

CITY OF GAINESVILLE

Inter-Office Correspondence

Date: June 26, 2005

To: Barbara Lipscomb, City Manager

From: Steve Varvel, Risk Management Director

Subj: **Request for Proposals – Insurance Brokerage/Consultant Services**
RFP #RISK-050148-FP

Introduction

The City of Gainesville issued a Request for Proposals (RFP) for Insurance Brokerage/Consultant Services via Demand Star on March 31, 2005. The RFP was also advertised in the Gainesville Sun on April 3, and April 10, 2005. As a result of the request for proposals, the City of Gainesville received two qualified responses. The two vendors responding were Arthur J. Gallagher & Co. (AJG) and Public Risk Insurance Agency (PRIA).

The RFP clearly stated the scope of services and the evaluative methods and criteria that would be utilized to assess each responder's proposal. The four major criteria and weight of each criterion are included in the table below.

Evaluative Criteria	Weight
Understanding the Scope of Services	25 points Maximum Score
Qualifications of Firm Personnel	30 points Maximum Score
References	15 points Maximum Score
Price Proposals	15 points Maximum Score

Evaluation of Proposal Process

The evaluation team consisted of Steve Varvel, Risk Management Director, Capt. Ray Weaver and David Jarvis, Worker's Compensation and Loss Control Manager. The evaluation process was conducted in a two-phase approach. The first phase consisted of each member reviewing the written proposals utilizing the evaluation parameters set forth in the RFP. Each member assigned a numeric value based on his or her individual assessment of the vendor's responses. Both a summary of the scores and the individual score sheets are attached for your review. The review of each member's scoring shows the scores were consistent, with less than a three-point spread on each vendor's aggregate score. Based on the review of the responses, AJG scored considerably higher before taking price into consideration. This was largely due to the comprehensiveness of AJG's proposal and the lack of utility experience demonstrated by PRIA.

The price proposals were opened in the presence of Fran Powell, Sr. Buyer after the evaluation scores were turned into the Purchasing Division. Upon review of the price proposals, PRIA's was

significantly lower; points were awarded for price based on an inverse relationship to the lowest price proposal. PRIA, being the lowest received the maximum points allowed. AJG was assigned prorated points based on their price proposal compared to PRIA's. AJG current commission based on policies placed is approximately \$287,000 and therefore AJG was awarded one-third the point total awarded to PRIA. After adding the price component to the overall evaluations, PRIA still had lower aggregate scores when compared to AJG.

After reviewing the price proposals, I received a request from Fran Powell that Mr. Paul Dawson wanted to discuss the process with me. Given the difference in cost, I wanted to clarify PRIA's pricing and discuss PRIA's specific utility experience. A review of PRIA's client list (both vendor's client lists are attached) did not reveal a significant power generating utility. In my conversation with Mr. Dawson, I voiced my concern over PRIA's apparent lack of utility experience and gave him a chance to address my concerns. I have attached a memo to Fran Powell dated May 4, 2005 that documents that conversation and my concerns.

Oral Presentation Process

Despite my reservations regarding the lack of utility experience or clients, I decided, along with the Purchasing staff, that it would be appropriate to bring in both responders for oral presentations. This was largely due to the price differential. Each firm was emailed a confirmation of the oral presentations with the specific requirements of the oral presentation (email attached). The same individuals who evaluated the written proposals were utilized to evaluate the oral presentations. In addition to the review panel, Doug Beck, Deerhaven Plant Manager and Ralph Wisco, Sr. Buyer Utilities Purchasing were asked to participate as technical advisers to the panel due to their utility specific knowledge.

The oral presentation required each firm to discuss an overview of their company and services, their company's approach to the renewal process, and finally, to respond to a predetermined set of questions from the evaluation team. Each responder was given ninety minutes to conduct their presentations and each responder was asked the same questions from the panel. Based on the presentations given, the evaluation team scored AJG higher once again. A copy of the scoring summary and individual score sheets are attached for review.

The main concern remained PRIA's inability to provide evidence of their ability to market and handle loss control issues related to a power generating utility. When asked a specific question regarding a particular safety training need at Deerhaven, the PRIA representative for loss control did not even know what Mr. Beck was talking about. When asked the question regarding new technology, PRIA was unable to give specific answers regarding potential exposures related to this technology. Mr. Beck stated that he could not support the selection of PRIA due to the lack of utility specific knowledge. Upon completion of the oral presentations, the scores were given to the Purchasing staff with the team's final recommendation. Each firm was notified of the results.

Conclusion

The RFP clearly defined the scope of services and evaluation criteria that would be utilized in selection of the successful proposer. The RFP also outlines the specific bid protest procedures that a vendor should follow. After allowing for the bid protest timeline, once no bid protest was received, an agenda item was prepared recommending Arthur J. Gallagher & Co as the successful proposer for

Insurance Brokerage/Consultant Services. Arthur J. Gallagher & Co. consistently outscored PRIA in each phase of the evaluation process. While Public Risk Insurance Agency's cost of services is attractive, price alone cannot be the deciding factor with regards to contracting a professional service. Arthur J. Gallagher & Co.'s overall proposal and experience was identified by each member of the evaluation team as superior to Public Risk Insurance Agency. It should also be noted that Arthur J. Gallagher's price proposal is negotiable. It is the intent of City staff to negotiate a pricing structure that is more advantageous to the City than the current price proposal.

