ONE CITY. ONE JACKSONVILLE.

City of Jacksonville, Florida

Lenny Curry, Mayor

Division of Insurance and Risk Management
117 West Duval Street
Suite 335
Jacksonville, FL 32202
(904) 630-7521
www.coj.net

MEMORANDUM

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: March 7, 2019

RE: 8518-03 Property Insurance Broker Services Contract
PSEC AMD #6 – (Rescind & Restate)

The current contract No. 8518-03 Property Broker Services in the Scope of Services allows for placement of property, boiler & machinery and terrorism coverage as well as appraisal services as required by the City by Arthur J. Gallagher Risk Management Services, Inc. with a maximum indebtedness of $17,829,145.03.

It is respectfully requested that City Contract No. 8518-03, with Arthur J. Gallagher Risk Management Services, Inc., be amended to allow for appraisal services procured by the City's broker to update the City's property schedule for insurance and FEMA purposes set forth in Exhibit G, attached hereto, in the amounts of $77,450.00. It is also requested the same contract is amended for the placement, binding and ratification of the purchase of property, boiler and machinery, and terrorism coverage for the City of Jacksonville and Jacksonville Port Authority effective March 1, 2019 to March 1, 2020 for the property insurance program in a not to exceed amount of to $4,980,533.00 to cover the insurance renewal premium as set forth in Exhibit H. This will cause a total increase in maximum indebtedness of $5,057,983.00.

The new maximum indebtedness should be adjusted from $17,829,145.03 by a not to exceed amount of $5,057,983.00 for a new maximum indebtedness of $22,887,128.03. 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
Exhibit G – Property Appraisal
Exhibit H – 2019 Property Insurance Renewal

Thank you for your consideration.

ARTHUR J. GALLAGHER RISK MANAGEMENT
Per Contract & PSEC Amendment

FY	Actual Maximum Indebtedness Amount	Payments	Balance	Maximum Indebtedness Amount Remaining	Contract #	Contract Amendment #	PSEC Amendment #	
FY 15	5,000,000.00	4,610,078.97	389,921.03	389,921.03	CTAF15000005	Orig	Orig	
FY 15					Term Extension		1st	From Oct 1,2015 to March 1
FY 16	4,117,720.00	4,096,928.50	20,791.50	410,712.53	CTAF16000010	1st	2nd	
FY 17	4,200,000.00	4,266,941.91	(66,941.91)	343,770.62	CTAF15000005	2nd	3rd	
FY 18	71,000.00	33,500.00	37,500.00	381,270.62	CTAF15000005	3rd	4th	
FY18	4,821,695.65	4,821,504.40	191.25	381,461.87	CTAF15000005	4th	**5th**	
Total	**18,210,415.65**	**17,828,953.78**	**381,461.87**					
FY 19	(381,270.62)		(381,270.62)					
Correct Amount	**17,829,145.03**		191.25	191.25			**5th**	FAMIS Balance
FY 19	77,450.00							
	4,980,533.00							
Increase by	**5,057,983.00**						**6th**	
Total Max	**22,887,128.03**							

EXHIBIT A

ORIGINAL CONTRACT #8518-03 PROPERTY BROKER SERVICES

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 Wers
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 Alexy
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

EXHIBIT G

Building Appraisal Proposal

AssetWORKS

Insurance Appraisal Services Proposal

Submitted by:

Melvin Ngayan

Regional Director

261 Old York Road, Suite 305

Jenkintown PA 19046

melvin.ngayan@assetworks.com

www.assetworks.com

Phone: 215-354-1078

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AssetWORKS

February 5, 2019

Ms. Judy Arenz, CPCU

Area Senior Vice President

Arthur J. Gallagher & Co.

2255 Glades Road, Suite 200E

Boca Raton FL 33431

RE: *Insurance Appraisal Services Proposal for the City of Jacksonville*

Dear Ms. Arenz:

AssetWorks LLC is pleased to respond to your request for proposal to provide the City of Jacksonville (hereafter known as the "City") comprehensive property insurance appraisal and supplemental property data collection services. Our valuation solution will assist with developing an insurable values base for **equitable distribution of premiums**, reliable insurance to value for **risk identification**, assure accurate coverage for **risk quantification**, supplemental property exposure data for risk financing **and provide proof –of-loss documentation** in the event of a loss.

I, Melvin Ngayan, am authorized to make representations for AssetWorks. Neither our Firm, nor any individuals assigned to provide services to the City have any conflicts of interest with the City.

Thank you for the opportunity to offer AssetWorks' customized property appraisal services. Please contact me at 800-876-0363 X1352 if you have any questions or to schedule a meeting at your convenience.

Respectfully submitted,

AssetWorks LLC

Melvin P. Ngayan

Regional Director

261 Old York Road, Suite 305 | Jenkintown, PA 19046 | 215.354.1078 (P) | 215.354.1086 (F) | www.assetworks.com

1. Executive Summary

AssetWorks is a wholly owned subsidiary of Constellation Software, Inc. The organization has more than 2,200 employees and is publicly traded on the TSX under the symbol CSU. CSI's 2017 consolidated revenues exceeded US $2.1 Billion.

AssetWorks is an industry leading provider of technology and consulting solutions for asset and infrastructure intensive organizations in government, education, utilities, telecommunications, transportation, healthcare and the commercial sector. Our suite of Enterprise Asset Management (EAM) software solutions and professional consulting services enable organizations to improve maintenance practices, streamline operations, and improve accountability for mission-critical capital assets.

AssetWorks is confident in our ability to provide the expertise and experience to implement property valuation solutions. This includes the collection of comprehensive property data and the development of accurate insurable values. AssetWorks has provided customized solutions to the risk management community across the country and has recently served over 50 risk pools which included appraising over 150,000 public entity buildings for insurance purposes.

1.1 Property Appraisal Services

Our innovative solutions help organizations to vastly improve their property insurance and tracking programs, financial reporting and accounting compliancy, and much more. Maintaining a strong presence nationally, AssetWorks has the experience and capacity to provide efficient and timely services.

Manage the Risk of Property Exposure with Values that are Current and Accurate

AssetWorks is uniquely qualified to provide property appraisals that achieve accurate insurance placement and act as a benchmark for proof-of-loss substantiation in the event of a loss. Our combination of valuation consultants and state of the art technology offers innovative, customized and cost effective services for initial and long-term solutions associated with property insurance and risk management.

Ensure you are Properly Insured

Our valuation consultants go the extra mile to ensure you receive the most accurate and up-to-date values possible helping to ensure you receive the coverage you need

Secure the Best and Most Accurate Rates

By collecting detailed COPE and catastrophe modeling data you gain a more complete picture of your risk profile which when run through modeling programs can result in more favorable rates

Increase Confidence in the Quality of Your Data

Every engagement includes certified appraisal reports with insurance detail per building and a comparison of values prior to and following the appraisal project

Leverage the Benefits of a True Partnership

The relationships we build with our clients are important to us. From kick-off meeting through project completion, we believe open communication is paramount to our success and yours

There's No Substitute for a Physical Inspection

Insurance companies and underwriters are becoming more selective in the values they will accept. Desktop appraisal methods and multiple years of value trending depend solely on the accuracy of the data provided at the time a structure is added to the statement of values. These methods can result in inconsistent values and/or the exclusion of structures that exist but are not listed on the current statement of values. An on-site appraisal will assure an accurate schedule of values and property underwriting data, resulting in equitable allocation of premiums and competitive rates in the market place.

1.2 AMP Property Risk Management Software (Value Added Service)

Bridge the Gap between Valuation Results and Valuation Management

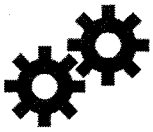
As an organization, being exposed to a variety of risks is inevitable. Which means, being prepared for the event of a risk occurrence is critical. When it comes to managing property data for your organization, the AMP Property Risk Management module from AssetWorks offers an innovative approach. By maintaining data about buildings and structures, property-in-the-open, fixed assets, and licensed vehicles, in a single, comprehensive database, AMP can help bridge the gap between valuation results and valuation management.

Simplify the Renewal Process

Maintain all property data and insurable values in a single, sophisticated database accessible by all approved users in real-time

Easily Prepare Reports

Run standard or create custom reports for data mapping for catastrophe modeling, proof-of-loss documentation, and the insurance renewal procedure



Increase Efficiency

Automate workflow processes for adding new properties, modifying/approving changes to existing properties, and removing entries from current property schedules

Secure Accurate Rates

Experience greater leverage in the insurance market with respect to coverage and premiums as a result of submitting accurate data and a detailed risk model

2. Qualifications and Personnel

2.1 Qualifications

AssetWorks is confident in our ability to respond to the current and future needs of the City, providing the expertise to provide professional and accurate data collection, valuation estimates, and supplemental data needed for property insurance underwriting purposes. AssetWorks' service will assist with managing property exposure, achieve accurate insurance placement, allocation of property premiums and act as a benchmark for proof-of-loss substantiation in the event of a catastrophe.

