



ADDENDUM I

BLOOMINGTON CITY COUNCIL AGENDA

AUGUST 11, 2014

ADDITION TO CONSENT AGENDA

- Item 7B. Bills and Payroll. (Recommend that the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.) *City Council Memorandum and attachment.*
- Item 7C. Waive the Formal Bid Process and Contract with AECOM, Inc. to Retrofit Two (2) Filters at the Water Treatment Plant. Recommend that the formal bid process be waived, the agreement with AECOM, Inc. Chicago, IL be approved, the Mayor and City Clerk be authorized to execute the necessary documents and the Resolution adopted. *Copy of Agreement.*
- Item 7M. Request for Proposal (RFP) for Employee/Retiree Benefit Consulting and Broker Services and Agreement with Gallagher Benefit Services, a subsidiary of Arthur J. Gallagher & Co., in the amount of \$45,000 in FY 2015. (Recommend that the RFP for Employee/Retiree Benefit Consulting and Broker Services be awarded to Gallagher Benefit Services, a subsidiary of Arthur J. Gallagher & Co., in the amount of \$45,000 in FY 2015, the agreement be approved, the Mayor and City Clerk be authorized to execute the necessary documents and any associated contracts approved in form and substance by the Corporation Counsel.)



FOR COUNCIL: August 11, 2014

SUBJECT: Bills and Payroll

RECOMMENDATION/MOTION: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1d. City services delivered in the most cost-effective, efficient manner.

FINANCIAL IMPACT: Total disbursements to be approved \$4,110,569.10 (Payroll total \$2,359,833.22, and Accounts Payable total \$1,750,735.88).

Respectfully submitted for Council consideration.

Prepared by: Patti-Lynn Silva, Director of Finance

Recommended by:

David A. Hales
City Manager

(ON FILE IN CLERK'S OFFICE)

Attachment: Attachment 1. Bills and Payroll on file in the Clerk's office. Also available at www.cityblm.org.
Attachment 2. Summary Sheet Bills and Payroll Report

Motion: That the bills and payroll be allowed and orders drawn on the Treasurer for the various amounts as funds are available.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Painter			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman Lower				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Renner			

CITY OF BLOOMINGTON FINANCE REPORT

Council of August 11, 2014

<u>PAYROLL</u>	Gross Pay	Employer Contribution	Totals
Date			
8/1/2014	\$ 269,762.99	\$ 81,911.45	\$ 351,674.44
8/7/2014	\$ 1,302,052.64	\$ 321,433.40	\$ 1,623,486.04
8/8/2014	\$ 259,812.05	\$ 80,095.02	\$ 339,907.07
7/24/2014-8/1/2014	\$ 36,537.70	\$ 8,227.97	\$ 44,765.67
Off Cycle Adjustments			
	PAYROLL GRAND TOTAL		\$ 2,359,833.22

<u>ACCOUNTS PAYABLE</u>	Bank	Total	<u>PCARD</u>
Date			
8/11/2014	AP General	\$ 1,653,587.30	
	AP BCPA		
7/14/2014	AP Comm Devel	\$ 17,698.20	
	AP IHDA	\$ 1,954.02	
7/14/2014	AP Library	\$ 54,218.50	
	AP MFT	\$ 14,865.54	
8/5/2014-8/8/2014	Off Cycle Check Runs	\$ 8,412.32	
	AP GRAND TOTAL	\$ 1,750,735.88	
			PCARD GRAND TOTAL
			WIRE GRAND TOTAL
			\$ 4,110,569.10

TOTAL **\$ 4,110,569.10**

Respectfully,

Patti-Lynn Silva
Director of Finance



AECOM
303 East Wacker Drive
Suite 1400
Chicago, IL 60601
www.aecom.com

312 373 7700 tel
312 373 6800 fax

July 11, 2014

Mr. Rick Twait
Superintendent of Water Purification
City of Bloomington Water Treatment Plant
25515 Waterside Way
Hudson, IL 61748

Reference: City of Bloomington, Illinois
Water Treatment Plant
Filter Nos. 14 and 15 – Emergency Procurement

Dear Mr. Twait:

This letter constitutes the proposal of AECOM Technical Services, Inc. (“AECOM”) to perform certain services as an independent consultant for the City of Bloomington, Illinois (hereinafter “Client”). Per your request, AECOM is presenting this Proposal for the subject project.

Scope of Services:

Background

In early May 2012, plant personnel observed a perceived failure in the underdrain of cell 15A in Filter No. 15 of the 1987 filter plant at the City of Bloomington Water Treatment Plant.

