



**PROFESSIONAL SERVICES AGREEMENT
BETWEEN THE CITY OF RIALTO AND
GEORGE HILLS COMPANY**

THIS SERVICES AGREEMENT (herein “Agreement”) is made and entered into this 16th day of December 2025, by and between the City of Rialto, a municipal corporation and California general law city (“City”), and George Hills Company, a California Corporation, (“Consultant”). City and Consultant are sometimes individually referred to as “Party” or collectively as “Parties”.

RECITALS

A. City has sought, by Request for Proposals No. 26-007, the performance of professional services related to general liability claims administration services, as defined and described particularly in Article 1 of this Agreement.

B. Following the submission of a proposal for the performance of the services defined and described particularly in Article 1 of this Agreement, Consultant was selected by the City to perform those services.

C. Pursuant to Chapter 2.48 of the Rialto Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Consultant for the performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, Consultant shall provide those professional services associated with general liability claims administration services, and as specified in the “Scope of Services” attached hereto as **Exhibit “A”** and incorporated herein by this reference, which services may be referred to herein as the “services” or “work” hereunder. As

a material inducement for City to enter into this Agreement, Consultant represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, it meets all local, state, and federal requirements in performing the services, and it is experienced in performing the work and services contemplated herein. Consultant shall at all times faithfully, competently, and to the best of its ability, experience, and talent, perform all services described herein. Consultant covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be of good quality, fit for the purpose intended. For purposes of this Agreement, the phrase “highest professional standards” shall mean those standards of practice recognized by one or more professional firms performing similar work under similar circumstances.

1.2 Consultant’s Proposal.

The Agreement between the Parties shall consist of the following: (1) this Agreement; (2) the Scope of Services; (3) the City’s Request for Proposals No. 26-007; and (4) the Consultant’s signed, original proposal submitted to the City (“Consultant’s Proposal”), (collectively referred to as the “Contract Documents”). The Contract Documents and Accepted Proposal shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the Scope of Services, Consultant’s Proposal, and/or this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Consultant shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any federal, state, or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Licenses, Permits, Fees, and Assessments.

Consultant shall obtain, at its sole cost and expense, such licenses, permits, and approvals as may be required by law for the performance of the services required by this Agreement. Consultant shall have the sole obligation to pay for any fees, assessments, and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Consultant’s performance of the services required by this Agreement, and shall indemnify, defend, and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes penalties, or interest levied, assessed, or imposed against City hereunder.

1.5 Familiarity with Work.

By executing this Agreement, Consultant warrants that Consultant (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Consultant warrants that Consultant has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. If Consultant discovers any latent or unknown conditions that will materially affect the performance of the services hereunder, then Consultant shall immediately inform the City of

such fact and shall not proceed except at City's risk until written instructions are received from the Contract Officer.

1.6 Care of Work.

Consultant shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies, and/or other components thereof, to prevent losses or damages, and shall be responsible for all such damages to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

1.7 Prevailing Wages.

Consultant is aware of the requirements of California Labor Code Section 1720, *et seq.* and 1770, *et seq.*, as well as California Code of Regulations, Title 8, Section 1600, *et seq.*, ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on "Public Works" and "Maintenance" projects. It is the understanding of City and Consultant that the Prevailing Wage Laws may not apply to this Agreement because the Agreement does not involve any services subject to prevailing wage rates pursuant to the California Labor Code or regulations promulgated thereunder. However, Consultant shall defend, indemnify, and hold City, its elected officials, officers, employees and agents free and harmless from any claim or liability arising out of any failure or alleged failure by Consultant to comply with the Prevailing Wage Laws in connection with the performance of services under this Agreement.

1.8 Further Responsibilities of Parties.

Both Parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both Parties agree to act in good faith to execute all instruments, prepare all documents, and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless specified in this Agreement, neither Party shall be responsible for the service of the other.

1.9 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to, or deducting from said work. No such extra work or change may be undertaken unless a written order is first given by the Contract Officer to the Consultant, describing in detail the extra work or change and the reason(s) therefor and incorporating therein any adjustment in (i) the Contract Sum for the actual cost of the extra work or change, and/or (ii) the time to perform this Agreement, which said adjustments shall be reflected in an amendment to the Agreement subject to the written approval of the Parties. Any amendment to this Agreement shall be reviewed and approved by the City Manager. In accordance with Rialto Municipal Code section 2.48.180, increases in compensation of this Agreement may be approved by the City Manager provided: (a) the initial Contract Sum was less than One Hundred Thousand Dollars (\$100,000) and the amended Contract Sum when considering any or all amendments will not exceed One Hundred Thousand Dollars (\$100,000); or (b) the agreement was approved by the City Council and the increases in compensation taken either separately or cumulatively do not exceed One Hundred Thousand Dollars (\$100,000). Any greater increases, taken either separately or

cumulatively must be approved by the City Council. Payment for additional services rendered by Consultant under this Agreement requires the submission of the actual costs of Consultant's performance of the extra work with the invoice(s) for the extra work claim(s), as provided in Section 2.4. It is expressly understood by Consultant that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Consultant hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Consultant anticipates and that Consultant shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors.

No claim for an adjustment in the contract amount or time for performance shall be valid unless the procedures established in this Section are followed.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Consultant the amounts specified in the "Schedule of Compensation" attached hereto as **Exhibit "B"** and incorporated herein by this reference. Upon commencement of this Agreement the total compensation, including reimbursement for actual expenses, shall not exceed **Two Hundred Fifty-Three Thousand Five Hundred Three Dollars and Twenty-Five Cents (\$253,503.25)** (the "Contract Sum"). The Contract Sum may also be increased for additional services pursuant to Section 1.9.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services; (iii) payment for time and materials based upon the Consultant's rates as specified in the Schedule of Compensation, provided that time estimates are provided for the performance of sub tasks, but not exceeding the Contract Sum; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Consultant at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Consultant is required to attend additional meetings to facilitate such coordination, Consultant shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Consultant shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Consultant is certifying compliance

with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Consultant shall not invoice City for any duplicate services performed by more than one person.

City may independently review each invoice submitted by the Consultant to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Consultant which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Consultant to be paid within thirty (30) days of receipt of Consultant's correct and undisputed invoice; however, Consultant acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Consultant for correction and resubmission.

2.5 No Waiver.

Review and payment by City to Consultant of any invoice for work performed by Consultant pursuant to this Agreement shall not be deemed a waiver of any defects in work performed by Consultant or of any rights or remedies provided herein or any applicable law.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance.

Consultant shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as **Exhibit "C"** and incorporated herein by this reference. When requested by the Consultant, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Consultant, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Consultant shall, within ten (10) days of the commencement of such delay, notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer shall extend the time for performance in accordance with the procedures set forth in Section 1.9. The Contract Officer's determination shall be final and conclusive upon the Parties to this Agreement. In no

event shall Consultant be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Consultant's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect for three (3) years plus two optional one (1) year extensions based on satisfactory performance through completion of the services related to Request for Proposals No. 26-007, (the "Project"), and as identified in the Schedule of Performance, **Exhibit "C"**.

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Consultant.

The following principals of Consultant ("Principals") are hereby designated as being the principals and representatives of Consultant authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

<u>John Chaquica</u> Name	<u>President</u> Title
<u>Chris Shaffer</u> Name	<u>Chief Operating Officer</u> Title

It is expressly understood that the experience, knowledge, capability, and reputation of the foregoing Principals were a substantial inducement for City to enter into this Agreement. Therefore, the Principals shall be responsible during the term of this Agreement for directing all activities of Consultant and devoting sufficient time to personally supervise the services hereunder. All personnel of Consultant, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the Principals may not be replaced nor may their responsibilities be substantially reduced by Consultant without the express written approval of City. Additionally, Consultant shall utilize only competent personnel to perform services pursuant to this Agreement. Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Consultant shall notify City of any changes in Consultant's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance. In the event that City, in its sole discretion, at any time during the term of this Agreement, desires to reassign any staff or subcontractor of Consultant, Consultant shall, immediately upon a Reassign Notice from City of such desire of City, reassign such persons or persons.