The final issue that should be addressed concerns the PRIA's lack of utility experience. The RFP has numerous references to the need for utility experience and I personally had a phone conversation with Paul Dawson of PRIA specifically verbalizing our concern. PRIA had three opportunities to address this concern during the RFP process. Their written proposal, which included a client list, the phone conversation I had with Paul Dawson and the oral presentation. In each case PRIA did not satisfy the evaluation team's concerns. In fact, PRIA could have followed the approved Purchasing guidelines for a bid protest and had a fourth opportunity to further discuss their relative experience but chose not to file a formal bid protest.

The lack of utility loss and insurance placement experience cannot be understated. The Deerhaven and the Kelly Plants represent significant loss exposure due to the nature of the boiler, machinery and turbines located at these locations. A significant loss at either facility has impacts beyond the cost of repairing the damage. A lengthy disruption in GRU ability to produce power will impact both our customers and taxpayers. The loss of a qualified broker experienced in handling loss control and claims issues associated with the utility exposures would be a significant reduction in service to GRU and the customers it serves.

Finally, the timeline for selection of the City's insurance broker is critical. The current contract is set to expire and the binding of the City's property, boiler and machinery program needs to occur shortly. It has been a long-standing practice, based on the advice of our current broker, to bind coverage as early as possible to avoid last minute adjustments in the market due to unforeseen events. In Florida, it is prudent to bind coverage before the height of the hurricane season. For all the reasons stated above, and due to the time critical nature of the placement of City's property, boiler and machinery coverage, staff believes the selection of Arthur J. Gallagher & Co. is in the best interest of the City of Gainesville and Gainesville Regional Utilities.

Broker Services RFP
Summary Scores

Firm	Weaver	Jarvis	Varvel
PRIA			
A. Scope	25	20	25
B. Personnel	30	37	30
C. References	<u>15</u>	<u>12</u>	<u>12</u>
Subtotal	70	69	67
D.Price (1)	<u>15</u>	<u>15</u>	<u>15</u>
Grand Total PRIA	85	84	82
Arthur J. Gallagher			
A. Scope	30	28	29
B. Personnel	38	40	38
C. References	<u>15</u>	<u>15</u>	<u>14</u>
Subtotal	83	83	81
D.Price (1)	<u>5</u>	<u>5</u>	<u>5</u>
Grand Total Gallagher	88	88	86

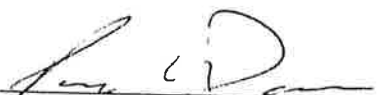
Note (1) Points for price were awarded accordingly - Lowest bid rec'd max points allowed all other vendors were given points based on an inverse relationship to low bid.
 Example - Low bid = 15, if the second price quote was three times higher, the vendor rec'd 1/3 of the price points.

Contract Fee

PRIA can perform all of the aforementioned services and functions for an annual fee of **\$99,500.**

PRIA does not have and never had any contingency or bonus type arrangements with any carriers, insurers, service companies, or any related businesses. PRIA will disclose any and all insurance provider quotation letters to ensure that all insurance policy quotations are submitted to the City net of traditional commission amounts.

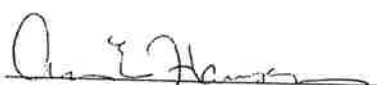
We are agreeable to maintaining this fee for a three period unless agreed to in writing by both parties. We are also agreeable to the terms and conditions as outlined in the RFP section V. general provisions.

Signed: 

Title: Vice President/Account Executive

Date: 4-19-2005

Sworn to and subscribed before me this 19th day of April, 2005.


(Notary Signature)
Ann E Hansen
My Commission DD244207
Expires October 28, 2007
(My Commission Expires)



Response to Request for Proposal
City of Gainesville
Insurance Brokerage/Consultation Services
RFP No. RISK-050148-FP
Due Date: April 20, 2005: 3:00 p.m.

PRICE PROPOSAL - Negotiable

Per RFP#: RISK-050148-FP, Section III, 1A. Item 3 Price Proposal, Gallagher hereby submits its fee proposal as follows: [See Ref: Exhibit S].

CONTRACT PERIOD

This agreement shall continue for a term of three (3) years, commencing _____, 2005 and ending _____, 2008, with an option to renew at expiring terms/costs for three (3) additional twelve (12) month periods; such extensions subject to mutual written agreement of both parties.

CONTRACT FEE

We respectfully propose the following:

- A. Gallagher commission/revenue on all insurance placements on behalf of the City will be capped at 7.5%.
B. A fixed quarterly fee of \$3,000 will compensate Gallagher for normal scope of services outlined in the City's April 2005 RFP; same to be offset by insurance placement commissions in excess of 7.5%.
C. Special Projects outside normal scope of services may be billed at an hourly rate, per addendum A attached hereto, upon agreement by City.

Note: Gallagher prides itself in its "Beyond the Sale" service; during our 16 year tenure with the City of Gainesville, we have been given the opportunity to be involved in various projects outside "scope" and, to this date, we have not invoked the "fee" clause.

- D. At the end of the contract term, Gallagher will provide a detailed breakdown of costs and services by year.

TRANSACTIONS WITH AFFILIATED ORGANIZATIONS

The City understands and agrees that the parent company of Gallagher is Arthur J. Gallagher & Co. The parent company has various departments, subsidiary and affiliated corporations that serve as wholesale brokers, reinsurance intermediaries, surplus lines brokers, underwriting managers and program managers. These entities may earn and retain usual and customary fees and commissions in the course of providing insurance products to the City under contract. The amount of such fees and commissions will not offset the fee due Gallagher. Currently, all lines placed for the City involved Gallagher only.

