

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Blvd., 11th Floor
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AGREEMENT

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THIS AGREEMENT is made and entered, in duplicate, as of November 1, 2006 for reference purposes only, pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting held on October 24, 2006, by and between ALLIANT INSURANCE SERVICE, INCORPORATED, a California Corporation, whose business address is 1301 Dove Street, Suite 200 Newport Beach, CA 92660 ("Consultant"), and the CITY OF LONG BEACH, a municipal corporation ("City").

WHEREAS, the City requires specialized Consultant/Actuary services requiring unique skills to be performed ("Project"); and

WHEREAS, City has selected Consultant in accordance with City's administrative procedures and City has ascertained that Consultant and its employees are qualified, licensed, if so required, and experienced in performing such specialized services; and

WHEREAS, City desires to have Consultant perform said specialized services, and Consultant is willing and able to do so on the terms herein;

NOW, THEREFORE, in consideration of the mutual terms covenants, and conditions in this Agreement, the parties agree as follows:

1. SCOPE OF WORK OR SERVICES.

A. Consultant shall furnish specialized services more particularly set forth in Exhibit "A", attached hereto and incorporated herein by this reference, in accordance with the standards of the profession, and City shall pay for said services in the manner described below, not to exceed \$250,000 annually. See Exhibit "B", attached to this Agreement and incorporated by reference, for the cost of these services.

B. Consultant may select the time and place of performance hereunder provided, however, that access to City documents, records, and the like, if needed by Consultant, shall be available only during City's normal business hours and provided that milestones for performance, if any, are met.

1 C. Consultant has requested to receive monthly regular payments of
2 \$20,833.33. City shall pay Consultant in due course of payments following receipt from
3 Consultant and approval by City of invoices showing the services or task performed, the
4 time expended (if billing is hourly), and the name of the Project. Consultant shall certify on
5 the invoices that Consultant has performed the services in full conformance with this
6 Agreement and is entitled to receive payment. Each invoice shall be accompanied by a
7 progress report indicating the progress to date of services performed and covered by said
8 invoice, including a brief statement of any Project problems and potential causes of delay
9 in performance, and listing those services that are projected for performance by Consultant
10 during the next invoice cycle. Where billing is done and payment is made on an hourly
11 basis, the parties acknowledge that such arrangement is either customary practice for
12 Consultant's profession, industry, or business, or is necessary to satisfy audit and legal
13 requirements which may arise due to the fact that City is a municipality.

14 D. Consultant represents that Consultant has obtained all necessary
15 information on conditions and circumstances that may affect performance hereunder and
16 has conducted site visits, if necessary.

17 2. TERM. The term of this Agreement shall commence at midnight on
18 November 1, 2006, and end on October 31, 2007. The parties may extend the term, by
19 mutual consent, for two (2) separate, consecutive periods of one year each.

20 3. COORDINATION AND ORGANIZATION.

21 A. Consultant shall coordinate performance hereunder with City's
22 representative, if any, named in Exhibit "A" attached hereto and incorporated herein by this
23 reference. Consultant shall advise and inform City's representative of the work in progress
24 on the Project in sufficient detail so as to assist City's representative in making
25 presentations and in holding meetings for the exchange of information. City shall furnish
26 to Consultant information or materials, if any, described in Exhibit "A" attached hereto and
27 incorporated herein by this reference, and shall perform any other tasks described therein.

28 B. The parties acknowledge that a substantial inducement to City for entering

1 this Agreement was and is the reputation and skill of Consultant's key employee, Michael
2 Menzia as the lead consultant and David Turner as the dedicated Actuary. City shall have
3 the right to approve any person proposed by Consultant to replace that key employee.

4 4. INDEPENDENT CONTRACTOR. In performing services hereunder,
5 Consultant is and shall act as an independent contractor and not an employee,
6 representative, or agent of City. Consultant shall have control of Consultant's work and the
7 manner in which it is performed. Consultant shall be free to contract for similar services to
8 be performed for others during this Agreement provided, however, that Consultant acts in
9 accordance with Section 9 and Section 11 of this Agreement. Consultant acknowledges
10 and agrees that a) City will not withhold taxes of any kind from Consultant's compensation,
11 b) City will not secure workers' compensation or pay unemployment insurance to, for or on
12 Consultant's behalf, and c) City will not provide and Consultant is not entitled to any of the
13 usual and customary rights, benefits or privileges of City employees. Consultant expressly
14 warrants that neither Consultant nor any of Consultant's employees or agents shall
15 represent themselves to be employees or agents of City.

