

PRINCE WILLIAM SELF-INSURANCE GROUP

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MEMBERS

Prince William County
Prince William County
Manassas Regional Adult
Detention Center
Prince William County
Park Authority

CONTRACT: 4015NA5

SUBJECT: Administration Services for PWSIG Workers' Compensation
Association

Between:

PRINCE WILLIAM COUNTY SELF-INSURANCE GROUP
WORKERS' COMPENSATION ASSOCIATION
1 COUNTY COMPLEX COURT (MC455)
PRINCE WILLIAM, VA 22192-9201

703-792-6770 METRO 631-1703 EXT 6770

and the Contractor:

SELF INSURANCE SERVICES, LLC
8001 FRANKLIN FARMS DRIVE #217
RICHMOND, VA 23229
Telephone: 804-285-8100
Facsimile: 804-285-3248

This Contract is entered into this ____ day of August, 2003, by and between the Prince William Self-Insurance Group Workers' Compensation Association, Prince William County, Virginia, or its authorized agents, and the Contractor identified above for services identified herein, on the following terms and conditions. This Contract is prepared in accordance with the Purchasing Regulations of Prince William County, which are incorporated herein by reference.

An Equal Opportunity Employer

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SECTION I

SPECIAL PROVISIONS

I.1 Definitions

"PWSIG" shall mean the Prince William Self-Insurance Group Workers' Compensation Association.

"Using Department" for the purpose of this Contract shall mean Prince William Self-Insurance Group Workers' Compensation Association.

"Contract Administrator" assigned to administer this Contract for the PWSIG is Lori Gray, Risk Manager.

"Contractor" shall mean:

SELF INSURANCE SERVICES, LLC
8001 FRANKLIN FARMS DRIVE #217
RICHMOND, VA 23229
Telephone: 804-285-8100
Facsimile: 804-285-3248

whose authorized representative is Peggy DeBord, President, who is responsible for the performance obligation of the Contractor under this Contract.

I.2 Contract Period

The term for this Contract shall be for three (3) years from date of execution. The PWSIG shall have the option to extend the Contract for five (5) additional one-year periods, contingent upon availability of funds for the purpose. The option to renew shall be exercised at the sole discretion of the PWSIG.

The PWSIG shall give the Contractor reasonable written notice of intent to renew prior to the expiration date of the current contract. In the absence of any notification to renew, the contract shall automatically terminate on the expiration date specified in the contract. Agreement to extend the contract term shall not be final until the contractor provides written acknowledgement of the extension.

I.3 Incorporation of Documents

The following documents are hereby incorporated by reference into this Contract:

1. Contractor's Proposal entitled Prince William Self-Insurance Group and dated June 12, 2003.

I.3 (Continued)

2. County's Solicitation number RFP030026 entitled Administration Services for Self-Insurance Pools and dated May 15, 2003.

In the event of an inconsistency between the above referenced documents the inconsistency shall be resolved by giving precedence to the following: #RFP030026. This Contract shall take precedence over all the documents referenced above.

I.4 Provision of Services

The Contractor hereby agrees to provide Administration Services to the PWSIG as described herein. This Provision shall take precedence over the documents set forth in Provision I.3, Incorporation of Documents, in the event of inconsistency.

1. Maintain, implement, and recommend changes to coverage for workers' compensation insurance policies purchased by or through the PWSIG.
2. Coordinate the activities of all service providers for the PWSIG.
3. Review and authorize all State Corporation Commission regulatory filings and coordinate all regulatory examinations. Coordinate the Bureau of Insurance tri-annual insurance examinations.
4. Attend all quarterly PWSIG Board meetings and Finance Committee meetings, as necessary; serving in an ex-officio capacity to the Board and its committees.
5. Coordinate and review the compilation of all data for actuarial studies, contribution calculations, and insurance policy renewals.
6. Annually review the exposures of participants and investigate the need to alter the scope of coverage offered by the PWSIG.
7. Prepare, coordinate and distribute all forms required for administrative activities and maintain all members' records.
8. Assure that accurate loss records are maintained for each Pool.
9. Prepare and present an annual management report for the PWSIG. These reports should outline the activities of the Administrator and PWSIG during the most recently completed fiscal year. These reports are due within 160 days from the end of the fiscal year of the Pool. The PWSIG shall have the opportunity to comment on the report prior to its finalization and delivery. In the annual reports, areas to be covered include:
 - a. Program Management
 - b. Risk Control/Safety Engineering

I.4 (Continued)

- c. Claims Administration including subrogation
 - d. Actuarial and Underwriting
 - e. Financial Condition
 - f. Recommendations
 - g. Projections
10. Provide certificates of insurance and any other documents necessary to administer the Pools.
 11. Bill and collect member premiums and other funds relating to the Pools.
 12. Advise PWSIG Board on policy matters relating to the State Corporation Commission.
 13. Establish and maintain a resident address for the Association and maintain PWSIG's books at that resident location.

