

The State Bar of California

REQUEST FOR PROPOSAL



This document is a Request for Proposal (“RFP”) for Employee Benefits Consulting Services.

Please submit 5 copies of your proposal no later than 5 p.m. on May 18, 2007 to:

The State Bar of California
180 Howard Street
San Francisco, CA 94105-1639

Attn: Iola Lee-LaMark
Human Resources
415-538-2506
iola.lee@calbar.ca.gov

I. INTRODUCTION

The State Bar of California (“ the State Bar”), created in 1927 by the Legislature and adopted into the California Constitution in 1960, is a public corporation within the judicial branch of state government. The State Bar is a unified, or integrated bar, which means that membership is mandatory for all attorneys who are licensed to practice law in the state. In addition to its mandated licensing and disciplinary and certification functions, the State Bar offers a number of other programs designed to assist, educate and protect its members and the public. The State Bar has approximately 630 budgeted full time employees located primarily in the Los Angeles and San Francisco main offices. More information about the State Bar is available in an article entitled “The State Bar of California – What Does It Do, How Does It Work?” that is available on the State Bar’s Website: http://calbar.ca.gov/state/calbar/calbar_home_generic.

The State Bar is seeking proposals for employee benefit program consulting services including review and analysis of the State Bar’s benefit programs beginning January 1, 2008, bidding those plans competitively, and negotiating the most favorable terms with providers. Medical health, vision, dental, life insurance, disability, EAP, and flexible spending account administration are included. Experience with public agencies is required. The services are to be completed in time for the term of the benefit program to be finalized and benefit plans ready for open enrollment to commence no later than October 2007, and for the benefit plans to be effective January 1, 2008.

The initial contract term is two (2) years, commencing on or about July 1, 2007, with a one-year renewal option to be exercised on the contract anniversary date.

In accordance with statute and the State Bar's procurement policies, contracts of \$50,000 or more are subject to formal competitive bidding. As a governmental agency, the State Bar regularly is granted favorable governmental pricing and contract terms.

Contact with State Bar personnel in connection with this RFP may not be made other than as specified in this RFP. Unauthorized contact of any State Bar personnel may be cause for rejection of a bid.

II. GENERAL INFORMATION

The submission requirements for this RFP are set forth below. A proposal shall constitute an irrevocable offer for 60 business days following the deadline for its submission. Reference to a certain number of days in this RFP shall mean business days unless otherwise specified.

A. Submission Requirements

To be considered responsive, a proposal must contain the following, referenced by number and in the order below:

1. State the name of the consultant agency or brokerage firm, address, telephone number and contact person for the proposal submission. List statewide offices. Identify the office from which the State Bar of California account would be serviced. Provide a brief description of the history and organization of the bidder's firm, and of any proposed subcontractor.
2. Describe your firm's internal organization and the manner in which services will be furnished the State Bar of California. Include and identify those services, which may not be available in the local office but are available from your firm and how you will access those services. Provide an example of the structure of servicing a current account similar to the State Bar of California.
3. Copies of business licenses, professional certifications or other credentials, together with evidence that bidder, if a corporation, is in good standing and qualified to conduct business in California.
4. The most recent year's annual reports, or comparable document, including detailed current profit and loss, assets and liabilities, and other relevant financial data.

5. Identify the account team structure your firm would use to service our account. List the names of the proposed account service team and describe each member's service role. Include at least two qualified individuals from your firm having a minimum of five years experience in public agency accounts who would be assigned to work directly with the State Bar of California account. Identify the staff person who would be the day-to-day contact for the State Bar. Attach resumes for the service team members describing their qualifications including credentials, experience, responsibilities, and specifically, work on similar engagements.
6. References with contact information (phone and email) from organizations that have used bidder's services for similar services within the last 12-18 months.
7. Describe the steps you would take in reviewing the State Bar's current employee benefits and designing changes to the program. Include the following:
 - a. Techniques used to conduct each RFP process for individual carrier categories (health, dental, vision, life insurance, EAP, flexible spending, long-term disability).
 - b. Analytical tools and benchmarks used to evaluate carriers and plan designs.
 - c. Techniques used to compare current State Bar plans to other similar public agencies.
 - d. Methods used to analyze claim experience and make recommendations.
 - e. Tools used to monitor carriers to insure proper coding of claims and ensuring carrier coding guarantees, including how measured and enforced.
 - f. Include specific techniques and procedures your firm may use to assist in identifying current and anticipated new exposures to loss, including impact of Medicare benefits and how bidder would help us structure program for retirees.
 - g. Disclosure of any conflict of interest in evaluation and recommendation of carrier RFPs.
8. Sample quarterly reports for similar public agency health plans with aggregate claims summary per month including indication of claims over

stop loss amount. Confidential information may be redacted from this sample if necessary.