16 5. INSURANCE. As a condition precedent to the effectiveness of this
17 Agreement, Consultant shall procure and maintain at Consultant's expense for the duration
18 of this Agreement from insurance companies that are admitted to write insurance in
19 California or from authorized non-admitted insurance companies that have ratings of or
20 equivalent to A:VIII by A.M. Best Company the following insurance:

21 A. Commercial general liability insurance (equivalent in scope to ISO form
22 CG 00 01 11 85 or CG 00 01 11 88) in an amount not less than One Million Dollars
23 (\$1,000,000) per each occurrence and Two Million Dollars (\$2,000,000) general aggregate.
24 Such coverage shall include but not be limited to broad form contractual liability, cross
25 liability, independent contractors liability, and products and completed operations liability.
26 The City, its officials, employees and agents shall be named as additional insurers by
27 endorsement (on City's endorsement form or on an endorsement equivalent in scope to
28 ISO form CG 20 10 11 85 or CG 20 26 11 85), and this insurance shall contain no special

1 limitations on the scope of protection given to the City, its officials, employees and agents.

2 A. Workers' Compensation insurance as required by the Labor
3 Code of the State of California and employer's liability insurance in an amount
4 not less than One Million Dollars (\$1,000,000).

5 B. Professional liability or errors and omissions insurance in an
6 amount not less than One Million Dollars (\$1,000,000) per claim.

7 C. Commercial automobile liability insurance (equivalent in scope to ISO
8 form CA 00 01 06 92), covering Auto Symbol 1 (Any Auto) in an amount not less than Five
9 Hundred Thousand Dollars (\$500,000) combined single limit per accident.

10 Any self-insurance program, self-insured retention, or deductible must be
11 separately approved in writing by City's Risk Manager or designee and shall protect City,
12 its officials, employees and agents in the same manner and to the same extent as they
13 would have been protected had the policy or policies not contained retention or deductible
14 provisions. Each insurance policy shall be endorsed to state that coverage shall not be
15 reduced, non-renewed, or canceled except after thirty (30) days prior written notice to City,
16 and shall be primary and not contributing to any other insurance or self-insurance
17 maintained by City. Consultant shall notify the City in writing within five (5) days after any
18 insurance required herein has been voided by the insurer or cancelled by the insured.

19 Consultant shall require that all contractors and subcontractors which
20 Consultant uses in the performance of services hereunder maintain insurance in
21 compliance with this Section unless otherwise agreed in writing by City's Risk Manager or
22 designee.

23 Prior to the start of performance, Consultant shall deliver to City certificates
24 of insurance and required endorsements for approval as to sufficiency and form. The
25 certificate and endorsements for each insurance policy shall contain the original signature
26 of a person authorized by that insurer to bind coverage on its behalf. In addition,
27 Consultant, shall, within thirty (30) days prior to expiration of the insurance required herein,
28 furnish to City certificates of insurance and endorsements evidencing renewal of such

1 insurance. City reserves the right to require complete certified copies of all policies of
2 Consultant and Consultant's contractors and subcontractors, at any time. Consultant shall
3 make available to City's Risk Manager or designee all books, records and other information
4 relating to the insurance coverage required herein, during normal business hours.

5 Any modification or waiver of the insurance requirements herein shall only
6 be made with the approval of City's Risk Manager or designee. Not more frequently than
7 once a year, the City's Risk Manager or designee may require that Consultant,
8 Consultant's contractors and subcontractors change the amount, scope or types of
9 coverage required herein if, in his or her sole opinion, the amount, scope, or types of
10 coverage herein are not adequate.

11 The procuring or existence of insurance shall not be construed or deemed
12 as a limitation on liability relating to Consultant's performance or as full performance of or
13 compliance with the indemnification provisions of this Agreement.

14 6. ASSIGNMENT AND SUBCONTRACTING. This Agreement
15 contemplates the personal services of Consultant and Consultant's employees, and the
16 parties acknowledge that a substantial inducement to City for entering this Agreement was
17 and is the professional reputation and competence of Consultant and Consultant's
18 employees. Consultant shall not assign its rights or delegate its duties hereunder, or any
19 interest herein, or any portion thereof, without the prior approval of City, except that
20 Consultant may with the prior approval of the City Manager of City, assign any moneys due
21 or to become due the Consultant hereunder. Any attempted assignment or delegation
22 shall be void, and any assignee or delegate shall acquire no right or interest by reason of
23 such attempted assignment or delegation. Furthermore, Consultant shall not subcontract
24 any portion of the performance required hereunder without the prior approval of the City
25 Manager or designee, nor substitute an approved subcontractor without said prior approval
26 to the substitution. Nothing stated in this Section 6 shall prevent Consultant from employing
27 as many employees as Consultant deems necessary for performance of this Agreement.

28 7. CONFLICT OF INTEREST. Consultant, by executing this Agreement,

1 certifies and shall obtain similar certifications from Consultant's employees and approved
2 subcontractors that, at the time Consultant executes this Agreement and for its duration,
3 Consultant does not and will not perform services for any other client which would create
4 a conflict, whether monetary or otherwise, as between the interests of City hereunder and
5 the interests of such other client.

6 8. MATERIALS. Consultant shall furnish all labor and supervision,
7 supplies, material, tools, machinery, equipment, appliances, transportation, and
8 services necessary to or used in the performance of Consultant's obligations hereunder,
9 except as stated in Exhibit "A", if any.