Our innovative solutions help organizations to vastly improve their property insurance and tracking programs, insurance and accounting compliancy, generate detailed and customized reports, and much more.

You can confidently select AssetWorks as your partner for the following reasons:

- AssetWorks maintains professional affiliations with national insurance associations including the Florida PRIMA, Florida Association of Counties (FAC), Association of Governmental Risk Pools (AGRIP), Public Risk Management Association (PRIMA) and the Risk and Insurance Management Society (RIMS). AssetWorks is a proud sponsoring member of **AGRIP's Quality Education Initiative.**
- **Quality Assurance** - AssetWorks has developed internal project management standards which assure consistent application of property data collection, valuation methodology and deliverables of draft and final reports. Our management analysis process includes several levels of report review including project manager, regional director and customized systems to assure accuracy of reported data and consistency in values.
- AssetWorks is the technology pioneer in asset management and property appraisal solutions. AssetWorks developed a comprehensive proprietary web based property management system (**AMP™**) to provide our clients the ability to manage, report, and perpetuate valuation data.
- Our project team consists of **full-time employees** (no-subcontractors) and professional valuation consultants associated with the American Society of Appraisers. Our team specializes in providing property appraisal services to government entities. AssetWorks assists with the design and implementation of programs to enhance the marketing of your property insurance program, provide consistent and accurate data for the reinsurance market, and also supplemental property data for loss control purposes.
- AssetWorks takes pride in being true public entity specialists, generating over ninety percent of our annual revenue serving public entities, **including over 50 pooling groups nationally, several county associations, in total appraising over 150,000 public entity buildings over the past two decades.**

2.2 Key AssetWorks Personnel

AssetWorks identifies 'quality' as being the primary focus in all projects. Quality work results in a highly satisfied client and has been the basis of our success. Systems in place lead to shorter study periods, reliable data, minimized rework and a more useful reporting tool. The five stages of quality control include:

- Project Design & Implementation Plan – **Project Manager**
- Daily Data Review – **Project Manager**
- Finalized Data Review – **Quality Control Manager**
- Preliminary Reports Review – **Customer**
- Data Integrity Review – **ISG Processor**

Our aggressive quality control regime is led by a corporate philosophy of "Quality First, Profitability Second." Annual client surveys along with the partnerships of long-term clients have taught us that this is never to be overlooked.

The core of our success is our dedicated and qualified personnel. Our asset services professional staff is comprised of consultants possessing backgrounds in a wide range of specialties, including architecture, engineering, construction estimating, accounting, real estate, finance, and business management. Members of our staff maintain affiliations with various professional associations focusing on the American Society of Appraisers (ASA). AssetWorks has a unique combination of highly skilled professionals and cutting edge technology that allows us to assess, execute, and support each client's specific valuation requirements in a professional, timely, and cost effective manner.

Partnership Manager

To ensure mutual success, AssetWorks designates an empowered contact who serves as your Partnership Manager.

Mr. Melvin Ngayan is the designated partnership manager and liaison for AssetWorks. The Partnership Manager is obligated to view the project from the client's perspective and make sure that AssetWorks always acts in the interest of the client. The Partnership Manager has the ability to make decisions and command resources beyond the project at hand. The goal is to establish loyalty and build a long-term, successful relationship. Mr. Ngayan is well qualified to serve as the Partnership Manager. He is the current Regional Director. His tenure at AssetWorks has included regional project management, the planning and execution of numerous property appraisals, and capital asset accounting studies for municipalities, county governments, pooling organizations and various other public sector entities.

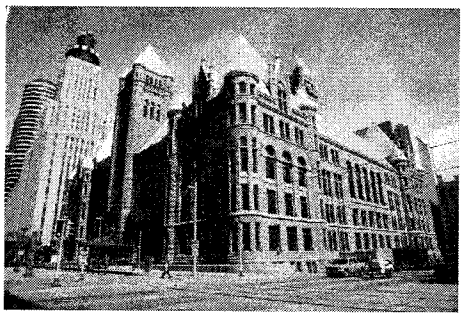
**** Professional qualifications of AssetWorks staff are included in Addendum B***

3. Project Scope

The scope of this project is to physically inspect and appraise all insured buildings of the City of Jacksonville with a Replacement Cost greater than or equal to $100,000 and as listed on Addendum A – Property List. The Purpose is to obtain uniform and reliable insurable values for buildings/structures, including contents modeling, so accurate values can be used for insurance placement and allocation of premiums. The resulting data will provide current insurable values, enhanced COPE data, proof-of-loss documentation, as well as the basis for underwriting and insurance premiums. The proposed services will be performed in accordance with industry-wide appraisal standards (USPAP – Uniform Standards of Professional Appraisal Practice).

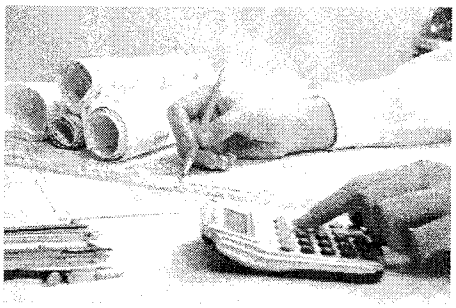
4. Appraisal Services & Procedures

4.1 General Buildings & Structures



The basis for valuations of each building lie in the data recorded while onsite. Each building will be physically inspected and a description for each building will be developed and recorded, depicting primary Construction, Occupancy, Protection and Exposure (**COPE**) data to be included on the insured property as it is related to property loss prevention and valuation. **Construction** details will include: building wall, floor and roof material, dates of construction, building dimensions, total square footage. **Occupancy** details will include general building use. **Protection** details include sprinkler systems, fire detection and alarm systems. **Exposure** details include our observation of interior and exterior hazard exposures. AssetWorks is proposing a comprehensive appraisal of insured property, the study will include:

- Onsite property insurance appraisals resulting in accurate insurable values and proof-of-loss documentation for buildings and structures.
- Contents within the buildings will be reported based on a modeling technique and included in the valuations data.
- Proper identification of primary Construction, Occupancy, Protection and Exposure (COPE) data for each structure.
- Identification of flood zones for each structure



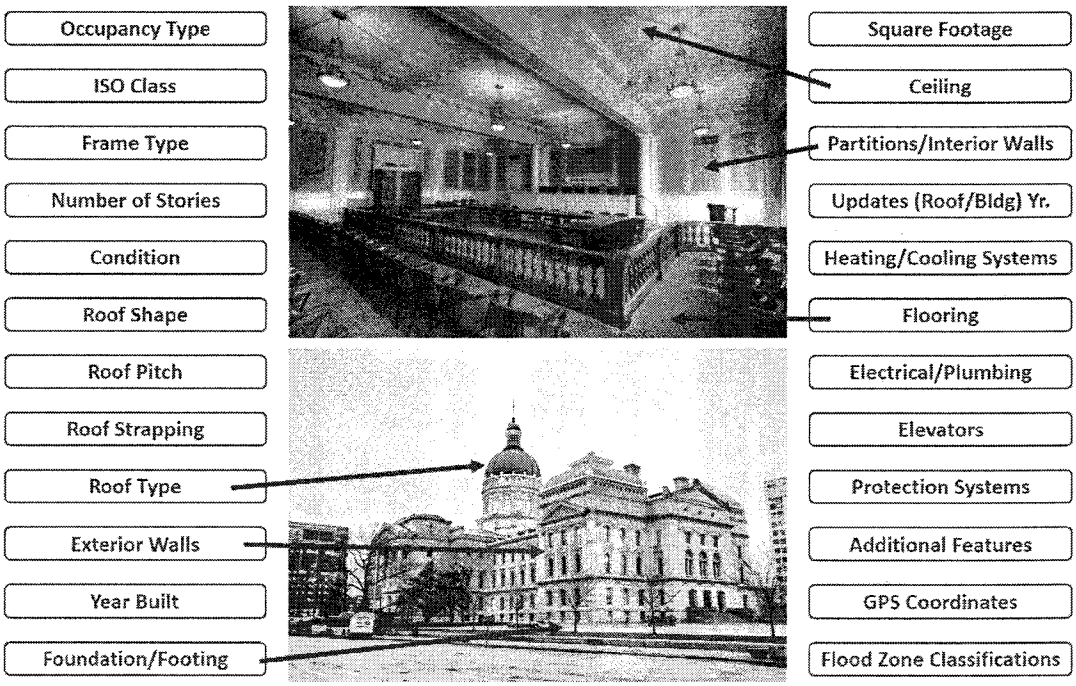
Single digital photographs will be prepared for each building and integrated into the final reports. Each building will either be physically measured or square footage verified through a review of blueprints or client supplied information. Additionally, a complete physical address will be identified and included as best possible. If rural locations have not been assigned a numbered address, our description will include locators appropriate for ease of future identification.

