

FIRST AMENDMENT TO AGREEMENT BETWEEN

LAKE COUNTY, FLORIDA AND

EMPLOYERS MUTUAL INC.

FOR

ADMINISTRATIVE SERVICES

RFP #04-127

This is a First Amendment to Agreement between Lake County, Florida, a political subdivision of the State of Florida, hereinafter referred to as the COUNTY, by and through its Board of County Commissioners, and Employers Mutual, Inc., a Florida corporation, hereinafter referred to as CONSULTANT.

Recitals

WHEREAS, the COUNTY did publicly submitted a Request for Proposal (RFP), #04-127 for procurement of claim adjusting services for general liability and worker's compensation claims; and

WHEREAS, the parties did enter into an Agreement dated December 15, 2004, to perform the required services; and

WHEREAS, the parties did amend the Agreement on November 7, 2006 by executing Addendum #1 to extend the term of the agreement and increase the service fees; and

WHEREAS, the parties now desire to amend the Agreement for the purpose of extending the term of the original Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual terms, understandings, conditions, premises, covenants and payment hereinafter set forth, and intending to be legally bound, the parties hereby agree as follows:

Article 1. Recitals

1.1 The foregoing recitals are true and correct and incorporated herein by reference.

Article 2. Amendment

2.1 Section 1 of the original agreement, entitled Term, is hereby amended to provide that the terms of the Agreement shall be effective from October 1, 2008 to September 30, 2009.

2.2 Exhibit A of Addendum #1 is amended to read as per the **Exhibit A** attached hereto and incorporated herein by reference to this agreement.

Article 3. Other Provisions.

3.1 All other provisions of the original Agreement dated December 15, 2004, shall remain in full force and effect.

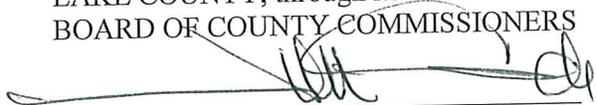
IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the respective dates under each signature: COUNTY through its Board of County Commissioners, signing by and through its Chairman, authorized to execute same by Board Action on the 5 day of June, 2008 and by CONSULTANT through duly authorized representative.

CONSULTANT


Print Name: Clark B Palmer
Title: CFO

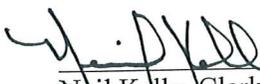
COUNTY

LAKE COUNTY, through its
BOARD OF COUNTY COMMISSIONERS


Welton G. Cadwell
Chairman

This 4th day of June, 2008

ATTEST:


Neil Kelly, Clerk
of the Board of County
Commissioners of Lake
County, Florida

Approved as to form and legality:

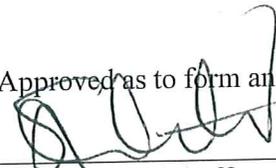

Sanford A. Minkoff
County Attorney

EXHIBIT "A"

Fee Schedule

A. GENERAL

Conversion of Data from previous Vendor: N/A

Banking Fee: If EMI is required to set up a bank account to make payments, EMI will pass through all banking charges to the County.

B. Workers Compensation Claims Service

(New Claims)

Record Only	\$0
Medical only:	\$135.95 per Claim (Claimant)
Indemnity:	\$774.16 per Claim (Claimant)
Transition for medical to indemnity:	\$637.09 per Claim (Claimant)

(Take Over of Open Claims)

Medical Only:	\$65 per Claim (Claimant)
Indemnity:	\$450 per Claim (Claimant)

C. General Liability Claims Service

(New Claims)

Bodily Injury:	\$714.60 per Claim (Claimant)
Personal Injury Claim	\$714.60 per Claim (Claimant)
Property Damage Claim:	\$416.85 per Claim (Claimant)
Medical Payment Only	\$297.75 per Claim (Claimant)

(Take Over of Open Claims)

Bodily Injury:	\$300 per Claim (Claimant)
Personal Injury Claim	\$300 per Claim (Claimant)
Property Damage:	\$200 per Claim (Claimant)

D. Automobile Liability Claims Service

(New Claims)

Bodily Injury/Property Damage	\$774.16 per Claim (Claimant)
Physical Damage:	\$297.75 per Claim (Claimant)

(Take Over of Open Claims)

Bodily Injury/Property Damage:	\$300 per Claim (Claimant)
Physical Damage	\$150 per Claim (Claimant)

