

## THIRD MODIFICATION OF ACTUARIAL AND CONSULTANT SERVICES CONTRACT

THIS THIRD MODIFICATION is made the 19th day of November, 2009 by and between GABRIEL, ROEDER, SMITH & COMPANY and the STATE OF MARYLAND, acting through the DEPARTMENT OF BUDGET AND MANAGEMENT.

In consideration of the promises herein, the adequacy of which is duly acknowledged, the parties hereto agree to amend the Actuarial and Consultant Services Contract, dated November 15, 2006, amended by a first Modification dated March 6, 2007 and a Second Modification dated February 7, 2008 between the parties as follows:

1. **Defined Terms.** All capitalized terms used in this Third Modification shall have the same meaning as provided in the Contract or the Request for Proposals, whichever is applicable.
2. **Exercise of Option.** The parties acknowledge that the State has exercised its unilateral first option to extend the Contract for an additional year, thereby extending the period of performance to include December 1, 2009 through November 30, 2010.

### 3. **Invoices and Payment for Actuarial Services**

3.1 Effective December 1, 2009, the RFP, as incorporated into the Contract by Section 2, is amended as follows, with deleted language stricken and double-underlined language added:

#### 3.4.2 **Timing of Invoices**

The Contractor shall submit invoices on a monthly basis by the 15th of each month.

(a) In connection with fixed-fee Actuarial Services (see Section 3.1), the Contractor shall bill on a fixed-rate hourly basis (see Section 3.7.1) all services provided in connection with the Actuarial Services during the invoiced period. The State may pay the Contractor on that basis but in no event may payments for Actuarial Services for any given contract year exceed the total fixed fee for Actuarial Services for that year. ~~that percentage of the fixed fee total payment for the service that corresponds the percentage of the work needed for completion of the project that was completed in the prior month.~~ All payments for fixed-fee Actuarial Services are progress payments only. The Contractor shall not be entitled to retain any payments unless the State accepts the final deliverable associated with the Actuarial Services. Progress payments shall be tied to tangible work which has been performed that is at least as valuable to the State as the requested payment amount. The accomplishment of tangible work is not the same as merely accruing hours of effort expended and amounts paid for materials. Rather, it means the completion of work that can be reasonably quantified, and that would not have to be redone by the State or another contractor if, for any reason, the contract would terminate as of the end of the period for which the bill has been submitted. Examples of such tangible work include records/data/information entered into a deliverable database, and document sections completed. In the event the State does not accept the completed Actuarial Services and requests Contractor repay all or a portion of the progress payments made hereunder, upon receipt by the State of such payments, the State will return all deliverables associated with such payments to Contractor.

3.2 Notwithstanding any other provision of the RFP or the Contract, billing and payment for Actuarial Services shall be as provided in this Third Modification and the amendments of the Contract provided herein.

**4. Consideration and Payment.**

Notwithstanding those terms of the Contractor's Financial Proposal, RFP §1.4.2, and RFP Attachment F that provide for increased prices during an option period, payments to the Contractor for the option year period (December 1, 2009 through November 30, 2010), shall remain at base term rates, as follows:

- (a) Actuarial Services (see RFP §3.1): a flat fixed fee of [REDACTED]
- (b) Hourly Rates: The fully-loaded hourly rates for the three labor categories shall be:

Labor Classification	Hourly Rate
Principal	\$ [REDACTED]
Senior Consultant	\$ [REDACTED]
Junior Consultant	\$ [REDACTED]

5. **Scope of Third Modification.** This Third Modification amends the Contract specifically as described herein. Except as specifically revised by the terms of this Third Modification, all of the terms of the Contract shall remain in full force and effect, shall apply during the term of the Contract and any option period, and shall apply to this Third Modification.

IN WITNESS THEREOF, The parties have executed this Third Modification.

Contractor

State of Maryland  
By: Department of Budget and Management

[REDACTED]  
Date 11-11-2009

[REDACTED] 11/19/09  
By: I. Eloise Foster Date  
Secretary

Approved for form and legal sufficiency this 16 day of November 2009:

[REDACTED]  
Assistant Attorney General