10 9. OWNERSHIP OF DATA. All materials, information and data
11 prepared, developed, or assembled by Consultant or furnished to Consultant in connection
12 with this Agreement, including but not limited to documents, estimates, calculations,
13 studies, maps, graphs, charts, computer disks, computer source documentation, samples,
14 models, reports, summaries, drawings, designs, notes, plans, information, material, and
15 memorandum ("Data") shall be the exclusive property of City. Data shall be given to City,
16 and City shall have the unrestricted right to use and disclose the Data in any manner and
17 for any purpose without payment of further compensation to Consultant. Copies of Data
18 may be retained by Consultant but Consultant warrants that Data shall not be made
19 available to any person or entity for use without the prior approval of City. Said warranty
20 shall survive termination of this Agreement for five (5) years.

21 10. TERMINATION. Either party shall have the right to terminate this
22 Agreement for any reason or no reason at any time by giving thirty (30) calendar days' prior
23 notice to the other party. In the event of termination under this Section, City shall pay
24 Consultant for services satisfactorily performed and costs incurred up to the effective date
25 of termination for which Consultant has not been previously paid. The procedures for
26 payment in Section 1.B. with regard to invoices shall apply. On the effective date of
27 termination, Consultant shall deliver to City all Data developed or accumulated in the
28 performance of this Agreement, whether in draft or final form, or in process.

1 11. CONFIDENTIALITY. Consultant shall keep the Data confidential and
2 shall not disclose the Data or use the Data directly or indirectly other than in the course of
3 services provided hereunder during the term of this Agreement and for five (5) years
4 following expiration or termination of this Agreement. In addition, Consultant shall keep
5 confidential all information, whether written, oral, or visual, obtained by any means
6 whatsoever in the course of Consultant's performance hereunder for the same period of
7 time. Consultant shall not disclose any or all of the Data to any third party, nor use it for
8 Consultant's own benefit or the benefit of others except for the purpose of this Agreement.

9 12. BREACH OF CONFIDENTIALITY. Consultant shall not be liable for a
10 breach of confidentiality with respect to Data that:

11 A. Consultant demonstrates Consultant knew prior to the time City disclosed
12 it; or

13 B. Is or becomes publicly available without breach of this agreement by
14 Consultant; or

15 C. A third party who has a right to disclose does so to Consultant without
16 restrictions on further disclosure; or

17 D. Must be disclosed pursuant to subpoena or court order.

18 13. AMENDMENT. This Agreement, including all Exhibits, shall not be
19 amended, nor any provision or breach hereof waived, except in writing signed by the
20 parties which expressly refers to this Agreement.

21 14. LAW. This Agreement shall be governed by and construed pursuant to
22 the laws of the State of California (except those provisions of California law pertaining to
23 conflicts of laws). Consultant shall comply with all laws, ordinances, rules and regulations
24 of and obtain such permits, licenses, and certificates required by all federal, state and local
25 governmental authorities.

26 15. ENTIRE AGREEMENT. This Agreement, including all Exhibits,
27 constitutes the entire understanding between the parties and supersedes all other
28 agreements, oral or written, with respect to the subject matter herein.

1 16. INDEMNITY. Consultant shall indemnify and hold harmless the City,
2 its Boards, Commissions, and their officials, employees and agents (collectively in this
3 Section "City") from and against any and all liability, claims, demands, damage, causes of
4 action, proceedings, penalties, loss, costs, and expenses (including attorney's fees, court
5 costs, and expert and witness fees)(collectively "Claims" or individually "Claim"). Claims
6 include allegations and include by way of example but are not limited to: Claims for
7 property damage, personal injury or death arising in whole or in part from any negligent act
8 or omission of Consultant, its officers, employees, agents, sub-consultants, or anyone
9 under Consultant's control (collectively "Indemnitor"); Consultant's breach of this
10 Agreement; misrepresentation; willful misconduct; and Claims by any employee of
11 Indemnitor relating in any way to worker's compensation. Independent of the duty to
12 indemnify and as a free-standing duty on the part of Consultant, Consultant shall defend
13 City and shall continue such defense until the Claim is resolved, whether by settlement,
14 judgment or otherwise. Consultant shall notify the City of any claim within ten (10) days.
15 Likewise, City shall notify Consultant of any claim, shall tender the defense of such claim
16 to Consultant, and shall assist Consultant, as may be reasonably requested, in such
17 defense.

18 17. AMBIGUITY. In the event of any conflict or ambiguity between this
19 Agreement and any Exhibit, the provisions of this Agreement shall govern.

20 18. COSTS. If there is any legal proceeding between the parties to enforce
21 or interpret this Agreement or to protect or establish any rights or remedies hereunder, the
22 prevailing party shall be entitled to its costs and expenses, including reasonable attorneys'
23 fees and court costs (including appeals).