4.2 Status of Consultant.

Consultant shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Consultant shall not at any time or in any manner represent that Consultant or any of Consultant's officers, employees, or agents are in any manner officials, officers, employees

or agents of City. Neither Consultant, nor any of Consultant's officers, employees or agents, shall obtain any rights to retirement, health care, or any other benefits which may otherwise accrue to City's employees. Consultant expressly waives any claim Consultant may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be the City Manager or other such person designated by the City Manager. It shall be the Consultant's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Consultant shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Contractor.

Neither the City nor any of its employees shall have any control over the manner, mode, or means by which Consultant, its agents or employees, perform the services required herein, except as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Consultant's employees, servants, representatives, or agents, or in fixing their number, compensation, or hours of service. Consultant shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Consultant shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Consultant in its business or otherwise or a joint venturer or a member of any joint enterprise with Consultant.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability, and reputation of Consultant, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Consultant shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated, or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Consultant, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Consultant or any surety of Consultant of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE, INDEMNIFICATION AND BONDS

5.1 Insurance Coverages.

The Consultant shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension

thereof, the following policies of insurance which shall cover all elected and appointed officers, employees, and agents of City:

(a) Comprehensive General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury, and property damage. The policy of insurance shall be in an amount not less than \$1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure, and provide legal defense for both the Consultant and the City against any loss, claim, or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Consultant in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than \$1,000,000. Said policy shall include coverage for owned, non-owned, leased, and hired cars.

(d) Professional Liability. Professional liability insurance appropriate to the Consultant's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of, or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Consultant's services or the termination of this Agreement. During this additional 5-year period, Consultant shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements.

(f) Subcontractors. Consultant shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

5.2 General Insurance Requirements.

The insurance policies maintained by the Consultant for Comprehensive General Liability and Automotive shall be primary insurance as to the City and shall name the City, its elected and appointed officers, employees, and agents as additional insureds, and any insurance maintained by City or its officers, employees, or agents shall apply in excess of, and not contribute with, Consultant's insurance. The insurer for the Comprehensive General Liability, Automotive, Professional Liability and Workers' Compensation policies are deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees, and agents and their respective insurers. The insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention. All of said policies of insurance shall provide that said insurance may not be amended

or cancelled by the insurer or any Party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the Insured. In the event any of said policies of insurance are cancelled or to be canceled, the Consultant shall give written notice to the City within five (5) calendar days of receipt of any notice of cancellation and, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer. No work or services under this Agreement shall commence until the Consultant has provided the City with Certificates of Insurance or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Consultant performs; products and completed operations of Consultant; premises owned, occupied or used by Consultant; or automobiles owned, leased, hired or borrowed by Consultant. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to the City in writing before work begins. City may approve or reject such deductibles or SIRs in its sole discretion. Consultant agrees to be solely responsible for the payment of any and all deductibles or SIRs arising out of any policy Consultant has purchased or maintained in connection with this Agreement. Consultant will not, under any circumstances seek contribution from the City to the payment of any deductible or SIR. If any deductible or SIR is higher than the City approves, then, at the City's option, Consultant shall either (a) obtain a bond, letter of credit, or other financial guarantee acceptable to the City, or (b) obtain insurance with deductibles or SIRs acceptable to the City. The Consultant agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Consultant may be held responsible for the payment of damages to any persons or property resulting from the Consultant's activities or the activities of any person or persons for which the Consultant is otherwise responsible nor shall it limit the Consultant's indemnification liabilities as provided in Section 5.3.

In the event the Consultant subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Consultant and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Consultant is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

5.3 Indemnification.

To the full extent permitted by law, Consultant agrees to indemnify, defend, and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations, or activities provided herein of Consultant, its officers, employees, agents, subcontractors, or invitees,

or any individual or entity for which Consultant is legally liable (“indemnitors”), arising from Consultant’s reckless or willful misconduct, or arising from Consultant’s or indemnitors’ negligent performance of or failure to perform any term, provision, covenant, or condition of this Agreement, and in connection therewith:

(a) Consultant will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorneys’ fees incurred in connection therewith;

(b) Consultant will promptly pay any judgment rendered against the City, its officers, agents, or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Consultant hereunder; and Consultant agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Consultant for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Consultant hereunder, Consultant agrees to pay to the City, its officers, agents, or employees, any and all costs and expenses incurred by the City, its officers, agents, or employees in such action or proceeding, including but not limited to, legal costs and attorneys’ fees.

Consultant shall incorporate similar, indemnity agreements with its subcontractors and if it fails to do so Consultant shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Consultant in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City’s sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City’s negligence, except that design professionals’ indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness, or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Consultant and shall survive termination of this Agreement.

Notwithstanding the foregoing, to the extent that the Consultant’s services are subject to California Civil Code Section 2782.8, the above indemnity, including the cost to defend, shall be limited to the extent required by Civil Code Section 2782.8.

5.4 Sufficiency of Insurer or Surety.

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated “A-” or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City (“Risk Manager”) due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the Risk Manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Consultant

agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager Consultant.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Consultant shall keep, and require subcontractors to keep, such ledgers books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the “books and records”), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of 3 years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Consultant’s business, custody of the books and records may be given to City, and access shall be provided by Consultant’s successor in interest.

6.2 Reports.

Consultant shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Consultant hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Consultant agrees that if Consultant becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Consultant is providing design services, the cost of the project being designed, Consultant shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Consultant is providing design services, the estimated increased or decreased cost estimate for the project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the “documents and materials”) prepared by Consultant, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City upon request of the Contract Officer or upon the termination of this Agreement, and Consultant shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents without specific written authorization by the Consultant will be at the City’s sole risk and without liability to Consultant, and Consultant’s guarantee and warranties shall not extend to such use, reuse or assignment. Consultant may retain copies of such documents for its own use. Consultant shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City any documents or materials prepared by them, and in the event, Consultant fails to secure such assignment, Consultant shall indemnify City for all damages resulting therefrom.

6.4 Confidentiality and Release of Information.

(a) All information gained or work product produced by Consultant in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Consultant. Consultant shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Consultant, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered “voluntary” provided Consultant gives City notice of such court order or subpoena.

(c) If Consultant, or any officer, employee, agent or subcontractor of Consultant, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Consultant for any damages, costs and fees, including attorney’s fees, caused by or incurred as a result of Consultant’s conduct.

(d) Consultant shall promptly notify City should Consultant, its officers, employees, agents, or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Consultant or be present at any deposition, hearing or similar proceeding. Consultant agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Consultant. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed, and governed both as to validity and to performance of the Parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim, or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of San Bernardino, State of California, or any other appropriate court in such county, and Consultant covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, Eastern Division.

7.2 Disputes; Default.

In the event that Consultant is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Consultant for any work performed after the date of default. Instead, the City may give notice to Consultant of the default and the reasons for the default. The notice shall include the timeframe in which Consultant may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Consultant is in default, the City shall hold

all invoices and shall proceed with payment on the invoices only when the default is cured. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Consultant does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Consultant's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Consultant hereby authorizes City to deduct from any amount payable to Consultant (whether or not arising out of this Agreement) any amounts which City, in good faith, determines are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City by reason of Consultant's acts or omissions in performing or failing to perform Consultant's obligations under this Agreement, or to cover claims asserted against City for which Consultant may be responsible. City shall provide Consultant with written notice of the basis for any such deduction at least ten (10) days prior to making the deduction, but failure to provide such notice shall not affect City's right to deduct or withhold. In the event that any claim is made by a third party, the amount or validity of which is disputed by Consultant, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Consultant to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any Party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any Party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Consultant shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting Party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either Party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the Parties are cumulative and the exercise by either Party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other Party.

7.6 Legal Action.

In addition to any other rights or remedies, either Party may take legal action, in law or in equity, to cure, correct, or remedy any default, to recover damages for any default, to compel

specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement.

7.7 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. City reserves the right to terminate this Contract at any time, with or without cause, upon thirty (30) days' written notice to Consultant, except that where termination is due to the fault of the Consultant, the period of notice may be such shorter time as may be determined by the Contract Officer. Upon receipt of any notice of termination, Consultant shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Consultant shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event of termination without cause pursuant to this Section, the City need not provide the Consultant with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Consultant.

If termination is due to the failure of the Consultant to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Consultant shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Consultant for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

No officer or employee of the City shall be personally liable to the Consultant, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Consultant or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest.

