COUNCIL MEETING
June 28, 2011

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the City Council:

SUBJECT: Communications & Information Technology and Human Resources – Approve amendment to provide Workers' Compensation software services.

Expenditure: Total not-to-exceed $360,830.

RECOMMENDATION

Recommendation of the Information Technology Director and the Acting Human Resources Director that City Council approve an amendment to the contract services agreement with P & C Claims, Inc. of Valencia, CA (C2006-045) to provide Workers' Compensation software services from July 1, 2011 through June 30, 2014 in the amount of $119,238 for the first year and a total not-to-exceed amount of $360,830 for the three-year period.

Funding

Funding is available through the Workers' Compensation Self Insurance Fund budget.

BACKGROUND

On October 28, 1997, the City Council approved the procurement, implementation, and maintenance contracts (#C2002-244) with GenSource Corporation (formerly known as California Interactive Computing, Inc. and currently a subsidiary of StrataCare) for proprietary software to automate the City's "in-house" Workers' Compensation processes. GenSource's system provides automated functions to manage the day-to-day administration of the Workers' Compensation processes (such as handling claims, tracking medical costs, services, and vendors, calculating and administering indemnity benefits).

In 2004, the City Council approved an enhancement to the GenSource system by adding the risk analysis module, a new maintenance agreement that included updates with installation services, and the state-required Electronic Data Interchange (EDI)

system for submitting first report of injury (FROI) and subsequent report of injury (SROI) reports.

In 2006, the City Council approved an addition to the Claims Administration portion of the GenSource system by including document imaging and an interface to the City's Financial System, (#C2006-045). Document imaging provides for the capturing and storing of Workers' Compensation documents and records as digital images. The system links each claim record directly to all associated documents and records, thus making accessibility and retrieval more efficient. In addition, storage space used for storing paper documents and records was reduced as both are retained online.

On October 6, 2009, City Council approved a 20 month extension of the existing agreement #C2006-045 through June 30, 2011. On February 2, 2010, City Council approved a name change from GenSource to P & C Claims, Inc.

ANALYSIS

The P & C Claims ASP includes the GenComp module for Workers' Compensation, the GenRisk module for risk management, and the GenARS for document imaging. The annual ASP cost includes software and hardware maintenance, support with fixes to errors, system updates, and software enhancements contained in new releases. All server hardware, software, and data will be located at P & C Claims with City staff having secure, encrypted access through the internet. In year 1, the monthly cost for P & C Claims ASP will increase 5% from the current monthly cost of $6,825 to $7,166 per month. In year 2, the monthly cost will increase 5% to $7,524 per month and, in year 3 the monthly cost will again increase by 5% to $7,901 per month. The total 3-year expenditure for P & C Claims ASP is $271,092.

P & C Claims is releasing a new application called ClaimsVision and migrating their customers to this new web and browser-based claims application. The City of Torrance has received a lower cost upgrade proposal because the City is one of the early adopter groups. The new application will make claims processing more efficient and provide modern underlying technology to support claims services going forward. A one-time cost of $30,375 will be spread over a 3-year period covering installation of the upgrade, data conversion, and workflow analysis.

The State reporting FROI/SROI EDI transmission update fees are estimated to remain the same, ($583 per month for three years for a total of $20,988). These State reporting fees are based on the number of transactions submitted. The custom programming and labor costs (three years for a total of $30,375), will be used on an as-needed basis to cover modifications to workers' compensation workflow, integration with other systems, and reporting requirements. The City is including estimated travel expenses, (three years for a total of $3,000), to cover any on-site visits by P & C Claims on an as-needed basis.

The City of Torrance may elect to require that P & C Claims store all data at rest using 128 bit AES encryption, (attachment A, paragraph 5.9.1.1). P & C Claims will provide this optional level of data encryption for a one-time cost of $5,000.

Due to the continuing need to further expand and enhance automation of the Workers' Compensation administration system and the limited staffing resources of the Communications and Information Technology (CIT) Department, P & C Claims' Application Service Provider (ASP) offering is the best solution to provide document imaging and automation functionality. The CIT staff will continue to process checks, provide local support for computers, and assist with report writing.

P & C Claims ASP services are crucial to keeping the Workers' Compensation system running smoothly with minimal downtime. The services provided under maintenance and support are proprietary to P & C Claims; therefore, the City cannot receive updates and enhancements from any other source. It is recommended that the City Council approve the expenditure to P & C Claims, Inc.

Respectfully submitted,

RICHARD SHIGAKI
Information Technology Director

RANDALL SELLERS
Acting Human Resources Director

CONCUR:

LeRoy J. Jackson
City Manager

Attachment A: Second Amendment to ASP Installation Agreement Dated 7-01-2011
Attachment B: P & C Claims, Inc. Proposal Dated 4-18-2011
Attachment C: P & C Claims, Inc. (formerly GenSource), ASP Contract C2006-045

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Attachment A

SECOND AMENDMENT TO ASP INSTALLATION AGREEMENT C2006-045

This Second Amendment to Agreement is made and entered into as of July 1, 2011, by and between the CITY OF TORRANCE, a municipal corporation ("CUSTOMER"), and P&C Claims, Inc. a Delaware Corporation ("CONSULTANT").

RECITALS:

A. CUSTOMER and GenSource entered into an Agreement for ASP Installation of GenCOMP and GenARS on February 21, 2006, whereby GenSource agreed to install certain software and hardware, provide training and provide custom programming for the CUSTOMER's workers compensation program.

B. On October 16, 2006 CUSTOMER and GenSource amended the Agreement.

C. On December 31, 2009, GenSource assigned the Agreement to P&C Claims, Inc. and P&C Claims, Inc. became the CONSULTANT.