Barbara A. Flynn (handwritten signature)

Barbara A. Flynn, Area Vice President
Branch Director, Public Entity & Scholastic Division

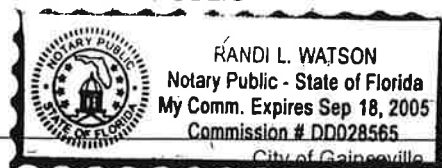
STATE OF Florida
COUNTY OF Pinellas

PERSONALLY APPEARED BEFORE ME, the undersigned authority, Barbara A. Flynn.

who, after first being sworn by me, affixed his/her signature in the space provided above on this 15th day of April, 2005.

Randi L. Watson (handwritten signature)

NOTARY PUBLIC



My Commission Expires: 9/18/05



Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Arthur J. Gallagher

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	<u>30%</u>
B. Firm/Personnel Qualifications	40%	<u>38%</u>
C. References	15%	<u>15%</u>
D. Cost of Services	<u>15%</u>	<u> </u>
	100%	

Specific Evaluative Criteria Attached

Notes:

Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Public Risk Insurance Agency (PRIA)

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	<u>25%</u>
B. Firm/Personnel Qualifications	40%	<u>30%</u>
C. References	15%	<u>15%</u>
D. Cost of Services	<u>15%</u>	<u> </u>
	100%	

Specific Evaluative Criteria Attached

Notes:

Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Public Risk Insurance Agency (PRIA)

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	<u>20</u>
B. Firm/Personnel Qualifications	40%	<u>37</u>
C. References	15%	<u>12</u>
D. Cost of Services	<u>15%</u>	<u> </u>
	100%	

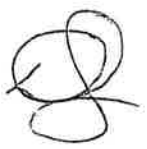
Specific Evaluative Criteria Attached

Notes:



Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Arthur J. Gallagher

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	<u>28</u>
B. Firm/Personnel Qualifications	40%	<u>40</u>
C. References	15%	<u>15</u>
D. Cost of Services	15%	<u> </u>
	100%	<u> </u>
Specific Evaluative Criteria Attached		

Notes:

Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Public Risk Insurance Agency (PRIA)

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	<u>25</u>
B. Firm/Personnel Qualifications	40%	<u>30</u>
C. References	15%	<u>12</u>
D. Cost of Services	15%	<u> </u>
	100%	<u> </u>

67

Specific Evaluative Criteria Attached

Notes:

A. Good understanding of scope

B. Dawson (lead) ~ 16 yrs of service as broker.
Hansen - mostly CSR -

of resumes that I don't quite see how they fit into PRIA service to aville.

C. Picola largest muni - no electric generating clients - T&I only

SR 2

Insurance Broker/Risk Mgt Services RFP
Score Sheet

Vendor Name: Arthur J. Gallagher

Evaluative Criteria	Max Score	Score
A. Understanding Scope of Services	30%	30 29
B. Firm/Personnel Qualifications	40%	38
C. References	15%	14
D. Cost of Services	15%	
	100%	

Specific Evaluative Criteria Attached

Notes:

- Ⓐ Overall better response to RFP. Good overview of the company & how the various components fit into the C.O.G. service model. Excellent past performance.
- Ⓑ B. Flynn on C.O.G. account for ~ 16 yrs, 30 yrs in ins. business mostly broker side. Erica Connitt - good detail person. met appointment to Barb. Greg Cerniak / Kian Anderson - Both have worked on our business - Great results.
- Ⓒ Reference of B. Flynn clients only - All had great things to say about ASG. Impressive list of ASG clients in state of Florida.

[Signature]

B. Client Reference List

<u>City of Pensacola</u>	Tom Mulroy	850-435-1731
<u>City of Ocala/Marion County</u>	Jim Dalke	352-629-8359
<u>City of Fort Myers</u>	Ben Few	239-337-7727
<u>City of Naples</u>	Lori Parsons	239-213-1833
<u>St Johns River Water Management District</u>	Frank Hancock	386-329-4249
<u>City of Venice</u>	Allen Bullock	941-486-2626
<u>City of Bradenton</u>	Renee Stockwell	941-708-6200
<u>Columbia County</u>	Ben Scott	386-752-1005
<u>Central Florida Regional Trans. Authority</u>	Daniel Whitfield	407-254-6191
<u>City of Chattahoochee</u>	Lee Garner	850-663-4475
<u>Clay County Utility Authority</u>	Tom Morris	904-272-5999
<u>City of Atlantic Beach</u>	George Foster	904-247-5890
<u>City of Destin</u>	Chuck Garcia	850-837-4242
<u>City of Edgewater</u>	Robin Matusick	386-424-2400
<u>Flagler County</u>	Joe Mayer	386-437-7482
<u>Gilchrist County</u>	Sherree Pitzarell	352-463-3570
<u>Gulf County</u>	Don Butler	850-229-6111
<u>Hillsborough Area Regional Transit</u>	Ricky Kendall	813-623-5835
<u>City of Milton</u>	Lamar Whitaker	850-983-5400
<u>City of Port St Joe</u>	Pauline Pendarvis	850-229-8261
<u>City of Quincy</u>	Earl Banks	850-627-7681
<u>Utilities Commission, New Smyrna Beach</u>	Genny Turano	386-427-1361

