

ORIGINAL

**AGREEMENT FOR ACTUARIAL SERVICES
BETWEEN
THE BOARD OF ADMINISTRATION OF THE POLICE AND FIRE DEPARTMENT
RETIREMENT PLAN
AND
CHEIRON, INC.**

THIS AGREEMENT is made and entered into this 5th day of May 2011, by and between the BOARD OF ADMINISTRATION OF THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN (hereinafter "BOARD"), and CHEIRON, INC., a Delaware corporation registered to do business in California (hereinafter "ACTUARY").

RECITALS

The purpose for which this AGREEMENT is made, and all pertinent recitals, are listed on EXHIBIT A, entitled "RECITALS", which is attached hereto and incorporated herein.

THE PARTIES HEREBY AGREE AS FOLLOWS:

SECTION 1. SCOPE OF SERVICES.

ACTUARY shall perform those services specified in detail in EXHIBIT B, entitled "SCOPE OF SERVICES", which is attached hereto and incorporated herein.

SECTION 2. TERM OF AGREEMENT.

The term of this AGREEMENT shall be for a period of three (3) years, commencing on the date of execution by the Secretary of BOARD as shown above, subject to the provisions of SECTION 11 of this AGREEMENT.

SECTION 3. SCHEDULE OF PERFORMANCE.

The services of ACTUARY are to be completed according to the schedule set out in EXHIBIT C, entitled "SCHEDULE OF PERFORMANCE", which is attached hereto and incorporated herein. Time is of the essence in this AGREEMENT.

SECTION 4. COMPENSATION.

The compensation to be paid to ACTUARY, including both payment for professional services and reimbursable expenses, shall not exceed Six Hundred Thousand Dollars (\$600,000.00). The rate and schedule of payment is set out in EXHIBIT D, entitled "COMPENSATION", which is attached hereto and incorporated herein.

SECTION 5. METHOD OF PAYMENT.

Each month, ACTUARY shall furnish to the BOARD, a statement of the work performed for compensation during the preceding month. Such statement shall also include a detailed record of the month's actual reimbursable expenditures.

SECTION 6. INDEPENDENT CONTRACTOR.

It is understood and agreed that ACTUARY, in the performance of the work and services agreed to be performed by ACTUARY, shall act as and be an independent contractor and not an agent or employee of BOARD; and as an independent contractor, ACTUARY shall obtain no rights to retirement benefits or other benefits which accrue to City of San José employees, and ACTUARY hereby expressly waives any claim it may have to any such rights.

SECTION 7. ASSIGNABILITY.

The parties agree that the expertise and experience of ACTUARY are material considerations for this AGREEMENT. ACTUARY shall not assign or transfer any interest in this AGREEMENT nor the performance of any of ACTUARY's obligations hereunder, without the prior written consent of BOARD, and any attempt by ACTUARY to so assign this AGREEMENT or any rights, duties or obligations arising hereunder shall be void and of no effect.

SECTION 8. INDEMNIFICATION.

ACTUARY shall defend, indemnify and hold harmless THE POLICE AND FIRE DEPARTMENT RETIREMENT PLAN, BOARD, and the officers, employees and agents of the City of San José Department of Retirement Services ("DRS") against any claim, loss or liability arising out of or resulting in any way from work performed under this AGREEMENT due to the willful or negligent acts (active or passive) or omissions by ACTUARY's officers, employees or agents. The acceptance of said services and duties by BOARD or DRS shall not operate as a waiver of such right of indemnification.

SECTION 9. INSURANCE REQUIREMENTS.

ACTUARY agrees to have and maintain the policies set forth in EXHIBIT E, entitled "INSURANCE", which is attached hereto and incorporated herein. All policies, endorsements, certificates and/or binders shall be subject to approval by the Director of Human Resources or the Director's authorized designee ("Risk Manager") as to form and content. These requirements are subject to amendment or waiver if so approved in writing by the Risk Manager. ACTUARY agrees to provide BOARD with a copy of said policies, certificates and/or endorsements before work commences under this AGREEMENT.

SECTION 10. NONDISCRIMINATION.