D. CUSTOMER is satisfied with the level of service provided by P&C.

E. Both parties wish to amend the Agreement to upgrade services to the CUSTOMER, extend the term of the Agreement to June 30, 2014 and to add additional terms and conditions to the Agreement.

AGREEMENT:

1. Paragraph 2.1, entitled "Amount" is amended to read as follows:

"2.1. **Amount**

During the Term with respect to any Covered Program, CUSTOMER shall pay to P&C Claims, Inc. the amounts set forth in the Proposal attached hereto as Exhibit A-2, as set forth in 2.1.1 through 2.1.4:"

2. Paragraph 3, entitled "Term" is amended in its entirety to read as follows:

"3. **Term**

This Agreement shall apply to the particular Covered Programs identified in the Proposal attached hereto as Exhibit A-2. This Agreement will commence as of the start date of this Amendment (unless otherwise earlier terminated in accordance with this Agreement) and continue for a term of three (3) years. The Term of each Covered Program shall automatically renew for an additional two year period unless either party shall provide written notice of non-renewal at least 90 days prior to the then current date of renewal for the Term of that Covered Program. If either party shall be in material default of its obligations under this Agreement and such default continues for fifteen (15) days after written notice thereof by the party not in

default, the non-defaulting party shall have the right, in addition to all other rights provided by law or this Agreement, to end the Term for all Covered Programs. However, the end of any Term shall not affect the obligation of either party pursuant to any right or cause of action that accrued or may be accruing prior to such cancellation or termination."

3. Paragraph 5, entitled "INFORMATION And DATA" is added to the Agreement as follows:

"5. **INFORMATION and DATA"**

5.1 Any information and data provided by CUSTOMER to P&C and used by P&C directly or indirectly in the performance of the Agreement shall remain at all times the property of CUSTOMER. It shall be identified, clearly marked and recorded as such by P&C on all media and documentation.

5.2 Any information and data provided by CUSTOMER to P&C and used by P&C directly or indirectly in the performance of the Agreement shall remain at all times confidential. P&C shall use and maintain such information in strict confidence.

5.3 P&C shall not disclose any confidential information of the CUSTOMER to any third party or entity. P&C shall take all reasonable precautions to preserve the integrity and prevent any corruption or loss, damage or destruction of CUSTOMER's data and information. These precautions shall include but are not limited to taking all reasonable measures to protect data security, data loss, data theft, and data privacy.

5.4 In the event of the termination of the Agreement P&C shall instruct all its agents and subcontractors to return and erase all information and data provided by CUSTOMER and all copies of any part of the information and data provided by CUSTOMER from P&C's systems and magnetic data.

5.5 P&C agrees to comply and have adequate measures in place to ensure that its staff comply at all times with the provisions and obligations contained:

5.5.1 The Data Protection Act 1998

5.5.2 The Telecommunications (Data Protection Privacy) (Direct Marketing) Regulations 1998

5.5.3 The Consumer Protection Distance Selling Regulations 2000

5.5.5 HIIPA (Health Insurance Portability and Accountability Act)

5.6 All personal data acquired by P&C from CUSTOMER shall only be used for the purposes of the Agreement and shall not be further processed or disclosed without the consent of CUSTOMER.

5.7 Nothing in this Agreement shall oblige CUSTOMER to disclose any information to P&C if it is of the view that to do so would be a breach of the Data Protection Act 1998.

5.8 The P&C shall indemnify and defend CUSTOMER for any breach of the legislation in paragraph 5 above which renders P&C liable for any costs, fines, claims or expenses, howsoever, arising.

5.9 In fulfillment of its obligations under this Agreement P&C will have in place and will maintain at all times the Information Standards which will deal comprehensively with:

5.9.1 The protection of the confidentiality, integrity and security of all and any information supplied to the P&C by CUSTOMER.

5.9.1.1 With regard to security, P&C shall store all data at rest using 128 bit AES encryption if the City elects the proposed option. P&C will also encrypt communications between CUSTOMER'S point of access and the data center over the WAN using 128 bit encryption. P&C shall firewall CUSTOMER'S hosted infrastructure from other Subscribers, as well as the internet.

5.9.1.2 P&C shall purchase and maintain contracts with the appropriate service providers such to employ antivirus/spyware agent and scanning software for the protection of CUSTOMER and monitor systems accordingly.

5.9.2 The audit and accounting procedures in place to deal with the requirements of this paragraph.

5.9.3 The reliability and training of staff to ensure awareness of (and compliance with) their obligations under this Agreement.

5.9.4 Any other measures and procedures to ensure that the P&C'S obligations under this Agreement are met.

5.10 P&C further agrees to provide CUSTOMER with such information as CUSTOMER may reasonably require to satisfy itself that P&C is complying with the obligations referred to in this Agreement.

5.10.1 Make such application for a change in its notification and take such other steps as may be reasonably practicable to afford CUSTOMER access to information which is reasonably required by CUSTOMER in connection with or for any purpose connected with its rights and obligations under this Agreement.

5.10.2 P&C shall take all reasonable steps to ensure that its agents, partners, and subcontractors comply with all the provisions set out above whenever they are accessing CUSTOMER information or data as part of this Agreement."