Consultant covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Consultant's performance of services under this Agreement. Consultant further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Consultant agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

No officer or employee of the City shall have any financial interest, direct or indirect, in this Agreement nor shall any such officer or employee participate in any decision relating to the

Agreement which effects his financial interest or the financial interest of any corporation, partnership or association in which he is, directly or indirectly, interested, in violation of any State statute or regulation. The Consultant warrants that it has not paid or given and will not pay or give any third party any money or other consideration for obtaining this Agreement.

Additionally, pursuant to Rialto Municipal Code section 2.48.145, Consultant represents that it has disclosed whether it or its officers or employees is related to any officer or employee of the City by blood or marriage within the third degree which would subject such officer or employee to the prohibition of California Government Sections 87100 et. seq., Fair Political Practices Commission Regulation Section 18702, or Government Code Section 1090. To this end, by approving this Agreement, Consultant attests under penalty of perjury, personally and on behalf of Consultant, as well its officers, representatives, that it/they have no relationship, as described above, or financial interests, as such term is defined in California Government Section 87100 et. seq., Fair Political Practices Commission Regulation Section 18702, or Government Code Section 1090, with any City of Rialto elected or appointed official or employee, except as specifically disclosed to the City in writing.

8.3 Covenant Against Discrimination.

Consultant covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, gender identity, marital status, national origin, ancestry, or other protected class in the performance of this Agreement. Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, sexual orientation, gender, gender identity, marital status, national origin, ancestry, or other protected class.

8.4 Unauthorized Aliens.

Consultant hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Consultant hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Facilities and Equipment.

Except as otherwise provided, Consultant shall, at its own cost and expense, provide all facilities and equipment necessary to perform the services required by this Agreement. City shall make available to Consultant only physical facilities such as desks, filing cabinets, and conference space ("City Facilities"), as may be reasonably necessary for Consultant's use while consulting with City employees and reviewing records and the information in possession of City. The location, quality, and time of furnishing of City Facilities shall be in the sole discretion of City. In no event shall City be required to furnish any facilities that may involve incurring any direct

expense, including but not limited to computer, long distance telephone, network data, internet, or other communication charges, vehicles, and reproduction facilities.

9.2 Payment of Taxes.

Consultant is solely responsible for the payment of employment taxes incurred under this Agreement and any federal and state taxes.

9.3 Notices.

All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered, sent by pre-paid First Class U.S. Mail, registered or certified mail, postage prepaid, return receipt requested, or delivered or sent by facsimile with attached evidence of completed transmission, and shall be deemed received upon the earlier of (i) the date of delivery to the address of the person to receive such notice if delivered personally or by messenger or overnight courier; (ii) three (3) business days after the date of posting by the United States Post Office if by mail; or (iii) when sent if given by facsimile. Any notice, request, demand, direction, or other communication sent by facsimile must be confirmed within forty-eight (48) hours by letter mailed or delivered. Other forms of electronic transmission such as e-mails, text messages, instant messages are not acceptable manners of notice required hereunder. Notices or other communications shall be addressed as follows:

If to City: City of Rialto
 150 S. Palm Ave.
 Rialto, CA 92376
 Attn: City Manager
 Tel: (909) 820-2525

With copy to: Burke, Williams & Sorensen, LLP
 1770 Iowa Avenue, Suite 240
 Riverside, CA 92507
 Attn: Eric S. Vail, City Attorney
 Tel: (951) 788-0100

If to Consultant: George Hills Company
 PO Box 120
 Rocklin, CA 95762
 Attn: John Chaquica, President
 Tel: (916) 859-4800
 Email: john.chaquica@georgehills.com

Either Party may change its address by notifying the other Party of the change of address in writing.

9.4 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.5 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.6 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the Parties. It is understood that there are no oral agreements between the Parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the Parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Consultant and by the City. The Parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

9.7 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the Parties hereunder unless the invalid provision is so material that its invalidity deprives either Party of the basic benefit of their bargain or renders this Agreement meaningless.

9.8 Corporate Authority.

The persons executing this Agreement on behalf of the Parties hereto warrant that (i) such Party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said Party, (iii) by so executing this Agreement, such Party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said Party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the Parties.

9.9 Conflicting Terms

Except as otherwise stated herein, if the terms of this Agreement conflict with the terms of any Exhibit hereto, or with the terms of any document incorporated by reference into this Agreement, the terms of this Agreement shall control.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Agreement on the date first written above.

CITY:

CITY OF RIALTO, a municipal corporation

By: _____
Tanya Williams, City Manager

ATTEST:

By: _____
Barbara A. McGee, City Clerk

APPROVED AS TO FORM:

Burke, Williams & Sorensen, LLP

By: _____
Eric S. Vail, City Attorney

CONSULTANT:

GEORGE HILLS COMPANY, a California corporation

By: _____
Signature

Chris Shaffer
Name

Chief Operating Officer
Title

By: _____
Signature

John Chaquica
Name

President
Title

****Two signatures are required if a corporation****

EXHIBIT “A”

SCOPE OF SERVICES

Consultant shall provide those services as outlined in RFP 26-007 and its proposal dated November 7, 2025, included on the following pages.

This contract is intended to cover the general liability claims administration services.

I. George Hills will perform the following services:

- A. *Claims Administration*
- B. *Litigation Management*
- C. *Reporting of Claims*
- D. *Customer Complaints*
- E. *Settlements*
- F. *Subrogation*
- G. *Other Duties*

Deliverable: George Hills will continue to perform Claims Administration, Litigation Management, Claims Reporting, handling customer complaints, managing settlements, subrogation recovery, and other duties for the City.

II. As part of the Services, George Hills' timeline of new claims is as follows:

- A. *Within 24 hours:*
 - i. *Claims data entered in CXP*
 - ii. *Acknowledgement of new assignment sent to the City*
 - iii. *Claimant is called, emailed, or both to acknowledge and inform who the adjuster is*
- B. *Within 2 days:*
 - i. *Two-point contact made with claimant (or attorney) and the City*
- C. *Within 5 days:*
 - i. *Reserves set*
- D. *Within 7 days:*
 - i. *Initial claims review*
- E. *Within 30 days:*
 - i. *Liability determination*
 - ii. *Excess carriers notified*
- F. *Monthly*
 - i. *Monitor closing ratios*
 - ii. *Statistical report (all claims activity) provided to the City*
 - iii. *Payment register provided to the City*
 - iv. *Plan of action updated*
 - v. *Watch list claims meeting*
 - vi. *Case reviews (90 days if waiting for activity by others, 180 days if waiting on expiration of a statute of limitations)*
- G. *All work product is subject to review and acceptance by the City, and must be revised by George Hills without additional charge to the City until found satisfactory and accepted by the City.*

Deliverable: George Hills will continue to provide the stated timeline of claims. All work product from George Hills is subject to review and acceptance by the City and will be revised by George Hills without additional charge to the City until it is found satisfactory and accepted by the City.

Timeline of the Claims Handling Process

The following takes place from receipt of a new claim:

Within 24 Hours

- Index new correspondence and new claims for damages to determine if they belong to an existing claim
- Claims data entered into ClaimsXpress, our CMIS
- Acknowledgement of new assignment sent to the City
- Claimant/Claimant's attorney is called, emailed, or both to acknowledge and provide claim and adjuster information

Within 2 Days

- Two-point contact made with claimant (or their attorney) and the City

Within 5 Days

- Reserves Set

Within 30 Days

- Claim tendered (if appropriate)
- Liability determination
- Excess carriers notified

Monthly

- Monitor closing ratios
- Statistical report (all claims activity) provided to the City
- Payment register provided to the City
- Plan of Action (POA) updated
- Watch list claims meetings
- Case reviews (90 days if waiting for activity by others, 180 days if waiting on expiration of a statute of limitations)

III. Program Administration

George Hills shall:

- Provide professional and technical staff to perform General Liability Claims Administration Services;*
- Represent the City in all matters related to the setup, investigation, adjustment, processing, negotiation, and resolution of liability claims against the City;*
- Inform the City of changes or proposed changes in statutes, rules and regulations, and case law affecting its general liability claims program;*
- Assist in the development of policies and procedures relating to the general liability claims program;*
- Provide information, guidance, and recommendation regarding the general liability claims program and specified claims;*
- Provide copies of file correspondence and documentation as requested by the City;*
- Inform the City of problem areas or trends, both potential and perceived, and provide recommendations and/or solution to address problem areas or trends;*
- Attend appointments, including but not limited to meetings, conferences, and court appearances;*