ACTUARY shall not discriminate, in any way, against any person on the basis of race, sex, color, age, religion, sexual orientation, actual or perceived gender identity, disability, ethnicity, or national origin, in connection with or related to the performance of this AGREEMENT.

SECTION 11. TERMINATION.

- A. BOARD shall have the right to terminate this AGREEMENT, without cause, by giving not less than seven (7) days written notice of termination.
- B. If ACTUARY fails to perform any of its material obligations under this AGREEMENT, in addition to all other remedies provided by law, BOARD may terminate this AGREEMENT immediately upon written notice.
- C. BOARD's Secretary is empowered to terminate this AGREEMENT on behalf of BOARD.
- D. In the event of termination, ACTUARY shall deliver to BOARD, copies of all reports, documents, and other work performed by ACTUARY under this AGREEMENT, and upon receipt thereof, BOARD shall pay ACTUARY for services performed and reimbursable expenses incurred to the date of termination.

SECTION 12. GOVERNING LAW.

BOARD and ACTUARY agree that the law governing this AGREEMENT shall be that of the State of California.

SECTION 13. COMPLIANCE WITH LAWS.

ACTUARY shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local governments.

SECTION 14. ENVIRONMENTALLY PREFERABLE PROCUREMENT POLICY.

ACTUARY agrees that, in the performance of this AGREEMENT, ACTUARY shall perform its obligations under the AGREEMENT in conformance with San José City Council Policy 4-6, Environmentally Preferable Procurement Policy. A description for environmentally preferable procurement and the Policy can be found on the City of San José's website at the following link: <http://www.sanjoseca.gov/esd/natural-energy-resources/epp.htm>.

Environmental procurement policies and activities related to the completion of work will include wherever practicable, but are not limited to:

- A. Use of recycled and/or recyclable products in daily operations (i.e. 30, 50, 100% PCW paper, chlorine process free; triclosan free hand cleaner, etc.)
- B. Use of Energy Star Compliant equipment.
- C. Vehicles and vehicle operations (i.e. Alternative Fuel, Hybrid, etc.).

- D. Internal waste reduction and reuse protocol(s).

- E. Water and resource conservation activities within facilities, including bans on individual serving bottled water and the use of compostable food service products, etc.

SECTION 15. CONFIDENTIAL INFORMATION.

All data, documents, discussions or other information developed or received by or for ACTUARY in performance of this AGREEMENT, are confidential and not to be disclosed to any person except as authorized by BOARD, or as required by law.

SECTION 16. OWNERSHIP OF MATERIALS.

All reports, documents or other materials developed or discovered by ACTUARY or any other person engaged, directly or indirectly, by ACTUARY to perform the services required hereunder, shall be and remain the property of BOARD without restriction or limitation upon their use.

SECTION 17. WAIVER.

ACTUARY agrees that waiver by BOARD of any breach or violation of any term or condition of this AGREEMENT shall not be deemed to be a waiver of any other term or condition contained herein or a waiver of any subsequent breach or violation of the same or any other term or condition. The acceptance by BOARD of the performance of any work or services by ACTUARY shall not be deemed to be a waiver of any term or condition of this AGREEMENT.

SECTION 18. ACTUARY'S BOOKS AND RECORDS.

- A. ACTUARY shall maintain any and all ledgers, books of account, invoices, vouchers, cancelled checks, and other records or documents evidencing or relating to charges for services, or expenditures and disbursements charged to BOARD for a minimum period of three (3) years, or for any longer period required by law, from the date of final payment to ACTUARY pursuant to this AGREEMENT.
- B. ACTUARY shall maintain all documents and records which demonstrate performance under this AGREEMENT for a minimum period of three (3) years, or for any longer period required by law, from the date of termination or completion of this AGREEMENT.
- C. Any records or documents required to be maintained pursuant to this AGREEMENT shall be made available for inspection or audit at no cost to BOARD, at any time during regular business hours, upon written request by the BOARD's Attorney, BOARD's Auditor, BOARD's Manager, or a designated representative of any of these officers. Copies of such documents shall be provided to BOARD for inspection at BOARD's Offices when it is practical to do so. Otherwise, unless an alternative is mutually agreed upon, the records shall be available at ACTUARY's address indicated for receipt of notices in this AGREEMENT.
- D. Where BOARD has reason to believe that such records or documents may be lost or discarded due to dissolution, disbandment or termination of ACTUARY's business, BOARD may, by written request by any of the above-named officers,

require that custody of the records be given to BOARD and that the records and documents be maintained in BOARD's Offices. Access to such records and documents shall be granted to any party authorized by ACTUARY, ACTUARY's representatives, or ACTUARY's successor-in-interest.