4. Paragraph 6, entitled "Indemnification" is added to the Agreement as follows:

"6. **Indemnification**

P&C will indemnify, defend, and hold harmless CUSTOMER, the City Council, each member thereof, present and future, its officers, agents and employees from and against any and all liability, expenses, including defense costs and legal fees, and claims for damages whatsoever, including, but not limited to, those arising from breach of contract, claims of damaged, stolen or lost data, claims of infringement for intellectual property rights, claims for bodily injury, death, personal injury, property damage, loss of use, or property loss, which is the result of the negligent acts, errors, or omissions or other wrongful conduct of P&C, P&C's officers, agents or employees. The obligation to indemnify, defend and hold harmless includes, but is not limited to, any liability or expense, including defense costs and legal fees, arising from the negligent acts or omissions, or willful misconduct of P&C, its officers, employees, agents, subcontractors or vendors. It is further agreed, P&C's obligations to indemnify, defend and hold harmless will apply even in the event of concurrent negligence on the part of CUSTOMER, the City Council, each member thereof, present and future, or its officers, agents and employees, except for liability resulting from the active negligence or willful misconduct of CUSTOMER, its officers, employees or agents. In the event of any dispute between P&C and CUSTOMER, as to whether liability arises from the active negligent of the CUSTOMER or its officers, employees, agents, subcontractors or vendors, P&C will be obligated to pay for CUSTOMER's defense until such time as a final judgment has been entered adjudicating the CUSTOMER as actively negligent. P&C will be entitled in the event of such a determination to any reimbursement of defense costs including but not limited to attorney's fees, expert fees and costs of litigation."

5. Paragraph 7, entitled "Location Of Data" is added to the Agreement as follows:

"7. Location Of Data

P&C shall store all data in a physical location in the United States of America."

6. Paragraph 8, entitled "**Assistance With Third Party Litigation**" is added to the Agreement as follows:

"8. Assistance With Third Party Litigation

In addition to P&C'S obligation to defend and indemnify the CUSTOMER set forth in Paragraph 6 above, P&C further covenants and agrees to cooperate and assist CUSTOMER in said defense of any proceeding in any court, or in said defense of any claim, complaint, or similar proceeding, against CUSTOMER, the CUSTOMER Council, each member thereof, present and future, its officers, agents and employees on or on account of any claims, controversies, actions, causes of action, demands, or liabilities of any nature whatsoever that are covered by this Agreement, other than an action to enforce this Agreement."

7. Paragraph 9, entitled "Security Incident" is added to the Agreement as follows:

"9. **Security Incident**

9.1 In the event the security of any ASP service is compromised and CUSTOMER data is potentially exposed P&C agrees to promptly notify CUSTOMER in writing of any unauthorized release, breach, disclosure or use of any of the CUSTOMER's confidential information or material, setting forth therein with peculiarity the circumstances of such event."

9.2 P&C further agrees to cooperate with security incident investigations by CUSTOMER or other government officials. "

8. Paragraph 10, entitled "Service Continuity" is added to the Agreement as follows:

"10. **Service Continuity**

P&C agrees to establish and maintain continuity of service during and following any significant disruption of normal operations.

9. Paragraph 11, entitled "Disaster Recovery and Backup" is added to the Agreement as follows:

"11. **Disaster Recovery and Backup**

P&C agrees to maintain CUSTOMER's information and data in the event of a disaster including data backups of all critical information."

10. In all other respects, the Agreement dated February 21, 2006, between CUSTOMER and P&C and the amendment dated October 16, 2006 are ratified and reaffirmed and are in full force and effect.

CITY OF TORRANCE,
A Municipal Corporation

_____
Frank Scotto
Mayor

P&C Claims, Inc.
A Delaware Corporation

_____
Georgette Loizou
Executive Vic President

ATTEST:

_____
Sue Herbers, City Clerk

APPROVED AS TO FORM:

By:_____
JOHN L. FELLOWS III

Attachment B

PCIS
24911 Avenue Stanford, #206
Valencia, CA 91355
T. 661.294.1300
F. 661.310.3821

P&C Claims, Inc.

Proposal

to the

City of Torrance

for

Workers' Compensation Claims Software

June 21, 2011

Corporate Offices
111 Broadway, Suite 1703
New York, NY 10006
T. 212.425.9200
F. 212.964.1315
www.pcisvision.com

SOFTWARE LICENSE AND SUBSCRIPTION FEES		PRICE
Workers' Compensation Software Subscription Fee Includes: Fees to subsidize ongoing costs including application software maintenance, administrative support services, backups, recovery, software licenses, computer hardware and overhead costs, and third party software maintenance. Also, 2 days initial application training and Calif State Annual Report updates.		
Year 1	July 1, 2011 - June 30, 2012	$7,166 / month
Year 2	July 1, 2012 - June 30, 2013	$7,524 / month
Year 3	July 1, 2013 - June 30, 2014	$7,901 / month
Year 4&5	July 1, 2014 - June 30, 2016	$8,296 / month
Year 6&7	July 1, 2016 - June 30, 2018	$8,710 / month

STATE REPORTING AND PROGRAMMING CHANGES	
FROI/SROI Transmission Fees	$583 / month
ClaimsVision upgrade, workflow analysis, installation, data conversion.	$10,125 / annually for first 3 years
Custom Programming/Labor -- 45 hours at $225/hour	$10,125 / annual
Optional: Encryption at rest security software	$5,000 / one time fee

Prices incorporating third party products are subject to change at any time.

Prices do not include freight, insurance and sales tax. All travel and "per diem" to be borne by the customer.

Failure by Customer to pay agreed upon sums within 30 days of PCIS' invoice date will cause PCIS to charge the Customer a late fee of 1.5% per month of the unpaid balance due.

WEEKDAY MAINTENANCE PERIOD:
Nine hours daily, 8AM-5PM PST, Monday through Friday.

Approved as Inclusion Schedule to the ASP Hosting Agreement effective October 16, 2006 between the City of Torrance and P&C Claims, Inc.

City of Torrance, a Municipal Corporation

Frank Scotto
Mayor

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By: _____

P&C Claims, Inc.

