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OAKLAND UNIFIED  
SCHOOL DISTRICT

Community Schools,  
Thriving Students

## Memo

**To** Board of Education

**From** Tony Smith, Ph.D., Superintendent  
Vernon Hal, Deputy Superintendent Business Services and Operations *VEH*  
Jerry Johnson, Risk Management Officer

**Board Meeting Date** June ~~28~~<sup>30</sup>, 2012

**Subject** Approval by the Board of Education of Contract for Professional Services Agreement with JT2 Integrated Resources for Workers' Compensation Claims Administration for the 2012 - 2013 Fiscal Year

**Action Requested** Approval of a Contract for Professional Services with JT2 Integrated Resources ("JT2") for Workers' Compensation Claims Administration in an amount not to exceed \$650,000 for the period of July 1, 2012 through June 30, 2013

**Background** The District has no internal staff capacity to administer the claims that are generated by its permissibly self-insured Workers Compensation program. JT2 is a well-regarded Third Party Administrator with offices in downtown Oakland. In recognition of its long and continuing relationship with District, and in anticipation of a full Request for Proposal marketing of the program for the following Fiscal Year, JT2 has agreed to reduce its annual fee by \$145,000 for this one year contract.

**Discussion** JT2 will provide full service Workers' Compensation claim services. Those services include but are not limited to, initial file set-up on all reported claims, maintenance of proper claims reserves, appearance before the Workers' Compensation Appeals Board, interaction with District Staff in the investigation and resolution of claims, as well as the management of ancillary providers, such as defense attorneys, private investigators, early return-to-work specialists and other related services as described in Exhibit A. For purposes of performing their services under this contract, JT2 is authorized to maintain a Claims Trust Checking Account through which authorized claim expenses will be paid. The \$600,000 initial balance of that Trust Account will be maintained through regular reimbursement/replenishment requests from JT2 to the District, in an amount not expected to exceed \$6 million in Fiscal Year 2012-13.

**Recommendation** Approval by the Board of Education of the Contract for Professional Services with JT2 Integrated Resources for Workers' Compensation Claims Administration Services in an amount not to exceed \$650,000 for the period of July 1, 2012 through June 30, 2013.

**Fiscal Impact** Fund 67 Resource Code 0000, not to exceed \$6,650,000, inclusive of both administrative fees and actual Workers Compensation claim expenses.

## CONTRACT FOR PROFESSIONAL SERVICES

This AGREEMENT is made as of the first day of July 2012, by and between the Oakland Unified School District ("DISTRICT") and JT<sup>2</sup> Integrated Resources (hereinafter "JT<sup>2</sup>"), a licensed Workers' Compensation Third Party Claims Administrator ("CONSULTANT").

### RECITALS

The DISTRICT desires to obtain professional services in connection with Workers' Compensation Claims Administration, and,

CONSULTANT desires to furnish such services and has submitted the proposal attached hereto as Exhibit A, which is incorporated herein by reference with respect to the services offered by CONSULTANT and to the extent that it is not inconsistent with and is subordinate to the terms and conditions stated in this Agreement.

NOW, THEREFORE, the parties agree as follows:

#### 1. RENDITION OF SERVICES

The CONSULTANT agrees to provide professional services to the DISTRICT in accordance with the terms and conditions of this Agreement

#### 2. SCOPE OF SERVICES

The scope of the CONSULTANT'S services shall consist of the services set forth in Exhibit A, and as may be amended from time to time by the parties, in writing. Said services described in detail in Exhibit A shall include workers' compensation claims administration services to the DISTRICT for all open and re-opened workers' compensation claim files with dates of loss prior to July 1, 2012, and any other workers' compensation claims opened with dates of loss occurring during July 1, 2012 to June 30, 2013, the term of this Agreement. OUSD reserves the right to extend the scope of services through June 30, 2014 if option to extend service Agreement is exercised. The Agreement may be extended by written notice made by the DISTRICT to CONSULTANT prior to the expiration of the contract term.

