

AGREEMENT FOR SERVICES
LIABILITY CLAIMS ADMINISTRATION
Agreement # 491-S0611

THIS AGREEMENT made and entered by and between the County of El Dorado, a political subdivision of the State of California (hereinafter referred to as "County") and George Hills Company, Inc., a Corporation duly qualified to conduct business in the State of California, whose principal place of business is 11060 White Rock Road, Suite 200, Rancho Cordova, CA 95670, (hereinafter referred to as "Contractor");

W I T N E S S E T H

WHEREAS, County has determined that it is necessary to engage a contractor to provide liability claims administration services for El Dorado County; and

WHEREAS, Contractor has represented to County that it is specially trained, experienced, expert and competent to perform the special services required hereunder and County has determined to rely upon such representations; and

WHEREAS, it is the intent of the parties hereto that such services be in conformity with all applicable federal, state and local laws; and

WHEREAS, County has determined that the provisions of such services provided by Contractor are in the public's best interest, are more economically and feasibly performed by outside independent Contractors as well as authorized by El Dorado County Charter, Section 210 (b) (6) and/or Government Code Section 31000, and specifically by Government Code Section 31000.8;

NOW, THEREFORE, County and Contractor mutually agree as follows:

ARTICLE I

Scope of Services: Contractor agrees to perform as the administrator of the County's self-insured liability claims program. Contractor will provide a dedicated adjuster who will be provided office space and necessary office equipment by the County. The Contractor will supply its dedicated adjuster with a computer and necessary proprietary software for use in performing claims administration duties.

Contractor will manage and administer liability claims as described below or as may be assigned by the County during the term of this agreement. Contractor shall investigate, evaluate, process, manage and resolve bodily injury, personal injury and property damage claims and potential claims for money damages asserted by third parties against County, its officers, agents, or employees for which County, its officers, departments, commissions, or related agencies, or any of its employees is alleged to be legally responsible. Contractor will coordinate, consult, and fully cooperate with County personnel in the administration of those claims referred to herein.

Specific services and the guidelines for the performance of such services include, but are not necessarily limited to:

- A. Contractor will maintain a trust account for the payment by the Contractor of proper charges against the County arising from liability claim payments and allocated claims expense. The trust account shall be maintained and established in compliance with Government Code Section 31000.8. Contractor shall notify the County in advance when the trust account needs to be replenished, and the amount necessary to be deposited. Contractor shall provide the Risk Manager a monthly check register and report in a form satisfactory to the County which details all disbursements made by Contractor on behalf of the County, together with a monthly reconciliation of the trust account, and shall make such other reports on the status of the trust account and disbursements therefrom as may be required by the County. The trust account shall not be used for any payment to Contractor for services rendered hereunder.
- B. Contractor will receive, examine, and investigate as warranted or may be directed by the County, all reports of accidents, incidents, claims or cases which are, or may be, the subject of liability claims.
- * C. Contractor will provide complete administration service on each accident or incident assigned which is, or may be, the subject of a liability claim. Contractor shall consult with County Counsel with respect to the facts, liability and disposition of all claims, including notices allowed or required by the Government Tort Claims Act, and authority to settle any claim by the Contractor when such authority is not already granted by resolution of the Board of Supervisors or other authority. County Counsel or the Risk Manager may delegate to the Contractor any and all duties authorized by Government Code Section 31000.8 not specifically reserved for or retained by the County herein or by resolution of the Board of Supervisors or other authority.

- D. Contractor shall engage counsel for the purposes specified in, and as authorized by, Government Code Section 31000.8. Contractor may also engage expert, appraisal, and specialized investigative or other related services as may be necessary or appropriate for the defense or other resolution of claims within the Contractor's scope of services. All bills for legal fees and related costs for all claims referred to Contractor shall be reviewed by Contractor as to appropriateness, after which, the above described fees and costs will become County charges and will be paid by Contractor from the trust fund in accordance with Government Code Section 31000.8.; provided that upon request of the County Auditor, the proposed payments shall be submitted to the Auditor for review prior to payment. The County may provide for payment in an alternative manner, if desired.
- E. Contractor will maintain a record on each actual claim reported. Contractor shall provide statistical and financial reports to County on all fees and costs paid on liability claims in a form acceptable to the Risk Program Manager.
- F. Contractor shall provide the County on-line access to the computer file records of claims.
- G. Contractor shall establish and maintain liability and expense reserves on each claim which fairly and adequately reflect the County's exposure according to standard practices and County requirements. Periodic review and adjustment of reserves, if necessary, will be performed on all open claims.
- H. Contractor will assume all responsibility for ongoing reporting and notification to the excess carrier or self-insured pool on behalf of the County in accordance with the specific requirements of the excess carrier or pool.
- I. Contractor will keep County full informed of all significant developments in assigned matters.
- J. Contractor will comply with all required federal and state income forms to claim recipients.
- K. Contractor agrees to hold in trust and confidence all confidential information disclosed to or obtained by contractor pursuant to or in the performance of this Agreement. Contractor will not disclose the confidential information without the prior consent of the County or as otherwise required by law.