- I. *Provide 24-hour on-call service. This can be accomplished by providing the City with a 24-hour phone number or telephone number for key personnel. The 24-hour on-call service may include, but not be limited to: responding to an incident scene, attending meetings, and conducting investigations;*
- J. *Conduct risk management-related seminars for department heads and/or City staff at the request of the city; and*
- K. *Maintain and store all official files for five (5) years after each respective file is closed.*

Deliverable: George Hills will continue to provide professional and technical staff to perform General Liability Claims Administration Services. We will continue to represent the City in all matters related to the setup, investigation, adjustment, processing, negotiation, and resolution of liability claims against the City. George Hills will continue informing the City of changes or proposed changes in statutes, rules and regulations, and case law affecting its general liability claims program. We will continue assisting in the development of policies and procedures relating to the general liability claims program. George Hills will also continue to provide information, guidance, and recommendations regarding the general liability claims program and specified claims. Copies of file correspondence and documentation will continue to be provided to the City. We will continue informing the City of problem areas or trends and providing recommendations and/or solutions to address problem areas or trends. We will continue to attend appointments and provide 24-hour on-call service. Risk Management-related seminars will be provided at the request of the City. George Hills will continue to maintain and store all official files for five (5) years after each file is closed.

Electronic File Management

Claims Progress Notes – All file activity is documented in the Notepad of the electronic claim file as it occurs. Dropdown boxes for notepad types allow the adjuster to be specific as to the type of activity (i.e., phone call, correspondence received or sent, claim filed). The subject line allows for further specific yet brief information for an at-a-glance review in CMIS. Notepads are important to document phone conversations or receipt of materials; they serve as a chronological outline of what activity has taken place.

Claim Documents – All claim documents are attached to the electronic claims files as they are obtained. This includes text/PDF, spreadsheets, photos, audio and video files, in all electronic media formats. Each document is annotated with a description and a corresponding Notepad entry.

Diaries – Upon setup in CMIS, a file review diary is automatically set for the adjuster. Our best practices ensure that each assigned case is reviewed at least one every 30 days for active files, 90 days for extended diaries awaiting activity by others, and up to 180 days on files in which the adjuster is awaiting the expiration of the statute of limitations. All diaries are maintained through CMIS. All activity during the diary review is documented in the Notepad. No claim is re-diaried without specific indication why no further action was taken.

George Hills' claim supervisor will maintain separate diaries and other audit controls necessary to review and ensure timeliness in handling, as well as ensuring other claims standards and reporting requirements are being met.

Plan of Action (POA) – The Plan of Action (POA) is a special Notepad document that provides the current summary of the claim, including current financials (payments and reserves), investigation findings, assessment of the exposure, status of litigation (if applicable), and the plan for moving the claim to resolution. The POA is reviewed and regularly updated at each diary review, or whenever there are material changes in the claim. The POA has proven to be an effective tool for managing the file and a valuable resource for our clients, auditors, and when conducting file reviews. The City will have online access to the POA entries in the claim summary view. A sample POA can be found in the **Appendix** section.

Best Practice Claims Data and Information Management

George Hills' ability to develop and maintain the City's data metrics for decision-making as well as to provide accurate statistical reporting is due solely to our commitment to best practices in our Information Technology processes. Our Claims Management Information System (CMIS) provides George Hills and our clients with exceptional expert resources. We can rely on our system's commitment to security to ensure your data is safe; to demonstrate this commitment, our team completes an annual disaster recovery exercise to safeguard against potential data loss.

Timely resolution of claims is another best practice we employ. Generally, the longer a file is open the costlier it is for our clients. Superfluous open reserves on a client's book of business can negatively affect financial results. As such, one of the items reviewed by supervisors when they audit files is timeliness of closures. The supervisor will also review whether the adjuster is continuing to update the claim diary. Every time an adjuster interacts with a file, they should do everything necessary to move the file closer to resolution.

IV. Claims Administration

George Hills will:

- A. *Coordinate with the City to complete a comprehensive and factual investigation within thirty (30) days of the City's knowledge of claim or critical incident. Investigation is to include statements from claimants and witnesses, appropriate official reports, and photos (answer questions who, what, where, when, and why).*
- B. *Coordinate and direct field investigation, when necessary.*
- C. *Make a recommendation to the City once the investigation is complete. All notices pertaining to claim insufficiency, returning late claims, claim rejections, etc. shall be timely and in accordance with the relevant Governmental Code provisions.*
- D. *Identify liability and potential defenses, including use of governmental immunities, comparative negligence, joint tortfeasors, and joint several liability.*
- E. *Begin to develop information on damages including but not limited to:*
 - i. *Property damage*
 - ii. *Nature and extent of injuries*
 - iii. *Medical costs*
 - iv. *Lost wages*
 - v. *Dependency; and/or*
 - vi. *Other damages*
- F. *Obtain and review contracts that may be in effect relating to the claim and determine whether there is potential for transferring risk via any of the following methods:*
 - i. *Hold-harmless indemnity agreements*
 - ii. *Additional insured requirements; and/or*
 - iii. *Certificate of insurance, Additional Ensured Endorsements.*

- G. *Obtain and secure defective products and/or other evidence to establish defense or tender products liability claim.*
- H. *Determine the feasibility of subrogation and take appropriate steps to get approval from the City to subrogate, where such action is appropriate.*
- I. *Report all Bodily Injury claims to the Index Bureau, and follow up on Index Bureau information by sending the Inquiry Form to insurance companies who have reported injuries for the claimant.*
- J. *Prepare, and where needed, obtain approval for issuance of checks, drafts, or other documents in the payment of claims.*
- K. *Obtain all necessary documents from all appropriate parties upon settlement of a claim (releases, court documents, settlement agreements, etc.)*
- L. *Provide monthly reports and conduct periodic (quarterly) file reviews with the City and attend City meetings as necessary.*
- M. *Establish monetary reserves reasonably adequate for the expected value of the claim in coordination with the Director of Human Resources/Risk Management and Director of Finance.*

Deliverable: George Hills will continue to coordinate with the City to complete a comprehensive and factual investigation within thirty (30) days of the City's knowledge of a claim or incident. We will continue to coordinate and direct field investigations. Once the investigation is complete, we will make a recommendation to the City. All notices will be timely and in accordance with the relevant Government Code. We will continue to identify liability and potential defenses, as well as develop information on damages. George Hills will continue to obtain and review contracts relevant to claims to determine the potential of risk transfer. We will obtain and secure defective products and/or evidence to establish defense or tender products liability claims. George Hills will continue to determine the feasibility of subrogation and pursue approval from the City when appropriate. We will continue reporting all Bodily Injury claims to the Index Bureau and following up on this information. When needed, George Hills will prepare and obtain approval for the issuance of checks, drafts, or other documents in the payment of claims. We will continue to obtain all necessary documents from all appropriate parties upon claim settlement. George Hills will provide monthly reports and conduct quarterly file reviews with the City, as well as attend City meetings as necessary. George Hills will establish monetary reserves in coordination with the Director of Human Resources/Risk Management and the Director of Finance.

Reporting New Claims

Depending on the nature and urgency of an incident, new claims can be reported to George Hills in several ways:

- **Routine, non-urgent tort claims** can be sent via email through our dedicated intake portal, which is monitored by our claims support team to ensure timely setup in the claims system within one (1) business day.
- **More urgent matters** can be reported directly by phone through your designated adjuster, supervisor, or claims processor.
- **After-Hours Critical Incident Response:** The City will be provided with the after-hours contact information for your primary designated adjusters, who can usually respond to the scene of a critical incident within one (1) hour of contact.

File Setup

Within one (1) business day of receiving notification of a new claim – usually the same day – the claims processor will take the following steps:

1. Enter the data into CMIS, including assignment of the adjuster.
2. Attach any paperwork received with the claim to the CMIS.
3. Notify the assigned adjuster of the newly assigned claim.
 - a. These actions trigger the CMIS to set an automatic diary for the adjuster and their supervisor.
4. Send an acknowledgement of new assignment to the City, including claim number and assigned adjuster information.
5. Make initial phone contact with the claimant or their attorney, if so instructed, with the claim number and contact information for the adjuster, including a follow-up acknowledgement letter.