SECTION 19. CONFLICT OF INTEREST.

ACTUARY shall avoid all conflict of interest or appearance of conflict of interest in performance of this AGREEMENT. ACTUARY shall ensure the filing of Assuming Office Disclosure Statements of Economic Interests (Form 700) as specified in EXHIBIT F, entitled "DISCLOSURE STATEMENT", which is attached hereto and incorporated herein. Such statement shall be filed within thirty (30) days of the date of this AGREEMENT and annually thereafter by the first of April. Upon termination of this AGREEMENT, ACTUARY shall ensure the filing of Leaving Office Disclosure Statements of Economic Interest (Form 700). ACTUARY represents and warrants that it is not now employed by or under contract with any of the employee organizations which currently represent City employees in the meet and confer process pursuant to the Meyers-Milias-Brown Act, California Government Code Section 3500 *et seq.* ACTUARY shall disclose to the BOARD any employment or agreement to perform services for any such employee organization or to perform services for the City of San José. ACTUARY further represents and warrants that no employee of ACTUARY, who is performing service pursuant to this AGREEMENT, shall have any source of income, including but not limited to, any community property interest in the income of a spouse or domestic partner, from the City of San José or any pension plan of the City of San José.

SECTION 20. GIFTS.

- A. ACTUARY is familiar with the City of San José's prohibition against the acceptance of any gift by a BOARD officer or City designated employee, which prohibition is found in Chapter 12.08 of the San José Municipal Code.

- B. ACTUARY agrees not to offer any BOARD officer or City designated employee any gift prohibited by said Chapter.

- C. The offer or giving of any gift prohibited by Chapter 12.08 shall constitute a material breach of this AGREEMENT by ACTUARY. In addition to any other remedies BOARD may have in law or equity, BOARD may terminate this AGREEMENT for such breach as provided in SECTION 11 of this AGREEMENT.

SECTION 21. DISQUALIFICATION OF FORMER EMPLOYEES.

ACTUARY is familiar with the provisions relating to the disqualification of former officers and employees of the City of San José in matters which are connected with former duties or official responsibilities as set forth in Chapter 12.10 of the San José Municipal Code ("Revolving Door Ordinance"). ACTUARY shall not utilize, either directly or indirectly, any officer, employee, or agent of ACTUARY to perform services under this AGREEMENT, if in the performance of such services, the officer, employee, or agent would be in violation of the Revolving Door Ordinance.

SECTION 22. SPECIAL PROVISIONS.

Special provisions, if any, to this AGREEMENT are specified in EXHIBIT G, entitled, "SPECIAL PROVISIONS", which is attached hereto and incorporated herein.

SECTION 23. NOTICES.

All notices and other communications required or permitted to be given under this AGREEMENT shall be in writing and shall be personally served or mailed, postage prepaid and return receipt requested, addressed to the respective parties as follows:

To BOARD: Director of Retirement Services
Police and Fire Department Retirement
Plan
City of San José
1737 North First Street, Suite 580
San José, CA 95112
russell.crosby@sanjoseca.gov

To ACTUARY: Gene Kalwarski
Cheiron, Inc.
1750 Tysons Blvd., Suite 1100
McLean, VA 22102
gkalwarski@cheiron.us

Notice shall be deemed effective on the date personally delivered or, if mailed, three (3) days after deposit in the mail.

SECTION 24. VENUE.

