



AGENDA REQUEST FORM

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

Special Order Request

☐ Yes ☒ No

Time

Open Agenda

☒ Yes ☐ No

ITEM No.:

II-1.

MEETING DATE

Jul 28 2015 10:15AM - Regular School Board Meeting

AGENDA ITEM

OPEN ITEMS

CATEGORY

II. OFFICE OF THE SUPERINTENDENT

DEPARTMENT

Risk Management

TITLE:

First Amendment to Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

REQUESTED ACTION:

Increase spending authority for RFI 14-063P, Property and Casualty Insurance Brokerage Services, to procure a Master Builder's Risk Insurance Policy and amend the Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc., (AJG) for placement of the District's Property and Casualty insurance policies.

SUMMARY EXPLANATION AND BACKGROUND:

In an effort to support the District's strategic goal of continuous improvement, the Risk Management Department, in collaboration with the District's insurance broker, AJG, sought alternative means of transferring risk and reducing costs on builder's risk insurance policies. See Supporting Docs for continuation of Summary Explanation and Background.

This First Amendment to Agreement has been reviewed as to form and legal content by the Office of the General Counsel.

SCHOOL BOARD GOALS:

☐ Goal 1: High Quality Instruction ☒ Goal 2: Continuous Improvement ☐ Goal 3: Effective Communication

FINANCIAL IMPACT:

The estimated financial impact to secure a Master Builder's Risk Insurance Policy for five years is \$3,900,000. This represents a conservative estimated savings of \$2,900,000 over the five year period from the current form of risk transfer. The source of the funds for the Builder's Risk premiums will be capital project budgets approved in the District Educational Facilities Plan.

EXHIBITS: (List)

(1) Summary Explanation and Background (2) Attachment 1 - Features and Benefits (3) First Amendment to Agreement with Arthur J Gallagher Risk Management Services Inc (4) Agreement with Arthur J Gallagher Risk Management Services Inc 2-19-2014

BOARD ACTION:

APPROVED

(For Official School Board Records Office Only)

SOURCE OF ADDITIONAL INFORMATION:

Name: Jeffrey S. Moquin, Chief of Staff

Phone: 754-321-2650

Name: Aston A. Henry, Jr., Director

Phone: 754-321-1900

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

Senior Leader & Title

Jeffrey S. Moquin - Chief of Staff

Signature

Jeffrey S. Moquin

7/20/2015, 9:58:28 AM

Approved In Open
Board Meeting On:

JUL 28 2015

By:

Donna Fourn

School Board Chair

Item II-1 – First Amendment to Agreement Between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc. - Page 1 of 4

Builder's risk insurance is "coverage that protects a person's or organizations insurable interest in a partially built structure or materials, fixtures and/or equipment being used in the construction or renovation of a building or structure should those items sustain physical loss or damage from a covered cause. Builder's Risk insurance is a special type of property insurance which indemnifies against damage to buildings while they are under construction. .

The School Board of Broward County, Florida (SBBC) conducted a needs assessment to provide a status of the physical and educational adequacy of school and administrative sites. Taxpayers of Broward County approved an \$800 Million General Obligation Bond to fund projects to modernize and upgrade schools on November 4, 2014. Additionally, \$184 Million has been added to the Adopted District Educational Facilities Plan for the five-year SMART Program totaling \$984 Million. The SMART Program addresses critically needed projects and programs in Safety, Music & Arts, Athletics, Renovations and Technology.

Contractually, SBBC requires General Contractors/Design Build Professionals to provide Builder's Risk Insurance coverage for new construction, additions and renovations. SBBC reimburses Contractors/Design Build Professionals out of pocket premiums for these policies along with costs for overhead including surplus line taxes. This generally equates to approximately 17%. The Risk Management Department in collaboration with AJG secured quotes for a Master Builder's Risk Policy from Starr Indemnity and Liability, Lexington Insurance, Beazley Insurance, Zurich Insurance, Berkshire Hathaway Insurance and Westchester Insurance. (See Attachment 1 for additional features and benefits of a Master Builder's Risk policy.)

The estimated five year cost for this policy totals three million nine hundred thousand dollars (\$3,900,000). SBBC's purchase of this policy allows the District to realize an average savings of \$2.9 million over five years. Savings will be realized with elimination of additional expenses beyond the premium.

This Builder's Risk program minimizes our total cost of risk with a significant transfer of risk exposures to Starr Indemnity and Liability. The program will improve SBBC's risk management capacity by providing direct access to experienced insurance industry consultants and a specialized market. SBBC will conduct timely analysis of risk management issues along with real time identification of emerging concerns. This program will help the District recognize existing risks, anticipate future risk and respond to risk concerns appropriately. Additionally, this program serves as a mechanism for efficient and predictable budgeting.

Working in collaboration with our Chief Facilities Officer, Risk Management met with contractors to resolve insurance concerns. With an understanding of Builder's Risk challenges facing our District, strategic partners and the insurance industry, this Master Builder's Risk Program creates solutions benefiting all parties. Risk Management in conjunction with AJG will utilize our industry knowledge, skills and expertise to deliver an efficient and effective program realizing a

Item II-1 – First Amendment to Agreement Between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc. - Page 2 of 4

substantial cost savings to our District. Based on the comparisons, the conservative savings to the District is estimated at \$2.9 million over the five year policy term.

In addition to authorizing the purchase of a Master Builder's Risk Policy, Risk Management is requesting an amendment to the Agreement with Arthur J. Gallagher Risk Management Services, Inc. (AJG) for Property and Casualty Brokerage Services on May 15, 2014 (approved by the Board on February 19, 2014). Within this Agreement Exhibit A, Item 4.4.2.1 states "Respondent shall use its best efforts to place the following lines of insurance coverage on SBBC's behalf: property and casualty insurance coverages. Ancillary insurance coverages include, but are not limited to property insurance terrorism, package policy (including primary property, excess general and automobile liability coverage), petroleum storage tank liability, accidental death and dismemberment for security officers and broadcaster's liability." This amendment to the Agreement will remove the wording "but are not limited to".

Although Builder's Risk Insurance coverage was submitted in AJG's RFI proposal, negotiations under Ancillary Insurance Placement resulted in removal of Builder's Risk from Exhibit A, item 4.4.2.1. Builder's Risk was removed from Exhibit A in order to negotiate a percentage (11%) and a dollar cap (\$100,000) under Ancillary Insurance Coverages with AJG.

Compensation for policies not defined in Exhibit A are placed under Other Lines of Coverages as noted in Exhibit B of this Agreement. Although the negotiated agreement excluded the placement of Builder's Risk as an ancillary insurance coverage, it is recommended the language "but are not limited to..." be removed to eliminate any ambiguity. Negotiations under Ancillary Insurance Placement pertained specifically to the detailed coverages outlined above.

AJG Proposal	Exhibit A (Current Contract)	Amended Contract
Ancillary Coverage Including Builder's Risk	Ancillary Coverage Excluding Builder's Risk	Place Builder's Risk Under Other Lines of Coverage
11% Commission	11% Commission	No Defined Commission
No Dollar Cap	Negotiated \$100,000 Cap	10% Cap for Builder's Risk Only

Within this amended Agreement under Exhibit B, other lines of coverage, AJG will secure a Master Builder's Risk Insurance policy on behalf of the District. This policy will provide coverage for SBBC's Adopted District Educational Facilities Plan related construction projects beginning in year 2015 through 2019.

Item II-1 – First Amendment to Agreement Between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc. - Page 3 of 4

Capital Plan Five Year Summary

Outlined below is a chart which depicts SBBC's Adopted District Educational Facilities Plan (inclusive of Bond projects but excluding Charter School Technology).

SMART Description	2015	2016	2017	2018	2019	Total Project Cost
Safety & Security	\$24,652,000	\$32,412,000	\$14,718,000	\$263,643,000	\$30,184,000	\$125,609,000
Music & Art	\$4,992,000	\$10,005,000	\$5,441,000	\$10,103,000	\$9,257,000	\$39,798,000
Athletics	\$1,805,000	\$1,835,000	\$1,773,000	\$985,000	\$985,000	\$7,383,000
Renovations	\$157,829,000	\$149,306,000	\$143,176,000	\$126,932,000	\$153,187,000	\$730,430,000
Technology	\$30,486,000	\$22,863,000	\$15,483,000	\$0	\$0	\$68,832,000
Grand Total	\$219,764,000	\$216,421,000	\$180,591,000	\$161,663,000	\$193,613,000	\$972,052,000

Insurance Premium Comparison Based on Quoted Rates

Estimated Premiums	2015	2016	2017	2018	2019	Estimated Five Year Costs
SBBC Master Builder's Risk Insurance Program	\$917,785	\$857,027	\$715,140	\$640,185	\$766,707	\$3,896,846
Contractor Provided Insurance	\$1,284,900	\$1,199,838	\$1,001,197	\$896,260	\$1,073,390	\$5,455,584
SBBC Historical Cost	\$2,263,871	\$2,114,000	\$1,764,013	\$1,579,124	\$1,891,212	\$9,612,220
Benchmark Rates	\$1,256,346	\$1,173,175	\$978,948	\$876,343	\$1,049,537	\$5,334,349
Average Estimated Savings	\$683,920	\$638,644	\$532,912	\$477,057	\$571,339	\$2,903,872

Item II-1 – First Amendment to Agreement Between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc. - Page 4 of 4

Comparison Coverage Assumptions

- Contractor rate based on recent quotes for project specific Builder's Risk placements on similar sized projects in tri-county area of \$0.63 per \$100 of construction.
- SBBC historical rate based on historical study with average rate of \$1.11 (renovations).
- Benchmark rates of \$0.62 per \$100 of construction includes similar Master Builder's Risk Programs in the tri-county area for renovations.
- Cost comparisons do not include fees, taxes and surcharges.

