

**AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY  
AGREEMENT WITH  
ALLIANT INSURANCE SERVICES, INC.  
FOR PROGRAM ADMINISTRATION AND INSURANCE BROKER SERVICES**

This AGREEMENT is entered into on March 17, 2021 by and between the PARTIES identified herein.

**I. PARTIES**

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

**II. 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 and Broker of 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 to ALLIANT for PROGRAM ADMINISTRATION SERVICES.
  - 2. COMMISSION - Remuneration paid by CLIENT's insurance and reinsurance carriers (or excess pools) directly to ALLIANT for BROKER SERVICES.
- E. COMPANIES - The business entities other than ALLIANT which make necessary services available to implement the PROGRAM.
- F. PARTY - CLIENT or ALLIANT.
- G. LIABILITY INSURANCE - The lines of liability insurance coverages placed on behalf of CLIENT.
- H. WORKERS' COMPENSATION INSURANCE – The lines of workers' compensation insurance placed on behalf of CLIENT.
- I. PROGRAM ADMINISTRATION SERVICES – The scope of services set forth in Part I of Exhibit A.
- J. BROKER SERVICES – The scope of services set forth in Part II of Exhibit A.
- K. SERVICE - Any and all obligations of ALLIANT to be performed pursuant to this AGREEMENT.
- L. PROGRAM YEAR – July 1<sup>st</sup> to June 30<sup>th</sup>.

**III. SCOPE OF SERVICE**

ALLIANT shall provide CLIENT with PROGRAM ADMINISTRATION AND BROKER SERVICES as set forth in Exhibit A, Scope of Services.

#### IV. COMPENSATION

- A. Program Administration: CLIENT will compensate ALLIANT for PROGRAM ADMINISTRATION SERVICES in accordance with the payment schedule set forth in Exhibit B.
- B. Broker Services: ALLIANT will be entitled to collect COMMISSIONS from the CLIENT's insurance carriers for BROKER SERVICES in accordance with the commission schedule set forth in Exhibit B.

#### V. DISCLOSURES

Commissions: During the time of this AGREEMENT, ALLIANT will annually disclose in writing, within six (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.

In the event COMMISSIONS exceeds this agreed schedule for any particular year, ALLIANT will reimburse CLIENT for excess COMMISSIONS, carry them forward and apply them against any other compensation due from CLIENT during any subsequent periods that this AGREEMENT is in effect, or apply them to other SERVICES outside this AGREEMENT as mutually agreed.

- A. Compensation to Other Alliant Service Firms:
  - 1. 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 programs as a whole and not on behalf of any particular insured member.
  - 2. Alliant Business Services (ABS), Strategic HR and ALLIANT'S other internal operating groups 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.
- 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), and volume based commission incentives and rebates on business placed on behalf of CLIENT for services provided as part of this AGREEMENT.

## **VII. PERSONNEL**

- A. ALLIANT has designated Conor Boughey, Dan Howell and Marcus Beverly to serve as the Client's account team.
- B. The account team will have direct responsibility for interacting with Client staff and delivering the Scope of Services set forth in **Exhibit A**.
- C. In the event that any designated account team member becomes unavailable to perform SERVICES for CLIENT, ALLIANT agrees to replace, as soon as practical, that designated team member with a person of comparable skills and experience as determined by CLIENT's evaluation and subject to CLIENT's right of refusal for any reason.

## **VIII. TERM**

- A. The term of the AGREEMENT shall commence on July 1, 2021 and terminate on June 30, 2026, unless cancelled pursuant to Section X.
- B. This AGREEMENT supersedes and replaces all previous Agreements or Contracts.
- C. The AGREEMENT shall have an anniversary date each July 1<sup>st</sup>, for the purpose of reviewing compensation and optional extensions.
- D. CLIENT, at its sole discretion, may exercise two options to extend this AGREEMENT

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for one year for each option by notifying ALLIANT of such extension(s) at least 30 days prior to the anniversary date. CLIENT, at its sole discretion, may also simultaneously exercise both one year options for a combined two year extension. The terms and conditions of any extension under this paragraph extension(s) will be mutually agreed upon by the PARTIES at the time of extension.

**IX. NON-ASSIGNABLE**

ALLIANT shall not assign, sublet or transfer any right, privilege or interest in this AGREEMENT without prior written consent of CLIENT.