The work to prepare plans and specifications for the repair of Filter No. 15 was under contract when City personnel discovered another possible failure in the underdrain of Filter No. 14. AECOM was asked to negotiate an emergency procurement contract with the filter underdrain manufacturer.

Our anticipated involvement is as follows:

- | | |
|--|------------------|
| • Preparation and meeting to be held between the Contractor, underdrain manufacturer and the City | \$ 3,400 |
| • Prepare preliminary contract documents for execution by the Contractor | \$ 9,740 |
| • Preparation and meeting to be held between the Contractor, underdrain manufacturer and the City to review the preliminary contract | \$ 3,400 |
| • Make the necessary changes to the contract after the second meeting | \$ 3,400 |
| • Negotiations between Contractor, underdrain manufacturer and the City | \$ <u>3,400</u> |
| Sub-total | \$ 23,340 |
| • Construction Services (8 hours/week x 12 weeks) | \$ <u>20,160</u> |
| Total | \$ 43,500 |
| • Current Contract | \$ 24,500 |
| • Monies Used to Date | \$ <u>-5,500</u> |
| • Remaining Funds | \$ 19,000 |



Mr. Rick Twait
July 11, 2014
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- Additional Funds Required \$ 43,500
\$ -19,000
\$ 24,500

As discussed, this is just an estimate as we do not know the exact extent of our involvement especially during the construction phase.

We propose to perform these engineering services for a fee equal to two and thirty-five hundredths (2.35) times the "salary costs of engineering and technical personnel" expended in performing the work, the term "salary costs of engineering and technical personnel" shall mean the actual wages paid to these members of staff who are classified as officers, engineers, technicians, draftsman and field party personnel and who perform services under this Agreement plus employees' benefits, which include state and federal taxes, social security, employment and retirement benefits as defined in the American Society of Civil Engineers (ASME) Manual No. 45.

Our fee will not exceed \$24,500.00 without further authorization.

AECOM shall be an independent contractor for purposes of the Scope of Work set forth above. AECOM shall be entitled to rely upon any documentation and materials provided to AECOM by "The City of Bloomington, Illinois" in performing the Scope of Work. It is understood that no one, other than the Client, is entitled to rely (subject to the limitations set forth herein) upon the documents provided by AECOM in accordance with this agreement.

AECOM shall provide you with an invoice each month and shall be paid for each invoice within forty-five (45) days. Past due amounts will accrue interest at the rate of 1 1/2% per month on the unpaid balance or the maximum amount allowed by law.

For your convenience, we have structured this proposal as a letter agreement. This will allow us to begin our services promptly.

AECOM is and shall remain covered by general liability insurance for bodily injury and property damage arising directly from its negligent acts or omissions, with limits which AECOM considers reasonable, but in no case less than \$1,000,000.00 per occurrence. Certificates of insurance shall be provided to Client upon request in writing. Client shall be named as an additional insured on such policy and AECOM shall provide a certificate evidencing such coverage prior to the commencement of work under this Agreement. AECOM shall not be responsible for any loss, damage or liability beyond the amounts, limits and conditions of such insurance, as stated below. AECOM shall not be responsible for any loss, damage or liability arising from any act or omission by AECOM, its agents, staff, other consultants, independent contractors, third parties or others working on the Project over which AECOM has no supervision or control.

Mr. Rick Twait
July 11, 2014
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The Client agrees to limit its remedies against AECOM arising from AECOM's professional acts, errors or omissions, in any action based on strict liability, breach of contract, negligence or any other cause of action, such that the total aggregate amount of the Client's damages from AECOM shall not exceed the limits of AECOM's general liability insurance required under this Agreement, which is \$1,000,000.00. This limitation pertains to AECOM and to its subcontractors and subconsultants, and applies as a single aggregate amount to all work performed under the Agreement, including all work performed under an amendment or modification. AECOM will perform all obligations under this Agreement in accordance with the common industry standards applied by similar service providers operating in the same locale on projects of the same or similar scope.

AECOM makes no warranties either express or implied, and shall not be responsible for the removal or remediation of any environmental contaminants or hazardous materials that may be found at the property. Notwithstanding any other provision of this proposal, in no event shall either party be liable to the other, for loss of use, loss of profits, loss of investment or business interruption, or for any other indirect and consequential damages. Further, AECOM shall not be responsible for the means, methods or procedures of any other contractor or subcontractor, nor shall AECOM be responsible for the safety of any individuals other than its own employees. The limitations of liability expressed in this paragraph shall apply whether arising in contract, tort (including negligence and strict liability) or strict liability.

You may terminate the services upon written notice to us. Upon termination of the services, you will be obligated to pay AECOM only that portion of the fixed price equal to the costs incurred for the services performed to the date of termination, provided that the same shall in no event be less than the fair value of the services completed in relation to the total fixed price, and neither party shall have any further liability to the other.