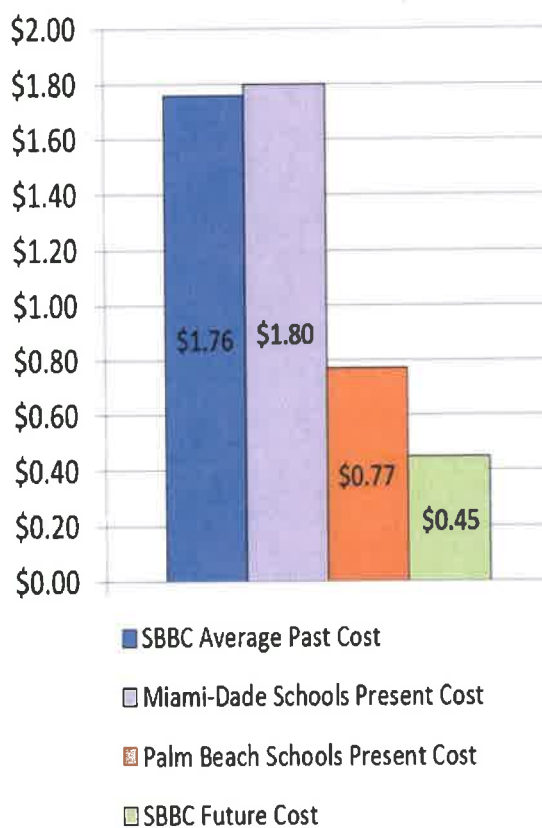
Benchmark Comparison

Construction Projects*



*Data provided by SBBC's Facilities & Construction Management for projects with NTP's issued over an eight year period

Cost per \$100 for Builders' Risk Insurance



Attachment 1

Item II-1 First Amendment to Agreement Between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

Features and Benefits of a Master Builder's Risk Policy

Securing a Master Builder's Risk Policy allows SBBC to take advantage of project volume/economies of scale to purchase limits and achieve competitive pricing options such as broader coverage terms. This policy will eliminate additional contractor overhead and profit cost and will save the District surplus lines taxes of 5.2% when a policy is procured directly by SBBC due to our tax exempt status. It will also allow SBBC to reduce potential property market fluctuations, guarantee property capacity, utilize a pre-determined program loss adjusting agent, and correspond with a single adjuster versus multiple adjusters for multiple contractors on a large loss. Additionally, quantifying project costs will assist the School Board's budgeting process. Only construction values are used to determine premium, not estimated total project values provided by a contractor to procure an individual Builder's Risk policy. The District would have the ability to recover Builder's Risk deductible payments in a federally declared disaster such as a Hurricane loss. The *Federal Emergency Management Agency Public Assistance Guide (FEMA) 3229 (June 2007), Chapter 2 - Eligibility, Facilities Under Construction or Scheduled for Replacement* provides eligibility requirements for public assistance. Typically, a facility under construction is the responsibility of the contractor until the owner has accepted the work as complete and a contractor is not eligible for public assistance from FEMA. However, by securing a master Builder's Risk policy, the District is responsible for any damage to a facility while it is under construction and repairs would be eligible for public assistance from FEMA.

Master Builder's Risk Program Overview

AJG has successfully negotiated a five year Master Builder's Risk program that will encompass all construction including construction approved as part of the Bond referendum.

Coverage Highlights

- Insurance Carrier- Starr Indemnity & Liability Company
- Projected Coverage Dates/Terms – 3/1/2015 – 3/1/2020
- Occurrence Limits – \$50,000,000
- Composite annual rate of \$0.45 per \$100 of construction applied to annual expenditures
- Deductible
 - Named Windstorm – 5% of values at time and location of loss subject to a \$2,000,000 minimum
 - \$20,000 deductible for all other perils
- Earthquake included
- Flood included
 - Wind driven water/storm surge is included in Named Windstorm definition
- Premium
 - Deposit Premium based on 60% of projected annual construction values - \$362,513.40 (not including fees, taxes and surcharges)
 - Estimated year one audited premium based on 100% of construction - \$604,189 (not including fees, taxes and surcharges)

FIRST AMENDMENT TO AGREEMENT

28th THIS FIRST AMENDMENT TO AGREEMENT is made and entered into as of this
day of July, 2015, by and between

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA
(hereinafter referred to as "SBBC"),
a body corporate and political subdivision of the State of Florida,
whose principal place of business is
600 Southeast Third Avenue, Fort Lauderdale, Florida 33301

and

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.
(hereinafter referred to as "AJG"),
whose principal place of business is
2555 Glades Road, Suite #200E, Boca Raton, Florida 33431

WHEREAS, SBBC and AJG entered into an Agreement dated February 19, 2014
(hereafter "Agreement"); and

WHEREAS, the parties mutually desire to amend certain provisions of the Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants
contained herein and the sum of Ten Dollars (\$10.00) and other good and valuable consideration,
the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1.01 **Recitals.** The Parties agree that the foregoing recitals are true and correct and
that such recitals are incorporated herein by reference.

1.02 **Amended Provisions.** The parties hereby agree to the following amended
provisions to the Agreement:

2.02 **AJG's Service Obligations.** AJG will provide, or cause to be provided by an
organization owned in whole or in part by AJG or AJG's corporate parent, the services set out on
Revised Exhibit A attached hereto (collectively, the "Services") to SBBC. If the Services include
the placement of insurance coverage, AJG will use its commercial best efforts to secure such
insurance coverage on SBBC's behalf. In the event an insurance company cancels or refuses to
place such insurance coverage, AJG will use its commercial best efforts to obtain the coverage
from another insurance company.

2.03 **AJG's Compensation.** In consideration of the services provided hereunder, SBBC
shall compensate AJG as set forth in **Revised Exhibit B**.

1.03 **Order of Precedence Among Agreement Documents.** In the event of conflict between the provisions of the Agreement and the provisions contained herein, the provisions of the following documents shall take precedence in this order:

- a) this First Amendment to Agreement; and
- b) the Agreement dated February 19, 2014;
- c) RFI 14-063P – Property and Casualty Insurance Brokerage Services;
- d) Proposal submitted in response to the RFI by Arthur J. Gallagher Risk Management Services, Inc.

1.04 **Other Provisions Remain in Force.** Except as expressly provided herein, all other portions of the Agreement remain in full force and effect.

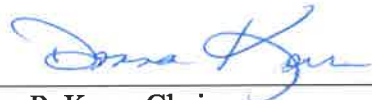
1.05 **Authority.** Each person signing this First Amendment to Agreement on behalf of either party individually warrants that he or she has full legal power to execute this First Amendment to Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this First Amendment to Agreement.

IN WITNESS WHEREOF, the Parties hereto have made and executed this First Amendment to Agreement on the date first above written.

FOR SBBC

(Corporate Seal)

THE SCHOOL BOARD OF BROWARD
COUNTY, FLORIDA

By 
Donna P. Korn, Chair

ATTEST:


Robert W. Runcie, Superintendent of Schools

Approved as to Form and Legal Content:

 07/06/15
Office of the General Counsel

FOR AJG

(Corporate Seal)

Arthur J. Gallagher Risk Management
Services, Inc.

ATTEST:

By David L. Marcus
Signature

Printed Name: David L. Marcus

Title: Area Chairman

_____, Secretary

-or-

Theresa M. Hill
Witness

Kathleen M. Hill
Witness

STATE OF FLORIDA

COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this 9TH day of
July, 20 15 by DAVID L. MARCUS of
Name of Person

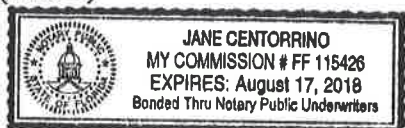
_____, on behalf of the corporation/agency. He is personally known to
me or produced _____ as identification and did/did not first
take an oath. Type of Identification

My Commission Expires:

Jane Centorrino
Signature – Notary Public

JANE CENTORRINO
Printed Name of Notary

(SEAL)



8-17-18
Notary's Commission No.

S:/v/allwork/contracts/develop/1213year/amendment

Revised Exhibit A
Scope of Services as Defined in RFI 14-063P

Section	Scope of Service
BROKERAGE SERVICES	
4.4.2.1	Respondent shall use its best efforts to place the following lines of insurance coverage on SBBC's behalf: property and casualty insurance coverages. Ancillary insurance coverages include property insurance terrorism, package policy (including primary property, excess general and automobile liability coverage), petroleum storage tank liability, accidental death and dismemberment for security officers, and broadcaster's liability.
4.4.2.2	Consult with SBBC to formulate a marketing strategy that focuses on delivering a cost- effective risk management strategy and structure based upon current market conditions. Suggest alternative risk financing vehicles to reduce SBBC's cost of risk.
4.4.2.3	Work with SBBC to produce comprehensive underwriting data and criteria for insurance carrier negotiations. Represent SBBC in negotiations with insurers, underwriters and other parties with regards to the insurance program.
4.4.2.4	Formally present coverage submissions to agreed-upon insurance carrier(s) and negotiate terms on behalf of SBBC.
4.4.2.5	Annually, coordinate and provide SBBC with copies of catastrophe analysis studies to be used in the marketing of the program.
4.4.2.6	Summarize the results of executing the marketing strategy developed with SBBC and communicate program recommendations.
4.4.2.7	Provide consultation to SBBC on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended or when requested by SBBC.
4.4.2.8	Request change endorsements, when requested by SBBC or when otherwise necessary, ensuring accuracy and delivery in a timely manner.
4.4.2.9	Administer insurance program, including extensive policy review and issuance, invoicing, coordination and/or issuance of required documentation; i.e., automobile identification cards, certificates of insurance and other program administration, as required by the SBBC.
4.4.2.10	Review accounting and billing data received from insurance markets on SBBC's behalf to ensure accuracy.
4.4.2.11	Annually, provide stewardship report summarizing program and services provided throughout the year.
4.4.2.12	Provide SBBC Risk Management department staff with access to, and training for, online access to policy information and relevant risk management tools.
4.4.2.13	Except with the prior written approval of SBBC, place insurance on behalf of SBBC with insurers that meet or exceed agreed upon minimum financial guidelines or a Best rating of not less than "A-" as assigned by A.M. Best. Monitor published financial information of any insurers with whom SBBC's coverage is placed. Alert SBBC if the status of an insurer falls below the A.M. Best guidelines herein.
CLAIMS ADMIN/PERSONNEL:	
4.4.2.14	Participate in claims review meetings to ensure accuracy of reserves and effective claims management.
4.4.2.15	Assist with the selection of the designated property insurance catastrophic claims adjuster and coordination for the purposes of adjusting catastrophic property losses with respect to necessary documentation for FEMA assistance.
4.4.2.16	Assist with emergency procedures and disaster planning.
4.4.2.17	Assist with claim and coverage disputes.