#### 3. SCHEDULE AND TIME OF COMPLETION

The term of this Agreement shall commence on July 1, 2012 and shall terminate on June 30, 2013 unless terminated sooner pursuant to Section 21 of this Agreement or the DISTRICT exercises its option to extend the contract one additional year through June 30, 2014.

#### 4. OWNERSHIP OF DOCUMENTS

4.1. To the extent allowable by law, all records, medical records, documents, including draft documents, or materials prepared or caused to be prepared by CONSULTANT pursuant to this Agreement, for the services to be performed by CONSULTANT, are and shall be at the time of creation and thereafter the property of the DISTRICT. The DISTRICT shall be entitled access to and copies of these materials during the progress of the work. Any such materials in the hands of the CONSULTANT or in the hands of any subcontractor upon completion or termination of the work shall be immediately delivered to the DISTRICT. If any materials are lost, damaged, or destroyed before final delivery to the DISTRICT, the CONSULTANT shall replace them at its own expense



and the CONSULTANT hereby assumes all risks of loss, damage or destruction of or to such materials. The CONSULTANT may retain a copy of all of material produced under this Agreement for its use in its general business activities.

4.2. Upon DISTRICT's request, CONSULTANT shall execute appropriate documents to assign to DISTRICT the copyright to any work created pursuant to this Agreement. The issuance of a patent on copyright to CONSULTANT or any other person shall not affect the DISTRICT'S right to the materials and records prepared or obtained in the performance of this Agreement. DISTRICT reserves a license to use such materials and records without restriction or limitation consistent with the intent of the original design, and DISTRICT shall not be required to pay any additional fee or royalty for such materials or records. The license reserved for DISTRICT shall continue for a period of fifty (50) years from the date of execution of this Agreement, unless extended by operation of law or otherwise.

#### 5. USE OF SUBCONSULTANTS

CONSULTANT shall not subcontract any services to be performed by it under this Agreement without the prior written approval of the DISTRICT, except for service firms engaged in reproduction, typing, and printing. CONSULTANT shall be solely responsible for reimbursing any subcontractors and the DISTRICT shall have no obligation to them.

#### 6. CHANGES

The DISTRICT may at any time by written order make changes within the scope of work and services described in this Agreement. If such changes cause an increase in the budgeted cost of or the time required for performance of the agreed upon work and equitable adjustment as mutually agreed shall be made in the limit on compensation as set forth in Section 11 or in the time of required performance as set forth in Section 3, or both. In the event that CONSULTANT encounters any unanticipated conditions or contingencies that may affect the scope of work or services and result in an adjustment in the amount of compensation specified herein, CONSULTANT shall so advise the DISTRICT immediately upon notice of such condition or contingency. The written notice shall explain the circumstances giving rise to the unforeseen condition or contingency and shall set forth the proposed adjustment in compensation. Such notice shall be given the DISTRICT prior to the time the CONSULTANT performs work or services related to the proposed adjustment in compensation. Any and all pertinent changes shall be expressed in a written supplement to this Agreement prior to implementation of such changes.

#### 7. RESPONSIBILITY/INDEMNIFICATION

Consultant shall indemnify, defend and hold harmless the DISTRICT, DISTRICT board members, officers, agents and employees against any and all suits, claims or actions arising out of any injury to persons or property that may occur or that may be alleged to have occurred, arising from the performance of this Agreement by the CONSULTANT caused by an act or omission of the CONSULTANT or its employees, subcontractors or agents. CONSULTANT further agrees to defend any and all such actions, suits or claims and pay all charges of attorneys and all other incurred costs and expenses. If any judgment be rendered against the DISTRICT or any of the other individuals enumerated above in any such action, CONSULTANT shall, at its expense, satisfy and discharge the same. This indemnification shall survive termination of this Agreement.

## 8. INSURANCE

### 8.1. Workers' Compensation

8.1.1. If CONSULTANT employs any person to perform work in connection with this Agreement, CONSULTANT shall procure and maintain at all times during the performance of such work, Workers' Compensation Insurance in conformance with the laws of the State of California and Federal laws when applicable. Employer's Liability Insurance shall not be less than One Million dollars (\$1,000,000) per accident or disease.