9. Describe process and proposed content of semi-annual account review meetings with State Bar Human Resources personnel, including review of contract benchmarks and rate escalations.
10. Describe process you would use to keep the State Bar advised of changes in regulatory requirements or rulings as related to benefits provided by the State Bar.
11. A detailed cost proposal. The State Bar recognizes that a Broker of record would normally derive their compensation from the insurance provider based on a percentage of the overall account value. To objectively compare the proposals from the bidders for purposes of selecting how the State Bar will pursue its goal of achieving the best value in health benefits for its employees, we request that bidders identify their total compensation package for services rendered and how it will be derived (ex. direct payments from the State Bar or insurance companies, percentage of the total insurance premium paid, direct commissions, or any other form of quantifiable compensation expected by the respondent) Also advise how the State Bar will be charged for services within the scope of this contract and the rate for any additional consulting services requested. Bidders must submit both Appendix A: Commission/Fee Structure by Plan, and Appendix B: Consultant Billing Rates, with their proposals. All travel, lodging and miscellaneous support costs are to be included in these rates. You may add additional compensation methods to these Appendices if necessary. As the State Bar may award a contract based on the initial offer, a bidder should make its initial offer on the most favorable terms available. The State Bar reserves the right, however, to have discussions with those bidders falling within a competitive range, and to request revised pricing offers from them and to make an award or conduct negotiations thereafter.
12. A written acknowledgement of the acceptance of the Contracting Requirements set forth in section IV of this RFP. Specific terms may be reserved for future negotiation, but must be clearly identified and reasons given for the reservation.

Proposals which fail to address each of the submission requirements above may be deemed non-responsive and will not be further considered.

B. Rejection of Proposals

The State Bar reserves the right in its sole discretion to reject any or all proposals in whole or in part, without incurring any cost or liability whatsoever. All proposals

will be reviewed for completeness of the submission requirements. If a proposal fails to meet a material requirement of the RFP, or if it is incomplete or contains irregularities, the proposal may be rejected. A deviation is material to the extent that a proposal is not in substantial accord with RFP requirements.

Immaterial deviations may also cause a bid to be rejected. The State Bar may or may not waive an immaterial deviation or defect in a proposal. The State Bar's waiver of an immaterial deviation or defect shall in no way modify the RFP or excuse a bidder from full compliance with the RFP requirements.

Any proposal may be rejected where it is determined to be not really competitive, or where the cost is not reasonable.

Proposals that contain false or misleading statements may be rejected if in the State Bar's opinion the information was intended to mislead the State Bar regarding a requirement of the RFP.

C. Evaluation Process and Highest Scored Bidder

An evaluation team will review in detail all proposals that are received to determine the Highest Scored Bidder (“HSB”).

The State Bar reserves the right to determine the suitability of proposals on the basis of a proposal's meeting administrative requirements, technical requirements, the review team's assessment of the quality and performance of the equipment and services proposed, and cost.

During the evaluation process, the State Bar may require a bidder's representative to answer questions with regard to the proposal and/or require certain bidders to make a formal presentation to the evaluation team and/or the State Bar Senior Executive Team. The State Bar may also have discussions with those bidders falling within a competitive range, and request revised pricing offers from such bidders and make an award and/or conduct negotiations thereafter.

The following criteria will be used in reviewing and comparing the proposals and in determining the HSB. The weight to be assigned to each criterion appears following each item.

1. Responsiveness of the proposal to the submission requirements set forth in the RFP (10%).
2. Agreement with the State Bar's contracting requirements (10%).
3. The methods, technical ability, capacity, and flexibility of the bidder to perform the contract, including proposed methods to be used in evaluating

health insurance carriers and ability to provide advice and assistance in controlling increasing claim costs on an ongoing basis (35%).

