



State of New Hampshire  
DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street – Room 120  
Concord, New Hampshire 03301

VICKI V. QUIRAM  
Commissioner  
(603)-271-3201

JOSEPH B. BOUCHARD  
Assistant Commissioner  
(603)-271-3204

August 22, 2016

Her Excellency, Governor Margaret Wood Hassan  
and the Honorable Council  
State House  
Concord, NH 03301

**REQUESTED ACTION**

Authorize the Department of Administrative Services, for the NH Deferred Compensation Commission, to enter into a contract with CliftonLarsonAllen LLP, Timonium, MD (VC#228150), for a total cost not to exceed \$160,000 to perform annual financial audits of the State of NH Public Employees Deferred Compensation Plan for calendar years 2015, 2016, 2017, 2018, and 2019. The contract will be effective upon Governor and Council approval and end on December 31, 2020. **100% Agency Income.**

Funding is available in the following Deferred Compensation account contingent upon availability and continued appropriations, with the authority to adjust encumbrances in each of the state fiscal years through the Budget Office if needed and justified:

01-14-14-14-140010-13070000-102-500731 – Deferred Compensation, Contracts for Program Services

<u>SFY 17</u>	<u>SFY 18</u>	<u>SFY 19</u>	<u>SFY 20</u>	<u>SFY 21</u>
\$30,000	\$31,000	\$32,000	\$33,000	\$34,000

Total Contract: \$160,000

**EXPLANATION**

Beginning in 2010, the New Hampshire Deferred Compensation Commission (the "Commission") has, with Governor and Council approval, contracted with an independent accounting firm to perform annual financial audits of the Plan to ensure accurate accounting and crediting of participant deferrals and investment returns. Prior to 2010, the contracted recordkeeper of the Plan, arranged and paid for annual financial audits. In 2010, a new Plan Administrator contract was awarded to Great-West Life & Annuity Insurance Company ("Great-West") by a vote of the Governor and Council on October 21, 2009, Item #25A. The second Plan Administrator contract was awarded to Great-West by Governor and Council on October 7, 2015, Item #74.

The contract(s) with Great-West provide funds to pay for annual financial audits, but the responsibility for hiring and supervising the work of the auditors is now the responsibility of the

Commission. The Commission feels that this provides a truly independent financial audit process and has benefited both the Commission and all Plan participants.

CliftonLarsonAllen, LLP was awarded the FS audit contract for CY2010 through CY 2015 after an RFP process and approval by Governor and Council on March 26, 2014, Item#10. That contract terminated on December 31, 2015, without an option for extension.

Notification of the RFP was released on May 25, 2016, to (11) eleven audit firms known to have performed successful audits of large governmental 457(b) plans. The RFP was posted the same day on the State of NH purchasing website, the State Treasury website, and the National Association of Government Defined Contribution Administrators (NAGDCA) website. Questions and Answers from prospective proposers were posted on June 17, 2016, with the deadline for proposal submissions of June 30, 2016 at 3:30 pm.

The Commission received (2) two proposals by the deadline. A review team, consisting of four (4) Commission members: Barry J. Glennon, Director of the Bureau of Securities Regulation; Kevin P. O'Brien, Assistant Commissioner – Department of Safety; Monica I. Mezzapelle, Deputy State Treasurer; and David C. Sky, Insurance Commissioners Designee. The review team was assisted by the Plan Executive Director Craig Downing and Danielle Bishop, DAS purchasing in the drafting of the RFP and scoring/selection of the bids. The team met on July 22, 2016, and individually scored the proposals, using the evaluation criteria established and published in the RFP. Based on the evaluation criteria, CliftonLarsonAllen LLP scored as the highest ranking proposal. Pricing of the two proposals was very close, with only a \$500.00 difference over the life of the contract. Scoring sheets, Bid Tab, and additional information are contained in Attachment A.

Finally, CliftonLarsonAllen, LLP has the most experience of the two firms in auditing State 457(b) plans. CliftonLarsonAllen, LLP was the incumbent, and both the Commission and the Executive Director were satisfied with their work on the prior contract.

Based on the foregoing, the Commission requests approval of the contract with CliftonLarsonAllen LLP for five (5) audit years' work, with the Commission paying for each audit report after it is accepted over the next five (5) State Fiscal Years as detailed above.

The contract has been approved by the Office of the Attorney General as to form, execution, and content.

Respectfully Submitted,



Vicki V. Quiram  
Commissioner

## **Attachment A Procurement Process**

The procurement process for this contract was conducted in accordance with State of NH / Department of Administrative Services procurement guidelines. A Request for Proposals (RFP #2017-186) was released on May 25, 2016, to 11 firms known to have performed successful financial audits with other large government 457(b) plans and posted the same day to the state DAS procurement website, the NH Treasury website, and the National Association of Government Defined Contribution Administrators (NAGDCA) website. The Commission received (2) two proposals by the June 30, 2016 deadline that met the minimum qualifications stated in the RFP. The following two (2) firms responded:

EideBailly, LLP  
CliftonLarsonAllen, LLP

The proposals were reviewed by DAS Purchasing and the Commission's Executive Director with regards to the proposals meeting the minimum qualifications and submission guidelines. A subcommittee of the NH Deferred Compensation Commission served as the evaluation team and was authorized by a vote of the full Commission, to review and score the proposals, identify the highest scoring proposer and proceed with contract discussions by the Executive Director, the Commission Chair and DAS purchasing through submission of the proposed contract to the Governor and Executive Council.