8.1.2. Prior to commencement of work under this Agreement by any such employee, CONSULTANT shall deliver to DISTRICT a Certificate of Insurance which shall stipulate that thirty (30) days advanced written notice of cancellation, non-renewal or reduction in limits shall be given to DISTRICT.

### 8.2. Bodily Injury Death and Property Damage Liability Insurance

8.2.1. Consultant shall also obtain and maintain at all times during the performance of this Agreement General Liability Insurance (including automobile operation) covering CONSULTANT and DISTRICT for liability arising out of the operations of CONSULTANT and any sub consultants. The policy (ies) shall include coverage for all vehicles licensed or unlicensed, on or off DISTRICT'S premises, used by or on behalf of CONSULTANT on the performance of work under this Agreement. The policy shall be subject to a limit for each occurrence of Five Million Dollars (\$5,000,000), naming as an additional insured, in connection with CONSULTANT'S activities, the DISTRICT and its directors officers employees and agents. The Insurer(s) shall agree that its policy(ies) is Primary Insurance and that it shall be liable for the full amount of any loss up to and including the total limit of liability without right of contribution from any other insurance covering DISTRICT.

8.2.2. Inclusion of DISTRICT as an additional insured shall not in any way affect its rights as respects to any claim, demand, suit or judgment made, brought or recovered against CONSULTANT. The policy shall protect CONSULTANT and DISTRICT in the same manner as though a separate policy had it been issued to each, but nothing in said policy shall operate to increase the Insurer's liability as set forth in the policy beyond the amount or amounts shown or to which the insurer would have been liable if only one interest had been named as an insured.

8.2.3. Prior to commencement of work hereunder, CONSULTANT shall deliver to DISTRICT a Certificate of Insurance which shall indicate compliance with the insurance requirements of this Agreement and shall stipulate that thirty (30) days advance written notice of cancellation, non-renewal or reduction and limits shall be given to DISTRICT.

### 8.3. Professional Liability Insurance

CONSULTANT shall also maintain professional liability insurance covering CONSULTANT'S performance under this Agreement with a limit of liability of Two Million Dollars (\$2,000,000) for any one claim. This insurance shall be applicable to claims made and/or occurrence during the term of this Agreement.



CONSULTANT'S Professional Liability coverage shall meet the following requirements:

8.3.1. All deductible or self-insured retention shall not exceed Two Million Dollars (\$2,000,000) per occurrence

8.3.2. Notice that cancellation, material change or non renewal must be received by the DISTRICT at least thirty (30) days prior to such change shall be included in the coverage or added as endorsement to the policy.

8.3.3. The following provisions shall apply of the professional liability coverages are written on claims made form:

8.3.3.1. The retroactive date of the policy must be shown and must be before the date of the Agreement.

8.3.3.2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the Agreement or the work.

8.3.3.3. If coverage is canceled or not renewed or is not replaced with another claims made policy form with a retroactive date that precedes the date of this Agreement, CONSULTANT must provide extended reporting coverage for a minimum of five (5) years after completion of the Agreement or the work. The DISTRICT shall have the right to exercise at the CONSULTANT'S, cost any extended reporting provisions of the policy should the CONSULTANT cancel or fail to renew the coverage.

8.3.3.4. A copy of the information complying with these claims-reporting requirements must be submitted to the DISTRICT prior to the commencement of any work under this Agreement.

#### 8.4. Faithful Performance Bond or Crime Policy

Consultant agrees to provide proof of faithful performance / honesty bond or crime insurance policy covering all officers and employees in the amount of One Million Dollars (\$1,000,000). Notice that cancellation, material change or non-renewal must be received by the DISTRICT at least thirty (30) days prior to such change shall be included in the coverage or added as an endorsement to the bond / policy.