E. Public Official Liability Claims Service

(New Claims)

Public Official Liability Claim	\$714.60 per Claim (Claimant)
Employment Practice Liability Claims	\$714.60 per Claim (Claimant)

(Take Over of Open Claims)

Public Official Liability Claim	\$300 per Claim (Claimant)
Employment Practice Liability Claims	\$300 per Claim (Claimant)

F. Professional Liability Claim Service

(New Claims)

Professional Liability Claim	\$714.60 per Claim (Claimant)
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(Take Over of Open Claims)

Professional Liability Claim	\$300 per Claim (Claimant)
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G. Property Claim Service

(New Claims)

Buildings	\$595.50 per Claim (Claimant)
Personal Property	\$595.50 per Claim (Claimant)

H. OTHER SERVICES:

Systems: Interface & Reporting	Included
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Standard Reports	Included
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Loss Control Services (if required expenses)	\$101.12 per hour plus travel and expenses
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Rehabilitation Services (if required expenses)	\$101.12 per hour plus travel and expenses
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Managed Care Services (optional)

Bill Review Services

\$7.73 per Bill

PPO Access

30% of PPO Savings

Telephonic Case Mgmt.

\$89.88 per Hour

ADHOC Reports

\$150

ADDENDUM #1
To
SERVICE AGREEMENT for ADMINISTRATIVE SERVICES
BETWEEN
LAKE COUNTY BOCC
AND
EMPLOYERS MUTUAL, INC

Date of Agreement: 12/01/2004 – 09/30/06

Date of Change: 09/30/06

In accordance with Section 1. Term, of the Agreement between Lake County BOCC and Employers Mutual, Inc for RFP 04-127, Third Party Claims Administration. Lake County BOCC and Employers Mutual agree to extend the contract for an additional (two) successive one-year renewals providing the same services as provided in the initial two year agreement period. It is also agreed by both parties to increase service fees as outlined in Exhibit "A", 6% each year as allowed in the initial agreement. Increase to be effective November 1, 2006.

Exhibit "A" of the initial Agreement is amended to read as per the attached Exhibit "A"

All other terms and conditions remain unchanged.

Attest:


Clerk of the Board of County
Commissioners
James C. Watkins

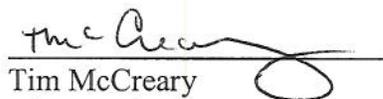
County

Lake County, Through its
Board of County Commissioners

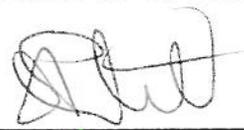

Chairman, Catherine C. Hanson

This 7th day of November, 2006

Employers Mutual, Inc.


Tim McCreary
Vice President

Approved as to form and legality


Sanford A. Minkoff

This 20 day of OCTOBER, 2006

EXHIBIT "A"

Fee Schedule

A. GENERAL

Conversion of Data from previous Vendor: N/A

Banking Fee: If EMI is required to set up a bank account to make payments, EMI will pass through all banking charges to the County.

B. Workers Compensation Claims Service

(New Claims)

Record Only	\$0
Medical only:	\$121 per claim
Indemnity:	\$689 per claim
Transition for medical to indemnity:	\$567 per claim

(Take Over of Open Claims)

Medical Only:	\$65 per claim
Indemnity:	\$450 per claim

C. General Liability Claims Service

(New Claims)

Bodily Injury:	\$636 per Claim
Personal Injury Claim	\$636 per Claim
Property Damage Claim:	\$371 per Claim
Medical Payment Only	\$265 per Claim

(Take Over of Open Claims)

Bodily Injury:	\$300 per Claim
Personal Injury Claim	\$300 per Claim
Property Damage:	\$200 per Claim

D. Automobile Liability Claims Service

(New Claims)

Bodily Injury/Property Damage	\$689 per Claim
Physical Damage:	\$265 per Claim

(Take Over of Open Claims)

Bodily Injury/Property Damage:	\$300 per Claim
Physical Damage	\$150 per Claim

E. Public Official Liability Claims Service

(New Claims)

Public Official Liability Claim	\$636 per Claim
Employment Practice Liability Claims	\$636 per Claim

(Take Over of Open Claims)

Public Official Liability Claim	\$300 per Claim
Employment Practice Liability Claims	\$300 per Claim

F. Professional Liability Claim Service

(New Claims)