### **The Evaluation Team**

#### **Barry J. Glennon**

Current Position: Director, N.H. Bureau of Securities Regulation

Background: Attorney Glennon has been with the Bureau of Securities Regulation since 2001, and Director since 2012. He has served on the Deferred Compensation Commission for the past 10 years as the Secretary of State's designee. Mr. Glennon has 30 years of private and public sector experience dealing with securities, insurance, and compliance related matters. He is the current Commission Chairperson.

#### **Kevin O'Brien**

Current Position: Assistant Commissioner, NH Department of Safety

Background: Mr. O'Brien has been a member of the Commission for 3 years. He has been a state employee for more than 35 years and has been a member of the state's deferred compensation plan since it began. His seat on the Commission represents the unclassified state employees.

**Monica I. Mezzapelle**

Current Position: Deputy State Treasurer

Background: Ms. Mezzapelle joined the Deferred Compensation Commission in 2014 as the State Treasurer’s designee. Prior to serving as Deputy State Treasurer, Ms. Mezzapelle held the position of Financial Audit Manager for the Office of the Legislative Budget Assistant. Ms. Mezzapelle has been with the State of New Hampshire for 15 years.

**David Sky**

Current Position: Life, Accident and Health Actuary, NH Insurance Department.

Background: Mr. Sky has been a member of the Commission for 16 years. He has been a state employee for more than 20 years. Mr. Sky is the Insurance Commissioner’s designee.

**V. EVALUATION CRITERIA**

The factors used by the Commission in evaluating the proposals, as outlined in the RFP, were:

1. Experience (quantity, quality, timeliness, financial soundness and stability of the firm and its staff with providing auditing services to other states or public entities with similar 457(b) governmental deferred compensation, defined contribution, 401(k) or similarly operated plans. (25%)
2. Qualifications of staff to be assigned to the audit. Particular attention will be paid to relevant experience with government entities. (25%)
3. Quality and conciseness of proposals. (10%)
4. Fees and compensation. (40%)

On July 22, 2016, the evaluation subcommittee met in a non-public session to review, discuss and score the RFP proposals. Mr. Craig Downing, Executive Director of the Commission and Ms. Danielle Bishop, DAS Purchasing assisted the subcommittee in its review.

Each member of the evaluation team entered their individual scores for each category; 1. Experience, 2. Qualifications and 3. Quality for each of the proposals. Individual scoring sheets were used for each firm. Ms. Bishop tabulated the scores. Scores for Fees and Compensation had been entered into the scoring sheets, as the pricing was nearly identical with EideBailly, LLP at \$159,500.00 and CliftonLarsonAllen, LLP at \$160,000.00 for the contract term.

The scores as tabulated were as follows:

- |                            |       |
|----------------------------|-------|
| 1. CliftonLarsonAllen, LLP | 97.68 |
| 2. EideBailly, LLP         | 89.95 |

The subcommittee authorized Mr. Downing, Mr. Glennon, and Ms. Bishop to notify CliftonLarsonAllen, LLP, that they were the highest scoring proposer and begin contract discussions.

**July 22, 2016 Master Scoring Sheet for RFP# 2017-186**

**SCORING GRID RFP 2017-186**

	<b>25% EXP</b>	<b>25% QA/STAFF</b>	<b>10% QA/CON</b>	<b>40% FEES</b>
<b>OUTSTANDING</b>	<b>21-25</b>	<b>21-25</b>	<b>9-10</b>	
<b>EXCELLENT</b>	<b>16-20</b>	<b>16-20</b>	<b>7-8</b>	
<b>GOOD</b>	<b>11-15</b>	<b>11-15</b>	<b>5-6</b>	
<b>FAIR</b>	<b>6-10</b>	<b>6-10</b>	<b>3-4</b>	
<b>POOR</b>	<b>1-5</b>	<b>1-5</b>	<b>1-2</b>	

**40% FEES**

**25% QUALIFICATIONS OF FIRM / STAFF ASSIGNED**

**25% EXPERIENCE**

**10% QUALITY AND CONCISENESS**

**State of NH 457b Plan Audit Services RFP Proposal Scoring - July 22, 2016**

**CliftonLarsonAllen**

	<b>25% Experience</b>	<b>25% Qualifications of Firm/Staff</b>	<b>10% Quality of Proposal</b>	<b>40% Fees</b>	<b>Total</b>
<b>Scorer 1</b>	24.5	25	9	39.8	98.3
<b>Scorer 2</b>	24.5	25	8	39.8	97.3
<b>Scorer 3</b>	22.5	24	9	39.8	95.3
<b>Scorer 4</b>	25	25	10	39.8	99.8
<b>Total Average Score</b>					<b>97.68</b>