**X. TERMINATION**

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 program administrator/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.

A. 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:

1. 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.
2. 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 COMPENSATION due either PARTY will be paid within sixty (60) days of the date of termination.

B. 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 INDEMNITY**

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**

As part of the consideration of this Agreement, ALLIANT agrees to purchase and maintain at its sole cost and expense during the life of this agreement insurance coverage against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by ALLIANT, its agents, representatives, or employees.

#### **A. MINIMUM SCOPE AND LIMIT OF INSURANCE**

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations with limits of no less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage. If a general aggregate limit applies, either the aggregate limit shall apply separately to this project or the general aggregate limit shall be twice the required occurrence limit.
2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering Code 1 (any auto), or if ALLIANT has no owned autos, Code 8 (hired) and Code 9 (non-owned), with limits of no less than One Million Dollars (\$1,000,000) per accident for bodily injury and property damage.
3. Workers' Compensation: In accordance with the provisions of the California Labor Code, ALLIANT is required to be insured against liability for Workers' Compensation or to undertake self-insurance. Statutory Workers' Compensation and Employers' Liability of at least \$1,000,000 shall cover all ALLIANT's staff while performing any work incidental to the performance of this agreement.
4. Professional Liability: Professional Liability (Errors and Omission) Insurance appropriate to ALLIANT's profession, with limit no less than One Million Dollars (\$1,000,000) per occurrence or claim and Two Million Dollars (\$2,000,000)

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aggregate to cover all services rendered by ALLIANT pursuant to this Agreement.

If ALLIANT maintains higher coverage limits than the amounts shown above, then CLIENT requires and shall be entitled to coverage for the higher coverage limits maintained by ALLIANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to CLIENT.

**B. OTHER INSURANCE PROVISIONS**

Each insurance policy shall contain, or be endorsed to contain, the following five (5) provisions:

**1. Additional Insured Status**

CLIENT, its officers, employees, and agents, shall be covered as additional insured's on the Commercial General Liability and the Automobile Liability policy with respect to liability arising out of work or operations performed by or on behalf of the ALLIANT including materials, parts, or equipment furnished in connection with such work or operations and automobiles owned, leased, hired, or borrowed by or on behalf of ALLIANT. Additional Insured coverage shall be provided in the form of an endorsement to ALLIANT's insurance (at least as broad as Insurance Services Office Form CG 20 10 11 85). A copy of the endorsement evidencing that CLIENT has been added as an additional insured on the policy, must be attached to the certificate of insurance.

**2. Subcontractors**

ALLIANT shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and ALLIANT shall ensure that CLIENT is an additional insured on insurance required from subcontractors. For Commercial General Liability coverage subcontractors shall provide coverage with a format at least as broad as Insurance Services Office form CG 20 38 04 13.

**3. Notice of Cancellation**

A provision that coverage will not be cancelled or subject to reduction without written notice given to CLIENT addressed to the current President of the CLIENT Board of Directors.

**4. Primary Coverage**

For any claims related to this contract, ALLIANT's insurance coverage shall be primary insurance as respects CLIENT, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by CLIENT shall be excess of the ALLIANT's insurance and shall not contribute with it.

**5. Waiver of Subrogation**

ALLIANT hereby agrees to waive rights of subrogation which any insurer of ALLIANT may acquire from ALLIANT by virtue of the payment of any loss. ALLIANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation. ALLIANT agrees to obtain any endorsement that may be necessary to affect this waiver of subrogation, but this provision applies

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regardless of whether or not CLIENT has received a waiver of subrogation endorsement from the insurer.

The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of CLIENT for all work performed by ALLIANT, its employees, agents and subcontractors.

C. ACCEPTABILITY of INSURERS

All insurance coverage shall be placed with insurers that have a current rating from AM Best of no less than A: VII; and are admitted insurance companies in the State of California. All other insurers require prior approval of CLIENT.

D. CLAIMS MADE POLICIES

If the required Professional Liability (Errors and Omissions) policy provides coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.
3. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a Retroactive Date prior to the contract effective date, the ALLIANT must purchase "extended reporting" coverage for a minimum of five (5) years after completion of contract work.

