FINANCE & ADMINISTRATION DEPARTMENT

TO: Greg Pease, Chairperson, Professional Services Evaluation Committee

COPY: Alex Baker, PSEC Specialist

FROM: Twane Duckworth, Chief of Risk Management
Ann Willis, Property & Casualty Compliance Administrator

DATE: February 17, 2017

RE: 8518-03 Property Insurance Broker Services Contract – AMD #3 P-13-14

The current contract No. 8518-03 Property Broker Services in the Scope of Services allows for placement of property, boiler & machinery and terrorism coverage by Arthur J. Gallagher Risk Management Services, Inc.

It is respectfully requested that City Contract No. 8518-03, with Arthur J. Gallagher Risk Management Services, Inc., be amended for the placement and binding, and ratification of the purchase of property, boiler and machinery, and the addition of terrorism coverage for the City of Jacksonville and Jacksonville Port Authority effective March 1, 2017 to March 1, 2018 for the property insurance program, and Property/Boiler & Machinery Insurance in a not to exceed amount of to $4,268,867.75 to cover the insurance renewal premium. The FY17 budgeted amount for this line item was only $4,200,000.00, however, because of prior year renewal savings, Risk Management has the additional required $68,867.75 in maximum indebtedness on the contract to cover the entire $4,268,867.75 premium. Therefore, the new maximum indebtedness will only be increased by the budgeted amount of $4,200,000.00.

The new maximum indebtedness should be adjusted from $9,117,720.00 by a not to exceed amount of $4,200,000.00 for a new maximum indebtedness of $13,317,720.00. All other contract terms and conditions shall remain the same (nothing contained herein shall be amended, modified. or otherwise revised without prior PSEC and Mayor's approval).

Exhibits for your review:

Exhibit A - Original Contract # 8518-03 Property Broker Services & Amendment# 1
Exhibit B-3-2017-2018 GTACP
Exhibit E-2 - 2017-2018 Renewal Results presented by Arthur J. Gallagher Risk Management Services, Inc.

Thank you for your consideration.

117 W. Duval Street, Suite 335 Jacksonville, FL 32202 | Phone: 904.630.1307 | Fax: 904.630.2913 | www.coj.net

DEPARTMENT OF ADMINISTRATION & FINANCE

Jacksonville
Where Florida Begins.

EXHIBIT A
8518-03 – Original Contract and Amendment#1

Office of Risk Management 117 W. Duval Street, Suite 335 | Jacksonville, FL 32202
| Phone: 904 630 1314 | Fax: 904 630 1294 | www.coj.net

SERVICES CONTRACT BETWEEN
THE CITY OF JACKSONVILLE AND
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.
FOR
PROPERTY BROKER SERVICES

THIS CONTRACT, made and entered into this 16TH day of January, 2015 (the "Effective Date"), by and between the CITY OF JACKSONVILLE (the "CITY"), a municipal corporation existing under the Constitution and the laws of the State of Florida, and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. (the "CONTRACTOR"), an Illinois corporation authorized to transact business in Florida and with its principal offices at Two Pierce Place, Itasca, Illinois 60143.

WHEREAS, the CITY (as the "Buyer") issued a Request for Proposal No.P-43-14 (the "RFP") for property broker services for the City's Administrative and Finance Department and Risk Management Division as described in the RFP; and

WHEREAS, based on CONTRACTOR'S response to the RFP dated December 10, 2014, consisting of 169 pages (the "Response"), the CITY has awarded this Contract to CONTRACTOR;

NOW THEREFORE, in consideration of the premises and the mutual covenants contained below, the parties agree as follows:

1. **Performance of Services.** The Services will be performed by CONTRACTOR as specified in the RFP and the Response, and as set forth on Exhibit "A" attached hereto and hereby incorporated herein by this reference.

2. **Compensation.** CONTRACTOR will be paid by the CITY for the Services as specified in Attachment VII of the Response and in accordance with Exhibit "B" attached hereto and incorporated herein by this reference. See Exhibit "C" attached hereto and incorporated herein by this reference for JSEB Subcontractor compensation schedule.

3. **Maximum Indebtedness.** As required by Section 106.431, *Ordinance Code*, the CITY's maximum indebtedness, for all products, deliverables and services under this Contract, which shall include but not be limited to all premiums, cost of state taxes and surcharges, policy fees and inspections, JSEB subcontractor, and the GTACP, shall be a fixed monetary amount not-to-exceed FIVE MILLION AND NO/100 DOLLARS ($5,000,000.00). All required CITY payments are subject to available CITY funding.

4. **Term.** The initial term of this Contract shall commence on the Effective Date and shall expire on September 30, 2015, unless sooner terminated by either party in accordance with the terms of the RFP. This Contract may be renewed for up to four (4) additional one (1) year periods by (i) the CITY, in its sole discretion, upon written notice to CONTRACTOR at least sixty (60) days prior to the end of the then-current term, or (ii) upon the mutual agreement of the parties.

5. **Contract Documents.** This Contract consists of the following documents which are hereby incorporated as if fully set forth herein and which, in case of conflict, shall

have priority in the order listed:

- This document, as modified by any subsequent signed amendments
- Any amendments to the RFP
- Specific Information Regarding the RFP (Section 1 of the RFP)
- Description of Services and Deliverables (Section 4 of the RFP)
- General Instructions to Respondents (Section 2 of the RFP)
- General Terms and Conditions of Agreement (Section 3 of the RFP)
- Any Purchase Order under the Contract
- The Response, provided that any terms in the Response that are prohibited under the RFP shall not be included in this Contract.

6. **Notices.** All notices under this Agreement shall be in writing and shall be delivered by certified mail, return receipt requested, or by other delivery with receipt to the following:

As to the CITY:

Risk Management Division
117 West Duval Street, Suite 335
Jacksonville, Florida 32202

With a copy to:

City of Jacksonville
Office of the General Counsel
City Hall-St. James Building
117 West Duval Street, Suite 480
Jacksonville, Florida 32202

As to the CONTRACTOR:

Arthur J. Gallagher Risk Management Services, Inc.
Two Pierce Place
Itasca, Illinois 60143

Service Offices:

2255 Glades Road, Suite 200E
Boca Raton, FL 33431

And:

10199 Southside Blvd.
Jacksonville, FL 32256

7. **Contract Managers.** Each Party will designate a Contract Manager during the

term of this Contract whose responsibility shall be to oversee the Party's performance of its duties and obligations pursuant to the terms of this Contract. As of the Effective Date, CITY'S Contract Manager is Ceci Ford, 117 W. Duval Street, Suite 335, Jacksonville, Florida 32202, and the CONTRACTOR'S Contract Manager is Judy Arenz, 2255 Glade Road, Suite 200E, Boca Raton, Florida 33431. Each Party shall provide prompt written notice to the other Party of any changes to the Party's Contract Manager or his or her contact information; provided, such changes shall not be deemed Contract amendments and may be provided via email.

