

July 1, 2021

Leona Olson  
Assistant Superintendent, Chief Human Resources Officer  
Newport Mesa Unified School District  
2985-A Bear Street  
Costa Mesa, CA 92626

Dear Leona,

Subject: Employee Benefits Consulting Agreement

The purpose of this letter agreement ("Agreement") is to confirm the continuation of services Aon Consulting, Inc. ("Aon") provides for Newport Mesa Unified School District (NMUSD). Thank you for giving Aon the opportunity to continue to work with you.

### **Services**

This Agreement documents our scope of services and related charges, which are more fully set forth in Exhibit A. The services detailed herein, including any attached exhibits, may be performed by us or through us or through one of our agents or affiliates.

### **Compensation**

For completing the assignment outlined in this Agreement, NMUSD will pay to Aon a fixed fee of \$125,000 annually plus associated out-of-pocket expenses. The fee applies without regard to the amount of time that Aon spends on the assignment.

The charges for each phase of the assignment are as follows:

The fee will be invoiced in equal monthly installments of \$10,416.67

As you have elected to compensate us on a fee basis, Aon will use its best efforts to negotiate placements for your insurance programs on a net of (without) commission basis, to Aon; however, it is not always possible or advisable to do so. In instances where a commission is paid to Aon, we will credit the commission against our fees, where we are permitted to do so by applicable law. We will advise you of all such commissions in writing prior to binding. If Aon is required, for any reason, to return any commissions that were credited against the fee, you agree to reimburse Aon for this amount. Aon accepts from insurers only permissible forms of compensation.

### **Disclosures**

In addition to retail commissions and fees, Aon may receive additional forms of compensation from insurers and third parties, including but not limited to: national additional commissions, subscription

market brokerage charges, and/or administrative expense reimbursements. This revenue is in addition to and shall not be credited against the fees or any other compensation earned hereunder and shall not be applied to any service set forth in Exhibit A. As of the effective date of this Agreement, the Health and Benefits Practice does not accept contingent compensation. If our policy on accepting contingent compensation changes, we will notify you at that time. Additional information is available upon request.

Aon will disclose to you all marketing quotes, including any applicable commission rates, received prior to binding any coverages for your insurance programs. You will also be provided prior to binding with a disclosure of any amounts to be paid to Aon and/or Aon affiliate intermediaries if available, in connection with coverages placed for your insurance programs, including any fees, if applicable, paid to Aon for services it provides to third parties.

In some instances, insurance placements made by Aon on your behalf may require the payment of state surplus lines or other premium taxes and/or fees in addition to the premium itself. Aon will make every effort to identify any of these taxes and/or fees in advance, but in all instances the payment of these taxes and/or fees will remain your responsibility. Aon will invoice you for the payment of these taxes and fees. You acknowledge your responsibility to report and communicate in writing to Aon changes in exposures, loss-related data, and other material changes during the course of this Agreement.

Aon's goal is to procure insurance for you with insurance companies possessing the financial strength to perform in today's economic environment. Toward this objective, Aon regularly reviews publicly available information concerning an insurer's financial condition, including, but not limited to:

- Approvals by various regulatory authorities;
- Analyses of insurers by professional rating agencies such as A.M. Best, Standard and Poors, Moody's, and/or Fitch; and
- The input of our global affiliates and correspondents.

Most Aon placements are made with insurers that are rated "Excellent" by the professional rating agencies; however, Aon does not guarantee the solvency of any insurer. Aon encourages you to review the publicly available information made available by Aon. The decision to accept or reject an insurer will be made solely by you.

Aon and/or its affiliates may from time to time maintain contractual relationships with the insurers that are recommended as potential markets, or with whom your coverage may ultimately be placed. Further details concerning Aon's relationship with insurance carriers can be found at <http://www.aon.com/about-aon/corporate-governance/corporate/market-relationships/contractual-relationship-with-carriers.jsp#>.

### **Change in Scope**

Please be aware that requested changes in the scope of services provided by Aon could result in an increase in fees and charges. Changes in scope could include, but are not limited to the following:

- Amendments or changes to the plan design or plan operation;
- Assignment of additional roles, responsibilities, or functions related to the plan; or
- Other factors that were not anticipated and increase the complexity or timing of plan operations or which affect our responsibilities or duties.

If your operations or your insurance programs substantially change by expansion, or other material change in scope and nature of exposures, you will inform Aon, and you and Aon will negotiate in good faith to revise this Agreement as appropriate.

### **Terms & Conditions**

The initial term of our Agreement will begin on October 1, 2021 and end on September 30, 2022. Aon's obligation to render services will terminate at the end of the Agreement.

The services may be terminated for convenience by either party by providing ninety (90) days prior written notice. If this Agreement is terminated prior to its initial end date, NMUSD will be responsible for any properly incurred fees, commissions, and expenses through the date of termination. For services performed before or after the effective dates of this Agreement, Aon will be entitled to receive compensation for services actually performed and related out-of-pocket expenses at the billing rates set forth in this Agreement or as otherwise agreed to in writing between the parties. Aon commissions are fully earned at inception and are not subject to return or offset.

We will invoice you monthly based on the progress of the work and the fees for other projects. Fees are due within thirty (30) days of the invoice date. You will promptly notify Aon of any questions regarding invoices so that we can expect timely payments. Interest on late payments will be assessed at 9% per annum.

