SERVICES AGREEMENT

SERVICES AGREEMENT dated as of August 31, 2010 (“Agreement”) between LINEA SOLUTIONS, INC., a California corporation ("Linea"), having its principal office at 10940 Wilshire Boulevard, Suite 600, Los Angeles, California, 90024 and the Fresno County Employees’ Retirement Association (“Client”), having its principal office at 1111 H Street, Fresno, CA 93721.

WHEREAS, Linea provides various consulting services; and

WHEREAS, Linea submitted a proposal on June 16, 2010 (a copy of which is attached hereto as Exhibit “A” and incorporated herein by this reference as though set forth in full); and

WHEREAS, Linea outlined in Exhibit “A” the support necessary for assistance in the implementation of FCERA’s Information Technology Roadmap (“IT Roadmap”); and

WHEREAS, Linea submitted an updated not-to-exceed pricing addendum on June 24, 2010 (a copy of which is attached as Exhibit “B” and incorporated herein by this reference as though set forth in full); and

WHEREAS, Client wishes to retain Linea to perform certain consulting services, and Linea wishes to be retained by Client, on and subject to the terms and conditions set forth herein and in the Schedules and Exhibits hereto.

NOW, THEREFORE, it is hereby agreed as follows:

# ARTICLE I: DEFINITIONS

**Section 1.1 Definitions.** The following defined terms used herein shall have the following meanings:

“Billable Time” shall mean the time expended by a Resource on a Project, measured in quarter-hour increments.

“Business Process Consultant” has the meaning ascribed thereto in Schedule 3.2.

“Client” shall have the meaning ascribed thereto in the preamble.

“Confidential Information” shall mean any information (including, without limitation, any financial information, data, methods of operation, business plans, trade secrets, computer software program materials or other proprietary information) owned or licensed by or otherwise concerning the Client (whether prepared by the disclosing party, its advisors, or otherwise) which is furnished to Linea , or which Linea may obtain (whether orally, in writing, visually, photographically, electronically, or otherwise) in connection with this Agreement, together with any analyses, compilations, studies or other documents, records, technology, or data prepared by Linea or its advisors that contain, summarize, or otherwise reflect or are generated from such information. The term “Confidential Information” shall not include information which (i) is already in Linea’s possession, provided that such information is not subject to another confidentiality agreement with or other obligation of secrecy to the disclosing Party or another party, or (ii) becomes generally available to the public other than as a result of a disclosure by Linea or its respective directors, officers, employees, agents, advisors, or representatives, or (iii) becomes available to Linea on a non-confidential basis from a source other than Client or its advisors, provided that such sources is not bound by a confidentiality agreement with or any other obligation of secrecy to the disclosing Party or another party.

“Implementation Team Leader” shall have the meaning ascribed thereto in Schedule 3.2.

“Linea” shall have the meaning ascribed thereto in the preamble.

“Notice” shall have the meaning ascribed thereto in Section 8.6.

“Party or Parties” shall mean either Linea or the Client or both, respectively.

“Principal” shall have the meaning ascribed thereto in Schedule 3.2.

“Project” shall mean a defined group of tasks, assigned to a Resource, which Linea will perform within a specific time frame, as indicated in the Statement of Work.

“Resource” shall mean the designated Linea employee or subcontractor assigned to a Project.

“Revision Document” shall have the meaning ascribed thereto in Section 2.1(c).

“Senior Project Manager” shall have the meaning ascribed thereto in Schedule 3.2.

“Services” shall have the meaning ascribed thereto in Schedule 2.2.

“Statement of Work” shall mean a Project-based description which shall after approval be attached as a Schedule to this Agreement pursuant to Section 2.1, for each project.