Lost Clients

City of Inverness

Frank DiGiovanni 352-726-2611

City of Brooksville

Steve Baumgartner 352-544-5400

City of Jacksonville Beach

Sue Taylor 904-247-6263



ARTHUR J. GALLAGHER CLIENT REFERENCES

MUNICIPAL REFERENCES	CONTACT	OF INTEREST
Lakeland Electric City of Lakeland 520 N. Lake Parker Lakeland, FL 33801	Karen Lukhaub Director of Risk Management (863) 834-6799 Karen.Lukhaub@lakelandgov.net	<ul style="list-style-type: none"> ▶ Client since 1994 ▶ 2,509 employees ▶ Full service utility ▶ Transit
Manatee County 1112 Manatee Ave. W., Suite 969 Bradenton, FL 34205	Mike Terrell Director of Risk Management (941) 745-3750 michael.terrell@co.manatee.fl.us	<ul style="list-style-type: none"> ▶ Client since 1990 ▶ 1,780 employees ▶ Water/Wastewater utility ▶ Transit
Alachua County 12 S.E. First Street Gainesville, FL 32601	Wade Gillingham Director of Risk Management (352) 337-6167 wgilling@co.alachua.fl.us	<ul style="list-style-type: none"> ▶ Client since 1990 ▶ 1,000 employees ▶ Fire/EMS ▶ Water/Wastewater
Citrus County 110 N. Apopka Avenue Inverness, FL 34450	Richard W. Wesch County Administrator (352) 341-6565 Richard.wesch@bocc.citrus.fl.us	<ul style="list-style-type: none"> ▶ Client since 1982 ▶ 757 employees ▶ Water/Wastewater utility ▶ Transit
City of Dunedin 750 Milwaukee Avenue Dunedin, FL 34698	Jeff Thomas Risk Safety Manager (727) 298-3046 JThomas@dunedinfl.net	<ul style="list-style-type: none"> ▶ Client since ▶ 450 Employees ▶ Water/Wastewater Utility ▶ Fire Rescue ▶ Golf Course

PRIVATE SECTOR REFERENCES	CONTACT
Nature Coast Emergency Medical Services 3380 E. Gulf to Lake Hwy Inverness, FL 34453	Teresa Gorentz Executive Director (352) 337-4121 ncems601@tampabay.rr.com
Raymond James Financial, Inc. 880 Carillon Parkway, Tower 4 St. Petersburg, FL 33716	Barbara Ferraro V.P. – Corporate Insurance (727) 567-4311 Barbara.Ferraro@Raymond.James.com

PREVIOUS/LOST ACCOUNT REFERENCE	CONTACT
Lake-Sumter Emergency Medical Services 2761 W. Old U.S. Highway 441 Mt. Dora, FL 32757	Jim Judge Executive Director (352) 383-4554 jjudge@lakesumterems.org

NOTE: Barbara Flynn has had no other lost business in 17 years





ARTHUR J. GALLAGHER CLIENT REFERENCES

PARTIAL LIST OF FLORIDA PUBLIC ENTITY CLIENTS

Members of the Public Risk Management of Florida

City of Avon Park
City of Belle Glade
City of Brooksville
City of Clewiston
City of Crystal River
City of Deltona
City of Eustis
City of Fort Meade
City of Gulfport
City of Indian Rocks Beach
City of LaBelle
City of Lake Mary
City of Lake Wales
City of Longwood
City of Moore Haven
City of New Port Richey
City of North Port
City of Okeechobee
City of Oviedo
City of Pahokee
City of Port Richey
City of Punta Gorda
City of Safety Harbor
City of Sebring
City of South Pasadena
City of St. Pete Beach
City of Tavares
City of Temple Terrace
City of Wauchula
City of Winter Garden
City of Zephyrhills
Desoto County Board of Commissioners
Glades County Board of Commissioners
Hamilton County Board of Commissioners
Hardee County Board of Commissioners
Hendry County Board of Commissioners
Highlands County Board of Commissioners
Holmes County Board of Commissioners
Levy County Board of Commissioners
Okeechobee County Board of Commissioners
Lee County Airport Authority
Sarasota Manatee Airport Authority
South Florida Water Conservancy/Clewiston Drainage District
Sun 'N Lakes Improvements District
Tampa Bay Water
Town of Belleair
Town of Kenneth City
Town of Lady Lake
Town of Lake Placid
Town of Longboat Key

Florida County Board of Commissioners

Alachua County Board of Commissioners
Broward County Board of Commissioners
Citrus County Board of Commissioners
Dade County Board of Commissioners
Hillsborough County Board of Commissioners
Indian River County Board of Commissioners
Lake County Board of Commissioners
Lee County Board of Commissioners
Manatee County Board of Commissioners
Marion County Board of Commissioners
Monroe County Board of Commissioners
Orange County Board of Commissioners
Palm Beach County Board of Commissioners
Pasco County Board of Commissioners
Polk County Board of County Commissioners
Putnam County Board of Commissioners
Seminole County Board of Commissioners
Volusia County Board of Commissioners