8. **Entire Agreement.** This Contract constitutes the entire agreement between the parties hereto for the Services to be performed and furnished by the CONTRACTOR. No statement, representation, writing, understanding, agreement, course of action or course of conduct, made by either party or any representative of either party, which is not expressed herein shall be binding. CONTRACTOR may not unilaterally modify the terms of this Contract by affixing additional terms to materials delivered to the CITY (e.g., "shrink wrap" terms accompanying or affixed to a deliverable) or by including such terms on a purchase order or payment document. CONTRACTOR acknowledges that it is entering into this Contract for its own purposes and not for the benefit of any third party.

9. **Amendments.** All changes to, additions to, modifications of, or amendment to this Contract, or any of the terms, provisions and conditions hereof, shall be binding only when in writing and signed by the authorized officer, agent or representative of each of the parties hereto.

10. **Counterparts.** This Contract, and all amendments thereto, may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Remainder of page left blank intentionally; signatures on following page.]

IN WITNESS WHEREOF, the parties have executed this Contract as of the day and year first above written.

ATTEST:

By _____
James R. McCain, Jr.
Corporation Secretary

CITY OF JACKSONVILLE

Cleveland Ferguson III
Deputy Chief Administrative Offic
For: Mayor Alvin Brown
Under Authority of:
Executive Order No. 2015-01

By _____ 1.16.15
Alvin Brown
Mayor

In accordance with the *Ordinance Code*, of the City of Jacksonville, I do hereby certify that there is an unexpended, unencumbered, and un-impounded balance in the appropriation sufficient to cover the foregoing agreement; and that provision has been made for the payment of monies provided therein to be paid.

_____
Director of Finance
City Contract Number: 8518-03

Form Approved:

_____
Office of General Counsel

ATTEST:

By: _____
Signature
JUDITH ARENZ
Type/Print Name
AREA SR. VICE PRESIDENT
Title

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.,
an Illinois corporation

By: _____
Signature
ZEB HOLT
Type/Print Name
AREA PRESIDENT
Title

G:\Gov't Operations\JSawyer\Risk Management\Contracts\Gallagher\Gallagher - Property Broker Services\City - Gallagher agrmnt for Property Broker Services v3.docx

Exhibit "A"

Scope of Services

Section 4
Description of Services and Deliverables

The successful Service Broker must provide, at a minimum, the services described below:

1. Provide consultation and recommendations to the City on exposures, existing coverage, and the desire and/or feasibility of potential changes to program.

2. Consult with the City to formulate a marketing strategy that focuses on delivering a cost-effective Property, Boiler & Machinery, Fine Arts and Terrorism and other first party property coverages when applicable. Suggest alternative program structure, risk financing vehicles to reduce total cost of risk. Summarize market conditions and results of the marketing strategy developed with the City and communicate program recommendations prior to marketing.

3. Design specifications and create underwriting submission for property insurance, including boiler and machinery, terrorism and any other first party property coverage the City may have to retain, market the program, and other services, when instructed to do so by the City, including assisting the City in the completion of all applications, documents and gathering necessary data. Obtain Risk Management's approval on marketing submission and markets being approached.

4. Market the coverage, including assisting the City to respond to additional underwriters request for information, completion of supplemental applications, documents and gathering necessary data.

5. Analyze the coverage terms and provide other services, when instructed to do so by the City.

6. Attend reasonably noticed meetings related to the insurance with City staff and other parties, as requested.

7. Analyze proposals received from various insurance companies and other parties, negotiate changes for the benefit of the City and verify the reasonableness of the price for the coverage provided. Review and analyze the coverage forms for inclusion and exclusion language and conditions.

8. Provide the City with a summary of various insurance program options, including but not limited to, limits, coverage, deductibles, retention levels, terms, conditions, premiums, and payment options.

9. Make recommendations to the City of the most advantageous insurance program providing the highest level of coverage at the best possible price to meet the City's needs and objectives.

10. Provide analysis and recommendations as to the most cost effective means for addressing the City's Property, Boiler & Machinery, Fine Arts and Terrorism and other miscellaneous policies associated with property exposures.

11. The successful Service Broker and/or affiliated companies shall become Agent of Record and represent the City in all negotiations with insurers, underwriters and other parties with regard to the insurance program including negotiate the placement of the City's Property, Boiler & Machinery, Fine Arts and Terrorism policies and any other property coverage the City may have to retain, with domestic markets or international markets such as but not limited to London, Bermuda, Zurich.

12. From time to time it will be necessary for the City and Proposer to meet in person. The Service Broker's travel expenses shall be the exclusive responsibility of the Service Broker.

13. When instructed to do so by the City, administer the placement of coverage and original binders, policies and endorsements, as required in the timetable specified by the City.

14. Provide extensive review of binders and policies including verification of conformity to specifications. Request any necessary endorsements/changes/revisions that may be required.

15. All binders and policies will be delivered in an organized format, including table of contents in electronic format and in three ring binders. Delivery of binders and policies must include a letter outlining any discrepancies, table of contents, schedule of insurance, final schematic, and pending amendments.

16. Provide insurance coverage summaries/descriptions (schedule of insurance) and update as policies are renewed. Schedule of insurance shall include but not be limited to policy period, carrier, policy number, limits, deductibles (where applicable), breakdown of premium, applicable surcharges and total cost.

17. Review accounting and billing data received from insurance markets on the City's behalf to ensure accuracy.

18. Except with the prior written approval of the City, place insurance on behalf of the City with insurers that meet or exceed the Service Broker's minimum financial guidelines or a rating of not less than "A-" VII as assigned by A. M. Best. Or, if deemed appropriate for the City's risk management program, secure coverage through an alternative risk financing mechanism such as a captive or risk retention group. Monitor published financial information of any insurers with whom the City's coverage is placed. Advise the City if the status of an insurer falls below Proposer's or A.M. Best guidelines herein.

19. Continually evaluate the insurance program and recommend coverage changes and improvements to provide the highest level of coverage at the least possible cost to the City.

20. Keep apprised of potential legislative changes that could impact the City's insurance program (i.e., Federal and State requirements, but not limited to FEMA, etc.)

21. Oversee and coordinate all relevant services performed by the insurance companies/underwriters or any service agencies arranged for insurance program related issues and concerns.

22. Perform administrative and clerical services relative to account management, including but not limited to issuance of certificates of insurance, verification of the accuracy of bills, audits and all premium adjustments.

23. All payments from the City will be made to "one" selected entity (Service Broker) and not to an affiliated entity of the Proposer. It will be the assigned Service Broker's responsibility to distribute all premiums/payments to carriers and any other obligated party directly. Service Broker shall consolidate all invoicing to the City to reflect their name only. Any other entity such as wholesalers, other retailers, other affiliated entities, reinsurers, direct writers, and/or international brokers shall NOT be recognized or approved for payment. The Service Broker

shall be responsible for providing payment to the carriers, wholesale brokers and other entities it utilizes to place coverage.