This letter, including those attachments specifically referenced in this letter, sets forth the full and complete proposal of AECOM and it sets forth the full and complete agreement of the parties with respect to the Services to be provided hereunder, and it supersedes any and all proposals, agreements and representations made or dated prior thereto. Modifications or amendments to this agreement must be in writing and executed by a duly authorized representative of each party. This agreement is for the exclusive benefit of you and AECOM and not for the benefit of any third party.

Mr. Rick Twait
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If this proposal is acceptable to you, please have two copies of this letter signed by an authorized representative in the space provided below, indicating your agreement with the terms and conditions of this letter, and return one of them to me.

Very truly yours,

AECOM TECHNICAL SERVICES, INC.



Michael H. Winegard, P. E.
Vice President

AGREED AND ACCEPTED

BY: _____

TITLE: _____

DATE: _____



FOR COUNCIL: August 11, 2014

SUBJECT: Request for Proposal (RFP) for Employee/Retiree Benefit Consulting and Broker Services and Agreement with Gallagher Benefit Services, a subsidiary of Arthur J. Gallagher & Co., in the amount of \$45,000 in FY 2015

RECOMMENDATION/MOTION: That the RFP for Employee/Retiree Benefit Consulting and Broker Services be awarded to Gallagher Benefit Services, a subsidiary of Arthur J. Gallagher & Co., (Gallagher), in the amount of \$45,000 in FY 2015, the agreement be approved, the Mayor and City Clerk be authorized to execute the necessary documents and any associated contracts approved in form and substance by the Corporation Counsel.

STRATEGIC PLAN LINK: Goal 1. Financially sound City providing quality basic services.

STRATEGIC PLAN SIGNIFICANCE: Objective 1e. Partnering with others for the most cost-effective service delivery.

BACKGROUND: In releasing an RFP for Employee/Retiree Benefit Consulting Services, staff was seeking to bring to bear additional resources to meet the needs of the City in strategic planning, broad based benchmarking, vendor management, regulatory compliance, employee communication and financial reporting for its employee/retiree benefits. There is a need for a strong partner in many areas including developing long term cost projections in light of the Affordable Care Act, (ACA), and overall budgetary concerns; the City's ongoing need for benchmarking, planning and the employee communications related to collective bargaining; assisting with carrier negotiations; and moving overall benefit administration procedures towards best practices and greater efficiency. Staff is recommending Gallagher as their proposal was unique among those received in their stated ability to provide breadth, depth and expertise in these services.

Proposers were required to submit three (3) references and Gallagher's were Champaign County, the City of Evanston and the Village of Schaumburg. Each reference had high praise for Gallagher's advice, customer service; track record of successfully engaging with insurance committees and collective bargaining units, their ability to assist with strategic benefit planning and design, for their modeling and projecting of costs and their reporting capabilities. While focused on the public sector, Gallagher draws on local and national private and public sector survey data and other information when working with clients in formulating short and long term benefit strategies.

Gallagher presented themselves as unique among the proposers in several ways. They were the only firm to describe their capability of offering multilingual employee communications options. Gallagher's policy is to provide "complete disclosure of all forms of compensation" and they prefer to work on a flat fee basis because they are committed to being a full advocate for their client. Gallagher routinely provides performance guarantees and proposed putting ten percent

(10%) of their annual fee at risk based on the City's "subjective and/or objective evaluation" of their performance. They were also the only firm to say that they would negotiate a performance guarantee with every benefit vendor.

Gallagher has broad experience with municipal government benefit plans and their proposal demonstrated a deep understanding of the Illinois public sector, public sector benefits and the financial situation in which most Illinois public sector entities find themselves. They have 740 public sector clients in the Midwest with over 100 in Illinois. They position themselves as very actively engaged with their clients taking a strategic and integrated approach to benefit plan design and offering a wide scope of resources included in their pricing. While all the responders can provide the City with a wealth of benefit information, Gallagher proposes to actively assist the City in guiding it toward best practices. This assistance would include review and evaluation of benefit plan documents, contracts, employee summaries and legal compliance procedures for COBRA and HIPAA.

The internal resources at Gallagher include underwriting teams, analytical teams and actuaries who can take "a strategic and holistic view of the City's unique situation". The City would be provided with projections based on in depth benefit knowledge and the most detailed data available to assist in planning, budgeting, and with Gallagher's guidance, developing strategies to better control costs. For example, they can use the City's demographic and plan data to model the impact of the ACA's future impact on the City. Above and beyond the assigned service team members, Gallagher's legal, wellness, employee communication and pharmacy experts comprise a team whose proposed services far surpass those described in the other proposals, several of which quoted additional pricing for such services, (if such services were even available).