Georgette Loizou
Executive Vice President

Date: _____

Attachment C

ASP HOSTING AGREEMENT

This ASP Hosting Agreement (including the related Schedules and Terms and Conditions, the "**Agreement**") is an amendment to the proposal signed by the City of Torrance dated February 21, 2006, City of Torrance contract # C2006-045 and made as of 10-16-2006 4, 2006 between the GenSource Division ("**GSC**") of StrataCare, Inc., a Delaware corporation, and City of Torrance ("**Customer**"). Customer has rights to certain software programs (including the accompanying documentation and reference guides, the "**Covered Programs**") under existing licenses from GSC and third parties (the "**Existing Licenses**"), as set out in the proposal signed by the City of Torrance dated February 21, 2006, City of Torrance contract # C2006-045.

1. **GSC Obligations** Under the terms and conditions of this Agreement:

1.1 **Grant of License**. GSC has installed and will maintain a server on which the Covered Programs will be loaded and to which Customer will have electronic access during the Term (as defined below) for use by Customer for the Covered Programs to the extent of its rights under the Existing Licenses. Customer will access the Covered Programs by or as otherwise reasonably directed by GSC including meeting the minimum bandwidth requirement as provided by GSC based on number of users and the Covered Programs involved. Customer will be responsible for all costs relating to Internet service and office equipment necessary to access and use the Covered Programs, including PC's, printers, network cards and furniture.

1.2 **Support**. During the Term for each Covered Program, under the terms and conditions of this Agreement, GSC agrees to provide Customer with, or arrange for, the following support services:

1.2.1 **On Call Maintenance**. In response to request by one of the persons designated on 10 days' written notice by Customer as its "**Designated Representatives**", GSC will perform remedial maintenance services ("**Remedial Maintenance**") to keep each Covered Program properly performing each of its material functions substantially in accordance with that Covered Program's standard specifications (any failure so to perform, an "**Error**"). In critical emergency situations where Customer's Designated Representative(s) cannot reasonably be made available, GSC will work with other reasonably designated representatives of Customer.

1.2.1.1 **Hours of Availability**. The Basic Monthly Maintenance Charge entitles Customer to request Remedial Maintenance to be performed during the hours of 8:00 a.m. and 5:00 p.m. (based on a single local time within the continental United States designated in the Inclusion Schedule by Customer) daily, Monday through Friday, excluding company holidays. From time to time, GSC may offer Extended Maintenance Hours with respect to one or more Covered Programs in exchange for specified Extended Maintenance Charges. Customer may elect to take advantage of any such offer effective as of the beginning of any month on at least 30 days' written notice (which election may be terminated by either party as of the end of a month on at least 30 days' written notice). Payment of the Extended Maintenance Charge entitles Customers to request Remedial Maintenance during the applicable Extended Maintenance Period. In addition, a Designated Representative may request that GSC provide Remedial Maintenance service at other times, but the scheduling of such Remedial Maintenance shall be contingent on availability and on the receipt of Customer's approval to incur additional charges at GSC's then published rates.

1.2.1.2 **Procedure**. Customer's Designated Representative will report to GSC any Errors it discovers by fax or email; any report by telephone will be promptly confirmed by fax or email. Customer will include all available information reasonably required to reproduce the Error. Upon proper submittal of an Error report, GSC will investigate and use reasonable efforts to resolve the Error. Customer's Designated Representative may escalate its request for Remedial Maintenance to GSC's Customer Service supervisor if appropriate.

1.2.2 **Free Updates**. Provided the Term is then continuing, at then end of the second year after the start date set forth in the related Inclusion Schedule and every two years thereafter, GSC will make an

C2006-045

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Update to each Covered Program available to Customer. **"Update"** means a routinely-issued revision of the Covered Program, generally issued for the purpose of correcting discovered errors, improving efficiency or overall performance and incorporating enhancements or statutory changes that GSC makes generally available to its licensees of that Covered Program but does not include upgrades that include departures from the standard specifications with regard to functionality or enhancements or added features or functions. There shall be no installation charge for any Update which can be installed remotely without customization; customization and on site installation will be made at then-published rates for such services. Customer will cooperate as necessary to allow installation of any Update and understands that its failure to do so may, in GSC's sole discretion, relieve GSC of any subsequent obligation under Section 1.2. All software shall be delivered to Customer electronically.

1.3 **Training**. GSC will provide training of Customer personnel beyond that required in the applicable Inclusion Schedule at its then published rates. GSC also reserves the right to charge for requests by Customer personnel for consulting services on subjects which normally would be covered in the course of GSC's standard "Certified User" training.

1.4 **Customization**. GSC, upon request by a Designated Representative, may provide customization as mutually agreed by the parties at GSC's then published rates.

2. **Payments**

2.1 **Amount.** During the Term with respect to any Covered Program, Customer shall pay to GSC:

2.1.1 **Monthly Maintenance Charges**. The Basic Monthly Maintenance Charge and, if applicable, the Extended Monthly Maintenance Charge. During the Term, GSC may provide Customer with not less than 90 days' written notice of any general price increase in the Basic Monthly Maintenance Charge or the Extended Monthly Maintenance Charge for any Covered Program. Such notice will only be effective on anniversary of the commencement date except in the case of passing through increases in costs of third party programs or databases. After the effective date of the Notice, the charges hereunder will be revised to reflect such change unless not less than 30 (thirty) days prior to the effective date Customer provides written notice to GSC electing to terminate the Term for any Covered Program affected thereby.

2.1.2 **Expenses**. Any expenses actually incurred by GSC in providing the services hereunder, including Telecommunications Charges and Travel Expenses. **"Telecommunications Charges"** means out of pocket charges (plus handling costs, not to exceed 10% where the common-carrier bills GSC for facilities used by Customer) for the use of common-carrier telecommunications facilities in the course of providing maintenance services, such as (i) dial-up facilities, whether for the transmission of voice or data, or both, (ii) private leased lines, and (iii) microwave links or other electronic information transmission facilities. **"Travel Expenses"** means actual and reasonable charges incurred by GSC for travel to any outside site.