I.5 Contract Amount

In return for the services identified above, and subject to the "Non-Appropriation of Funds" clause herein, the County certifies that sufficient funds are budgeted and appropriated and shall compensate the Contractor an amount not to exceed \$18,600 per year for the initial three year contract term in accordance with such formula for payments as set forth in I.6 Method of Payment. After the initial year of service, the parties may consider renegotiating the contract amount downward based on a potential reduction in the level of effort.

I.6 Method of Payment

The Contractor shall submit quarterly invoices listing the services performed and completed as outlined in Provision of Services. The invoice shall cite the Contract Number and date of services.

The PWSIG will make payment to the Contractor, net 30 days or in accordance with discount terms, if offered, after receipt of an acceptable invoice and satisfactory completion of each of the requested services as set forth in Provision of Services.

I.7 Time of the Essence and Completion

Time shall be of the essence to this Contract, except where it is herein specifically provided to the contrary.

I.8 Inspection and Acceptance

All tasks and reports shall be conducted and completed in accordance with recognized and customarily accepted industry practices, and shall be considered complete when the deliverables are approved as acceptable by the Contract Administrator in writing. In the event of rejection of any report or deliverable, the Contractor shall be notified in writing and shall have ten (10) working days from date of issuance of notification to correct the deficiencies and resubmit the report/deliverable. Failure to submit acceptable work within the 10 days shall constitute a breach of the contract for which the Contractor may be held in default.

I.9 Insurance

The Contractor shall maintain insurance, in an amount and a form set forth in RFP RFP030026.

I.10 Hold Harmless

The Contractor hereby agrees to indemnify and hold harmless the PWSIG, its officers, agents and all employees and volunteers, from any and all claims for property damage, bodily injuries and personal injuries to the public, including cost of investigation, all reasonable attorneys fees, and the cost of appeals arising out of any such claims or suits, because of any and all acts of omission or commission of the Contractor, including its agents, Subcontractors, employees and volunteers, in connection with Work under this Contract.

It is understood and agreed that the Contractor is at all times herein acting as an independent Contractor.

SECTION II**GENERAL PROVISIONS****II.1 Assignability of Contract**

Neither this Contract, nor any part hereof, may be assigned by the Contractor to any other party without the express written permission of the PWSIG.

II.2 Modifications or Changes to the Contract

All modifications and changes to the Contract shall be in writing.

The Head of the Using Department of this Contract, with the concurrence of the Purchasing Manager (except as otherwise provided by the Purchasing Regulations), shall, without notice to any sureties, have the authority to order changes in this Contract which affect the cost or time of performance. Such changes shall be ordered in writing specifically designated to be a "Change Order." Such orders shall be limited to reasonable changes in the services to be performed or the time of performance; provided that the Contractor shall not be excused from performance under the changed Contract by failure to agree to such changes, and it is the express purpose of this provision to permit unilateral changes in the Contract subject to the conditions and limitations herein.

The Contractor need not perform any work described in any change order unless it has received a certification from the County that there are funds budgeted and appropriated sufficient to cover the cost of such changes.

The Contractor shall make a demand for payment for completed changed work within 30 days of receipt of a change order, unless such time period is extended in writing, or unless the Purchasing Manager requires submission of a cost proposal prior to the initiation of any changed work or supplies. Later notification shall not bar the honoring of such claim or demand unless the PWSIG is prejudiced by such delay.

No claim for changes ordered hereunder shall be considered if made after final payment in accordance with the Contract.

**II.3 Employment Discrimination for Contracts
Over \$10,000**

1. During the performance of this Contract, the Contractor agrees as follows:

a. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law

II.3 (Continued)

relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provision of this nondiscrimination clause.

b. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.

c. Notices, advertisements, and solicitations placed in accordance with Federal law, rule, or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

2. The Contractor will include the provisions of the foregoing paragraphs a, b, and c in every Subcontract or purchase order over \$10,000.00, so that the provisions will be binding upon each Subcontractor or Contractor.