An RFP was issued for high level Employee/Retiree Benefit Consulting and Broker Services and a follow-up addendum was released in response to questions. The aim was to identify a firm with expertise in the Illinois municipal benefit environment which also understands and benchmarks to the private sector; actively partners with and can assist the City in developing and meeting its benefit related strategic goals and provide expert benefit advice; help ensure compliance with a myriad of benefit related state and federal regulations and can serve as an extension to the City's Human Resources Department for benefit related work such as vendor management, employee communications and cost projections.

It is intended that the firm to which this contract is awarded would immediately, (September 1, 2014), be responsible for reviewing and advising the City on its benefit offerings. Gallagher's fee as cited below represents less than one percent (1%) of the total cost of employee benefits to which this contract applies. Gallagher will be expected to provide broker services for over \$7 million of the City's total benefit expenses, (PPO excluding Rx, HMO, dental and group health), with the potential to become the broker of record for approximately an additional \$1.5 million of existing benefits programs, (Rx for PPO, vision, flexible spending and voluntary life insurance), when the current vendors and contracts are reevaluated.

Six (6) responses to the RFP were received. These came from Gallagher; Benefit Planning Associates; Clemens Insurance; CBIZ Benefits and Insurance Services; Holmes Murphy; and R.W. Troxel & Company. Three (3) staff members, one (1) from Finance and two (2) from

Human Resources reviewed the RFP which were evaluated on cost, price transparency and scope. Responses were evaluated on company structure and philosophy; service team breadth, experience and expertise; references and experience with municipal benefits in Illinois; availability and quality of client support services; ability to provide in depth assistance with benefit financial planning and cost containment; the intended approach to new client implementation; the overall ability to provide breadth, depth and expertise of consulting services and available resources to do so; and the firm’s approach to providing administrative support services.

The RFP and addendum stated that the City preferred a flat fee structure for independence and full transparency. Pricing was requested for September 1, 2014 through April 30, 2015 to put the contract on a fiscal year basis and then allowed for pricing subsequent years. The respondents were asked to propose a performance guarantee putting some of their commission and/or fees at risk based on the City’s subjective and/or objective evaluation of their performance. The table below summarizes the pricing responses:

Firm	9/1/14 – 4/30/15 Flat Fee	Subsequent Yrs. Flat Fee	Pricing Structure	At Risk Amount Proposed Under Performance Guarantee
A.J. Gallagher	\$45,000	\$70,000 then \$49,000-\$78,000 (Annual marketing initiatives may not need to be done every year).	Full Transparency. Accept Additional Comp only with City’s Approval	10% of fee
Benefit Planning Assoc.	\$18,000	\$18,000 up to 4/30/19	Accept commissions and contingency payments (est. \$36.5K/yr)	Would develop.
Clemens Insurance	\$19,500	\$32,000 ongoing	Flat Fee as of 1/1/15 and contingent compensation	“If we fail to meet a monthly goal such as a meeting ...that month’s fee at risk”.
CBIZ	\$45,328	\$67,992	Full Transparency. Will accept Add’l Comp. More info on request.	To be agreed upon. “...might put 10% of fees” at risk.
Holmes Murphy	\$24,000	\$36,000	Contingency payments, current commissions	None specified; 60 day term of contract without cause.
R.W. Troxel & Co.	\$30,000	\$40,000	None additional from carrier commissions.	60 day term of contract without cause.

Based on all of the above, staff respectfully recommends Gallagher for its Employee/Retiree Benefit Consulting and Broker Services.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: City Procurement Manager and Finance Director. Public notice of the RFP was placed in The Pantagraph on June 26, 2014 and on the City’s website from June 26th to July 17th. Twenty (20) firms requested the RFP packet. Six (6) RFP responses were received by or on the deadline of July 17, 2014.

FINANCIAL IMPACT: Funding of \$45,000 for Employee/Retiree Benefit Consulting and Broker Services Agreement with Gallagher for FY 2015 will be charged to Employee Insurance & Health – Other Professional & Technical Services (60200210-70220) for \$39,150 and Retiree Health Insurance – Other Professional & Technical Services (60280210-70220) for \$5,850. During the FY 2016 Budget Process, the subsequent year charge of \$70,000 will be requested.

Respectfully submitted for Council consideration.