**Eide Bailly**

	<b>25% Experience</b>	<b>25% Qualifications of Firm/Staff</b>	<b>10% Quality of Proposal</b>	<b>40% Fees</b>	<b>Total</b>
<b>Scorer 1</b>	22.5	23	9	40	94.5
<b>Scorer 2</b>	21.5	23	10	40	94.5
<b>Scorer 3</b>	20	21.3	9	40	90.3
<b>Scorer 4</b>	17.5	15	8	40	80.5
<b>Total Average Score</b>					<b>89.95</b>

**Bid Tab #2017-186**

<b><u>Proposer Name</u></b>	<b>EideBailly, LLP</b>	<b>CliftonLarsonAllen</b>
<b>STATUS</b>	Scored	Scored
<b>FIRM FIXED PRICE</b>	<b>\$159,500</b>	<b>\$160,000</b>

Subject: NH 457(b) Deferred Compensation Plan Audit Services #2017-186

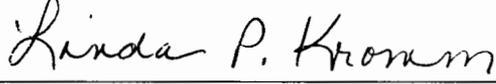
**Notice:** This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

**AGREEMENT**

The State of New Hampshire and the Contractor hereby mutually agree as follows:

**GENERAL PROVISIONS**

**1. IDENTIFICATION.**

1.1 State Agency Name NH Department of Administrative Services - NH Deferred Compensation Commission		1.2 State Agency Address 25 Capitol Street, Room 215C, Concord, NH 03301	
1.3 Contractor Name  CliftonLarsonAllen, LLP		1.4 Contractor Address  1966 Greenspring Drive, Suite 300 Timonium, Maryland 21093	
1.5 Contractor Phone Number 1-888-778-9588	1.6 Account Number 01-14-14-1400-13070000-102-500731	1.7 Completion Date December 31, 2020	1.8 Price Limitation \$160,000.00
1.9 Contracting Officer for State Agency  Craig A. Downing, Executive Director, NHDCP/DAS		1.10 State Agency Telephone Number  (603) 271-7886	
1.11 Contractor Signature  		1.11 Name and Title of Contractor Signatory  Patrick M. Byer, CPA, Principal	
1.13 Acknowledgement: State of <u>Maryland</u> , County of <u>Baltimore</u>  On <u>August 18, 2016</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfied and proved to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.14 Signatory of Notary Public or Justice of the Peace  			
1.13 Name and Title of Notary or Justice of the Peace Linda P. Kromm (My Commission Expires 3/10/20)			
1.14 State Agency Signature  		1.15 Name and Title of State Agency Signatory Vicki V. Quiram, Commissioner <b>JOSEPH BOUCHARD, AS ST. COMM.</b>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable)  By: _____ Date: <u>8/25/16</u> Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable)  By:  On: <u>8/25/16</u>			
1.18 Approval by the Governor and Executive Council (if applicable)  By: _____ On: _____			

**2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED.** The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

**3. EFFECTIVE DATE/COMPLETION OF SERVICES.**  
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").  
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

**4. CONDITIONAL NATURE OF AGREEMENT.**  
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

**5. CONTRACT PRICE/PRICE LIMITATION/ PAYMENT.**  
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.  
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.  
5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

**6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.**  
6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.  
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.  
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

**7. PERSONNEL.**  
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.  
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.

Contractor Initials   
Date 8/18/16

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

**8. EVENT OF DEFAULT/REMEDIES.**

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

**9. DATA/ACCESS/CONFIDENTIALITY/ PRESERVATION.**

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

**10. TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

**11. CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

**12. ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and consent of the State.

**13. INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

**14. INSURANCE.**

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) days prior written notice of cancellation or modification of the policy.

**15. WORKERS' COMPENSATION.**

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("Workers' Compensation").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

**16. WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

**17. NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

**18. AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no such approval is required under the circumstances pursuant to State law, rule or policy.

**19. CONSTRUCTION OF AGREEMENT AND TERMS.** This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

**20. THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

**21. HEADINGS.** The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

**22. SPECIAL PROVISIONS.** Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

**23. SEVERABILITY.** In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

**24. ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

**EXHIBIT A  
SCOPE OF SERVICE**

**1. INTRODUCTION**

The Contractor, (CliftonLarsonAllen, LLP)(CLA), hereby agree to provide plan audit services to the New Hampshire Deferred Compensation Commission (the "Commission") in its role as administrator of the State of New Hampshire Public Employees Deferred Compensation Plan (the "Plan"), in accordance with the specifications of RFP# 2017-186 and as described herein.

**2. CONTRACT DOCUMENTS**

This Contract consists of the following documents ("Contract Documents") in order of precedence:

- a. State of New Hampshire Terms and Conditions, General Provisions Form P-37
- b. EXHIBIT A      Scope of Services
- c. EXHIBIT B      Payment Terms
- d. EXHIBIT C      Special Provisions
- e. EXHIBIT D      RFP #2017-186 and Contractor Proposal

**3. TERM OF CONTRACT**

The initial term of the contract shall be for a five (5) year term commencing September 7, 2016, or upon Governor and Executive Council approval, whichever is later, and shall expire approximately five (5) years thereafter on December 31, 2020, with an additional two (2) year extension option. The contract extension is subject to favorable negotiations and approval by the Governor and Executive Council. The maximum term of the contract, (including the extension) cannot exceed seven (7) years.