24. Assign an Account Manager to the City with government entity experience who shall be responsible for communication with the City and who, along with any other team members assigned, must be available on a daily basis to the City for advice and consultation on insurance program related issues and concerns. Any changes in personnel must be submitted in writing and approved by the City. If multiple Account Managers are included, Service Broker is required to provide a breakdown of each Account Manager's responsibilities, service office and percentage of work being performed by each individual.

25. Report all claims to coordinating adjusting firm and assure all claims have been reported to insurers.

26. Act as a liaison for the City with the coordinating adjusting firm and carriers to resolve claims and, in the event of a significant claim, assign a claims specialist to assist the City in the claims management process at no additional cost to the City.

27. Participate in claims review meetings to ensure effective claims management and reporting to excess carrier. Coordinate claim information with designated adjusters, insurers and FEMA.

28. Assist with emergency procedures and disaster planning. Assist with claim and coverage disputes.

29. Assist the City, when requested, with questions on coverage application to specific claims and claim disputes.

30. Participate in regular Claims Audits when requested by the Risk Management Division.

31. FEMA will periodically audit claims. Service Broker will need to make records available during and after the expiration of the contract. Service Broker's records retention policy shall require minimum records retention 5 fiscal years after final disposition of claims or expiration of policy. (State of Florida and Local Government Agencies General Records Retention as of 10/1/2013).

32. Review the City's property loss runs and provide copies of loss runs to the City in an Excel worksheet by location and building or PITO with tracking of percentage deductible with application of minimum and maximum deductibles; provide a report to the City of any claim trends and solutions to mitigate cost; provide updated cumulative loss data on a semi-annual basis.

33. Develop, with the City's assistance and involvement, loss control programs relevant to property conservation and strategies, including educational training, seminars, research and analysis of loss trends, and develop communication materials with the City's Safety team.

34. Assist, coordinate and facilitate the implementation of loss control recommendations between the insurer and the City.

35. Introduce and provide a list of all internal or external staff that would be providing services in support of the Service Broker's efforts.

36. Provide recommendations to reduce the City's total cost of risk (TCOR).

37. Subcontract with a vendor approved by the City to provide appraisal services for all City buildings that have not been appraised as agreed by the City and broker. Annual updates to

such appraisals must be included. The appraisal process must also include the collection of COPE (i.e., construction, occupancy, protection, exposure) data and secondary modifier characteristics to be used in the RMS catastrophe modeling software. This service is to be provided to the City at no additional cost.

38. Provide, on an annual basis, catastrophe modeling projections for all City properties utilizing both the most recent version of the RMS and AIRS catastrophe modeling software systems. This service is to be provided to the City at no additional cost.

39. Provide administrative support services to the City's Risk Management department. This support will include a part-time Account Manager employed by and managed by the broker and located at the City's Risk Management department two days a week. This part-time Account Manager will work with City Property and Casualty Administrator to assist with identifying contract exposures, and cross check certificates of insurance against contracts. Account Manager may be required to provide assistance other administrative support such as updating statement of values and other administrative support services as agreed.

40. List of all affiliated and/or related entities that would be providing services in support of your broker efforts.

41. At the request of (and sole discretion of) the City, provide services for "special projects" other than those related to property broker services which include appraisals, catastrophe modeling and other services listed in 1 through 40. Services outside of those listed in items 1 through 40 ("special projects") will be billed when services are rendered and are not to exceed $20,000.

(Remainder of page intentionally left blank)

Attachment V

DEVIATION FROM MODEL PROGRAM REQUESTED IN RFP FORM
ATTACHMENT V

Each proposal should clearly outline the benefits and services requested in this RFP. Any deviations from the RFP requested insurance, inability to provide specific services, or any situation that may be deemed a deviation must be listed on this form.

Nondisclosure of deviations and/or additional fees will be assumed to the included in the proposal and the proposal will be deemed responsible for providing the assumed level of services requested in the RFP.

Indicate whether your proposal (1) can comply, (2) can comply but with deviations, or (3) cannot comply with the additional requirements described in the following sections of the Request for Proposals.

The absence of any notation will be presumed to indicate full compliance.

Additional Requirements	Yes, Can Comply	Yes, Can Comply But with Deviation	No, Cannot Comply
Section 1 – Specific Information Regarding This RFP	X		
Section 2 – General Instructions	X		
Section 3 – General Terms and Conditions of Agreement	X		
Section 4 – Description of Services and Deliverables	X		
Attachment D – Sample Contract	X		

Deviations from Scope of Service:
Please describe all deviations in your response to the requested model program from the RFP.

Miscellaneous Deviation:
Please list any deviations in your response that do not fit into the above categories.

I certify that the information in this form is true and accurate.

Failure to sign this form shall result in disqualification of this Proposal.

Proposer's Signature: Judith Weiss
Title: Area Senior Vice President
Date: December 10, 2014

Exhibit "B"

2014-2015
GTACP

Attachment VII

Name of Proposer: Arthur J. Gallagher Risk Management Services, Inc.
Proposal Number: P-43-14 Property Broker Services

Instructions:

1. **Please submit a proposed Grand Total Average Commission Percentage (%) GTACP. Proposers shall include all anticipated compensation to all parties, service broker, wholesalers and/or intermediaries, sub-contractors, etc. All GTACP of all parties, service broker, wholesalers and/or intermediaries, shall be disclosed as a part of all responses. All proposers must submit their compensation in the form of a GTACP. Failure to submit pricing/compensation as a GTACP will result in no points being awarded for the Price Criterion. The Service Broker submitting the lowest GTACP will receive all points available. Fee agreements or maximum commission rate proposals are not acceptable and will be awarded zero points for the Price Criterion.**

   Gallagher Proposed Grand Total Average Commission Percentage (GTACP) = 10%

2. **Provide a breakdown of GTACP for all parties, intermediaries, (where applicable, sub-contractors etc.) totaling the GTACP shown in item 1.**

Broker/Intermediary	Commission %
Retail Broker	3.0% – 10.0%
Intermediary – Domestic	3.0% – 5.0%
Intermediary – International	5.0% – 7.0%
COMBINED AVERAGE	**10.0%**

Commissions collected will be a combined average of 10.0% whether placed direct or through an intermediary. This illustration is conceptual and the final results may vary by line of coverage.

I certify that the information in this form is true and accurate. I certify anticipated contract period is from on or about October 1, 2014 to September 30, 2015 (as defined in 1.4 Term) with the policy period to begin on March 1, 2015 until March 1, 2016, with the exception of Fine Arts coverage. With respects to Fine Arts coverage, the contract will not include responsibility for placement and maintenance of the Fine Arts policy for the contract term of October 1, 2014 until September 30, 2015. However, the responsibility for the placement and maintenance for the Fine Arts policy for the contract term of October 1, 2015 until September 30, 2016 (policy period is October 1, 2015 (12:01 a.m.) until October 1, 2016) will be include in the contract.

Premiums are to be paid annually (unless additional deferred payment terms are offered and accepted).

Please outline ALL variable costs which are not included above.

I certify that the information in this form is true and accurate.

