

THE STATE OF TEXAS §
§
COUNTY OF HIDALGO §

SERVICE CONTRACT
C-06-231-01-16

THIS CONTRACT is made and entered in this **16th** day of **January, 2007** by and between the **County Of Hidalgo, TEXAS** ("County"), and **Milliman, Inc.**, a Texas Corporation ("Company").

WHEREAS, Company has offered to perform actuary services for Hidalgo County as more particularly prescribed on Exhibit "A" which is attached hereto and incorporated herein by reference (the "Service"); and

WHEREAS, in recognition of and in consideration of Company's agreement to perform the Services, the Commissioners Court of County desires to award a contract to Company to perform the Services.

NOW, THEREFORE, in mutual consideration of the foregoing and the further consideration of the following, the parties hereto agree as follows:

1. County and Company hereby agree that this Contract is entered into in order to provide the Actuary Services at the offices of Hidalgo County. This Contract does not extend to any third parties any duties or benefits conferred in any manner hereunder or otherwise.

2. Company hereby promises and agrees to render and provide, during the term of this Contract, and shall be obligated to render and provide the Services. Company agrees in performing the Services that it will use proper professional standards, comply with any and all appropriate laws and regulations in providing the Services, and devote such time as is necessary to safely and efficiently provide the Services.

3. This Contract shall be for a period of two (2) years beginning **January 16, 2007** with County's option to renew for an additional one (1) year, at the same rates, terms and conditions.

4. As a condition of this Contract, Company shall hold and maintain throughout the term of this Contract all licenses and permits required, of which may be required by any authority during the term hereof to provide the Services.

5. As consideration for rendering the Service provided for in this Contract, the County agrees to pay Company the amounts specified in Exhibit "B" attached hereto payable against written invoice submitted by Company.

6. Company shall provide, to the extent it deems necessary, insurance in force on all persons connected with providing services under this Contract naming County as an additional insured on the General Liability policy, and shall furnish to County certificates of such insurance coverage as described on Exhibit "C" attached hereto, notwithstanding anything to the contrary on RFP/Q No: 2006-231-11-15-VYG.

7. Subject to the limitations contained in Section 8 herein, Company shall indemnify and hold harmless County, its elected officials, employees and agents from any and all claims, damages, losses, and expenses including attorney's fees for the defense of any action against County arising out of, resulting from, or connected with the negligent provision of the Service by Company under this Contract. Said indemnity shall cover any negligent act or failure to act by the Company, its agents or employees.

8. Company will perform all services in accordance with applicable professional standards. The parties agree that Company, its officers, directors, agents and employees, shall not be liable to County, under any theory of law including negligence, tort, breach of contract or otherwise, for any damages which exceed One Million Dollars (\$1,000,000). In no event shall Company be liable for lost profits of County or any other type of incidental or consequential damages. The foregoing limitations shall not apply in the event of the gross negligence, intentional fraud or willful misconduct of Company.

9. This Contract shall not be assignable in whole or in part by either party without prior written consent of the other party.

10. Company's work is prepared solely for the use and benefit of County, in accordance with its statutory and regulatory requirements. Company recognizes that materials it delivers to County may be public records subject to disclosure to third parties, however, Company does not intend to benefit and assumes no duty or liability to any third parties who receive Company's work and may include disclaimer language on its work product so stating. County agrees not to remove any such disclaimer language from Company's work. To the extent that Company's work is not subject to disclosure under applicable public records laws, County agrees that it shall not disclose Company's work product to third parties without Company's prior written consent; provided, however, that County may distribute Company's work to (i) its professional service providers who are subject to a duty of confidentiality and who agree to not use Company's work product for any purpose other than to provide services to County, or (ii) any applicable or governmental agency, as required.