2.1.3 **Other Charges.** Any additional charges set out in the Inclusion Schedule, as well as charges based on GSC's then published rates and expenses for all work requested by Customer which is not covered by those charges, the Basic Monthly Maintenance Charge and, if applicable, the Extended Monthly Maintenance Charge, including Remedial Maintenance which did not result from Errors or was requested during times not covered by Customer's plan, travel, customization, and training of Customer personnel.

2.1.4 **Taxes**. Any taxes imposed on GSC as a result of this Agreement, other than those based on its net income.

2.2 **Invoices and Payments.** GSC shall render invoices monthly (i) in advance for the monthly maintenance charges and (ii) in arrears for all other charges. Any monthly maintenance charges for a period of less than a month shall be prorated on the basis of a thirty (30) day month. Customer shall pay each invoice in full within thirty (30) days after receipt. If any charges are not paid when due, GSC may discontinue providing

services under this Agreement or the Consultant Agreement. P&C represents and warrants that P&C shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement or the Consultant Agreement any licenses, permits, and approvals that are legally required for P&C to practice its profession or provide such services. Without limiting the generality of the foregoing, if P&C is an out-of-state corporation, P&C warrants and represents that it possesses a valid certificate of qualification to transact business in the State of California issued by the California Secretary of State pursuant to Section 2105 of the California Corporations Code.

Authority. Each person signing this Agreement hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of their respective party and to bind such party to the performance of its obligations hereunder.

EXECUTED THIS 16TH DAY OF FEBRUARY, 2010.

"City"
City of Torrance, a Municipal Corporation

By: Frank Scotto

Print Name: Frank Scotto

Print Title: City Mayor

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:

Address: 3231 Torrance Avenue
Torrance, CA 90503

"P&C"
P&C Claims, Inc.

By:

Print Name: Georgette E Loizou

Print Title: EVP

Address: 111 Broadway, 17th Floor
New York, NY 10006

services under this Agreement until the account is brought current, and/or charge Customer a late charge in the amount of 1.5% per month of any past due amount(s).

3. **Term.** This Agreement shall apply to any particular Covered Program during the period (the "**Term**") commencing as of the start date set forth in the related Inclusion Schedule and (unless otherwise earlier terminated in accordance with this Agreement) continue for an initial term of three (3) years. The Term of each Covered Program shall automatically renew for an additional one year period unless either party shall provide written notice of non renewal at least 90 days prior to the then current date of renewal for the Term of that Covered Program. If either party shall be in material default of its obligations under this Agreement and such default continues for fifteen (15) days after written notice thereof by the party not in default, the non-defaulting party shall have the right, in addition to all other rights provided by law or this Agreement, to end the Term for all Covered Programs. However, the end of any Term shall not affect the obligation of either party pursuant to any right or cause of action that accrued or may be accruing prior to such cancellation or termination.

4. **Existing Licenses.** Customer will be responsible for maintaining the Existing Licenses and complying with the terms and conditions thereof. Following the expiration of the Term of this Agreement, Customer's rights and obligations under those Existing Licenses will continue according to the terms of those Existing Licenses.

IN WITNESS WHEREOF, the parties have executed this Agreement.

"Customer"
City of Torrance, a Municipal Corporation

By: _____

Print Name: Frank Scotto

Print Title: City Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

BY: _____

Address: 3231 Torrance Avenue
Torrance, CA 90503

"GSC"
GenSource, a division of STRATACARE, INC., a Delaware corporation

By: _____

Print Name: Gregory Fisher

Print Title: President/COO

Address: 25572 Avenue Stanford,
Valencia, California 91355-1102

STANDARD TERMS AND CONDITIONS

These Terms and Conditions set forth certain terms and conditions governing the license of the Covered Programs:

COPYRIGHT. The Covered Programs are protected by intellectual property rights. The Covered Programs are protected by intellectual property rights. Customer shall treat the Covered Programs like any other copyrighted material (such as books or recordings) and will not, directly or indirectly, (i) use, reproduce, publish, disseminate or otherwise disclose any Covered Program Materials without GSC's prior written consent or (ii) duplicate, manufacture, reproduce or arrange for or contract with any third party to duplicate, manufacture, reproduce any Covered Program Materials or (iii) reverse-engineer, decompile, or disassemble the Covered Programs. "**Covered Program Materials**" means all information related to the Covered Programs provided to Customer including documentation, technical designs, data and data structures, repricing methodologies, training manuals, operation procedures, information, specifications, object code and source code.

HARDWARE. Customer agrees to maintain its hardware in accordance with GSC's "Hardware and Communications Requirements for GenSource ASP", which Customer acknowledges may change from time to time as technology develops and the Covered Programs are updated.

PERMITTED PURPOSE. Customer shall only use the Covered Programs in accordance with training manuals and documentation provided by GSC. This Agreement entitles Customer to use the Covered Programs for the number of users specified in the Existing Licenses. This Agreement does not grant Customer any ownership or property rights. Customer may not allow access to the Covered Programs, under any circumstances, to anyone other than Customer's personnel who have gone through the Covered Programs training program and are directly involved in the use of the Covered Programs ("**Authorized Persons**"). Any other use of the Covered Programs is unauthorized (an "**Unauthorized Use**") and a material breach of this Agreement. Unauthorized Use includes (a) the attempt, solicitation or execution of a sale, transfer, disclosure, lease, license of the Covered Programs to any third party or (b) allowing Access by anyone other than Authorized Persons to the Covered Programs, or (c) the creation, development, research, or any analysis of any derivative work based on or derived from the Covered Programs or (d) exceeding the number of users for which Customer's license is granted.

