

406-00300

CONSULTING SERVICES AGREEMENT

The CONSULTING SERVICES AGREEMENT, hereinafter referred to as "Agreement" is between Sacramento City Unified School District hereinafter referred to as "Client" and Intercare Insurance Solutions, hereinafter as referred to as "Consultant."

WHEREAS, Client wishes to engage Consultant to provide the services described herein in accordance with the terms and conditions contained in this Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Client and Consultant hereby agree to the terms set forth below.

1. SCOPE OF SERVICES

1.1. **Services** – Consultant will provide Client with all services as described in and subject to the conditions contained in Exhibit A, Scope of Services (collectively "Consulting Services").

1.2. **Confidentiality** – The Consulting Services and work product provided by Consultant are provided for the exclusive use of Client. Data, recommendations, proposals, reports, and similar information and work product ("Confidential Information") provided by Consultant, are not to be distributed to, used or relied upon by other parties without the written consent of Consultant. Confidential Information shall be and remain the exclusive property of Consultant and/or its affiliates and no copies thereof shall be made without the written permission of Consultant. The provisions of this paragraph shall survive the termination of this agreement.

A valid, fully executed Business Associate Agreement is required between Client and Consultant to comply with 45 C.F.R. Part 160 and 164 (the "Privacy Regulation") under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

1.3. **Outside Consulting Services** – Consultant shall use the service of legal, actuarial and other consulting services as required in the performance of Consultant's duties for the Client. The Client shall not be responsible for additional fees for such services without prior written disclosure and mutual agreement between Consultant and Client.

1.4. **Change in Scope of Services** – For services not contained in Exhibit A, Scope of Services, Client and Consultant agree to the terms as described in section 3. Cost of Services, subsection 3.2, Additional Fees. If Client and Consultant determine that a change in the Scope of Services is appropriate, Client and Consultant agree to negotiate in good faith to amend the description of the consulting services set forth in Exhibit A and determine the timing of performance and appropriate adjustments to the Cost of Service.

2. DISCLOSURE AND RECORD KEEPING

2.1. **Full Disclosure.** Client has the right to approve any arrangements and/or the utilization of any intermediaries in connection with, or arising out of, or in any way related to Client's employee benefits program. Consultant must seek approval from Client prior to the use of any of the above in connection with the Client's employee benefits program.

2.2. **Record Keeping.** Consultant will maintain accurate and current files including, but not limited to, insurance policies and correspondence with insurers or Client in accordance with industry standard record retention practice or as otherwise directed by Client.

3. TERM AND TERMINATION

3.1. **Term** – The term of this Agreement shall be for three years, commencing on July 1, 2007 and ending June 30, 2010.

3.2. **Termination** – The Agreement may be terminated after June 30, 2009 by either party only as follows:

3.2.1. Effective upon thirty (60) days advance written notice to the other party stating that such other party is in material breach of any of the provisions of this Agreement, provided such breach (if able to be cured) is not cured within sixty (60) days after the notice is received;

3.2.2. Effective upon sixty (60) days advance written notice to the other party given with or without reason; provided such notice is given after the Initial Term; or

3.2.3. By mutual written agreement of the parties.

4. COST OF SERVICES

4.1. **Consulting Fee** – Consultant professional fees are based on Scope of Services as described in Exhibit A. Client agrees to pay Consultant professional fees as outlined in Exhibit B.

4.2. **Additional Fees** – Services not contained in the Consulting Services described in Exhibit A, Scope of Services, will be provided on a project basis for an additional fee to be disclosed in writing and shall be undertaken upon mutual agreement between Consultant and Client.

5. Entire Agreement

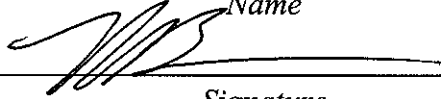
This constitutes the entire Agreement between Client and Consultant, and any other warranties or agreements are hereby superseded.

Subsequent amendments to this Agreement shall only be in writing signed by both parties.

Intercare Insurance Solutions

Michael J. Barone

Name



Signature

President

Title

7/26/07

Date

Sacramento City Unified School District

Tom Barentson

Name



Signature

Deputy Superintendent/CFO, Administrative Services

Title

7/26/07

Date

EXHIBIT A
SCOPE OF SERVICES

The Consultant shall provide, subject to the terms of this Agreement, the following consulting and brokerage services for the Client's employee benefits programs:

1. **Strategic Benefit Planning** – Consultant will participate in monthly benefit strategy meetings, the dates and times as mutually agreed upon by Consultant and Client, to assist in the development of an overall health plan strategy that meets the objectives of the Client.
2. **Renewal and Plan Marketing** – Consultant will analyze and negotiate rates and terms with the Client's insurance carriers and administrators and assess plan marketing needs. Consultant will present a summary of its findings and results to the Client, including a qualitative and quantitative analysis with recommendations.
3. **Benefit Design.** Consultant will help to ensure that benefit designs are consistent with the strategic benchmarks and targets set forth in the strategic benefit planning process
4. **Actuarial Services.** Consultant will provide consulting and actuarial support for actuarial evaluations of the Client's self-funded programs for future annual costs of those benefits as required by section 17566 of the California Education Code.
5. **Compliance Tools & Legislative Information.** Consultant will provide informational materials on legislative developments impacting employee benefit plans, including public entity-specific issues.
6. **Meetings with Client and Vendors.** In addition to monthly strategic benefit planning meetings, Consultant shall participate and facilitate as needed with:
 - a. Client bargaining unit representatives
 - b. Client committees, such as PHIT wellness
 - c. Board meetings and presentations
7. **Open Enrollment Support.** Consultant will provide onsite personnel in support of Client's open enrollment activity at locations specified by Client.

EXHIBIT B
CONSULTING FEES - COMMISSIONS

For services outlined in this Agreement, Consultant will be paid a fee for non-Kaiser/non-PERS employee benefits Consulting Services equal to a percentage of insurance premiums on fully-insured products and a Per Employee Per Month (PEPM) fee on self-funded vision product and a percentage of paid claims on self-funded dental product paid as follows:

Medical/Health Net:	.75% of monthly premium
Delta Dental:	.25% of paid claims
VSP Vision:	\$0.16 PEPM
Life/Health Net:	10% of monthly premium
Teamsters LTD & STD/Hartford:	10% of monthly premium

Services not contained in Exhibit A shall be subject to the terms and provisions outlined in 4.2. Additional Fees under section 4. Cost of Services.

In addition to the above fees, Consultant may be compensated with contingency fees. These fees are determined by business volume and/or underwriting based on Consultant's entire book of business. The fees are not tied to a specific account and are not guaranteed. Recommendations made to Client shall be based on a number of factors including cost, service and financial strength and will not be based on contingency agreements. Final decisions related to Client employee benefits program shall be solely the Client's.