4.2 ISO/Construction Classifications

One of the primary goals of underwriting for property insurance is determining the risk of fire. One of the main considerations in making that determination is assigning the proper construction class. Properly identifying the construction class can help the underwriter understand the construction type and rate the risk more accurately. AssetWorks reports will include ISO classes 1-6, as defined by the Commercial Fire Rating Schedule (CFRS) defined in terms of the Marshall and Swift construction classes:

ISO Class	M&S Class	Description
1	D	**Frame/Combustible** (wood walls & roof)
2	C	**Joisted Masonry** (free standing masonry shell flammable roof)
3	S	**Noncombustible** (light steel construction)
4	C	**Masonry Noncombustible** (free standing masonry walls with noncombustible floors and roof)
5	A	**Modified Fire Resistive** (noncombustible, 1 hour fire rating)
6	B	**Fire Resistive** (noncombustible, 2 hour fire rating)

4.3 Construction Occupancy Protection Exposure Data



4.4 Secondary Building Characteristics

- Year of Last Electrical Upgrade
- Year of Last Plumbing Upgrade
- Year of Last HVAC Upgrade
- Year of Last Roof Upgrade
- Nearest Ocean/Body of Water Distance
- Nearest Fire Hydrant Distance

4.5 Flood Zone Designation

Flood Zone designations are based on GPS coordinates and mapped via satellite. Identifying flood zones based on address can lead to an incorrect designation as many sites include multiple acres and multiple flood zones. In some cases, the flood zone actually intersects the structure and this has to be represented or an incorrect designation may be applied, particularly when only using a physical address as the determining factor. FEMA is currently undertaking the task of updating flood zones across the country as many zones have adjusted over time with the increase of construction, paving, terraforming and resulting changes from weather patterns and events. AssetWorks subscribes to FEMA updates as it relates to flood zone updates and maintains a strong relationship with a geo-mapping group to support zone designations and provide our clients with the accuracy required in this category.

5. Valuation Methodology

Our investigation of each property will follow generally accepted appraisal techniques and valuations in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) incorporating various sources to develop cost conclusions for each building. Sources include price lists, trade journals, industry publications, pricing subscription services, as well as direct cost research. It is an ongoing task to identify and continuously substantiate values. Multiple sources of value exist, but to rely on only one can be limiting as they all have positive points to be reflected. Sources of construction cost information include:

- Direct cost information from recent projects
- Inquiries with local contractors and architects
- US Department of Labor – Bureau of Labor Statistics
- Marshall and Swift / Boeckh
- RS Means Construction Cost Index
- Reed Construction Data
- Previous AssetWorks appraisal data
- Internal Developed Systems

Definitions of Value

Replacement Cost New Cost of Replacement New is the amount required to reproduce a property entirely at one time, as of a specific date, in like size, kind and quality and in accordance with current market prices for labor, materials, manufactured equipment, contractors overhead, profit and fees, but with no provisions for overtime or bonuses, or for premiums for materials and equipment. In determining replacement cost new, AssetWorks will not consider costs associated with demolition of property, debris removal, or partial loss into our analysis.

This methodology takes local wages and material costs into account, as well as specific structural attributes and current construction code that will cause an increase or decrease in base value such as sprinkler systems, elevators, exterior wall adjustments, actual building occupancy, and quality of construction as related to industry standards.

Insurance Exclusion is a provision in an insurance contract describing property, or types of property, that are not covered by an insurance policy. Based upon a review of current policy specifics, we identify the items to be excluded under terms of the policy. The insurance exclusion amount is deducted from replacement cost to arrive at an insurable value, specific to each structure.

Content Values will be included based on a "modeling" approach that was developed to meet the valuation needs of public entities without the extensive time required for a detailed inventory. AssetWorks utilizes computer models of more than 100 building types and their contents. A field inspection of each building is conducted and the building's contents will be identified.
We then estimate the value of contents in a particular building by taking a square foot equipment index of a like facility and applying it to the calculated area of the building. Equipment values may adjust to account for variations in density and quality of equipment present. Special consideration are given to buildings with specialty equipment (labs, EDP, warehouse...etc.), where content value can vary greatly.

Actual Cash Value is the Replacement Cost Value less depreciation.

Cost of Reproduction New (Historical Properties), is the amount required to reproduce a duplicate or replica of the entire property at one time in like kind and materials, in accordance with current market prices for materials, labor and manufactured equipment, contractor's overhead, profit, and fees, but with no provisions for overtime, bonuses for labor, or premiums for material.

6. Approach and Work Plan

6.1 Project Plan

The core of success in a property appraisal project begins on the front-end, and by way of dialogue, a truly customized project plan is developed to meet the specifications and needs of the City. This includes communication and high levels of active listening, meshing the interests and requests of all parties involved from the City, Brokers, Insurers and potentially Reinsurers. Our approach is not a template and is catered towards not only client requests but by way of our experience and expertise can bring new solutions to the table and aid in determining suitability.

City Staff Expectations

AssetWorks believes that clients retain our services with the expectation that AssetWorks staff, as paid professionals and consultants, will perform the necessary tasks with the highest level of industry professionals to successfully complete the project on time. We do view our clients as active participants and anticipate their assistance with the following:

- **Pre-Project Planning and Scheduling** – AssetWorks will identify key items to have prepared for the project kickoff meeting. We ask that you prepare and distribute a memo to all City Departments receiving an appraisal announcing the project and give the general purpose and time frame. AssetWorks will perform the appraisals by geographic region. We ask that you assist with scheduling the appraisals by geographic region as best as possible.
- **Availability of Existing Building Records** – AssetWorks will utilize existing records, as provided by the City. Blueprints, for example, can aid in the accuracy of calculating square foot area. Direct construction costs from the City are another source of valuable information we collect.
- **Access to All Sites** – AssetWorks appraisers will be granted access to all sites and buildings based on a mutually agreed upon appraisal schedule.

Project 'Kickoff' Meeting

Our project team will hold a comprehensive project-planning meeting with City representatives in advance of the onsite fieldwork. We advise that members of the administrative, risk management and facilities staff or other directly involved personnel attend this meeting. Topics of discussion include confirmation of project scope and time frames, the physical appraisal schedule, accessibility to buildings, and contacts for each City Departments. This meeting lays the foundation for the methods and procedures used during the onsite fieldwork.

6.2 Project Schedule

AssetWorks' automated approach and depth of experienced staff qualify us to complete all phases of this project in a timely fashion. We propose the following implementation plan based on the project scope, geographic breakdown and building counts, but have the flexibility to adjust in either direction to meet your needs.

A. Project Planning Meeting	Who	Results
Review project scope	AssetWorks/City	Confirm project understanding
Receive most recent schedule of values	AssetWorks/City	Scheduling/data verification
Obtain contact list	City	Contact intro
Develop schedule	AssetWorks	Timing/City notification
Develop project log/project status reporting	AssetWorks	Weekly status reporting
Define supplemental exposure data	AssetWorks/City	Field data collection
Review underwriting requirements	AssetWorks/City	Deliverable formatting
Review Deliverables	AssetWorks/City	Confirm reporting
Project team introduction	AssetWorks/City	AssetWorks staff intro
B. Site Inspection	**Who**	**Results**
Physically inspect each site (inside/outside)	AssetWorks	Accurate property data
Generate square footage (plans/measure/supplied)	AssetWorks	Square footage drives value
Collect COPE data	AssetWorks	Favorable insurance rates
Record ISO class	AssetWorks	Building rating
Building digital photo/GPS coordinates	AssetWorks	ID building, proof-of-loss
C. Office Valuation	**Who**	**Task Description**
Develop insurable value	AssetWorks	Underwriting/premium allocation
MS Boeckh	AssetWorks	Nationally recognized
RS Means	AssetWorks	Supplemental value source
Direct costing (actual construction cost)	AssetWorks	Reconcile new construction
D. Report Preparation	**Who**	**Task Description**
Management review (values, data, USPAP)	AssetWorks	Quality/consistent reporting
Summary report, client review	City	City review prior to finals
Final report-detail	AssetWorks	Detail underwriting data
Final report-summary	AssetWorks	Site/location totals
Data file	AssetWorks	System import/perpetuation

6.3 Proposed Implementation Schedule

Upon receipt of your authorization, a mutually agreeable schedule for the project planning of all appraisals and our on-site inspections will take place.

AssetWorks LLC staff assigned to this project will work exclusively out of our Pennsylvania offices for the duration of the engagement. AssetWorks LLC can have a team instantaneously deployed in the event of an immediate need for service. The current workload within the Asset Services Division allows for the dedication of 100% of the project team time allocated to the City's project. Project workload will not interfere with the progress and completion of this project.