Cities, Towns, and Villages

City of Boca Raton
City of Boynton Beach
City of Clearwater
City of Coral Gables
City of Daytona Beach
City of Deerfield Beach
City of Delray Beach
City of Dunedin
City of Fort Lauderdale
City of Gainesville
City of Hallandale Beach
City of Hialeah
City of Key West
City of Lakeland
City of Lauderhill
City of Margate
City of Melbourne
City of Miami Beach
City of Miami Shores Village
City of Miramar
City of North Miami
City of Orlando
City of Palm Bay
City of Pembroke Pines
City of Pensacola
City of Plant City
City of Pompano Beach
City of Riviera Beach
City of Sunrise
City of West Palm Beach



ARTHUR J. GALLAGHER CLIENT REFERENCES

Members of the Florida Housing Authority Risk Management Pool

Avon Park Housing Authority
Bradenton Housing Authority
Brevard County Housing Authority
Cocoa Housing Authority
Daytona Beach Housing Authority
Melbourne Housing Authority
New Smyrna Beach
Ocala Housing Authority
Palatka Housing Authority
Plant City Housing Authority
Sanford Housing Authority
Smyrna Beach Housing Authority
Suwanee Housing Authority
Tallahassee Housing Authority
Tarpon Springs Housing Authority
Titusville Housing Authority

Other Authorities, Districts

Alachua County Library District
Broward County Housing Authority
City of Naples Airport Authority
Florida Keys Aqueduct Authority
Gainesville Alachua County Airport
Greater Orlando Aviation Authority
Hillsborough County Aviation Authority
Manatee Port Authority
Metro Dade Transit Authority
Monroe County Housing Authority
North Brevard County Hospital District
Palm Beach County Solid Waste Authority
South Florida Water Management District
The Housing Authority of the City of Key West Florida

Clearwater Christian College
Florida Institute of Technology
Jacksonville University
Nova Southeastern University
Palm Beach Atlantic College
Ringling School of Art & Design
Webber International University

Members of the Florida School Board Association Insurance Trust

Alachua County School Board
Citrus County School Board
Lafayette County School Board
Okaloosa County School Board
Okeechobee County School Board
Osceola County School Board
Santa Rosa County School Board
Suwannee County School Board
Taylor County School Board

Members of the Northeast Florida Educational Consortium

Baker County School Board
Bradford County School Board
Columbia County School Board
Dixie County School Board
Flagler County School Board
Florida Virtual High School
Gilchrist County School Board
Hernando County School Board
Levy County School Board
Nassau County School Board
Putnam County School Board
Union County School Board

EDUCATIONAL CLIENTS

Individual Florida School Systems

Brevard County School Board
Broward County School Board
Clay County School Board
Duval County School Board
Escambia County School Board
Fl. Jr. College at Jacksonville
Hillsborough County School Board
Lake County School Board
Manatee County School Board
Marion County School Board
Miami-Dade County School Board
Monroe County School Board
Palm Beach County School Board
Pasco County School Board
Pinellas County School Board
Polk County School Board
Sarasota County School Board
Seminole County School Board
Sumter County School Board

FICURMA

Barry University

Catholic School System

Archdiocese of Miami Schools
Diocese of Orlando Schools
Diocese of Palm Beach Schools
Diocese of Pensacola-Tallahassee Schools
Diocese of St. Augustine Schools
Diocese of Venice Schools
St. Thomas University

Members of the Florida Community College Risk Management Consortium

Brevard Community College
Broward Community College
Central Florida Community College
Chipola Community College
Daytona Beach Community College
Edison Community College
Florida Keys Community College
Gulf Coast Community College
Hillsborough Community College
Indian River Community College
Lake City Community College
Lake-Sumter Community College
Manatee Community College





ARTHUR J. GALLAGHER CLIENT REFERENCES

Miami-Dade Community College
North Florida Junior College
Okaloosa-Walton Junior College
Palm Beach Community College
Pasco-Hernando Community College
Pensacola Junior College
Polk Community College
St. Johns River Community College
St. Petersburg Junior College
Santa Fe Community College
Seminole Community College
South Florida Junior College
Tallahassee Community College
Valencia Community College

Private Universities

St. Thomas University
University of Miami

State of Florida University Systems

Florida A&M University
Florida Atlantic University
Florida International University
Florida State University

University of Central Florida
University of Florida
University of Miami
University of North Florida
University of West Florida

Private Schools

Alexander School
Belen Jesuit Prep School
Gulliver Academy
Ft. Lauderdale Preparatory School

Other School Systems – Charter Schools

Alachua Learning Center
City of Pembroke Pines
Micanopy Middle School
Mineola Elementary
Spring Creek Elementary

Various Church Schools

Florida United Methodist
Florida ELCA

CITY OF GAINESVILLE

Inter-Office Correspondence

Date: May 4, 2005

To: Fran Powell, Sr. Buyer

From: Steve Varvel, Risk Management Director

Subj: **Phone Conversation – Paul Dawson PRIA**

I contacted Paul Dawson of the Public Risk Management Insurance Agency per your request. I made this contact after turning in the review panel's scores related to the responses received from the two vendors competing for the Risk Management and Broker Services contract.

Prior to contacting Mr. Dawson, I was given the sealed envelopes that contained the price proposals from the two vendors. As you recall, I reviewed the two price proposals with you present. The PRIA bid was substantially lower and I wanted to make sure that I understood that PRIA was proposing a fixed price for the service. Below is documentation of the conversation I had with Mr. Dawson.