LOSS CONTROL PERSONNEL:	
4.4.2.18	Develop, with SBBC's assistance and involvement, loss control programs and strategies, including educational training, seminars, research and analysis of loss trends, and develop communication materials.
4.4.2.19	Provide a full-time (defined as 200 on-site work days), qualified loss control representative to assist with the implementation of such loss control programs and strategies mentioned in 4.4.2.18. Loss control services will not be limited to property exposures but will also support the SBBC workers' compensation program and other safety initiatives as agreed between Respondent and SBBC.
ADMINISTRATIVE PERSONNEL:	
4.4.2.20	Provide administrative support services to SBBC Risk Management Department. This support will include a full-time staff member employed by and managed by Respondent and located at the SBBC Risk Management department. This full-time staff member will work with Respondent and SBBC staff to manage certificate of insurance issuance, update and coordinate Risk Management insurance policy files, assist in statement of values development, and provide other administrative support services as agreed between Respondent and SBBC.
ADDITIONAL SERVICES WHICH MAY BE REQUESTED OF RESPONDENT:	
4.4.2.21	APPRAISAL SERVICES: As directed and approved by SBBC, coordinate and assist with subcontracting a vendor to provide reconstruction cost appraisal services for certain facilities of SBBC as agreed upon by Respondent and SBBC. The cost of this service would fall outside the broker compensation definition and, at the option of SBBC, be considered as a value added expenditure.
4.4.2.22	RISK MANAGEMENT INFORMATION SYSTEMS: Provide Risk Management with access or subscription to a Risk Management Information System (Exigis, or equivalent).
4.4.2.23	INSURANCE CERTIFICATE TRACKING SYSTEM: Provide Risk Management with access or subscription to a certificate tracking program (EBIX, or equivalent).

Revised Exhibit B Broker Compensation

Compensation to AJG brokerage

The following outlines the compensation to be provided to AJG over the term of this Agreement:

Property Insurance Placements:

The property placement would be capped at \$1,000,000 in total annual retail broker compensation with an annual average commission not to exceed 6.75%;

Ancillary Insurance Placements:

All other casualty lines listed defined in the RFI 14-063P will be capped at \$100,000 in total annual retail broker compensation (whether fee or capped commission – District's choice) with an annual average not to exceed 11%.

Compensation to Intermediaries (whether independent or owned)

AJG may utilize insurance intermediaries (such as a wholesale insurance broker, managing general agent (MGA), and managing general underwriter or reinsurance broker) for the placement of SBBC's insurance. The compensation received by the insurance intermediary for placements is to be no more than the following:

Property Insurance Placements:

London/Internationally Based Intermediaries, no more than an average of 5.5% of annual premium

U.S. Based Intermediaries, no more than an average of 4.0% of annual premium

Ancillary Insurance Placements:

Per full disclosure by AJG and agreement by SBBC

NFIP Flood Insurance

Compensation for NFIP policies, if purchased by SBBC, will be subject to full disclosure by AJG and prevailing commission schedules at time of placement.

Other Lines of Coverage

Compensation for policies not defined in the RFI 14-063P, including Builder's Risk, if purchased by SBBC, will be subject to full disclosure by AJG and agreement by SBBC on retail broker compensation and on intermediary compensation, if applicable. Builder's Risk would be capped at a 10% commission on retail broker compensation.

AGENDA REQUEST FORM
THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

Meeting Date 2/19/2014	<table style="width: 100%;"><tr><td style="text-align: center; width: 50%;">Open Agenda ☒ Yes ☐ No</td><td style="text-align: center; width: 50%;">Special Order Request ☐ Yes ☒ No</td></tr></table>	Open Agenda ☒ Yes ☐ No	Special Order Request ☐ Yes ☒ No	Agenda Item Number II-1
Open Agenda ☒ Yes ☐ No	Special Order Request ☐ Yes ☒ No			

TITLE:

Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

REQUESTED ACTION:

Approve the Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc. for the placement of the District's Property and Casualty insurance policies.

SUMMARY EXPLANATION AND BACKGROUND:

Florida Statute Referencing Direct Negotiations:

School districts are required to carry property insurance on all school buildings (except buildings with three classrooms or less) and all school plants, including contents, boiler and machinery, pursuant to the provisions of section 1001.42(11) (d), Florida Statutes.

Florida Administrative Rule 6A-1.012(15) states, except as otherwise required by statute, a district school board, when purchasing insurance, entering risk management programs, or contracting with third party administrators, may make any such acquisitions through the competitive solicitation process or by direct negotiations and contract.

This Agreement has been reviewed and approved as to form and legal content by the Office of the General Counsel.
(Continued on Page Two)

SCHOOL BOARD GOALS:

- ☐ •Goal 1: High Quality Instruction
- ☒ •Goal 2: Continuous Improvement
- ☐ •Goal 3: Effective Communication

FINANCIAL IMPACT:

The financial impact of placing the District's property and casualty insurance policies for three years is estimated at \$47 million. The source of funds for all casualty insurance premiums will be the General Fund.

EXHIBITS: (List)

1. Agreement with Arthur J. Gallagher Risk Management Services, Inc.
2. Recommendation/Tabulation - RFI 14-063P

BOARD ACTION:

APPROVED

(For Official School Board Records' Office Only)

SOURCE OF ADDITIONAL INFORMATION:

Jeffrey S. Moquin	754-321-2650
Aston A. Henry, Jr.	754-321-1900

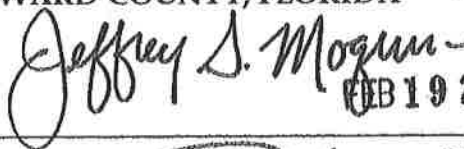
Name

Phone

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

Jeffrey S. Moquin, Chief of Staff

Approved in Open Board Meeting on:


FEB 19 2014

By:



School Board Chair

Item II-1 – Page 2 – Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

RFI -14-063P Broker Selection:

The School Board of Broward County, Florida (SBBC) released Request for Information (RFI) 14-063P on November 18, 2013, for Property & Casualty Insurance Brokerage Services. The previous RFI (29-086V) for Property Insurance Services is set to expire on May 15, 2014. This RFI is designed to evaluate and select an insurance brokerage firm. The chosen respondent must have a demonstrated record of successful design and implementation of property and casualty insurance programs similar in size and scope to SBBC and be able to offer creative and innovative insurance options. The chosen organization will be held to stringent service requirements and high-quality standards in providing service. The RFI defines the skills, capabilities and services which SBBC expects from the selected firm/service provider team. SBBC received submittals from the following brokers:

- Arthur J. Gallagher Risk Management Services, Inc.
- Brown & Brown of Florida, Inc. (Leesburg Division)

Excess Property Coverage:

SBBC's property insurance program is a multi-faceted, multi-layered program which procures a loss limit of \$110,000,000, divided amongst three excess insurance layers. Policies are written on an annual basis, and the renewal date for this program is May 15, 2014. Total Insured Values amount to \$6,072,133,359.

The District's current "Projected Maximum Loss" (PML) is calculated at \$747,000,000. The minimum "Named Windstorm" deductible stands at \$100,000,000. The deductible structure for all other perils, including fire is \$500,000 per occurrence. Total excess property premiums, including fees last year amounted to \$14,008,911.

Current property values being insured are as follows:

Description	2013-2014
Building Values (includes additions/deletions during policy year)	\$5,063,244,756.09
Outdoor Property	\$212,739,750.00
Contents including Furniture, Fixtures, Equipment (includes additions/deletions during policy)	\$682,707,967.34
Mobile Equipment (including tractors, movers, etc.)	\$6,664,362.00
Data Processing Values (includes hardware, Software and Extra Expense)	\$13,383,091.00
Auto Fleet Physical Damage	\$93,393,483.00
Valuable Papers/Property Transit	Included
TOTAL INSURED VALUES	\$6,072,133,359.00

Excess Casualty Coverage

SBBC purchases excess casualty coverage above its self-insured limits. All policies are written on an annual basis with a renewal date of July 1, 2014. Total casualty line premiums last year amounted to \$1,560,124.72.

Item II-1 – Page 3 – Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

Current Casualty Lines of Coverage:

Description	Coverage/Limits
Excess General Liability & Auto	No Aggregate/\$700,000 Per Occurrence \$300,000 Self-Insured Retention (SIR)
Employee Benefits Liability	\$1,400,000 aggregate \$700,000 Per Occurrence
School Leaders Errors & Omissions	\$2,100,000 Aggregate \$700,000 Per Occurrence
	\$1,400,000 Aggregate Sexual Abuse \$700,000 Per Occ. Sexual Abuse SIR - \$300,000 Each Wrongful Act SIR - \$300,000 each Employment Practice Violation SIR - \$300,000 Sexual Harassment SIR - \$300,000 Sexual Abuse
Law Enforcement Activities	\$2,100,000 Aggregate \$700,000 Per Occurrence \$300,000 SIR
Terrorism Liability	\$2,000,000 Aggregate \$1,000,000 Per Occurrence \$10,000 SIR
Student Malpractice	\$6,000,000 Aggregate each School \$1,000,000 Occurrence No Deductible
Accidental Death & Dismemberment	\$192,456 Accident Death Benefit \$63,854 AD & D in the Line of Duty All Law Enforcement are Eligible
Storage Tank Liability	\$1,000,000 Limit per Accident \$4,000,000 Aggregate \$5,000,000 SIR
Boiler & Machinery	\$100,000,000 Per Limit Breakdown \$10,000 Combined SIR
Crime	
Public Employee Dishonesty	\$5,000,000
Faithful Performance of Duty	\$5,000,000
Forgery or Alteration	\$1,000,000
Theft, Disappearance & Destruction	\$50,000
Robbery & Safe Burglary	\$50,000
Computer System Fraud	\$5,000,000
Specific Excess Form O -11 Positions	\$10,000,000
Excess Workers' Comp.	Each Accident WC - Statutory Employers Liability - \$1,000,000 Each Employee Disease: WC - Statutory Employers Liability - \$1,000,000 \$1,500,000 SIR