II.4 Drug-free Workplace to be Maintained by Contractor for Contracts over \$10,000.00

During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every Subcontract or purchase order over \$10,000.00, so that the provisions will be binding upon each Subcontractor or Contractor.

For the purpose of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific Contract awarded to a Contractor in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession, or use of any controlled substance or marijuana during the performance of this Contract.

II.5 Disputes

Disputes by the Contractor with respect to this Contract shall be decided by the PWSIG Members Supervisory Board. Decision by the PWSIG Members Supervisory Board shall be final and binding unless set aside by a court of competent jurisdiction as fraudulent, capricious, arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not to be

II.5 (Continued)

supported by any evidence. Pending a final determination of a properly appealed decision of the PWSIG Members Supervisory Board, the Contractor shall proceed diligently with the performance of the Contract in accordance with that decision.

II.6 Termination for Convenience of the PWSIG

The parties agree that the PWSIG may terminate this Contract, or any work or delivery required hereunder, from time to time either in whole or in part, whenever the PWSIG shall determine that such termination is in the best interests of the PWSIG.

Termination, in whole or in part, shall be effected by delivery of a Notice of Termination signed by the Chairman of the PWSIG, mailed or delivered to the Contractor, and specifically setting forth the effective date of termination.

Upon receipt of such Notice, the Contractor shall:

1. Cease any further deliveries or work due under this Contract, on the date, and to the extent, which may be specified in the Notice;
2. Place no further orders with any subcontractors except as may be necessary to perform that portion of this Contract not subject to the Notice;
3. Terminate all subcontracts except those made with respect to Contract performance not subject to the Notice;
4. Settle all outstanding liabilities and claims which may arise out of such termination, with the ratification of the Purchasing Manager of Prince William County; and
5. Use its best efforts to mitigate any damages which may be sustained by it as a consequence of termination under this clause.

After complying with the foregoing provisions, the Contractor shall submit a termination claim, in no event later than six (6) months after the effective date of its termination, unless an extension is granted by the Purchasing Manager.

The Purchasing Manager, with the approval of the PWSIG and the State Corporation Commission, shall pay from the PWSIG's budget reasonable costs of termination, including a reasonable amount for profit on supplies or services delivered or completed. In no event shall this amount be greater than the original Contract price, reduced by any payments made prior to Notice of Termination and further reduced by the price of the supplies not delivered, or the services not provided. This Contract shall be amended accordingly, and the Contractor shall be paid the agreed amount.

II.6 (Continued)

In the event that the parties cannot agree on the whole amount to be paid to the Contractor by reason of termination under this clause, the Purchasing Manager shall pay to the Contractor the amounts determined as follows, without duplicating any amounts which may have already been paid under the preceding paragraph of this clause:

1. With respect to all Contract performance prior to the effective date of Notice of Termination, the total of:
 - a. Cost of work performed or supplies delivered;
 - b. The cost of settling and paying any reasonable claims as provided in subparagraph (4), above;
 - c. A sum as profit on (a) determined by the Purchasing Manager to be fair and reasonable.
2. The total sum to be paid under (a) above shall not exceed the Contract price, as reduced by the amount of payments otherwise made, and as further reduced by the Contract price of work or supplies not provided.

In the event that the Contractor is not satisfied with any payments which the Purchasing Manager shall determine to be due under this clause, the Contractor may appeal any claim to the PWSIG in accordance with the "Disputes" clause of this Contract.

When termination for the convenience of the PWSIG is a provision of this Contract, the Contractor shall include similar provisions in any subcontract, and shall specifically include a requirement that subcontractors make all reasonable efforts to mitigate damages which may be suffered. Failure to include such provisions shall bar the Contractor from any recovery from the PWSIG whatsoever of loss or damage sustained by a subcontractor as a consequence of termination for convenience.

II.7 Termination for Default

Either party may terminate this Contract, without further obligation, for the default of the other party or its agents or employees with respect to any agreement or provision contained herein.

II.8 Termination for Non-Appropriation of Funds

If funds are not appropriated for any succeeding fiscal year subsequent to the one in which this Contract is entered into, for the purposes of this Contract, then the PWSIG may terminate this Contract upon thirty (30) days prior written notice to the Contractor. Should termination be accomplished in accordance with this Section, the PWSIG shall be liable only for payments due through the date of termination.