#### 8.5. Deductibles and Self-Insured Retention

Consultant shall disclose the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement. During the period covered by this Agreement, upon express written authorization of the DISTRICT'S General Counsel, CONSULTANT may increase such deductibles or self-insured retentions with respect to the DISTRICT, its officers, employees, agents and volunteers. The DISTRICT General Counsel may condition approval of an increase in deductible or self-insured retention levels upon a requirement that CONSULTANT procure a bond guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

8.6. Notice in Reduction of Coverage.

In the event that any coverage required under this Agreement is reduced, limited or materially affected and any other manner. CONSULTANT shall provide written notice to DISTRICT at CONSULTANT'S earliest possible opportunity and in no case later than five (5) days after CONSULTANT is notified of the change in coverage.

8.7. DISTRICT'S Remedies for CONSULTANTS Failure to Meet Insurance Requirements.

In addition to any other remedies DISTRICT may have if CONSULTANT fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein requested, DISTRICT may, at its sole option:

8.7.1. Obtain such insurance and deduct and retain of the amount of the premiums for such insurance from any sums due under the Agreement.

8.7.2. Order CONSULTANT to stop work under this Agreement or withhold payment which becomes due to CONSULTANT hereunder, or both stop work and withhold payment until CONSULTANT demonstrates compliance with the requirements hereof.

8.7.3. Terminate this Agreement.

The parties acknowledge and agree that DISTRICT'S exercise of any of the above remedies is an alternative to other remedies DISTRICT may have and is not the DISTRICT'S exclusive remedy for CONSULTANT'S failure to maintain insurance or secure appropriate endorsements.

8.8. SELF -INSURANCE

CONSULTANT'S right to self-insure shall be subject to the written approval of the DISTRICT. As a condition to self-insurance CONSULTANT shall submit to DISTRICT evidence of sufficient financial reserves for self-insurance.

9. EQUAL EMPLOYMENT OPPORTUNITY

In connection with the performance of this Agreement, the CONSULTANT shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, sexual orientation, disability or national origin.

10. CONDUCT OF CONSULTANT

10.1. If CONSULTANT'S work under this Agreement will bring CONSULTANT into contact with DISTRICT students, CONSULTANT shall submit a list of employees or other persons who will be working on the DISTRICT school sites and property and CONSULTANT certifies that all of the listed persons are permitted to work on school sites around children and have been cleared under California law and the Education Code. Specifically CONSULTANT must successfully complete a tuberculosis test and a fingerprint check prior to working with or around children.

10.2. In the event that DISTRICT, in its sole discretion, at any time during the term of this Agreement desires the removal of any CONSULTANT'S related persons, employee, representative

or agent from the DISTRICT's school site and, or property. CONSULTANT shall immediately upon receiving notice from DISTRICT of such desire, cause the removal of such person or persons.

#### 11. COMPENSATION

The CONSULTANTS compensation shall be as follows:

##### 11.1. BASE COMPENSATION

The CONSULTANT agrees to perform all of the services included in Section 2. "Scope of Work" and Appendix A attached hereto for a base sum not to exceed \$650,000 in one year. Said compensation is inclusive of all labor, materials, travel, taxes. Profit, overhead, insurance, subcontractor costs and other costs and expenses incurred by CONSULTANT in performance of its obligations under this Agreement shall be borne exclusively by the CONSULTANT.

#### 12. MANNER OF PAYMENT

12.1. Prior to receiving payment, the CONSULTANT'S invoices must be reviewed and approved by the DISTRICT. CONSULTANT shall submit monthly invoices for the services performed under this Agreement. The DISTRICT shall process payment within thirty (30) days of receipt.

12.2. DISTRICT shall pay consultant in twelve (12) equal monthly installments for each year of this agreement.

#### 13. AUTHORIZATION OF CLAIMS TRUST CHECKING ACCOUNT

13.1. For the purpose of performing the agreed upon services under this contract only, CONSULTANT is authorized to maintain a Claims Trust Checking Account by which regular claims management activity may be conducted on behalf of the DISTRICT. CONSULTANT agrees to provide regular check registers and reconciliation of the account to the DISTRICT's Risk Management Designee and to DISTRICT upon the DISTRICT's request. DISTRICT agrees to pay all banking fees related to the operation of the Claims Trust Checking Account.