Item II-1 – Page 4 – Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

Historical Property and Casualty Program Premiums:

Lines of Coverage and Claims Services	FY 09-10	FY 10-11	FY 11-12	FY 12-13	FY 13-14	% change from prior year
Excess Property	\$ 16,106,905.75	\$ 13,836,369.02	\$ 13,967,292.00	\$ 13,892,416.00	\$ 13,892,416.00	0%
Terrorism	\$ 141,807.03	\$ 128,775.00	\$ 122,573.00	\$ 116,495.00	\$ 116,945.00	0%
Governmental Package	\$ 1,295,108.00	\$ 1,294,340.00	\$ 1,135,534.00	\$ 675,000.00	\$ 683,775.00	1%
Terrorism	\$ 55,045.00	\$ 53,025.00	\$ 38,494.00	\$ 22,500.00	\$ 22,792.50	1%
Excess Workers' Compensation	\$ 1,102,326.00	\$ 959,394.00	\$ 797,257.00	\$ 830,037.00	\$ 704,641.00	-18%
Excess Workers' Compensation based on final audit	\$ (51,138.00)	\$ (44,336.00)	\$ (93,868.00)	\$ (30,037.00)		
Catastrophic Accident & Disability	\$ 59,680.00	\$ 55,456.00	\$ 55,456.00	\$ 55,456.00	\$ 51,938.00	-7%
Boiler & Machinery	\$ 23,376.50	\$ 67,196.31	\$ 66,106.44	\$ 64,187.00	\$ 65,021.58	1%
City of Pembroke Pines	\$ 1,142.40	\$ 1,054.00	\$ 1,036.80	\$ 1,006.00	\$ 912.00	-10%
General Liability - KCW Parking Lot	\$ 6,102.42	\$ 3,102.72	\$ 3,102.72	\$ 2,911.18	\$ 2,360.56	-23%
Crime & Dishonesty	\$ 42,487.00	\$ 42,487.00	\$ 42,613.87	\$ 43,329.00	\$ 43,892.00	1%
Professional Liability for TV and Radio Stations	\$ 3,838.00	\$ 3,850.12	\$ 5,166.30	\$ 5,162.25	\$ 5,162.25	0%
Health and Occupational	\$ 42,301.00	\$ 40,910.81	\$ 35,249.55	\$ 30,083.05	\$ 22,656.77	-33%
Storage Tank	\$ 10,241.38	\$ 11,771.67	\$ 13,517.85	\$ 13,239.00	\$ 13,276.37	0%
Accidental Death & Dismemberment	\$ 920.00	\$ 920.00	\$ 982.00	\$ 982.00	\$ 982.00	0%
Total for All Lines of Coverage	\$ 18,890,142.48	\$ 16,454,315.65	\$ 16,190,513.53	\$ 15,722,766.48	\$ 15,626,771.03	-1%

Committee Evaluation & Selection:

The Risk Management Department formed a District Property Insurance Services Review Committee to review and evaluate both proposals. This committee consisted of representatives from Risk Management, Benefits, the Treasurer's Office, the Business Support Center, Broward County Government (Risk Manager), and Dade County Public Schools (Risk Manager). In conjunction with Ben Few & Company, an independent insurance consultant, evaluations of submittals were performed based on broker experience, qualifications, services offered and broker compensation.

Both proposers are well-staffed, financially sound and possess the necessary expertise according to their Executive Summaries. On a national corporate level, both Brown & Brown (B&B) and Arthur J. Gallagher Risk Management Services, Inc. (AJG) are large, well-staffed entities with public entity experience. AJG's summary points to specific areas of expertise in Florida Public Schools, and B&B's summary is somewhat generic. Significantly AJG services three times the number of Florida public school Districts. Five of those school districts (including SBBC) are on the list of top ten largest school districts in the United States. This suggested to the review committee that AJG has expertise in placing large and perhaps difficult-to-insure property values into shared property insurance programs.

Item II-1 – Page 5 – Agreement between The School Board of Broward County, Florida and Arthur J. Gallagher Risk Management Services, Inc.

AJG has operated on the east coast of Florida and handled public entity business for 36 years, while B&B of Leesburg has been handling public entity business for only 14 years. Committee members felt AJG has an advantage due the number of years handling east coast public entity accounts. AJG also has an advantage in the number of employees and clients they currently service. Both B&B and AJG have well educated and experienced staffs. AJG's local staff is larger in the public sector arena and specializes in different areas of account management. Committee members felt AJG has the advantage of placing a large value of property insurance in South Florida. It currently provides services for larger school districts in Florida. B&B's experience falls within smaller school districts in central Florida. The Review Committee, in conjunction with Ben Few & Company, evaluated and interviewed both proposers on January 7, 2014. Interviews focused on scope of services.

Committee Consensus:

Ultimately, the committee selected AJG. Risk Management in conjunction with Ben Few & Company met with AJG to conduct direct negotiations for Property & Casualty Insurance Brokerage Services. Compensation for services rendered will be based on commissions paid to the broker by the Insurance Carriers/Syndicates. Scoring for cost of services was based on the proposer's ability to substantiate proposed compensation levels using similarly-sized clients it services.

Brokerage Services:

AJG will use its best efforts to place Property and Casualty lines of coverage on SBBC's behalf. AJG will consult with SBBC to formulate a marketing strategy that focuses on delivering a cost-effective risk management strategy and structure based upon current marketing conditions. AJG will recommend alternative risk financing vehicles to reduce SBBC's cost of risk. This firm will formally present coverage submissions to insurance carriers/syndicates and negotiate terms on behalf of SBBC. SBBC will annually receive copies of catastrophe analysis studies to be used in marketing SBBC's program. AJG will provide consultation to SBBC on exposures, existing coverage and the desirability and/or feasibility of potential program changes when recommended or requested by SBBC. This firm will represent SBBC in negotiations with insurers, underwriters and other parties on coverage submissions, endorsement changes which will ensure accuracy in a timely manner. AJG will monitor published financial information on any insurer with whom SBBC coverage is placed, participate in claims review meetings, and assist with emergency procedures and disaster planning.

In conjunction with the Risk Management Department, AJG will develop a loss control program and provide a full time loss prevention representative. A full time administrative support representative will also be provided to work with the Risk Management Department, to manage certificates of insurance, assist in developing statement of values, coordinate and update insurance policies, and provide other administrative support services. AJG will provide Risk Management with access to a certificate tracking program.

Broker Compensation:

Compensation to AJG for Property Insurance Placement shall not exceed 6.75% of premium which will result in a 1.25% reduction over the previous commission of 8%. The Ancillary Insurance Placement commission shall not exceed 11% of premium which will result in a 1% reduction. The total capped commissions shall not exceed \$1,100,000 which is a reduction of \$500,000 over last year's capped rate of \$1,600,000. Broker compensation is paid directly by all carriers/syndicates and is inclusive of insurance premiums paid by SBBC.

AGREEMENT

THIS AGREEMENT is made and entered into as of this 19th day of February, 2014, by and between

THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA

(hereinafter referred to as "SBBC"),
a body corporate and political subdivision of the State of Florida,
whose principal place of business is
600 Southeast Third Avenue, Fort Lauderdale, Florida 33301

and

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.

(hereinafter referred to as "AJG"),
whose principal place of business is
2555 Glades Road, Suite #200E, Boca Raton, Florida 33431

WHEREAS, SBBC issued a Request for Information (RFI 14-063P) for Property and Casualty Insurance Brokerage Services which is incorporated by reference herein; for the purpose of selecting a strategic partner to obtain submittals for property and casualty insurance and/or alternative risk financing programs to financially transfer the risk of damage to district-owned properties; and

WHEREAS, AJG submitted a proposal in response to RFI 14-063P and said proposal is incorporated by reference herein; and

WHEREAS, RFI 14-063P authorized negotiations pursuant to the State Board of Education Administrative Rules, Board Rule 6A-1.012(11) and School Board Purchasing Policy 3320.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 - RECITALS

1.01 **Recitals.** The parties agree that the foregoing recitals are true and correct and that such recitals are incorporated herein by reference.

ARTICLE 2 - SPECIAL CONDITIONS

2.01 **Term of Agreement.** Unless terminated earlier pursuant to Section 3.05 of this Agreement, the term of this Agreement shall commence on May 16, 2014 and conclude on May 15, 2017. The term of the Agreement may, by mutual agreement between SBBC and AJG, be extended for two additional one-year periods and, if needed, 180 days beyond the expiration date of the renewal period.

2.02 **AJG's Service Obligations.** AJG will provide, or cause to be provided by an organization owned in whole or in part by AJG or AJG's corporate parent, the services set out on **Exhibit A** attached hereto (collectively, the "Services") to SBBC. If the Services include the placement of insurance coverage, AJG will use its commercial best efforts to secure such insurance coverage on SBBC's behalf. In the event an insurance company cancels or refuses to place such insurance coverage, AJG will use its commercial best efforts to obtain the coverage from another insurance company.

2.03 **AJG's Compensation.** In consideration of the services provided hereunder, SBBC shall compensate AJG as set forth in **Exhibit B**.

2.04 **AJG's Insurance Requirements.**

1. **Evidence of AJG's Insurance.** Within ten (10) days after requested by SBBC, unless, and to the extent, SBBC has agreed otherwise, AJG shall not commence the Work until AJG has procured the insurance required under this Section 2.04 and such insurance has been approved by SBBC. AJG shall provide evidence of such insurance in the following manner:

A. As evidence of compliance with the required Workers' Compensation/Employer's Liability, Commercial General Liability, Business Auto Liability, and Professional Liability, AJG shall furnish SBBC with a fully completed satisfactory Certificate of Insurance such as a standard ACORD Certificate of Liability Insurance (ACORD Form 25) or other evidence satisfactory to SBBC, signed by an authorized representative of the insurer(s) providing the coverages. The Certificate of Insurance, or other evidence, shall verify that Workers' Compensation/Employer's Liability contains a waiver of subrogation in favor of SBBC, identify this Agreement, and provide that SBBC shall be given no less than thirty (30) days' written notice prior to cancellation.