24 19. CHANGES AND EXTRA SERVICES. City may make changes within the
25 general scope of work under this Agreement. Changes shall be in writing and shall state
26 the dollar amount of the change, any adjustment in the time for performance and, when
27 negotiated prices are involved, shall provide for the Consultant's signature indicating
28 acceptance. If Consultant estimates that the change will cause an increase or decrease

1 in the cost or time required for performance, Consultant shall so notify City of that fact. Any
2 notification by Consultant shall be provided within ten (10) calendar days from the date of
3 receipt by Consultant of the change order. In addition, Consultant shall notify City when
4 Consultant identifies a condition which may change the initial scope of work or services.
5 All changes shall be deemed part of this Agreement.

6 20. NONDISCRIMINATION. In connection with performance of this
7 Agreement and federal laws, rules and regulations, Consultant shall not discriminate in
8 employment or in the performance of this Agreement on the basis of race, religion, national
9 origin, color, age, sex, sexual orientation, AIDS, AIDS related condition, handicap, or
10 disability.

11 It is the policy of City to encourage the participation of Disadvantaged,
12 Minority and Women-owned Business Enterprises in City's procurement process, and
13 Consultant agrees to use its best efforts to carry out this policy in the award of all approved
14 subcontracts to the fullest extent consistent with the efficient performance of this
15 Agreement. Consultant may rely on written representations by subcontractors regarding
16 their status. City's policy is attached as Exhibit "C" hereto. Consultant shall report to City
17 in March and in September or, in the case of short-term agreements, prior to invoicing for
18 final payment, the names of all sub-consultants engaged by Consultant for this Project and
19 information on whether or not they are a Disadvantaged, Minority or Women-Owned
20 Business Enterprise, as defined in Section 8 of the Small Business Act (15 U.S.C. Sec.
21 637).

22 21. NOTICES. Any notice or approval required hereunder by either party
23 shall be in writing and personally delivered or deposited in the U.S. Postal Service, first
24 class, postage prepaid, addressed to Consultant at the address first stated herein, and to
25 the City at 333 West Ocean Boulevard, Long Beach, California 90802 Attn: City Manager.
26 Notice of change of address shall be given in the same manner as stated herein for other
27 notices. Notice shall be deemed given on the date deposited in the mail or on the date
28 personal delivery is made, whichever first occurs.

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22. COPYRIGHTS AND PATENT RIGHTS.

A. Consultant shall place the following copyright protection on all Data:

© City of Long Beach, California 90802, inserting the appropriate year.

B. City reserves the exclusive right to seek and obtain a patent or copyright registration on any Data or other result arising from Consultant's performance of this Agreement. By executing this Agreement, Consultant assigns any ownership interest Consultant may have in the Data to City.

C. Consultant warrants that the Data does not violate or infringe any patent, copyright, trade secret or other proprietary right of any other party. Consultant agrees to and shall protect, defend, indemnify and hold City, its officials and employees harmless from any and all claims, demands, damages, loss, liability, causes of action, costs or expenses (including reasonable attorneys' fees) whether or not reduced to judgment, arising from any breach or alleged breach of this warranty.

23. COVENANTS AGAINST CONTINGENT FEES. Consultant warrants

that Consultant has not employed or retained any entity or person to solicit or obtain this Agreement and that Consultant has not paid or agreed to pay any entity or person any fee, commission, or other monies based on or from the award of this Agreement. If Consultant breaches this warranty, City shall have the right to terminate this Agreement immediately notwithstanding the provisions of Section 10 hereof or, in its discretion, to deduct from payments due under this Agreement or otherwise recover the full amount of such fee, commission, or other monies.

24. WAIVER. The acceptance of any services or the payment of any money

by City shall not operate as a waiver of any provision of this Agreement, or of any right to damages or indemnity stated in this Agreement. The waiver of any breach of this Agreement shall not constitute a waiver of any other or subsequent breach of this Agreement.

25. CONTINUATION. Termination or expiration of this Agreement shall not

affect rights or liabilities of the parties which accrued pursuant to Sections 7, 10, 11, 16,

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1 18, 22, and 28 prior to termination or expiration of this Agreement, and shall not extinguish
2 any warranties hereunder.

3 26. TAX REPORTING. As required by federal and state law, City is
4 obligated to and will report the payment of compensation to Consultant on Form 1099Misc.
5 Consultant shall be solely responsible for payment of all federal and state taxes resulting
6 from payments under this Agreement. Consultant's Employer Identification Number is
7 [REDACTED] If Consultant has a Social Security Number rather than an Employer
8 Identification Number, then Consultant shall submit that Social Security Number in writing
9 to City's Accounts Payable, Department of Financial Management. Consultant
10 acknowledges and agrees that City has no obligation to pay Consultant hereunder until
11 Consultant provides one of the aforesaid Numbers.

12 27. ADVERTISING. Consultant shall not use the name of City, its officials
13 or employees in any advertising or solicitation for business, nor as a reference, without the
14 prior approval of the City Manager or designee.

15 28. AUDIT. City shall have the right at all reasonable times during the term
16 of this Agreement and for a period of five (5) years after termination or expiration of this
17 Agreement to examine, audit, inspect, review, extract information from, and copy all books,
18 records, accounts, and other documents of Consultant relating to this Agreement.