13.2. A balance of \$600,000 shall be maintained in the Claims Trust Checking Account. CONSULTANT shall submit periodic requests to CLIENT for reimbursement to bring the balance back to that amount, as it is depleted through ordinary operations. The total estimated expenditures, and corresponding reimbursement requests, should not exceed \$6,000,000 during the term of this agreement.

#### 14. CONFLICTS OF INTEREST

14.1. CONSULTANT warrants and covenants the CONSULTANT has no interest in, nor shall any interest be hereinafter acquired in, any matter in violation of any applicable state, local or federal law. In the event that any conflict of interest should nevertheless arise, CONSULTANT shall promptly notify DISTRICT of the existence of the conflict so that the DISTRICT may determine whether to terminate this Agreement. Consultant further warrants its compliance with the State of California Political Reform Act respecting this Agreement.

15. TIME IS OF THE ESSENCE

15.1. Consultant agrees to diligently prosecute the services to be provided under this Agreement to completion and in accordance with any schedules specified herein or mutually agreed to by the parties or JT2 and the DISTRICT's Risk Management Designee. In the performance of this Agreement, time is of the essence.

16. CONSULTANT'S STATUS

16.1. Neither the CONSULTANT nor any party contracting with the CONSULTANT shall be deemed to be an agent or employee of the DISTRICT. The CONSULTANT is and shall be an independent contractor, and the legal relationship of any person performing services for the CONSULTANT shall be one solely between said parties.

17. ASSIGNMENT

17.1. Consultant shall not assign any of its rights nor transfer any of its obligations under this Agreement without the prior written consent of DISTRICT.

18. RECORDS

18.1. To the extent allowable by law, CONSULTANT shall permit representatives of DISTRICT to have access to, examine and make copies, at DISTRICT'S expense, of its books, records and documents relating to this Agreement at all reasonable times. CONSULTANT shall promptly deliver all claims files to the DISTRICT or the newly appointed Third Party Claims Administrator upon termination of the Agreement.

19. DISTRICT WARRANTIES

19.1. The DISTRICT makes no warranties, representations or Agreements, either express or implied, beyond such as are explicitly stated in this Agreement.

20. DISTRICT REPRESENTATIVE

20.1. Except when approval or other action is required to be given or taken by the Board of Directors of the DISTRICT, the Superintendent of the DISTRICT, or such person as he or she shall designate, shall represent and act for the DISTRICT.

21. SUSPENSION AND TERMINATION

21.1. Either party shall have the right to terminate and DISTRICT shall also have the right to suspend this Agreement at any time by giving thirty (30) days written notice to the other party. In the event a suspension or termination for any reason other than the fault of the CONSULTANT, the CONSULTANT shall be compensated in accordance with the provisions of Section 11 for the services performed and expenses incurred to the date of such suspension or termination, plus any reasonable costs and expenses which are reasonably and necessarily incurred by CONSULTANT to effect such suspension or termination. If, in the event of suspension, the project is resumed after being suspended for more than three (3) months, the CONSULTANT'S compensation shall be subject to a renegotiation. If the project is resumed within the period of three (3) months following



notification of suspension, there shall be no change in the CONSULTANT'S compensation. For termination for default, the DISTRICT shall remit final payment to CONSULTANT in an amount to cover only those services performed and expenses incurred in accordance with the terms and conditions of this Agreement up to the effective date of termination.

22. RELEASE OF INFORMATION

22.1. Consultant shall not release any reports information or promotional materials prepared in connection with this Agreement without the express written approval of the DISTRICT'S State Administrator and General Counsel.

23. KEY PERSONNEL

23.1. It is understood and agreed by the parties that at all times during the term of this Agreement Jeff Sandford and /or John Casas shall serve as the primary staff persons of CONSULTANT to undertake, render and oversee all of the services under this Agreement.

24. NOTICES

24.1. All communications relating to the day-to-day activities of the project shall be exchanged between the designated DISTRICT representative(s) and the CONSULTANT.

