

**FIRST AMENDMENT TO AGREEMENT
BETWEEN
THE CITY OF JACKSONVILLE
AND
AMI RISK CONSULTANTS, INC.
FOR
CASUALTY ACTUARIAL SERVICES**

9925
Amd 1

THIS FIRST AMENDMENT to Agreement is made and entered into in duplicate this 15th day of July, 2014, by and between the CITY OF JACKSONVILLE, a municipal corporation existing under the Constitution and the laws of the State of Florida (the "CITY"), and AMI RISK CONSULTANTS, INC., a Florida profit corporation with principal offices at 1336 S.W. 146th Ct., Miami, Florida 33184 (the "CONSULTANT"), for casualty actuarial services (the "Project").

WITNESSETH:

WHEREAS, on October 24, 2013, CITY and CONSULTANT made and entered into City of Jacksonville Contract No. 9925 (the "Agreement"); and

WHEREAS, said Agreement has not been amended previously; and

WHEREAS, said Agreement should be amended by adding, attaching, and incorporating the Workers' Compensation Tail Factor Development and Fee Study as **Exhibit C** to the Agreement so as to provide for additional services and fees, and by increasing the maximum indebtedness by \$4,500.00 to a new not-to-exceed total maximum indebtedness of \$32,900.00, with all other provisions, terms, and conditions of the Agreement remaining unchanged; now therefore

IN CONSIDERATION of the Agreement and for other good and valuable consideration acknowledged by the parties to be legally sufficient, the parties agree to amend said Agreement as follows:

1. The above-stated recitals are accurate, true, and correct and are incorporated herein and made a part hereof by this reference.
2. Section 1.01 of said Agreement is amended in part by adding, attaching, and incorporating the Workers' Compensation Tail Factor Development and Fee Study as **Exhibit C** to the

Agreement so as to provide for additional services, and as amended shall read as follows:

“1.01. CITY hereby engages CONSULTANT and CONSULTANT hereby accepts said engagement for the purpose of providing to CITY professional services for the Project as described in and according to the provisions of the “Scope of Services, attached hereto as **Exhibit A** and incorporated herein by this reference, and as described in the Workers’ Compensation Tail Factor Development and Study, attached hereto as **Exhibit C** and incorporated herein by this reference.”

3. Section 7.01.01 of said Agreement is amended in part by providing for an additional fee for the Workers’ Compensation Tail Factor Development and Fee Study as set forth in **Exhibit C**, and as amended shall read as follows:

“7.01.01. CONSULTANT’s professional fees under the terms of the Agreement shall be those contained in the “Contract Fee Summary”, attached hereto as **Exhibit B** and made a part hereof by this reference, and in the Workers’ Compensation Tail Factor Development and Study, attached hereto as **Exhibit C** and incorporated herein by this reference. CONSULTANT’s professional fees shall be billed monthly for Services provided the previous month using invoices and such other documentation satisfactory to CITY to allow and authorize payment. Each such invoice shall include the amount of payment requested, the amount previously paid, the total contract value, the percent completed since the last invoice, the total percent completed to date, and any other such information as may be reasonable and necessary to secure the written approval of the invoice by CITY’s Project Coordinator. Each invoice shall contain a statement that it is made subject to the provisions and penalty of Section 837.06, Florida Statutes. Payments shall be made within forty-five (45) days after CITY’s receipt of said invoices or other documentation. To the extent that professional fees include

reimbursement for travel or travel-related expenses, such travel and travel-related expenses shall be subject to and governed by the provisions and limitations of Chapter 106, Part 7, *Ordinance Code*.”

4. Section 7.01.02. of said Agreement is amended in part by increasing the maximum indebtedness by \$4,500.00, as set forth in **Exhibit C**, to a new not-to-exceed total maximum indebtedness of \$32,900.00, and as amended shall read as follows:

“7.01.02. The maximum indebtedness of CITY for all fees, reimbursable items, or other costs for Services provided by CONSULTANT pursuant to this Agreement shall not exceed the sum of THIRTY-TWO THOUSAND NINE HUNDRED AND 00/100 DOLLARS (\$32,900.00) for the term of this Agreement.”

5. Attach **Exhibit C** to said Agreement.

SAVE AND EXCEPT as expressly amended by this instrument, the provisions, terms, and conditions of the Agreement shall remain unchanged and shall continue in full force and effect.

[Remainder of page left blank intentionally. Signature page follows immediately.]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment the day and year first above written.

ATTEST:

CITY OF JACKSONVILLE

By James R. McCain, Jr. Alvin Brown
 James R. McCain, Jr. Alvin Brown
 Corporation Secretary Mayor



In accordance with Section 24.103(e) of the *Ordinance Code*, of the City of Jacksonville, I do hereby certify that there is an unexpended, unencumbered, and unimpounded balance in the appropriation sufficient to cover the foregoing agreement; and that provision has been made for the payment of monies provided therein to be paid.

C. Ronald Reardon
 Director of Finance
 CITY Contract Number: 9925, Amd #1

Form Approved:

James R. McCain, Jr.
 Office of General Counsel

Karen Bowling
 Chief Administrative Officer
 For: Mayor Alvin Brown
 Under Authority of:
 Executive Order No. 2013-04

ATTEST:

AMI RISK CONSULTANTS, INC.

By Mario R. Madarang
 Signature
 Mario R. Madarang
 Type/Print Name
 Actuarial Assistant
 Title

By Aguedo M. Ingco
 Signature
 Aguedo M. Ingco
 Type/Print Name
 President
 Title

EXHIBIT C

AMI Risk Consultants, Inc.

1336 SW. 146th Ct.,
Miami, Florida 33184

Tel: (305) 273-1589
Fax: (305) 330-5427

2878 Loveland Dr. #2208
Las Vegas, NV 89109

Tel: (702) 478-5924

May 20, 2014

Mr. Mitchell L. Perin, CPA
Financial and Administrative Manager
City of Jacksonville
231 E. Forsyth Street Room 470
Jacksonville, FL 32202

Re: Worker's Compensation Tail Factor Development

Dear Mr. Perin:

We propose to conduct a study designed specifically to develop paid and incurred loss development tail factors for the City's Worker's Compensation claims. The indicated tail factors will subsequently be used to help estimate the City's Worker's Compensation loss reserves beginning with the September 2014 study.

We need tail factors because the City's oldest accident years are still developing, and some assumption must be made as to how much further they will grow. Tail factors are also needed to predict how the younger accident years will eventually behave once they are 20+ years old.

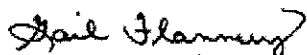
Our general approach will be to calculate an estimated ultimate cost for open claims from accident years 2004 and prior based on the claimants' life expectancies and recent average annual claim payments. We will then use those values to determine the implied paid and incurred loss development factors to ultimate. The indicated factors will be smoothed to produce a reasonable progression to ultimate and to blend with the loss development factors from the triangles.

Support for the tail factors will be included as an appendix to the September 30, 2014 loss reserve review, and will be attached to future reserve reviews as well.

Our proposed fee for the tail factor study is \$4,500. This fee includes a visit to Jacksonville to present the tail factor development to you and to discuss implementation.

Please let me know if you have any questions about this proposal.

Sincerely,



Gail Flannery, FCAS, MAAA
Consulting Actuary