19 29. NO PECULIAR RISK. Consultant acknowledges and agrees that the
20 services to be performed hereunder do not constitute a peculiar risk of bodily harm and
21 that no special precautions are required to perform said services.

22 30. THIRD PARTY BENEFICIARY. This Agreement is intended by the
23 parties to benefit themselves only and is not in any way intended or designed to or entered

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1 for the purpose of creating any benefit or right for any person or entity of any kind that is
2 not a party to this Agreement.

3 IN WITNESS WHEREOF, the parties have caused this document to be duly
4 executed with all formalities required by law as of the date first stated herein.

6 ALLIANT INSURANCE SERVICE,
INCORPORATED, a California corporation

7 Date 11-28, 2006

By [Signature]

(Type or Print Name) Ralph S. Hurst

Title: President

10 Date 11-28, 2006

By [Signature]

(Type or Print Name) Michael Menzies

Title: First VICE President

14 CITY OF LONG BEACH, a municipal
15 corporation

16 Date 12-13, 2006

By [Signature]

(Type or Print Name) Gerald R. Miller

Title: City Manager

20 APPROVED AS TO FORM on this 7 day of December, 2006.

ROBERT E. SHANNON, City Attorney

23 By [Signature]
Deputy City Attorney

Robert E. Shannon
City Attorney of Long Beach
333 West Ocean Blvd., 11th Floor
Long Beach, California 90802-4664
Telephone (562) 570-2200

EXHIBIT A

SCOPE OF SERVICES

Alliant Insurance Services will provide the following Scope of work for the City of Long Beach:

1. Represent the City in negotiations with group health insurance providers relating to plan design, benefit levels and premiums.

Alliant Insurance Services will represent The City of Long Beach (The City) in all negotiations with insurance providers, third party administrators, networks, vendors, etc.

Alliant Insurance Service's Technical Underwriting Unit will play a key role in the negotiation of renewal premiums and plan design options through the evaluation of utilization patterns, claim experience, plan costs, and demographic changes. The underwriting department assumes a very active role in the financial and risk management aspect of The City's benefit plans and will make pro-active recommendations to preserve the financial health of the plan.

Alliant Insurance Services will work as The City's advocate to negotiate contract changes, secure amendments and resolve any employee insurance issues. We will be responsible for reviewing all contracts and plan documents in order to confirm that all negotiated provisions are included. Alliant will work with The City Employee Benefits team to set service expectations and timelines that all vendors will be required to meet. These standards will be monitored frequently throughout the year to ensure The City is receiving the agreed upon level of service from its vendors.

2. Provide annual review and report of employee benefits programs for quality and adequacy of benefits provided, cost effectiveness, competitiveness, and plan administration and recommendations concerning any changes in terms, conditions and limits.

Renewal Negotiation and Marketing

Alliant Insurance Service's Technical Underwriting Unit will play a key role in the negotiation of renewal premiums and plan design options through the evaluation of utilization patterns, claim experience, plan costs, and demographic changes. In addition, the underwriting department will review the marketplace for alternative funding and purchasing options. The process is outlined below:

- Evaluate Carrier Renewal Calculation by component: claims experience, trend factor, stop-loss level for large claims, administration fees and carrier margin.

- Evaluate Demographic Changes via census analysis and compare to Carrier assumptions.
- Use Critical Analysis and Alliant Insurance Service's book of business to negotiate the lowest cost for the City.
- Identify and recommend cost saving options that do not change benefits.
- Market coverages to other carriers in the marketplace. (Maximum of one line of coverage per year).
- Identify alternative funding and risk-sharing options that may be beneficial to the City.

Alliant Insurance Services Public Entity Benefit Programs

Alliant Insurance Services has worked to develop exclusive programs designed specifically for public agencies and their unique characteristics. These programs provide cost savings, while matching your benefits and providing greater long term stability. Alliant Insurance Service's EIA Health Program is one example of our ability to provide alternative purchasing options, which are not available in the marketplace, to our public sector clients. Alliant Insurance Service's underwriting team will include the following Public Entity Program options in the renewal analysis for The City.

- Medical – EIA Health
- Wholesale Prescription Drug
- Dental
- Vision
- Life
- Disability
- Mental Health

Recommendations

Alliant Insurance Services will assemble all this data and put it into a report format that is clear and concise and make pro-active recommendations to ensure comprehensive coverage at the lowest cost to the City and its employees. We will review this material with The City's Health Insurance Advisory Committee and address any questions to assist with the decision making process

3. Monitor contracts, including provider plan administration, actuarial review, tracking of performance standards, provider compliance with contracts, terminal liability and incurred claims.

The City will have a dedicated Alliant Insurance Services team available to them throughout the contract period.

As part of the Annual Work Plan for the City, Alliant Insurance Services will review contracts with all vendors to ensure consistency with City policies and procedures and

will work closely with City Management and vendors to coordinate implementation timelines and make sure milestones are achieved in a timely manner. Furthermore, Alliant Insurance Services will review all booklets and employee communications material for consistency of benefits, rates and eligibility policies.