Failure to sign this form shall result in disqualification of this Proposal.

Proposer's Signature: Judith Alers
Title: Area Senior Vice President
Date: December 10, 2014

Exhibit "C"

JSEB Subcontractor Compensation Schedule

LETTER OF INTENT
TO PERFORM AS A SUBCONTRACTOR or SUB-CONSULTANT

OPTIMUM PERSONNEL SERVICES
(Name of JSEB Supplier/Consultant/Subcontractor)

Name of Project: PROPERTY BROKER SERVICES Bid Number: P-43-14

MBE GROUP STATUS:

- ☐ African-American
- ☒ Woman Business Owner
- ☐ Asian-Americans
- ☐ Hispanic-Americans
- ☐ Native-Americans

I, the undersigned, understand that the price below is representative of my intent to perform the scope of work stated below. I further understand that this price is subject to increase or decrease due to the City of Jacksonville bid requirements. All work must meet the City of Jacksonville bid specifications.

*Scope of Work	*Total Price of work to be performed or materials to be supplied including Sales Tax
Provide administrative support services to the City's Risk Management Department Two (2) full days per week	$ 25.00 per hour

Krista Smith — Signature of JSEB
President — Title
12/4/2014 — Date

*Scope of Work and Price are covered under Base Bid only.

Total price must be filled in on this form in order for participation to be considered valid. This form must be used for Letter of Intent.

Attachment C

8518-03
Amd 1

AMENDMENT NUMBER ONE TO
CONTRACT
BETWEEN
THE CITY OF JACKSONVILLE
AND
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.
FOR
PROPERTY BROKER SERVICES

THIS FIRST AMENDMENT to Agreement (the "First Amendment") is made and entered into in duplicate this 30 day of ~~February,~~ March 2016 (hereinafter the "Effective Date"), by and between the CITY OF JACKSONVILLE, FLORIDA (hereinafter sometimes the "Owner" or the "City"), a municipal corporation in Duval County, Florida, and ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC. (the "SERVICE BROKER"), an Illinois corporation authorized to transact business in Florida and with its principal offices at Two Pierce Place, Itasca, Illinois 60143.

RECITALS:

WHEREAS, effective January 16, 2015, City and Service Broker made and entered into City of Jacksonville Contract No. 8518-03 (hereinafter, the "Agreement"); and

WHEREAS, procurement award P-43-14 (Amendment 1) authorized, among other things, extending the initial term of the Agreement from October 1, 2015 to March 1, 2015; and

WHEREAS, said Agreement has not been amended previously; and

WHEREAS, said Agreement should be amended by: (i) incorporating the 2015-2016 Grant Total Average Commission Percentage attached hereto as Exhibit B-1 within the Exhibit B attached to the Agreement; (ii) incorporating the 2016-2017 Grant Total Average Commission Percentage ("GTACP") attached hereto as Exhibit B-2 within the Exhibit B attached to the Agreement; (iii) insert as Exhibit D attached hereto as Exhibit D into the Agreement, which is the 2015-16 Property Insurance Program Final Structure; (iv) insert as Exhibit E attached hereto as Exhibit E into the Agreement, which is the 2015-16 renewal results information; (v) insert as Exhibit E-1 attached hereto as Exhibit E-1 into the Agreement, which is the 2016-17 renewal results information; (vi) exercising the first of four, one year renewal periods to extend the term of the Agreement to be from

the Effective Date to March 1, 2017, with three (3) additional, one year renewal options remaining; (vii) placing, binding and ratification of the purchase of property, boiler and machinery, and the addition of terrorism coverage for the City and the Jacksonville Port Authority; (viii) providing an amount of $4,117,720.00 for the property insurance program, boiler and machinery and terrorism insurance, increasing the maximum indebtedness amount by a not to exceed amount of $4,117,720.00, for a new total maximum indebtedness of $9,117,720.00, with all other provisions, terms and conditions of said Agreement as amended remaining unchanged; now therefore

IN CONSIDERATION of this First Amendment and the Agreement and of the mutual covenants and promises hereinafter contained, the parties agree as follows:

1. The above-stated recitals are accurate, true and correct and are incorporated herein and made a part hereof by this reference.

2. Paragraph 3, "Maximum Indebtedness," of the Agreement is hereby amended, in part, to increase the maximum indebtedness amount and, as amended, shall read as follows:

"3. **Maximum Indebtedness**. For the period of March 1, 2016 through March 1, 2017, the maximum indebtedness, for all products, deliverables and services under this Agreement, which shall include but not be limited to all premiums, cost of state taxes and surcharges, policy fees and inspections, JSEB subcontractor, and the GTACP, shall be a fixed monetary amount not-to-exceed FOUR MILLION ONE HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED TWENTY AND 00/100 ($4,117,720.00), with a new, total maximum indebtedness under the Agreement of NINE MILLION ONE HUNDRED SEVENTEEN THOUSAND SEVEN HUNDRED TWENTY AND 00/100 ($9,117,720.00). All required City payments are subject to lawfully appropriated funds therefor."

3. Paragraph 4 of the Agreement is amended, in part, by exercising the first of four, one year renewal periods to extend the term of the Agreement to be from the Effective Date to March 1, 2017, with three (3) additional, one year renewal options remaining and, as amended, shall read as follows:

"4. The initial term of this Contract shall commence on the Effective Date and shall

expire on March 1, 2017, unless sooner terminated by either party in accordance with the terms and conditions of the RFP. This Contract may be renewed for up to three (3) additional one (1) year periods by (i) the City, in its sole discretion, upon written notice to CONTRACTOR at least sixty (60) days prior to the end of the then-current term, or (ii) upon the mutual agreement of the parties."

4. Add, attach and incorporate by this reference Exhibits B-1, B-2, D, E and E-1 attached hereto on and into said Agreement.

SAVE AND EXCEPT as expressly amended in this instrument, the provisions, terms and conditions of said Agreement shall remain unchanged and shall continue in full force and effect.

[Remainder of page left intentionally blank; signatures on following page.]

IN WITNESS WHEREOF, the parties hereto have duly executed this First Amendment, in duplicate, the day and year first above written.

ATTEST:

CITY OF JACKSONVILLE, FLORIDA

By _____
James R. McCain, Jr.
Corporation Secretary

By _____
Lenny Curry, Mayor

OWNER

Sam E. Mousa
Chief Administrative Officer
For: Mayor Lenny Curry
Under Authority of:
Executive Order No. 2015-05

In accordance with Section 24.103(e) of the *Ordinance Code* of the City of Jacksonville, I do hereby certify that there is an unexpended, unencumbered and unimpounded balance in the appropriation sufficient to cover the foregoing agreement; and that provision has been made for the payment of monies provided therein to be paid.

_____
Director of Finance
City Contract Number: 8518-03, Am. #1, Add Ex. B-1, B-2, D, E, and E-1; increase maximum indebtedness

8518-03

Form Approved:

_____
Office of General Counsel

ATTEST:

_____
Signature

JANE CENTORRINO
Type/Print Name

OPERATIONS MANAGER
Title

ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICE, INC.