B. As evidence of the required Additional insured status for SBBC on the Commercial General Liability insurance, AJG shall furnish SBBC with:

i. A fully completed satisfactory Certificate of Insurance, and a copy of the actual additional insured endorsement as issued on the policy, signed by an authorized representative of the insurer(s) verifying inclusion of SBBC and SBBC's members, officials, officers and employees as Additional Insureds in the Commercial General Liability coverage; or

ii. Other evidence satisfactory to SBBC.

C. Until such time as the insurance is no longer required to be maintained by AJG, AJG shall provide SBBC with renewal or replacement evidence of the insurance in the manner heretofore described no less than thirty (30) days before the expiration or termination of the insurance for which previous evidence of insurance has been provided.

- D. Notwithstanding the prior submission of a Certificate of Insurance, copy of endorsement, or other evidence initially acceptable to SBBC, if requested by SBBC, AJG shall, within thirty (30) days after receipt of a written request from SBBC, provide SBBC with a certified copy or certified copies of the policy or policies providing the coverage required by this Section 2.04 AJG may redact or omit, or cause to be redacted or omitted, those provisions of the policy or policies which are not relevant to the insurance required by Section 2.04.

2. Qualifications of AJG's Insurers.

- A. Insurers providing the insurance required by this Agreement for AJG must either be: (1) authorized by a subsisting certificate of authority issued by the State of Florida to transact insurance in the State of Florida, or (2) except with respect to coverage for the liability imposed by the Florida Workers' Compensation Act, an eligible surplus lines insurer under Florida Statutes.
- B. In addition, each such insurer shall have and maintain throughout the period for which coverage is required, a Best's Rating of "A-" or better and a Financial Size Category of "VII" or better according to A.M. Best Company.
- C. If, during the period when an insurer is providing the insurance required by this Agreement, an insurer shall fail to comply with the foregoing minimum requirements, as soon as AJG has knowledge of any such failure, AJG shall immediately notify SBBC and immediately replace the insurance provided by the insurer with an insurer meeting the requirements. Until AJG has replaced the unacceptable insurer with an insurer acceptable to SBBC, AJG shall be in default of this Agreement.

3. Description of AJG Required Insurance. Unless and to the extent SBBC has agreed otherwise, without limiting any of the other obligations or liabilities of AJG, AJG shall, at AJG's sole expense, procure, maintain and keep in force the amounts and types of insurance conforming to the minimum requirements set forth herein. Except as otherwise specified in this Agreement, the insurance shall commence at or prior to the execution of this Agreement by SBBC and shall be maintained in force throughout the term of this Agreement.

- A. Workers' Compensation/Employers' Liability. The Workers' Compensation/Employers' Liability insurance provided by AJG shall conform to the requirements set forth hererin.
 - i. AJG's insurance shall cover AJG (and to the extent its Subcontractors and Sub-subcontractors are not otherwise insured, its Subcontractors and Sub-subcontractors) for those sources of liability which would be covered by the latest edition of the standard Workers' Compensation policy, as filed for use in the State of Florida by the National Council on Compensation Insurance (NCCI), without any restrictive endorsements other than the Florida Employers Liability Coverage Endorsement (NCCI Form WC 09 03), those which are required by the State of Florida, or any restrictive

NCCI endorsements which, under an NCCI filing, must be attached to the policy (i.e., mandatory endorsements). In addition to coverage for the Florida Workers' Compensation Act and any other applicable federal or state law.

- ii. The policy must be endorsed to waive the insurer's right to subrogate against SBBC, and its members, officials, officers and employees in the manner which would result from the attachment of the NCCI Waiver Of Our Right To Recover From Others Endorsement (Advisory Form WC 00 03 13) with SBBC, and its members, officials, officers and employees scheduled thereon.
- iii. Subject to the restrictions of coverage found in the standard Workers' Compensation policy, there shall be no maximum limit on the amount of coverage for liability imposed by the Florida Workers' Compensation Act or any other coverage customarily insured under Part One of the standard Workers' Compensation policy. The Compensation policy. The minimum amount of coverage for those coverages customarily insured under Part Two of the standard Workers' Compensation policy (inclusive of any amounts provided by an umbrella or excess policy) shall be:

\$1,000,000	Each Accident
\$1,000,000	Disease – Each Employee
\$1,000,000	Disease – Policy Limit

B. Commercial General Liability. The Commercial General Liability insurance provided by AJG shall conform to the requirements hereinafter set forth:

- i. AJG's insurance shall cover those sources of liability which would be covered by the latest occurrence form edition of the standard Commercial General Liability Coverage Form (ISO Form CG 00 01) as filed for use in the State of Florida by the Insurance Services Office (ISO) without any restrictive endorsements other than those which are required by the State of Florida, or those which, under an ISO filing, must be attached to the policy (i.e., mandatory endorsements) and those described in Subsection 2.03C2(b) below which would apply to the Services contemplated under this Agreement.
- ii. The coverage may include restrictive endorsements which exclude coverage for liability arising out of:

Mold, fungus, or bacteria
Terrorism
Silica, asbestos or lead
Sexual molestation

- iii. The minimum limits to be maintained by AJG (inclusive of any amounts provided by an umbrella or excess policy) shall be:

\$1,000,000	General Aggregate
\$1,000,000	Products/Completed Operations Aggregate
\$1,000,000	Personal and Advertising Injury
\$1,000,000	Each Occurrence

- iv. AJG shall include SBBC and SBBC's members, officials, officers and employees as "additional insureds" on the Commercial General Liability coverage. The coverage afforded such additional insureds shall be no more restrictive than that which would be afforded by adding SBBC and SBBC's members, officials, officers and employees as additional insureds on the latest edition of the Additional Insured - Owner's, Lessees or Contractors - Scheduled Person or Organization endorsement (ISO Form CG 20 1 0) filed for use in the State of Florida by the Insurance Services Office.

C. Business Auto Liability. The automobile liability insurance provided by AJG shall conform to the requirements hereinafter set forth:

- i. AJG's insurance shall cover AJG for those source of liability which would be covered by Section II of the latest occurrence edition of the standard Business Auto Coverage Form (ISO Form CA 00 01) as filed for use in the State of Florida by ISO without any restrictive endorsements other than those which are required by the State of Florida, or those which, under an ISO filing, must be attached to the policy (i.e., mandatory endorsements). Coverage shall include all owned, non-owned and hired autos used in connection with this Agreement.
- ii. The SBBC and SBBC's members, officials, officers and employees shall be included as "additional insureds" in a manner no more restrictive than that which would be afforded by designating the SBBC and SBBC's members, officials, officers and employees as additional insureds on the latest edition of the ISO Designated Insured (ISO Form CA 20 48) endorsement.
- iii. The minimum limits to be maintained by AJG (inclusive of any amounts provided by an umbrella or excess policy) shall be:

\$1,000,000 Each Occurrence – Bodily Injury and Property
Damage Combined

D. Professional Liability. The professional liability insurance provided by AJG shall conform to the requirements hereinafter set forth:

- i. The professional liability insurance shall be on a form acceptable to SBBC and shall apply to those claims which arise out of Services performed by or on behalf of AJG pursuant to this Agreement which are first reported to

AJG within four years after the expiration or termination of this Agreement.

- ii. If the insurance maintained by AJG also applies to services other than Services under this Agreement, the minimum limits of insurance maintained by AJG shall be \$2,000,000 per claim/annual aggregate. If the insurance maintained by AJG applies exclusively to the Services under this Agreement, the minimum limits of insurance maintained by AJG shall be \$1,000,000 per claim/annual aggregate.
 - iii. AJG shall maintain the professional liability insurance until the end of the term of this Agreement. Through the use of an extended discovery period or otherwise, the insurance shall apply to those claims which arise out of professional services, prior to the expiration or termination of this Agreement which are reported to AJG or the insurer within four years after the expiration or termination of this Agreement.
4. AJG's Insurance Primary and Non-Contributory. The insurance provided by AJG pursuant to this Agreement shall apply on a primary basis to, and shall not require contribution from, any other insurance or self-insurance maintained by SBBC or an SBBC's member, official, officer or employee.
5. Self-Insurance, Deductibles or Self-Insured Retentions. Except as otherwise specifically authorized in this Agreement, or for which prior written approval has been obtained hereunder, the insurance maintained by AJG shall apply on a first dollar basis without application of a deductible or self-insured retention. Under limited circumstances, SBBC may permit the application of a deductible or permit AJG to self-insure, in whole or in part, one or more of the insurance coverages required by this Agreement. However, except as otherwise specifically permitted pursuant to this Agreement, any such self-insurance, deductible or self-insured retention shall be subject to all of the following provisions:
- A. Prior Written Approval of SBBC Required. No such self-insurance, deductible or self-insured retention will be allowed unless and until AJG has received prior written approval from SBBC to use such self-insurance, deductible or self-insured retention.
 - B. Subject to SBBC's Sole Discretion. The extent to which, if any, SBBC agrees to allow self-insurance, deductibles or self-insured retentions is subject to the sole discretion of SBBC.
 - C. AJG Responsible for Deductible or Retentions. The Contractor shall pay on behalf of SBBC or SBBC's member, officer, official or employee any self-insurance, deductible or self-insured retention applicable to a claim against SBBC or SBBC's member, officer, official or employee.
 - D. Circumstances SBBC Will Consider. Although the extent to which, if any, SBBC agrees to allow self-insurance, deductibles or self-insured retentions is

subject to SBBC's sole discretion, the following are among the factors and circumstances that SBBC will consider in making its determination:

- i. Whether AJG is qualified under any applicable Florida or federal laws, rules, or regulations to assume a deductible or self-insured retention for, or otherwise self-insure, the coverage in the manner proposed;
- ii. The financial ability of AJG to pay or otherwise provide all of the coverages and services AJG proposes to assume which would otherwise be a part of the insurance coverages required by this Agreement;
- iii. The extent, quality, and attachment point(s) of any excess insurance to be maintained by AJG;
- iv. The extent and manner in which AJG would provide SBBC with collateral to guarantee the payment of the coverages and services to be assumed by AJG; and
- v. The manner in which AJG proposes to actually provide the services which are typically provided by the insurer in an insured program.