ARTICLE II

Term: This Agreement shall be for the period of January 1, 2006 through December 31, 2010. This Agreement may be extended if mutually agreed by both parties hereto, in writing not less than thirty (30) days prior to the expiration of this Agreement.

ARTICLE III

Compensation for Services: For services provided herein, County agrees to pay Contractor according to the following schedule:

For the term:	2006	\$11,768/month	(\$141,220 annualized)
	2007	\$12,003/month	(\$144,036 annualized)
	2008	\$12,243/month	(\$146,916 annualized)
	2009	\$12,488/month	(\$149,856 annualized)
	2010	\$12,738/month	(\$152,856 annualized)

Payment shall be made within thirty (30) days following County receipt and approval of itemized invoice(s) detailing services rendered.

In the event of a catastrophic claim or other circumstances in which the County determines that services of the Contractor beyond those of the dedicated adjuster are desirable and necessary, Contractor will provide such additional services at rates it is then charging for similar services to similar clients.

It is agreed and understood that the dedicated adjuster is a George Hills employee and is afforded all insurance coverage and employee benefits by Contractor.

ARTICLE IV

Changes to Agreement: This Agreement may be amended by mutual consent of the parties hereto. Said amendments shall become effective only when in writing and fully executed by duly authorized officers of the parties hereto.

ARTICLE V

Contractor to County: It is understood that the services provided under this Agreement shall be prepared in and with cooperation from County and its staff. It is further agreed that in all matters pertaining to this Agreement, Contractor shall act as Contractor only to County and shall not act as Contractor to any other individual or entity affected by this Agreement nor provide information in any manner to any party outside of this Agreement that would conflict with Contractor's responsibilities to County during term hereof.

ARTICLE VI

Assignment and Delegation: Contractor is engaged by County for its unique qualifications and skills as well as those of its personnel. Contractor shall not subcontract, delegate or assign services to be provided, in whole or in part, to any other person or entity without prior written consent of County.

ARTICLE VII

Independent Contractor/Liability: Contractor is, and shall be at all times, deemed independent and shall be wholly responsible for the manner in which it performs services required by terms of this Agreement. Contractor exclusively assumes responsibility for acts of its employees, associates and subcontractors, if any are authorized herein, as they relate to services to be provided under this Agreement during the course and scope of their employment.

Contractor shall be responsible for performing the work under this Agreement in a safe, professional, skillful and workmanlike manner and shall be liable for its own negligence and negligent acts of its employees. County shall have no right of control over the manner in which work is to be done and shall, therefore, not be charged with responsibility of preventing risk to Contractor or its employees.

ARTICLE VIII

Fiscal Considerations: The parties to this Agreement recognize and acknowledge that County is a political subdivision of the State of California. As such, El Dorado County is subject to the provisions of Article XVI, Section 18 of the California Constitution and other similar fiscal and procurement laws and regulations and may not expend funds for products, equipment or services not budgeted in a given fiscal year. It is further understood that in the normal course of County business, County will adopt a proposed budget prior to a given fiscal year, but that the final adoption of a budget does not occur until after the beginning of the fiscal year.

Notwithstanding any other provision of this Agreement to the contrary, County shall give notice of cancellation of this Agreement in the event of adoption of a proposed budget that does not provide for funds for the services, products or equipment subject herein. Such notice shall become effective upon the adoption of a final budget, which does not provide funding for this Agreement. Upon the effective date of such notice, this Agreement shall be automatically terminated and County released from any further liability hereunder.

In addition to the above, should the Board of Supervisors during the course of a given year for financial reasons reduce, or order a reduction, in the budget for any County department for which services were contracted to be performed, pursuant to this paragraph in the sole discretion of the County, this Agreement may be deemed to be canceled in its entirety subject to payment for services performed prior to cancellation.

ARTICLE IX

Default, Termination and Cancellation:

- A. Default: Upon the occurrence of any default of the provisions of this Agreement, a party shall give written notice of said default to the party in default (notice). If the party in default does not cure the default within ten (10) days of the date of notice (time to cure), then such party shall be in default. The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party

giving notice and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

Notice given under this section shall specify the alleged default and the applicable Agreement provision and shall demand that the party in default perform the provisions of this Agreement within the applicable period of time. No such notice shall be deemed a termination of this Agreement unless the party giving notice so elects in this notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired.

