City of Jacksonville, Florida

Lenny Curry, Mayor

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

ONE CITY. ONE JACKSONVILLE.

MEMORANDUM

TO: Greg Pease, Chairperson
Professional Services Evaluation Committee

FROM: Mary DiPerna, Division Chief, Compensation and Benefits

SUBJECT: P41-17 Employee Benefits Consultant
Amendment #1

DATE: September 28, 2018

This is to recommend that the City approve the first amendment to the contract with Gallagher for Benefits Consulting. The contract shall be for a one-year period effective January 1, 2019 through December 31, 2019; rates will remain the same and the total indebtedness for CY 2019 shall not exceed $160,000; the maximum indebtedness shall not exceed $369,000.

All other terms and conditions shall remain the same as proposed. Nothing contained herein shall be amended, modified, or otherwise revised, without prior approval from the PSEC and the Mayor.

Thanks.

Attachment: Letter of Renewal 2019

Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

Ms. Mary Diperna
Manager - Employee Benefits
Human Resources Division
City of Jacksonville
117 West Duval Street
Suite 150
Jacksonville, Florida 32202

June 18, 2018

Re: Renewal of City of Jacksonville Benefit Consulting Contract
January 1, 2019 to December 31, 2019

Dear Mary,

Gallagher Benefit Services, Inc. is pleased to offer for renewal our Employee Benefit Consulting contract with the City of Jacksonville as proposed through RFP P-41-17.

All of the terms and conditions of the contract will remain the same as presented in our initial RFP proposal. The financial arrangements for this year's renewal are as follows:

An annual professional fee paid to Gallagher Benefit Services, Inc. in the amount of $120,000 paid in 12 equal monthly payments of $10,000.

In addition, the following fees for the production of a Request for Proposal (RFP) or a Request for Information (RFI) or are as follows:

Medical, Wellness:	$25,000 per RFP/RFI
Dental, Life & AD&D and Disability:	$15,000 per RFP/RFI
Vision, COBRA:	$10,000 per RFP/RFI
FSA	$7,500 per RFP/RFI
Retirement plans, Defined Benefit plan, Defined Contribution plan 401(a) and Deferred Compensation per plan, 457 plans	Not to exceed $75,000 per RFP/RFI

The payments received in one calendar year by Gallagher Benefit Service, Inc. for professional services provided to the City of Jacksonville will not exceed $160,000. The

annual maximum guarantee excludes charges for retirement RFPs/RFI's, actuarial fees and charges and legal fees above the 10 hours per year and special programs and projects not outlined in our scope of services.

Payment for these additional services will be billed from the inception of the project or RFP/RFI process. Services will include the development and production of RFP/RFI, meetings with prospective proposers, development and distribution of RFP/RFI addendum(s), responses to prospective proposers' questions, complete summary of each RFP/RFI, recommendations if requested, finalist interviews, fee and contract negotiations with finalist and plan implementation assistance.

We are pleased to provide our professional consulting services to the City of Jacksonville and look forward to continuing our valued relationship.

Sincerely,

Don Titcomb
Area Senior Vice President
Gallagher Benefit Services, Inc.

cc: Robert Parr

8518-05

SERVICES CONTRACT
BETWEEN
THE CITY OF JACKSONVILLE
AND
ARTHUR J. GALLAGHER & CO.
FOR
EMPLOYEE BENEFITS CONSULTANT SERVICES

THIS CONTRACT for employee benefits consultant services is made and entered into this 11 day of October 2017, effective as of January 1, 2018 (the "Effective Date"), by and between the CITY OF JACKSONVILLE, a municipal corporation existing under the Constitution and the laws of the State of Florida (the "CITY"), and ARTHUR J. GALLAGHER & CO., a foreign profit corporation authorized to transact business in Florida with its principal offices at Two Pierce Place, Itasca, Illinois 60143 (the "CONTRACTOR").