Professional Liability Claim	\$636 per Claim
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(Take Over of Open Claims)

Professional Liability Claim	\$300 per Claim
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G. Property Claim Service

(New Claims)

Buildings	\$530 per Claim
Personal Property	\$530 per Claim

H. OTHER SERVICES:

Systems: Interface & Reporting	Included
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Standard Reports	Included
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Loss Control Services (if required)	\$90 per hour plus travel and expenses
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Rehabilitation Services (if required)	\$90 per hour plus travel and expenses
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Managed Care Services (optional)

Bill Review Services	\$6.89 per Bill
PPO Access	30% of PPO Savings
Telephonic Case Mgmt.	\$80 per Hour

ADHOC Reports

\$150

**SERVICE AGREEMENT FOR
ADMINISTRATIVE SERVICES BETWEEN
LAKE COUNTY BOCC
AND
EMPLOYERS MUTAUL, INC.**

THIS AGREEMENT, made and entered into by and between the Lake County BOCC, Florida, hereinafter referred to as the Client, and Employers Mutual, Inc., a Florida Corporation, hereinafter referred to as the Administrator.

WITNESSETH

WHEREAS, the Client desires to engage the services of Administrator to provide claim adjusting services as described herein on behalf of the Client for general liability and workers' compensation claims that arise during the term of this Agreement;

WHEREAS, Administrator is qualified and desires to provide the aforementioned services on behalf of the Client in accordance with this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto do mutually agree as follows:

1. **Term.** This Agreement shall be effective **December 1, 2004** and shall continue in effect through **September 30, 2006**, unless terminated as set forth herein. In the event that the parties mutually agree to enter into a future Agreement for the services set forth in this Agreement **after September 30, 2006**, Administrator agrees that it will provide these same services for up to two successive one-year renewals with a maximum rate increase of no more than six percent (6%) per year.

I. SERVICES

The Administrator will supervise and administer the Risk Management Program of the client in compliance with all applicable laws, rules and regulations governing the administration of the program; the Administrator will act as the representative of the Client in all matters related to such administration and will perform fully all the functions listed below:

A. CLAIMS ADMINISTRATION SERVICES

The Administrator will provide the following and such other services as may be considered necessary and which are mutually acceptable to both parties:

- (i) Supervise and administer the self-insurance program in compliance with all applicable laws, rules, and regulations governing the administration of self-insurance programs and all other laws relating to insurance and imposed by the State of Florida.

- (ii) Provide qualified and experienced personnel capable of protecting the assets of the Client against the perils and risks assumed by the program. The Administrator must maintain an office with toll-free telephone service and experienced employees.
- (iii) Make necessary arrangements to keep the Client qualified as an individual self-insured in the State of Florida for all coverages that may require qualification, compute assessments to be paid and prepare all required filings and reports to all governing authorities.
- (iv) Establish and administer a Risk Management Program information system for all functions and locations.
- (v) Complete processing deductible loss adjustments, investigations and settlements falling within the self-insured retention level. Submissions of all investigation reports, legal actions, court orders, or awards shall be provided to the Client together with recommendations to be taken in the event claims exceed the limits of authority of Administrator. The Administrator must obtain prior approval from the Client for all settlements.
- (vi) Assist in salvage disposals.
- (vii) Coordinate investigations of and manage litigated claims with defense attorneys.
- (viii) Compile and publish statistical information on the cost of claims, both as a measure of the achievement of program objectives, as a guide for the direction of future efforts and as a historical record to renew excess insurance and administration contracts. The format shall be designed to permit the Client to determine timely program progress reports and to meet the requirements of other bodies of authority that may require such reports.
- (ix) Develop subrogation possibilities and assist in the collection of same.
- (x) Assist in the development of a complete Risk Management Program including comprehensive safety and loss prevention programs and claims reporting procedures. The Client may request loss prevention services as frequently as needed.
- (xi) Provide vehicle accident reporting folders for all vehicles when providing Auto Liability coverage. Folder must contain vehicle identification cards, accident reporting forms, and detailed reporting instructions in case of an accident. Folders will be prepared and coordinated with the Client.
- (xii) In the event of termination of the contract, Administrator shall not have any responsibility or obligation to handle any incurred claims beyond the termination date. If desired, Client and Administrator may enter into a separate agreement at a rate to be negotiated to handle claims beyond the termination date.