# ARTICLE II: SERVICES

1. **Statement of Work.** Subject to the terms and conditions of this Agreement, Linea agrees to provide to Client certain consulting services as and to the extent set forth in Schedule 2.2 attached hereto (collectively, the “Statement of Work”).
2. Each Project performed by Linea will have a Statement of Work for that Project. The Statement of Work will be prepared and agreed to by both Parties. Linea agrees to provide the Services outlined in the Statement of Work.
3. Each Statement of Work will include, without limitation, the following: an Executive Summary; Background of Project; Linea Solutions’ Scope of Services For Project, including Key Areas and Tasks, and Excluded Areas; Responsibilities of Client; Project Assumptions; Completion Criteria; Reporting; Project Deliverables; Requirements and Costs; Estimated Project Duration and Schedule of Task Completion; Contacts; Limitation of Liability; Signatures; and Attachments.
4. Revisions to a Statement of Work, including Project durations, additions or deletions of Services, or other terms of work, will be documented by the Party that is requesting the change. When a revision is accepted by both Parties, the revised Statement of Work (the “Revision Document”) will supersede the original Statement of Work and any previous Revision Documents.
5. **Ownership and License.** Client will have all titles, rights and interests in materials developed during the course of any Project performed under this Agreement. Client hereby grants to Linea in consideration of Linea entering into this Agreement an irrevocable license to use in the sole discretion of Linea copies or derivatives of works based on the materials created during any Project provided that any confidential or identifying information be redacted before distribution.
6. **Non-Exclusive.** Each Party acknowledges that the arrangement contemplated hereby are non-exclusive and each Party may, in its sole discretion, enter into a similar arrangement with any third party, except that neither Party shall disclose or use confidential information, in the event that Party enters into a similar arrangement with any third party.

# ARTICLE III: FEES AND EXPENSES

**Section 3.1 Fees and Expenses.** Client shall pay the fees of Linea set forth in Exhibit B hereto for the Services and Expenses not to exceed three million, one hundred seven thousand, eight hundred ninety-eight and no hundredths dollars ($ 3,107,898.00).

**Section 3.2 Pricing.** Pricing is determined on the basis of a proposal estimate as set forth in Exhibit A and Exhibit B. Client agrees to pay and Linea agrees to receive up to a fee of $ 3,107,898.00 for all work performed to complete the IT Roadmap. Linea agrees to provide sixty (60) days’ written notice of any adjustments to the hourly billing rates set forth in Exhibit A.

* 1. **Payment Terms.** Linea will invoice Client on a monthly basis for billable work and the travel surcharge (listed in Exhibit B). Amounts due are payable within 45 calendar days, unless otherwise agreed to in the Statement of Work. In the event that Client disputes in good faith any invoiced amount, then Client may withhold only such amount disputed in good faith without Linea asserting a payment default.

# ARTICLE IV: TERM AND TERMINATION

1. **Term.** The Term of this Agreement (the “Term”) shall commence upon the date first above written and shall continue for a period of six (6) years there from unless earlier terminated pursuant hereto.
2. **Termination**. Assuming that the parties’ responsibilities outlined in this Agreement and the attached Exhibits have been satisfied, Client may terminate this Agreement without liability except for any matters arising prior to the date of termination by providing thirty (30) days’ written notice. Client will not be responsible to pay for work done after it has given notice to terminate with the exception of minimal tasks necessary to close the engagement.
3. **Early Termination for Breach.** Either Party may terminate this Agreement if the other does not comply with any of its terms in any material respect and fails to cure such after at least 30 days’ advance written notice of such breach. Linea shall be entitled to receive payment within forty-five days after the termination hereof for Services rendered and expenses incurred prior to the termination of this Agreement.
4. **Project Termination.** Client shall have the right to terminate any Project with 30 days’ prior written notice to Linea. Linea shall have the right to terminate Services on a Project if Client does not satisfy its obligations set forth in this Agreement and any attached Statement of Work relating thereto and fails to cure such breach after at least 30 days’ advance written notice. Client agrees to pay Linea for all Services provided by Linea prior to giving notice to terminate. Client will not be responsible to pay for work done after it has given notice to terminate with the exception of minimal tasks necessary to close the engagement.
5. **Force Majeure.** Neither Party shall be deemed in default of this Agreement to the extent that performance of their respective obligations or attempts to cure any breach are delayed or prevented by reason of any cause beyond the control of such party, provided that such Party gives the other Party prompt written notice and uses best efforts to cure the delay.