The State of New Hampshire / NH Deferred Compensation Commission shall have the right to terminate the contract at any time by giving the Contractor thirty (30) days advance written notice.

**4. SCOPE OF SERVICES**

The Contractor agrees to perform financial audits for calendar years 2015, 2016, 2017, 2018 and 2019 of the NH Public Employees Deferred Compensation Plan (NHDCP). The audits will be conducted to meet the following standards, satisfy the Commission goals, and meet the requirements as set out here and in the attached RFP #2017-186.

The Contractor will conduct annual financial audits of the New Hampshire Deferred Compensation Plan in accordance with generally accepted auditing standards. The audits are to be performed in conformity with Generally Accepted Governmental Auditing Standards (GAGAS).

The Contractor will provide formal opinions about whether the Plan's financial statements comply, in all material aspects, with Governmental Accounting Standards Board (GASB) accounting principles. Each audit to be performed by the auditor shall include tests of the accounting records of the New

Hampshire Public Employees Deferred Compensation Plan (the Plan or NHDCP) and other procedures deemed necessary to enable the generation of an opinion.

In addition to the financial audit, the Contractor will perform work to meet the RFP goals, including but not limited to:

- Ensuring the completeness and accuracy of financial statement disclosures and at a minimum independently confirm the existence, value and ownership of Plan's assets as of the balance sheet dates for the years ended December 31, 2015, 2016, 2017, 2018 and 2019.
- Determine the strength of third party service providers' control procedures and compliance support regarding matters of potential significance to the Plan.
- Confirm that Commission members, the Executive Director, and other fiduciaries are fulfilling their duties to safeguard the Plan's assets and the participants' future retirement benefits through fiduciary monitoring procedures over plan assets and related recordkeeping.
- Provide the auditor's perspective and expertise in "best practices" of plan administration and financial reporting.

The Contractor will review and advise on implementation of control and administrative procedures for the position of Executive Director, including, but not limited to administrative record keeping, revenue share accounting and budgeting, reporting requirements and other suggested best practices.

To meet the above standards, goals and requirements as listed here and in the RFP, the Contractor's Scope of Work is as follows:

The contract work begins with the award by vote of Governor and Council, currently scheduled for 09/07/16. The work plan for the fulfillment of the contract follows:

CLA (Contractor) will send PBC (Prepared by client) list to the Plan Executive Director (NHDCP) & Great-West Life & Annuity Company / Empower Retirement (GWLA) no later than 09/16/16 (detailing what will be needed to complete the CY2015 audit of the financial statements).

CLA will hold monthly conference calls starting with NHDC & GWLA. Timeline subject to G&C approval and may be changed by agreement of the parties.

Entrance Conference via conference call – 09/30/16 (CLA, GWLA, and NHDC).

- Discuss PBC items requested and proposed timeline.

NHDCP & GWLA will provide requested PBC items no later than 10/21/2016.

Once PBC items are received from NHDCP & GWLA, CLA will do the following:

- CLA will select contribution and distribution dual purpose test samples once data is received from GWLA.
  - Once samples are selected and verified by GWLA, CLA will schedule time to be on-site at GWLA to perform testing over contributions/participant data and distributions for the audit(s).

- Prepare investment confirmations to be signed by NHDCP.
- Prepare contribution confirmations to be signed by NHDCP.
- Begin our audit process related to gaining an understanding of the entity, the control environment, and building out a risk-based audit approach.
- Perform tests of design and tests of controls/dual purpose tests over identified audit areas.
- Begin our substantive testing of investments, other assets, liabilities, contributions, distributions, and participant data.
- Assist in preparation of the financial statement schedules for the individual plan year audits.

Once CLA (the Contractor) has completed the audit work for the individual plan year audits, the Contractor will send the financial statements to NHDCP and GWLA for their review and approval.

CLA will send NHDCP and GWLA Management Representation Letters for each of the individual plan years audits for review and signature.

CLA will assist the NHDCP to update the Trial Balance/FS worksheet and Mutual Fund Tracking worksheets for the Plan to prepare for the following years audit.

Once NHDCP and GWLA review and approve the financial statements and return signed copies of the Management Representation Letters, CLA will issue our audit opinions for each of the individual plan year audits, issue SAS 114 letters, SAS 115 letters (if necessary), and management letters (if necessary).

The Contractor will present the above documents in person to the Executive Director and Commission unless waived by the Commission or Executive Director.

CLA will issue an audit opinion, SAS 114, SAS 115, and management letters for CY2015, not later than March 31, 2017. CLA will furnish the Commission with up to 15 copies of the completed audit for the Commission records.

After successful completion of the CY2015 audit, CLA will begin work on CY2016. The audit opinion, SAS 114, SAS 115, and management letters will be presented no later than September 30, 2017. All subsequent year audits in the contract will be due no later than September 30<sup>th</sup>, of each following year.