RETURN OF MATERIAL. At the end of the Term, except as licensed under the Existing Licenses, Customer shall cease using and return to GSC all copies of the Covered Program Materials. Customer shall furnish GSC with a letter signed by one of its executive officers certifying compliance with the foregoing. Customer shall also pay any fees and charges due to GSC up to the end of the Term.

NEED FOR PROTECTIONS. Customer acknowledges that (a) any and all intellectual property rights in or related to the Covered Program Materials are the exclusive property of GSC or their owners; (b) the Covered Programs are a commercially valuable, proprietary product of GSC or their owners; (c) GSC has invested substantial time and economic resources in the design and development of the Covered Programs and (d) the Covered Programs constitute trade secrets of GSC or their owners. Disclosure of any such information can be expected to result in substantial harm to GSC. As money damages would not be a sufficient remedy for any breach of the confidentiality provisions of this Agreement, GSC shall be entitled to specific performance and injunctive relief as remedies for any such breach, without the necessity of posting any bond.

LIMITED WARRANTY; DISCLAIMER AND LIMITATION OF LIABILITY.

Limited Warranty. If GSC is unable to repair or provide a reasonable work around for an Error in a Covered Program after a reasonable opportunity, GSC's sole and exclusive liability, and Customer's exclusive remedy, shall be the refund of all license fees paid with respect to the prior 30 days. **EXCEPT FOR THE FOREGOING, THE COVERED PROGRAMS ARE PROVIDED "AS IS," WITHOUT ADDITIONAL WARRANTY OF ANY KIND, AND GSC EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, EXPRESS OR, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF DESIGN, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE, OR TRADE PRACTICE.** GSC DOES NOT WARRANT THAT THE FUNCTIONS CONTAINED IN THE COVERED PROGRAMS WILL MEET CUSTOMER'S REQUIREMENTS, OR THAT THE OPERATION OF THE COVERED PROGRAMS WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS IN THE COVERED PROGRAMS WILL BE CORRECTED. No oral or written information or advice given by GSC or GSC's representatives shall create any warranty with regard to the Covered Programs or in any way increase the scope of this warranty.

LIMITATION OF LIABILITY. UNDER NO CIRCUMSTANCES, INCLUDING NEGLIGENCE, SHALL GSC BE LIABLE FOR ANY LOST REVENUE OR PROFITS OR ANY INCIDENTAL, INDIRECT, SPECIAL, OR CONSEQUENTIAL DAMAGES THAT RESULT FROM THE USE OR INABILITY TO USE THE COVERED PROGRAMS, EVEN IF GSC OR GSC'S AUTHORIZED REPRESENTATIVE HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL GSC'S TOTAL LIABILITY TO CUSTOMER FOR ALL DAMAGES, LOSSES, AND CAUSES OF ACTION, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR OTHERWISE, EXCEED THIRTY (30) DAYS SERVICE FEES PAID BY CUSTOMER TO GSC UNDER THIS AGREEMENT. IN ADDITION, GSC WILL NOT BE LIABLE FOR ANY CLAIMS OF ANY PARTY ARISING OUT OF ANY ALLEGED OR ACTUAL INFRINGEMENT BY THE COVERED PROGRAMS OF ANY INTELLECTUAL PROPERTY RIGHTS OF ANY THIRD PARTY.

Limitations Concerning Third Party Material. GSC shall have no responsibility under any condition for performance of any hardware or programs licensed by it from third parties, and Customer shall rely solely on the manufacturers' warranty (if any).

Exclusions. GSC shall not be responsible to the extent any failure to perform in accordance with the foregoing warranties is caused by (a) Customer's failure to use the Covered Programs in accordance with instructions included in the documentation provided to Customer by GSC, (b) the modification of the Covered Programs by any person other than GSC, its employees, agents, affiliates or subcontractors (unless such modification was authorized or approved by GSC), or (c) problems caused by the connectivity to Customer's network. If GSC is requested by Customer to service such matters, Customer shall pay GSC an additional fee for such support services.

Risks Considered. GSC's pricing reflects the allocation of risks and limitation of liability in this Agreement.

CUSTOMER CONFIDENTIAL INFORMATION. GSC agrees to use Customers' Confidential Information solely in the course of its services to Customer, and not otherwise to disclose or use any such Confidential Information. "**Confidential Information**" means all data and information, written or verbal, tangible or intangible, made available, disclosed, or otherwise made known to GSC by or on behalf of GSC, other than information (a) which was already known by GSC at the time of its disclosure hereunder; (b) disclosed to GSC by a third party lawfully in possession of such information and not under an obligation of nondisclosure to Customer in respect thereof; (c) which is or becomes part of the public domain, except by breach of this Agreement by GSC; (d) developed by GSC independently; or (e) which GSC is required to disclose by law, regulation or the order of a judicial or administrative authority. To allow GSC to comply with this obligation, Customer agrees to mark as "confidential" all Confidential Information whose sensitivity and confidentiality is not obvious.

FORCE MAJEURE. Neither party shall be held responsible for any delay in performance hereunder arising out of causes beyond its control and without its fault or negligence. Such causes may include, but not be limited to, fire, unforeseeable strikes, embargoes, Government requirement, acts of God or of the public enemy, inability to secure transportation or telecommunication facilities, acts or omissions of carriers or other causes beyond their control. If any such contingency occurs, the party injured by the other's inability to perform may elect to resume operations under the Agreement for the full commitment once the delaying cause ceases, with an option for the injured party to extend the term of this Agreement for a period not to exceed the length of time the contingency endured. The party experiencing the delay shall notify the other party immediately of such delay and provide an estimate of time for such delay.