Reserving of Claims

The establishment of reserves is one of the most important tasks we perform for our clients – it impacts critical areas, such as funding levels and budgets. George Hills' philosophy is to set reserves on a "most probable outcome" basis. Our best practice is to establish separate reserves for indemnity and expense; however, we will reserve according to the City's policy. Adjusters are required to set initial file reserves for indemnity and expenses (legal and adjusting) within five (5) days of assignment. Adjusters review claim reserves each time they interact with a file, and specifically on each diary date. Reserves take into consideration liability as to the City and comparative fault of the claimant/plaintiff, type of injury, damages, prognosis, expenses (e.g., medical and wage), and any anticipated general damages. Litigated files include separate reserves for legal expenses based on a current litigation plan and budget.

Updating Clients on Major Reserve Changes

The City will receive monthly reports which include reserves and/or reserve changes. ClaimsXpress will send push notifications when the reserve change meets the threshold that George Hills and City have established. Our best practices dictate that all reserve changes be entered as soon as the adjuster becomes aware of the need for a change.

Supervisory Approval of Reserve Changes

Supervisors must approve all reserves set by an adjuster. The decision-making authority on revising the reserve is initially set at the level where the work is being done. However, large increases in reserves will be reported immediately to the supervisor and/or the City as required.

Notification and Updating of Excess Insurers

It is the responsibility of the adjuster to promptly report (within 30 days of receiving notice of a reportable claim) any case meeting the reporting requirements of the excess carrier, or as instructed by the City. The adjuster will also provide status reports to the excess carrier/pool (including reports from defense counsel) at the required intervals.

George Hills will notify the City's excess carrier(s) in any number of situations according to the requirements of the excess policy carrier's stipulations. First, the excess carrier is notified no later than 30 days after receipt of a reportable claim. Second, notification is sent when reserves are set on any reportable claim or suit involving multiple claims or suits arising out of one occurrence, or any claims or reserves amounting to 50 percent or more of the retained limit. Third, excess carriers are notified regarding Title 42 USC 1983 cases in which a complaint has been served and the plaintiff is represented by legal counsel or with reserves of 25 percent or more of the retained limit.

Lastly, regardless of the reserve, notification is sent on any claim involving the following:

- One or more fatalities
- Loss of a limb
- Loss of use of any sensory organ
- Quadriplegia or Paraplegia
- Third degree burns involving 10 percent or more of the body
- Serious facial disfigurement
- Paralysis
- Closed Head injuries

V. Assignment of Personnel

The City must approve personnel assigned to the account. If for any reason the services provided by assigned personnel are unsatisfactory to the City, George Hills agrees to assign replacement personnel approved by the City.

Deliverable: George Hills will continue to provide exemplary claims staff to handle the City's account. In the event services provided by these personnel are unsatisfactory, we agree to assign replacement personnel approved by the City.

Adjuster Initial Review and Contacts

Upon notification of a new assignment, the adjuster will:

- Review the information in CMIS for accuracy
- Review all attached documents and notes in the file
- Review the tort claim for timeliness and sufficiency and take appropriate action, including recommendations for sending tort claims notices
- Set initial reserves
- Make initial contact with the insured/client, claimant, and witness(es) within one (1) business day of receipt of their information. If no contact is made with the claimant, two (2) subsequent contact attempts via telephone will be made within the first 48 hours after receipt of the claim.

VI. Investigations

George Hills will:

- Within thirty (30) business days of receipt of claim, unless otherwise requested by the Director of HR/RM, take statements of fact from claimants when not represented by an attorney. Statements will be preserved by recording or taking handwritten signed statements.*
- Further investigate claims where the initial review indicates that it is warranted. Further investigation may include, but not be limited to: on-sight investigation, photographs, interviewing*

witnesses, taking signed or recorded statements, verification of damage or loss, taking measurements, obtaining maps/diagrams from the City or other sources, obtaining medical releases, police reports, internal operations investigations, paramedic reports, marine department reports, building permits, or other records as required.

- C. If an attorney is involved, direct all communication to the claimant's attorney regarding the investigation, negotiation, and evaluation of any claims leading to a settlement.
- D. Obtain approval from the City before engaging the services of an outside vendor for an investigative assignment.
- E. At the request of the City, investigate inverse condemnation claims.
- F. Arrange, with prior City approval, for expert services including but not limited to: professional photography, independent medical examinations, professional engineering services, and laboratory services.

Deliverable: George Hills will continue to take statements of fact from claimants not represented by an attorney within thirty (30) business days of receipt of claim. These statements will be preserved by recording or taking handwritten signed statements. We will continue to further investigate claims where initial review suggests it is prudent. This investigation may include an on-site investigation, interviewing witnesses, taking statements, verifying damage or loss, taking measurements and photographs, and obtaining relevant documents from the City or other sources. If an attorney is involved, we will direct all communication to the claimant's attorney regarding the investigation, negotiation, and evaluation of any claims leading to a settlement. We will obtain City approval before engaging the services of an outside vendor for an investigative assignment. When requested by the City, we will investigate inverse condemnation claims. With City approval, we will arrange for expert services.

Investigation

An investigation plan is developed for each claim to assess the liability and damages exposure efficiently and effectively. Applying their experience and expertise, the adjuster tailors the scope of investigation to the nature and exposure of the claim. The investigation may include:

- Gathering all internal documents from the City, including reports, maintenance logs, photos, contracts, easements, certificates of insurance, etc.
- Conducting a scene inspection with photos and diagrams as warranted
- Interviewing City staff
- Obtaining official reports
- Interviewing and obtaining statements from the claimant and witnesses
- Obtaining damage estimates, invoices, and/or damage appraisals
- Obtaining all pertinent medical records

George Hills will identify and engage an interpreter/translator that is acceptable to the City. When possible, we will utilize one of our bilingual employees to assist with translation. Where warranted, we will seek authority from the City to engage experts.

Risk Transfer and Indemnity Rights

During our investigation, we actively seek to identify all risk transfer and indemnity/defense rights owed to the City through contracts, agreements, additional insured statuses, easements, etc. With the

City's approval, we promptly and vigorously pursue tender/cross-complaints on behalf of the City against all potentially responsible parties and/or their insurance carriers.

VII. Litigation Management

George Hills will:

- A. Within 45 days following assignment, ensure defense counsel has submitted a preliminary evaluation of the lawsuit including a litigation plan and budget.*
- B. Ensure defense counsel submits status reports every 90 days to include new developments only. Routine submission of repetitive, non-substantive status reports is unacceptable.*
- C. Coordinate with defense counsel to properly follow up on investigation/discovery requests, obtain expert witness, complete field investigation, notify relevant employees and other parties regarding pending litigation, etc.*
- D. Litigation management and defense are controlled and closely monitored by the Director of Human Resources/Risk Management and the City Attorney.*
- E. The claims adjusting firm shall refer all litigated claims to the Director of Human Resources/Risk Management and City Attorney's office, unless otherwise directed by the City.*
- F. The claims adjusting firm shall maintain an open case file and ensure loss runs accurately report claims that become litigated including legal fees, other legal costs, settlements, and judgements.*
- G. The claims adjusting firm will assist in defending the City at all Small Claims Court Hearings (whether existing or new) including court appearances as necessary, and shall work in conjunction with the Director of Human Resources/Risk Management and/or defense counsel assigned to the case.*
- H. Attend settlement conferences, mediation, or arbitrations as requested.*
- I. Review defense counsel bills and advise the City Attorney's Office if there are any billing irregularities.*

Deliverable: George Hills will continue to ensure defense counsel has submitted a preliminary evaluation of the lawsuit, including a litigation plan and budget, within 45 days of assignment. We will continue to ensure defense counsel submits status reports every 90 days that include new developments only. George Hills will continue to coordinate with defense counsel to follow up on investigation and discovery requests, obtain expert witness, complete field investigation, notify relevant employees and other parties pending litigation. We acknowledge that litigation management and defense are controlled and closely monitored by the Director of Human Resources/Risk Management and the City Attorney. George Hills will continue to refer all litigated claims to the Director of Human Resources/Risk Management and the City Attorney's office unless otherwise directed. George Hills will assist in defending the City at all Small Claims Court Hearings, including court appearances as necessary, and will continue to work alongside the Director of Human Resources/Risk Management and/or defense counsel assigned to the case. We will continue to attend settlement conferences, mediation, or arbitrations as requested. George Hills will continue to review defense counsel bills and advise the City Attorney's Office of any billing irregularities.