In the event that suit shall be brought by either party to this AGREEMENT, the parties agree that venue shall be exclusively vested in the state courts of the County of Santa Clara, or if federal jurisdiction is appropriate, exclusively in the United States District Court, Northern District of California, San José, California.

SECTION 25. PRIOR AGREEMENTS AND AMENDMENTS.

This AGREEMENT, including all Exhibits attached hereto, represents the entire understanding of the parties as to those matters contained herein. No prior oral or

written understanding shall be of any force or effect with respect to those matters covered hereunder. This AGREEMENT may be modified only by a written amendment duly executed by the parties to this AGREEMENT.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

APPROVED AS TO FORM:

Mollie Dent
MOLLIE DENT
Sr. Deputy City Attorney

"BOARD"

BOARD OF ADMINISTRATION OF THE
POLICE AND FIRE DEPARTMENT
RETIREMENT PLAN

By Russell U. Crosby
RUSSELL U. CROSBY
Secretary
Board of Administration
Police and Fire Department
Retirement Plan

City/County of Fairfax
Commonwealth of Virginia
The foregoing instrument was acknowledged before me
this 9th day of May, 2011
by Gene Kalwarski
Laurie Ann Elizabeth Nolasco Notary Public
My commission expires 12-31-2011

"ACTUARY"

CHEIRON, INC., a Delaware corporation
registered to do business in California

By Gene Kalwarski
Name: Gene KALWARSKI
Title: CEO
By Constance Mauro
Name: CONSTANCE MAURO
Title: Secretary

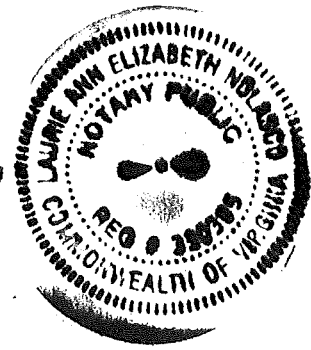


EXHIBIT A

RECITALS

WHEREAS, Chapters 3.36 of the San José Municipal Code requires that at least once every five (5) years, the Board of Administration for the Police and Fire Department Retirement Plan, shall conduct an actuarial investigation into the mortality, service, and compensation experience of members and persons receiving benefits under the Police and Fire Department Retirement Plan ("Plan"), and an actuarial valuation of the assets and liabilities of the Plan; and

WHEREAS, the BOARD is required, upon the basis of such investigations and valuations, to adopt such mortality, service, annuity and other tables, and such interest rates as the BOARD may deem necessary, and to determine, fix or make such revisions and changes in the rates of contribution of members and of the City as necessary to make the Plan actuarially sound and to provide the benefits provided under the Plan; and

WHEREAS, the BOARD has determined that an annual actuarial valuation of the assets and liabilities of the Plan should be performed at the present time; and

WHEREAS, the BOARD has determined that an Experience Study should also be performed for the Plan within the next three (3) years; and

WHEREAS, the BOARD desires to obtain the unique, expert and professional actuarial services essential for the required investigation and valuation and to obtain additional professional actuarial consulting services as needed; and

WHEREAS, ACTUARY has the necessary expertise and professional skill to perform such actuarial services for BOARD; and

WHEREAS, pursuant to Section 3.36.385 of the San José Municipal Code, the BOARD is authorized to enter into agreements for actuarial services;

NOW, THEREFORE, the purpose of this AGREEMENT is to retain CHEIRON, INC., as ACTUARY to BOARD to perform those services specified in SECTION 1 of this AGREEMENT.

EXHIBIT B

SCOPE OF SERVICES

2011, 2012 AND 2013 VALUATIONS AND 2011 AND 2013 EXPERIENCE STUDIES.

A. Valuations.

ACTUARY shall conduct actuarial valuations as of June 30, 2011, 2012 and 2013 ("Valuation") of the assets and liabilities of the POLICE AND FIRE DEPARTMENT RETIREMENT PLAN (established under Chapter 3.36 of the San José Municipal Code), in such a manner as will enable the BOARD to comply with its obligation to fix, determine and/or revise rates of contributions of members and the City of San José to keep the Plan actuarially sound and to provide the benefits established under the Plan. The Valuations shall be performed for implementation of any changes in contribution rates to be effective July 1, 2012, 2013 and 2014 respectively. The June 30, 2011 and June 30, 2012 valuations will be performed using the actuarial assumptions adopted by the BOARD following the June 30, 2011 Experience Study. The June 30, 2013 valuation will be performed using the actuarial assumptions and methods adopted by the BOARD following the June 30, 2013 Experience Study.