WHEREAS, the CITY (as the "Buyer") issued a Request for Proposal No. P-41-17 (the "RFP") for certain services described in the RFP (the "Services"); and

WHEREAS, based on CONTRACTOR'S response to the RFP dated April 3, 2017, consisting of 150 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, the Scope of Services and Contract Fee Schedule, attached hereto as **Exhibit A** and incorporated herein by this reference, and the Response.

2. **Compensation.** CONTRACTOR will be paid by the CITY for the Services as specified in the Scope of Services and Contract Fee Schedule, **Exhibit A.**

3. **Maximum Indebtedness.** As required by Section 106.431, *Ordinance Code*, the CITY's maximum indebtedness for all products and services under this Contract shall be a fixed monetary amount not-to-exceed TWO HUNDRED NINE THOUSAND AND 00/100 DOLLARS ($209,000.00).

4. **Term.** The initial term of this Contract shall commence on January 1, 2018, and shall continue in full force and effect for one (1) year until December 31, 2018, 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 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 Contract Conditions (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 CITY:

Mary DiPerna
117 West Duval Street, Suite 150
Jacksonville, Florida 32202

As to CONTRACTOR:

Don Titcomb, Area Senior Vice President
10199 Southside Boulevard, Suite 102
Jacksonville, Florida 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 Mary DiPerna (904-630-1314 (phone); 904-630-1294 (fax); @coj.net), and the CONTRACTOR's Contract Manager is Don Titcomb (904-520-4476 (phone); 904-237-7799 (cell); don titcomb@ajg.com). 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 amendments 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.

11. Public Records. In accordance with Section 119.0701, Florida Statutes, CONTRACTOR shall:

(a) Keep and maintain public records required by CITY to perform the services; and

(b) Upon request from CITY's custodian of public records, provide CITY with a copy of the requested records or allow records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided for in Chapter 119, Florida Statutes, or as otherwise provided by law; and

(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 for the duration of the Contract term and following completion of this Contract if CONTRACTOR does not transfer the records to CITY; and

(d) Upon completion of this Contract, transfer to CITY at no cost all public records in possession of CONTRACTOR or keep and maintain public records required by CITY to perform the Services. If CONTRACTOR transfers all public records to CITY upon completion of this Contract, CONTRACTOR shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If CONTRACTOR keeps and maintains public records upon completion of this Contract, CONTRACTOR shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to CITY upon request from CITY's custodian of public records in a format that is compatible with CITY's information technology systems.

The above requirements apply to a "Contractor" as defined in Section, 119.0701, Florida Statutes.

IF CONTRACTOR HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CITY'S CUSTODIAN OF PUBLIC RECORDS AT (904) 630-7678; PRR@COJ.NET; CITY OF JACKSONVILLE, PUBLIC RECORDS

REQUEST, 214 N. HOGAN STREET, SUITE 1180, JACKSONVILLE, FLORIDA 32202.

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

By _____
Lenny Curry
Mayor

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

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 No: 8578-05

Form Approved:

_____
Office of General Counsel

WITNESS:

By Carol J. Barie
Signature

Carol J. Barie
Type/Print Name

Office Manager
Title

ARTHUR J. GALLAGHER & CO.

By Eric Scott
Signature

ERIC SCOTT
Type/Print Name

Area President
Title

GC-#1143398-v1-Gallagher_EmplyBenefits_071817.doc

EXHIBIT A

Section 4
Description of Services and Deliverables

The Consultant shall provide consulting services for employee benefits, group insurance and other City services, as requested by the City of Jacksonville. The following shall be provided no less than annually to the City during the period of the Agreement for Professional Services between the Consultant and the City.

The City includes all City departments, City Council, Tax Collector, Property Appraiser, Clerk of the Courts, Elections Office, Jacksonville Sheriff's Office, Jacksonville Housing Authority, Northeast Florida Planning Council, and First Coast Work Source. It also includes all City retirees who are covered by various employee benefits. Approximately 8,000 active employees, 5,000 retired employees, and 14,000 dependents are covered by various benefits.