E. COVERAGE LIMITS SPECIFICATIONS

Approval of the insurance by CLIENT or acceptance of the certificate of insurance by CLIENT shall not relieve or decrease the extent to which ALLIANT may be held responsible for payment of damages resulting from ALLIANT's services or operation pursuant to this Agreement, nor shall it be deemed a waiver of CLIENT's rights to insurance coverage hereunder.

If, for any reason, ALLIANT fails to maintain insurance coverage which is required pursuant to this Agreement, the same shall be deemed a material breach of contract. CLIENT, at its sole option, may terminate this Agreement and obtain damages from ALLIANT resulting from said breach. Alternately, CLIENT may purchase such required insurance coverage, and without further notice to ALLIANT, CLIENT may deduct from sums due to ALLIANT any premium costs advanced by CLIENT for such insurance.

F. SELF-INSURED RETENTIONS

Self-insured retentions must be declared to and approved by CLIENT. Client may require Alliant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or CLIENT. .

G. EVIDENCE of COVERAGE

ALLIANT must provide evidence that it has secured the required insurance coverage before execution of this agreement. A Certificate of Insurance supplied by CLIENT

or the appropriate ACORD and Insurance Services Office forms evidencing the above shall be completed by ALLIANT's insurer or its agent and submitted to CLIENT prior to execution of this Agreement by CLIENT.

ALLIANT shall furnish CLIENT with original certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by CLIENT before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the ALLIANT's obligation to provide them. CLIENT reserves the right to require complete, certified copies of all required insurance policies, including endorsements required by these specifications, at any time.

#### **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. The venue for any such arbitration or legal action shall be 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.
- C. 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.
- D. Exclusions. The following types of information shall not be considered confidential:
1. 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;
  2. Information that is independently developed by either PARTY as demonstrated by

the PARTY's records;

3. 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
4. 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 expansion or other material change (such as a change in the risk profile, e.g., participation of two Member), 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.

**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 ALLIANT 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

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AGREEMENT shall be addressed to the intended recipient as set forth below:

A. To CLIENT:

ACCEL

c/o Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup>. 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).

B. To ALLIANT:

Alliant Insurance Services, Inc.  
100 Pine Street, 11<sup>th</sup>. Floor  
San Francisco, CA 94111  
Attn: Conor Boughey

**XXVIII. PERFORMANCE MEASURES**

ALLIANT agrees to be evaluated by the standards set forth and outlined in the SCOPE OF SERVICES.

IN WITNESS WHEREOF, CLIENT and ALLIANT have hereby executed this AGREEMENT on this 17, day of March, 2021.

AUTHORITY FOR CALIFORNIA CITIES EXCESS LIABILITY

DocuSigned by:

By: Jena Covey

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Jena Covey  
President

ALLIANT INSURANCE SERVICES, INC.

DocuSigned by:

By: Daniel J Howell

7FADCF83CB584A3...  
Daniel Howell  
Senior Executive Vice President

**Exhibit A**  
**SCOPE OF SERVICES**

ALLIANT will provide CLIENT with the services set forth below:

**I. PROGRAM ADMINISTRATION SERVICES**

**A. MEETING ADMINISTRATION AND SUPPORT**

1. Prepare and distribute to CLIENT in January of each year an annual meeting calendar that identifies all key activities expected to occur at each Board of Directors meeting (e.g., March meeting: review draft actuarial report, receive semi-annual financial advisor report, review investment policy, etc.);
2. Coordinate a minimum of five annual Board of Directors meetings which includes, but is not limited to, the following tasks:
  - a) Securing meeting venue and hotel accommodations;
  - b) Preparing meeting agenda and materials, emailing no later than one week prior to Board meeting date;
  - c) Noticing meeting and distributing meeting agenda and materials in compliance with the Brown Act; and
  - d) Arranging for presentations (e.g., auditor, actuary, financial advisor, etc.);
  - e) Provide the Board with thoughtful and innovative ideas, and develop both written and verbal reports on all items of importance. This includes, but is not limited to, preparing agenda items that:
    - (1) Clearly state recommendations that are supported by relevant pros and cons or discussion points,
    - (2) Are concise, but still thorough, in written reports in order to provide the CLIENT an opportunity to develop ideas and questions in advance of the meeting.
    - (3) Provide input to CLIENT during meetings in order to assist the Board in developing action, as well as adding anecdotal information that may add to written information provided.
3. Coordinate meetings for Executive Committee, Claims Committee, Underwriting Committee, and Ad Hoc Committee's as requested which includes, but is not limited to, the following tasks:
  - a) Securing meeting venue;
  - b) Preparing meeting agenda and materials;
  - c) Noticing meeting and distributing meeting agenda and materials in compliance with the Brown Act; and
  - d) Arranging for presentations;
4. Distribute all meeting minutes within 10 business days of meeting date;

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5. Process travel reimbursements within 30 days of receipt; and
6. Attend all Board of Directors and Committee meetings and provide professional support and advice as requested.

