Attachment No.2

City of Pomona

FEES PROPOSAL

Submitted: April 23, 2026

George Hills

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FEE SECTION TERMS

One Time Startup Fee – The process of onboarding a new client covers many areas, from establishing expectations, policies, and procedures, to designing the infrastructure (process, people, and systems) to meet the needs of risk management, council, and department heads. It also involves time and effort in establishing the Trust Account or check writing, W-9, and all federal and state reporting requirements. Most importantly, this process involves the establishment of effective claims triage. Note that this is not time spent on actual data conversion.

Annual Administration Fee – George Hills has determined it takes a company-wide effort to ensure we exceed the expectations of our clients. As such, we feel it transparent to separately identify and charge for those critical functions that are not directly tied to claims handling. We include an annual administration fee, which covers the following activities:

- Claims Management Information System (CMIS) services and reports
- Access to CMIS and training
- Monthly listing of open claims, showing expense categories, reserves, and total incurred
- Monthly claim summary reports
- Monthly hours and claims data detail for billing
- Providing loss run data and required reports
- Access to GH Client Portal
- Providing annual reports to outside agencies
- Filing of regulatory reports, such as 1099s, W-9s, etc.
- Trust Account
- Establishment and maintenance of a trust account to pay indemnity and expenses that may be due on claims; the amount to be maintained in the trust account shall be determined by the City. If the trust account is set up with the GH preferred bank then George Hills covers the cost of Positive Pay and Payee Match.
    - If the City prefers an alternate bank, there may be an additional setup fee, as other banks' processes can be extraordinarily time consuming.
- New bank account setup, including signature cards, test checks, online access, and setup of bank in CXP
- Discussion and agreement on the approval process
- Preparation of W-9s
- Processing of checks weekly
- Submission of positive pay (if applicable) and monitoring of positive pay (review of daily emails from bank for exceptions)
- Maintenance of a copy of all checks drawn by George Hills to pay claims and claims-related expenses

- Monitoring of account balance, preparation of replenishment requests as needed (custom requests for each client's needs)
- Monthly bank reconciliation (prepared and sent to the City)
- Payment of invoices that are pass-throughs, such as invoices for medical record copies, ExamWorks, etc.
- Certificates of insurance as required by the Contract
- Annual service
- Response to outside financial auditors
- Provision of reports to the City's actuaries and claims auditors
- Submission of GH SSAE 16 reports, or the current equivalent
- Account Management

Mileage: Adjuster – Mileage is paid at the current IRS rate.

MMSEA – Both the one-time setup fee and the annual reporting feeds to offset fees paid directly to ExamWorks.

Adjuster Travel Expenses – For mediations, settlement conferences, trials, etc.; subject to prior approval and submitted with receipts.

CXP Access Fee – Included in the annual administration fee is the setup and management of five (5) user accounts through our CMIS: CXP.

iMetrics Report Fee – There will be no charge for our iMetrics business intelligence reports with executive in-person debriefs.

Custom Reports – Additional charged for custom reporting are defined as being client-specific and needing a third-party programmer for three (3) hours or more.

Conversion Fees – This fee is intended to cover costs associated with data conversion, transition, and contract closeout. The data conversion fee is dependent on many factors which will need to be discussed. If George Hills is retained for five (5) years, we will entirely absorb the conversion fee. If George Hills is not retained for the full length of the proposed contract, then the client shall be subject to a fee of 20 percent each year not retained, not including shipping, storing, scanning, copying, or otherwise handling open or closed paper claim files (this shall be a separate charge based on the Scope of Work).

George Hills will charge for any agreed services related to conversion storage, copying, scanning, shipping, and disposal.

Catastrophic Pricing – Applicable only to **Fixed Fee** and **Time And Expense With A Cap Fee** agreements. George Hills recognizes that in the event of a catastrophe, additional hours will need to be applied to the handling of such claims. As such, to preserve the quality and efficiency of service for which we are known, George Hills proposes that should a catastrophic event occur resulting in 10 or more claimants or claims from a single occurrence, the client shall be billed at the current hourly rate.

Termination Fee – In the event of contract termination, George Hills' procedures and cost for run-off claims will be billed at the current hourly rate; no charge for historical loss summaries. George Hills believes that the successful transition of claims requires preparation, so we ask for 90 days' notice if the contract is terminated without cause to facilitate the transition of claims management properly and efficiently.

General File – A general administrative file shall be established and maintained to track effort related to services necessary to fulfill our contractual obligations and not otherwise associated with a claim.

Storage – George Hills will charge for any services related to storage, retrieval, copying, scanning, shipping, and disposal of paper files.

ADJUSTING SERVICES FEES

Fixed Fee – George Hills believes this is a workable solution for public agencies seeking budget certainty. Unfortunately, it has its challenges. First, every other significant component of a claim (settlement and legal fees) is not predictable and as such, making the adjusting costs fixed will ensure that 100 percent of the time the fee will be wrong. Secondly, the result could be that the client is receiving far more resources than they are paying for, or the client is paying for far more resources than they are receiving in services on any one claim. Either outcome is wrong.