1. **Benefits Analysis and Research**: Review and evaluate the City's existing employee benefits group plans or programs, including plan demographics, premiums/claims ratios, utilization of benefits and wellness programs to procure new insurance or manage associated costs. Consolidate above referenced information for quarterly meetings with health insurance committees, insurance providers and related service companies. Conduct satisfaction surveys, feasibility studies, performance audits, and benchmarking of other employers' benefits and inform the City of findings no less than annually.

2. **Procurement of Insurance**: Prepare Requests for Proposals (RFP) in the format required by the City for the procurement of employee benefits group insurance and related services. Evaluate proposals and assist the City in negotiations and implementation of employee benefits group insurance, including participation in open and re-enrollment meetings with employees, retirees, and their dependents. Insurance proposals must be received by the City a minimum of 240 days before the inception of insurance.

3. **Communications**: Assist in the preparation and review of Summary Plan Descriptions, newsletter articles to employees and retirees, and videos (if requested) communicating the City's employee benefits insurance and wellness programs. Attend meetings with the City, insurance carriers, and related service companies to discuss insurance benefits, service issues, wellness and other programs to manage costs and improve communications.

4. **Regulatory:** Provide general information, updates, document preparation/review, and assistance with filings of required documents. Research governmental regulations, both state and federal, influencing employee benefit plan design, along with providing commentary to the City on methods of compliance or channels for rebuttal.

5. **Continuous Examination**: Examine and approve, or disapprove, new and renewal insurance policies, policy amendments, and related service Agreements or contracts.

6. **Annual Renewal:** Provide a complete annual renewal package for the City with Carrier/Administrator renewal formula analysis, claims experience analysis, pricing and benefit analysis. Negotiate renewal positions with the Carrier/Administrator to develop appropriate renewal pricing. Develop benefits plans that meet the benefit needs and budget considerations of the City. Design benefit alternatives and identify saving opportunities through benefit, utilization and behavioral changes. Review contract and policy language to ensure plan is in compliance.

7. **Computer/Internet Resources**: Must have access to on-line databases with up to date information regarding state and federal regulations and laws; investment resources, and other benefits issues.

8. **Medical Advisor**: Must have medical advisor (M.D.) on staff, or on retainer, to provide general information and guidance on health care plan issues for the purpose of assistance in the production of Requests for Proposals, addressing grievances filed by employees, acting as an intermediary between the City and insurance companies, and evaluating benefits proposed or provided on Plans.

9. **Pharmacy/Prescription drugs**: Must have staff person with in-depth experience with prescription drug programs, to provide general information and guidance.

10. **Pension/Defined Contribution Plans**: Staff person with in-depth experience with investment programs, especially 401(a) and 457 Plans, to provide general information and guidance on defined contribution/benefits issues for the purpose of assistance in the production of Requests for Proposals and evaluating benefits proposed, or provided, on Plans. The person(s) must also be available to assist with addressing grievances filed by employees against defined contribution providers.

11. **Actuarial Services** - Must have actuarial staff with in-depth experience with GASB 45 and RDS actuarial valuation experience to provide valuations each year and to file annually with the Florida Office of Insurance Regulation.

12. **Enrollment Documentation** - Will provide all Annual enrollment documentation that is sent out to employees/retirees each year.

13. **Claims Review** - provide periodic review and audit of medical claims processed by the health plan administrator.

14. **Services** -

Day to Day

Administrative reviews

Quality of Care initiatives

Eligibility

Billing issues

Claims resolution

Benefit questions

Carrier/Administrator liaison

Benefit Committee meetings

City meetings

Meeting with vendors

Compliance Consulting

Annual compliance consultation and checklist review

Review administrative procedures: i.e., COBRA, ERISA, FMLA, HIPAA, ADA, etc.