_____
Signature

Zeb Holt
Type/Print Name

Area President
Title

SERVICE BROKER

G:\Gov't Operations\JSawyer\Risk Management\Contracts\Gallagher\Gallagher - Property Broker Services 8518-03\Amendment 2\Gallagher - 8518-03 Am. 1.doc

Exhibit B-1

Proposed 2015-16 GTACP Grand Total Average Commission Percentage

(*See single page, following*)

City of Jacksonville
2015 Property Program Proposed GTACP
Grand Total Average Commission

Coverage(s)	Carrier Name	Wholesaler, MGA, Co-Broker or Intermediary Name	Estimated Annual Premium	Commission % or Fee	Wholesaler, MGA or Intermediary %	Total Commission %	Total Commission $
Excess Property	Various	N/A	$1,527,500.00	10.00%	0.00%	10.00%	$152,750.00
Excess Property	Various	AIG UK	$1,503,125.00	4.00%	6.00%	10.00%	$150,312.50
Excess Property	Various	AmWins	$1,310,625.00	5.00%	5.00%	10.00%	$131,062.50
Boiler & Machinery	Chubb	AVI Specialty Group	$54,113.00	5.00%	5.00%	10.00%	$5,411.30
Terrorism - $200m prop Sublimits $100m BI / $50m casualty option I	Various	AVI Specialty Group	$170,500.00	5.00%	5.00%	10.00%	$17,050.00
			TOTAL PREMIUM	TOTAL AIG COMMISSION	TOTAL INTERMEDIARY COMMISSION	TOTAL COMMISSION	$456,586.30
			$4,565,863.00	$289,636.90	$166,949.40	AVERAGE COMMISSION %	10.00%

Notes:

Premiums do not include taxes, fees and assessments

Exhibit B-2

Proposed 2016-17 GTACP Grand Total Average Commission Percentage

(*See single page, following*)

Executive Summary (Cont.)
Program Proposed GTACP

GTACP

Coverage(s)	Carrier Name	Wholesaler, MGA, Co-Broker, or Intermediary Name	Estimated Annual Premium	Commission % or Fee	Wholesaler, MGA or Intermediary %	Total Commission %	Total Commission $
Excess Property	Various	Direct	$1,374,150.00	10.00%	0.00%	10.00%	$137,415.00
Excess Property	Various	AJG UK	$1,352,813.00	4.00%	6.00%	10.00%	$135,281.30
Excess Property	Various	AmWins	$1,166,563.00	5.00%	5.00%	10.00%	$116,656.30
Boiler & Machinery	Chubb	Direct	$49,283.00	10.00%	0.00%	10.00%	$4,928.30
Terrorism - $200m prop - Sublimits $100m BI / $50m casualty	Hiscox/ Validus	Direct	$153,450.00	10.00%	0.00%	10.00%	$15,345.00
			Total Premium	AJG Commission	Intermediary Commission	Total Commission	$409,625.90
			$4,096,259.00	$270,128.97	$139,496.93	Average Commission %	10.00%

City of Jacksonville

[illegible]

[illegible]

2015-16 Terrorism Insurance Program Final Structure

[illegible]

2015-16 Boiler and Machinery Insurance Program Final Structure

[illegible]

Exhibit E

Proposed 2015-16 Renewal Results

(*See single page, following*)

City of Jacksonville

Proposed 2015-16 Property Program Participation and Pricing

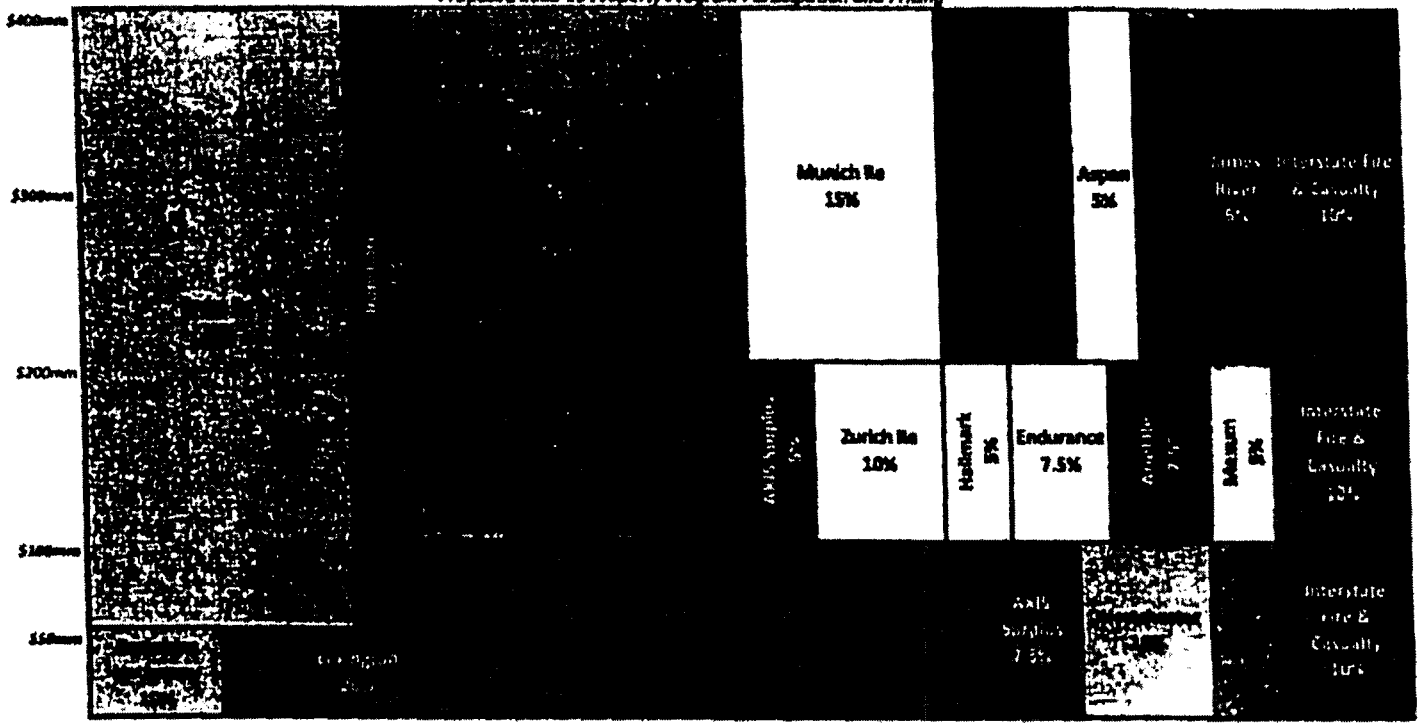


Exhibit E-1

Proposed 2016-17 Renewal Results

(*See two pages, following*)