The Contractor shall retain working papers and reports for a minimum of seven (7) from the date of the audit or longer if requested by the Commission.

### **Confidentiality & Criminal Record**

If Applicable, by the using agency, the Contractor and their employees and Sub-Contractors will be required to sign and submit a CONFIDENTIAL NATURE OF DEPARTMENT RECORDS FORM, and a CRIMINAL AUTHORIZATION RECORDS FORM. Forms to be provided by the contracting agency, prior to any work being done.

## **5. TERMINATION**

The State of New Hampshire has the right to terminate the contract at any time by giving the Contractor thirty (30) days advance written notice.

## **6. INSURANCE**

Certificate of insurance amounts must be met and maintained throughout the term of the contract and any extensions as per the P-37, section 14 and cannot be canceled or modified until the State receives a ten (10) day prior written notice.

**EXHIBIT B  
PAYMENT TERMS**

**1. CONTRACT PRICE**

The Contractor hereby agrees to provide annual financial audit services of the State of NH 457(b) Public Employees Deferred Compensation Plan in complete compliance with the terms and conditions specified in Exhibit A for an amount up to and not to exceed a price of \$160,000.00; this figure shall not be considered a guaranteed or minimum figure, however, it shall be considered a maximum figure from the effective date of September 7, 2016, through the expiration date set as December 31, 2020.

**PRICING QUOTATIONS FOR INDIVIDUAL PROJECTS**

The pricing will be by calendar years audits, with pricing for CY2015 \$30,000.00; CY2016 \$31,000.00; CY2017 \$32,000.00; CY2018 \$33,000.00, and CY2019 \$34,000.00 each.

**2. INVOICE**

Contractor shall be paid within 30 days after receipt of a properly documented invoice and acceptance of the work to the State's satisfaction.

The invoice shall be sent to the following address:

State of NH Deferred Compensation Commission  
25 Capitol Street - Room 215C  
Concord, NH 03301  
Attention: Craig Downing, Executive Director  
[craig.downing@nh.gov](mailto:craig.downing@nh.gov)

**3. PAYMENT**

Payments shall be made by ACH. The State and the Contractor will establish the ACH procedure and set up after the contract is approved by the Governor and Executive Council.

**EXHIBIT C  
SPECIAL PROVISIONS**

Delete Paragraph 9.2 and substitute the following: "All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason. Excepted from this shall be any work papers of the Contractor, which are and shall remain the property of the Contractor and which are subject to professional independence requirements which may preclude the State's access to them."

Delete Paragraph 13 and substitute the following: "**INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the negligent acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement."

Delete Paragraph 14.1.1 and substitute the following: "comprehensive general liability insurance against all claims of bodily injury, death, property damage and professional liability such as errors and omissions or malpractice in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

**EXHIBIT D**

**This exhibit incorporates the following:**

**STATE OF NEW HAMPSHIRE RFP 2017-186, published June 30, 2016, plus Addendum #1**

**and**

**CliftonLarsonAllen, LLP (CLA) proposal response to the above RFP, dated June 30, 2016**

# State of New Hampshire Department of State

## CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that a notice of registration to transact business in this state was filed by CliftonLarsonAllen LLP, a Minnesota registered limited liability partnership, on January 5, 2012. I further certify that all fees including annual fees required by the Secretary of State's office have been paid.



In TESTIMONY WHEREOF, I hereto  
set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 10<sup>th</sup> day of August, A.D. 2016

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner  
Secretary of State

**AFFIDAVIT**

State of Massachusetts)

ss.:

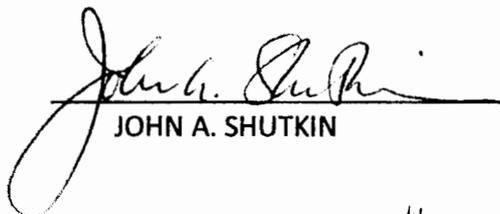
County of Middlesex)

I, JOHN A. SHUTKIN, being duly sworn, depose and say:

That I am the General Counsel of CliftonLarsonAllen LLP ("CLA"). In my role as General Counsel, I have overall responsibility for legal compliance for CLA.

That CLA is a duly formed limited liability partnership under the laws of the State of Minnesota and has been since January 2, 2012. According to the Minnesota Professional Firm Act, any partner or principal of a partnership is permitted to sign on behalf of and legally bind the partnership. As such, any partner or principal of CLA is authorized to sign on behalf of and legally bind CLA.

That Pat Byer is a Principal of CLA. By virtue of Mr. Byer being a Principal of CLA, he has signing authority on behalf of and can legally bind CLA by signing contractual documents on its behalf, including, without limitation, the subject contract.