# ARTICLE V: CONFIDENTIALITY

1. **Confidentiality.** Linea acknowledges that in performing the Services as contemplated herein, Linea may acquire Confidential Information, including, but not limited to, private information regarding FCERA’s members, the use or disclosure of which could materially adversely affect Client. Linea shall not, at any time or in any manner, directly or indirectly, disclose such Confidential Information to any person or entity, or use such Confidential Information other than in furtherance of the purposes of Client and except as contemplated by Section 2.3.
2. **Ownership of Confidential Information.** Client agrees to grant Linea access to any such Confidential Information as required in order to fulfill the duties detailed in the Statement of Work. Linea agrees that all Confidential Information obtained or acquired is the exclusive property of Client, irrespective of whether such information was created or prepared by Linea or others except as contemplated by Section 2.3.
3. **Return or Destruction.** Upon termination of this Agreement as provided in Article IV, Linea will, as requested in writing by Client, return to Client or destroy all Confidential Information of Client, including any written or electronic memorial of, or documents relating to, the Confidential Informationdescribed herein.

# ARTICLE VI: INDEMNIFICATION AND LIMITATION OF LIABILITY

## Section 6.1 Insurance. Linea shall maintain in full force and effect, at all times during the term of this Agreement, the following insurance:

1. Automobile Liability insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability one million dollars ($1,000,000) combined single limits. Such insurance shall be provided by a business or commercial vehicle policy.
2. Commercial General Liability insurance against claims of Personal Injury (including bodily injury and death) and Property Damage arising from the operations of the contractor, including coverage for premises and operations, use of independent contractors, and products and completed operations. Policy is to be on an occurrence basis with minimum limits of $1,000,000 per Occurrence for bodily injury, personal injury and property damage. Client, its board members, officials, agents, and employees shall be named as an additional insured with respects to work performed on behalf of Client to this policy.
3. Professional Liability Insurance against claims for damages arising out of negligence, acts, mistakes or failure to take appropriate action in the performance of business or professional duties, with minimum limits of one-million dollars ($1,000,000).

Worker’s Compensation Insurance as required by the State of California and Employer’s Liability Insurance with minimum limits of $1,000,000 per accident for bodily injury and property damage.

**Section 6.2** If any of the insurance coverages required under this Agreement is written on a claims-made basis, the insurance policy shall provide an extended reporting period of not less than four (4) years following termination of this Agreement or completion of Linea’s work specified in this Agreement, which ever is later.

**Section 6.3** Prior to Linea commencing any of its obligations under this Agreement, evidence of insurance in compliance with the requirements above shall be furnished to the Client by Certificate of Insurance. Linea shall maintain the above-stated insurance coverage until the completion of all obligations under this Agreement. Such insurance coverage shall not be reduced, modified, or canceled without thirty (30) days prior written notice to the Client. Linea shall immediately obtain replacement coverage for any insurance policy that is terminated, canceled, non-renewed, or whose policy limits have been exhausted or upon insolvency of the insurer that issued the policy.

**Section 6.4** All insurance shall be issued by a company or companies listed in the current Best’s Key Rating Guide@ publication with a minimum of an “A-;VII” rating, or in special circumstances, be pre-approved by the Client.