With respect to any project, we retain all ownership rights to our existing and developed intellectual property, and any derivatives thereof. You may internally use our intellectual property for the intended purpose during the term of our engagement. Each party agrees to treat the other's information as confidential. You agree that we may use your name on our client list and related materials, and acknowledge that we may de-identify and aggregate your information with other client data for statistical analysis in our services provided to third parties. You agree to only provide data (e.g., names of plan participants or beneficiaries) to Aon that is in compliance with U.S. trade statutes, rules and regulations (e.g., OFAC).

Our professional services do not in any case include legal, investment, or accounting services, and we are not a fiduciary to your plans. The services and work product provided by Aon hereunder are provided solely for your internal use; they are not intended to be used or relied upon by third parties.

Should any errors in our work occur, we will correct our work product without any additional charge. In addition, to the extent we have failed to satisfy our obligations under this Agreement, our liability to you will not exceed the amount of fees you paid for the work. As our sole responsibility under this Agreement is to you, you will be responsible for any third-party claims against you or us arising out of or in connection with the services. Third parties include your affiliates, the plans, any trustees and any employees, participants or their representatives. If it is determined that any damages to such third parties resulted from our error, we will reimburse you for up to the amount set forth in this Agreement.

Any disputes under this Agreement will be governed by the internal laws of Illinois.

Please acknowledge your consent to these arrangements for this engagement by signing below. Please contact us with any questions or comments. We look forward to continuing to work with you and your team.

Sincerely,



Aon Consulting, Inc.

Salvador Lona  
Vice President

cc: Mary Ann Hilado, Aon

Accepted this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_

Newport Mesa Unified School District

Aon Consulting, Inc.

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit A—Services to Be Provided

<b>Consulting Services</b>	<b>Frequency</b>	<b>Cost</b>
<b>Strategy</b>		
▪ Strategic plan linking business objectives	Annually	Included
▪ Benchmark design/costs	Annually	Included
▪		
▪ Cost containment tactics	As Needed	Included
▪ Plan cost forecasting	Annually	Included
▪ Executive/Board summary reports	As Needed	Included
▪		
▪ Annual service review—Client Promise	Annually	Included
▪ Action plan and service schedule		
<b>Financial Management</b>		
▪ Monitor/communicate budget variances	Annually	Included
▪ Large claim probability modeling		
▪ Actuarial impact of design changes	Annually (if necessary)	Included
▪ Financial reporting including dashboards	Quarterly	Included
▪ Comprehensive medical/Rx utilization analysis		
<b>Renewal/Marketing</b>		
▪ Pre-renewal projections	Annually, if necessary	Included
▪ Detailed marketing/renewal report		
▪ Market selection and approval		
▪ Total and itemized costs		
▪ Network access and provide disruption analysis		
▪ Carrier/Vendor performance/rate guarantees		
▪ Carrier financial ratings/market review	At renewal, marketing	Included
▪ Finalist meetings	Annually, as needed	Included
▪ Best and final negotiations		
▪ Vendor site visits	As needed	Included
▪ Disclosure of all proposals and compensation	Annually	Included
<b>Implementation</b>		
▪ Carrier application preparation assistance	Annually	Included
▪ Enrollment meeting support/coordination		
▪ Contract review		
▪ Review vendor created employee communications		

<b>Consulting Services</b>	<b>Frequency</b>	<b>Cost</b>
<ul style="list-style-type: none"> <li>Administrative arrangements (billing, banking, reporting, data)</li> </ul>		
<b>Ongoing Service</b>		
<ul style="list-style-type: none"> <li>National Aon vendor liaisons</li> </ul>	As needed	Included
<ul style="list-style-type: none"> <li>Scheduled vendor service meetings</li> </ul>		
<ul style="list-style-type: none"> <li>Issue resolution (claim, billing, eligibility)</li> </ul>		
<ul style="list-style-type: none"> <li>Work plan for ongoing tasks/projects</li> </ul>	Annually	Included
<b>Compliance &amp; Regulatory support</b>		
<ul style="list-style-type: none"> <li>Compliance review of SPD provisions, contracts, agreement and documents</li> </ul>	Ongoing	Included
<ul style="list-style-type: none"> <li>Aon-assigned legal resource</li> </ul>		
<ul style="list-style-type: none"> <li>Summary Annual Report preparation</li> </ul>	Annually	Included
<ul style="list-style-type: none"> <li>Ongoing webcasts and legislative alerts</li> </ul>	Ongoing	Included
<ul style="list-style-type: none"> <li>Upon request, provide additional information to assist in client's fulfillment of ERISA fiduciary duties</li> </ul>	As requested	Included
<b>Elective Benefits</b>		
<ul style="list-style-type: none"> <li>Vendor selection/management</li> </ul>	Ongoing and as requested	Included, additional commissions apply
<ul style="list-style-type: none"> <li>Enrollment management</li> </ul>		
<b>Resources</b>		
<ul style="list-style-type: none"> <li>Subject Matter Experts               <ul style="list-style-type: none"> <li>Wellness</li> <li>Pharmacist</li> <li>Actuary</li> <li>Underwriters</li> <li>M.D.s and R.N.s</li> <li>ERISA experts</li> <li>Absence and Leave</li> <li>Elective Benefits</li> </ul> </li> </ul>	Ongoing and as requested	Included
<ul style="list-style-type: none"> <li>Access to local geographic experts in 50 U.S. offices</li> </ul>		
<ul style="list-style-type: none"> <li>Retiree health exchange</li> </ul>	Available	Additional cost