Prepared by: Laurie Wollrab, Compensation and Benefit Manager

Reviewed by: Emily Bell, Director of Human Resources

Financial & budgetary review by: Carla A. Murillo, Budget Manager
Patti-Lynn Silva, Director of Finance

Legal review by: Angela Fyans-Jimenez, Deputy Corporation Counsel

Recommended by:



David A. Hales
City Manager

Attachments: Attachment 1. A.J. Gallagher Proposal Section Excerpt – Public Entity Presence
Attachment 2. Agreement

Motion: That the RFP for Employee/Retiree Benefit Consulting and Broker Services be awarded to Gallagher Benefit Services, a subsidiary of Arthur J. Gallagher & Co., in the amount of \$45,000, the agreement be approved, the Mayor and City Clerk be authorized to execute the necessary documents and any associated contracts approved in form and substance by the Corporation Counsel.

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Black				Alderman Painter			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman Lower				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Renner			



How can you give public sector employees the benefits they deserve on a budget you can afford? It's all about alignment. By bringing strategic thinking to your compensation and benefits, you can make sure that healthcare reform legislation, collective bargaining agreements and other complex issues are aligned with your organization's goals. Some think of it as a delicate balancing act. For us, it's business as usual.



Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™



We create **custom solutions** for:

Public Entities

- States
- Counties
- Cities
- Government Employers

Schools and School Districts

- K-12 Public
- Special Education Districts

With GBS, you will get a responsible, powerful partner.

GBS has developed strong, professional working relationships with insurance carriers, which means better service to our clients. We also offer attractive pooling opportunities that assist employers in stabilizing their risks and create potential savings.

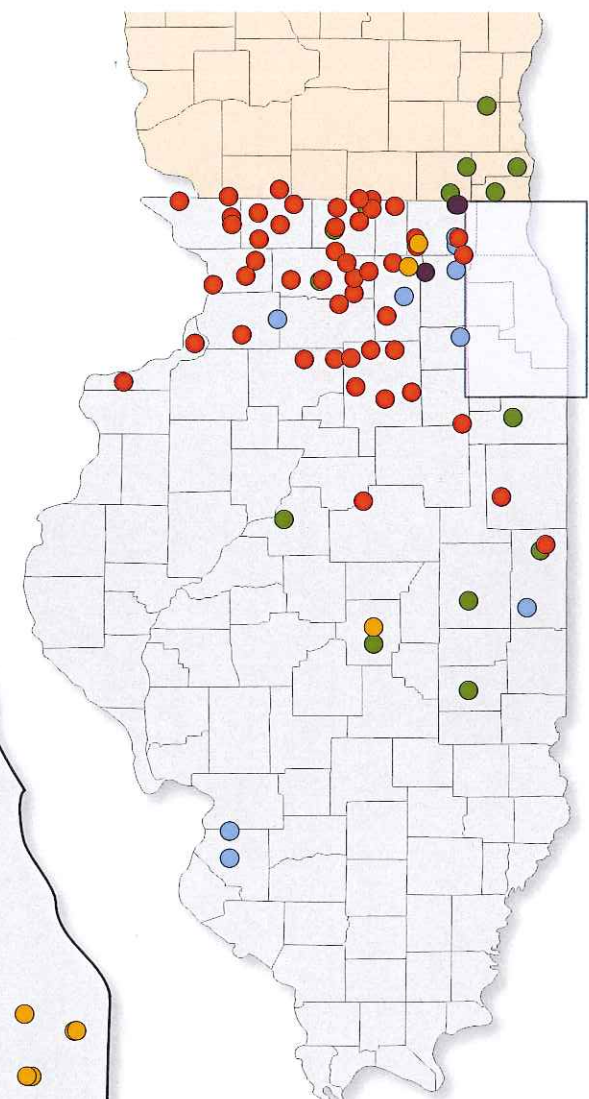
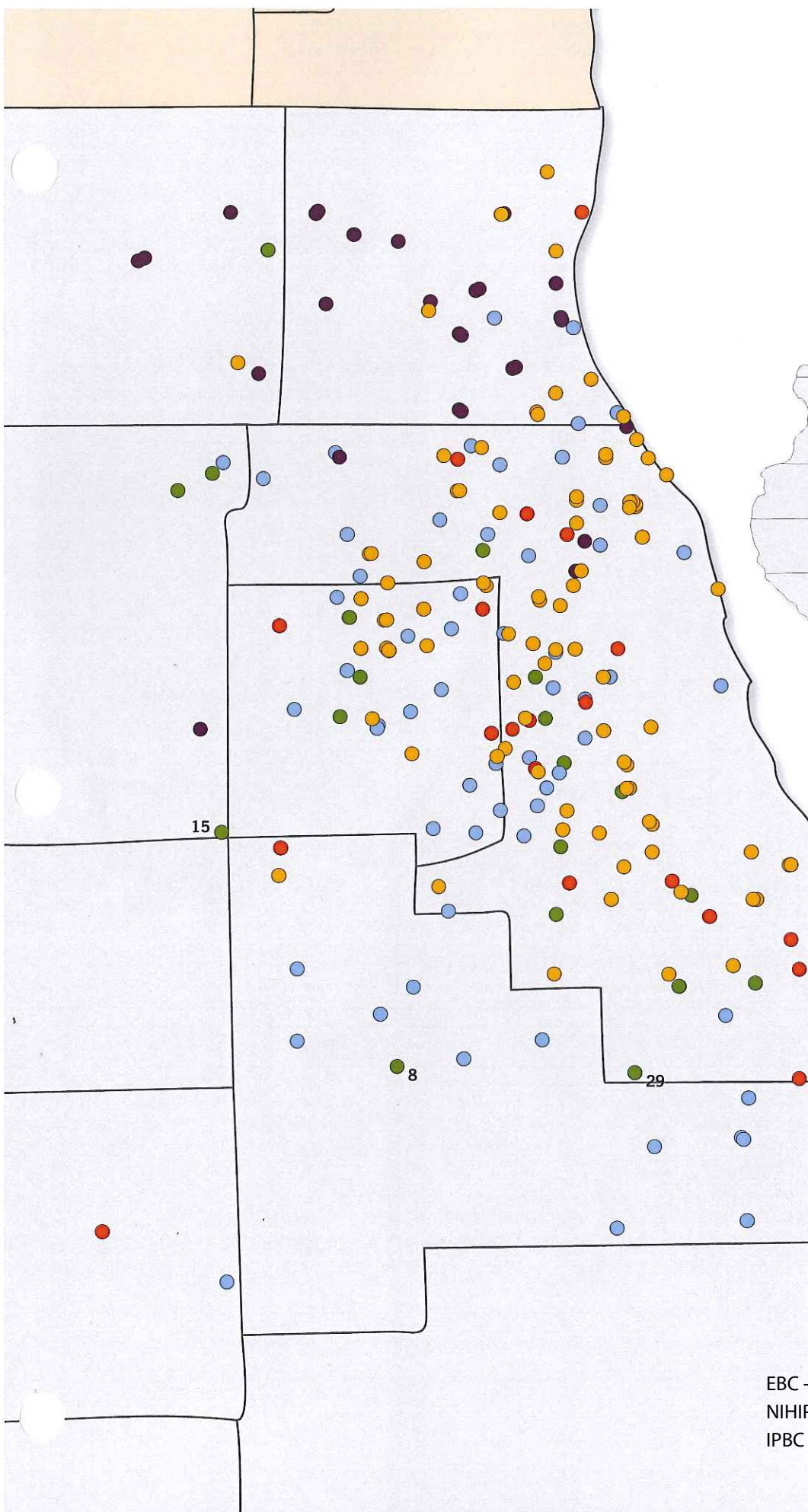
GBS advisors have extensive experience with every component of employee benefit programs. Acting as an advocate on behalf of your finance and human resources staff, we will help you keep your benefits competitive so you can recruit and retain well-qualified employees.