E. Approval Subject to Cancellation and Modification. The agreement by SBBC to allow the use of any such self-insurance, deductible or self-insured retention shall be subject to periodic review by SBBC. If, at any time, SBBC deems that the continued use of the self-insurance, deductible or self-insured retention by AJG should not be permitted, SBBC may, upon 60 days written notice to AJG, require AJG to eliminate, replace, or modify the self-insurance, deductible or self-insured retention, at no additional cost to SBBC, in a manner satisfactory to SBBC.

6. AJG's Insurance As Additional Remedy. Compliance with the insurance requirements of this Agreement shall not limit the liability of AJG, or its Subcontractors or Sub-subcontractors, employees or agents to SBBC or others. Any remedy provided to SBBC or SBBC's members, officials, officers or employees by the insurance shall be in addition to and not in lieu of any other remedy available under this Agreement or otherwise.

7. No Waiver by SBBC Approval/Disapproval. Neither approval by SBBC nor failure to disapprove the insurance furnished by AJG shall relieve AJG of AJG's full responsibility to provide the insurance as required by this Agreement.

2.05 Priority of Documents. In the event of a conflict between documents, the following priority of documents shall govern.

- First: This Agreement; then
Second: RFI 14-063P – Property and Casualty Insurance Brokerage Services;
then
Third: Proposal submitted in response to the RFI by Arthur J. Gallagher Risk Management Services, Inc.

2.06 **M/WBE Participation.** AJG will provide for M/WBE participation during its performance of services under this contract agreement by using Exigis, LLC and Kalimantan Environmental Services and as set forth in AJG's proposal.

2.07 **Inspection of AJG's Records by SBBC.** AJG shall establish and maintain books, records and documents (including electronic storage media) sufficient to reflect all income and expenditures of funds provided by SBBC under this Agreement. All AJG's Records, regardless of the form in which they are kept, shall be open to inspection and subject to audit, inspection, examination, evaluation and/or reproduction, during normal working hours, by SBBC's agent or its authorized representative to permit SBBC to evaluate, analyze and verify the satisfactory performance of the terms and conditions of this Agreement and to evaluate, analyze and verify any and all invoices, billings, payments and/or claims submitted by AJG or any of AJG's payees pursuant to this Agreement. AJG's Records subject to examination shall include, without limitation, those records necessary to evaluate and verify direct and indirect costs (including overhead allocations) as they may apply to costs associated with this Agreement. AJG's Records subject to this section shall include any and all documents pertinent to the evaluation, analysis, verification and reconciliation of any and all expenditures under this Agreement without regard to funding sources.

(a) **AJG's Records Defined.** For the purposes of this Agreement, the term "AJG's Records" shall include, without limitation, accounting records, payroll time sheets, cancelled payroll checks, W-2 forms, written policies and procedures, computer records, disks and software, videos, photographs, executed subcontracts, subcontract files (including proposals of successful and unsuccessful bidders), original estimates, estimating worksheets, correspondence, change order files (including sufficient supporting documentation and documentation covering negotiated settlements), and any other supporting documents that would substantiate, reconcile or refute any charges and/or expenditures related to this Agreement.

(b) **Duration of Right to Inspect.** For the purpose of such audits, inspections, examinations, evaluations and/or reproductions, SBBC's agent or authorized representative shall have access to AJG's Records from the effective date of this Agreement, for the duration of the term of this Agreement, and until the later of five (5) years after the termination of this Agreement or five (5) years after the date of final payment by SBBC to AJG pursuant to this Agreement.

(c) **Notice of Inspection.** SBBC's agent or its authorized representative shall provide AJG reasonable advance notice (not to exceed two (2) weeks) of any intended audit, inspection, examination, evaluation and or reproduction.

(d) **Audit Site Conditions.** SBBC's agent or its authorized representative shall have access to AJG's facilities and to any and all records related to this Agreement, and shall be provided adequate and appropriate work space in order to exercise the rights permitted under this section.

(e) **Failure to Permit Inspection.** Failure by AJG to permit audit, inspection, examination, evaluation and/or reproduction as permitted under this Section shall constitute grounds for termination of this Agreement by SBBC for cause and shall be grounds for the denial of some or all of any AJG's claims for payment by SBBC.

(f) Overcharges and Unauthorized Charges. If an audit conducted in accordance with this Section discloses overcharges or unauthorized charges to SBBC by AJG in excess of two percent (2%) of the total billings under this Agreement, the actual cost of SBBC's audit shall be paid by AJG. If the audit discloses billings or charges to which AJG is not contractually entitled, AJG shall pay said sum to SBBC within twenty (20) days of receipt of written demand under otherwise agreed to in writing by both parties.

(g) Inspection of Subcontractor's Records. AJG shall require any and all subcontractors, insurance agents and material suppliers (hereafter referred to as "Payees") providing services or goods with regard to this Agreement to comply with the requirements of this section by insertion of such requirements in any written subcontract. Failure by AJG to include such requirements in any subcontract shall constitute grounds for termination of this Agreement by SBBC for cause and shall be grounds for the exclusion of some or all of any Payee's costs from amounts payable by SBBC to AJG pursuant to this Agreement and such excluded costs shall become the liability of AJG.

(h) Inspector General Audits. AJG shall comply and cooperate immediately with any inspections, reviews, investigations, or audits deemed necessary by the Florida Office of the Inspector General or by any other state or federal officials.

2.08 Notice. When any of the parties desire to give notice to the other, such notice must be in writing, sent by U.S. Mail, postage prepaid, addressed to the party for whom it is intended at the place last specified; the place for giving notice shall remain such until it is changed by written notice in compliance with the provisions of this paragraph. For the present, the Parties designate the following as the respective places for giving notice:

To SBBC:	Superintendent of Schools The School Board of Broward County, Florida 600 Southeast Third Avenue Fort Lauderdale, Florida 33301
With a Copy to:	Director of Risk Management The School Board of Broward County, Florida 600 Southeast Third Avenue Fort Lauderdale, Florida 33301
To AJG:	David L. Marcus, ARM-P Area Chairman – South Florida Arthur J. Gallagher & Co. Arthur J. Gallagher Risk Management Services, Inc. 2255 Glades Road, Suite 200E Boca Raton, Florida 33431
With a Copy to:	Zebediah K. Holt, CIC, CLCS, CLP Area President – South Florida Arthur J. Gallagher & Co. Arthur J. Gallagher Risk Management Services, Inc. 8333 NW 53 rd Street, Suite 600 Miami, Florida 33166

2.09 **Background Screening:** AJG agrees to comply with all requirements of Sections 1012.32 and 1012.465, Florida Statutes, and all of its personnel who (1) are to be permitted access to school grounds when students are present, (2) will have direct contact with students, or (3) have access or control of school funds, will successfully complete the background screening required by the referenced statutes and meet the standards established by the statutes. This background screening will be conducted by SBBC in advance of AJG or its personnel providing any services under the conditions described in the previous sentence. AJG shall bear the cost of acquiring the background screening required by Section 1012.32, Florida Statutes, and any fee imposed by the Florida Department of Law Enforcement to maintain the fingerprints provided with respect to AJG and its personnel. The parties agree that the failure of AJG to perform any of the duties described in this section shall constitute a material breach of this Agreement entitling SBBC to terminate immediately with no further responsibilities or duties to perform under this Agreement. AJG agrees to indemnify and hold harmless SBBC, its officers and employees from any liability in the form of physical or mental injury, death or property damage resulting in AJG's failure to comply with the requirements of this Section or with Sections 1012.32 and 1012.465, Florida Statutes.

2.10 **Indemnification.** This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

A. By SBBC: SBBC agrees to be fully responsible up to the limits of Section 768.28, Florida Statutes, for its acts of negligence, or its employees' acts of negligence when acting within the scope of their employment and agrees to be liable for any damages resulting from said negligence.

B. By AJG: AJG agrees to indemnify, hold harmless and defend SBBC, its agents, servants and employees from any and all claims, judgments, costs, and expenses including, but not limited to, reasonable attorney's fees, reasonable investigative and discovery costs, court costs and all other sums which SBBC, its agents, servants and employees may pay or become obligated to pay on account of any, all and every claim or demand, or assertion of liability, or any claim or action founded thereon, arising or alleged to have arisen out of the products, goods or services furnished by AJG, its agents, servants or employees; the equipment of AJG, its agents, servants or employees while such equipment is on premises owned or controlled by SBBC; or the negligence of AJG or the negligence of AJG's agents when acting within the scope of their employment, whether such claims, judgments, costs and expenses be for damages, damage to property including SBBC's property, and injury or death of any person whether employed by AJG, SBBC or otherwise.

ARTICLE 3 – GENERAL CONDITIONS

3.01 **No Waiver of Sovereign Immunity.** Nothing herein is intended to serve as a waiver of sovereign immunity by any agency or political subdivision to which sovereign immunity may be applicable or of any rights or limits to liability existing under Section 768.28, Florida Statutes. This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

3.02 **No Third Party Beneficiaries.** The parties expressly acknowledge that it is not their intent to create or confer any rights or obligations in or upon any third person or entity under this Agreement. None of the parties intend to directly or substantially benefit a third party by this Agreement. The parties agree that there are no third party beneficiaries to this Agreement and that no third party shall be entitled to assert a claim against any of the parties based upon this Agreement. Nothing herein shall be construed as consent by an agency or political subdivision of the State of Florida to be sued by third parties in any matter arising out of any contract.

3.03 **Independent Contractor.** The parties to this agreement shall at all times be acting in the capacity of independent contractors and not as an officer, employee or agent of one another. Neither party or its respective agents, employees, subcontractors or assignees shall represent to others that it has the authority to bind the other party unless specifically authorized in writing to do so. No right to SBBC retirement, leave benefits or any other benefits of SBBC employees shall exist as a result of the performance of any duties or responsibilities under this Agreement. SBBC shall not be responsible for social security, withholding taxes, contributions to unemployment compensation funds or insurance for the other party or the other party's officers, employees, agents, subcontractors or assignees.

3.04 **Equal Opportunity Provision.** The parties agree that no person shall be subjected to discrimination because of age, race, color, disability, gender identity, gender expression marital status, national origin, religion, sex or sexual orientation in the performance of the parties' respective duties, responsibilities and obligations under this Agreement.