Reduce claim disputes by reviewing the plan documents for consistency and clarity

Review insurance contracts for accuracy with negotiations

Provide discrimination testing

Confirm plan design compliance with state and federal regulations

Review and audit benefit plan documents

Conduct a review of Summary Plan Descriptions, contracts, employee summaries, and policies/ procedures to outline variances and inconsistencies

Provide access to technical consultants for advice and direction on legislative issues

Compliance Training

National Healthcare Reform

HIPAA - Privacy, Security and EDI

HIPAA - Nondiscrimination

COBRA Basics

Regulatory Overview

Family Medical Leave Act (FMLA)

State requirements for non-Federal governmental entities

RFP Process

Strategic planning sessions with the client

Establish timelines for the RFP process

One on one meeting with the insurance carriers or Administrator

Develop benefit goals and objectives of the RFP

Develop financial goals and objectives "Benefit to Budget"

Discuss funding methodologies

Develop selection criteria

Develop RFP benefit design parameters

Develop administrative requirements

Develop provider network parameters

Write and develop hardcopy and electronic copies of RFP

Conduct RFP mandatory meeting with the vendors

Answer potential proposer questions

Perform a complete RFP response analysis and summary

Complete a financial and actuarial analysis of the proposal responses

Selection criteria analysis and process

Write and develop a summary binder of all proposal responses and distribute to the Selection Committee

RFP finalist selection

Finalist rate and pricing negotiations

Finalist contract negotiations

Plan implementation timetable

Plan implementation

RFP process review

Renewal Process

Strategic planning sessions with the client

Perform a complete renewal analysis

Establish timelines for the renewal process

Develop renewal benefit design parameters

One on one meeting with the renewal carriers or Administrators

Develop benefit goals and objectives

Develop financial goals and objectives "Benefit to Budget"

Discuss funding methodologies

Renewal alternatives

Review administrative requirements

Review provider network parameters

Renewal rate and pricing negotiations

Renewal contract negotiations

Renewal plan implementation timetable

Negotiate optimum renewal position for the City

Negotiate multiple year rate guarantees where appropriate

Actuarial Consulting

Benefit pricing

Risk analysis

Annual actuarial report filing and assistance in dealing with external audits

Annual report on self-insured projections

Actuarial estimate of how many claims exceeding a given threshold should be expected in an average year

Extensive actuarial input on GASB issues

Outside review of the self-funded plan's IBNR estimate at renewal time

Medical management

Actuarial models showing a range of possible outcomes, allowing you to see the best case, worst case, and most likely results for each flex plan alternative

Medical and disease management outreach and compliance

Rate base (administrative fees, claims projections)

Employee contribution models

Employee engagement tools and usage (incentive models)

Benefit modeling and relationships

Provider network reimbursement levels

Centers of Excellence and provider designation programs

Trend used by carriers or other entities

Administrative efficiencies and employee communication outreach success

Predictive modeling

Population/demographic review

GASB Reporting

Medicare Part D Evaluation (RDS)

ERRP

Cost Forecasting and Budgeting

Pre-renewal – a report provided 9 months before renewal

Renewal – a report provided 8 months before renewal

Plan funding methodology

Claims experience

Rate setting recommendations

Trend analysis

Medical utilization analysis

Reinsurance coverage analysis

Reserve calculations

Plan design changes

- Retention
- Profile adjustment
- Trend factors

Reporting

Monthly Reports

- ✓ Summary of plan costs
- ✓ IBNR Analysis

Quarterly Reports

- ✓ Comparison of plan costs to projections
- ✓ Identification of services provided
- ✓ Identification of plan costs by specific line of coverage (i.e. medical, dental, pharmacy, etc.)
- ✓ Utilization review
- ✓ Tracking of large claims
- ✓ Comparisons to prior claims periods
- ✓ Plan trends