B. Experience Study.

ACTUARY shall perform an investigation and analysis of the demographic and financial performance of the Plan ("Experience Study") as of June 30, 2011, and a separate Experience Study as of June 30, 2013, including experience rates by age for each relevant actuarial assumption (e.g., salary increases, mortality, turnover, disability, retirement). Each Experience Study will compare historical experience rates against current assumptions, and identify significant differences. Based upon each Experience Study, ACTUARY shall recommend assumptions that are appropriate for the succeeding actuarial valuations. Assumptions that will be included in the Experience Studies are, at a minimum: withdrawal of member contributions, ordinary death, duty death, service

retirement, disability retirement (service-connected and nonservice-connected), termination with a vested interest, percentage of members married or in registered domestic partnerships at retirement, percentage of terminated members who are employed by a reciprocal agency, mortality after service retirement, mortality after disability retirement, investment returns, and members' compensation (including inflation, real pay increases and promotional/merit increases).

C. Priority.

ACTUARY's services shall be performed in accordance with and include, but not be limited to, the following in the enumerated order of priority:

1. The POLICE AND FIRE DEPARTMENT PLAN as set forth in Chapters 3.36 of the San José Municipal Code; and
2. Other matters set forth in this AGREEMENT.

D. Reports.

ACTUARY shall prepare and submit to the BOARD, a full and complete written report of the results with each Experience Study and Valuation. ACTUARY shall submit to the BOARD, the information necessary for completion of State of California reports for local pension programs, including funding ratio (ratio of actuarial assets to actuarial liabilities) on a Government Accounting Standards Board Statement #25 basis. The final report shall include all of the following:

1. A summary of the actuarial assumptions resulting from the Experience Study.
2. A summary of the Valuation results.
3. Recommended contribution rates for members and the City and back-up material.
4. Funding status of the Plan under GASB and Entry Age Normal methods.

5. Projections of the costs of retiree retirement benefits and retiree medical and dental benefits on the same basis as used in the 2009 valuation of the Plan, including a five year phase in of contributions to full payment of the ARC.
6. An update of the actuarial valuation of Retiree Health Benefits (OPEB) as of June 30, 2011, 2012 and 2013 as necessary to be compliant with GASB Statements 43 and 45.
7. A statement of the value of assets available to pay benefits and a statement of the accrued liabilities under the Plan based upon service up to the Valuation date.
8. The results of ACTUARY's gain and loss analysis.
9. Demographic tables for members categorized as: active, retired (service and disability), survivors, and inactive (terminated but with contributions on deposit).
10. Tables showing active membership distributed by age, service and pay.
11. Basis for the Valuation, including a summary of Plan provisions, actuarial assumptions and actuarial method.
12. A glossary of terms used in the report.
13. Any recommendations for changes in the Plan or in the funding of benefits that ACTUARY may develop during the Valuation.

E. GASB 25 And GASB 27 Financial Statements And CAFR.

1. ACTUARY shall prepare and submit to the BOARD's independent auditor, with a copy to the Director of Retirement Services, the GASB 25 and 27 financial statement disclosures as of June 30, 2011, 2012 and 2013. Each such statement shall be prepared in accordance with the standards established by the Government Accounting Standards Board, shall be prepared within a reasonable time following the request of the Director in

order that the independent auditor can complete the annual audit, and shall be sent to the auditor at the address provided by the Director.

2. ACTUARY shall prepare the actuarial portions of the Comprehensive Annual Financial Report (CAFR) for the Plan for fiscal years 2010-2011, 2011-12, and 2012-13, including the actuarial certification and the schedules required for the actuarial section of the CAFR, the schedule of funding progress for the financial section, and the annual benefit and schedule of average benefit payments for the statistical section. Each CAFR shall be prepared in a timely manner such that it can be filed with the appropriate reporting agencies prior to the agencies' due dates.