COMPLETE AGREEMENT; DISPUTES. This Agreement constitutes the entire agreement between the parties with respect to the Covered Programs and supersedes all prior or contemporaneous understandings or agreements, written or oral, regarding such subject matter. It supersedes any contrary terms in any related purchase order, and may only be modified in a written document signed by the parties. This Agreement (a) is not intended to benefit any third party; (b) may not be changed or modified except by a written amendment signed by the parties; and (c) does not create an employment, partnership, joint venture, representative, or other legal or business relationship, other than that of independent contractor. This Agreement shall be governed by and construed in accordance with laws of the State of California, without giving effect to that state's choice of law rules. Any action, proceeding, claim or other litigation related to this Agreement or the subject matter hereof shall be brought in federal or state courts located in Orange County, California. In any action between the parties arising out of or connected with this Agreement, the prevailing party or parties in such action shall be awarded, in addition to any damages, injunctive or other relief, their costs and expenses, including, but not limited to, court costs and reasonable attorneys' fees. "Including" means including without limitation.

ASSIGNMENT. Neither of the parties may assign its rights or obligations under this Agreement without the prior written consent of the other, which shall not be unreasonably withheld; provided, however, in the event that either party transfers substantially all of its assets or stock to a third party, such party may assign its obligations and rights under this Agreement to such third party. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective permitted successors and assigns.

NOTICES. All notices related to this Agreement shall be in writing and shall be sufficient in all respects if delivered personally, by email, by electronic facsimile, or by registered or certified mail, postage prepaid, addressed to a party as indicated in this Agreement. Notice shall be deemed to have been given upon transmittal thereof as to communications which are personally delivered or transmitted by electronic facsimile and, as to communications made by United States mail, on the third (3rd) day after mailing. A party's address may be changed by notice under this section. Customer agrees to keep the names of its Designated Representatives up to date.

WAIVERS. No waiver shall be effective unless in writing and signed by the party making the waiver. No action taken pursuant to this Agreement, including any investigation by any party hereto, shall constitute a waiver of any representation, warranty, covenant, or agreement contained herein or in any ancillary document. The waiver by any party hereto of a breach of this Agreement shall not constitute a waiver of any other breach; no failure, forbearance or delay on the part of the non-defaulting party to exercise any rights or remedies shall operate or be construed as a waiver thereof. Any single or partial exercise by the non-defaulting party of any rights or remedies shall not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies. GSC's allowance, whether intentional or unintentional, of Customer's use of the Covered Programs beyond the period of Customer's license, or GSC's acceptance of any payments by Customer following the occurrence of an event of default, does not extend the term or in any way reduce or waive GSC's rights under this Agreement, or reduce or waive Customer's obligation to pay for such usage.

SEVERABILITY. A determination that any provision of this Agreement is invalid in whole or in part shall not affect the enforceability of those provisions found not to be invalid.

BY THE AUTHORIZED SIGNATURE BELOW, CUSTOMER ACKNOWLEDGES THE ABOVE TERMS AND CONDITIONS:

City of Torrance, a Municipal Corporation

By: _____

Print Name: Frank Scotto

Print Title: City Mayor

ATTEST:

_____
Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

BY: _____

GenSource, a division of STRATACARE, INC., a Delaware corporation

By: _____

Print Name: Gregory Fisher

Print Title: President/COO

C2006-04

GEN SOURCE
INTEGRATED RISK TECHNOLOGIES
A STRATACARE COMPANY

GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
www.gensourcecorp.com

INCLUSION SCHEDULE
SOFTWARE MAINTENANCE SCHEDULE

GENSOURCE APPLICATION PRODUCTS:
ASP GCFW

BILLING ADDRESS:
Ms. Donna Rizzo
City of Torrance
3231 Torrance Avenue
Torrance, CA 90503

EFFECTIVE NOVEMBER 1, 2009 to June 30, 2011

MAINTENANCE FEES	
GenSERVE Maintenance for GenSource Software	$6,825.00 / month
IBM Universe Maintenance	$1,110.00 / year

STATE REPORTING FEES & PROGRAMMING CHANGES	
FROI/SROI Transmission Fees	$583/month
Custom Programming for Bank Recon Layout, Mandatory Medicare Reporting and any unexpected system changes ($225 per hour up to 45 hours)	$10,125.00

Failure by Customer to pay agreed upon sums within 30 days of GS's invoice date will cause GS to charge the Customer a late fee of 1.5% per month of the unpaid balance due.

Prices incorporating third party products are subject to change at any time.

Effective Date changed from October 16 to July 1 to coincide with the City of Torrance fiscal year.

WEEKDAY MAINTENANCE PERIOD:
Nine hours daily, 8AM-5PM PST, Monday through Friday.

Approved as Inclusion Schedule to the ASP Hosting Agreement effective October 16, 2006 between the City of Torrance. and GenSource, a Division of StrataCare, Inc.

City of Torrance, a Municipal Corporation

Frank Scotto, Mayor

ATTEST:

Sue Herbers, City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:

GENSOURCE

By: Jan Kubota

Name: Jan Kubota

Title: Client Services Manager

Date: 9/28/2009

COPY

1st

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS AGREEMENT ("Agreement") is made as of December 31, 2009, by and between the **City of Torrance** ("City"), **GenSource a division of Stratacare,** 17838 Gilllette Avenue, Irvine, CA 92614 ("Consultant"), and **P&C Claims Inc**, 111 Broadway, 17th Floor, New York, NY 10006 ("P&C"), who agree as follows:

RECITALS

A. The City previously entered into an agreement to provide system maintenance for (a) GenCOMP for Windows and (b) BRVI with Consultant dated February 21, 2006, and identified as Contract # C2006-045 hereafter referred to as the Consultant Agreement.