Mr. Dawson confirmed that the price was a flat fee. We did not get into specifics as to additional fees associated with contracting with outside experts since there is no guarantee that expertise outside of the PRIA organization would be necessary. I did, however, have two specific issues that I wanted Mr. Dawson to address.

The first was related to utility property placement experience that PRIA might have. I did not see a large electric generating utility amongst PRIA's client list, but wanted to give Mr. Dawson an opportunity to discuss PRIA's experience in placing this type of coverage. According to Mr. Dawson, PRIA did not have a large power generator currently, but had a couple of small power or co-generating clients. He was not sure of the capacity of those clients, but was more than happy to get that information to me. When pressed as to where they might place this program, what carriers would they contact, Mr. Dawson said he thought Star Tech wrote utility property in Florida and would have to look into other viable markets. The power generating component of our property program is very important to this organization and I am concerned that GRU will lose a significant level of service in both negotiating competitive rates and reconciling differences of opinion with regard to loss control.

The second was related to specialty lines, specifically environmental liability exposures. According to Mr. Dawson PRIA does not have a specific division specializing in this area of exposure, but would be able to get the necessary resources if needed. This was another indication that the resources of our current broker put them in a much better position to react quickly to our needs and concerns.

Finally, I did tell Mr. Dawson that based on the Response to the RFP alone, not considering price, Arthur J. Gallagher out scored PRIA on each members evaluation form and that I was leaning

towards Gallagher. He asked if we would consider splitting the bid and said he could save the a considerable amount of money on our Worker's Compensation Excess coverage through a proprietary trust fund marketed by PRIA. I told him I would have to review the RFP, but based on our conversation, we would probably have to go to oral presentations considering the cost differential.

Overall, I see that lack of utility experience as a substantial deficiency in PRIA's qualifications.

Powell, Frances B.

From: Powell, Frances B.
Sent: Friday, May 13, 2005 1:49 PM
To: 'pdawson@publicrisk.com'; 'B_Flynn@ajg.com'
Cc: Cozart, Aleta; Varvel, Steven C.; Benton, Mark S.
Subject: Oral Presentations for RFP on Insurance Brokerage Services

Confirming our earlier phone conversations, the following is the agenda for presenters:

Date: Friday, May 20, 2005
Location: City Hall Finance Dept (Room 332)
200 East University Avenue
Gainesville, FL
1st Presenter: PRIA (Public Risk Insurance Agency) 11:00 AM to 12:30 PM
2nd Presenter: Arthur J. Gallagher & Company 1:00 PM to 2:30PM

Each firm will be given 90 minutes time slot in order to provide:

- An overview of the services they offer
- A discussion of the renewal and marketing process for the City's insurance program and
- Time to take questions from the panel and we are requesting that the individual(s) who will work specifically on the City of Gainesville account be present at this meeting to answer any questions.

If I can be of any further assistance, please do not hesitate to contact me.

Fran Powell, Senior Buyer
City of Gainesville, Finance/Purchasing
Phone: 352-393-8795
Fax: 352-334-3163
Email: powellfb@cityofgainesville.org

R. Meun

Tony Grippo

Broker Services RFP Oral Presentation
Public Risk Insurance Association (PRIA)

Oral Presentation

	Score
Overview of the Company & Services - 35 pt max	30
Company Approach to the Renewal Process - 35 pt. Max	28
Responses to Panel Questions - 30 pts Max	20
Total	78

Notes:

Jim Book

Questions:

1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

- we represent the client - on a fee basis represent the insured
- In Ocala explored filing a bad faith claim against insurer
- Since don't accept contingent commission this is not an issue. Brown Brown 150 to do it
- PRIA has not been involved
- Try to negotiate through the process.
- we always represent the insured have a ~~power~~ ^{service} not a product

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

2) How do you facilitate loss control issues and what value added services to you offer in this regard?

- ~~Coordinate~~ learn what the client needs
- If we can't provide the resource go to insurance company to get the training
- Prefer to be present when CO's go through
- Facilitate & negotiate if it's a cost we can absorb we will.

Answer: Firm should have in-house boiler and machinery loss control experts. They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU?

- wrap up Bid Risk insurance
- Review contract to see who's responsible
- Site inspection
- Have our loss control person review
- Performance & Bid Bonds
- Make sure City's interest are protected
- Additional insured on Contractors policies

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology?

- Don't know what is
- Objective is to always help
- Find out what the risks are
- potential for 3rd party claims.
- Help on the analysis paid to determine what goes on.
- We are the Down/Gloob guys want to make sure everything is adequately covered.

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

Ray H. ...

Broker Services RFP Oral Presentation

Arthur J. Gallagher & Company

Oral Presentation

	Score
Overview of the Company & Services - 35 pt max	22
Company Approach to the Renewal Process - 35 pt. Max	32
Responses to Panel Questions - 30 pts Max	38 <i>ka</i>
Total	84

Notes:

- Done on continuing basis
- close working relationship
- utility driver risk
- cost effective approach.

- Partnership
- Three Liberty Mutual
- Working on a five year plan.
- Facilitates a game plan
- That meets budget -

Present a proposal - Detailed map of coverages & highlighted exclusions, Self insured retains Broker's machinery, Specific in utilities. STK broker out by KBR's

Questions: Only 30% increase after 9/11 compared to over 100% for many municipalities

1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

- As Broker we work for you not carrier.
- After explaining problem would immediately deal with carrier.
- Dealt with an excess insurance claim on a worker's compensation.
- Escalated - called President's direct, VP came down, went to a letter of understanding - New adjuster & resolved the problem.