Litigation Management

Through our extensive experience managing claims for hundreds of different public agencies, George Hills has developed the expertise to adapt our litigation management services to fit a wide range of litigation management program structures. This ranges from full litigation management responsibility, including retention and direction of defense counsel and management of defense costs, to basic litigation support for the City's in-house defense team.

George Hills' philosophy and guidelines for providing litigation management services are focused on achieving the best result for our client while aggressively managing costs. This is driven by our litigation best practices, which include:

- Securing the litigation budget within 45 days of assignment to defense counsel. Our adjusters review defense counsel bills in detail to ensure they are reasonable and in line with the litigation budget.
- Training our adjusters to perform a risk weighted analysis early in litigation to establish a target settlement number before incurring extensive defense costs, pursuant to the City's risk protocols.
- Utilizing adjusters to complete tasks when possible, in lieu of an attorney.
- Using statutory settlement offers, such as 998s, when appropriate to possibly recover costs if a favorable verdict is received.

When a claim becomes litigated, George Hills' claims adjusters do not simply assign a file to defense counsel and vanish but operate as true litigation managers. We believe it is the responsibility of our claims adjusters to work closely with defense counsel until the case is resolved and the claim file is closed. A good early investigation, coupled with an experienced litigation manager, helps bring the case to an earlier resolution. We strategize early and often with the client and defense counsel and monitor the case to ensure counsel stays on track.

VIII. Reporting of Claims Activity

Provide a monthly statistical data report for each line of coverage which shows all claims having activity, including claimant name, nature/type/cause of injury/loss, date of loss, status, loss/expense paid and reserved amounts, with monthly and year-to-date totals.

This content will be established by mutual agreement between the TPA and the City. A guide to any and all abbreviations used in any of the reports shall be provided to the City. Reports shall include all claims meeting the Pool's reporting criteria.

In addition to the monthly statistical report, the adjusting firm will provide a monthly payment register showing all payments issued, payee, voucher number, voucher date, and claimant name, if applicable, including account reconciliation.

Upon the request of the City, the adjusting firm shall also provide other special reports required of the City including but not limited to: loss trend reports, claim abstract reports, reports required by actuaries, check register reports, excess insurance carriers, etc., provided that such reports do not require data elements that have not previously been collected by the TPA. If new programming is required in order to provide such reports, the TPA shall pay at its own expense for new or special programming costs.

Deliverable: George Hills will continue to provide monthly statistical data reports for each line of coverage showing all claims having activity, including claimant name, nature/type/cause of injury/loss, date of loss, status, loss/expense paid and reserved amounts, with monthly and year-to-date totals. We agree to establish this content by mutual agreement with the City. A guide to abbreviations used in any of the reports will be provided to the City, which include all claims meeting the Pool's reporting criteria.

In addition to the monthly statistical report, we will provide a monthly payment register showing all payments issued, payee, voucher number, voucher date, and claimant name, if applicable, including account reconciliation.

Upon request, George Hills will continue to provide special reports to the City.

ClaimsXpress Claims

George Hills has used ClaimsXpress as our Claims Management Information System (CMIS) for 9 years. ClaimsXpress (CXP) is a secure cloud browser-based software system that allows our claims adjusters to work anywhere, from the scene of an incident to our corporate office. Similarly, the system being browser-based allows the City 24-hour, read-only real-time access of its claims information. George Hills owns perpetual licenses to CXP and we contract with Spear Claims to provide the Microsoft Azure-based secure cloud, in which our clients' data is housed.

Searching within CXP for specific claims data is simple, but to minimize the need to search, George Hills has developed dashlets within ClaimsXpress to allow the City and adjusters quick access to relevant claims information right on their homepage.

As part of the onboarding process, George Hills will hold a training session with all potential client-side ClaimsXpress users, ensuring that everyone has the desired level of access and understanding of the system.

ClaimsXpress is an entirely paperless system. All claim files are stored electronically in a secured Microsoft Azure cloud hosted by Spear Claims, available to any authorized user, using any browser, at any time.

ClaimsXpress is configured to enforce additional security measures when necessary. It can limit a user's access to claim information by a client's organization structure, for example allowing access to view claims for a single location or for the entire organization. CXP also includes identifiers for highly sensitive or confidential claims. When a claim is flagged as confidential, ClaimsXpress will limit access to that claim by individual User ID.

The use of ClaimsXpress increases our firm's service capabilities for the City and enhances our service workflow efficiencies and custom reporting capabilities. The alignment of these technologies with George Hills' services is of great value to the City by providing real-time access to decision-making data, metrics, and trends. When it comes to read-only access, reporting, and modification abilities to meet the City's needs, our technology offering is unmatched.

Client Portal

George Hills is thrilled to launch our self-service client portal. The City will have their own dedicated Portal for staff to access. We can tailor the Portal to directly complement the City's preferred level of access. This new web-based platform provides our clients with exclusive access to the following features:

- Secure file sharing and document management
- Quick reporting and metrics on dashboard



The TPA shall document and respond to all complaints and inquiries received from claimants, defense counsel, and/or City staff and bring about resolution of such within two (2) business days. City staff shall be notified upon receipt of such complaints. TPA shall provide the City with quarterly reports of all complaints received, resolution, and documentation of follow-up with claimants.

Deliverable: George Hills will continue to document and respond to all complaints and inquiries received from claimants, defense counsel, and/or City staff and bring about resolution of such within two (2) business days. We will notify City staff upon receipt of complaints. George Hills will continue to provide the City with quarterly reports of all complaints received, resolution, and documentation of follow-up with claimants.

X. Settlements

The TPA shall make claims recommendations and obtain the City's authorization on all settlements prior to taking action to settle. The TPA shall forward settlement proposals to the City in a form acceptable to the Director of Human Resources/Risk Management. All requests for settlement authority shall be clear and concise and include a written claim analysis, estimate of liability, and examiners' recommendations. If the settlement exceeds the City's self-insured retention, the written settlement proposal shall also be directed to the excess carrier or designated representative to provide authority in addition to the City's authority.

Deliverable: George Hills will continue to make claims recommendations and obtain the City's authorization on all settlements prior to taking action to settle. We will forward settlement proposals to the City in the form acceptable to the Director of Human Resources/Risk Management. All requests for settlement authority will be clear and concise and include a written claim analysis, estimate of liability, and examiners' recommendations. In the event the settlement exceeds the City's self-insured retention, the written settlement proposal will also be directed to the excess carrier or designated representative to provide authority in addition to the City's authority.

XI. Subrogation

The TPA will pursue all subrogation submitted by the City involving responsible third parties and work closely with City staff to resolve subrogation issues. The TPA is not authorized to file litigation without first receiving consent from the City. The City must approve all settlements. The City will provide specific language to incorporate in any subrogation settlement. The TPA is responsible for protecting any and all statutes of limitation and must notify City staff in writing no later than sixty (60) days prior to the expiration of statute. The City retains the right to handle any subrogation issue it deems appropriate. The City requires copies of all subrogation correspondence.

Deliverable: George Hills will continue to pursue all subrogation submitted by the City involving responsible third parties and will work closely with the City's staff to resolve subrogation issues. We recognize that we are not authorized to file litigation without first receiving consent from the City, and that the City must approve all settlements. George Hills will be responsible for protecting any and all statutes of limitation and will notify City staff in writing no later than sixty (60) days prior to the expiration of statute. We will continue to provide copies of all subrogation correspondence.