  
JOHN A. SHUTKIN

Sworn to before me this 18<sup>th</sup> day  
of August, 2016

  
Notary Public



JamieLee Bottoni  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
March 30, 2023



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
8/18/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> American Agency, Inc. 5851 Cedar Lake Road P O Box 16527 Minneapolis MN 55416	<b>CONTACT NAME:</b> Gloria J Thompson <b>PHONE (A/C, No. Ext):</b> (952) 545-1230 <b>FAX (A/C, No):</b> (952) 593-8733 <b>E-MAIL ADDRESS:</b> gloriat@americanagencymn.com													
	<table border="1"> <thead> <tr> <th>INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> </thead> <tbody> <tr> <td>INSURER A: Great Northern Insurance Co</td> <td>20303</td> </tr> <tr> <td>INSURER B: Federal Insurance Company</td> <td>20281</td> </tr> <tr> <td>INSURER C: Chubb Indemnity Insurance Co</td> <td>12777</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </tbody> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Great Northern Insurance Co	20303	INSURER B: Federal Insurance Company	20281	INSURER C: Chubb Indemnity Insurance Co	12777	INSURER D:		INSURER E:		INSURER F:
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**COVERAGES**      **CERTIFICATE NUMBER:** 15-16 Cert 2 - All Lines      **REVISION NUMBER:**

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR VVVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<b>GENERAL LIABILITY</b>			3598-35-69	12/31/2015	12/31/2016	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 10,000
							PERSONAL & ADV INJURY \$ 1,000,000
							GENERAL AGGREGATE \$ 2,000,000
							PRODUCTS - COMP/OP AGG \$ 2,000,000
GENL AGGREGATE LIMIT APPLIES PER:							
	<input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC						\$
B	<b>AUTOMOBILE LIABILITY</b>			7357-28-25	12/31/2015	12/31/2016	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> HIRED AUTOS	<input checked="" type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
B	<input checked="" type="checkbox"/> <b>UMBRELLA LIAB</b>			7988-07-47	12/31/2015	12/31/2016	EACH OCCURRENCE \$ 50,000,000
	<input type="checkbox"/> <b>EXCESS LIAB</b>	<input type="checkbox"/> OCCUR					AGGREGATE \$ 50,000,000
	<input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 0	<input type="checkbox"/> CLAIMS-MADE					\$
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>			7174-92-76	12/31/2015	12/31/2016	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N	N/A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
 Certificate holder is included as additional insured on General Liability per form 80-02-2367 & on Auto per form 16-02-0292 when required in prior written contract. General Liability is primary and non-contributory and Auto Liability is primary when required in prior written contract. Waiver of Subrogation included on General Liability per form 80-02-2000 & on Auto per form 16-02-0292 when required in prior written contract. General Liability & Auto Policies have been endorsed to provide 30 days notice of cancellation, with the exception of 10 days notice of cancellation for non-payment of premium per form 80-02-9779 and 16-02-0306 respectively. Umbrella Policy is follow form.

<b>CERTIFICATE HOLDER</b>  State of NH Deferred Compensation Commission Attn: Craig Downing, Executive Director 25 Capitol Street - Room 215C Concord, NH 03301	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	<b>AUTHORIZED REPRESENTATIVE</b>  Gloria Thompson/JJP 



Integro Insurance Brokers  
1100 North Dearborn Street  
Chicago, IL 60610

**VERIFICATION OF INSURANCE**

**ISSUED TO:** State of NH Deferred Compensation Commission  
Attn: Craig Downing, Executive Director  
25 Capitol Street – Room 215C  
Concord, NH 03301

We, the undersigned Insurance Brokers, hereby verify that Nautilus Insurance Company and various Insurers have issued the following described Professional Liability Insurance, which is in force as of the date thereof-

**PROFESSIONAL LIABILITY INSURANCE**

**NAME OF INSURED:** CliftonLarsonAllen LLP, and others as more fully described in the Policy.  
**POLICY NUMBER:** PAP\_1000007\_P-5  
**PERIOD OF INSURANCE:** December 15, 2015 to December 15, 2016, 12:01 a.m. both days  
**SUM INSURED:** \$2,000,000 Each claim and in the aggregate including costs, charges and expenses

**SUBJECT TO ALL TERMS, CONDITIONS AND LIMITATIONS OF THE POLICY**

This document is furnished to you as a matter of information only and is not insurance coverage. Only the formal policy and applicable endorsements offer a comprehensive review of the coverage in place. The issuance of this document does not make the person or organization to whom it is issued an additional insured, nor does it modify in any manner the contract of insurance between the Insured and the Insurer. Any amendment, change or extension of such contract can only be effected by specific endorsement attached thereto. Should the above described Policy be cancelled before the expiration date thereof, notice will be delivered in accordance with the policy provisions.

Issued at Chicago, Illinois

Date: August 18, 2016

Integro Insurance Brokers

Per:

Managing Principal

## COMMERCIAL AUTOMOBILE

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### COMMERCIAL AUTOMOBILE BROAD FORM ENDORSEMENT

This endorsement modifies insurance provided under the following:

#### **BUSINESS AUTO COVERAGE FORM**

This endorsement modifies the Business Auto Coverage Form.

##### **1. EXTENDED CANCELLATION CONDITION**

Paragraph A.2.b. – CANCELLATION - of the COMMON POLICY CONDITIONS form IL 00 17 is deleted and replaced with the following:

- b. 60 days before the effective date of cancellation if we cancel for any other reason.