7. Reports & Deliverables

7.1 Certification Letter

Certified appraisal reports are bound in an easy-to-read format. AssetWorks will provide a set of insurance summary and insurance detail reports. The certified appraisal report will include the Letter of Certification, which will:

- Identify the property appraised
- State the purpose of the appraisal
- Specify the appraisal date
- Define the level of value sought and the premise of value employed
- Describe the nature of the property included and excluded
- Discuss the appraisal investigation
- Indicate the factual data considered
- Present the conclusions of value (Replacement Cost unless otherwise ordered)
- Outline the qualifying and limiting conditions
- Include the signature of an authorized officer of the company

7.2 Preliminary Reports

AssetWorks project manager will send draft summary and detail reports directly to the member via email in .pdf format for review. Preliminary reports will also include a "Variance Report", comparing old values to new, providing an added tool for analysis. Additionally, the City and the agent for the member will be copied on the draft reports. AssetWorks will provide two weeks (10 business days) to the member for review and to determine acceptability of the final data. Upon approval, AssetWorks will then prepare and deliver final reports in electronic format. Any additional days requested by the member past the two week review period will have to be approved by the City.

7.3 Final Reports & Data

Electronic Reports & Data

- Excel File of Reports Data
- .PDF Files of all Hard Copy Reports

7.4 Sample Reports

Sample Summary Report

SB05X — Insurance Summary by Building — Page: 1

Code	Building Description / Address	City	Replacement Cost New	Exclusion Amount	Replacement Cost Less Exclusions	Actual Cash Value	Contents Value
Entity: 001	SAMPLE ENTITY USA						
Site: 005	SAMPLE SITE #1						
001	MAIN BUILDING #1 200 ANY STREET	ANY TOWN, US 12345	4,865,300	239,930	4,625,370	4,865,300	917,200
002	OUT BUILDING #1 200 ANY STREET	ANY TOWN, US 12345	21,900	1,080	20,820	21,900	4,900
	Site total for 005:	Asset Count 2	4,887,200	241,010	4,646,190	4,887,200	922,100
Site: 006	SAMPLE SITE #2						
001	MAIN BUILDING #2 300 ANY STREET	ANY TOWN, US 12345	13,313,700	798,870	12,514,830	12,351,700	1,686,900
002	OUT BUILDING #2 300 ANY STREET	ANY TOWN, US 12345	103,300	0	103,300	103,300	31,300
003	OUT BUILDING #3 300 ANY STREET	ANY TOWN, US 12345	103,300	0	103,300	103,300	31,300
	Site total for 006:	Asset Count 3	13,520,300	798,870	12,721,430	12,558,300	1,751,500
	Entity total for 001:	Asset Count 5	18,407,500	1,039,880	17,367,620	17,475,500	2,673,600
	Report Total:	Asset Count 5	18,407,500	1,039,880	17,367,620	17,475,500	2,673,600

Sample Building Detail Report

Entity:	001	SAMPLE ENTITY USA
Site:	003	COLLEGE/UNIVERSITY
Building:	001	UNIVERSITY BUILDING 200 ANY STREET ANY TOWN, US 12345
Department:	2009	2009 APPRAISAL
Year Built:	2001	Year Acquired: 2001
Nbr. of Stories:	4	Square Footage: 105,545
Basement:	NO	Adds/Renovations: NO
Occupancy:	COG	COLLEGE - CLASSROOM
Frame Type:	ST	STEEL
ISO Class:	4	MASONRY NON COMBUSTIBLE
GPS Latitude:		28°26.125N
GPS Longitude:		081°11.935W
Flood Zone:		X
Fire Protection:		SPRINKLER SYSTEM INTRUSION SYSTEM FIRE ALARM - MANUAL FIRE ALARM - AUTOMATIC

GENERAL BUILDING CHARACTERISTICS

Exterior Walls:	DECORATIVE CONCRETE BLOCK, GLASS METAL CURTAIN
Roofing:	METAL (2%), SINGLE MEMBRANE (98%)
Foundation:	CONCRETE SLAB ON GROUND, CONCRETE FOOTING FOUNDATION
Floor Finish:	CARPETING, CERAMIC TILE
Ceiling Finish:	ACOUSTICAL, DRYWALL
Partitions:	CONCRETE BLOCK, DRYWALL/STUDS

Services:
ELECTRICAL
PLUMBING
HEATING - CENTRAL (HOT WATER)
AIR CONDITIONING - CENTRAL

Features:
BUILT-INS (CABINETS, LOCKERS, BOOKCASES)
COVERED ENTRANCE WAY
COVERED WALKWAY
PASSENGER ELEVATOR
BUILT-IN SEATING
MEZZANINE

Notes:
ROOF = 2% HIGH PITCH & 98% FLAT
AVERAGE WALL HEIGHT = 16'

VALUATION CONCLUSIONS

Replacement Cost New:	17,995,400
Exclusion Amount:	1,079,770
Replacement Cost Less Exclusions:	16,915,630
Actual Cash Value:	16,555,800
Exclusion Amount:	993,400
Actual Cash Value Less Exclusions:	15,562,400
Contents Value:	11,470,600

Produced by AssetWorks

AssetWORKS

Sample Variance Report

Code	Building Description Address		Replacement Cost Less Exclusions	Replacement Cost - SOV	Replacement Cost Difference	% Change
Entity: 001	SAMPLE ENTITY USA					
Site: 005	SAMPLE SITE #1					
001	MAIN BUILDING #1	Building	4,625,370	3,800,000	825,370	17.84 %
	200 ANY STREET	Contents	917,200	800,000	117,200	12.77 %
	ANY TOWN, US 12345					
002	OUT BUILDING #1	Building	20,820	17,300	3,520	16.90 %
	200 ANY STREET	Contents	4,900	2,000	2,900	59.18 %
	ANY TOWN, US 12345					
	Site total for 005:	Building	4,646,190	3,817,300	828,890	17.84 %
		Contents	922,100	802,000	120,100	13.02 %
Site: 006	SAMPLE SITE #2					
001	MAIN BUILDING #2	Building	12,514,830	11,022,521	1,492,309	11.92 %
	300 ANY STREET	Contents	1,688,900	1,330,627	358,273	21.21 %
	ANY TOWN, US 12345					
002	OUT BUILDING #2	Building	103,300	85,000	18,300	17.71 %
	300 ANY STREET	Contents	31,300	18,000	13,300	42.49 %
	ANY TOWN, US 12345					
003	OUT BUILDING #3	Building	103,300	85,000	18,300	17.71 %
	300 ANY STREET	Contents	31,300	18,000	13,300	42.49 %
	ANY TOWN, US 12345					

8. Catastrophe Modeling Characteristics (optional service)

(specific to the RMS Program for CAT Modeling)

Windstorm

AssetWorks will assist in gathering windstorm information pertinent to characteristics of a building or structure. If available, the information collected per structure are:

- Roof Framing Type
- Roof Covering
- Roof Age/Condition
- Roof Geometry
- Roof Parapets/Chimneys
- Roof Anchor
- Commercial Appurtenant Structures
- Wind Tier/Hazard Zone
- Roof Sheathing Attachment
- Flashing and Coping Quality
- Wind Missiles
- Contents Vulnerability Due to Wind
- Roof Maintenance
- Cladding Type
- Residential Appurtenant Structures
- Mechanical/Electrical Equipment (Side of Building)
- Ground Level Equipment
- Opening Protection
- Resistance – Doors
- Flood Protection
- Construction Quality
- Basement
- Frame-Foundation Connection
- Contents Vulnerability Due to Water
- Roof Equipment Hurricane Bracing
- Tree Density

9. Terms & Conditions

The following terms and conditions apply to the proposal ("Proposal") submitted by AssetWorks LLC ("AssetWorks" or "Company") and any resulting contract ("Final Contract") between AssetWorks and the legal entity to which the Proposal is submitted ("Customer") with respect to AssetWorks' services ("Services").

1. **Proposal Terms**

1.1 In the event of a conflict between the terms of the request for proposal ("RFP") presented by Customer and the Proposal, the Proposal shall govern and take precedence over the RFP.

1.2 In the event any portions of the Proposal will be incorporated into the Final Contract, only the portions of the Proposal which are deemed a contractual commitment will be included in the Final Contract as a direct provision thereof and not the entirety of the Proposal.

1.3 By accepting the Proposal, Customer agrees to these terms and conditions.

1.4 The fees set forth in the Proposal are valid for a period of 90 days.

2. **Standard Service Terms**

2.1 AssetWorks shall provide guidance to Customer in determining the data required by AssetWorks for purposes of performing the Services. Customer agrees to provide AssetWorks with all data specifically requested, including documentation and information, (collectively, "Data") in a timely manner. In its performance of the Services, AssetWorks will rely on the Data provided by Customer. AssetWorks shall assume, without incurring liability therefore, that all Data provided by Customer is correct and complete. In the event that Customer provides additional and/or corrected Data at a later date, AssetWorks' efforts with respect to such additional and/or corrected Data shall be deemed additional Services and subject to additional fees.

2.2 Customer agrees to cooperate with AssetWorks in providing access to Customer's property and assets as required for AssetWorks to perform the Services. Failure to provide such access will cause delay and be subject to additional fees.

2.3 Project completion will be upon delivery of the final reports. Final report delivery occurs upon the earlier of: (i) acceptance of the preliminary reports by Customer or (ii) 10 business days after the date of preliminary report delivery, at which time the preliminary reports are then deemed the final reports.