- (xiii) Perform managed care services including, but not limited to reduction of all medical costs to the approved State of Florida fee schedule (fees will be paid as a medical expense and charged to the individual claim file per NCCI guidelines and procedures at % of realized savings or negotiated fee); utilization review including pre-admission certification, concurrent review, and discharge planning; home health care; alternative treatment plans and facilities; other accepted methods and techniques appropriate to patient needs and quality of care dictates that will result in cost savings to Client. Compensation below includes the cost to join and maintain membership in the CorCare Network in local area for the use of Client's employees.

II. RESPONSIBILITIES OF THE CLIENT

The Client shall have and perform the following duties, obligations, and responsibilities to the Administrator.

- (i) **Obligation & Responsibility for Payment.** The Client has the sole obligation and responsibility for funding the payment of liability claims made by its employees. Administrator assumes no duty to fund any such claims at any time and shall have no obligation to advance funds for such payment.
- (ii) **Deposit Account.** Prior to the commencement of this Agreement, the Client shall establish a bank account at a bank of the Client's choosing and this account will be used to process all claim checks. The Client will be responsible for the proper funding of this account as well as all banking fees, bank interfaces and the bank reconciliations. Administrator shall use the funds deposited by the Client into the account to pay claim settlements within the discretionary settlement authority limit or as otherwise authorized by the Client, and to pay interim claim payments, indemnity payments, medical expenses and allocated expenses.
- (iii) **Management of Account.** It is the Client's responsibility to establish and replenish the bank account with funds sufficient to cover all claim payments. The Client may, at its discretion, increase or decrease the minimum funding levels based on actual claim activity. The bank account shall remain in effect until all claims activity ceases under this agreement.
- (iv) **Allocated Loss Adjustment Expense.** Coverage costs shall include but not limited to: cost of medical and indemnity benefits, outside investigation of claims, surveillance, vocational rehabilitation, on-site case management, legal fees, court or hearing costs, depositions, documents and exhibits, witness fees, photography and other incidental and special costs. Coverage costs shall be borne by the Client as normal claims related expenditures and shall be charged against the Deposit Account.
- (v) **Instructions from Client.** The Client shall duly consider all written notices and recommendations made by Administrator relative to the administration of claims, including medical and litigation services, with the understanding that the final authority rests with the Client. Administrator shall not be responsible or liable for any action or inaction of the Client, which is contrary to a lawful written

recommendation or instruction by Administrator, applicable by law, and/or workers compensation law that causes any claim to not be properly adjusted, administered, and/or processed.

III. LIMITS OF THE ADMINISTRATOR'S RESPONSIBILITY

The Administrator shall have no responsibility, risk, liability or obligation for the funding of claims, losses, or liabilities. The responsibility and obligation for funding the program exposures shall be solely and totally the responsibility of the Client.

The Administrator shall be liable for the recovery of claim processing errors arising from the Administrator's performance pursuant to the terms of this agreement, excepting liability for any such error that is reasonable, made in good faith, and within acceptable industry standards. Administrator shall use diligent efforts toward the recovery of any loss therefrom. Administrator's liability, if any, shall be limited to the amount in excess of the claim amount(s) payable under the terms of the agreement.

It is understood and agreed that the Administrator is and shall remain an independent contractor with respect to the services being performed by the Administrator pursuant to this Agreement and shall not for any purpose be deemed an employee of the Client, nor shall the relationship of the parties be deemed that of partners or joint ventures. Administrator does not assume any responsibility, risk, liability or obligation for the general policy direction of the program, the adequacy of the funding thereof, or any act or omission or breach of duty by parties other than Administrator. Administrator shall not be deemed an insurer, underwriter or guarantor with respect to any expenses payable under the program. Excepting all instances of gross negligence, willful misconduct and fraud, Client agrees to hold Administrator to the extent permitted by law, free and harmless from any claim, demand, liability or cause of action, (including reasonable legal and accounting fees) arising in any manner out of the program or its administration or the performance by the Administrator pursuant to the terms of this Agreement. In all instances of gross negligence, willful misconduct and fraud, Client agrees indemnify, to the extent permitted by law, Administrator for any claim demand, liability or cause of action, (including reasonable legal and accounting fees) arising in any manner out of the Administrator's performance pursuant to the terms of this Agreement.