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

2) How do you facilitate loss control issues and what value added services to you offer in this regard?

- Bring a Utility driver account Loss control is essential
- facilitate annual round table agreement
- answer questions 24/7.
- Have a Boiler Machinery expert who has aided in the past, has facilitated several settlements
- Also has a general Gail expert, facilitate everything

Answer: Firm should have in-house boiler and machinery loss control experts. They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU?

- Owner Wrap up insurance program
- Don't let contractor do cost savings
- Absolute to control Safety program
- Broker should negotiate contract & insure that City is 100% insured
- Do not do rolling wrap ups because they can be cancelled mid term.
- We will insure that you control
- Recommend Patch approval

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

- Bring us in at the beginning - Bring in measures to op through each step of the process
- Insurability of new processes.
- What is the stand as to
- Work during planning phase to be involved

4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology?

- OSHA approach to construction phase
- what is the insuring aspects of the new tech.
- consequential damage clauses -
- make sure City is covered for major unforeseen event.
- Here to advise and facilitate

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

- want to tell us on the day we start the project about insurability
- everybody needs to be in on the ground floor.
- work with you on warranties, contractual issues - focus on insurance contract wording
- we're here we work for you

Broker Services RFP Oral Presentation

Public Risk Insurance Association (PRIA)

Oral Presentation

	Score
Overview of the Company & Services – 35 pt max	30
Company Approach to the Renewal Process – 35 pt. Max	15
Responses to Panel Questions – 30 pts Max	10
Total	55

Notes:

Questions:

- 1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

*Represent Client
Fee Basis Insured
Don't accept commissions*

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

2) How do you facilitate loss control issues and what value added services to you offer in this regard?

Coordination & recommendation
training Rambled

Answer: Firm should have in-house boiler and machinery loss control experts. They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU?

Insurance wrapup Program
Protect insurable interest
Insure additional insured.

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

- 4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology?

Does not understand Technology.

Determine Risk

Look @ Coverage

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

Jervis

Broker Services RFP Oral Presentation

Arthur J. Gallagher & Company

Oral Presentation

	Score
Overview of the Company & Services – 35 pt max	20
Company Approach to the Renewal Process – 35 pt. Max	35
Responses to Panel Questions – 30 pts Max	30
Total	85

Renewal Process

Notes:

Starting in January for Budget year.
 Loss Control is key component.
 Ongoing process with underwriters with projectors for budget process.
 Proposal is detailed showing limits, retroactive specific?
 TO B&W - Sir > Broken out. By D/Helm & Kelly
 W/C process quotes side by side.
 Using Best Rated Companies. Long term relationships with underwriters.
 B. Flynn direct knowledge of client utilities & subject matter property.
Questions: Long term commitment with underwriters showed 30% savings
 Qwin, 9/11 era.

1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

we the Broker work for you not the carrier

- (1) Excess Carrier - dispute with adjuster & client settled with letter of understanding which resolved the issues.
- (2) Public Official: facilitate attorney issue, work with all parties and received a recommendation for the client to use their Att.

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

- 2) How do you facilitate loss control issues and what value added services do you offer in this regard?

Loss Control is essential with a utility driven client.
Round table discussion, 24/7 Support. Balm spent on staff
Loss Control advocate available for G/G. Annual reviews.
Very good knowledge on B&M.

Answer: Firm should have in-house boiler and machinery loss control experts. They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

- 3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU?

Owner controlled wrap up program.
GRU driven, Potential cost savings of 2%.
Control Safety Program.
Brought into process from the start, from an insurance product standpoint.
Broker should be involved from the ground up.

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology?

Const. phase owner controlled wrap up,
Advise insurability issues & warranties
Damage clauses,
Identify with mfg. gray areas, including consequential damage.

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

State

Split the mid?

tax/Debt on - Guarantee Association

Broker Services RFP Oral Presentation

Public Risk Insurance Association (PRIA)

Home ...
Tony Gripper

Oral Presentation

Tony
Gripper
Self
Gr 2007

	Score
Overview of the Company & Services – 35 pt max	30
Company Approach to the Renewal Process – 35 pt. Max	25
Responses to Panel Questions – 30 pts Max	15
Total	70

Notes: w/c - Value of co. rating -

Questions:

- 1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

Represent the Client - Fee based - Stakeholder claim - B&B explained possibility of bad faith against - Contingent fee arrangement - not to negotiate w/ carrier - P&T - Coverage issue - fixed - all the self is service,

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

- 2) How do you facilitate loss control issues and what value added services to you offer in this regard?

Coordinate for client - facilitate - w/ carrier - may need get outside help - Paul would be involved - may absorb cost.

Answer: Firm should have in-house boiler and machinery loss control experts. They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

- 3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU? -

Do you need wrap-up - boiler risk - want to look @ contract - OSHA, site or loss control site. part bond bid bonds - protect ins. interest - draw - halfway done & loss occur - add insured on gain -

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

- 4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology?

Find out risk - are 3rd party solution - find out
associated - did not know what O&A -
post incident - look for downsides is there
coverage - ambiguous language - Learning education self.
identify resp. - manufacturer.
O&A - who owns - This piece - landfill conversion.