Choose the advisor who does not just promise quality. GBS delivers.

We work hard to earn and retain the trust and respect of every client. GBS provides:

- Annual service plans to identify goals and objectives, routine meetings to assess progress, and a year-end synopsis of each consulting cycle.
- A benefit plan review program to help you avoid potential issues with your health and welfare documents, including HR policy manuals, insurance contracts, and employee communications.
- Benchmarking services to compare your benefits program with similar organizations.
- Healthcare Reform support to navigate the financial and administrative impacts on your benefit program.
- Regulatory compliance specialists who monitor legislation and inform you changes affecting your programs, verify that your plans conform to state and federal regulations, and provide pertinent bulletins and alerts.
- Day-to-day support with carrier claim issues, eligibility and billing issues, and other administrative concerns.
- An opportunity at the end of the year for you to grade our efforts so we can continually improve our service and meet your needs.

The GBS culture is built on integrity. Our internal operating standards ensure quality and responsiveness to each client's specific needs. When you partner with GBS, you can focus on your own core activities. For public entities, that means striking a balance between protecting employees and serving the public in a fiscally responsible manner. For schools, that means taking care of students while managing risk and offering competitive and appreciated employee benefits.



Scholastic

- EBC
- NIHIP
- Stand Alone – Scholastic

Municipal

- IPBC
- Stand Alone – Municipal

As of 02/19/14

EBC - Educational Benefit Co-op
 NIHIP - Northern IL Health Insurance Program
 IPBC - Intergovernmental Personnel Benefit Co-op.

