuals on the Account Service Team, listed in **Addendum C**, responsible for ALLIANT role provided for under the SCOPE OF SERVICE as detailed in **Addendum A**.

IV. SCOPE OF SERVICE

ALLIANT shall provide the Consulting, Administrative, and Accounting Coordination identified in **Addendum A**, Parts I. and II. In addition, ALLIANT 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 B**. A change in the FEE will require the mutual agreement, in a written addendum, duly executed by authorized representatives of CLIENT and ALLIANT. 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 ALLIANT 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, ALLIANT 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, ALLIANT 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, ALLIANT will annually disclose in writing, within 6 months from the end of each Program Year, all commissions received by ALLIANT in connection with any insurance placements on behalf of CLIENT under ALLIANT'S Transparency and Disclosure policy:

Transparency and Disclosure - During the term of this AGREEMENT, ALLIANT will annually disclose any commissions received by ALLIANT, or any affiliated company, in connection with any insurance placements on behalf of CLIENT under ALLIANT'S "Transparency and Disclosure" policy, a copy of which is made available upon request. Pursuant to its policy, Alliant will conduct business in conformance with all applicable insurance regulations and in advancement of the best interests of its clients. In addition, ALLIANT'S conflict of interest policy precludes it from accepting any form of broker incentives that would result in business being placed with carriers in conflict with the interests of ALLIANT'S clients.

Other Alliant Service Firms:

- **Alliant Specialty Insurance Services (ASIS).** In addition to the COMPENSATION that ALLIANT receives, its related entity, Alliant Specialty Insurance Services (ASIS) and its underwriting operations, Alliant Underwriting Services (AUS), may receive compensation from ALLIANT and/or carriers for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium, and is separate from COMPENSATION received by ALLIANT. This compensation received by ASIS will be disclosed in writing to CLIENT.

CLIENT further acknowledges that ALLIANT and ASIS represent that they maintain an arm's length relationship. CLIENT understands that while ALLIANT represents CLIENT as an individual entity, ASIS independently administers its program as a whole and not on behalf of any particular member.

- **Alliant Business Services (ABS); Strategic HR.** Additionally, ALLIANT'S internal operating groups, Alliant Business Services (ABS) and/or Strategic HR, may receive compensation from ALLIANT and/or carriers 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 ALLIANT 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

ALLIANT 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. ALLIANT 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

ALLIANT 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. Subject to the provisions herein, these third party brokers may be affiliates of ALLIANT (e.g., other companies of ALLIANT that provide services other than those included within the SCOPE OF SERVICES of this AGREEMENT), or may be unrelated third party brokers. Compensation to such third party brokers will be paid by the insurance company out of paid insurance premiums.

C. Indirect Income

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

VII. PERSONNEL

ALLIANT 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, ALLIANT 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, 2011 and ending 12:01 a.m. June 30, 2016 (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 ALLIANT 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 accordance with the notice provisions set forth herein. In the event of termination or expiration of this AGREEMENT, ALLIANT will provide CLIENT with reasonable assistance in arranging a smooth transition to another broker. Except for this transition assistance, ALLIANT'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 ALLIANT, ALLIANT will be deemed to have earned its annual FEE, in accordance with the following schedule:

If this AGREEMENT is terminated or canceled mid-year, and within the first three hundred (300) days of the PROGRAM year, then the FEE shall be prorated with a minimum of fifty percent (50%) deemed earned. The FEE shall be deemed fully earned if termination occurs on or after three hundred one (301) days of the PROGRAM year. In the event of a mid-term termination of this AGREEMENT by either PARTY, all excess COMPENSATION will be paid to CLIENT within sixty (60) days of the date of termination.

AGREEMENT expiration or termination shall release ALLIANT from all account responsibilities including, but not limited to, the reporting of claims to carriers.

ALLIANT and CLIENT may agree to hourly rates for services for handling the “run on/run off” claims and other ongoing services.

XI. ENTIRE AGREEMENT MODIFICATION

This AGREEMENT contains the entire agreement between ALLIANT 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 IDEMUNITY

ALLIANT 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, ALLIANT, its agents or employees, with respect to the services provided by ALLIANT under this AGREEMENT; except to the extent the error or omission arises from ALLIANT’s reliance on information provided by CLIENT or from ALLIANT’s following instructions from CLIENT. In the event that CLIENT tenders its defense in any such claim, etc., to ALLIANT, and ALLIANT accepts such tender, the defense of CLIENT shall be conducted by counsel selected and paid by ALLIANT.