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

Skawel

Broker Services RFP Oral Presentation

Arthur J. Gallagher & Company

Oral Presentation

	Score
Overview of the Company & Services - 35 pt max	20
Company Approach to the Renewal Process - 35 pt. Max	30
Responses to Panel Questions - 30 pts Max	30
Total	80

Review in
 - 7.11.12
 Need focus
 Best Rating
 A-7 or higher
 side by side
 always - look for
 believes long

Notes: Renewal overview - Start in April - work w/ loss control
 RTRR program - loss - work w/ vert. city - State
 Liberty mutual - free yr loss control - ISSUE
 work w/ underw. team - present budget - numbers
 to City in April - work closely - Proposal -
 Property - detailed w/ or by - of car included - light, let
 exclusions - publication - all carriers & complete

Questions: City + Liberty Property - which most critical - 100%
 1) There may be times when there is a conflict between the carrier and the insured. How would you handle a situation like this? Give two examples of how you have resolved conflicts between the carrier and your client.

Work for city - not the carrier - letter to client - understand conflict
 take immediate action carrier. Insured decl. way over carrier
 c/d quarter - Dictated on settlement - well below the SJR - talked president
 of company - Little understanding - removal adjuster from account - established
 met Spts of the Client - C.O.B - EAT - facilitate choice of counsel
 on us contract - choice of counsel - presented client needs
 to carrier - CA office was able to - truly rate - condition - accepted
 terms + condition

Answer: Company should be able to recognize that this does occur and show their ability to reconcile differences in a manner that satisfies the client and the carrier. Both examples should show an effective manner in which the client's issues were communicated to the carrier and a mutually acceptable outcome.

2) How do you facilitate loss control issues and what value added services to you offer in this regard?

Loss Control - Utility driven account - loss control is essential
facilitate annual round table - get carrier involved w/
construction - facilitate 24/7 - vibration, AS6 has a
B&M expert - Helps on Claims - beneficial settlement
Loss Control advocate out of box - for you got losses. Bring
in experts Sta Tech / AISC / Liberty / Zurich - included in ins.
program - provided -

Answer: Firm should have in-house boiler and machinery loss control experts.

They should be aware of specific industry standards and offer a facilitative process to bring the carrier and the client together. Should be able to reconcile differences that might come up.

3) Gainesville Regional Utilities is considering a significant expansion at the main power generating facility. The current estimated investment in the expansion is expected to exceed \$500,000,000. What is the broker's role in this process, what suggestions would you make to GRU?

Look @ OCIP - Don't let contractor dictate - 5%
may to 2-3% - cost savings - control over loss
control - Broker negotiate - contract add insured
Cost saving safety - completed operations review
from the outset. Bring Broker in early - buy carriers
in to look @ insurability component - Costly estimate
new technology - OCIP - look @ completed - planning
Phase - Ground up - Partner w/ carriers - economic bid of

Answer: Firm should understand that they need to get involved in the planning process, GRU should consider a wrap-up or owner controlled insurance program. Should focus on the savings that need to be explored in considering all risk financing options.

4) What if Gainesville Regional Utilities decided to construct the power plant using a 001 serial number technology, how would you handle the managing the risk associated with new technology? -

Construction phase - O&P approach - end of construction
is really the well construction issue - review
warranty consequential damage, should be a manufacturer
to however gray areas w/ respect major gas labeled
warranty - consequential damages identified.
potential problem - the -
Insurability is always an issue - pricing

Answer: Involved in the planning phase, help GRU identify potential problems, help with warranty issues, understand builder's risk is difficult to obtain for new technology, give an alternative to insure during the hot-test phase of the project.

CITY OF GAINESVILLE

Inter-Office Correspondence

Date: May 23, 2005

To: Fran Powell, Sr. Buyer

From: Steve Varvel, Risk Management Director

Subj: **Broker and Risk Management Services Award**

Attached you will find the detailed score sheets of the panel members and a summary of the scoring. Based on the scoring, the panel has decided to award the proposal to Arthur J. Gallagher & Co.

In order to prepare the agenda item I will need to know the number of vendors who were contacted concerning this proposal. Once received, I will prepare the agenda item and forward it to you for review.

I would like to thank you for your efforts and help during this process.

Broker and Risk Management Services
Oral Presentation Summary

PRIA	Max Pts	Jarvis	Varvel	Weaver	Average
Overview of Company and Services	35	30	30	30	30
Renewal Process	35	15	25	28	23
Responses to Panel Questions	30	10	15	20	15
		55	70	78	68

Arthur J. Gallagher & Co.	Max Pts	Jarvis	Varvel	Weaver	Average
Overview of Company and Services	35	20	20	22	21
Renewal Process	35	35	30	32	32
Responses to Panel Questions	30	30	30	30	30
		85	80	84	83

CITY OF GAINESVILLE

PROPOSAL EVALUATION

REQUEST FOR PROPOSALS FOR
INSURANCE BROKERAGE /CONSULTANT SERVICES

DEADLINE FOR RECEIPT OF PROPOSALS April 20, 2005 at 3:00 PM
(RFP #RISK-050148-FP)

VENDOR

TOTAL RANKING POINTS

Arthur J. Gallagher	170*
Public Risk Insurance Agency	152

*Recommended Award

EXPLANATION: Based on the evaluation criteria set forth in the Request for Proposal

A copy of the completed vendor list, all proposal documents, all statements received and a signed Bid Record are on file in General Government Purchasing and are available for inspection.

Prepared by:



Fran Powell, Senior Buyer