F. Additional Consulting Actuarial Services.

1. ACTUARY shall provide additional consulting actuarial services to the BOARD as requested from time to time by the BOARD. Such requests for services shall be confirmed in writing to ACTUARY prior to ACTUARY's performance, and ACTUARY shall not begin performance of such services until ACTUARY has received written confirmation to proceed from the BOARD or its designee. The terms of this AGREEMENT shall apply to all additional consulting actuarial services.
2. Additional consulting actuarial services may include, but are not limited to, studies of individual benefit enhancements or reductions, assistance with compliance or disclosure requirements, consultation on technical or policy considerations relevant to the Plan, projections of Plan costs and liquidity requirements, asset and liability modeling, and retiree health care issues.
3. ACTUARY shall prepare and present to the BOARD, a written report on the results of any investigation, valuation, cost analysis, or other service performed by ACTUARY pursuant to this Section. Said report shall include or be accompanied by any and all essential supporting data.

4. ACTUARY shall, upon the request of the BOARD, appear before the BOARD to present oral reports on the services performed pursuant to this Section.

EXHIBIT C
SCHEDULE OF PERFORMANCE

ACTUARY shall perform all services in an expeditious manner and to the reasonable satisfaction of the BOARD. ACTUARY shall perform the Valuations and Experience Study in accordance with the following Schedule of Performance:

Meet with Retirement Staff to discuss the data tape format, preliminary checks and other matters that are necessary for the performance of the Experience Study and Valuation.	As scheduled by Retirement Staff and Actuary
Submit Experience Study to the Board.	8 weeks after receipt of complete data
Meet with the Board to assist the Board in setting appropriate actuarial assumptions for the valuation.	As scheduled by Retirement Staff
Present draft Valuation Report to the Board.	4 weeks after Board adopts actuarial assumptions
Deliver final Valuation Report to the Board.	2 weeks after Board review and comment on the draft report
Presentation of final Experience Study and Valuation Report to the Board.	As scheduled by Retirement Staff

This Schedule of Performance may be adjusted by ACTUARY and the Secretary to the BOARD, in the event unusual circumstances develop in the course of the performance of the Valuation.

EXHIBIT D
COMPENSATION

- A. For and in consideration of the faithful performance of the services set forth in this AGREEMENT and agreed to be performed by ACTUARY, the BOARD shall pay to ACTUARY, and ACTUARY agrees to accept from the BOARD, ACTUARY's Fees at the following hourly rates:

Lead Actuary	\$360 – 445
Consulting Actuaries	\$250-\$360
Associate Senior Actuary	\$185-\$240
Actuarial Analysts	\$135- \$185
Administrative Staff	\$80-\$130

Said fees shall be full compensation to ACTUARY for the faithful performance and completion of all services.

- B. ACTUARY's total compensation for the Valuations and Experience Study described in SECTION 2 of this AGREEMENT, the certifications for auditors (as described in SECTION 3.A of this AGREEMENT), and preparation of any actuarial information required for completion of the CAFR (as described in SECTION 3.B of this AGREEMENT), shall not exceed \$50,000 (Pension) plus \$35,000 (OPEB) for the 2011 Valuation, \$32,000 for the 2011 Experience Study; \$51,500 (Pension) plus \$36,000 (OPEB) for the 2012 Valuation; \$53,000 (Pension) plus \$37,000 (OPEB) for the 2013 Valuation; and \$34,000 for the 2013 Experience Study. Said compensation includes compensation for up to six (6) meetings in San José per year with Retirement Staff and/or the BOARD to discuss the data and other matters necessary for each Experience Study and

Valuation, or the preparation of the certifications or the CAFR information, to present the results of each Experience Study, and to present the results of each valuation and ACTUARY's recommendations. For attendance at additional meetings, the BOARD shall compensate ACTUARY at the hourly rates set forth in subsection A, above for time actually spent at the meeting.