- B. **Bankruptcy:** This Agreement, at the option of the County, shall be terminable in the case of bankruptcy, voluntary or involuntary, or insolvency of Contractor.
- C. **Ceasing Performance:** County may terminate this Agreement in the event Contractor ceases to operate as a business, or otherwise becomes unable to substantially perform any term or condition of this Agreement.
- D. **Termination or Cancellation without Cause:** County may terminate this Agreement in whole or in part seven (7) calendar days upon written notice by County for any reason. If such prior termination is effected, County will pay for satisfactory services rendered prior to the effective dates as set forth in the Notice of Termination provided to Contractor, and for such other services, which County may agree to in writing as necessary for contract resolution. In no event, however, shall County be obligated to pay more than the total amount of the contract. Upon receipt of a Notice of Termination, Contractor shall promptly discontinue all services affected, as of the effective date of termination set forth in such Notice of Termination, unless the notice directs otherwise. In the event of termination for default, County reserves the right to take over and complete the work by contract or by any other means.

ARTICLE X

Notice to Parties: All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and return receipt requested. Notices to County shall be in duplicate and addressed as follows:

County Of El Dorado
Risk Management
330 Fair Lane
Placerville, Ca 95667
Attn: Sherill Jodar, Risk Manager

or to such other location as the County directs.

Notices to Contractor shall be addressed as follows:

George Hills Company, Inc.
P.O. Box 2230
Rancho Cordova, CA 95670-2230

Attn: Michael Kielty, President

or to such other location as the Contractor directs.

ARTICLE XI

Indemnity: The Contractor shall defend, indemnify and hold the County harmless against and from any and all claims, suits, losses, damages and liability for damages of every name, kind and description, including attorneys fees and costs incurred, brought for, or on account of, injuries to or death of any person, including but not limited to workers, County employees and the public, or damage to property or any economic or consequential losses, which are claimed to or in any way arise out of or are connected with the Contractor's services, operations or performance hereunder, regardless of the existence or degree of fault or negligence on the part of the County, the Contractor, subcontractor(s) and employee(s) or any of these, except for the sole or active negligence of the County, its officers and employees, or as expressly prescribed by statute. This duty of Contractor to indemnify and save County harmless includes the duties to defend set forth in California Civil Code Section 2778.

ARTICLE XII

Insurance: Contractor shall provide proof of a policy of insurance satisfactory to the El Dorado County Risk Manager and documentation evidencing that Contractor maintains insurance that meets the following requirements:

- A. Full Worker's Compensation and Employer's Liability Insurance covering all employees of Contractor as required by law in the State of California.
- B. Commercial General Liability Insurance of not less than \$1,000,000.00 combined single limit per occurrence for bodily injury and property damage.
- C. Automobile Liability Insurance of not less than \$500,000.00 is required in the event motor vehicles are used by the Contractor in the performance of the Agreement.
- D. In the event Contractor is a licensed professional, and is performing professional services under this Agreement, professional liability (for example, malpractice insurance) is required with a limit of liability of not less than \$1,000,000.00 per occurrence. For the purposes of this Agreement, professional liability is required.
- E. Contractor shall furnish a certificate of insurance satisfactory to the El Dorado County Risk Manager as evidence that the insurance required above is being maintained.
- F. The insurance will be issued by an insurance company acceptable to Risk Management, or be provided through partial or total self-insurance likewise acceptable to Risk Management.

- G. Contractor agrees that the insurance required above shall be in effect at all times during the term of this Agreement. In the event said insurance coverage expires at any time or times during the term of this Agreement, Contractor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of term of the Agreement, or for a period of not less than one (1) year. New certificates of insurance are subject to the approval of Risk Management and Contractor agrees that no work or services shall be performed prior to the giving of such approval. In the event the Contractor fails to keep in effect at all times insurance coverage as herein provided, County may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.
- H. The certificate of insurance must include the following provisions stating that:
1. The insurer will not cancel the insured's coverage without thirty (30) days prior written notice to County, and;
 2. The County of El Dorado, its officers, officials, employees and volunteers are included as additional insured, but only insofar as the operations under this Agreement are concerned. This provision shall apply to all liability policies except worker's compensation and professional liability insurance policies.
- I. The Contractor's insurance coverage shall be primary insurance as respects the County, its officers, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, officials, employees or volunteers shall be in excess of the Contractor's insurance and shall not contribute with it.
- J. Any deductibles or self-insured retentions must be declared to and approved by the County, either; the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the County, its officers, officials, employees and volunteers; or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.
- K. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the County, its officers, officials, employees or volunteers.
- L. The insurance companies shall have no recourse against the County of El Dorado, its officers and employees or any of them for payment of any premiums or assessments under any policy issued by any insurance company.
- M. Contractor's obligations shall not be limited by the foregoing insurance requirements and shall survive expiration of this Agreement.
- N. In the event Contractor cannot provide an occurrence policy, Contractor shall provide insurance covering claims made as a result of performance of this

Agreement for not less than three (3) years following completion of performance of this Agreement.