1. All insurance afforded by Linea (hereafter, “the Firm”) pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by the Client. Insurance coverages in the minimum amounts set forth herein shall not be construed to relieve the Firm for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage; nor shall it preclude the Client from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law.
2. Failure by the Firm to maintain all such insurance in effect at all time required by this Agreement shall be a material breach of this Agreement by the Firm. The Client, at its sole option, may terminate this Agreement and obtain damages from the Firm resulting from such breach. Alternatively, the Client may purchase such required insurance coverage, and without further notice to the Firm, the Client shall deduct form sums due to the Firm any premiums and associated costs advanced or paid by the Client for such insurance. If the balance of monies obligated to the Firm pursuant to this Agreement is not sufficient to reimburse the Client for the premiums and any associated costs, the Firm agrees to reimburse the Client for the premiums and pay for all costs associated with the purchase of said insurance. Any failure by the Client to take this alternative action shall not relieve the Firm of its obligation to obtain and maintain the insurance coverages required by this Agreement.

**Section 6.5** The Firm shall furnish the Client with original certificates and amendatory endorsements effecting coverage. All certificates and endorsements are to be received with 10 days of their issuance and before any work commences under the contract.

**Section 6.6 Indemnity**: Linea agrees to indemnify, save, hold harmless and at the Client’s request, defend the Client, its officers, agents, and employees from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to the Client in connection with the performance, or failure to perform, by Linea, its officers, agents or employees under this Agreement, and from any and all costs and expenses, damages, liabilities, claims, and losses occurring or resulting to any person, firm, or corporation who may be injured or damaged by the performance, or failure to perform, of Linea, its officers, agents, or employees under this Agreement.

**Section 6.7 Limitation of Liability.** (a)Lineaassumes no responsibility or liability, for Client’s critical systems resulting from the new software itself. Except with respect to a breach of Article V or Section 6.6, in no event shall either party be liable to the other party or any third Party for any special, indirect, incidental, or consequential damages, loss of profits, or loss of goodwill resulting from the services of Linea, even if Linea has been notified of the likelihood of such damages occurring. Except with respect to a breach of Article V or Section 6.6, each party’s sole and exclusive remedy available to such party with respect to the other party shall be the actual direct damages incurred, not to exceed the greater of (i) five-hundred thousand dollars US ($500,000.00 USD) or (ii) fees paid to Linea under this Agreement.

(b) Each Party agrees not to and waives any right to initiate any legal action against the other Party more than four years subsequent to the date that the aggrieved Party discovers the occurrence(s) which would be the basis of any such legal action.

# ARTICLE VII: REPRESENTATIONS AND WARRANTIES

1. **Representations and Warranties.**  Linea warrants that all work performed under this Agreement shall be performed in a timely, competent and professional manner and be of good quality, and that it shall use reasonable commercial efforts to satisfy its responsibilities set forth in the Statement of Work. Linea shall correct any work not in compliance with this warranty at no cost to Client, provided that Client provides Linea written notice of defective workmanship within six months of the completion of the work with the exception of cyclical activities that occur less frequently than once during each six month period. For these types of cyclical activities, the warranty will extend to one year from the completion of the work.
2. **Warranty Disclaimer.** Other than the warranty described in Section 7.1, LINEA MAKES NO IMPLIED REPRESENTATION OR WARRANTY CONCERNING THE SERVICES OR WORK IT PROVIDES PURSUANT HERETO, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR NONINFRINGEMENT, AND LINEA EXPRESSLY DISCLAIMS ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES OR WORK AS PERFORMED PURSUANT TO THIS AGREEMENT.
3. **Independent Contractors.** In performing under this Agreement, Linea shall at all times act in the capacity of an independent contractor. This Agreement is not intended, nor shall it be construed, to create a relationship of agent, servant, employee, employer, partnership, joint venture, or association as between Linea and Client. Nothing in this Agreement shall cause Client to be responsible for any action, inaction, or omission of Linea. For all purposes, including but not limited to, Workers’ Compensation insurance coverage or liability, Linea agrees that all persons furnishing services to Client under this Agreement are deemed employees solely of Linea and not of Client.
4. **Valid and Binding Agreement.** Each Party represents and warrants to the other Party that:
   1. This Agreement has been duly executed and delivered by such Party.
   2. This Agreement constitutes a valid and binding agreement of such Party enforceable in accordance with its terms.