- C. Upon completion of each of the services for which payment is due under subsection B above, ACTUARY shall submit to the BOARD, an itemized invoice for services performed showing the hourly rate and number of hours for each person performing such services and showing the total amount due. Provided that the services were performed in accordance with this AGREEMENT, the BOARD shall pay to ACTUARY the amount specified in such invoice. However, any costs incurred by ACTUARY in the performance of said services which would exceed the maximum compensation set out in subsection B, shall be at ACTUARY's sole cost and expense.
- D. Prior to performing any additional actuarial service under SECTION 4 of this AGREEMENT, ACTUARY shall inform the BOARD as to the estimated costs of performing the services requested and shall submit an engagement letter describing the scope of work and ACTUARY's fees. Upon completion of each actuarial service performed pursuant to SECTION 4, ACTUARY shall submit to the BOARD, an itemized invoice showing the services performed, the hourly rate and number of hours for each person performing the services, and the total amount due. ACTUARY's invoices for services rendered are payable within sixty (60) days of receipt provided that the additional actuarial service is performed in accordance with the authorization of the BOARD as to scope and cost. However, any costs incurred by ACTUARY in the performance of additional

services, which would exceed the dollar amount authorized by the BOARD for such service, shall be at ACTUARY's sole cost and expense.

- E. The ACTUARY's Fees set out in this Section shall be the full compensation for the performance and completion of all services and of all costs and expenses incurred by ACTUARY in connection with the performance and completion of the applicable services, including, but not limited to, costs of labor and services of all officers, all employees and all consultants, and all other persons retained or employed by ACTUARY, traveling expenses (including but not limited to, living expenses of personnel while in San José or anywhere else away from ACTUARY's offices), long distance telephone calls, typing, duplicating, office supplies, and all items of general overhead.

- F. The total compensation payable to ACTUARY pursuant to this AGREEMENT shall not exceed Six Hundred Thousand Dollars (\$600,000.00). ACTUARY shall have no obligation to perform work or services for which total compensation would exceed this maximum. Any work or services performed which would result in compensation in excess of this maximum shall be at ACTUARY's sole cost and expense and at no cost to the BOARD, the members of the BOARD, or the City of San José.

EXHIBIT E
INSURANCE

ACTUARY, at ACTUARY's sole cost and expense, shall procure and maintain for the duration of this AGREEMENT, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with, the performance of the services hereunder by ACTUARY, its agents, representatives, employees or subcontractors.

A. Minimum Scope of Insurance

Coverage shall be at least as broad as:

1. The coverage provided by Insurance Services Office Commercial General Liability coverage ("occurrence") Form Number CG 0001; and
2. The coverage provided by Insurance Services Office Form Number CA 0001 covering Automobile Liability. Coverage shall be included for all owned, non-owned and hired automobiles; and
3. Workers' Compensation insurance as required by the California Labor Code and Employers Liability insurance; and
4. Professional Liability Errors and Omissions insurance for all professional services; and
5. Crime Insurance/Employee Dishonesty.

There shall be no endorsement reducing the scope of coverage required above unless approved by the City's Risk Manager.

B. Minimum Limits of Insurance

ACTUARY shall maintain limits no less than:

1. Commercial General Liability: \$2,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit; and

2. Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage; and
3. Workers' Compensation and Employers' Liability: Workers' Compensation limits as required by the California Labor Code and Employers Liability limits of \$1,000,000 per accident; coverage shall be endorsed to state carrier waives its right of subrogation against the City of San José, its officers, employees, agents and contractors; and
4. Professional Liability Errors and Omissions \$5,000,000 Aggregate Limit; and
5. Crime/Employee Dishonesty Coverage.

A Combination Crime policy with minimum limits not less than \$100,000 for

Form A: Employee Dishonesty

Form B: Forgery or Alteration

Form C: Theft, Disappearance, Destruction Inside/Outside Premises

Form D: Robbery and Safe Burglary Inside/Outside Premises

C. **Deductibles and Self-Insured Retentions**

Any deductibles or self-insured retentions must be declared to, and approved by CITY's Risk Manager. At the option of CITY, either; the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects CITY, its officer, employees, agents and contractors; or ACTUARY shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses in an amount specified by the CITY's Risk Manager.