24.2. All other notices and communications gained by either party to be necessary or desirable to be given to the other party shall be in writing and may be given by personal delivery to a representative of the parties or by mailing the same postage prepaid, addressed as follows:

If to the DISTRICT:

OAKLAND UNIFIED SCHOOL DISTRICT  
Risk Management Office  
Administration Building  
1025 Second Avenue, Room 115B  
Oakland, California 94606

If to CONSULTANT:

JT<sup>2</sup> INTEGRATED RESOURCES  
5820 Stoneridge Mall Road #350  
Pleasanton, California 94588  
ATTENTION: Theresa Fernandez, Chief Administrative Officer

24.3. The address to which mailings may be made maybe change from time to time by notice mailed as described above. Any notice given by mail shall be deemed given on the day after that on which it is deposited in the United States mail has provided above.

25. ATTORNEY'S FEES

If any legal proceedings should be instituted by either of the parties hereto to enforce the terms this Agreement or to determine the rights of the parties thereunder, the prevailing party in said proceeding shall recover, in addition to all court costs, reasonable attorney's fees incurred after filing of lawsuits.

26. DISPUTE RESOLUTION

Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled through arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The prevailing party in the arbitration, as determined by the arbitrator(s), shall be entitled to reasonable attorney's fees and costs.

27. APPLICABLE

27.1. This Agreement, its interpretation and all work performed thereunder, shall be governed by the laws of the State of California.

27.2. All of the terms, provisions and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns and legal representatives.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers as of the day and year first above written.

OAKLAND UNIFIED SCHOOL DISTRICT

By: Vernon Hal  
Vernon Hal

By: \_\_\_\_\_

Title: Deputy Superintendent

Title: \_\_\_\_\_

Jody London  
President, Board of Education

Edgar Rakestraw, Jr.  
Secretary  
Board of Education

File ID Number: 12-1777  
Introduction Date: 6-27-12  
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Enactment Date: 6-27-12  
By: lf

APPROVED AS TO FORM:  
By: [Signature]  
OFFICE OF THE GENERAL COUNSEL FOR THE DISTRICT

(CONSULTANT)  
By: John Casas, President  
for Theresa Fernandez  
Title: Chief Administrative Officer

OUSD or the District verifies that the Contractor does not appear on the Excluded Parties List at [www.epls.gov/epls/search.do](http://www.epls.gov/epls/search.do)

**EXHIBIT A**

**SCOPE OF SERVICES  
PROVIDED TO  
OAKLAND UNIFIED SCHOOL  
BY  
JT2 INTEGRATED RESOURCES**

Effective the first day of July, 2012, the following services will be provided by and between JT2 Integrated Resources ("JT2"), a California Corporation, and the Oakland Unified School District ("CLIENT").

***1. BACKGROUND***

1.1 JT2 is in the business of providing claims administrative assistance to California self-insured employers subject to the California Workers' Compensation Laws.

1.2 CLIENT is a permissibly self-insured California government entity for purposes of administering workers' compensation claims.

1.3 The Client holds a Certificate of Consent to Self-Insure issued by the California Director of Industrial Relations and said Employer is subject to the California Workers' Compensation Laws.

1.4 CLIENT desires to retain JT2, and JT2 desires to be retained by the CLIENT, for the purpose of providing administrative and claims services on the terms and conditions set forth.

***2. JT CLAIMS ADMINISTRATION SERVICES***

2.1 To review on behalf of the CLIENT all reports of injury as defined by California Labor Code Sections 3208 and 3208.1 that are reported by the CLIENT to JT2.

2.2 To determine on behalf of CLIENT for each reported employee injury those benefits, if any, that should be paid or rendered under the California workers' compensation laws

2.3 To establish and maintain a claim file on each reported, which file shall be available to CLIENT for inspection. The maintenance of such files shall exhibit handling practices which meet or exceed minimum industry standard for California workers' compensation claims.

2.4 To maintain current cost-benefit figures and an estimate of the total costs of all reasonable and foreseeable benefits and related expenses on each case.

2.5 To prepare and file on behalf of the CLIENT all legally required forms and reports with the Division of Workers' Compensation and Self Insurance Plans.