**B. GENERAL ADMINISTRATION**

1. Hire, when directed by CLIENT, and serve as liaison for all CLIENT approved consultants (e.g., auditors, actuaries, financial advisors, coverage counsels, insurance carriers, etc.);
2. Serve as CLIENT's liaison to Public Risk Innovation, Solutions and Management (PRISM) and disseminate information from PRISM to CLIENT members;
3. Serve as central clearinghouse for disseminating information to CLIENT members;
4. Develop, maintain, and present to CLIENT detailed job responsibilities for all account team members;
5. Assist CLIENT with developing and updating policies and procedures that facilitate efficient and effective business practices;
6. Respond to CLIENT member questions and requests for assistance in a timely and capable manner; attend meetings at CLIENT member's request;
7. Coordinate and prepare materials for safety/loss control programs as requested by CLIENT;
8. Maintain and keep current a CLIENT website that, at a minimum:
  - a) Provides basic information on the CLIENT's purpose and services offered; and
  - b) Provides CLIENT members with electronic access to all key CLIENT documentation (e.g., Memorandum of Coverage, Joint Powers Agreement, Bylaws, past and current insurance policies, policies and procedures, audit reports, financial statements, etc.) and information/articles of mutual interest;
9. Serve as custodian of CLIENT's official records and manage records in accordance with CLIENT's records retention policy and
10. Carry out special projects as requested by CLIENT.

**C. FINANCIAL SUPPORT**

1. Provide general accounting and financial management services in accordance with generally accepted accounting principles, industry best practices, and CLIENT's financial policies and procedures. Key duties include:
  - a) Processing all daily financial transactions (e.g., paying bills, recording and depositing revenue, etc.) in a timely manner;
  - b) Reconciling all financial transactions on a quarterly basis;
  - c) Preparing the annual budget, tracking status on a quarterly basis, and promptly reporting anomalies to CLIENT's Treasurer and Finance Committee;

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- d) Reviewing monthly investment reports from Financial Advisor, and promptly reporting anomalies to CLIENT's Treasurer and Finance Committee;
- e) Assisting the CLIENT and its Treasurer and Finance Committee with their financial oversight responsibilities;
- f) Calculating Retrospective Plan balances for each CLIENT member; monitoring balances and distributing refunds to CLIENT members in accordance CLIENT policies and procedures;
- g) Preparing a report package quarterly, for each Board of Directors meeting, that covers all financial/investment transactions that have occurred since the last meeting and:
  - (1) A listing of all checks issued (for ratification by Board of Directors);
  - (2) Report on Investments from CLIENT's Financial Advisor;
  - (3) Financial Report;
  - (4) Member Account Summary Report; and
  - (5) Projected Cash Flow Obligations.
- h) Working cooperatively with the auditing firm that prepares CLIENT's annual financial statements to ensure the firm receives all necessary information in a timely and organized manner;
- i) Calculating CLIENT member program administration charges, pool layer contributions, and excess insurance costs; invoicing and collecting total amount due from CLIENT member;
- j) Filing documentation necessary to maintain CLIENT's CAJPA accreditation; and
- k) Filing the annual report to the State Controller.

See account team and contract accountant job descriptions for a complete listing of accounting and financial management services provided.

**D. INVESTMENT SUPPORT**

- 1. Assist CLIENT and its Treasurer and Finance Committee with ensuring the CLIENT's Financial Advisor is managing the CLIENT's financial assets in accordance with CLIENT's Investment Policy;
- 2. Carry out fund transfers as recommended by Financial Advisor and in accordance with CLIENT's Investment Policy;
- 3. Arrange for semi-annual presentations from Financial Advisor to CLIENT;
- 4. Arrange for annual review of Investment Policy, update Policy as directed by CLIENT, and promptly advise Financial Advisor of changes.