City of Jacksonville

Executive Summary (Cont.)
Renewal Exposures

Statement of Values			
ITEM	2014-2015	2015-2016	2016-2017
# of Buildings	742	744	751
Building Values	$2,594,103,596	$2,608,748,505	$2,640,487,444
Contents values	$328,195,909	$317,381,573	$320,341,409
PITO Values	85,257,659	$85,278,659	$85,465,912
BI & EE Values	$35,000,000	$35,000,000	$32,000,000
Fine Arts (added mid-term 2015)			$2,733,150
Total Insured Values	**$3,042,557,164**	**$3,046,408,737**	**$3,081,027,915**

Renewal Results – March 1, 2016

	2014-15	2015-16	2016-17	Savings	% Savings
Property Premium	$5,269,175.63	$4,341,250.00	$3,893,525	$447,725.00	-10.3%
FHCF	$73,433.01	$0.00	$0	-	-
Citizens	$48,203.08	$43,412.50	$0	$43,412.50	-
Surcharges	$350.00	$0.00	$791.00	($791)	-
EMPA	$136.00	$100.00	$100.00	-	-
Total Property	**$5,391,297.72**	**$4,384,762.50**	**$3,894,416.00**	**$490,346.50**	**-11.18%**
B&M	$54,113.00	$54,113.00	$49,283.00	$4,830.00	8.9%
FHCF	$703.47	$703.47	$0	$703.47	-
Total B&M	**$54,816.47**	**$54,816.47**	**$49,283.00**	**$5,533.47**	**-10.1%**
Terrorism	$139,306.00	$170,500.00*	$153,450.00	$17,050.00	10.0%
FHCF	$1,810.98	$0.00	$0.00	-	-
Total Terrorism	**$141,116.98**	**$170,500**	**$153,450**	**$17,050**	**-10.0%**
Brokerage Fee	**$80,000.00**	**$0.00**	**$0.00**	-	-
Grand Total	**$5,667,231.17**	**$4,610,078.97**	**$4,097,149.00**	**$512,929.97**	**-11.1%**

* 2015-2016 Terrorism increase due to increase Liability limit from $10 million to $50 million

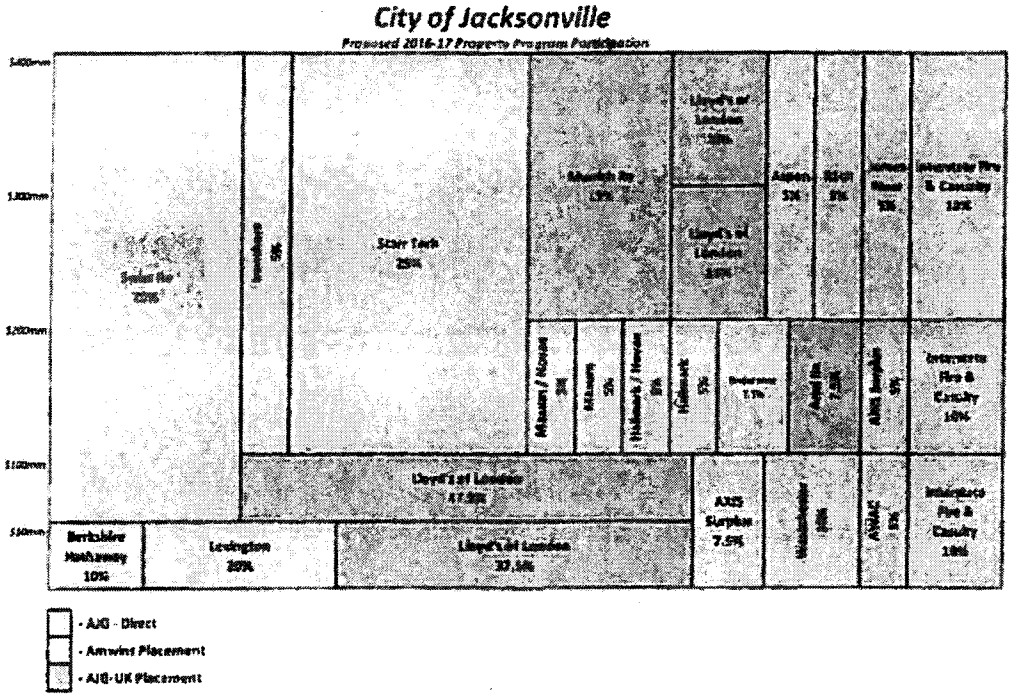
Notes:

- Significant tax savings were realized with the discontinuation of the Citizens surcharge
- Boiler and Machinery and Terrorism placed direct by AJG
- Terms and Conditions are as expiring
- Market partners remain in place except for one – Zurich Re could not comply with the terms

City of Jacksonville

Executive Summary (Cont.)

Renewal Results



Recommendations for the Renewal Program

For the 2016 renewal, Arthur J. Gallagher Risk Management Services, Inc. worked with the City's Risk Management Department to deliver significant cost savings and coverage enhancements. Our proposal shows savings of approximately $512,929.97 or 11.1%. This continues the trend form last year when the program was restructured and re marketed yielding a savings of $1,057,152 while negotiating various coverage enhancements.

We appreciate our continued partnership and the opportunity to be of service to the City of Jacksonville.

PROCUREMENT DIVISION

Jacksonville
Where Florida Begins.

Ann Willis
1170.16-1

150117
ASK Sawyer

February 25, 2016

The Honorable Lenny Curry, Mayor
City of Jacksonville
4th Floor, St. James Building
Jacksonville, FL 32202

Dear Mayor Brown:

Ref: P-43-14 Property Insurance Broker Services (Contract Amendment No. 2)
Department of Finance/Risk Management Division

The Professional Services Evaluation Committee met today in Board Room 851 on the eighth floor of the Ed Ball Building, for the purpose of amending the above-referenced contract.

The following motion/recommendation was **adopted:**

That City Contract No. 8518-03, between the City of Jacksonville and Arthur J. Gallagher Risk Management Services, Inc., for Property Insurance Brokerage Services; for the placement and binding, and ratification of the purchase of property, boiler and machinery, and the addition of terrorism coverage for the City of Jacksonville and Jacksonville Port Authority (JPA) be amended to: (i) exercise the first of four (4) renewal options effective March 1, 2016 to March 1, 2017, with three (3) renewal options remaining at terms mutually agreeable; (ii) provide an amount of $4,117,720.00 for the property insurance program, Boiler & Machinery and Terrorism Insurance; Therefore (iii) increase the maximum indebtedness by a not to exceed amount of $4,117,720.00 for a new total maximum indebtedness of $9,117,720.00. All other terms and conditions, as previously amended, shall remain the same. Nothing contained herein shall be amended, modified, or otherwise revised without prior approval from the PSEC and Mayor.

If the foregoing meets your approval, please affix your signature and return to my office.

Respectfully submitted,

Gregory Pease, Chief
Procurement Division
Chairman, Professional Services
Evaluation Committee

Sr-
N.K.