B. Effective December 31, 2009, Stratacare has entered into a definitive agreement to sell the assets and operations of its GenSource Division to P&C Claims, Inc.

C. Consultant and P&C have requested that the City consent to assignment of the Consultant Agreement from Consultant to P&C.

D. This agreement sets forth the terms and conditions of the City's consent to assignment of the Consultant Agreement from Consultant to P&C.

NOW, THEREFORE, the parties agree that the foregoing Recitals are accurate and are incorporated as terms of this Agreement, and hereby covenant, agree and represent as follows:

Consent of City and Assignor. In consideration of the terms and conditions set forth in this Agreement, the City and Consultant both consent to the assignment of the Consultant Agreement from Consultant to P&C.

Assumption by P&C. P&C accepts the assignment of the Consultant Agreement from Consultant. In consideration of the assignment of the Consultant Agreement and the benefits arising therefrom, P&C agrees:

A. To assume all of the duties, obligations, liabilities, and conditions owed by Consultant to the City under the Consultant Agreement.

B. To perform, during the remaining terms of the Consultant Agreement, all of the duties, obligations, and all other terms and conditions whatsoever required of Consultant under the Consultant Agreement in the same time and manner specified in the Consultant Agreement.

C. During the remaining term of the Consultant Agreement, use P&C personnel as necessary to perform the tasks under the Consultant Agreement and this Agreement in accordance with the standard of performance set forth in the Consultant Agreement.

Licenses; Permits, Etc. P&C represents and warrants that P&C has all licenses, permits, City Business Operations Tax Certificate, qualifications, and approvals of whatsoever nature that are legally required for P&C to practice its profession or provide any

C2006-045

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GEN SOURCE
INTEGRATED RISK TECHNOLOGIES
A STRATACARE COMPANY

GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gensourcecorp.com
http://www.gensourcecorp.com

Proposal

to

City of Torrance

for

ASP Installation of GenCOMP & GenARS

February 21, 2006

ASP START-UP COSTS	PRICE
ASP Program - 10 (Concurrent) Users-DUE UPON ACCEPTENCE	$70,000
Includes:	
New Installation of GenARS Application	
Installation and Configuration of GenCOMP & GenRisk	
-Requirements Review for Upgrade Implementation	
-Review of "CONFIG" (table driven system options)	
-Set-up of Hosted Hardware, OS, and DBMS configuration	
Third Party Software Products	
-English Wizard Reporting Software	
-InfoMaker - Report Generator	
GenSource Hosted Hardware	
-Database Server and Application Server	
-Image Repository Server	
FROI catch up fees for historical transmissions- DUE UPON ACCEPTENCE	$3,000
GenARS Training (1 day for up to 5 people)	$2,000
SQL Data Warehouse Taining (3 days up to 5 people)	$6,000
Custom Programming fees ($225 per hour up to 44 hours)	$10,000
TOTAL	**$91,000**

Minimum term for ASP Program is three years beginning 30 days after installation in Model office or date of "live" production, whichever comes first.

Training covers up to 5 students. Additional students will be at an extra cost of $400 per student per day.

All T&M labor will be performed at GenSource's then prevailing published labor rate.

Ad hoc reporting training is optional and available upon request.

Pricing shown is based on normal business working hours; after-hours or weekend work if/as requested by the client will be charged at a higher hourly rate.

Prices do not include freight, insurance and sales tax. All travel and "per diem" to be borne by the customer.

Prices of third party products are subject to change at any time without notice.

Training fees and custom programming will be invoiced in the month which they occur.

MONTHLY SERVICE FEES	PRICE
ASP Fee for GenCOMP, GenRISK & GenARS[1]	$6,500 / mo.
IBM Universe Maintenance fees[2]	$1,050 / an.
FROI/SROI Transmission fees [3]	$584 / mo.
MONTHLY FEES	**$7,084**

Monthly fees commence 30 days after Model office begins or upon "live" production processing of customer's transactions, whichever comes first.

Payment terms are 30 days net; late payments will be subject to a late fee equal to 1.5% per month, of the unpaid balance.

Proposal includes ASP access rights for 10 users. Additional users may be added for $125 per user per month.

This proposal is valid through March 31, 2006.

[1] ASP Fees includes biannual upgrades and 2 days of training, travel included.

[2] IBM Universe Licenses(10) are owned by the City and will be used in the ASP Center. Annual Maintenance fees on the 10 licenses will be the responsibility of the City.Any additional licenses purchased will be owned and paid for by Gensource and rented to the City.

[3] FROI/SROI transmission fees are based on the number of annual submissions and will be reviewed retrospectivly on and annual basis and adjustment will be made as necessary.

Payment of the ASP and FROI/SROI catch up fees are due upon acceptence of this proposal.

C2006-045

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GEN SOURCE™
INTEGRATED RISK TECHNOLOGIES
A STRATACARE COMPANY

GenSource
25572 Avenue Stanford
Valencia, CA 91355-1102

(661) 294 1300
(661) 294 1310 FAX
e-mail: sales@gensourcecorp.com
http://www.gensourcecorp.com

to

City of Torrance

for

ASP Installation of GenCOMP & GenARS

February 21, 2006

By signing below, we herby authorize the above work and agree to the terms stated above.

CITY OF TORRANCE a
Municipal Corporation

Dan Walker, Mayor

ATTEST:

Sue Herbers
City Clerk

APPROVED AS TO FORM:
JOHN L. FELLOWS III
City Attorney

By:

GenSource, a division of Stratacare, Inc.

By:
Gregory Fisher
President/COO