2.4 In the performance of the Services, AssetWorks will specifically exclude the following assets types from its analysis: intangible assets, easements, rights of way, records, drawings, software, fine arts, consumables, spare parts, and third party property.

3. **General Terms**

3.1 AssetWorks will invoice 70% of the fees upon completion of the fieldwork portion of the project and the remaining 30% of fees upon delivery of the preliminary reports. Payments are due within 30 days of invoice date. Past due amounts may be subject to late fees of 1.5% per month.

3.2 Customer and AssetWorks shall each retain ownership of, and all right, title, and interest in and to, their respective pre-existing intellectual property and any derivatives thereof, and no license therein, whether express or implied, will be granted by the RFP or the Proposal. To the extent the parties wish to grant to the other license rights or interests in pre-existing intellectual property, mutually acceptable license terms shall be set forth in the Final Contract or other written agreement executed by the parties.

3.3 AssetWorks' aggregate liability under the Final Contract, whether in contract, tort, or otherwise, shall not exceed the amounts paid under the Final Contract during the 12-month period immediately preceding the claim and neither party shall be liable for any indirect, incidental, consequential, exemplary, special, or punitive damages including, without limitation, any damages resulting from loss of use, loss of business, loss of revenue, loss of profits, or loss of data, even if a party has been advised of the possibility of such damages.

10. Project Fees & Authorization

AssetWorks fees are based on the City of Jacksonville statement of values provided. Our fees for the proposed services, including expenses are:

Initial Here

2019 Standard AssetWorks Appraisal

- Appraisal of Buildings/Structures
- Primary COPE Data (Includes GPS Coordinates)
- Secondary Building Characteristics
- Value Comparison Reports
- Modeling of Building Contents
- Classification of Flood Zones

Estimated Total– 509 Structures $76,350

The above fees are based on the supplied property schedule which included 509 buildings/locations. Additional buildings/locations found in excess of 509 will be included at a fee of $150 per building.

Optional Service

- Catastrophe Modeling Characteristics $20 per building
  (Only for buildings without existing attributes)

Estimated Total– 55 Catastrophe Modeling Characteristics $1,100

Please indicate your acceptance of the services offered by executing the acceptance block and returning one copy of this document to the undersigned via fax at 215-354-1086. We look forward to working with you on this important project.

Estimated Grand Total – City of Jacksonville Investment $77,450 _____

RESPECTFULLY OFFERED BY:
AssetWorks LLC

Melvin Ngayan
Regional Director

February 22, 2019

ACCEPTED BY:
City of Jacksonville

_____
Signature

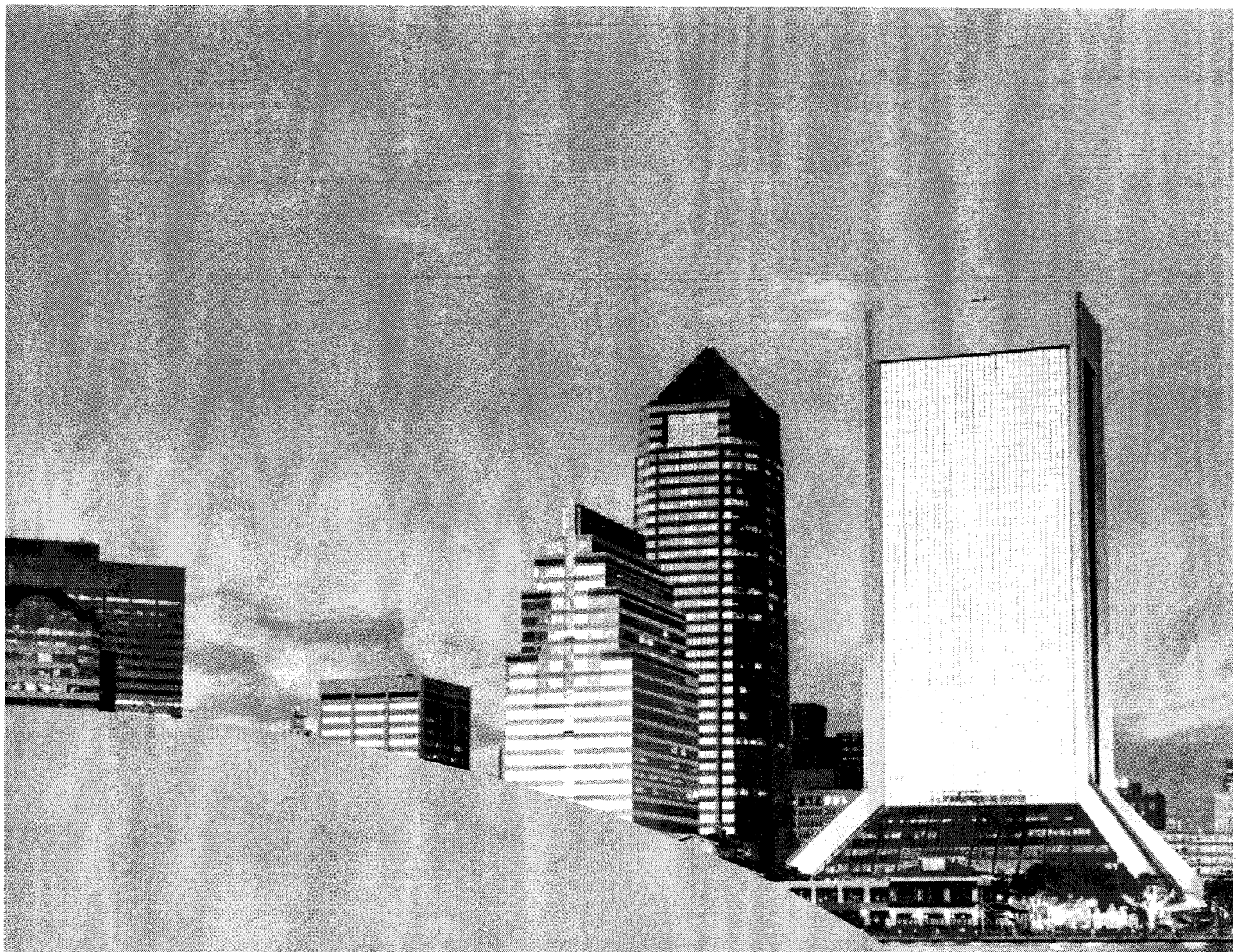
_____
Name

_____
Title

_____
Date

EXHIBIT H

Property Renewal 2019 - 2020



City of Jacksonville, Florida

117 West Duval Street, Suite 335
Jacksonville, FL 32202-3381
2019 Property Program Renewal Proposal

Presented: February 8, 2019

Line(s) of Coverage: Property, Terrorism, Boiler & Machinery

Coverage Effective: March 1, 2019

Judith A. Arenz, CPCU | Area Senior Vice President

Tom Gill, MBA, CIC, CRM | Area Assistant Vice President
Arthur J. Gallagher Risk Management Services Inc., 2255 Glades Rd., Suite 200E
Boca Raton, FL 33431
www.ajg.com

Gallagher

Insurance | Risk Management | Consulting

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Gallagher

Overview

Thank you for the opportunity to present this Strategic Review. The purpose of the report and this meeting is to set the stage for your upcoming Property Program renewal. The intent of our CORE360™ approach is to help you optimize your total cost of risk, thereby improving your profitability, and making this discussion critical to the program's evaluation.

Arthur J. Gallagher Risk Management Services, Inc. and your Service Team have prepared this overview to discuss the renewal of your program effective March 1, 2019.

- Property
- Boiler and Machinery
- Terrorism

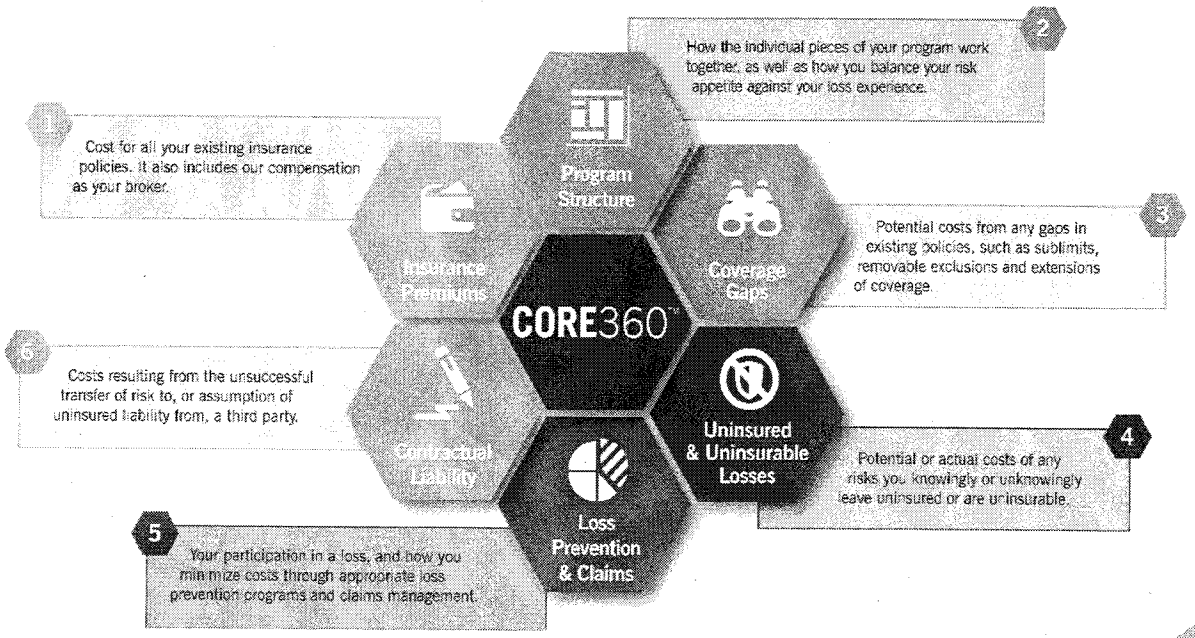
The report summarizes the key accomplishments from your last renewal (current program) and it examines the current marketplace, our past results and any changes to your organization or risk appetite. It also challenges our past work and suggests future improvements.