For carriers that have agreed to performance standards for items such as customer service (call abandonment rates and average phone hold times), claim payment (turnaround time, and financial accuracy), implementation (claim system readiness and ID card release), we will monitor the results of each measurement on a monthly basis using reports provided by the carriers. As part of this evaluation, we will advise the City as to each vendor's performance versus the goals and work with vendors to improve processes for those areas that are short of expected results. Additionally, we would perform a claims operation audit of each carrier to validate the self-reported results and ensure that claims are being processed in accordance with negotiated plan provisions. This does not include the cost of a complete claims audit completed by ICD9 or CPT code analysis which would be performed by a third party.

4. Provide estimates of renewal rates and cost trends and assistance to City staff in preparation of budget figures.

Alliant Insurance Services Technical Underwriting Unit will provide support to The City's dedicated Benefits Analyst in the evaluation of utilization patterns, claim experience, plan costs, and trends. This team will use this information to develop a report with projections to assist The City develop their annual healthcare budget.

Alliant Insurance Services begins the renewal process 6-9 months prior to the effective date with our pre-renewal meeting so that we understand The City's budget requirements, expected growth and other anticipated needs. We will provide the following information at the pre-renewal meeting:

- Provide market trends analysis by plan
- Introduce new product innovation
- Review Insurance Carrier performance
- Identify areas of cost containment
- Provide renewal estimates
- Provide large claim analysis

This strategy provides us with ample time to evaluate options, secure the most favorable contractual terms, and to provide scenarios that meet The City's budget guidelines.

5. Assist with any government and/or IRS filing as needed in connection with the annual renewal process and/or implementation of existing or new services, as necessary.

Alliant Insurance Services will assist with any government and/or IRS filings as needed in connection with plan renewals and/or implementations.

As part of our Scope of Services we will review your current practices and update The City on new developments, legislation, regulations, and practices that affect proper plan design and cost effectiveness.

A sample list includes:

- Medicare Part D compliance
- COBRA Regulations
- Cafeteria Plan Election Change Regulations
- HIPAA Guidance on Compliance
- ADA Compliance
- FMLA Compliance
- Effect of Military Leave on Health Insurance Coverage
- Health Care Trends

As part of our core activity, we will review all of your current plan documents, insurance contracts, and benefit books to ensure:

- Compliance with Legislative Requirements
- Consistency with The City's Policies and Procedures
- Comprehensive Coverage – Ensuring Significant Gaps or Exclusions are consistent with The City's understanding of the Plan

In addition, Alliant Insurance Services will assist with the following:

- Review and evaluate coverage drafts and summary plan descriptions
- Create required notices for review by City Staff
- Assist with drafting plan documents as needed, including Section 125 Plan document
- Prepare or review plan amendments as needed
- Provide resources to help and assist The City with other Legislative issues such as COBRA, Family Leave, ADEA, Qualified medical dependents, etc.
- Review Employee Handbook/Policies & Procedures Manual

Furthermore, your Alliant Insurance Services team will provide The City with continuous updates on all developments that will affect employee benefit plans. Our sources include the following:

–Account Service Team: All members of your Alliant Insurance Services team are current on legislative issues and have specific areas of expertise. They also have access to our Alliant Insurance Services Health and Welfare Attorney (i.e. COBRA, HIPAA, ADA, FMLA, etc.).

–Benefits Newsletters: A monthly publication from the employee benefits division of Alliant Insurance Services. This publication includes timely articles relating to all aspects of employee benefits administration including news, trends, and pending and approved state and federal legislation.

–Client Seminars: Alliant Insurance Services periodically sponsors employee benefit seminars to highlight topics of current interest (HIPAA, Healthcare Reform, New Employer Laws, Flexible Benefits, etc).

Human Resources Consulting

Additionally, Alliant Insurance Services understands a public entity Human Resources Department has needs outside of Employee Benefit Administration. Through our wholly owned subsidiary, Strategic HR, The City will be given a complementary HR Membership Program that offers many benefits including access to a members-only website that contains an extensive selection of HR forms, policies, checklists and guidelines, and answers to frequently asked questions. The City will have access to the full range of Strategic HR's Services however, the following services are provided under the \$250,000 fee.

- Legislative updates
- Information related to Regulatory compliance
- Human Resource Membership Program – provides unlimited, toll-free telephone access to a team of HR experts who quickly respond with guidance.

6. Prepare and present reports to the Health Insurance Advisory Committee (HIAC) at their regularly scheduled meetings to advise of plan options, market trends, audits, renewals, etc.

The Alliant Insurance Services team will work with the Human Resources Department, the Financial Management Department, Management, and the Health Insurance Advisory Committee.

Health Insurance Advisory Committee (HIAC): We will assist in the following areas to help gain understanding and consensus:

- Attend Regular Meetings
- Help Establish Agenda
- Review Reporting Packages
- Establish Long Term Goals

- Education on Market Trends (Rx, Legislation, Tiered Networks, etc.)
- Field Questions & Suggestions

In addition to meeting with the HIAC at regularly scheduled meetings, Alliant Insurance Services believes that education and engagement of all constituent groups is necessary to gain the necessary consensus for plan administration and negotiations. With that in mind, we will meet with the following groups as appropriate.