II.9 Payments to Subcontractors

In the event that the Contractor utilizes a subcontractor for any portion of the work under this Contract, the Contractor hereby agrees to:

1. The Contractor shall take one (1) of the two (2) following actions within seven (7) days after receipt of amounts paid to the Contractor by the PWSIG for work performed by a subcontractor under the Contract.
 - a. Pay a subcontractor for the proportionate share of the total payment received from the PWSIG attributable to the work performed by that subcontractor under the Contract; or
 - b. Notify the agency and any subcontractors, in writing, of its intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.
2. The Contractor shall be obligated to pay interest to a subcontractor on all monies owed by the Contractor that remain unpaid after seven (7) days following receipt by the Contractor of payment from the PWSIG for work performed by a subcontractor under the Contract, except for amounts withheld under Subsection 1 b. of this section. The Contractor's obligation to pay an interest charge to a subcontractor pursuant to the provisions of this section may not be construed to be an obligation by the PWSIG. A contract modification may not be made for the purpose of providing reimbursement for any such interest charge. A cost reimbursement claim may not include any amount for reimbursement for such interest charge.
3. Unless otherwise provided under the terms of this Contract, interest shall accrue at the rate of one percent (1%) per month.
4. The Contractor is hereby required to include in each of its subcontracts a provision requiring each subcontractor to otherwise be subject to the same payment and interest requirements set forth in subsection 2. and 3. of this section with respect to each lower-tier subcontractor.

II.10 Examination of Records

The Contractor agrees that the County, or any duly authorized representative, shall, until the expiration of three (3) years after final payment hereunder, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this Contract.

The Contractor further agrees to include in any subcontract for more than \$10,000 entered into as a result of this Contract, a provision to the effect that the subcontractor agrees that the County or any duly authorized representative shall, until the expiration of three (3) years

II.10 (Continued)

after final payment under the subcontract, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of such Contractor involved in transactions related to such subcontract, or this Contract. The term "subcontract" as used herein shall exclude subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public. The period of access provided herein for records, books, documents and papers which may relate to any arbitration, litigation, or the settlement of claims arising out of the performance of this Contract or any subcontract shall continue until any appeals, arbitration, litigation or claims shall have been finally disposed of.

II.11 Examination of Records

The Contractor agrees that the PWSIG, or any duly authorized representative, shall, until the expiration of five (5) years after final payment hereunder, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of the Contractor involving transactions related to this Contract.

The Contractor further agrees to include in any subcontract for more than \$10,000 entered into as a result of this Contract, a provision to the effect that the subcontractor agrees that the PWSIG or any duly authorized representative shall, until the expiration of five (5) years after final payment under the subcontract, have access to and the right to examine and copy any directly pertinent books, documents, papers and records of such Contractor involved in transactions related to such subcontract, or this Contract. The term "subcontract" as used herein shall exclude subcontracts or purchase orders for public utility services at rates established for uniform applicability to the general public. The period of access provided herein for records, books, documents and papers which may relate to any arbitration, litigation, or the settlement of claims arising out of the performance of this Contract or any subcontract shall continue until any appeals, arbitration, litigation or claims shall have been finally disposed of.

II.12 Ethics in Public Contracting

The Contractor hereby certifies that it has familiarized itself with Article 6 of Title 2.2 of the Virginia Public Procurement Act, Sections 2.2-4367 through 2.2-4377, VA Code Ann., and that all amounts received by it, pursuant to this Procurement, are proper and in accordance therewith.

II.13 Governing Law

This Contract and any disputes hereunder shall be governed by the laws of the Commonwealth of Virginia.

II.14 Integration

This Contract shall constitute the whole agreement between the parties. There are no promises, terms, conditions, or obligations other than those contained herein, and this Contract shall supersede all previous communications, representations, or agreements, written or verbal, between the parties hereto.

PRINCE WILLIAM SELF-INSURANCE GROUP SELF INSURANCE SERVICES, LLC
WORKERS' COMPENSATION ASSOCIATION

County Representative

Contractor Representative

Title

Title

ATTEST:

Purchasing Manager

APPROVED AS TO FORM COUNTY ATTORNEY'S OFFICE

_____ Date: _____