4. Financial viability, client references, demonstrated success in projects with similar requirements and any other contracts with the State Bar (15%).
5. The total cost of the proposal solution. Costs will be evaluated only if a proposal is determined to be otherwise qualified. Costs should be itemized by type (see e.g., Appendix A: Commission/Fee Structure by Plan, and Appendix B: Consultant Billing Rates) to allow the State Bar to implement the solution over the term of the contract (30%).

If a large number of proposals are received, the State Bar reserves the right to review the proposals using a tiered evaluation system. All proposals will be evaluated based on the Submission Requirements and Cost, with the top candidates advancing as a finalist and receiving a full evaluation as outlined above.

D. Award and Execution of Contract

Subject to the State Bar's right to reject any or all proposals, the HSB will be awarded the contract. Notice will be posted at the State Bar's offices at 180 Howard Street, San Francisco, CA and written notice sent to bidders on or about June 6, 2007 of the Bar's intention to award the contract to the HSB. It is anticipated that final selection of the HSB will be made by June 13, 2007. The evaluation team will select a winning proposal subject to approvals granted by the Board of Governors. Upon selection, the State Bar and the selected Consultant will enter into good faith negotiations on a contract containing, without limitation, the Statement of Work and Contracting Requirements sections below.

No contract or agreement, express or implied, shall exist or be binding on the State Bar before the execution of a written contract by both parties. If agreement on the terms of such a contract cannot be reached after a period deemed reasonable by the State Bar in its sole discretion, the State Bar may enter into negotiations and sign a contract with any other bidder who submitted timely, responsive and responsible proposals to this RFP.

If, after the State Bar and the HSB agree to terms and execute a contract, that contract is terminated for any reason, the State Bar may, in its sole discretion, either enter into negotiations with the next highest scored bidder, or issue a new RFP and begin the proposal process anew.

Questions regarding the State Bar's award of any business on the basis of proposals submitted in response to the RFP, or on any other matter in connection with the selection process, should be addressed in writing to Andrew Conover, Finance Manager, at andrew.conover@calbar.ca.gov.

Where written notice is required in this RFP, the notice must be sent by U.S. mail and either facsimile or e-mail.

E. Errors in the RFP

If a bidder discovers any ambiguity, conflict, discrepancy, omission, or other error in the RFP, the bidder should immediately provide the State Bar with written notice of the problem and request that the RFP be clarified or modified. Without disclosing the source of the request, the State Bar may modify the document prior to the date fixed for submission of proposals by issuing an addendum to all potential bidders to whom the RFP was sent.

If prior to the date fixed for submissions, a bidder knows of or should have known of an error in the RFP but fails to notify the State Bar of the error, the bidder shall bid at its own risk, and if, awarded the contract, shall not be entitled to additional compensation or time by reason of the error or its later correction.

F. Questions Regarding the RFP

Questions regarding the RFP may be addressed in writing to Iola Lee-LaMark at iola.lee@calbar.ca.gov. All questions must be submitted no later than 10 days prior to the date for submission of proposals. Questions and answers regarding the RFP may be shared with all bidders known to be interested in submitting a proposal.

If a question relates to a proprietary aspect of its proposal and the question would expose proprietary information if disclosed to competitors, the bidder may submit the question in writing, conspicuously marking it as "CONFIDENTIAL." With the question, the bidder must submit a statement explaining why the question is sensitive. If the State Bar concurs that the disclosure of the question or answer would expose proprietary information, the question will be answered, and both the question and answer will be kept in confidence. If the State Bar does not concur regarding the proprietary nature of the question, the question will not be answered in this manner and the bidder will be notified.

A bidder who believes that one or more of the RFP's requirements is onerous or unfair, or unnecessarily precludes less costly or alternative solutions, may submit a written request that the RFP be changed. The request must set forth the recommended change and reason for proposing the change. The State Bar must receive any such request no later than 5 days before the deadline for submitting proposals.

G. Addenda

The State Bar may modify the RFP prior to the date fixed for submission by posting, mailing, emailing or faxing an addendum to the bidders known to be interested in submitting a proposal. If any bidder determines that an addendum unnecessarily restricts its ability to bid, it must notify the State Bar in writing no later than 5 days before the deadline for submitting proposals.