XV. INSURANCE REQUIREMENTS

- A. Coverage and Limits.** During the term of this AGREEMENT, ALLIANT 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 that ALLIANT 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.
 3. 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 Broker or on behalf of the Broker.
 4. For any covered claims related to this AGREEMENT, ACCEL'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 ACCEL's insurance and shall not contribute with it.
 5. ALLIANT agrees to notify ACCEL annually, if ALLIANT's Self Insured Retention(s) are greater than \$500,000 per occurrence.
 6. Workers' Compensation coverage in compliance with applicable law, and Employers' Liability insurance in the amount of at least \$1 million per accident or aggregate.
 7. Excess Liability of at least \$4 million per occurrence (and in the aggregate) coverage over General Liability, Professional Liability, and Auto primary coverage.
- B. Carrier Rating.** All insurance carriers providing the coverage required by this section shall have a financial rating of at least an "A-VII" published A.M. Best, or an equivalent financial rating firm. Published reports will be used to confirm the insurance carriers' rating, unless ALLIANT has obtained the CLIENT'S written acknowledgment that an insurance carrier with a lower financial rating is permitted.
- C. Certificates of Insurance/Endorsements.** Upon request, ALLIANT shall also provide to CLIENT certificates of insurance and copies of applicable endorsements evidencing the above coverage and limits, and will maintain these coverages during the term of this AGREEMENT.

- D. Ongoing Obligation.** The failure of ALLIANT to procure and maintain the required insurance does not negate its obligation under this AGREEMENT to do so.

XVI. OBLIGATIONS OF CLIENT

CLIENT will cooperate with ALLIANT in the performance of ALLIANT'S duties by providing reasonably complete and accurate information as to CLIENT'S loss experience, risk exposures, and any other pertinent information that ALLIANT requests. CLIENT shall promptly review coverage documents concerning the PROGRAMS delivered by ALLIANT for consistency with CLIENT'S specifications. In addition, CLIENT shall have the responsibility to keep record of and promptly report significant changes in exposures, loss-related data, and/or any other material changes to ALLIANT. This reporting must be memorialized in writing and delivered to ALLIANT in accordance with the NOTICE provision.

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 ALLIANT, which are significant, substantive in nature and under which any benefit shall accrue to ALLIANT or ALLIANT'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 ALLIANT and the CLIENT shall be brought to the attention of the Chief Executive Officer (or designated representative) of ALLIANT 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, ALLIANT and CLIENT shall continue without delay to perform their responsibilities under this AGREEMENT. ALLIANT 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 ALLIANT.

XIX. CONFIDENTIALITY

A. Client Information. ALLIANT will not disclose to any third party any of CLIENT'S confidential information, protected tangible or intangible property rights, intellectual property, or trade secrets ("CLIENT INFORMATION") that are obtained in the course of providing SERVICES to CLIENT and that are marked or stamped by CLIENT as "confidential." Nothing in this AGREEMENT is intended to preclude ALLIANT from disclosing CLIENT INFORMATION in the furtherance of insurance brokerage, risk management, risk transfer, employee benefits or other insurance related SERVICES or products provided by ALLIANT to CLIENT so long as 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.

B. Confidential Information. The services and work product exchanged by the PARTIES under this AGREEMENT are to be used exclusively to carry out the terms, conditions, and purposes set forth herein. The PARTIES acknowledge that during the term of this AGREEMENT, they may each exchange information considered confidential, proprietary and/or trade secret including, without limitation, data, recommendations, proposals, reports and similar information, CLIENT INFORMATION (as defined above), and work product (collectively, "CONFIDENTIAL INFORMATION"). For purposes of this AGREEMENT, the party disclosing CONFIDENTIAL INFORMATION shall be called the DISCLOSING PARTY and the party receiving CONFIDENTIAL INFORMATION shall be called the RECIPIENT PARTY. The PARTIES understand and agree that they will not distribute, use, or rely upon CONFIDENTIAL INFORMATION received from the other without the permission of the DISCLOSING PARTY.

- **Ownership.** Except as otherwise provided in this AGREEMENT, CONFIDENTIAL INFORMATION is and remains the absolute and exclusive property of the DISCLOSING PARTY and/or its affiliates, and is its unique and variable asset. Unless otherwise authorized by this

AGREEMENT, no copies of CONFIDENTIAL INFORMATION shall be made without the written permission of the DISCLOSING PARTY. The PARTIES agree that, except as otherwise provided herein, they will not directly or indirectly communicate, divulge, or otherwise disclose any of the other's CONFIDENTIAL INFORMATION to any unauthorized person, firm, or corporation, and shall prevent, to the best of their ability, the unauthorized disclosure of such CONFIDENTIAL INFORMATION to others.