XII. Other

- A. *Manage the client's loss fund account for payment of claims and related expenses and provide a monthly statement of account.*
- B. *Perform all reasonable and necessary administrative and clerical work in conjunction with each claim including the preparation of checks or vouchers, release agreements, and any other documents needed to close a claim.*
- C. *No open claims files or historical data shall be destroyed or transferred from the local office without prior notification and approval by the City.*
- D. *The City reserves the right to take custody of the claim files initiated on behalf of the City.*
- E. *The City shall be notified prior to any destruction of files to determine if the City wishes to retain the claim file.*
- F. *The TPA shall provide online access to the TPA's claims management system, at no additional charge, to the City and/or designated representatives. Such data shall be in a format accessible from the TPA's servers and will permit the City to print copies of the data on its printers. The City shall have the ability to input notes in the notes area of each claim. The TPA shall provide training for use of the computer system at no additional charge.*

Deliverable: George Hills will continue to manage the City's loss fund account for payment of claims and related expenses, as well as provide a monthly statement of the account. We will continue to provide all reasonable and necessary administrative and clerical work in conjunction with each claim, including the preparation of checks or vouchers, release agreements, and any other documents needed to close a claim. We will not destroy or transfer from the local office any open claims files or historical data without prior notification and approval from the City. George Hills will continue to provide online access to our claims management system, ClaimsXpress, at no additional charge to the City and/or designated representatives. This data will be in a format accessible from our servers and will permit the City to print copies of the data on their printers. The City will have the ability to input notes in each claim. We will also provide training for use of this system at no additional charge.

EXHIBIT “B”

“SCHEDULE OF COMPENSATION”

Subject to any limitations set forth in this Agreement, the total compensation, including reimbursement for actual expenses, shall not exceed **Two Hundred Fifty-Three Thousand Five Hundred Three Dollars and Twenty-Five Cents (\$253,503.25)**.

- Year 1: \$80,500.00
- Year 2: \$84,525.00
- Year 3: \$88,478.25

Specifically, Consultant shall be compensated as outlined in their rate sheet included on the following pages.

FEE SECTION TERMS

One Time Startup Fee – The process of onboarding a new client covers many areas, from establishing expectations, policies, and procedures, to designing the infrastructure (process, people, and systems) to meet the needs of risk management, council, and department heads. It also involves time and effort in establishing the Trust Account or check writing, W-9, and all federal and state reporting requirements. Most importantly, this process involves the establishment of effective claims triage. Note that this is not time spent on the actual data conversion.

Annual Administration Fee – George Hills has determined it takes a company-wide effort to ensure we exceed the expectations of our clients. As such, we feel it transparent to separately identify and charge for those critical functions that are not directly tied to claims handling. We include an annual administration fee, which covers the following activities:

- Executive attendance at any City Executive Committee Meeting or Board Meeting
- Claims Management Information System (CMIS) services and reports
- Access to CMIS and training
- Monthly listing of open claims, showing expense categories, reserves, and total incurred
- Monthly claim summary reports
- Monthly hours and claims data detail for billing
- Providing loss run data and required reports
- Access to GH Client Portal
- Providing annual reports to outside agencies
- Filing of regulatory reports, such as 1099s, W-9s, etc.
- Trust Account
- Establishment and maintenance of a trust account to pay indemnity and expenses that may be due on claims; the amount to be maintained in the trust account shall be determined by the City. If the trust account is set up with the GH preferred bank then George Hills covers the cost of Positive Pay and Payee Match.
 - If the City prefers an alternate bank, there may be an additional setup fee, as other banks' processes can be extraordinarily time consuming.
- New bank account setup, including signature cards, test checks, online access, and setup of bank in CXP
- Discussion and agreement on the approval process
- Preparation of W-9s
- Processing of checks weekly
- Submission of positive pay (if applicable) and monitoring of positive pay (review of daily emails from bank for exceptions)
- Maintenance of a copy of all checks drawn by George Hills to pay claims and claims-related expenses
- Monitoring of account balance, preparation of replenishment requests as needed (custom requests for each client's needs)

- Monthly bank reconciliation (prepared and sent to the City)
- Payment of invoices that are pass-throughs, such as invoices for medical record copies, ExamWorks, etc.
- Certificates of insurance as required by the Contract
- Annual service
- Response to outside financial auditors
- Provision of reports to the City's actuaries and claims auditors
- Submission of GH SSAE 16 reports, or the current equivalent
- Account Management

Mileage: Adjuster – Mileage is paid at the current IRS rate.

MMSEA – Both the one-time setup fee and the annual reporting feeds to offset fees paid directly to ExamWorks.

Adjuster Travel Expenses – For mediations, settlement conferences, trials, etc.; subject to prior approval and submitted with receipts.

CXP Access Fee – Included in the annual administration fee is the setup and management of five (5) user accounts through our CMIS: CXP.

iMetrics Report Fee – There will be no charge for our iMetrics business intelligence reports with executive in-person debriefs.

Custom Reports – Additional charged for custom reporting are defined as being client-specific and needing a third-party programmer for three (3) hours or more.

Conversion Fees – This fee is intended to cover costs associated with data conversion, transition, and contract closeout. The data conversion fee is dependent on many factors which will need to be discussed. If George Hills is retained for five (5) years, we will entirely absorb the conversion fee. If George Hills is not retained for the full length of the proposed contract, then the client shall be subject to a fee of 20 percent each year not retained, not including shipping, storing, scanning, copying, or otherwise handling open or closed paper claim files (this shall be a separate charge based on the Scope of Work).

George Hills will charge for any agreed services related to conversion storage, copying, scanning, shipping, and disposal.

Catastrophic Pricing – Applicable only to **Fixed Fee** and **Time And Expense With A Cap Fee** agreements. George Hills recognizes that in the event of a catastrophe, additional hours will need to be applied to the handling of such claims. As such, to preserve the quality and efficiency of service for which we are known, George Hills proposes that should a catastrophic event occur resulting in 10 or more claimants or claims from a single occurrence, the client shall be billed at the current hourly rate.

Annual Fee Escalator – The Annual Fixed Fee and all hourly rates shall be adjusted at the beginning of each of the remaining years of the term by the lesser of 5%, or in accordance with the changes in the Consumer Price Index (CPI-U) for all Urban Consumers for the Western Region using the most recently published annual percentage change, but in any event such increase shall not be less than 3%.



Termination Fee – In the event of contract termination, George Hills’ procedures and cost for run-off claims will be billed at the current hourly rate; no charge for historical loss summaries. George Hills believes that the successful transition of claims requires preparation, so we ask for 90 days’ notice if the contract is terminated without cause to facilitate the transition of claims management properly and efficiently.

General File – A general administrative file shall be established and maintained to track effort related to services necessary to fulfill our contractual obligations and not otherwise associated with a claim.

Storage – George Hills will charge for any services related to storage, retrieval, copying, scanning, shipping, and disposal of paper files.

ADJUSTING SERVICES FEES - OPTIONS

Option A1: Time and Expense - George Hills believes, as in the legal field, services surrounding claims and potential litigation are best captured by directed effort. In this case, the client only pays for the services requested. In a time and expense environment, George Hills applies its best practice approach to all claims; unless the client adjusts, restricts, or expands such services. A general administrative file will be established and maintained to track effort related to services necessary to fulfill our contractual obligations not otherwise associated with a claim.

Time and Expense for Adjusting Services	
Supervisor	\$139/hour
Senior Adjuster	\$119/hour
Adjuster	\$105/hour
Claims Processing	\$92/hour

All fee options are subject to the Annual Fee Escalator described above.

Option A2: Time and Expense with a Cap – George Hills believes that this can be the best of both worlds. This pricing model allows for the realities of the unknown to dictate service results but retains some budget certainty. The cap will always be more than the fixed fee to protect the unknown, but often can result in less cost too. The cap is a movable target and should be adjusted annually until the services and relationship have settled.

The above hourly rates by position are the same for both options A1 and A2. The only difference shall be that George Hills will commit to an annual maximum fee for adjusting services for option A2, in the amount of **\$85,000**. Please note that the catastrophic pricing is applicable, and therefore outside of the annual maximum fee.

Option B: Fixed Fee – George Hills believes this is a workable solution for public agencies seeking budget certainty. Unfortunately, it has its challenges. First, every other significant component of a claim (settlement and legal fees) is not predictable and as such, making the adjusting costs fixed will ensure that 100 percent of the time the fee will be wrong. Secondly, the result could be that the client is receiving far more resources than they are paying for, or the client is paying for far more resources than they are receiving in services on any one claim. Either outcome is wrong.

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In this environment, George Hills makes every effort to be resource-sensitive in applying our best practices to ensure we balance the economics. No matter what, we put forth the right effort to resolve the claim. We do, however, adjust our clients' fees that can and should be adjusted to meet our clients' budget goals.

George Hills has developed a hybrid Fixed Fee Proposal. California Public Entities have seen dramatic increases in claims frequency in contrast to pandemic years. As such, we wanted to create a simple fee model that allows for fee adjustments down or up due to claims frequency, as hopefully frequency drops back down. Since claims activity is the main indicator for TPAs and the number of resources needed to perform quality services, it is important that adjustments can be made to resources provided and resulting costs for the benefit of the client and TPA.