We highlight each **CORE**360™ cost driver, beginning with Insurance Premiums and ending with Contractual Liability. This will not only organize the document, but also ensure we are deliberate in driving value to each of your six cost drivers, which represent your total cost of risk.

This is an interactive process and we look forward to your strategic input to ensure a successful renewal. The results of this strategy will be summarized in the Executive Summary, which will accompany your renewal proposal. We know that you have a choice and we appreciate your business.

Based on our past risk strategies and results, the current State of the Market and any changes of risk or risk appetite, the overriding goal of this meeting is to answer the following questions:

- What is our go-to-market strategy by line of coverage?
- Do we approach additional markets, and if so, which ones?
- What are our renewal expectations or goals by cost driver?
- What additional tools or resources do we need to implement?



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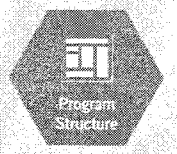
Agreed Renewal Strategy

The strategies below reflect discussions with Risk Management. We completed market meetings with the London Market and incorporated International feedback into our Domestic market submission and strategy discussions.

- **Property Go To Market Strategy** – Negotiate with property markets, including the incumbents. There is enough capacity should any of the current markets not match our target pricing.



- **Deductibles** – Negotiate to continue the cap on named wind deductibles. Consider options should pricing become an obstacle.
- **Limits** – Continue limits in place based on modeling, benchmarking, and County strategy.
- **Property CAT Modeling** – Service included at no cost to the City to help determine limits and negotiate with carriers.

- **Loss Summaries** – Review loss summaries to set the stage for how past losses could impact renewal negotiations with carriers and impact deductibles and limits.
- **Claim Advocacy** – Continue to work with Risk Management/Adjuster/Carrier/Broker to resolve all open Hurricane Claims

Risk Update

Statement of Values				
ITEM	**2017-2018**	**2018-2019**	**2019-2020**	**Variance**
Building Values	$2,634,381,151	$2,704,203,017	$2,711,755,212	1.7%
Contents values	$360,395,151	$387,446,234	$396,723,641	0.3%
PITO Values	$89,651,237	$135,857,407	$128,888,296	-5.1%
BI & EE Values	$32,000,000	$32,000,000	$32,000,000	0.0%
Fine Arts (added mid-term 2015)	$6,881,586	$6,881,586	$6,931,586	0.7%
Total Insured Values	**$3,123,309,882**	**$3,266,388,243**	**$3,276,298,734**	0.3%

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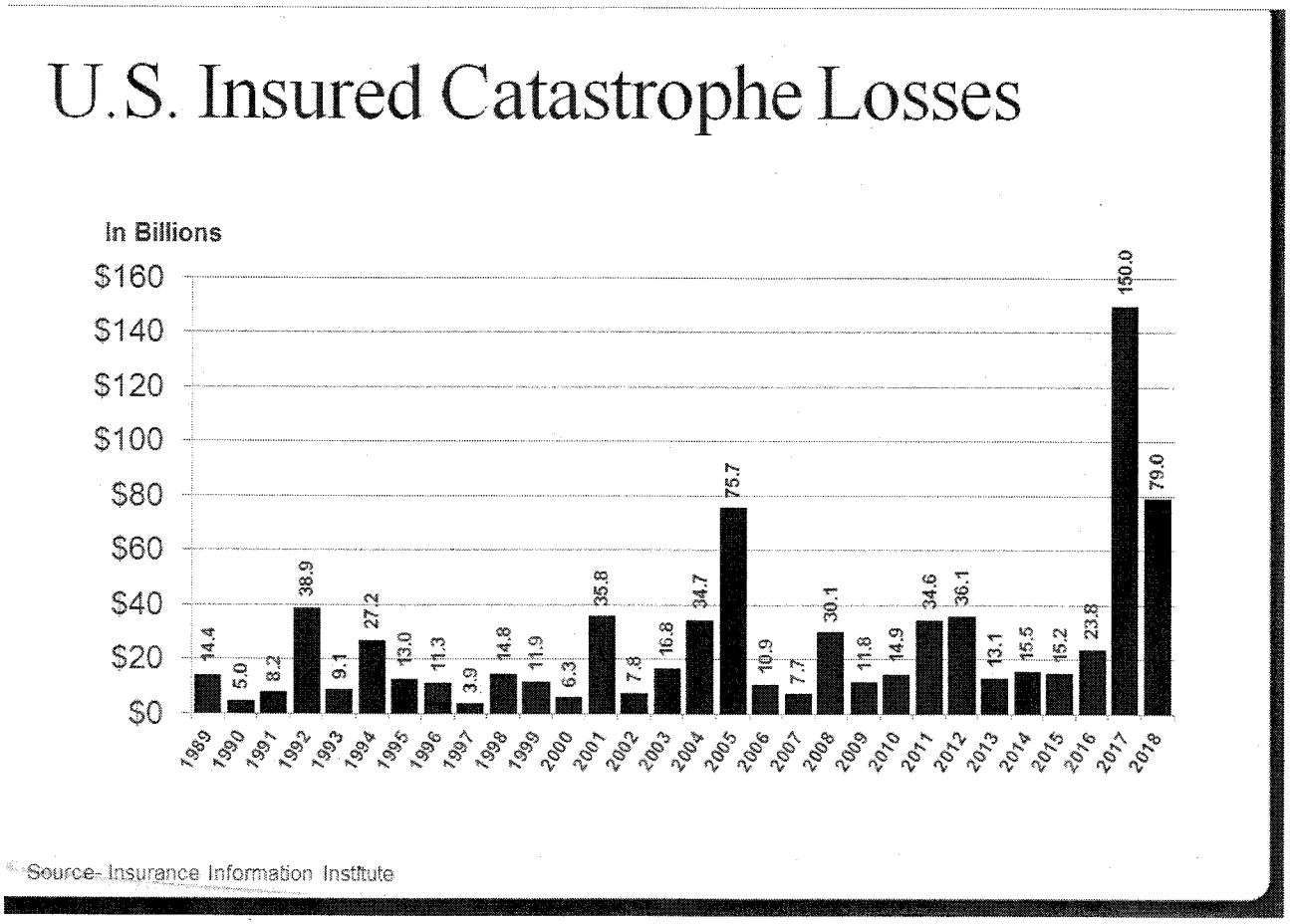
Q4 Insurance Market Update

The market continues to be both interesting and transitional. The events of Michael, Florence, and California wildfires throughout the year have racked up over $79B in Insured Loss estimates. Add this year's $79B to the $150B we had in 2017 from Harvey, Irma, Maria and others and it quickly becomes apparent that the major insurers of the world are struggling to make a profit.



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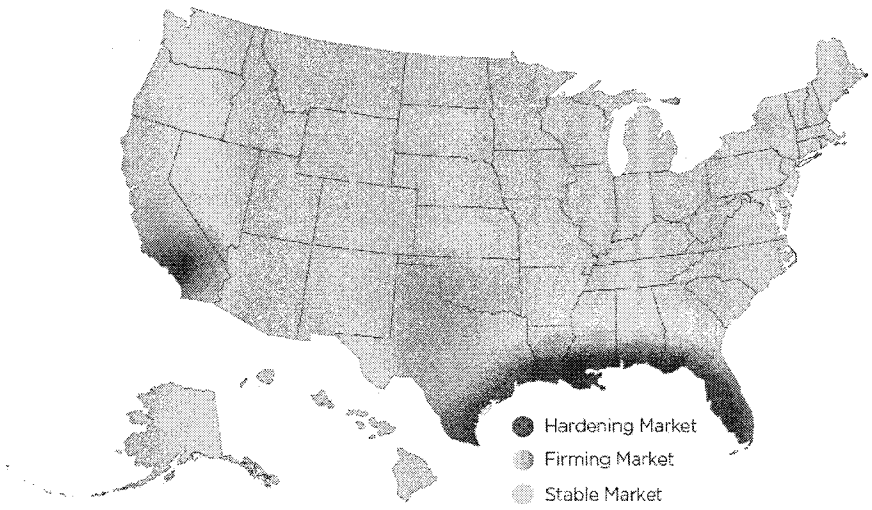
State of the Market - Continued

Some anticipated a significant market tightening in 2018 because of the catastrophic events that occurred at the end of 2017. Traditional insurance markets are pushing for pricing increases to continue based on these results. Despite troubled times the market continues to be interesting. The industry continues to be impacted by major catastrophic events, poor models, and a lack of rate adequacy. However, behind the curtain there is an industry that continues to be pumped with alternative capital. The insurance industry would not seem to be an attractive investment. However, the investment opportunity for alternative capital is more of a diversity play requiring a lower return. The money is not going away, the industry is well capitalized, and this is keeping markets more competitive than originally projected.