APPROVED:

Lenny Curry, Mayor

This 25th day of February, 2016

Sam E. Mousa
Chief Administrative Officer
For: Mayor Lenny Curry
Under Authority of:
Executive Order No. 2015-05

GP: ao

cc: Council Auditor,
James McCain, OGC
Philip Boston GAD
Subcommittee Members

DEPARTMENT OF ADMINISTRATION & FINANCE

EXHIBIT B-3
2017-2018 GTACP

Office of Risk Management 117 W. Duval Street, Suite 335 | Jacksonville, FL 32202
Phone: 904 630 1314 | Fax: 904 630 1294 | www.coj.net

Executive Summary
Program Proposed GTACP

2017-2018 GTACP

Coverage(s)	Carrier Name	Wholesaler, MGA, Co-Broker, or Intermediary Name	Estimated Annual Premium	Commission % or Fee	Wholesaler, MGA or Intermediary %	Total Commission %	Total Commission $	AJG UK Commision	Amwins Commission
Excess Property	Various	Direct	$1,427,665.00	10.00%	0.00%	10.00%	$142,766.50	-	-
Excess Property	Various	AJG UK	$1,435,950.00	4.00%	6.00%	10.00%	$143,595.00	$86,157.00	-
Excess Property	Various	AmWins	$1,199,724.75	5.00%	5.00%	10.00%	$119,972.48	-	$59,986.24
Boiler & Machinery	Chubb	Direct	$50,393.00	10.00%	0.00%	10.00%	$5,039.30	-	-
Terrorism - $200m prop - Sublimits $100m BI / $50m casualty	Hiscox/ Validus	Direct	$153,000.00	10.00%	0.00%	10.00%	$15,300.00	-	-
			Total Premium	**AJG Commission**	**Intermediary Commission**	**Total Commission**	$426,673.28		
			$4,266,732.75	$280,530.04	$146,143.24	**Average Commission %**	10.00%		

DEPARTMENT OF ADMINISTRATION & FINANCE

EXHIBIT E-2

2017-2018 Renewal Results as presented by Arthur J. Gallagher Risk Management Services, Inc.

Office of Risk Management 117 W. Duval Street, Suite 335 Jacksonville, FL 32202
Phone: 904 630 1314 Fax: 904 630 1294 www.coj.net

City of Jacksonville

Executive Summary
Renewal Exposures

Statement of Values				
ITEM	**2014-2015**	**2015-2016**	**2016-2017**	**2017-2018**
# of Buildings	742	744	751	756
Building Values	$2,594,103,596	$2,608,748,505	$2,640,487,444	$2,634,381,151
Contents values	$328,195,909	$317,381,573	$320,341,409	$360,395,151
PITO Values	85,257,659	$85,278,659	$85,465,912	$89,651,237
BI & EE Values	$35,000,000	$35,000,000	$32,000,000	$32,000,000
Fine Arts (added mid-term 2015)			$2,733,150	$6,881,586
Total Insured Values	**$3,042,557,164**	**$3,046,408,737**	**$3,081,027,915**	**$3,123,309,882**

Note: Increase in fine arts is based on physical appraisals recently completed.

Loss Summary

The loss summary below is calculated by the designated adjuster for your program, Engle Martin & Associates as of 1/27/17.

2016 Named Storm Loss Summary		
ITEM	**Tropical Storm Hermine**	**Hurricane Matthew**
Date of Loss	9/2/2016	10/7/2016
Real Property	$3,200,000.00	$600,000.00
Docks	included	$300,000.00
Pier & Debris Removal	$0.00	$4,100,000.00
Personal Property	$0.00	Included
Business Income/Extra Expense	$100,000.00	$500,000.00
Sub-Total	$3,300,000.00	$5,500,000.00
Estimated Deductible (5% of Values)	$700,000.00	$500,000.00
Net Loss Estimate	**$2,600,000.00**	**$5,000,000.00**

Hermine Notes:

- Most are estimates at this time including the business income

Matthew Notes:

- Pending engineering report for the Pier
  - did it perform as expected
  - can it be repaired or is replacement required

City of Jacksonville

Executive Summary

City of Jacksonville

2017-18 Property Insurance Program Final Structure ($400 Million Total Limit)

Layer	Carrier	AM Best	% Part.	Limit IN MILLIONS	Premium	Fees & Assessments		Total
Primary $100M Layer								
$50	Primary				Layer Price $2,460,000	Other Ass.	EMPA	Total
Direct	BH. Nat Fire	A++XV	10.00%	$5.0	$246,000	$0.00	$4.00	$246,004.00
Direct	Lexington	AXV	20.00%	$10.0	$492,000	$0.00	$4.00	$492,004.00
AJGUK	Lloyd's (3 policies)	AXV	37.50%	$18.8	$922,500	$0.00	$12.00	$922,512.00
Totals			**67.50%**	**$33.8**	**$1,660,500**	**$0.00**	**$20.00**	**$1,660,520.00**
$100	Primary				Layer Price $2,479,400	Other Ass.	EMPA	Total
AmWins	Westchester	A++XV	10.00%	$10.0	$247,940	$0.00	$4.00	$247,944.00
AmWins	AWAC	AXV	5.00%	$5.0	$123,970	$0.00	$4.00	$123,974.00
AmWins	AXIS	A+XV	7.50%	$7.5	$185,955	$0.00	$4.00	$185,959.00
AmWins	Interstate Fire	A+XV	10.00%	$10.0	$247,940	$0.00	$4.00	$247,944.00
Totals			**32.50%**	**$32.5**	**$805,805**	**$0.00**	**$16.00**	**$805,821.00**
$50	XS of $50 Million				Layer Price $641,250	Other Ass.	EMPA	Total
AJGUK	Lloyd's	AXV	46.25%	$23.1	$296,578	$0.00	$4.00	$296,582.13
AJGUK	Axis Specialty	AXV	1.25%	$0.6	$8,016	$0.00	$4.00	$8,019.63
Totals			**46.25%**	**$23.8**	**$304,594**	**$0.00**	**$8.00**	**$304,601.75**
LAYER 2								
$100	XS of $100 Million				Layer Price $528,750	Other Ass.	EMPA	Total
AJGUK	Ariel Re	AXV	7.50%	$7.5	$39,656	$0.00	$4.00	$39,660.25
AmWins	Hallmark/Novae (2 policy numbers)	A-VIII AXV	10.00%	$10.0	$52,875	$0.00	$8.00	$52,883.00
AmWins	Interstate Fire	AXV	10.00%	$10.0	$52,875	$0.00	$0.00	$52,875.00
AmWins	Endurance	AXV	7.50%	$7.5	$39,656	$0.00	$4.00	$39,660.25
AmWins	Maxum/Novae (2 policy numbers)	A-VIII AXV	10.00%	$10.0	$52,875	$0.00	$8.00	$52,883.00
AmWins	Axis Surplus	A+XV	5.00%	$5.0	$26,438	$0.00	$4.00	$26,441.50
Totals			**50.00%**	**$50.0**	**$264,375**	**$0.00**	**$28.00**	**$264,403.00**
LAYER 3								
$100	XS of $200 Million				Layer Price $384,930	Other Ass.	EMPA	Total
AJGUK	Lloyd's	AXV	10.00%	$10.0	$38,493	$0.00	$4.00	$38,497.00
Total			**10.00%**	**$10.0**	**$38,493**	**$0.00**	**$4.00**	**$38,497.00**
LAYER 4								
$100	XS of $300 Million				Layer Price $291,870	Other Ass.	EMPA	Total
AJGUK	Lloyd's	AXV	10.00%	$10.0	$29,187	$0.00	$4.00	$29,191.00
Total			**10.00%**	**$10.0**	**$29,187**	**$0.00**	**$4.00**	**$29,191.00**
$200M Stretch								
$200	XS of $200 Million				Layer Price $676,800	Other Ass.	EMPA	Total
AJGUK	Munich Re	AXV	15.00%	$30.0	$101,520	$0.00	$4.00	$101,524.00
AmWins	Interstate Fire	A+XV	10.00%	$20.0	$67,680	$0.00	$0.00	$67,680.00
AmWins	Aspen	AXV	5.00%	$10.0	$33,840	$0.00	$4.00	$33,844.00
AmWins	James River	A-IX	5.00%	$10.0	$33,840	$0.00	$4.00	$33,844.00
AmWins	RSUI-Landmark	A+XIV	5.00%	$10.0	$33,840	$0.00	$4.00	$33,844.00
Totals			**40.00%**	**$80.0**	**$270,720**	**$0.00**	**$16.00**	**$270,736.00**
$300M Stretch								
$300	XS of $100 Million				Layer Price $1,205,550	Other Ass.	EMPA	Total
Direct	Ironshore	AXIV	5.00%	$15.0	$60,278	$0.00	$4.00	$60,281.50
Direct	Starr Tech	Below	25.00%	$75.0	$301,388	$0.00	$4.00	$301,391.50
	Starr Surplus Lines Chubb General Security	AXV A++XV AXV						
Totals			**30.00%**	**$90.0**	**$361,665**	**$0.00**	**$8.00**	**$361,673.00**
$350M Stretch								
$350	XS of $50 Million				Layer Price $1,640,000	Other Ass.	EMPA	Total
Direct	Swiss Re/West	A+XV	20.00%	$70.0	$328,000	$2,032.00	$0.00	$330,032.00
Total			**20.00%**	**$70.0**	**$328,000**	**$2,032.00**	**$0.00**	**$330,032.00**
Excess Property Grand Totals				**$400.00**	**$4,063,338.75**	**$2,032.00**	**$104.00**	**$4,065,474.75**

