ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

Employee Services Department
City Hall, 117 West Duval St., Suite 150
Jacksonville, Florida 32202

MEMORANDUM

To: Greg Pease, Chairperson

Professional Services Evaluation Committee

From: Bob Parr, Chief, Compensation and Benefits

Mary DiPerna, Manager, Compensation and Benefits

Re: P – 41-17 – Employee Benefits Consultant

Date: June 15, 2017

As a result of fee and contract negotiations with Gallagher, we recommend that the City enter into a contract with Gallagher for benefits consulting. The contract shall begin on January 1, 2018 for an initial one-year period and will include renewal options for four additional one-year periods ending on December 31st of each year.

All other terms and conditions are according to the Scope of Services outlined in the Request for Proposal. Rates are guaranteed for three years. The maximum indebtedness shall not exceed $209,000 for the CY 2018.

Form 1 - Price Sheet

NAME OF CONSULTANT: Arthur J. Gallagher & Co., Gallagher Benefits Services, Inc.

Proposal Number: P-41-17

SCHEDULE OF PROPOSED PRICES/RATES

1. Monthly Flat Fee - Please be specific on what the flat fee includes:

Gallagher has provided in this RFP a method to fund the consulting services requested in this RFP on a monthly retainer fee plus specific project fees. In addition, we have included an annual maximum to limit the City's budget for consulting services each year. We feel that this method of payment will be easier to budget for the City and allows for a known maximum funding amount for each contact year. We are however, free to discuss any option that the City wishes to address and we are open to a structure that is mutually agreeable to both parties.

GBS is proposing a monthly retainer, plus project fees, with an annual total fee not to exceed $160, 000*. This approach for compensation is easily budgeted and will not trend up as a result of a renewal increases.

Gallagher will continue to maintain a completely transparent account and will disclose no less than three times annually all compensation received from the City during the time of our agreement.

Consulting Fees

Monthly Consulting Fee:* $10,000 per month
Annual Consulting Fee:*$120,000

2. Fees for services not included in flat fee -Please be specific on what services will require an additional fee:

RFP Proposal development and summary:

Medical RFP: $25,000

Stop Loss Carve Out: $25,000

PBM Carve Out: $25,000

Dental RFP: $20,000

Life, or Disability RFP: $15,000

Vision RFP: $10,000

Section 125, FSA or COBRA: $7,500

Other types of RFPs not mentioned: Negotiated fee with the City

Retirement RFP: Retirement RFPs, Defined Benefit, Defined Contribution, 401(a), 457 plans, will be priced by size, complexity and scope of the RFP. At no time will the charge for a single product, ie. Retirement RFPs, Defined Benefit, Defined Contribution, 401(a), 457 plans exceed $75,000. This amount will not accumulate towards the annual maximum of $160,000.

4. Estimated percentage of total fee to be performed by sub-consultants: 0%

5. Please provide any other relevant rates that may apply to this contract:

*The initial base fee will be guaranteed for the (3) three years of the contract and them be negotiated for the remainder of the contract. For the 4th and 5th year Gallagher will agree to an annual cap on consulting fees of less than or equal to

$140,000 and an annual maximum of less than or equal to $180,000. The maximum annual guarantee excludes charges for Retirement RFPs and legal charges above the 12 hours offered per year and material and printing fees.

	1st Year	2nd Year	3rd Year	4th Year	5th Year
Annual Base Fees*	$120,000	$120,000	$120,000	</= $140,000	</= $140,000
Annual Cap*	$160,000	$160,000	$160,000	</= $180,000	</=$180,000

PERFORMANCE GURANTEES

Gallagher Benefit Services, Inc. is committed to delivering our quality work and services outlined in this RFP to the city of Jacksonville. We are willing to back our proposal with a performance guarantee.

Gallagher Benefit Services, Inc. is willing to place a significant amount of our retainer fee charges at risk. We will offer 10% of our annual retainer fee at risk for conducting our work in an unsatisfactory manner for the City. Should any project fail to be delivered in the timeframes that were established, or the quality of work performed was not at the required standards, or at any time the City is not satisfied with the scope, level or quality of work provided by GBS to the City, the portion of our 10% annual retainer fee would be reduced from the next monthly billing payment and each month, for the remainder of the calendar year.

With respect to all RFP's that are developed by GBS on your behalf, we will offer at risk 10% of the fees attributable to that RFP. The at risk fees will specifically be applicable to 1) meeting the established timetable of the RFP, 50% of the risk allowance, 2) satisfaction with our specific performance by City Staff involved in the RFP process, 50% of the risk allowance.

2-2-17

EXHIBIT 'A'