H. Withdrawal and Resubmission/Modification of Proposals

A proposal may be withdrawn at any time prior to the deadline for submitting proposals by notifying the State Bar in writing of its withdrawal. The notice must be signed by the bidder. The bidder may thereafter submit a new or modified proposal, provided that it is received at the State Bar no later than the deadline.

Modification offered in any other manner, oral or written, will not be considered. Proposals cannot be changed after the evaluation process begins.

I. Protest Procedure

A bidder may protest the award if it meets all the following conditions:

1. The bidder has submitted a proposal that it believes is or should have been the HSB, under the criteria set forth above;
2. The bidder believes that its proposal meets the State Bar's administrative and technical requirements, proposes services of proven quality and performance, and offers a competitive cost to the State Bar; and
3. The bidder believes that the State Bar has incorrectly selected another bidder.

A bidder qualified to protest should contact Andrew Conover, Finance Manager, (415) 538-2207, to attempt an informal resolution. If this contact is unable to resolve the protest to the bidder's satisfaction, the bidder must file a written protest within 5 days of the notice of intention to award the contract. The written protest must state the facts surrounding the issue and the reasons the bidder believes the award to be invalid. The protest must be sent by certified or registered mail or delivered personally to:

**The State Bar of California
180 Howard Street
San Francisco, CA 94105-1639**

Attention: Peggy Van Horn, Chief Financial Officer

Protests will be reviewed and decided by the State Bar's Award Protest Team within 30 days after the State Bar issues written acknowledgment of the protest. In the event that a protest is filed, the contract award will be postponed pending resolution of the protest.

J. News Releases

News releases pertaining to the award of a contract may not be made without the prior written approval of the State Bar.

K. Disposition of Materials

All materials submitted in response to an RFP will become the property of the State Bar of California and will be returned only at the State Bar's option and at the expense of the bidder. One copy of each proposal will be retained for official files and become a public record. Specific limited pages of a proposal, not including proposed cost and compensation, may be marked as proprietary and confidential. The bidder's consent will be requested before release of such pages to non-State Bar personnel. By submitting a proposal, a bidder agrees to these terms and waives any right to pursue a cause of action for damages incurred as a result of the release of any information contained in a proposal.

III. STATEMENT OF WORK

The State Bar offers its full time employees the option to purchase health insurance from Kaiser Healthcare, Aetna POS, or Aetna HMO plans. Also offered are dental plans from Delta Dental, vision plans from VSP, life insurance coverage, disability, employee assistance program (EAP), and flexible spending account administration. Open enrollment for employee health plans begins each year in October. Employees may choose from the available plans, or elect not to enroll in any of the offerings made available to them.

The State Bar of California is seeking an employee benefit program consultant to advise on employee benefit plan issues and assist the Deputy Executive Director and the Office of Human Resources in obtaining and evaluating competitive bids from various providers, including the following services:

1. Evaluate existing employee benefit plans, research the market and identify other competitive insurance coverage.
2. Solicit competitive bids for existing employee benefit plans, evaluate proposals, and make recommendations.
3. Assist in carrier negotiations for adequate coverage for medical, dental, vision, life insurance, long-term disability insurance, flexible spending account administration, EAP and any benefit plan changes.
4. Review all insurance carrier contracts and assure that the State Bar is adequately covered with respect to its 2008 employee benefit plans.
5. Advise on a continuing basis and in a timely manner of any and all significant matters and developments regarding the progress of carrier service issues.
6. Assist with union negotiations as required.

7. Assist in evaluating the limited retiree health program.
8. Assure State Bar compliance with all federal, state and local laws, regulations or rulings regarding employee benefits.
9. Provide quarterly statistical reports including, but not limited to, rates, aggregate claims, demographic changes and other market trends.
10. Provide assistance with benefit issues that may arise during the normal course of business.

IV. CONTRACTING REQUIREMENTS

Upon selection of a Consultant, the terms set forth in this RFP are to be embodied in a definitive agreement containing such additional covenants and other provisions as may be mutually acceptable.

The State Bar contemplates that, in addition to the terms described above in this RFP, final agreement between the State Bar and the selected Consultant will include, without limitation, the following terms. Submission of a proposal shall constitute agreement to contract on these terms, except for any term specifically reserved in the proposal for future negotiation.