In this environment, George Hills makes every effort to be resource-sensitive in applying our best practices to ensure we balance the economics. No matter what, we put forth the right effort to resolve the claim. We do, however, adjust our clients' fees that can and should be adjusted to meet our clients' budget goals.

Fixed Fee	
Fixed Fee	$190,000

Please see chart on page 4 for the fixed annual fees for remaining years of the agreement.

GENERAL ADMINISTRATIVE FEES – ADDITIONAL TO ADJUSTING FEES

General Administrative Fee Section – Applicable to each fee option.	
One-Time Startup Fee	$5,000
Annual Administration Fee – billed yearly	$7,500
Mileage - Adjuster	Current IRS Rate
MMSEA Annual Reporting Fee (paid to ExamWorks, billed yearly)	One-Time Startup Fee: $800 Annual Fee: $500

Adjuster travel expenses for mediations, settlement conferences, trials; subject to prior approval.	Actual
CXP access fee (up to 5 users)	Included
Custom reports, if exceeds three hours and is client specific	$250/hour
Allocated File Expenses (see attached details)	At cost
Catastrophic Pricing	Current hourly rate

All Fees for all years (with the exception of subrogation recovery fees) are articulated below:

	Fixed Claim Fee	Startup Fee	Admin Fee	MMSEA Fee	Total Fee
Year 1	$190,000.00	$5,000.00	$7,500.00	$800.00	$203,300.00
Year 2	$195,750.00	$0.00	$7,500.00	$500.00	$203,750.00
Year 3	$202,100.00	$0.00	$7,500.00	$500.00	$210,100.00
Year 4	$209,175.00	$0.00	$7,500.00	$500.00	$217,175.00
Year 5	$217,500.00	$0.00	$7,500.00	$500.00	$225,500.00

Subrogation Recovery Services

Our standard subrogation fee is 30% of the amount collected; however, George Hills has been successful more than 80% of the time collecting our fees, thus equating to recovery essentially free of charge. The minimum amount to be paid to George Hills will be $250 per claim.

Generally, no recovery shall be agreed to involving payment plans if the recovery is less than $5,000 and/or greater than a one-year term. Exceptions can be made on a case-by-case basis. If a recovery is agreed to above this amount, the subrogation fee shall be 45%. In the event a payment plan is authorized and entered, the subrogation fee will be based upon the total amount of the lien and will be invoiced to the City.

If authorized, small claims court appearances for recovery of funds will be priced at $250 per appearance. In the event of multiple appearances for the same court on the same day, a flat fee of $500 is priced for half a day, and $1,000 for a full day, regardless of the number of claims handled on that day.

ALLOCATED EXPENSES

Typically, allocated expenses are those expenses that are generated by a claim (by outside vendors other than George Hills) that cannot be foreseen nor included in this Contract. These expenses are generally allocated back to the specific claim file for which the cost was incurred and then charged back to the entity whose claim incurred that cost. In most situations these are pass-through costs (with processing fees) for services and/or fees not directly generated by the TPA, but rather by a third-party consultant where the TPA has acted as an agent on behalf of the entity to necessarily outsource services to a third-party consultant and/or miscellaneous fees applicable to the specific claim applied by an outside entity, such as a court or copy services. Below, George Hills has provided a non-exhaustive list of typical allocated expenses.

Paid to GH

- CMS reporting costs and fees (ExamWorks)

Paid to Others as Authorized by Client

- Fees of outside counsel for claims in suit, coverage opinions, and litigation, and for representation and hearings or pretrial conferences
- Fees of court reporters
- All court costs, court fees, and court expenses
- Fees for service of process
- Costs of undercover operatives and detectives (if initially paid by GH)
- Costs for employing experts for the preparation of maps, professional photographs, accounting, chemical or physical analysis, or diagrams
- Costs for employing experts for advice, opinions, or testimony concerning claims under investigation or in litigation for which a declaratory judgement is sought
- Costs for independent medical examination or evaluation for rehabilitation
- Costs of legal transcripts of testimony taken at coroner’s inquests, or criminal or civil proceeding
- Costs for copies of any public records or medical records
- Costs of depositions and court reporting
- Costs and expenses of subrogation (if not George Hills)
- Costs of engineers, handwriting experts, or any other type of expert used in the preparation of litigation or used in a one-time basis to resolve disputes
- Witness fees and travel expenses
- Costs of photographers and photocopy services (if not George Hills; our costs for this are included in our rate)
- Costs of appraisal fees and expenses not included in flat fee or performed by others
- Costs of indexing claimants
- Services performed outside the TPAs normal geographical regions
- Costs associated with Medicare Set-Aside analysis and submission of Medicare Conditional Lien negotiation

- Investigation of possible fraud including SIU services and related expenses

Any other similar cost, fee, or expense that is not otherwise included in the TPAs service fees that is reasonably chargeable to the investigation, negotiation, settlement, or defense of a claim or loss or to the protection or perfection of the subrogation rights of the entity, including travel related expenses.

Travel Related

Costs of travel related to claims including mileage drive, such as for attendance at inspections, mediations, and trial, shall be allocated to the specific claim and reimbursed to GH based on the actual cost incurred. Mileage shall be reimbursed at the current IRS rated at the time the mileage is traveled.