D. **Other Insurance Provisions**

The policies are to contain, or be endorsed to contain, the following provisions:

1. Commercial General Liability and Automobile Liability Coverages

a. The City of San José, its officers, employees, agents and contractors are to be covered as additional insureds as respects: Liability arising out of activities performed by or on behalf of ACTUARY; products and completed operations of ACTUARY; premises owned, leased or used by ACTUARY; and automobiles owned, leased, hired or borrowed by ACTUARY. The coverage shall contain no special limitations on the scope of protection afforded to CITY, its officers, employees, agents and contractors.

b. ACTUARY's insurance coverage shall be primary insurance as respects CITY, its officers, employees, agents and contractors. Any insurance or self-insurance maintained by CITY, its officers, employees, agents or contractors shall be excess of ACTUARY's insurance and shall not contribute with it.

c. Any failure to comply with reporting provisions of the policies by ACTUARY shall not affect coverage provided CITY, its officers, employees, agents, or contractors.

d. Coverage shall state that ACTUARY'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.

e. Coverage shall contain waiver of subrogation in favor of the City of San José, its officers, employees, agents and contractors

2. Workers' Compensation and Employers' Liability

Coverage shall contain waiver of subrogation in favor of the City of San José, its officers, employees, agents and contractors

3. All Coverages

Each insurance policy required by this AGREEMENT shall be endorsed to state that coverage shall not be suspended, voided, canceled, or reduced in limits except after thirty (30) days prior written notice has been given to CITY, except that ten (10) days prior written notice shall apply in the event of cancellation for non-payment of premium.

E. Acceptability of Insurers

Insurance is to be placed with insurers acceptable to CITY's Risk Manager.

F. Verification of Coverage

ACTUARY shall furnish CITY with certificates of insurance and with original endorsements affecting coverage required by this AGREEMENT. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf.

Proof of insurance shall be either emailed in pdf format to: Riskmgmt@sanjoseca.gov, or mailed to the following postal address (or any subsequent email or postal address as may be directed in writing by the Risk Manager):

City of San José – Human Resources

RD:MD1:MD1
5/3/2011

Risk Management
200 East Santa Clara St., 2nd Floor Wing
San José, CA 95113-1905

G. **Subcontractors**

ACTUARY shall include all subcontractors as insured under its policies or shall obtain separate certificates and endorsements for each subcontractor.

EXHIBIT F
DISCLOSURE STATEMENT

Each employee of ACTUARY, providing services pursuant to this AGREEMENT, shall file with the City Clerk, a disclosure statement (Statement of Economic Interests -- Form 700) which includes disclosure of the following:

1. Schedule A - 1 - Investments.
2. Schedule A - 2 - Investments, Income and Assets of Business Entities/Trusts.
3. Schedule B - Real Property.
4. Schedule C - Income and Business Positions.
5. Schedule D - Income - Loans.
6. Schedule E - Income - Gifts.
7. Schedule F -- Income - Gifts; Travel Payments, Advances and Reimbursements.

Disclosure shall cover investments, income and business positions in any businesses doing business within the City of San José and in or from any real estate located within the City of San José. The disclosure statements shall be filed with the City Clerk, City of San José, 200 East Santa Clara Street, 2ND Floor Wing, San José, CA 95113, with a copy provided to: City of San José – Retirement Services, Attn: Russell U. Crosby, Director, 1737 N. First Street, Suite 580, San Jose, CA 95112.

EXHIBIT G
SPECIAL PROVISIONS

DATA

The BOARD shall furnish to ACTUARY such data, including financial statements, as are deemed necessary by ACTUARY for the proper performance of services pursuant to this AGREEMENT. ACTUARY may rely on the data provided by the BOARD, the Department of Retirement Services, the City of San José or the BOARD's agents as accurate and complete. To the extent that the data provided by the BOARD is delayed, inaccurate or incomplete, the schedule of performance set forth in Exhibit A may be adjusted accordingly by ACTUARY and the Secretary to the BOARD.