City Council: Alliant Insurance Services would be happy to work with the City Council regarding ratification of program changes, understanding market trends, and providing recommendations for meeting budget goals.

City Staff: Alliant Insurance Services encourages "Train the Trainer" sessions that allow us to identify administrative training needs and appropriate support through education. These sessions include:

- Benefits Understanding
- Billing
- Eligibility
- Adds/Deletes
- COBRA
- New Legislation
- Other Plan Administrative Issues

Bargaining Units: We will work to establish a rapport with the bargaining units so that we can have effective discussions regarding important issues to include:

- Weighing the need for rich benefit plans in the midst of budget constraints
- Working collaboratively with union representatives to discuss plan alternatives

General Employee Population: Alliant Insurance Services will support the general employee population in the following areas:

- Annual Open Enrollment Meetings & Communications
- Question and Answers Sessions
- Retiree Communications
- Service Issue Support

7. Develop and produce an effective communications program including: concept, design, production, printing and delivery.

Alliant Insurance Services will provide the following services and support for The City's employee benefit communication materials:

- Review current communication materials and make recommendations

- Draft and produce employee and retiree communication materials including announcements, enrollment meeting materials, benefits exhibits, etc.
- Plan, facilitate, and conduct all scheduled open enrollment meetings and health fairs.
- Coordinate employee newsletters and surveys
- Create new hire communication pieces
- Provide on-going service issue support

Alliant Insurance Services has a full-range of capabilities related to education and communication to employees and retirees. The vast array of tools that we offer can be as high-touch or as high-tech as is necessary to meet the needs of your Human Resources Department, your employees and your retirees. Furthermore, Alliant Insurance Services will help identify off-the-shelf materials or vendors who can provide turnkey communications materials to complement or enhance The City's current communication strategy.

8. Assist the City in developing and coordinating an overall strategy and action plan for benefit plan implementation and enrollment.

Open Enrollment

Alliant Insurance Services will be actively involved in The City's annual Open Enrollment. Your Alliant Insurance Services Account Team will create a timeline of activities leading up to Open Enrollment with key milestones highlighted as well as shared responsibilities.

Health Fairs

Alliant Insurance Services believes annual health and safety fairs are a fundamental part of any group healthcare strategy. The City's Alliant Insurance Services team will assist with the planning of the event and help secure vendors for the health fair. Additionally, we would help The City to select among the numerous screening services and educational demonstrations and exhibits that are available for Health Fairs.

9. Monitor and provide experience trends reports and special studies and reports as requested by City, including annual accounting report of all plan operations.

Alliant Insurance Services will work with The City to develop a regular custom reporting package that will best enable the City to easily monitor the various health plans' actual financial results vs. expected costs. These reports will be provided on a regular schedule as agreed upon by the City and Alliant Insurance.

Alliant Insurance Services will review the current reports that the City receives, evaluate the usefulness of each report and make any recommendations for additional reports that may be helpful in the analysis of the plan data and future cost forecasting.

Alliant Insurance Services will report to management and the insurance committee and these reports will be used as tools to make decisions.

The following is a list of some of the software capabilities:

- Project Management Timeline
- Spreadsheet rating module
- Claims analysis and reporting
- Benefit pricing module
- Plan options projection tool
- Self funded premium valuations
- Benchmarking

10. Review and assistance with resolving disputes regarding coverage, billing questions and service delivery.

Alliant Insurance Services will respond to and expedite all claims, billing and/or eligibility issues. Alliant Insurance Services is well acquainted with the internal operations and processes of most carriers and is experienced in resolving service issues such as claims, eligibility and billing, contract, and quality of care. With our in-house legal counsel, and extensive background of each Alliant Insurance Services Team member, we can provide immediate advice on claims or contract disputes. Your Alliant Insurance Services Team will work with all carriers to ensure that all issues that occur at The City are addressed and resolved in a timely manner.

Claims and Eligibility Assistance:

- Respond within 24-hours to every inquiry call
- Research and Resolve Claim and Eligibility Issues
- Monitor Service of Carrier and Third-party Administrators
- Track Claim Office and Member Services Data to assess and make recommendations for Plan Changes and Employee Education needs
- Secure Carrier performance guarantees when appropriate

11. Advise City staff on changing benefit issues and experience trends.

Alliant Insurance Services will meet with The City periodically to discuss important issues such as:

- Medical, Prescription Drug, Dental and Vision Trend
- National and Local Cost Drivers associated with increased premiums
- National and Statewide enrollment trends
- Federal and State Legislation affecting HealthCare

- Provider Networks
- Survey Data

We will also provide information regarding emerging trends in the market such as:

- Health Savings Accounts (HSA)
- Health Reimbursement Accounts (HRA)
- Consumer Driven Products
- Vehicles to fund future retiree costs
- Flexible Spending Accounts
- Technology solutions to promote wellness and reduce costs

Alliant Insurance Services will also provide benchmarking analysis that includes a review of cost trends at The City, a comparison to other benefit programs in our practice, as well as other public sector entities. Based on these assessments, Alliant Insurance Services will identify areas where The City has opportunities for cost containment measures that will provide you and your plan participants with the best value.