##### **2. BROAD FORM INSURED**

###### **A. Subsidiaries and Newly Acquired or Formed Organizations As Insureds**

The Named Insured shown in the Declarations is amended to include:

1. Any legally incorporated subsidiary in which you own more than 50% of the voting stock on the effective date of the Coverage Form. However, the Named Insured does not include any subsidiary that is an "insured" under any other automobile policy or would be an "insured" under such a policy but for its termination or the exhaustion of its Limit of Insurance.
2. Any organization that is acquired or formed by you and over which you maintain majority ownership. However, the Named Insured does not include any newly formed or acquired organization:
  - (a) That is an "insured" under any other automobile policy;
  - (b) That has exhausted its Limit of Insurance under any other policy; or
  - (c) 180 days or more after its acquisition or formation by you, unless you have given us written notice of the acquisition or formation.

Coverage does not apply to "bodily injury" or "property damage" that results from an "accident" that occurred before you formed or acquired the organization.

###### **B. Employees as Insureds**

Paragraph A.1. – WHO IS AN INSURED – of SECTION II – LIABILITY COVERAGE is amended to add the following:

- d. Any "employee" of yours while using a covered "auto" you don't own, hire or

borrow in your business or your personal affairs.

##### **C. Lessors as Insureds**

Paragraph A.1. – WHO IS AN INSURED – of SECTION II – LIABILITY COVERAGE is amended to add the following:

- e. The lessor of a covered "auto" while the "auto" is leased to you under a written agreement if:
  - (1) The agreement requires you to provide direct primary insurance for the lessor; and
  - (2) The "auto" is leased without a driver. Such leased "auto" will be considered a covered "auto" you own and not a covered "auto" you hire. However, the lessor is an "insured" only for "bodily injury" or "property damage" resulting from the acts or omissions by:
    1. You;
    2. Any of your "employees" or agents; or
    3. Any person, except the lessor or any "employee" or agent of the lessor, operating an "auto" with the permission of any of 1. and/or 2. above.

##### **D. Persons And Organizations As Insureds Under A Written Insured Contract**

Paragraph A.1 – WHO IS AN INSURED – of SECTION II – LIABILITY COVERAGE is amended to add the following:

- f. Any person or organization with respect to the operation, maintenance or use of a covered "auto", provided that you and such person or organization have agreed under an express provision in a written "insured contract", written agreement or a written permit issued to you by a governmental or public authority to add such person or organization to this policy as an "insured". However, such person or organization is an "insured" only:

- (1) with respect to the operation, maintenance or use of a covered "auto"; and
- (2) for "bodily injury" or "property damage" caused by an "accident" which takes place after:
  - (a) You executed the "insured contract" or written agreement; or
  - (b) The permit has been issued to you.

**3. FELLOW EMPLOYEE COVERAGE**

EXCLUSION B.5. - FELLOW EMPLOYEE - of SECTION II - LIABILITY COVERAGE does not apply.

**4. PHYSICAL DAMAGE - ADDITIONAL TEMPORARY TRANSPORTATION EXPENSE COVERAGE**

Paragraph A.4.a. - TRANSPORTATION EXPENSES - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to provide a limit of \$50 per day for temporary transportation expense, subject to a maximum limit of \$1,000.

**5. AUTO LOAN/LEASE GAP COVERAGE**

Paragraph A. 4. - COVERAGE EXTENSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

**c. Unpaid Loan or Lease Amounts**

In the event of a total "loss" to a covered "auto", we will pay any unpaid amount due on the loan or lease for a covered "auto" minus:

1. The amount paid under the Physical Damage Coverage Section of the policy; and
2. Any:
  - a. Overdue loan/lease payments at the time of the "loss";
  - b. Financial penalties imposed under a lease for excessive use, abnormal wear and tear or high mileage;
  - c. Security deposits not returned by the lessor;
  - d. Costs for extended warranties, Credit Life Insurance, Health, Accident or Disability Insurance purchased with the loan or lease; and
  - e. Carry-over balances from previous loans or leases.

We will pay for any unpaid amount due on the loan or lease if caused by:

1. Other than Collision Coverage only if the Declarations indicate that Comprehensive Coverage is provided for any covered "auto";
2. Specified Causes of Loss Coverage only if the Declarations indicate that Specified Causes of Loss Coverage is provided for any covered "auto"; or
3. Collision Coverage only if the Declarations indicate that Collision Coverage is provided for any covered "auto".

**6. RENTAL AGENCY EXPENSE**

Paragraph A. 4. - COVERAGE EXTENSIONS - of

SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

**d. Rental Expense**

We will pay the following expenses that you or any of your "employees" are legally obligated to pay because of a written contract or agreement entered into for use of a rental vehicle in the conduct of your business:

**MAXIMUM WE WILL PAY FOR ANY ONE CONTRACT OR AGREEMENT:**

1. \$2,500 for loss of income incurred by the rental agency during the period of time that vehicle is out of use because of actual damage to, or "loss" of, that vehicle, including income lost due to absence of that vehicle for use as a replacement;
2. \$2,500 for decrease in trade-in value of the rental vehicle because of actual damage to that vehicle arising out of a covered "loss"; and
3. \$2,500 for administrative expenses incurred by the rental agency, as stated in the contract or agreement.
4. \$7,500 maximum total amount for paragraphs 1., 2. and 3. combined.