A. Time of Essence

Time is of the essence with respect to Consultant's performance of the services and equipment to be provided in the final agreement.

B. Warranties and Representations

Consultant will warrant and represent that it possesses such expertise, experience and resources to perform the scope of services required in a diligent, timely and professional manner consistent with the standards of the industry. Consultant will supply at all times an adequate number of well-qualified personnel to perform the work. Consultant will provide a contact person available and authorized to remedy any non-conformity with this warranty.

C. Equipment, Tools, Supplies

The Consultant will supply all equipment, tools, supplies, offices, personnel, instrumentalities, transportation, support services and insurance required. The Consultant is not required to purchase, rent or hire any equipment, tools, supplies, offices, transportation, personnel, insurance or instrumentalities from the State Bar. The State Bar has no obligation whatsoever to provide any equipment, tools, supplies, offices,

personnel, instrumentalities, transportation, support services or insurance required to perform services under this agreement.

D. Indemnity Obligations of Consultant

To the fullest extent permitted by law, the Consultant will agree to protect, indemnify, defend and hold the State Bar and the State Bar's Board of Governors, officers, employees, agents and representatives and each of their successors and assigns (the "Indemnities") entirely harmless from and against any and all claims, actions, demands, proceedings, liabilities, damages, judgments, fines, penalties, settlements, costs and charges, including, without limitation, attorneys' fees and expenses, arising directly or indirectly from or in connection with (a) any breach of the Agreement, (b) any actual or alleged negligent act, negligent error or omission, intentional misconduct of, or violation of any law by Consultant, the Consultant's employees, subcontractors, agents, representatives or assigns (collectively, the "Consultant's Agents") in the performance or non-performance of the professional services required to be performed by the Consultant under the Agreement; or (c) the State Bar's enforcement of its rights under this indemnity provision. The Consultant will agree that its obligations under this indemnity will survive the expiration and termination of this agreement.

In the event both the State Bar and Consultant are named as defendants in the same civil action, and the State Bar determines that a conflict of interest exists between the parties, Consultant will agree to provide, at its own cost, independent counsel for the State Bar. The State Bar may, at its option, designate its Office of General Counsel as equal participating counsel in any litigation wherein the Consultant defends the State Bar.

E. Insurance Obligations of Consultant

The Consultant will provide and keep in full force and effect during the term of this agreement, at the Consultant's own cost and expense, the following insurance policies for the joint benefit of the Consultant and the State Bar, with an insurer reasonably acceptable to the State Bar:

1. Commercial general liability insurance with a general aggregate limit (other than products/completed operations) of at least Two Million Dollars (\$2,000,000.00); at least One Million Dollars (\$1,000,000.00) personal and advertising injury limit; at least One Million Dollars (\$1,000,000.00) premises and operations limit; at least One Million Dollars (\$1,000,000.00) each occurrence limit;
2. Workers' compensation coverage as required by law, together with employer liability coverage with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence.

3. Comprehensive automobile liability insurance covering owned, leased, hired and non-owned vehicles with at least One Million Dollars (\$1,000,000.00) combined single limit.
4. Professional liability insurance with a general aggregate limit of Two Million Dollars (\$2,000,000.00) and an occurrence limit of two Million Dollars (\$2,000,000.00).

The Consultant will deliver to the State Bar offices at 180 Howard Street, San Francisco, CA 94105 – Attn: Andrew Conover, Finance Manager, true and correct copies of its insurance policies required above, and certificates of such insurance within seven (7) days of the execution of this agreement. Each such policy will name the State Bar as an additional insured and will state that the Consultant's policy shall be primary and that any insurance carried by the State Bar shall be noncontributing with respect thereto. Each such policy will provide for thirty (30) days prior written notice to the State Bar in the event of cancellation or reduction in coverage or amount. If the Consultant fails to secure and maintain insurance policies complying with the provisions of this agreement, the State Bar may purchase the appropriate insurance policies and the Consultant will pay upon demand the cost of it to the State Bar or the State Bar may terminate this agreement. In addition to the insurance required of the Consultant, if the Consultant assigns any portion of the duties under this agreement in accordance with the terms, hereof, each subcontractor or assignee will purchase and maintain the same insurance coverage required hereunder.