**E. CLAIMS ADMINISTRATION SUPPORT**

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1. Assist CLIENT and its Claims Committee with ensuring the CLIENT's Claims Administrator is competently fulfilling the scope of work contained in the Claims Administrator contract;
2. Work cooperatively with the CLIENT and CLIENT's Claims Administrator to identify and budget for losses with the potential to impact CLIENT's pool layer and above;
3. Ensure that CLIENT members are reimbursed within "x" business days for CLIENT's share of CLIENT approved settlements after Claims Administrator and Claims Committee Chair have approved payment;
4. Assist CLIENT members and Claims Administrator, as necessary, with resolving settlement issues arising with insurance carriers.
5. Coordinate with the CLIENT's Claims Auditor to ensure annual audits of all CLIENT members are carried out in a timely manner and in accordance with the Auditor's contract; and
6. Arrange for an annual presentation from the Claims Auditor to review audit findings.
7. Draft and maintain Closed Session meeting minutes. The minutes will identify claim under discussion, describe action taken, and record vote (i.e. maker of motion and second, and members who voted in favor, who opposed, or abstained from vote). They will be secured separately to be maintained Privileged and Confidential.

F. UNDERWRITING SUPPORT

1. Assist CLIENT and its Underwriting Committee with:
  - a) Maintaining contemporary and responsible underwriting standards and insurance requirements;
  - b) Evaluating exposures, interpreting CLIENT's Memorandum of Coverage (MOC), and revising MOC language as necessary; and
  - c) Evaluating alternative risk financing methods;
2. Collect and analyze underwriting data in accordance with CLIENT's underwriting standards for cities interested in becoming a CLIENT member city; prepare report summarizing findings;
3. Collect, vet, and transmit in a timely and organized manner CLIENT loss data to actuarial firm for annual actuarial report; and
4. Arrange for an annual presentation from the CLIENT's actuarial firm to review the actuarial report; assist CLIENT with evaluating report and determining confidence levels, long-term investment yields, and CLIENT member deposit levels.

G. STRATEGIC PLANNING SUPPORT

1. Schedule a July/August Executive Committee Meeting:
  - a) To work with CLIENT's Executive Committee to develop and facilitate an annual planning discussion with the Board of Directors that focusses on keeping ACCEL an innovative, vital and well-managed operation that:

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- (1) Proactively addresses emerging coverage issues;
  - (2) Strategically seeks out creative risk financing tools and business models to improve CLIENT's performance;
  - (3) Proactively positions itself to weather economic and insurance market fluctuations;
  - (4) Strategically markets itself to cities that meet its underwriting standards; and
  - (5) Regularly reviews its administrative practices, key foundational documents, policies, and procedures to ensure they remain current, relevant, and represent best practices.
- b) Assist the Executive Committee with extracting the key themes/ideas from the planning session and preparing an annual work plan that is distributed to CLIENT members and Committee Chairs for execution; assist President with monitoring Committee efforts to implement work plan.
2. October Board of Directors Meeting:
- a) Provide CLIENT with an overview of the coming LIABILITY and WORKERS' COMPENSATION INSURANCE renewal process, including but not limited to:
- (1) The state of the insurance market;
  - (2) Anticipated renewal terms;
  - (3) Options for strengthening coverage; and
  - (4) Strategies ALLIANT will employ to ensure CLIENT receives the highest quality coverage at the best price;
- b) Incorporate feedback from CLIENT at the October meeting into the upcoming renewal process.

## II. INSURANCE BROKER SERVICES

- A. Coordinate, on an annual basis, the marketing and purchase of LIABILITY INSURANCE on behalf of CLIENT, which includes, but is not limited to, the following tasks:
1. Collecting and vetting underwriting data from CLIENT members;
  2. Preparing insurance policy specifications that address CLIENT's exposures and include any CLIENT directed enhancements/changes to coverage;
  3. Marketing the LIABILITY INSURANCE specifications, as appropriate, to insurance carriers;
  4. Analyzing and ranking the insurance carrier proposals received;
  5. Presenting LIABILITY INSURANCE recommendations to CLIENT for approval;
  6. Binding coverage as directed by CLIENT;