- O. Certificate of insurance shall meet such additional standards as may be determined by the contracting County Department either independently or in consultation with Risk Management, as essential for protection of the County.

ARTICLE XIII

Interest of Public Official: No official or employee of County who exercises any functions or responsibilities in review or approval of services to be provided by Contractor under this Agreement shall participate in or attempt to influence any decision relating to this Agreement which affects personal interest or interest of any corporation, partnership or association in which he/she is directly or indirectly interested; nor shall any such official or employee of County have any interest, direct or indirect, in this Agreement or the proceeds thereof.

ARTICLE XIV

Interest of Contractor: Contractor covenants that Contractor presently has no personal interest or financial interest, and shall not acquire same in any manner or degree in either: 1) any other contract connected with or directly affected by the services to be performed by this Agreement; or, 2) any other entities connected with or directly affected by the services to be performed by this Agreement. Contractor further covenants that in the performance of this Agreement no person having any such interest shall be employed by Contractor.

ARTICLE XV

California Residency (Form 590): All independent Contractors providing services to the County must file a State of California Form 590, certifying their California residency or, in the case of a corporation, certify that they have a permanent place of business in California. The Contractor will be required to submit a Form 590 prior to execution of an Agreement or County shall withhold seven (7%) percent of each payment made to the Contractor during term of the Agreement. This requirement applies to any agreement/contract exceeding \$1,500.00.

ARTICLE XVI

Taxpayer Identification Number (Form W-9): All independent Contractors or Corporations providing services to the County must file a Department of the Treasury Internal Revenue Service Form W-9, certifying their Taxpayer Identification Number.

ARTICLE XVII

Year 2000 Compliance: Contractor agrees that hardware and software developed, distributed, installed, programmed or employed as a result of this order will comply with ISO 9000 date format to correctly manipulate and present date-sensitive data.

Upon delivery of product and thereafter, the date and date logic component shall effectively and efficiently operate using a four digit year.

Upon written notification by the County of any hardware or software failure to comply with ISO 9000 date format, Contractor will replace or correct the failing component with compliant hardware or software immediately, at no cost to the County.

ARTICLE XVIII

Administrator: The County Officer or employee with responsibility for directing the operational functions of this Agreement is Lou Green, County Counsel, or successor. The County Officer or employee with responsibility for overseeing the administration functions of this Agreement is Sherril Jodar, Risk Manager, Chief Administrative Office/Human Resources -- or successor.

ARTICLE XIX

Authorized Signatures: The parties to this Agreement represent that the undersigned individuals executing this Agreement on their respective behalf are fully authorized to do so by law or other appropriate instrument and to bind upon said parties to the obligations set forth herein.

ARTICLE XX

Partial Invalidity: If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

ARTICLE XXI

Venue: Any dispute resolution action arising out of this Agreement, including, but not limited to, litigation, mediation or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California. Contractor waives any removal rights it might have under Code of Civil Procedure Section 394.

ARTICLE XXII

Entire Agreement: This document and the documents referred to herein or exhibits hereto are the entire Agreement between the parties and they incorporate or supersede all prior written or oral Agreements or understandings.

Requesting Department Concurrence:

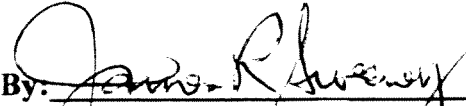
By: _____ Dated: _____

Lou Green
County Counsel

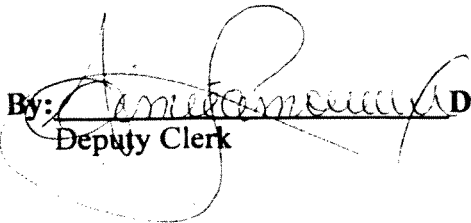
IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first below written.

-- COUNTY OF EL DORADO --

Date: 12/13/05

By: 
JAMES R. SWEENEY FIRST VICE-CHAIRMAN
Board of Supervisors
"County"

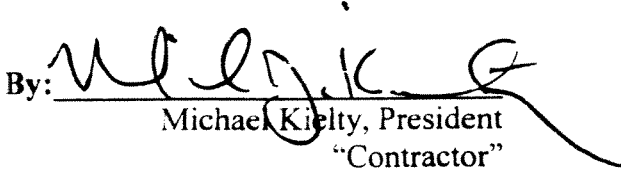
ATTEST:
Cindy Keck
Clerk of the Board of Supervisors

By:  Date: 12/13/05
Deputy Clerk

-- CONSULTANT --

Date: 11/29/05

George Hills Company, Inc,
A California Corporation

By: 
Michael Kieley, President
"Contractor"