EMPLOYEE BENEFITS CONSULTING AND BROKER SERVICES AGREEMENT

This Employee Benefits Consulting and Broker Services Agreement (this “Agreement”) is made by and between Gallagher Benefit Services (“Gallagher”) and the City of Bloomington, Illinois (the “Client”).

The Client wishes to enter into an employee benefits consulting and broker services relationship with Gallagher on the terms and conditions set forth in this Agreement, and Gallagher is willing to enter into such relationship on such terms and conditions.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Client and Gallagher agree as follows:

1. Engagement

The Client engages Gallagher to provide the employee benefits consulting and brokerage services described in this Agreement and Gallagher accepts this engagement. During the time that Gallagher is performing services for the Client under this Agreement, and for all purposes outlined in this document, Gallagher’s status will be that of an independent contractor of the Client.

2. Consulting Term and Termination

The term of this Agreement (the “Consulting Term”) will begin on September 1, 2014 and end on April 30, 2015. The Consulting Term will renew automatically on May 1, 2015 and end on April 30, 2017. Further renewal of the Consulting Term is permitted to the extent mutually agreed upon by the parties. Either party may terminate this Agreement by giving the other party at least thirty (30) days written notice of its intent to terminate, and such termination shall take effect at the end of the notice period (or on such other date as may be mutually agreed upon by the parties). If Gallagher materially breaches the Agreement, the Client may, at its option, terminate the Agreement by providing written notice of the termination to Gallagher. In the event of any termination, Gallagher shall continue to provide services and be paid on a pro rata basis for services rendered through the date preceding the termination date of this Agreement.

3. Services

Gallagher will provide employee benefits consulting and brokerage services to the Client and consult with the Client’s employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. Gallagher will perform other services as the Client and Gallagher mutually agree in writing.

4. Compensation

Gallagher will be compensated by the Client for its services in such manner and amount as may be agreed to by Gallagher and the Client and set forth in Exhibit B attached to this Agreement and incorporated herein.

5. *Performance and Scope*

(a) Gallagher Not a Fiduciary Under ERISA. To the extent that one or more of the Client's employee benefit plans are subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) Gallagher's services under this Agreement are not intended in any way to impose on Gallagher or any of its affiliates a fiduciary status under the ERISA; and

(ii) this Agreement does not provide Gallagher, and the Client will not cause or permit Gallagher to assume, without prior written consent of Gallagher, any:

(A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),

(B) authority or control respecting management or disposition of the assets of any ERISA Plan, or

(C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) Standard of Care. Gallagher will perform the services under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims (the "Standard of Care").

(c) Reliance. In the performance of its duties, Gallagher may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to Gallagher by the Client or its designated representatives, if Gallagher reasonably believes such written instructions or information to be genuine and authorized by the Client.

(d) No Practice of Law. Gallagher will not be obligated to perform, and the Client will not request performance of, any services which may constitute unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of Gallagher under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including, to the extent applicable, ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(e) Subcontractors. Gallagher may select another person or entity, as a subcontractor of Gallagher, to provide certain services required to be performed by Gallagher hereunder; provided, that Gallagher shall remain responsible for all acts and omissions of any such subcontractors (each of which shall be bound by Gallagher's obligations under this Agreement). Gallagher shall obtain prior written approval from Client before any subcontractors provide substantive consulting, brokerage, professional or managerial services to the Client on behalf of Gallagher. Gallagher may select subcontractors to provide clerical, office, secretarial, IT back-up, administrative or similar support services, if Gallagher provides prior written notice of the use of such subcontractors to the Client.

(f) Conflict of Interest. Gallagher's engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. Gallagher will, nevertheless, operate in accordance with the Standard of Care to prevent any actions or conditions which could result in a conflict with Client's best interest.

(g) Client Representations and Agreements. In connection with Gallagher's services under this Agreement, Client represents and agrees that:

(i) Gallagher will, in accordance with the Standard of Care, recommend and assist in securing insurance coverage for the Client's employee benefit plans through insurance companies that it believes are best suited to insure the Client's various risks; however, Gallagher cannot provide any guarantee as to the risk, performance, financial solvency or security of such insurance companies.

(ii) To its knowledge, compensation of the type described in Section 4 and Exhibit B does not constitute a conflict of interest, and the Client expressly waives any claims alleging any such conflict of interest to the extent permitted by law; for the avoidance of doubt, the parties agree that this representation does not apply if Gallagher is paid under a flat-rate fee structure.

(iii) Although the Client will rely on Gallagher to make prudent recommendations regarding the selection of insurance companies for its employee benefit plans and will select insurance companies based on Gallagher's recommendations, the final decision to choose any insurance company shall be made by the Client in its sole and absolute discretion.