IV. DEFAULT AND TERMINATION

- (i) **Default.** The failure of either party to comply with any provision of this Agreement will place that party in default. Prior to terminating the Agreement, the non-defaulting party will notify the defaulting party in writing. This notification will make specific reference to the provision(s) the defaulting party failed to comply with, the exact nature of the default, and the action that needs to occur to correct the default. The non-defaulting party will give the defaulting party a minimum of ten (10) business days to correct the default. The Client Risk Manager shall be authorized to provide the written notice described herein on behalf of the Client. If the default is not corrected within the allotted time,

the non-defaulting party shall be permitted to terminate this Agreement, effective upon the receipt by the defaulting party of a written termination notice.

- (ii) **Bankruptcy.** If either party files a petition for bankruptcy or a petition or answer seeking reorganization, becomes or is insolvent or bankrupt, has a receiver appointed for its benefit, admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, the other party may immediately terminate this Agreement.

It is understood and agreed that either party shall have the right to terminate this agreement on any Anniversary Date by:

- (a) the Client giving the Administrator not less than sixty (60) days advance written notice of termination.
- (b) the Administrator giving the Client not less than one hundred twenty (120) days advance written notice of termination.

Administrator may, as its sole discretion, terminate this agreement in the event that the Client fails to properly fund the Program within fifteen (15) days of receiving a written request to do so from the Administrator.

Upon termination by either party, the Administrator shall, within ninety (90) days of the termination of services under this agreement, deliver to the Client a complete and final accounting of the financial status of the Program. Administrator shall, upon the request and at the expense of the Client, provide computer runs detailing various aspects of Client's Program. Upon termination, the client understands and agrees that, except where there is evidence of gross negligence or willful misconduct or fraud, the Program Administrator is released from all liability, loss or damage arising in any manner out of the Program or its administration or the performance by Administrator pursuant to the terms of this Agreement.

It is understood that at termination of the Agreement, Administrator shall not have any responsibility or obligation to handle any incurred claims beyond the termination date. If desired, Client and Administrator may enter into a separate agreement, at a rate to be negotiated, to handle claims beyond the termination date.

V. ADMINISTRATOR FEES

The Administrator shall receive consideration in accordance with *Schedule A* herein incorporated by reference. All monthly fees shall be paid by the 10th day of each month.

If the Client, for any reason whatsoever, fails to make a required fee payment or necessary contribution for claim payment as requested by the Administrator on a timely basis, the Administrator may suspend the performance of its services to the Client until such time as Client makes the proper remittance. The Administrator may charge interest to the Client on all

past fees due to Administrator at the rate of one and one-half percent (1-1/2%) per month or the maximum rate allowed by law, whichever is less.

VI. OWNERSHIP AND RETENTION OF CLAIM FILES

Administrator will retain all Administrator Claim Files during the time the Agreement is in effect. Subject to the forgoing, Administrator will make available to the Client for copying, at its expense, or inspection any records relating to any Administrator Claim Files created pursuant to this Agreement upon written request of the Client. Administrator will also make Administrator Claims Files available to any other third party as required by and in accordance with applicable law. All claim files created pursuant to this Agreement are the sole property of the Client. However, Administrator may keep a copy of all such claim files for its legitimate business purposes and shall not use any such claim files in a manner inconsistent with this Agreement or in violation of applicable law.

Upon termination of the Agreement, the Client will be responsible for the retention and storage of all claim files. Client is also responsible for all shipping costs associated with transporting of claim files.

VII. NOTICE

Whenever written notice is required under the terms of this Agreement, it shall be delivered either in person or by registered mail to the appropriate party. Notice by registered mail shall be addressed as follows:

ADMINISTRATOR
Employers Mutual, Inc.
700 Central Parkway
Stuart, FL 34994
ATTN: Chief Financial Officer

CLIENT
Lake County BOCC
315 W. Main Street
Tavares, FL 32778
ATTN: Director, Risk Management

VIII. NON-ASSIGNMENT

The provisions of this Agreement supersede any prior Agreements or understandings to the contrary. No party hereto shall have the right to assign this agreement without the written consent of the other party. The Administrator shall not assign this Agreement or any responsibilities pursuant to said Agreement without the express consent of the Client.

IX. NON TRANSFER OF POWERS

Nothing contained in this Agreement shall be construed to constitute a Transfer of Powers in any way whatsoever. This Agreement is solely an Agreement for provision of services.