11. Any notice required or permitted to be given hereunder shall be in writing and shall be delivered personally or sent by certified mail, postage prepaid, as set forth below:

If to County:

The County of Hidalgo
Attn: County Judge
100 E. Cano
Edinburg, Texas 78539

If to Company:

Milliman, Inc.
Attn: James Tumlinson, Jr.
333 Clay Street, Ste. 4330
Houston, Texas 77002

12. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

13. This Contract shall not be assignable in whole or in part by either party without prior written consent of the other party.

14. It is expressly agreed that this Contract and the performance by the parties hereunder does not create any agency relationship or master-servant relationship, that the County has no supervision of the performance of the Services provided by Company, and that Company is an independent contractor under this Contract.

15. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

16. This Agreement may be terminated by either party without cause upon thirty (30) days written notice.

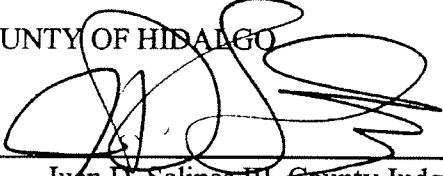
17. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective heirs, executors, administrators, legal representatives, successors, and assigns where permitted by this Agreement.

18. In the event that, during any term hereof, the Commissioners Court does not appropriate sufficient funds to meet the obligations of County under this Agreement, County may terminate this Agreement upon ninety (90) days written notice to Company. County agrees, however, to use reasonable efforts to secure funds necessary for the continued performance of this Agreement. The parties intend this provision to be a continuing right to terminate this Agreement at the expiration of each budget period of Buyer pursuant to the provisions of Tex. Loc. Govt. Code Ann. § 271.903 (Vernon Supp. 1996). The Company shall be entitled to compensation for satisfactory services rendered to County prior to the effective date of termination.

19. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and shall be performable in Hidalgo County.

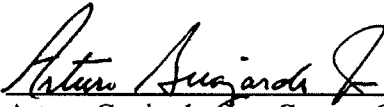
WITNESS our hands in duplicate originals this _____ day of _____ 2007

COUNTY OF HIDALGO

By: 

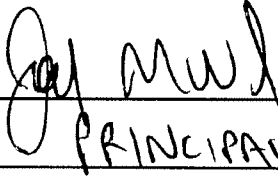
Juan D. Salinas III, County Judge

ATTEST:



Arturo Guajardo Jr., County Clerk

COMPANY: Milliman Inc.

By: 

PRINCIPAL

Approved on Commissioners' Court January 16, 2007

APPROVED AS TO FORM:
Atlas & Hall, L.L.P.


By: 

EXHIBIT "A"

HIDALGO COUNTY

For the purpose of providing Professional Actuary Consulting Services for the implementation of GASB 43 and/or 45 for Hidalgo County's Post-Employment Benefits Package (OPEB) for Health Benefits for Retired Employees.

RFP&Q NO: 2006-231-11-15-VYG-Hidalgo County-Actuarial Services For GASB 43 and/or 45.

TASKS AND/OR SERVICES SHALL INCLUDE, BUT NOT LIMITED TO:

- A. Conduct a complete needs assessment desired study completion date within six weeks of receipt of all data.
- B. Will be required to make a formal presentation of the "Actuarial Study" to Hidalgo County Commissioners Court.
- C. Analyze the data to access any inconsistencies and make recommendations for enhancing data quality.
- D. Prepare an actuarial evaluation following GASB 43 and/or 45 standards.
- E. Study must include the following:
 - The actuarial present value of total projected benefits.
 - Actuarial accrued liability.
 - Actuarial value of assets.
 - The unfunded actuarial accrued liability.
 - Normal Cost
 - Annual required contribution of the employer-as a level dollar amount and as a level percentage of covered payroll.
 - Net OPEB obligation (for employer disclosure under GASB statement 45 if necessary).
 - Prepare the necessary material for the Comprehensive Annual Financial Report to comply with GASB OPEB reporting and disclosure requirements.
 - Prepare the annual gain/loss analysis to determine reasons for changes in the unfunded actuarial accrued liability, whenever a prior actuarial valuation is available to support this.
 - Determine the implicit rate subsidy, if any, and the impact it would have on the OPEB liability.
 - Prepare an analysis to determine how establishing a trust or equivalent arrangement would affect the interest rate assumption. Timing considerations of establishing the trust should also be considered.
 - Prepare a cash flow analysis (the "pay-as-you-go-cost"). **Optional**
 - Prepare sensitivity analysis showing the impact of alternative assumptions on the employer's contributions (healthcare trend rates and investment rate