2.6 To pay on behalf of the CLIENT from a segregated bank trust account funded by the CLIENT those sums that should reasonably be paid for claims and claim-related expenses under the California Workers' Compensation for each reported claim.

2.7 To refer cases where an employee of the CLIENT files an application with the California Workers' Compensation Appeals Board or any other activity involving litigation to attorneys selected and approved by the CLIENT and not to any other attorneys without the prior written consent of the CLIENT.

2.8 To render assistance as is reasonably necessary in the preparation of litigated cases.

2.9 To pay on behalf of the CLIENT out of the bank trust account funded by the CLIENT all "Allocated Loss Expenses," which is defined to include fees of attorneys, witnesses, court reporters, process servers, independent investigators, Medicare reporting fees, Medicare set-aside fees, fees for depositions, surveillance or the necessary engagement of personnel in the handling of any claim subject to the agreement between JT2 and CLIENT.

2.10 To provide a computerized loss analysis and financial and claim detail reports within ten days following the end of each calendar month.

2.11 To provide and make appropriate claims reports to excess carriers and collect excess recoveries, including the return of excess recoveries to the CLIENT.

2.12 To attend CLIENT meetings, as requested.

2.13 To provide monthly reconciliations of the bank trust account, including, when requested, reconciliations of loss runs for amounts expended from the bank trust account.

2.14 To advise the CLIENT on any material problems or need for improvement in the claims reporting, administration or other aspects of the workers' compensation program.

2.15 To employ, as necessary, outside vendors subject to obtaining the CLIENT's prior written approval of all vendors eligible to provide services, directly or indirectly, on behalf of or for the CLIENT.

#### 2.16 Unit Staffing

JT2 will provide a dedicated claim's team consisting of experienced and competent staff in an on-premise unit throughout the term of this Agreement who will be assigned exclusively to the Client, with the exception of the unit supervisor. Staff will consist of:

- 1/2 Supervisor
- 3 Examiners
- 2 Claims Assistants

The CLIENT shall make final approval of staff assigned to the CLIENT's account and may, by mutual agreement, modify the number and composition of the staff to ensure delivery of

the highest standard of claims adjusting Services. Staffing changes shall not be made without the advance written approval of the CLIENT. Any reduction of examiner staffing below 3 positions will result in price adjustment reflective of the reduced staffing costs. Any increase of examiner staffing above 3 positions as a result of the Client -caused indemnity claims reporting increase will result in price adjustment reflective of the increased staffing costs.

The caseload of examiner staff assigned to the Client's account shall not exceed 150 open/active claims (inclusive of Indemnity claims) on the Client's account, per claims examiner, unless approved by the Client. Open/Active cases are claims that are open with unresolved/unpaid disability and/or unresolved litigation. The Client also shall have the right to dictate removal of assigned staff from the Client's Workers' Compensation Administration Program.

### ***3. OBLIGATIONS OF CLIENT***

During the Term of this Agreement, the CLIENT agrees as follows:

3.1 To promptly report all employee injuries and forward to JT2 all letters, correspondence or any other information, oral or written, received by the CLIENT which is or could be relevant to the efficient and proper handling of any reported claim.

3.2 To maintain a trust bank account which shall at all times contain sufficient funds to enable JT2 to make timely payments of claims, allocated loss expenses and all other amounts which JT2 is authorized or required to make on behalf of the CLIENT.

3.3 To provide JT2 with all payroll, financial and other data and information necessary or appropriate to enable JT2 to perform under the term of the Agreement.

### ***4. INCORPORATED TERMS***

4.1 The CLIENT shall have the right and opportunity to approve or reject any proposed examiner/supervisor provided by JT2. The CLIENT shall also have the opportunity to review the service provided by the examiner/supervisor and require a new examiner/supervisor if the service is unacceptable to the CLIENT.

4.2 Return calls to applicants and CLIENT will be made in the same business day whenever possible or within four business hours of receipt.

4.3 Contact of injured workers will be made within two business days of receipt of all indemnity claims.