3.05 **Termination.** This Agreement may be canceled with or without cause by SBBC during the term hereof upon thirty (30) days written notice to AJG of its desire to terminate this Agreement. In the event of such termination, SBBC shall pay AJG for all services rendered through the effective date of termination.

3.06 **Default.** The parties agree that, in the event that either party is in default of its obligations under this Agreement, the non-defaulting party shall provide to the defaulting party (30) days written notice to cure the default. However, in the event said default cannot be cured within said thirty (30) day period and the defaulting party is diligently attempting in good faith to cure same, the time period shall be reasonably extended to allow the defaulting party additional cure time. Upon the occurrence of a default that is not cured during the applicable cure period, this Agreement may be terminated by the non-defaulting party upon thirty (30) days notice. This remedy is not intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power, or remedy hereunder shall preclude any other or future exercise thereof. Nothing in this section shall be construed to preclude termination for convenience pursuant to Section 3.05.

3.07 **Annual Appropriation.** The performance and obligations of SBBC under this Agreement shall be contingent upon an annual budgetary appropriation by its governing body. If SBBC does not allocate funds for the payment of services or products to be provided under this Agreement, this Agreement may be terminated by SBBC at the end of the period for which funds have been allocated. SBBC shall notify the other party at the earliest possible time before such termination. No penalty shall accrue to SBBC in the event this provision is exercised, and SBBC shall not be obligated or liable for any future payments due or any damages as a result of termination under this section.

3.08 **Excess Funds.** Any party receiving funds paid by SBBC under this Agreement agrees to promptly notify SBBC of any funds erroneously received from SBBC upon the discovery of such erroneous payment or overpayment. Any such excess funds shall be refunded to SBBC with interest calculated from the date of the erroneous payment or overpayment. Interest shall be calculated using the interest rate for judgments under Section 55.03, Florida Statutes, applicable at the time the erroneous payment or overpayment was made by SBBC.

3.09 **Public Records.** Pursuant to Section 119.0701, Florida Statutes, any party contracting with SBBC is required to (a) keep and maintain available for public inspection any records that pertain to services rendered under this Agreement; (b) provide the public with access to public records on the same terms and conditions that SBBC would provide such records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes or otherwise provided by law; (c) ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law; and (d) meet all requirements for retaining public records and transfer, at no cost, to SBBC all public records in that party's possession upon termination of its contract with SBBC and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All of such party's records stored electronically must be provided to SBBC in a format that is compatible with SBBC's information technology systems. Each party shall maintain its own respective records and documents associated with this Agreement in accordance with the records retention requirements applicable to public records. Each party shall be responsible for compliance with any public documents request served upon it pursuant to Section 119.07, Florida Statutes, and any resultant award of attorney's fees for non-compliance with that law. Each party acknowledges that this Agreement and all attachments thereto are public records and do not constitute trade secrets.

3.10 **Student Records:** Notwithstanding any provision to the contrary within this Agreement, any party contracting with SBBC under this Agreement shall fully comply with the requirements of Section 1002.22, Florida Statutes, or any other state or federal law or regulation regarding the confidentiality of student information and records. Each such party agrees, for itself, its officers, employees, agents, representatives, contractors or subcontractors, to fully indemnify and hold harmless SBBC and its officers and employees for any violation of this section, including, without limitation, defending SBBC and its officers and employees against any complaint, administrative or judicial proceeding, payment of any penalty imposed upon SBBC, or payment of any and all costs, damages, judgments or losses incurred by or imposed upon SBBC arising out of a breach of this covenant by the party, or an officer, employee, agent, representative, contractor, or sub-contractor of the party to the extent that the party or an officer, employee, agent, representative, contractor, or sub-contractor of the party shall either intentionally or negligently violate the provisions of this section or of Section 1002.22, Florida Statutes. This section shall survive the termination of all performance or obligations under this Agreement and shall be fully binding until such time as any proceeding brought on account of this Agreement is barred by any applicable statute of limitations.

3.11 **Compliance with Laws.** Each party shall comply with all applicable federal and state laws, codes, rules and regulations in performing its duties, responsibilities and obligations pursuant to this Agreement.

3.12 **Place of Performance.** All obligations of SBBC under the terms of this Agreement are reasonably susceptible of being performed in Broward County, Florida and shall be payable and performable in Broward County, Florida.

3.13 **Governing Law and Venue.** This Agreement shall be interpreted and construed in accordance with and governed by the laws of the State of Florida. Any controversies or legal problems arising out of this Agreement and any action involving the enforcement or interpretation of any rights hereunder shall be submitted to the jurisdiction of the State courts of the Seventeenth Judicial Circuit of Broward County, Florida.

3.14 **Entirety of Agreement.** This document incorporates and includes all prior negotiations, correspondence, conversations, agreements and understandings applicable to the matters contained herein and the parties agree that there are no commitments, agreements or understandings concerning the subject matter of this Agreement that are not contained in this document. Accordingly, the parties agree that no deviation from the terms hereof shall be predicated upon any prior representations or agreements, whether oral or written.

3.15 **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

3.16 **Assignment.** Neither this Agreement or any interest herein may be assigned, transferred or encumbered by any party without the prior written consent of the other party. There shall be no partial assignments of this Agreement including, without limitation, the partial assignment of any right to receive payments from SBBC.

3.17 **Incorporation by Reference.** Exhibits A and B are attached hereto and referenced herein shall be deemed to be incorporated into this Agreement by reference.

3.18 **Captions.** The captions, section designations, section numbers, article numbers, titles and headings appearing in this Agreement are inserted only as a matter of convenience, have no substantive meaning, and in no way define, limit, construe or describe the scope or intent of such articles or sections of this Agreement, nor in any way effect this Agreement and shall not be construed to create a conflict with the provisions of this Agreement.

3.19 **Severability.** In the event that any one or more of the sections, paragraphs, sentences, clauses or provisions contained in this Agreement is held by a court of competent jurisdiction to be invalid, illegal, unlawful, unenforceable or void in any respect, such shall not affect the remaining portions of this Agreement and the same shall remain in full force and effect as if such invalid, illegal, unlawful, unenforceable or void sections, paragraphs, sentences, clauses or provisions had never been included herein.

3.20 **Preparation of Agreement.** The parties acknowledge that they have sought and obtained whatever competent advice and counsel as was necessary for them to form a full and complete understanding of all rights and obligations herein and that the preparation of this Agreement has been their joint effort. The language agreed to herein expresses their mutual intent and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

3.21 **Amendments.** No modification, amendment, or alteration in the terms or conditions contained herein shall be effective unless contained in a written document prepared with the same or similar formality as this Agreement and executed by each party hereto.

3.22 **Waiver.** The parties agree that each requirement, duty and obligation set forth herein is substantial and important to the formation of this Agreement and, therefore, is a material term hereof. Any party's failure to enforce any provision of this Agreement shall not be deemed a waiver of such provision or modification of this Agreement unless the waiver is in writing and signed by the party waiving such provision. A written waiver shall only be effective as to the specific instance for which it is obtained and shall not be deemed a continuing or future waiver.

3.23 **Force Majeure.** Neither party shall be obligated to perform any duty, requirement or obligation under this Agreement if such performance is prevented by fire, hurricane, earthquake, explosion, wars, sabotage, accident, flood, acts of God, strikes, or other labor disputes, riot or civil commotions, or by reason of any other matter or condition beyond the control of either party, and which cannot be overcome by reasonable diligence and without unusual expense ("Force Majeure"). In no event shall a lack of funds on the part of either party be deemed Force Majeure.

3.24 **Survival.** All representations and warranties made herein regarding indemnification obligations, obligations to reimburse SBBC, obligations to maintain and allow inspection and audit of records and property, obligations to maintain the confidentiality of records, reporting requirements, and obligations to return public funds shall survive the termination of this Agreement.

3.25 **Authority.** Each person signing this Agreement on behalf of either party individually warrants that he or she has full legal power to execute this Agreement on behalf of the party for whom he or she is signing, and to bind and obligate such party with respect to all provisions contained in this Agreement.

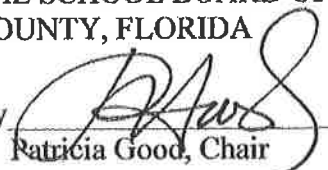
IN WITNESS WHEREOF, the Parties hereto have made and executed this Agreement on the date first above written.

FOR SBBC

(Corporate Seal)

THE SCHOOL BOARD OF BROWARD
COUNTY, FLORIDA

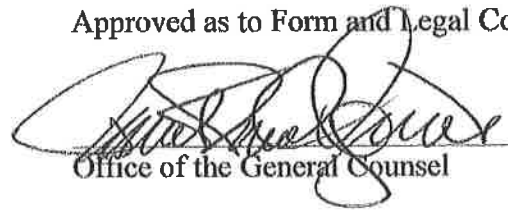
By


Patricia Good, Chair

ATTEST:


Robert W. Runcie, Superintendent of Schools

Approved as to Form and Legal Content:


Office of the General Counsel

01/24/14

FOR AJG

(Corporate Seal)

ARTHUR J. GALLAGHER RISK
MANAGEMENT SERVICES, INC.

ATTEST:

By David L. Marcus

_____, Secretary

-or-

Heidi Rene

Witness

Cynthia L. Pastor

Witness

**The Following Notarization is Required for Every Agreement Without Regard to
Whether the Party Chose to Use a Secretary's Attestation or Two (2) Witnesses.**

STATE OF Florida

COUNTY OF Palm Beach

The foregoing instrument was acknowledged before me this 22nd day of
January, 2014 by DAVID L. MARCUS of
Name of Person
ARTHUR J. GALLAGHER & CO., on behalf of the corporation/agency.
Name of Corporation or Agency

☒ He/She is personally known to me or produced _____ as
identification and did/did not first take an oath. Type of Identification

My Commission Expires:

Jane Centorrino
Signature - Notary Public



JANE CENTORRINO
Printed Name of Notary

8-17-14
Notary's Commission No.