assumptions) **Optional**

- If there is not a trust established, determine the difference in liability based upon the investment returns under a diversified portfolio versus a short-term fixed income portfolio. **Optional**
- As appropriate, provide recommendations on managing the OPEB liability. This may include changes in plan design. **Optional**
- As appropriate, review and update plan documents and design. Make recommendations as to formalizing informal plans. **Optional**

EXHIBIT “B”

PAYMENT SCHEDULE

Fees for Services

Initial Valuation: \$25,000.00

Plan Design and Funding: Provided as needed and based on scope of services

Ongoing Valuation: \$25,000.00

(Best and Final Offer Clarification was presented to Commissioners Court on Tuesday, May 15, 2007 and it was approved as referenced above.)

EXHIBIT "C"

INSURANCE REQUIREMENTS

The Bidder awarded the contract shall furnish proof of insurance, which will also include any subcontractor that is subcontracted by the bidder in at least the following limits, to be in place prior to providing any services under this Contract and to continue at all times in force in effect during the term of this Contract:

1. Professional liability insurance policy with limits of at least One Million Dollars (\$1,000,000) per claim.
2. Automobile liability insurance policy with limits of at least Three Hundred Thousand Dollars (\$300,000.00) per person and \$500,000.00 per occurrence, consistent with potential exposure to Hidalgo County under the Texas Tort Claims Act. Coverage should include injury to or death of persons and property damage claims (with limits up to \$500,000.00) arising out of the services provided to Hidalgo County hereunder;
3. Uninsured/Underinsured motorist coverage in an amount equal to the bodily injury limits set forth immediately above;
4. A Five Hundred Thousand Dollar (\$500,000.00) Comprehensive General Liability insurance policy providing additional coverage to Hidalgo County consistent with potential exposure of Hidalgo County under the Texas Tort Claims Act;
5. Workers compensation insurance in amounts established by Texas law, unless the Bidder is specifically exempted from the Texas Workers' Compensation Act, Texas Labor Code Chapter 401, et. seq.

Certificates of insurance naming Hidalgo County as an additional insured on the General Liability policy shall be submitted to Hidalgo County for approval prior to any services being performed by Contractor. Each policy of insurance required hereunder shall extend for a period equivalent to, or longer than the term of the Contract, and any insurer hereunder shall be required to give at least thirty (30) days written notice to Hidalgo County prior to the cancellation of any such coverage on the termination date, or otherwise. This Contract shall be automatically suspended upon the cancellation, or other termination, of any required policy of insurance hereunder, and such suspension shall continue until evidence of adequate replacement coverage is provided to Hidalgo County. If replacement coverage is not provided within thirty (30) days following suspension of the Contract, this Contract shall automatically terminate.

- 12. A. Requesting exemption from competitive requirements under Texas Local Government Code, Section 262.024 (a)(7) and approval of a Sole Source Declaration of Remington Technologies Division for the sell of Eye Ball (Kit) which is sold to law enforcement agencies, only. (See attachments).**

On motion of Commissioner Handy, seconded by Commissioner Palacios, the Court made a UNANIMOUS vote of approval.

B. Presentation for discussion, consideration and acceptance of purchase of radios and equipment from Motorola in a total amount of \$1,750.00 through the County's interlocal agreement with HGAC pricing includes shipping and HGAC fees.

On motion of Commissioner Garza, seconded by Commissioner Handy, the Court made a UNANIMOUS vote of approval.