Note: Interstate Fire policy only shows EMPA fee once in the spreadsheet due to all layers being under one policy number.

2017-18 Terrorism Final Structure

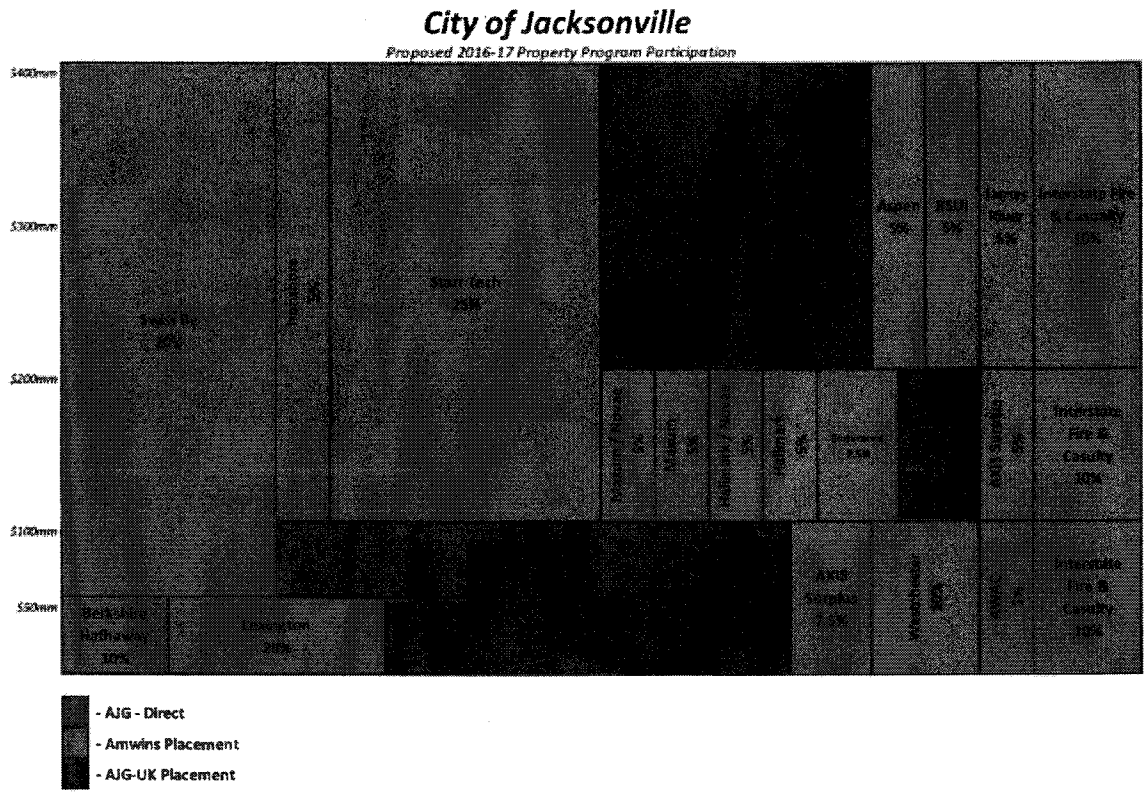
	$200m prop - Sublimits $100m BI / $50m casualty					Other Ass.	EMPA	Total
Terrorism								
Direct	Hiscox	AXV	50%		$76,500	n/a	n/a	$76,500.00
Direct	Validus	AXV	50%		$76,500	n/a	n/a	$76,500.00
Totals			**100.00%**		**$153,000**	**$0.00**	**$0.00**	**$153,000.00**

2017-18 Boiler and Machinery Insurance Program Final Structure

	Boiler and Machinery - $125,000,000 limit / $50,000 deductible					Other Ass.	EMPA	Total
B&M								
Direct	Chubb	A++XV	100%		$50,393	n/a	n/a	$50,393.00
Totals			**100.00%**		**$50,393**	**n/a**	**n/a**	**$50,393.00**

City of Jacksonville

Executive Summary
Renewal Placement Summary



Recommendations for the Renewal Program

For the 2017 renewal, Arthur J. Gallagher Risk Management Services, Inc. worked with the City's Risk Management Department to continue with the comprehensive program in place. We have negotiated with the markets regarding the losses that are outstanding and secured renewal terms at minimal financial impact. We recommend the renewal program as proposed. We appreciate our continued partnership and the opportunity to be of service to the City of Jacksonville.