- **Exclusions.** The following types of information shall not be considered confidential:
 - Information in the public domain or that becomes a part of the public domain, other than as a result of a breach of the confidentiality provisions of this AGREEMENT;
 - Information that is independently developed by either PARTY as demonstrated by the PARTY's records;
 - Information that is disclosed by a third party whom the RECIPIENT PARTY has no reason to believe has any confidentiality or fiduciary obligation to the owner of such information; or
 - Information that is required to be disclosed by law or judicial process, provided the disclosing party gives the non-disclosing party prior notice of subpoena or request for information so that the non-disclosing party can seek a protective order, or other appropriate injunctive relief.

XX. ETHICS AND CONFLICT OF INTEREST STATEMENT

ALLIANT shall conduct its business so as to fulfill all legal and ethical requirements, and standards of the industry and the applicable state(s) in which SERVICES are rendered, and shall place the best interests of CLIENT ahead of any other concerns in the placement of insurance services and products. To this end, ALLIANT:

- A.** 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;
- B.** 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, to the extent available, email address of the individual contact for each market;

- C. Will make every good faith attempt to avoid even the appearance of a conflict of interest between ALLIANT, CLIENT, and any provider of any insurance product or service, and will promptly notify CLIENT of any real or potential conflict of interest;
- D. Agrees to provide to CLIENT a copy of ALLIANT'S own Ethics Statement or Code, or ALLIANT'S Compliance Statement, or to make such statements available on ALLIANT'S website; and
- E. Will request that all insurance carriers show any commission rates on their insurance policies and will otherwise ensure those rates are known to CLIENT.

XXI. DISASTER RECOVERY; CONTINUITY.

ALLIANT agrees that it has a disaster recovery plan in place that is intended to secure, and if necessary, restore information adversely affected by a security breach, force majeure or natural disaster. In addition, ALLIANT will make commercially reasonable efforts to ensure that, at all times, it has a sufficient number of trained personnel on hand to meet its obligations under this AGREEMENT including in the event of a force majeure, natural disaster, or pandemic.

XXII. MATERIAL CHANGE.

In the event that CLIENT operations change substantially by merger, acquisition, expansion, or other material change, thus changing the scope and nature of exposures, losses, and/or insurance program(s), the PARTIES will negotiate in good faith to revise this AGREEMENT'S compensation arrangement as appropriate. It is agreed and understood that a material change shall include a change in existing coverage or limits, and/or lines of coverage.

XXIII. RELATIONSHIP OF THE PARTIES.

At all times and for all purposes, the relationship between the PARTIES is intended to be that of independent contractors and there is no intent to create a joint venture relationship, and any person representing ALLIANT, shall be an independent contractor to CLIENT, and the AGREEMENT shall not in any way be construed as a contract of employment between CLIENT and ALLIANT'S agents. In addition, the PARTIES agree that, except as otherwise provided herein,

CLIENT shall not be obligated for any expense incurred by ALLIANT in rendering SERVICES, or by engaging in any other transaction or conduct arising out of this AGREEMENT.

XXIV. OWNERSHIP OF BOOKS AND RECORDS.

The PARTIES shall each maintain normal business records related to all business generated under this AGREEMENT. Upon reasonable request, and subject to the confidentiality provisions set forth herein, the PARTIES may each obtain from the other copies of all documents that are used and developed by ALLIANT for Program Administration, including but not limited to policies, binders, certificates, endorsements, underwriting submissions/applications, and loss data in the other's possession, custody, or control with respect to all business generated under this AGREEMENT.

XXV. WAIVER.

No provision of this AGREEMENT shall be considered waived, unless such waiver is in writing and signed by the PARTY that benefits from the enforcement of such provision. No waiver of any provision in this AGREEMENT, however, shall be deemed a waiver of a subsequent breach of such provision or a waiver of a similar provision. In addition, a waiver of any breach or a failure to enforce any term or condition of this AGREEMENT shall not in any way affect, limit, or waive a PARTY'S right under this AGREEMENT at any time to enforce strict compliance thereafter with every term and condition of this AGREEMENT.

XXVI. HEADINGS AND CONSTRUCTION.

The PARTIES agree that the headings and sections of this AGREEMENT are used for convenience only and shall not be used to interpret the provisions herein. The PARTIES also agree that the terms of this AGREEMENT were jointly negotiated and each has had an opportunity to review and discuss each provision with legal counsel, to the extent desired. Therefore, the normal rule of construction that construes any ambiguities against the drafting party shall not be employed in the interpretation of this AGREEMENT.