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7. Providing a written summary of LIABILITY INSURANCE package (i.e., policy number, policy effective date, coverage type, company, limits and deductibles, and premium by layer) to CLIENT;
  8. Posting insurance policies on CLIENT's website; and
  9. Issuing and maintaining certificates of insurance on behalf of CLIENT.
- B. Purchase other forms of insurance as directed by CLIENT.
- C. Purchase, on an annual basis, WORKERS' COMPENSATION INSURANCE as requested by individual CLIENT members, which includes, but is not limited to, the following tasks:
1. Serve as CLIENT's liaison to excess market(s) and disseminating information from excess market(s) to CLIENT members who opt to purchase excess workers' compensation insurance through PRISM;
  2. Present the excess market(s) WORKERS' COMPENSATION INSURANCE proposal to participating CLIENT members;
  3. Bind coverage as requested by participating CLIENT members; and
  4. Secure and maintaining certificates of insurance on behalf of participating CLIENT members.

**Exhibit B  
COMPENSATION**

ALLIANT will be compensated for SERVICES rendered pursuant to this AGREEMENT as set forth below:

**I. PROGRAM ADMINISTRATION SERVICES.**

A. ALLIANT will be compensated by CLIENT for PROGRAM ADMINISTRATION SERVICES in accordance with the payment schedule below:

1. FY 2021/22: \$320,500
2. FY 2022/23: \$328,500
3. FY 2023/24: \$336,725
4. FY 2024/25: \$345,150
5. FY 2025/26: \$353,780

B. ALLIANT shall invoice each CLIENT member for its share of the PROGRAM ADMINISTRATION SERVICE FEE in July of each year. CLIENT members agree to promptly pay the invoiced fee.

C. Any change to CLIENT's membership or material change to SERVICES during the term of this Agreement, may require CLIENT and ALLIANT to renegotiate the PROGRAM ADMINISTRATION SERVICE FEES and amend the AGREEMENT accordingly.

D. All ALLIANT travel expenses incurred in connection with providing PROGRAM ADMINISTRATION SERVICES and INSURANCE BROKER SERVICES are included within the FEE and COMMISSION compensation structure described herein.

**II. BROKER SERVICES:**

ALLIANT is entitled to collect COMMISSIONS from CLIENT's insurance carriers for BROKER SERVICES in accordance with the commission schedule below:

**A. LIABILITY INSURANCE**

1. ALLIANT will **not** collect COMMISSION on LIABILITY INSURANCE placements up to \$10,000,000 (i.e., any excess liability insurance purchased above the pool layer up to \$10,000,000).

2. ALLIANT will collect a 9% COMMISSION on all LIABILITY INSURANCE placements above the \$10,000,000 limit with the following exception:

a) ALLIANT will prorate its COMMISSION as shown below for the first layer of excess liability insurance placed above the pool layer in the event that layer exceeds the \$10,000,000 limit:

- |     |                                  |    |
|-----|----------------------------------|----|
| (1) | \$10 million excess \$5 million: | 4% |
| (2) | \$10 million excess \$6 million: | 5% |
| (3) | \$10 million excess \$7 million: | 6% |
| (4) | \$10 million excess \$8 million: | 7% |

(5) \$10 million excess \$9 million: 8.4%

This formula represents the “net” impact of blending two commission rates (i.e., the portion of the insurance placement in which ALLIANT is entitled a zero COMMISSION and the portion of the insurance placement in which ALLIANT is entitled to a 9% COMMISSION) and is necessary to accommodate the fact that insurance carriers typically sell excess policies in \$10,000,000 layers.

**B. WORKERS’ COMPENSATION INSURANCE**

ALLIANT will collect 3.5% of Premiums as COMPENSATION (in the form of either Commission or Broker Fee) for each participating Member, and will be included in the renewal pricing provided in advance of binding coverage. If any excess COMPENSATION is due back to a Member it will be returned within 90 days of the renewal.

**C. INCIDENTAL INSURANCE PLACEMENTS**

ALLIANT will collect a 10% COMMISSION on incidental insurance placements on behalf of CLIENT (e.g., errors and omissions policy, crime bond policy, etc.).

**D. GAP, QUOTA SHARE & PORTFOLIO TRANSFER TYPE PLACEMENTS**

ALLIANT will rebate to CLIENT 75% of standard COMMISSIONS collected (estimated at 10%) for above noted placements.

All COMPENSATION will be subject to verification during ALLIANT’s annual Commission Disclosure presentation to CLIENT (Section V. A. of AGREEMENT).