As we move forward into 2019, we would expect the property market to continue to transition. There will be greater carrier focus on rates, terms, coverage conditions, and the broadness of manuscript forms. Overall property market pricing is expected to be up 2.5% - 7.5%. Accounts in the CAT exposed areas such as Florida will likely see rates increase 10%-15%+ range because of the impact of major hurricanes had on the industry. The accounts that have been adversely impacted by catastrophic events could see a higher increase.

The table and heat map below show that overall pricing on most lines of coverage remained flat to a single-digit rate increase.



LINE OF COVERAGE	CURRENT MARKET PLACE (RANGE OF RATE INCREASES)
Property	0% to +5%
General Liability	-3% to +2%
CAT Property	+5% to +15%*
Umbrella	0% to +5%
Management Liability (Private)	0% to +5%
Management Liability (Public)	+5% to +10%
Auto	+5% to +15%
Workers Compensation	-10 to +0%

*CAT Property defined as a location portfolio with exposure to catastrophic loss (i.e., California EQ, Floxx, Florida/Texas/Gulf Coast– wind/hail, the Carolinas, etc.)

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Property Loss Summary

This chart shows the premiums and losses over the history of the account.

City of Jacksonville Historical Program Exhibits						
Policy Year	Limit	Premium	T.I.V.	Rate	Paid Losses XS of $100k	Description
1995	$100,000,000	$2,409,438	$3,005,066,227	0.0802	$0	
1996	$100,000,000	$2,693,028	$3,174,405,719	0.0848	$0	
1997	$500,000,000	$2,415,055	$3,373,287,264	0.0716	$0	
1998	$500,000,000	$2,081,781	$2,699,296,475	0.0771	$0	
1999	$500,000,000	$1,597,038	$2,699,296,475	0.0592	$0	
2000	$100,000,000	$1,708,647	$2,844,127,666	0.0601	$0	
2001	$200,000,000	$2,283,484	$1,482,104,727	0.1541	$0	
2002	$200,000,000	$3,515,700	$1,366,628,661	0.2573	$0	
2003	$200,000,000	$3,688,771	$1,749,256,168	0.2109	$0	
2005	$300,000,000	$3,388,592	$1,937,377,855	0.1749	$0	
2006	$150,000,000	$4,992,338	$2,117,774,940	0.2357	$0	
2007	$200,000,000	$5,335,926	$2,339,008,928	0.2281	$0	
2008	$500,000,000	$5,877,420	$2,359,872,702	0.2491	$22,454,481	Microburst damaged cranes
2009	$480,000,000	$6,065,787	$2,095,715,561	0.2894	$0	
2010	$500,000,000	$5,699,074	$2,140,944,662	0.2662	$0	
2011	$500,000,000	$5,394,886	$2,160,587,013	0.2497	$0	
2012	$600,000,000	$6,207,078	$2,562,020,535	0.2423	$0	
2013	$400,000,000	$5,850,252	$2,778,365,919	0.2106	$97,694	Fire - Lightning
					$94,128	Water Damage
2014	$400,000,000	$5,587,921	$3,055,557,154	0.1829	$203,857	Electrical Fire
2015	$400,000,000	$4,341,250	$3,046,408,737	0.1425	$0	
2016	$400,000,000	$3,893,525	$3,081,027,915	0.1264	$0*	Hurricane Hermine *Estimated
					$5,000,000*	Hurricane Mathew *Estimated
2017	$400,000,000	$4,063,342	$3,123,309,883	0.1301	$5,500,000*	Hurricane Irma *Estimated
2018	$400,000,000	$4,671,923	$3,266,388,243	0.1430	$400,000	Fire
		$93,762,256			**$34,250,160**	

*Reserves as of Jan. 1, 2019

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Catastrophic Wind Modeling

We provide an RMS model annually to assist the City with risk management decisions. This model is only a tool that estimates the potential loss due to windstorm.

2019 Catastrophic Modeling Results - RMS Risk Browser version 18.0

- Ground UP = loss is the amount of loss sustained before deductions, underlying coverages and reinsurance are applied.
- According to RMS RiskBrowser, there is a 1.00% annual probability (a.k.a. the 100 year event) that a single hurricane event will cause losses that will exceed $20,452,473.

Exceedance Probability Analysis for Hurricane (Named Storm)

The tables below illustrate the probability of losses exceeding various amounts due to one event in a given year as described by the Occurrence Exceedance Probability (OEP) curve. Losses are shown as Ground Up (no deductible or layering contemplated). Deductible (loss to deductible layer), and Net of Deductible and Layering (takes deductible into account and isolates layer being analyzed). The Average Annual Loss (AAL) is also shown along with the variability of this amount (Standard Deviation) which is representative of the uncertainty in the magnitude of losses from an occurring event.

For a discussion of RMS methodology for modeling PMLs and AALs see page 7.

U.S. Hurricane (Named Storm) Key Return Period Losses - Wind and Storm Surge

Critical Probability	Return Period (years)	Ground Up Loss	Deductible Loss	Loss Net of Deductible and Layering
0.010%	10,000	362,581,909	25,000,000	348,055,914
0.020%	5,000	289,208,915	25,000,000	271,582,068
0.100%	1,000	147,735,062	25,000,000	124,061,012
0.200%	500	98,173,685	24,215,667	74,629,192
0.400%	250	56,999,269	18,082,058	36,405,242
1.000%	100	20,452,473	12,946,544	7,336,816
2.000%	50	7,205,985	7,432,380	880,490
4.000%	25	2,037,611	1,938,181	5,841
10.000%	10	33,587	10,008	9
20.000%	5	11	4	3
Average Annual Loss		953,548	393,463	560,085
Standard Deviation		10,264,436	2,214,331	8,863,082

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Insurance Premiums

PROGRAM RESULTS

Property Program Annual Comparison

	2016-2017	2017-2018	2018-2019	2019-2020	Variance	Variance %
Property Premium	$3,893,525.00	$4,063,342.02	$4,671,923.65	$4,830,589.00	$158,665.35	3.40%
Other Assessments	$791.00	$568.91	$570.00	$625.00	$55.00	9.65%
EMPA	$100.00	$104.00	$112.00	$116.00	$4.00	3.57%
Total Property	**$3,894,416.00**	**$4,064,014.93**	**$4,672,605.65**	**$4,831,330.00**	**$158,724.35**	**3.40%**
B&M	$49,283.00	$49,927.00	$37,223.00	$37,336.00	$113.00	0.30%
Fees & Assesments	$0.00	$0.00	$0.00	$0.00	$0.00	#DIV/0!
Total B&M	**$49,283.00**	**$49,927.00**	**$37,223.00**	**$37,336.00**	**$113.00**	**0.30%**
Terrorism	$153,450.00	$153,000.00	$111,867.00	$111,867.00	$0.00	0.00%
Fees & Assesments	$0.00	$0.00	$0.00	$0.00	$0.00	#DIV/0!
Total Terrorism	**$153,450.00**	**$153,000.00**	**$111,867.00**	**$111,867.00**	**$0.00**	**0.00%**
TOTAL	**$4,097,149.00**	**$4,266,941.93**	**$4,821,695.65**	**$4,980,533.00**	**$158,837.35**	**3.29%**

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2019 Insurance Program Highlights

Municipal Property Program:

- We were successful in continuing the terms and conditions as expiring:
  - Limits remain at $400 Million
  - Named Storm deductible remains at 5% applying separately to Building and Contents (P.I.T.O 5% of value of item damaged), subject to a minimum of $250,000 and maximum of $25,000,000 any one occurrence as per expiring.
- Hurricane Claims
  - There are several Hurricane claims still open.
  - There has been proposals made by the adjuster/carriers but not finalized with the City.
  - The London market includes a subjectivity that any upward changes in the current reserves for the open Hurricane claims may impact the renewal pricing.
- Market partnerships remain strong
  - Lexington chose not to continue on the program. They have non-renewed several accounts in the State of Florida based on their corporate results.
  - We have replaced Lexington with Everest who has offered capacity for each of the past three years. This placement is in the primary $100M layer, which is priced more aggressively than the primary $50M layer.
  - We have discussed options regarding the structure of the program and have included an alternative to the expiring.
- Layer Pricing
  - The primary layers involved in the losses have taken a premium increase of 7.5%.
  - The excess layers not involved in recent losses have a premium increase averaging 5%.
  - The overall premium increase for the property insurance as proposed is 3.4%.