12. Optional Services: These services are available and not included in the consulting fee of \$250,000 and are subject to additional costs if selected.

1. The City will have access to the full range of Strategic HR's Services that are not covered in the annual membership. Listed below are the service and the estimated cost.

- | | |
|--|---------------------------|
| • Employee Handbooks | \$3,500 |
| • Affirmative Action Plans | \$3,600 |
| • Employment Dispute Resolution Programs | \$1,000 |
| • Unemployment Insurance Administration | \$3,000 |
| • Employee Attitude Surveys | \$1,800 |
| • I-9 Audits | \$3,000 |
| • Background Checks | \$35 per person |
| • Compensation Systems | \$10,000 -\$100,000 |
| • Job Description Review and Development | \$150 per job description |
| • Internal Investigations | \$1,350 |
| • Wage and Hour Audits | \$3,200 |
| • Employee Transitioning | \$1,350 |
| • Performance Appraisal Programs | \$3,000 |
| • Safety Programs (SB 198) | \$5,000 |
| • Organizational Development | \$2,000 -\$15,000 |
| • HR Training | \$3,000 |

2. Costs for Health Fair and additional screenings. The following are some common screenings and exhibits: Estimated cost for these services is \$5,000.

- Cholesterol Testing
- Blood Pressure Check
- Skin Cancer Screening
- Smoking Cessation
- Stress Management
- Money Management Education
- Ask-a-dietician
- Child Care Resources
- Pre-natal care
- Legal Services Information
- Blood Glucose
- Mini-massage

3. Actuary study on GASB 45 Liability: Estimated cost is \$10,000-\$15,000

4. Third Party Claims Audit: Estimated cost \$3,500

5. Formal written Legal Opinions: Estimated cost \$3,500

6. Administrative Suite of services: Estimated cost is \$6.50 per employee per month

- a. Online Enrollment solutions
- b. Eligibility Management
- c. Consolidated Billing
- d. Retiree Billing
- e. COBRA
- f. FSA Administration

7. Extensive Marketing as defined by more than one line of coverage per year. Estimated cost is \$10,000 per line of coverage.

EXHIBIT "B"

CITY OF LONG BEACH

COST OF SERVICES

Service Guarantee

To illustrate our commitment of quality service to the City of Long Beach, Alliant Insurance Services is willing to place 10% of our annual consulting fee at risk. Listed below are the categories of the Service Guarantee:

1. Execution of Scope of Work (5%) – Client satisfaction with deliverables in the Scope of Work.
2. Service and Support (5%) - Service and Support of Client with decision making tools, attendance at meetings, and assistance for any implementation of new benefits/products and transition of carriers.

At any time, the City of Long Beach can invoke the terms of the guarantee. All categories are based solely on client satisfaction level.

NOTE:

- Public Sector purchasing pools have built in Management and Underwriting fees. These costs are separate from the consulting fee associated with the Scope of Work.
- Use of intermediaries: When it is necessary or appropriate, Alliant Insurance Services, Inc. will utilize service of intermediaries to assist in marketing the program. These intermediaries may be affiliates of Alliant Insurance Services, Inc. or unrelated intermediaries. Intermediaries are paid by the insurance company through premiums paid by the client. Compensation to intermediaries regarding the placement is not subject to this scope of work and not subject to the maximum compensation amount of this agreement.

CITY'S POLICY FOR DISADVANTAGED, MINORITY- AND WOMEN-OWNED BUSINESS ENTERPRISES

The City of Long Beach is an equal opportunity employer and requires all Consultants to comply with policies and regulations concerning equal employment opportunity.

The City of Long Beach subscribes to the following goals concerning awards for equipment, material, supplies, and services.

Fifteen percent (15%) DBE/MBE Participation
Fifteen percent (15%) WBE Participation

Whenever possible, the CONSULTANT should seek to accomplish these goals.

MINORITY OUTREACH PROGRAM

To assist the Purchasing Bureau in maintaining records of the City's outreach to Minority-owned and/or Women-owned Business Enterprises (MBE/WBE), Consultants are requested to provide the following information. Answers are optional, and failure to answer will not disqualify the proposal.

Composition of Ownership (MORE THAN 51%)

Ethnic Factors of Ownership:

Black	()	American Indian	()
Hispanic	()	Other Non-white	()
Asian	()	Caucasian	(X)

Non-ethnic Factors of Ownership:

Male	(X)	Female	()
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Has firm previously been certified as a Minority-owned or Woman-owned Business by any other agency:

Yes	()	No	(X)
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If yes, name of certifying agency:

Certification valid through:

EXHIBIT "C"