X. ENFORCEMENT

In the event that it becomes necessary for either party to employ counsel to collect his obligation or to enforce this Agreement, whether or not suit be brought, the prevailing party shall recover a reasonable attorney's fee, including fees on appeal.

XI. SEVERABILITY

Should any provision of this Agreement be declared invalid by a Court of competent jurisdiction, same shall be deemed stricken herefrom and all other terms and conditions of this Agreement shall continue in full force and effect as if the invalid provision had never been made apart hereof.

XII. NON-WAIVER

No delay by either party in enforcing any covenant or right hereunder shall be deemed a waiver of such covenant or right, and no waiver of any particular provision hereof shall be deemed as waiver of any other provision or a continuing waiver of such particular provision, and except as so expressly waived, all provisions hereof shall continue in full force and effect.

XIII. ENTIRE AGREEMENT

This Agreement constitutes the entire understanding of the parties with respect to provision of services. It may not be modified nor any of its provisions waived unless such modification and/or waiver is in writing and is agreed to and signed by both parties.

XIV. THIRD PARTY BENEFICIARIES

There are no third party beneficiaries of this Agreement, either intended or implied.

Agreement between Lake County, Florida and Employers Mutual, Inc. for RFP 04-0127, Workers Compensation, Liability, Automobile and Property Third Party Administration Services

EMPLOYERS MUTUAL, INC.



Charles Divita, III
President
(Title)

This 1st day of December, 2004

COUNTY

LAKE COUNTY, through its
BOARD OF COUNTY COMMISSIONERS



Debbie Stivender
Chairman

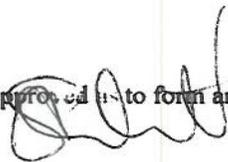
This 15th day of Dec., 2004

ATTEST:



James C. Watkins, Clerk
of the Board of County
Commissioners of Lake
County, Florida

Approved as to form and legality:



Sanford A. Minkoff
County Attorney

EXHIBIT "A"

Fee Schedule

A. GENERAL

Conversion of Data from previous Vendor: \$3,500

Rate Guarantee: Two Years

Banking Fee: If EMI is required to set up a bank account to make payments, EMI will pass through all banking charges to the County.

B. Workers Compensation Claims Service

(New Claims)

Record Only	\$0
Medical only:	\$115 per claim
Indemnity:	\$650 per claim
Transition for medical to indemnity:	\$535 per claim

(Take Over of Open Claims)

Medical Only:	\$65 per claim
Indemnity:	\$450 per claim

C. General Liability Claims Service

(New Claims)

Bodily Injury:	\$600 per Claim
Personal Injury Claim	\$600 per Claim
Property Damage Claim:	\$350 per Claim
Medical Payment Only	\$250 Per Claim

(Take Over of Open Claims)

Bodily Injury:	\$300 per Claim
Personal Injury Claim	\$300 per Claim
Property Damage:	\$200 per Claim

D. Automobile Liability Claims Service

(New Claims)

Bodily Injury/Property Damage \$650 per Claim
Physical Damage: \$250 per Claim

(Take Over of Open Claims)

Bodily Injury/Property Damage: \$300 per Claim
Physical Damage \$150 per Claim

E. Public Official Liability Claims Service

(New Claims)

Public Official Liability Claim \$600 per Claim
Employment Practice Liability Claims \$600 per Claim

(Take Over of Open Claims)

Public Official Liability Claim \$300 per Claim
Employment Practice Liability Claims \$300 per Claim

F. Professional Liability Claim Service

(New Claims)

Professional Liability Claim \$600 per Claim

(Take Over of Open Claims)

Professional Liability Claim \$300 per Claim

G. Property Claim Service

(New Claims)

Buildings \$500 per Claim
Personal Property \$500 per Claim

H. OTHER SERVICES:

Systems: Interface & Reporting Included
Standard Reports Included
Loss Control Services (if required) \$85 per hour plus travel and expenses
Rehabilitation Services (if required) \$80 per hour plus travel and expenses

Managed Care Services (optional)

Bill Review Services

\$6.50 per Bill

PPO Access

30% of PPO Savings

Telephonic Case Mgmt.

\$76 per Hour

ADHOC Reports

included if programming for such reports takes 2 hours or less. Over 2 hours, rate is \$85/Hour