Exhibit A
Scope of Services as Defined in RFI 14-063P

Section	Scope of Service
BROKERAGE SERVICES	
4.4.2.1	Respondent shall use its best efforts to place the following lines of insurance coverage on SBBC's behalf: property and casualty insurance coverages. Ancillary insurance coverages include, but are not limited to property insurance terrorism, package policy (including primary property, excess general and automobile liability coverage), petroleum storage tank liability, accidental death and dismemberment for security officers, and broadcaster's liability.
4.4.2.2	Consult with SBBC to formulate a marketing strategy that focuses on delivering a cost- effective risk management strategy and structure based upon current market conditions. Suggest alternative risk financing vehicles to reduce SBBC's cost of risk.
4.4.2.3	Work with SBBC to produce comprehensive underwriting data and criteria for insurance carrier negotiations. Represent SBBC in negotiations with insurers, underwriters and other parties with regards to the insurance program.
4.4.2.4	Formally present coverage submissions to agreed-upon insurance carrier(s) and negotiate terms on behalf of SBBC.
4.4.2.5	Annually, coordinate and provide SBBC with copies of catastrophe analysis studies to be used in the marketing of the program.
4.4.2.6	Summarize the results of executing the marketing strategy developed with SBBC and communicate program recommendations.
4.4.2.7	Provide consultation to SBBC on exposures, existing coverage, and the desirability and/or feasibility of potential program changes when recommended or when requested by SBBC.
4.4.2.8	Request change endorsements, when requested by SBBC or when otherwise necessary, ensuring accuracy and delivery in a timely manner.
4.4.2.9	Administer insurance program, including extensive policy review and issuance, invoicing, coordination and/or issuance of required documentation; i.e., automobile Identification cards, certificates of insurance and other program administration, as required by the SBBC.
4.4.2.10	Review accounting and billing data received from insurance markets on SBBC's behalf to ensure accuracy.
4.4.2.11	Annually, provide stewardship report summarizing program and services provided throughout the year.
4.4.2.12	Provide SBBC Risk Management department staff with access to, and training for, online access to policy information and relevant risk management tools.
4.4.2.13	Except with the prior written approval of SBBC, place insurance on behalf of SBBC with insurers that meet or exceed agreed upon minimum financial guidelines or a Best rating of not less than "A-" as assigned by A.M. Best. Monitor published financial information of any insurers with whom SBBC's coverage is placed. Alert SBBC if the status of an insurer falls below the A.M. Best guidelines herein.
CLAIMS ADMIN/PERSONNEL:	
4.4.2.14	Participate in claims review meetings to ensure accuracy of reserves and effective claims management.
4.4.2.15	Assist with the selection of the designated property insurance catastrophic claims adjuster and coordination for the purposes of adjusting catastrophic property losses with respect to necessary documentation for FEMA assistance.
4.4.2.16	Assist with emergency procedures and disaster planning.
4.4.2.17	Assist with claim and coverage disputes.

LOSS CONTROL PERSONNEL:	
4.4.2.18	Develop, with SBBC's assistance and involvement, loss control programs and strategies, including educational training, seminars, research and analysis of loss trends, and develop communication materials.
4.4.2.19	Provide a full-time (defined as 200 on-site work days), qualified loss control representative to assist with the implementation of such loss control programs and strategies mentioned in 4.4.2.18. Loss control services will not be limited to property exposures but will also support the SBBC workers' compensation program and other safety initiatives as agreed between Respondent and SBBC.
ADMINISTRATIVE PERSONNEL:	
4.4.2.20	Provide administrative support services to SBBC Risk Management Department. This support will include a full-time staff member employed by and managed by Respondent and located at the SBBC Risk Management department. This full-time staff member will work with Respondent and SBBC staff to manage certificate of insurance issuance, update and coordinate Risk Management insurance policy files, assist in statement of values development, and provide other administrative support services as agreed between Respondent and SBBC.
ADDITIONAL SERVICES WHICH MAY BE REQUESTED OF RESPONDENT:	
4.4.2.21	APPRAISAL SERVICES: As directed and approved by SBBC, coordinate and assist with subcontracting a vendor to provide reconstruction cost appraisal services for certain facilities of SBBC as agreed upon by Respondent and SBBC. The cost of this service would fall outside the broker compensation definition and, at the option of SBBC, be considered as a value added expenditure.
4.4.2.22	RISK MANAGEMENT INFORMATION SYSTEMS: Provide Risk Management with access or subscription to a Risk Management Information System (Exigis, or equivalent).
4.4.2.23	INSURANCE CERTIFICATE TRACKING SYSTEM: Provide Risk Management with access or subscription to a certificate tracking program (EBIX, or equivalent).

Exhibit B Broker Compensation

Compensation to AJG brokerage

The following outlines the compensation to be provided to AJG over the term of this Agreement:

Property Insurance Placements:

The property placement would be capped at \$1,000,000 in total annual retail broker compensation with an annual average commission not to exceed 6.75%;

Ancillary Insurance Placements:

All other casualty lines listed defined in the RFI 14-063P will be capped at \$100,000 in total annual retail broker compensation (whether fee or capped commission -- District's choice) with an annual average not to exceed 11%.

Compensation to Intermediaries (whether independent or owned)

AJG may utilize insurance intermediaries (such as a wholesale insurance broker, managing general agent (MGA), and managing general underwriter or reinsurance broker) for the placement of SBBC's insurance. The compensation received by the insurance intermediary for placements is to be no more than the following:

Property Insurance Placements:

London/Internationally Based Intermediaries, no more than an average of 5.5% of annual premium

U.S. Based Intermediaries, no more than an average of 4.0% of annual premium

Ancillary Insurance Placements:

Per full disclosure by AJG and agreement by SBBC

NFIP Flood Insurance

Compensation for NFIP policies, if purchased by SBBC, will be subject to full disclosure by AJG and prevailing commission schedules at time of placement.

Other Lines of Coverage

Compensation for policies not defined in the RFI 14-063P, if purchased by SBBC, will be subject to full disclosure by AJG and agreement by SBBC on retail broker compensation and on intermediary compensation, if applicable.

**The School Board of Broward County, Florida
Supply Management & Logistics Department**

RFI No.: <u>14-063P</u>	Tentative Board Meeting Date*: <u>FEBRUARY 19, 2014</u>
Description: <u>PROPERTY AND CASUALTY INSURANCE</u>	Notified: <u>265</u> Downloaded: <u>16</u>
<u>BROKERAGE SERVICES TERM CONTRACT</u>	RFI Rec'd: <u>2</u> No Bids: <u>0</u>
For: <u>RISK MANAGEMENT</u>	RFI Opening: <u>DECEMBER 11, 2013</u>
(School/Department)	
Fund: <u>GENERAL FUNDS</u>	Advertised Date: <u>NOVEMBER 8, 2013</u>

POSTING OF RFI RECOMMENDATION/TABULATION: RFI Recommendations and Tabulations will be posted in the Supply Management & Logistics Department and www.Demandstar.com on **JANUARY 10, 2014 @ 3:00 PM**, and will remain posted for 72 hours. Any person who is adversely affected by the decision or intended decision shall file a notice of protest, in writing, within 72 hours after the posting of the notice of decision or intended decision. The formal written protest shall be filed within ten (10) days after the date the notice of protest is filed. Failure to file a notice of protest or failure to file a formal written protest shall constitute a waiver of proceedings under this chapter. Section 120.57(3)(b), Florida Statutes, states that "The formal written protest shall state with particularity the facts and law upon which the protest is based." Saturdays, Sundays, state holidays and days during which the school district administration is closed shall be excluded in the computation of the 72-hour time period provided. Filings shall be at the office of the Director of Supply Management & Logistics Department, 7720 West Oakland Park Boulevard, Suite 323, Sunrise, Florida 33351. Any person who files an action protesting an intended decision shall post with the School Board, at the time of filing the formal written protest, a bond, payable to The School Board of Broward County, Florida, (SBBC), in an amount equal to one percent (1%) of the estimated value of the contract. Failure to post the bond required by SBBC Policy 3320, Part VIII, Purchasing Policies, Section N, within the time allowed for filing a bond shall constitute a waiver of the right to protest.

(*) The Cone of Silence, as stated in the RFI, is in effect until this RFI is approved by SBBC. The School Board meeting date stated above is a tentative date. Confirm with the Purchasing Agent of record for the actual date the Cone of Silence has concluded.

RECOMMENDATION/TABULATION

RESPONSES WERE EVALUATED BY THE EVALUATION COMMITTEE CONSISTING OF:

ALI ARCESE, TREASURY ANALYST, TREASURER'S OFFICE
JOHN BURKHOLDER, DIRECTOR, BROWARD COUNTY, RISK MANAGEMENT DIVISION
SCOTT CLARK, RISK & BENEFITS OFFICER, MIAMI-DADE COUNTY PUBLIC SCHOOLS
NELL JOHNSON, DIRECTOR, BUSINESS SUPPORT CENTER
ASTON A. HENRY, JR., DIRECTOR, RISK MANAGEMENT
ERUM MOTIWALA, ACCOUNTANT V, GRANTS
GLENN PARKS, ACCOUNTANT V, BENEFITS

M/WBE ADVISOR: MARCY HOUSER

BASED UPON SECTION 4.4, EVALUATION CRITERIA OF THE RFI, THE EVALUATION COMMITTEE EVALUATED RESPONSES AND ASSIGNED POINTS TO ALL QUALIFIED RESPONDENTS. THE EVALUATION COMMITTEE HAS SELECTED THE FOLLOWING AS THE TOP-RANKED RESPONSE TO BE RECOMMENDED FOR AWARD.

THIS AWARD SHALL BE CONTINGENT UPON COMPLETION OF A WRITTEN AGREEMENT.

VENDOR

ARTHUR J. GALLAGHER & CO.

CONTRACT PERIOD: MAY 16, 2014 THROUGH MAY 15, 2017

By: _____

Carol E. Barker

(Purchasing Agent)

Date: 1/18/2014

The School Board of Broward County, Florida, prohibits any policy or procedure which results in discrimination on the basis of age, color, disability, gender expression, national origin, marital status, race, religion, sex or sexual orientation. Individuals who wish to file a discrimination complaint, may call the Executive Director, Benefits & EEO Compliance at 754-321-2150 or Teletype Machine (TTY) at 754-321-2158.

Individuals with disabilities requesting accommodations under the Americans with Disabilities Act (ADA) may call the Equal Educational Opportunities (EEO) at 754-321-2150 or Teletype Machine (TTY) at 754-321-2158.

[illegible]