The Consultant will immediately notify the State Bar if the Consultant's commercial general liability insurance contains restrictive endorsements other than those restrictive endorsements normally included in the State of California. If the Consultant's commercial general liability insurance contains such restrictive endorsements, the Consultant will have five (5) business days to remove said restrictions. If the Consultant is unable to do so, the State Bar may terminate this agreement, and will be required to give the Consultant no more than two (2) days' notice of such termination, anything in this agreement to the contrary notwithstanding.

F. Termination

1. **At Will.** The agreement will be terminated by the State Bar, in its sole and complete discretion, upon thirty (30) days written notice to Consultant. In the event of termination pursuant to this section, the Consultant's sole compensation will be for that portion of services performed or goods delivered up to the date of termination, together with reimbursable expenses, if any then due. Consultant will not be paid for any services, goods or reimbursable expenses associated with any work or service not specifically authorized by the State Bar.
2. **Authorization of Funds.** It is understood that if the term of this agreement extends into fiscal year(s) subsequent to that in which it is

signed, its continuation is contingent upon the California State Legislature authorizing State Bar funding at not less than the current level. If the State Bar funding level is reduced and sufficient funds are not so authorized, the parties mutually agree that the contract may be terminated or amended as appropriate in response to the reduction in funding. If the agreement is terminated, Contractor agrees to take back any affected equipment, products, software, or hardware furnished under this contract, or terminate any services, and relieve the State Bar of any further obligation, except for the State Bar's obligation to pay for services already performed pursuant to this agreement.

3. **Default by Consultant.** This agreement may be terminated by the State Bar upon thirty (30) days written notice to the Consultant in the event the Consultant is in default under any of its provisions. In the event this agreement is terminated due to the default by the Consultant, the Consultant will not be entitled to receive any compensation for services performed or for any reimbursable expenses incurred, and the State Bar will have the right to have the services completed by other parties and the Consultant will reimburse the State Bar for the actual costs to complete the services in excess of the balance of the fee and reimbursable expenses, if any, provided for in this agreement. Any such act by the State Bar will not be deemed a waiver of any other right or remedy of the State Bar, including, without limitation, the State Bar's right to consequential damages caused directly or indirectly by the Consultant's default.
4. **Automatic Termination.** This agreement will automatically terminate on the occurrence of any of the following events: (a) bankruptcy or insolvency of either party; (b) sale of the business of either party; (c) failure to comply with federal, state or local laws, regulations or requirements, or (d) expiration of the agreement.

G. Confidentiality and Publicity

Consultant will retain all confidential information provided by the State Bar in the strictest confidence and will neither use it nor disclose it to anyone other than employees requiring the information to perform services under this agreement without the prior written consent of the State Bar. The State Bar retains the right to enjoin any unauthorized disclosure in an appropriate court of law. Consultant will not issue any public announcements concerning the State Bar without the prior written consent of the State Bar.

H. Compliance with Laws

Consultant agrees to comply with all applicable federal, state, and local laws and regulations, including but not limited to the provisions of the Fair Employment and Housing Act (Govt. Code, § 12900 et seq.) and any applicable regulations promulgated

there under (Cal. Code of Regs., tit. 2, § 72850.0 et seq.). Consultant agrees to include the non-discrimination and compliance provisions of this clause in any and all subcontracts to perform work under the agreement.

I. Assignment/Subcontracting

1. Assignment. Consultant will not assign or transfer its interest, in whole or in part, under this agreement, without the written consent of the State Bar, which consent may be granted or withheld in the sole and absolute discretion of the State Bar.
2. Subcontracting. Consultant may subcontract with other qualified firms or individuals as required to complete all, or a portion of, the delivery of equipment and services, with the prior written approval of the State Bar.

Consultant will clearly describe the reason for using any subcontractors, the specific role each subcontractor will play in the project, and the relationship between the Consultant and its subcontractor to be maintained during the term of this agreement. No subcontract will be approved unless the Consultant provides a written guarantee that the Consultant's firm will be contractually obligated to assume all project responsibilities and the insurance requirements set forth above.

J. Conflict of Interest

Consultant understands and acknowledges that the State Bar is a public corporation subject to government mandated conflict of interest provisions. These provisions concern, among other things, accepting gifts or gratuities from potential contracting entities and contracting with entities owned or controlled by the State Bar, certain persons associated with the State Bar, or its employees. With this understanding, Consultant agrees not to take any action which creates a situation which would or which could appear to result in violation of the conflict of interest code provisions by any State Bar employee.