Annual Reports

- ✓ Executive summary of program expenses
- ✓ Comparison of current costs to renewal costs
- ✓ Renewal alternatives
- ✓ Incurred but not reported (IBNR) dollar projections
- ✓ Overview of specific stop loss projections
- ✓ Future plan cost projections
- ✓ Dollars saved by contract negotiation
- ✓ Percent of benefit dollars paid by employee
- ✓ Claims by size
- ✓ Physician visit details
- ✓ Benefits paid by type of service
- ✓ Plan funding/budget comparison
- ✓ Fixed cost comparison
- ✓ Actuarial filing with the Florida Office of Insurance Regulation

Client Education and Information

Technical Bulletins - focuses on new and pending legislation

Training on administrative processes needed for compliance

Webinars/Seminars

The Consultant will be directly responsible to the City Compensation and Benefits Chief located at, 117 W. Duval Street, Suite 150, Jacksonville, Florida 32202. The effective date shall be January 1, 2018. The consultant shall have an office in Jacksonville and be available at short notice to assist the City with any issues for which it is retained.

CONTRACT FEE SUMMARY

Monthly retainer: Base Fee* Full engagement employee benefit consulting No maximum hour limit	$10,000

Additional Fees for RFP process: development, production, analysis, summary, negotiation, contract, and implementation

Medical RFP	$25,000 per RFP
Dental, Life, Disability RFP	$15,000 per RFP
Vision RFP	$10,000 per RFP
FSA, Section 125 RFP	$7,500 per RFP
Retirement RFP*	Retirement RFPs, defined benefit, defined contribution, deferred compensation, 401(a), will be priced by the size, scope and complexity of the RFP. At no time will the charges for a single product, (ie: Defined Benefit, or Defined Contribution, or Def. Comp., or 401 (a) etc.) Retirement RFP exceed $75,000.
Maximum Annual Cap*	$160,000 per year
Communication development and design:	Development and design, no additional charge
Printing of materials:	Cost of materials and printing
Actuarial costs:	12 hours of actuarial services provided per year. Additional actuarial services, billed at the minimum hourly rate. GBS will estimate before services are rendered. The 12 free hours do not include Medicare Part D attestation or GASB evaluation.
Compliance Services:	12 hours of Compliance services provided per year. Additional Compliance services: billed at the minimum hourly rate.

*The initial base fee will remain the same for the (5) five years of the contract. Gallagher will provide a maximum annual cost not to exceed $160,000 per year for the (5) five year period of the contract. The maximum annual guarantee excludes charges for Retirement RFPs, actuarial and legal charges above the 12 hours offered per year and additional benefit booklet printing fees.

9. **QUOTATION OF RATES, FEES OR CHARGES AND OTHER DETAILED COST PROPOSAL OR COST BREAKDOWN INFORMATION.** Describe the Consultant's overall willingness to meet both time and budget requirements for the project, and subject to Chapter 126, Part 3 of Jacksonville Ordinance Code, Section 126.302(e) in particular, proposed total compensation or unit price quotations, including, without limitation, hourly rates, fees, or other charges that will ultimately be used during, contract negotiations to calculate or determine total compensation. **(10 points maximum score)**

Gallagher Benefit Services, Inc.is willing to accept any type of compensation arrangement that is comfortable for the City of Jacksonville. We have performed our services for our clients under a compliment of compensation arrangements that include but are not limited to the following:

- Commissions from products that are purchased and used by your clients
- Hourly rates
- Flat rate per project
- Monthly retainer
- Monthly retainer plus project fees
- Pay for performance: GBS participates in the improved economic out comes of the premium and/or claims savings of the plan.
- A combination of the various methods

The funding of our consulting services can be in any form that meets the City's requirements. The pluses and minuses of each method depend on each specific client and what the City's philosophy is in paying for their consulting services. Gallagher has provided two options in this RFP as 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 consulting fee 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 2 options for consideration by the City.