**7. EXTRA EXPENSE - BROADENED COVERAGE**

Paragraph A.4. - COVERAGE EXTENSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE is amended to add the following:

**e. Recovery Expense**

We will pay for the expense of returning a stolen covered "auto" to you.

**8. AIRBAG COVERAGE**

Paragraph B.3.a. - EXCLUSIONS - of SECTION III - PHYSICAL DAMAGE COVERAGE does not apply to the accidental or unintended discharge of an airbag. Coverage is excess over any other collectible insurance or warranty specifically designed to provide this coverage.

**9. AUDIO, VISUAL AND DATA ELECTRONIC EQUIPMENT - BROADENED COVERAGE**

Paragraph C.2. - LIMIT OF INSURANCE - of SECTION III - PHYSICAL DAMAGE is deleted and replaced with the following:

2. \$2,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:
  - a. Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;
  - b. Removable from a permanently installed housing unit as described in Paragraph 2.a. above or is an integral part of that equipment; or

- c. An integral part of such equipment.
- 10. GLASS REPAIR – WAIVER OF DEDUCTIBLE**  
Under Paragraph D. - DEDUCTIBLE – of SECTION III – PHYSICAL DAMAGE COVERAGE the following is added:  
No deductible applies to glass damage if the glass is repaired rather than replaced.
- 11. TWO OR MORE DEDUCTIBLES**  
Paragraph D. - DEDUCTIBLE – of SECTION III – PHYSICAL DAMAGE COVERAGE is amended to add the following:  
If this Coverage Form and any other Coverage Form or policy issued to you by us that is not an automobile policy or Coverage Form applies to the same "accident", the following applies:
1. If the deductible under this Business Auto Coverage Form is the smaller (or smallest) deductible, it will be waived; or
  2. If the deductible under this Business Auto Coverage Form is not the smaller (or smallest) deductible, it will be reduced by the amount of the smaller (or smallest) deductible.
- 12. AMENDED DUTIES IN THE EVENT OF ACCIDENT, CLAIM, SUIT OR LOSS**  
Paragraph A.2.a. - DUTIES IN THE EVENT OF AN ACCIDENT, CLAIM, SUIT OR LOSS of SECTION IV - BUSINESS AUTO CONDITIONS is deleted and replaced with the following:
- a. In the event of "accident", claim, "suit" or "loss", you must promptly notify us when the "accident" is known to:
- (1) You or your authorized representative, if you are an individual;
  - (2) A partner, or any authorized representative, if you are a partnership;
  - (3) A member, if you are a limited liability company; or
  - (4) An executive officer, insurance manager, or authorized representative, if you are an organization other than a partnership or limited liability company.
- Knowledge of an "accident", claim, "suit" or "loss" by other persons does not imply that the persons listed above have such knowledge. Notice to us should include:
- (1) How, when and where the "accident" or "loss" occurred;
  - (2) The "insured's" name and address; and
  - (3) To the extent possible, the names and addresses of any injured persons or witnesses.
- 13. WAIVER OF SUBROGATION**  
Paragraph A.5. - TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US of SECTION IV – BUSINESS AUTO CONDITIONS is deleted and replaced with the following:
5. We will waive the right of recovery we would otherwise have against another person or organization for "loss" to which this insurance applies, provided the "insured" has waived their rights of recovery against such person or organization under a contract or agreement that is entered into before such "loss".  
To the extent that the "insured's" rights to recover damages for all or part of any payment made under this insurance has not been waived, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them. At our request, the insured will bring suit or transfer those rights to us and help us enforce them.
- 14. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS**  
Paragraph B.2. – CONCEALMENT, MISREPRESENTATION or FRAUD of SECTION IV – BUSINESS AUTO CONDITIONS - is deleted and replaced with the following:  
If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not void coverage under this Coverage Form because of such failure.
- 15. AUTOS RENTED BY EMPLOYEES**  
Paragraph B.5. - OTHER INSURANCE of SECTION IV – BUSINESS AUTO CONDITIONS - is amended to add the following:
- e. Any "auto" hired or rented by your "employee" on your behalf and at your direction will be considered an "auto" you hire. If an "employee's" personal insurance also applies on an excess basis to a covered "auto" hired or rented by your "employee" on your behalf and at your direction, this insurance will be primary to the "employee's" personal insurance.
- 16. HIRED AUTO – COVERAGE TERRITORY**  
Paragraph B.7.b.(5).(a) - POLICY PERIOD, COVERAGE TERRITORY of SECTION IV – BUSINESS AUTO CONDITIONS is deleted and replaced with the following:
- (a) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 45 days or less; and
- 17. RESULTANT MENTAL ANGUISH COVERAGE**  
Paragraph C. of - SECTION V – DEFINITIONS is deleted and replaced by the following:  
"Bodily injury" means bodily injury, sickness or disease sustained by any person, including mental anguish or death as a result of the "bodily injury" sustained by that person.