# ARTICLE VIII: MISCELLANEOUS

1. **Governing Law; Arbitration.** This Agreement shall be governed by and interpreted in accordance with the laws of the State of Californiawithout giving effect to its conflicts of laws principles.
2. **Assignment.** This Agreement shall be binding upon Linea and Client and their respective successors and assigns, including by reason of acquisition or merger. Either Party shall give the other prompt written notice of any such acquisition or merger. Neither Party may assign or transfer its rights or obligations hereunder without the prior written consent of the other party, which shall not be unreasonably withheld.
3. **Integration.** This Agreement and all Schedules, Exhibits and Statements of Work attached or annexed hereto constitute the entire agreement between Linea and Client relating to this subject matter and supersede all prior or simultaneous representations, discussions, negotiations, or agreements, whether written or oral, between the Parties.
4. **Statement of Work Controls.** In the event of and to the extent of any inconsistency between a term or provision of this Agreement and a term or provision of the Statement of Work, the term or the provision of the Statement of Work shall control.
5. **Amendment.** This Agreement and all Schedules and Statements of Work attached hereto may be amended or modified only in writing, and in documents signed only by representatives authorized to sign this Agreement, the Schedules, and the Statements of Work.
6. **Notices.** Any notice, demand, consent, amendment, approval, request, or other communication (collectively, a “Notice”) required or permitted under this Agreement must be in writing and delivered personally, sent by certified mail, postage prepaid, return receipt requested, or sent by recognized overnight delivery services to the addresses set forth in Schedule 8.6. Any Party may modify the information set forth in Schedule 8.6 by sending a Notice in the manner provided herein.
7. **Other Agreements.** Linea and Client are free to enter into similar agreements with others.
8. **Non-Solicitation.** During the period of this Agreement and for a period of six (6) months following its termination, Client agrees not to solicit for employment nor to contract for services any Linea Resource who has performed work under this Agreement within the six (6) month period prior to such solicitation or the Services, without prior express approval in writing from Linea.
9. **Client (FCERA) Policies.**
10. **Conflicts of Interest; Gratuities**

Linea warrants that no gratuities in the form of entertainment, gifts, or otherwise, were offered or given by Linea, or any agent or representative of Linea, to any officer, fiduciary, advisor, or employee of Client or the County of Fresno with a view toward securing this Agreement or securing favorable treatment with respect to the awarding or the making of any determination with respect to this Agreement. Linea covenants that no such gratuities will be given to any such person with a view towards securing favorable treatment with respect to making a determination with respect to the performance, termination and/or continuation of this Agreement. Linea shall review and become familiar with the conflicts of interest and reporting provisions applicable to the Client, contained in California Government Code sections 1090 to 1097 inclusive, 31528, 82030 and 87100 to 87103 inclusive.

**b. Certification Concerning Financial Contracts or Solicitation**

Linea represents and warrants that to the best of its knowledge no employee of Client or fiduciary whose position in Client enables such person to influence the award of this Agreement or any competing agreement, and no spouse or economic dependent of such person is or will be employed in any capacity by Linea herein, or does or will have any direct or indirect financial interest in this Agreement. Linea will deliver annually to Client, or more frequently if requested, a certificate in the form as provided by Client with respect to the interests of persons related to Client, as specified from time to time by Client.

**c. Penalties/Interest/Attorney’s Fees**

Linea and Client will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney’s fees, except as required by law or otherwise stated herein.

**d. Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties for perjury, that he/she is the contracting party, or that he/she is the representative, agent, member or officer of the contracting party, that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented to him, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this contract other than that which appears on the face of the contract.

IN WITNESS WHEREOF, each of the Parties has executed or caused this Agreement to be executed by one of its duly authorized officers as of the date first above written.