XXVII. NOTICE

All notices, requests, and other communications given under this AGREEMENT, shall be in writing and deemed duly given: (a) when delivered personally to the recipient; (b) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid); (c) five (5) business days after being sent by U.S. certified mail (charges prepaid); or (d) one (1) business day after

being sent to the recipient by fax or email transmission. Except as otherwise provided herein, all notices, requests or communications under this AGREEMENT shall be addressed to the intended recipient as set forth below:

To CLIENT:

ACCEL
c/o Alliant Insurance Services, Inc.
100 Pine Street, 11th. Floor
San Francisco, CA 94111
Attn: Conor Boughey
*(A copy will be sent to the then
current President of ACCEL to the
address on record with the
Authority).*

To ALLIANT:

Alliant Insurance Services, Inc.
100 Pine Street, 11th. Floor
San Francisco, CA 94111
Attn: Michael Simmons

XXVIII. PERFORMANCE MEASURES

ALLIANT 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 ALLIANT have hereby executed this AGREEMENT on this 24th, day of June, 2011.

AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY

By: _____
Thomas Vance
President

ALLIANT INSURANCE SERVICES, INC.

By: _____
Michael Simmons
Vice Chairman, Public Entity

ADDENDUM A - SCOPE OF SERVICES

General Administration - Part I.

ALLIANT 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, ALLIANT 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, ALLIANT 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 ALLIANT 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 ALLIANT contrary written instructions, ALLIANT 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 ALLIANT 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.

ALLIANT 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 ALLIANT 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 ALLIANT 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 ALLIANT.
- 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

ALLIANT 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. ALLIANT shall use best efforts to secure a correct policy or policies within sixty (60) days of placement of any insurance under the Program.
- M. ALLIANT shall not be responsible for the failure of members to make premium payments.

ADDENDUM B

PROGRAM ADMINISTRATION FEES AND OPTIONAL PROGRAM COMPENSATION

ALLIANT agrees to provide SERVICES to the following PROGRAMS of CLIENT:

- Fidelity (Crime),
- Trustees’ Errors & Omissions, and
- Municipal Excess Liability with limits BELOW \$10,000,000¹

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

Program Year:	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16
FEE:	\$206,000	\$208,000	\$211,000	\$215,000	\$221,000

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. Terms are to be mutually agreed at the time the extension(s) are approved.

It is understood and agreed that CLIENT may obtain additional services from ALLIANT for additional and/or Optional Programs. COMMISSIONS on these Programs will be limited to the percentage listed below:

- 1) Excess Workers’ Compensation
COMMISSION Percentage: Not to Exceed 3.5%
- 2) Optional Liability “Gap”, Quota Share and/or Portfolio Transfer type placements:
75% of standard commissions levels (estimated at 10%) will be *rebated* to CLIENT.
- 3) Excess Liability with Limits ABOVE \$10,000,000²
COMMISSION Percentage: 10%

Excess Liability and Optional Liability insurance Programs allow for COMMISSIONS to be paid to ALLIANT in addition to the FEES for Program Administration. Because insurance carriers typically sell policies in \$10,000,000 layers, the spreadsheet included

¹ Except as noted in Item #1

² 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. A sliding scale as depicted in the chart directly above will be used to determine the percentage amount collectible.

below is used to depict the commission level that ALLIANT would collect on limit placements above \$5,000,000 because the PROGRAM FEE is intended to cover market costs associated with Excess Liability limits below \$10,000,000.

Commission Percentage Limit Calculator¹:

Excess Layer	Comm.	Layer Ratio	\$10 XS \$10	\$10 XS \$7	\$10 XS \$5
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
11,	10.00%	40	40	40	40
10,	0.00%	60		60	60
9,	0.00%	60		60	60
8,	0.00%	60		60	60
7,	0.00%	60			60
6,	0.00%	60			60
5,	0.00%	100			
4,	0.00%	100			
3,	0.00%	150			
2,	0.00%	150			
SIR					
AVERAGE %					
COMM:			10.00%	5.81%	4.00%
Rounded to .25%:			10.00%	6.00%	4.00%

ADDENDUM C – KEY PERSONAL

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

1. Michael Simmons, Vice Chairman, Public Entity;
2. Daniel Howell, Executive Vice President;
3. Conor Boughey, Associate Broker and Program Administrator

¹ This “calculator” is explained in the paragraph above the chart beginning on the prior page - a sliding scale as depicted in the chart directly above will be used to determine the percentage amount collectible.