K. Independent Contractor Status

It is the express intention of both parties that Consultant be an independent contractor and not an employee, agent, joint venturer or partner of the State Bar. Noting in the Agreement will be interpreted or construed as creating or establishing the relationship of employer and employee between the State Bar and Consultant or any employee, subcontractor or agent of Consultant.

L. General Provisions

1. **Force Majeure.** Neither party will be deemed in default of this agreement or any provision hereunder to the extent that any delay or failure in the performance of the obligations of such party (other than the

payment of money) results from any significant and material causes beyond its reasonable control and without fault or negligence by such party. Examples of such causes include, but are not limited to, (1) acts of God or public enemy, (2) acts of the government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) embargoes, (9) earthquakes, and (10) unusually severe weather.

2. **Governing Law.** The laws of the State of California will govern the Agreement, without giving effect to its principles of conflict of laws.
3. **Attorneys' Fees.** In the event either party institutes any action or proceeding against the other party relating to this agreement, the unsuccessful party in such action or proceeding will reimburse the successful party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees as fixed by the court. In addition to the foregoing award of attorneys' fees to the successful party, the successful party in any lawsuit shall be entitled to collect or enforce the judgment. This provision is separate and several and shall survive the merger of the agreement into any judgment.
4. **Audit.** Consultant agrees that the State Bar or its designee shall have the right to review and copy any financial records and supporting documentation pertaining to the performance of this Agreement. Consultant agrees to maintain such financial records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Consultant agrees to allow the State Bar or its designee access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Consultant agrees to include a similar right of the State Bar or its designee to audit records and interview staff in any subcontract related to performance of this Agreement.
5. **License.** In those instances where required, the Consultant represents and warrants that the Consultant holds a license, permit or special license to perform the services pursuant to this agreement, as required by law, or employs or works under the general supervision of the holder of such license, permit or special license and shall keep and maintain all such licenses, permits or special licenses in good standing and in full force and effect at all times while the Consultant is performing the services pursuant to the agreement.

Appendix A
Itemized Cost Proposal
 The State Bar of California

Year 1

Plan	Commission Rate	Annual Cap	Other Compensation Method	Notes
Medical				
Dental				
Vision				
Disability				
Life Insurance				
Employee Assistance Program				
Flexible Spending				
Other				

Year 2

Plan	Commission Rate	Annual Cap	Notes	Notes
Medical				
Dental				
Vision				
Disability				
Life Insurance				
Employee Assistance Program				
Flexible Spending				
Other				

Year 3 option

Plan	Commission Rate	Annual Cap	Notes	Notes
Medical				
Dental				
Vision				
Disability				
Life Insurance				
Employee Assistance Program				
Flexible Spending				
Other				

Appendix B
Consultant Billing Rates
The State Bar of California

Period: July 1, 2007 to June 30, 2008			Period: July 1, 2008 to June 30, 2009			Option Period: July 1, 2009 to June 30, 2010		
Professional Svcs Standard Hourly Rates			Professional Svcs Standard Hourly Rates			Professional Svcs Standard Hourly Rates		
Partners	\$	-	Partners	\$	-	Partners	\$	-
Managers	\$	-	Managers	\$	-	Managers	\$	-
Supervisory Staff	\$	-	Supervisory Staff	\$	-	Supervisory Staff	\$	-
Staff	\$	-	Staff	\$	-	Staff	\$	-
Other (specify)	\$	-	Other (specify)	\$	-	Other (specify)	\$	-
Other (specify)	\$	-	Other (specify)	\$	-	Other (specify)	\$	-
Other (specify)	\$	-	Other (specify)	\$	-	Other (specify)	\$	-
Expenses			Expenses			Expenses		
Meal per diems	<i>included in hourly rates above</i>		Meal per diems	<i>included in hourly rates above</i>		Meal per diems	<i>included in hourly rates above</i>	
Lodging	<i>included in hourly rates above</i>		Lodging	<i>included in hourly rates above</i>		Lodging	<i>included in hourly rates above</i>	
Transportation	<i>included in hourly rates above</i>		Transportation	<i>included in hourly rates above</i>		Transportation	<i>included in hourly rates above</i>	