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| --- | --- |
| **FRESNO COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION** | **LINEA SOLUTIONS, INC.** |
| By: | By: |
| Print Name: Roberto L. Peña | Print Name: Akio Tagawa |
| Title: Retirement Administrator | Title: President |
| Address: 1111 H Street Fresno, CA 93721 | Address: 10940 Wilshire Blvd Suite 600  Los Angeles, CA 90024 |

**Exhibit A – Proposal for Consulting Services for Multi-Year Implementation Program**

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**Exhibit B -- Addendum to FCERA IT Program Proposal**

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**SCHEDULE 3.1**

**Fees and Expenses**

The total project cost, including expenses, will not exceed three million, one hundred seven thousand, eight hundred ninety-eight and no hundredths dollars ($ 3,107,898.00).

**SCHEDULE 3.2**

**Pricing**

**Principal:** A Linea Solutions Practice Leader or one of the Founding Partners. It is agreed that Akio Tagawa will serve in the role of project leader. Client reserves the right to accept/reject changes in the project leader.

**Senior Project Manager:** A resource who is responsible for planning, monitoring, and managing multiple projects. Tasks include creation and maintenance of project plans, interface with high level management both inside and outside the Client, overall strategic planning of particular projects, resource management, multiple vendor interfacing, budget and cost estimation, forecasting and analysis, and overall ownership of projects.

**Senior Consultant:** Two resources are considered senior consultants: business process consultants and senior technical consultants. The former is a resource who examines business processes with the goal of determining appropriate solutions. Tasks include, but are not limited to, business process design, evaluation of organizational functions, goals, and objectives, audit and analysis of business processes, strategic planning, user requirements assessment, and tactical needs analysis. A senior technical consultant provides guidance on all aspects of technology projects, including data conversion, software development, hardware infrastructure, and related areas. Tasks include software or database architecture design, product evaluation, technical environment analysis, and oversight of technical analysts.

**Consultant:** Three resources are considered consultants: project managers, business analysts, and technical analysts.

1. A project manager is responsible for the planning, monitoring, and managing of a project or a significant portion of a project. Tasks include the creation and maintenance of project plans, preparation of status reports, resource coordination, and vendor coordination for that project.
2. A business analyst is responsible for analyzing business processes with the goal of determining user requirements, functional specifications, and other technical requirements for software implementations. Tasks include user training, system documentation, business rule development and refinement, and interface with third party vendors.
3. A technical analyst is responsible for implementing technology products (software or hardware) in concert with third party vendors, client technical staff, and other project team members. Tasks include test plan development, interface design, testing, and management, use case development, and data conversion implementation.

**Implementation Team Leader:** A resource, who manages the implementation of a predefined system, set of systems, or processes. Tasks include development of an implementation strategy document, adherence to a project plan, preparation of reports to the Senior Project Manager, management of implementation vendors, management and guidance of implementation team members, coordination among team members, training of team members, assistance with implementation, and overall implementation support.

**Hourly Billable Rates**

The hourly billing rate for each of the Resources is as follows:

Principal: $290

Senior Project Manager: $225

Senior Consultant: $240

Consultant $185

Implementation Team Leader: $165

Project Support Staff: $50 to $95

**SCHEDULE 8.6**

**Notices**

To: **Linea**

Linea Solutions, Inc.

Attention: Akio Tagawa

Address: 10940 Wilshire Blvd.

Suite 600

Los Angeles, CA 90024

Telephone No. (310) 443-4191

Mobile No. (310) 261-1333

Fax No. (310) 443-4192

E-mail ATagawa@LineaSolutions.com

To: **Client**

Name: Fresno County Employees’ Retirement Association

Attention: Roberto L. Peña

Address: 1111 H Street, Fresno, CA 93721

Telephone No. (559) 547-0681

Fax No. (559) 457-0318