Option One: is a monthly retainer, plus project fees, with an annual total fee not to exceed $160,000. This approach for compensation is easily budgetable and will no trend up as a result of a renewal increases

Option Two: is a monthly retainer, plus project fees, with an annual total fee not to exceed $160,000. In addition, the City of Jacksonville would allow GBS to solicit Voluntary Worksite products to the employees of the City and use the commission from these products to be used to offset the consulting and project fees. This will reduce the cost of GBS's services to the City and may totally cover all annual fees.

Gallagher will keep a completely transparent account as to all Worksite commissions that are received and will use those funds as a 1005 offset to the fees associated with the City of Jacksonville.

Regardless of the compensation structure, GBS's compensation is continuously disclosed no less than three times annually. All products can be delivered without commissions or commissions can be used to offset the agreed upon fee structure herein.

QUOTATION OF FEES

Monthly retainer: Base Fee* Full engagement employee benefit consulting No maximum hour limit	$10,000
Additional Fees for RFP process:	RFP process: development, production, analysis, summary, negotiation, contract, implementation
Medical RFP	$25,000 per RFP
Dental, Life, Disability RFP	$15,000 per RFP
Vision RFP	$10,000 per RFP
FSA, Section 125 RFP	$7,500 per RFP
Retirement RFP*	Retirement RFPs, defined benefit, defined contribution, deferred compensation, 401(a), will be priced by the size, scope and complexity of the RFP. At no time will the charges for a single product, (ie: Defined Benefit, or Defined Contribution, or Def. Comp., or 401(a) etc.) Retirement RFP exceed $75,000.
Maximum Annual Cap*	$160,000 per year
Communication development and design:	Development and design, no additional charge
Printing of materials:	Cost of materials and printing
Actuarial costs:	12 hours of actuarial services provided per year. Additional actuarial services, billed at the minimum hourly rate. GBS will estimate before services are rendered. The 12 free hours do not include Medicare Part D attestation or GASB evaluation.
Legal Services	12 hours of legal services provided per year. Additional legal services: billed at the minimum hourly rate.

*The initial base fee will remain the same for the (5) five years of the contract. Gallagher will provide a maximum annual cost not to exceed $160,000 per year for the (5) five year period of the contract. The maximum annual guarantee excludes charges for Retirement RFPs, actuarial and legal charges above the 12 hours offered per year.

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

*The annual base fee will remain the same for the (5) five years of the contract. GBS will provide a maximum annual cost not to exceed $180,000 per year for the (5) five year period of the contract. The maximum guarantee excludes all charges for Retirement RFPs, actuarial and legal charges above the 12 free hours per year.

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 20% 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 20% 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 20% 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.

City of Jacksonville, Florida

Lenny Curry, Mayor

Procurement Division
Ed Ball Building
214 N. Hogan Street, Suite 800
Jacksonville, Florida 32202

ONE CITY. ONE JACKSONVILLE

June 29, 2017

180001
V-523

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

Dear Mayor Curry:

Ref: P-41-17 Employee Benefits Consultant Services
Employee Services Department

The Professional Services Evaluation Committee met today in Board Room 851 on the eighth floor of the Ed Ball Building, for the purpose of concluding fee and contract negotiations with the number one ranked company for the above-captioned project.

The following motion/recommendation was adopted

That the City of Jacksonville enter into a contract with Arthur J. Gallagher & Co., to provide Employee Benefits Consultant Services by: (i) incorporating the attached Scope of Services and Contract Fee Schedule identified as Exhibit 'A'; (ii) providing a period of service from January 1, 2018 through December 31, 2018, with four (4) one-year renewal option periods; and (iii) providing a not-to-exceed maximum indebtedness to the City of $209,000.00. All other terms and conditions are per the RFP and the City's standard contract language. Nothing contained herein shall be amended, modified or otherwise revised without prior approval from the PSEC and the Mayor.

If the foregoing meets your approval, we respectfully request your signature and return to my office.

Respectfully submitted,

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

APPROVED:

Lenny Curry, Mayor

This 30th day of June, 2017

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

GP ab

cc: Council Auditor
Jeff Close OGC
Melba Gray GAD
Subcommittee Members