Our model provides for an assessment of claims frequency twice a year – after six (6) and twelve (12) months. We have established the change must be at least 10% to trigger an adjustment and no more than 25%, as greater than that warrants a contract modification. For the City's proposal the model would result in an adjustment in the event claims frequency dropped below the current estimate of new claims per year. In the event claims dropped below or increased above this estimate, an adjustment would automatically occur during the 7th and/or 13th months. The claims base would be adjusted to this new level for future year calculations.

For the City, the financial result would be calculated based on the percentage increase or decrease ranging from 10-25%. For example, if the decrease was 10%, the fee would decrease from \$72,500 to \$65,250. Conversely, if there was a 10% increase the fee would increase from \$72,500 to \$79,750.

Fixed Fee	
Fixed Fee	\$72,500



GENERAL ADMINISTRATIVE FEES – ADDITIONAL TO ADJUSTING FEES

General Administrative Fee Section – Applicable to each fee option.	
One-Time Setup Fee	\$ - Waived
Annual Administration Fee – billed yearly	\$7,500
Mileage - Adjuster	Current IRS Rate
MMSEA Annual Reporting Fee (paid to ExamWorks, billed yearly)	One-Time Setup: \$- Waived Annual Fee: \$500
Adjuster travel expenses for mediations, settlement conferences, trials; subject to prior approval.	Actual
CXP access fee (up to 5 users)	Included
Custom reports, if exceeds three hours and is client specific	\$250/hour
Allocated File Expenses (see attached details)	At cost
Catastrophic Pricing	Current hourly rate

**All fee options are subject to the Annual Fee Escalator described above.*

Subrogation Recovery Services

The fees for Subrogation Recovery services is 30% for each recovery obtained—if no recovery is made, there is no fee. The minimum amount to be paid to GH will be \$250 per claim upon recovery. Please note, on most subrogation recovery claims sent to George Hills, we are successful in recovering our 30% fee, thus the net cost is zero.

ALLOCATED EXPENSES

Typically, allocated expenses are those expenses that are generated by a claim (by outside vendors other than George Hills) that cannot be foreseen nor included in this Contract. These expenses are generally allocated back to the specific claim file for which the cost was incurred and then charged back to the entity whose claim incurred that cost. In most situations these are pass-through costs (with processing fees) for services and/or fees not directly generated by the TPA, but rather by a third-party consultant where the TPA has acted as an agent on behalf of the entity to necessarily outsource services to a third-party consultant and/or miscellaneous fees applicable to the specific claim applied

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by an outside entity, such as a court or copy services. Below, George Hills has provided a non-exhaustive list of typical allocated expenses.

Paid to GH

- CMS reporting costs and fees (ExamWorks)

Paid to Others as Authorized by Client

- Fees of outside counsel for claims in suit, coverage opinions, and litigation, and for representation and hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees, and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives (if initially paid by GH)
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, or diagrams
- Costs for employing experts for the advice, opinions, or testimony concerning claims under investigation or in litigation for which a declaratory judgement is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner's inquests, or criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reporting
- Costs and expenses of subrogation (if not George Hills)
- Costs of engineers, handwriting experts, or any other type of expert used in the preparation of litigation or used in a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services (if not George Hills; our costs for this are included in our rate)
- Costs of appraisal fees and expenses not included in flat fee or performed by others
- Costs of indexing claimants
- Services performed outside the TPAs normal geographical regions
- Costs associated with Medicare Set-Aside analysis and submission of Medicare Conditional Lien negotiation
- Investigation of possible fraud including SIU services and related expenses

Any other similar cost, fee, or expense that is not otherwise included in the TPAs service fees that is reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss or to the protection or perfection of the subrogation rights of the entity, including travel related expenses.



Travel Related

Costs of travel related to claims including mileage drive, such as for attendance at inspections, mediations, and trial, shall be allocated to the specific claim and reimbursed to GH based on the actual cost incurred. Mileage shall be reimbursed at the current IRS rated at the time the mileage is traveled.

OPTIONAL SERVICES

Full In-House Litigation Management – Use of George Hills’ Attorneys

Name and Title	Years of Experience	Role for the Client
<p>Nell Callahan, Esq. Litigation Manager</p>	<p>25</p>	<p>Serves as a Litigation Manager for several clients, monitoring counsel, and as a resource to our claims staff.</p>
<p>Benjamin Oram, Esq. General Counsel/Litigation Manager</p>	<p>15</p>	<p>Serves as a Litigation Manager for several clients, monitoring counsel, and as a resource to our claims staff.</p>

Cornellus (Nell) Callahan, Esq., Litigation Manager: Mr. Callahan has over 25 years of experience defending public entities on high profile claims in state and federal courts. Mr. Callahan commenced his career practicing law in New York, New Jersey, and Connecticut. In 1999 he began practicing law in California, where he served as lead trial counsel for public entities in the areas of civil rights, police practices, and dangerous condition defense. He has tried multiple cases to jury verdict in both state and federal court having been the lead defense attorney in 13 trials, with 12 defense verdicts. His emphasis has been on defending and advising public entities involved in civil litigation. Past cases include officer-involved shootings, excessive force, unlawful seizure, dangerous condition, discrimination, and harassment. He is experienced in all aspects of litigation including discovery, depositions, motion practice, arbitrations, administrative hearings, mediations, and trials.

Benjamin Oram, Esq., General Counsel/Litigation Manager: Ben serves as George Hills’ General Counsel/Litigation Manager. He currently serves as a Litigation Manager for several clients, monitoring counsel, and as a resource to our claims staff.

George Hills’ proactive approach is founded on our commitment to the preservation of the City’s assets. Early contact with all involved parties maintains lines of communication and rapport (not only with the insured but also with the claimant); hence, cost-saving opportunities to resolve claims efficiently are more plentiful.

Here is an outline of their role and how it would work for the City:

1. Serve as Litigation Manager (Specifics of the role below)
 - i. Actively manage all watchlist files (parameters of a watchlist to be agreed upon through subsequent discussions)
 - ii. Manage and supervise all litigated files – claims adjusters will track the nonserious and/or non-active litigated files, with the support of Claims Processors, and report to the City

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- iii. Accessible to the entire GH adjuster team to advise and instruct as needed
- 2. Serve as Outside General and Special Counsel – limited basis
 - i. Work closely with the City with confidential analysis and problem-solving for managing risk and avoiding unnecessary litigation
 - ii. Provide immediate access to legal advice to the City, which includes analyzing coverage issues, Public Records Act requests, tort claim handling and strategy, conflicts of interest, oversight of outside litigation counsel, and providing legal opinions on potential and active litigation
 - iii. Advise on sensitive and political issues/claims
- 3. Coverage counsel consultation
 - i. Review and analysis of memorandums of coverage and excess/umbrella policies to address and offer advice and consultation regarding coverage issues
 - ii. Advise on potential changes to all coverage documents
 - iii. Assist City and George Hills staff in interpretation of coverage issues
- 4. Resource to a broker of record for coverage needs
- 5. Trial/Mediation/Board Meeting attendance
 - i. Attend board/executive/coverage/claims meetings (as necessary)
 - ii. Attend trials, mediations, and other court hearings, including appearing before Courts of Appeal as needed
 - iii. Provide analysis and consultation before, during, and after these significant litigation events – to reduce exposure and maximize opportunities for resolution
- 6. Legal training and seminars
 - i. Provide customized seminars and training upon request – to City staff, brokers, members, and GH staff
 - ii. Subject areas include memorandums of coverage, all aspects of risk management, claims handling and litigation, employment law, and general liability claims
 - iii. Courses are customized to address the client's specific needs and to work closely with safety and loss staff, defense firms, and others

Rates for Optional Legal Service	
Litigation Management	\$225/hour
<i>This rate is subject to the annual fee escalator.</i>	

Please note that George Hills can provide a monthly/annual fixed fee for the above services upon discussion and agreement on level of effort.



EXHIBIT “C”

“SCHEDULE OF PERFORMANCE”

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect for three (3) years plus two optional one (1) year extensions based on satisfactory performance through completion of the services related to Request for Proposals No. 26-007, (the “Project”).