Boiler and Machinery:

- We marketed this coverage and secured a significant rate reduction in 2018.
- The carrier has offered to continue the rate as expiring.
- Premium increase of 0.3% is in line with valuation updates.

Terrorism:

- We marketed this coverage last year and it is now placed through the London market.
- In moving the program in 2018, we significantly improved pricing and coverage terms for the City.
- The premium and terms for the renewal remain the same.

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CITY OF JACKSONVILLE

PROGRAM PROJECTED PARTICIPATION

TOTAL INSURED VALUES: $3,276,298,734

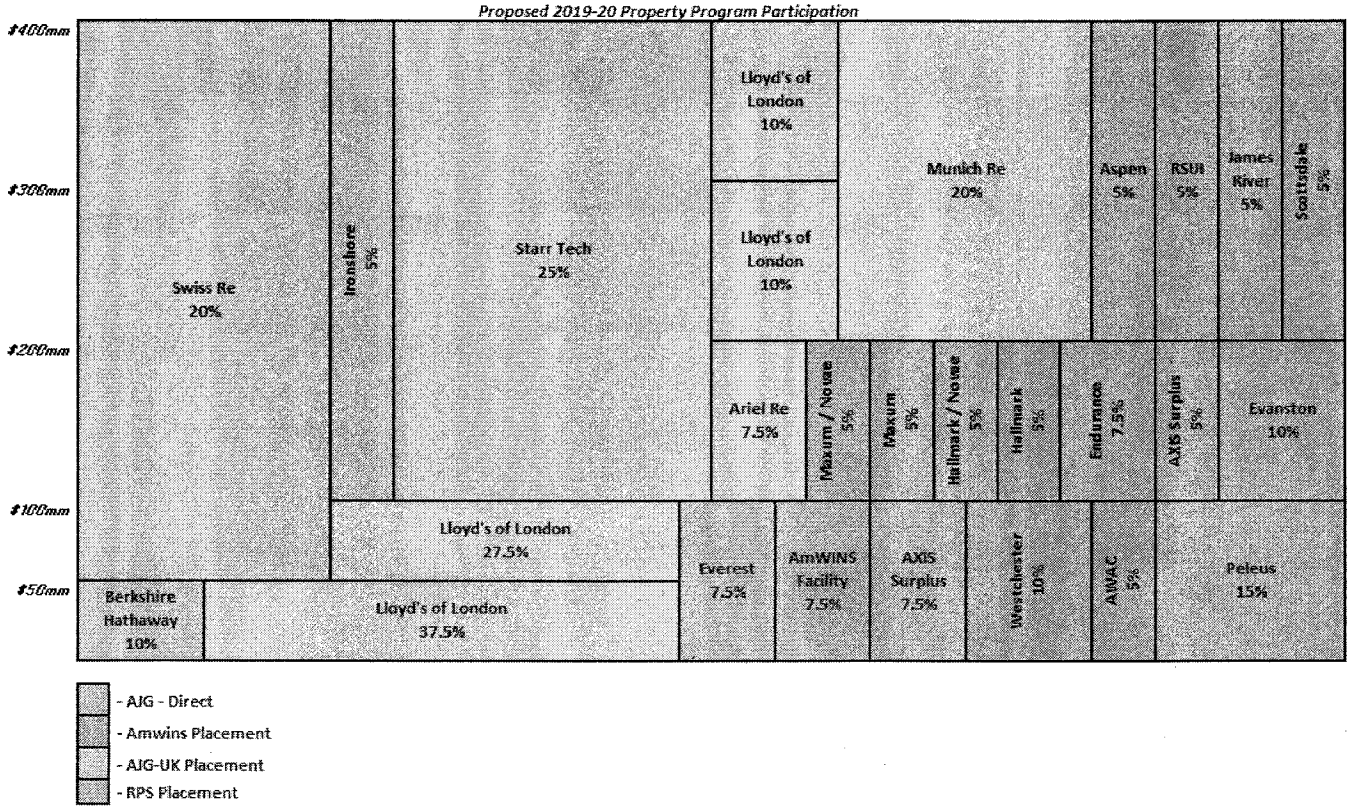
LOSS LIMIT:

$400,000,000 Per Occurrence

NAMED WINDSTORM DEDUCTIBLE:

5% subject to $250,000 Minimum and $25,000,000 Maximum

Proposed 2019-20 Property Program Participation



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Program Proposed 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 RMS Commission	AJG UK Commision	RPS Commission	Amwins Commission
Excess Property	Various	Direct	$1,140,247.50	10.00%	0.00%	10.00%	$114,024.75	$114,024.75			
Excess Property	Various	AJG UK	$1,649,766.26	4.00%	6.00%	10.00%	$164,976.63	$65,990.65	$98,985.98		
Excess Property	Various	AmWins	$1,806,200.00	5.00%	5.00%	10.00%	$180,620.00	$90,310.00			$90,310.00
Excess Property	Various	RPS	$234,375.00	5.00%	5.00%	10.00%	$23,437.50	$11,718.75		$11,718.75	
Boiler & Machinery	Travelers	RPS	$37,336.00	6.00%	4.00%	10.00%	$3,733.60	$2,240.16		$1,493.44	
Terrorism	Lloyds	AJG UK	$111,867.00	6.00%	4.00%	10.00%	$11,186.70	$6,712.02	$4,474.68		
						Total Commission	$497,979.18	$290,996.33	$103,460.66	$13,212.19	$90,310.00

Total Premium	AJG Commission	Intermediary Commission	Average Commission %
$4,979,791.76	$290,996.33	$206,982.85	10.00%

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Your Team

Judith A. Arenz has primary service responsibility for your company. Your Gallagher team is a true partner. We have the expertise to understand your business and we are here to service and stay alongside you, every step of the way. Your Service Team consists of:

Name/Title	Phone	Email	Role
Primary Service Team			
Judith A. Arenz, Area Senior Vice President	561.998.6780 C 561.719.2085	Judy_Arenz@ajg.com	Team Leader
Tony Abella Jr, Area Senior Vice President	305.639.3108 C 305.282.0100	Tony_abellajr@ajg.com	Catastrophic Property Specialist
Tom Gill Area Assistant Vice President	561.998-6812 C 561.866.0574	Tom_Gill@ajg.com	Account Executive
Agnes Polom Senior Account Manager	561-998.6799	Agnes_Polom@ajg.com	Service Manager
Elise Lewis Client Service Associate	561.998.6822	Elise_Lewis@ajg.com	Account Manager
Claims & Loss Control			
Andrea Tomasek Claims Advocate	561.998.6757	Andrea_Tomasek@ajg.com	Claims Advocate
Senior Resources			
Dave Marcus Area Chairman	561.998.6800	Dave_Marcus@ajg.com	Surplus Lines Broker
Zeb Holt Regional Executive Vice President – Florida	305.639.3113	Zeb_Holt@ajg.com	AJG Leadership
Wholesale Market Partners – Risk Placement Services (RPS)			
Vince Rossi Executive Director	London 44 020.7204.6000	Vince_rossi@ajg.com	London Broker
Susan Flemming Area Vice President	321.872.7632	Susan.flemming@amwins.com	Wholesale Broker
Rep Plasencia Area Senior Vice President	561.241.9757	Rep_Plasencia@rps.com	Wholesale Broker

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1927

$4.6B
Total Adjusted Brokerage & Risk Management Revenues (2017)

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Employees worldwide

700+
Offices in 33 countries

150+
Countries served

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Casualty	Equity Advisors	Risk Management
Commercial Surety & Bonds	Fine Arts	Trade Credit & Political Risk Insurance
Cyber Liability	Law Firms	
Entertainment	Management Liability	

Our Approach to Risk.

CORE360™ Gallagher's proprietary, comprehensive approach that considers 6 cost drivers of a client's risk management program.

16+ INDUSTRY PRACTICES

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Thank You for Your Business

We have enjoyed our partnership and we appreciate the continued time, support and confidence you have placed in us as your risk management team. This past year has been successful as evidenced by your scorecard. We look to continue this trend as our strategy for this upcoming renewal continues to focus on ways to improve this positive impact on your total cost of risk and profitability. Thank you

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Gallagher provides insurance and risk management advice that is tailored to our clients' risk transfer needs. Our review can include evaluation of insurance premium, risk transfer options, finance agreements, insurance limits, indemnification obligations, and contracts to ascertain appropriate coverage. We do emphasize that any risk management advice, insurance analysis, and limited review of contract terms and conditions, is only provided from an insurance/risk management perspective and is NOT legal advice. We do not provide legal advice and always recommend that our clients seek advice from legal counsel to become fully apprised of all legal implications from their business transactions.

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