- 13. Requesting authority to advertise with approval of draft specifications attached hereto for: "Lubricants (Grease, Oil, Hydraulic Fluids) and Anti-Freeze Products". RFB No. 2007-22-02-07-otm**

On motion of Commissioner Garza, seconded by Commissioner Flores, the Court made a UNANIMOUS vote of approval.

- 14. Presentation for discussion, acceptance, and approval of the final negotiated contract (subject to legal review) with Milliman, Inc. for the projected amount of \$20,000.00 for the implementation of REP NO: 2006-231-11-15-VYG-Hidalgo County-Actuarial Services For GASB 43 and/or 45.**

On motion of Commissioner Garza, seconded by Commissioner Palacios, the Court made a UNANIMOUS vote of approval.

- 15. Approval of Request for Payment Application No. 6 in the amount of \$116,721.75 from Joe Williamson Construction Co., Inc., contracted vendor for "Construction of Offices at the Property fka the K-Mart Building" and as certified for payment by project architect Rike Ogden Figueroa Alex Architects.; C-06-092-07-25.**

On motion of Commissioner Garza, seconded by Commissioner Handy, the Court made a UNANIMOUS vote of approval.

- 16. Requesting authority to advertise with approval of draft specifications attached hereto for: "Drinking and/or Spring Bottled Water Service. RFB No. 2007-020-02-07-otm**

On motion of Commissioner Flores, seconded by Commissioner Handy, the Court made a UNANIMOUS vote of approval.


ACORD™ CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 06/20/08
PRODUCER Parker Smith & Feek, Inc. Bellevue Office 2233 112th Avenue NE Bellevue, WA 98004	THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.	
INSURED Milliman Inc. 1301 Fifth Ave., Suite 3800 Seattle, WA 98101-2605	INSURERS AFFORDING COVERAGE	NAIC #
	INSURER A: Great Northern Ins. Co.	
	INSURER B: Great Northern Ins. Co.	
	INSURER C: Pacific Indemnity Co.	
	INSURER D:	
	INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	X	GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC	35825959	06/30/08	06/30/09	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$1,000,000
B		AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	73525432	06/30/08	06/30/09	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
C		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	71719457	06/30/08	06/30/09	<input checked="" type="checkbox"/> WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
A		OTHER Employers Liab.	35825959 WA & OH STOP GAP GAP	06/30/08	06/30/09	\$1,000,000 Ea. Accident \$1,000,000 Ea. Employee \$1,000,000 Policy Limit

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 Addendum #1-RFP/Q NO: 2006-231-11-15-VYG-Hidalgo County-Actuarial Services for GASB 43 and/or 45 Project. County of Hidalgo is included as Additional Insureds as respects the operations of the Named Insured as required by written contract regarding General Liability as set forth in the terms and conditions of Form 80-02-2367 Ed. 08/04).

CERTIFICATE HOLDER COUNTY OF HIDALGO 100 E. Cano Edinburg, TX 78539	CANCELLATION Ten Day Notice for Non-Payment of Premium SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>45</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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Liability Insurance

Endorsement

Policy Period 06/30/08 - 06/30/09

Effective Date 06/30/08

Policy Number 35825959

Insured Milliman, Inc.

Name of Company Great Northern Insurance Company (Chubb)

Date Issued 06/30/08

This Endorsement applies to the following forms:

Under Who Is An Insured, the following provision is added:

Who Is An Insured

Scheduled Person Or Organization

Subject to all of the terms and conditions of this insurance, any person or organization shown in the Schedule, acting pursuant to a written contract or agreement between you and such person or organization, is an Insured; but they are Insureds only with respect to liability arising out of your operations, or your premises, if you are obligated, pursuant to such contract or agreement, to provide them with such insurance as is afforded by this policy.

However, no such person or organization is an Insured with respect to any:

- assumption of liability by them in a contract or agreement. This limitation does not apply to the liability for damages for injury or damage, to which this insurance applies, that the person or organization would have in the absence of such contract or agreement.
- damages arising out of their sole negligence.

Schedule