(iv) The compensation payable to Gallagher is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Client is responsible for payment of Gallagher's fees (if applicable) and payment of premiums for all insurance placed by Gallagher on Client's behalf. Unless otherwise mutually agreed upon by the parties, if any amount is not paid in full when due (including premium payments to insurance companies) after written notice of such nonpayment has been provided to the Client, any unpaid amount that is not cured within 15 business days will constitute a material breach of this Agreement, and, in such case, Gallagher may terminate this Agreement, at its option, by providing written notice of the termination to the Client. Any related cancellation of applicable insurance policies shall be effected in accordance with the terms of such policies.

(vi) The Illinois Government Purchasing Act shall not apply to the services performed by Gallagher in connection with this Agreement.

(h) Gallagher Representations and Agreements. In connection with Gallagher's performance of services under this Agreement, Gallagher represents and agrees that:

(i) The proposal submitted by Gallagher to the Client in response to the Request for Proposal for Benefit Consultant / Broker Services for the City of Bloomington ("RFP No. 2015-20") and the terms and conditions contained in RFP 2015-20 (each attached hereto as Exhibit C), unless otherwise modified by the terms of this Agreement, are incorporated by reference into this Agreement.

(ii) It is and shall remain in compliance with the sections and/or subsections of Chapters 16 and 22.2 of the Code of the City of Bloomington, Illinois, as amended from time to time, that apply to it.

(iii) It has the requisite right, power and authority to execute and deliver this Agreement and perform its obligations hereunder, and the execution and delivery of this Agreement by it and the performance by it of its obligations hereunder do not violate any statute, rule or regulation, or any order or ruling, of any court or other tribunal of any Federal or State government (or any political subdivision or instrumentality thereof) and do not conflict with or result in any breach or violation of any material provision of any agreement, undertaking, instrument, order or ruling by which it is bound.

(iv) It has obtained or performed all acts, registrations, licenses, filings, approvals, authorizations, consents or examinations necessary to comply with the requirements of any government or governmental authority for the performance of the services contemplated by this Agreement.

(v) It shall maintain, for a minimum of five (5) years after the termination of this Agreement, adequate books, records and supporting documents to verify the services provided in connection with this Agreement and the compensation, fees or premiums received in connection with this Agreement.

(vi) This Agreement constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms.

(vii) In the event an insurance company cancels or refuses to renew insurance coverage for the Client's employee benefit plans, or Gallagher expects that cancellation or nonrenewal is likely to occur, Gallagher will provide prompt written notice of such determination to the Client, and shall recommend and use best efforts to secure substantially similar replacement coverage from another insurance company prior to termination of the existing insurance coverage.

(viii) True and correct certificates of insurance evidencing its general, professional, errors and omissions and cyber liability policies have been delivered to the Client; such insurance policies include the Client as an additional insured; such insurance policies provide the appropriate amount of coverage protection for the type of services contemplated hereunder; and such insurance coverage shall be maintained until this Agreement is terminated.

(ix) It shall maintain such other insurance coverage for its employees and subcontractors as may be required by applicable law.

(x) It shall notify the Client promptly in writing upon becoming aware of any changes with respect to the representations and agreements set forth in this Section 5(h) or any circumstances that may reasonably be expected to result in such changes. Additionally, Gallagher shall provide prompt written notice to the Client regarding the following events:

a. A material adverse change to Gallagher's financial condition or status that could reasonably be expected to cause it to be unable to perform services under the Agreement;

b. Gallagher becoming insolvent, filing a petition in bankruptcy (following any stay), becoming a party to an involuntary bankruptcy proceeding, or making an assignment for the benefit of creditors;

c. Any violation of or incidence of non-compliance with this Agreement;

d. A material change in personnel on the team performing services for the Client;

e. Any significant legal actions instituted against it, or its officers, directors or senior executives or any other person performing similar functions that could reasonably be expected to affect or relate to the services performed under the Agreement, or against its employees, to the extent such actions are related to allegations of fraud or dishonesty in connection with the performance of services under the Agreement;

f. Any non-routine investigations, examinations or other proceedings commenced against and concerning it by any governmental or regulatory agency that could reasonably be expected to affect or relate to the services performed under the Agreement; and

g. Any cancellation of or adverse change to its insurance coverage that results in a failure to meet the minimum insurance requirements set forth under this Agreement in Section 5(h)(viii) and (ix).

6. Confidentiality

(a) Client Information. Gallagher recognizes that certain confidential information may be furnished by the Client to Gallagher in connection with its services pursuant to this Agreement (“Confidential Information”). Gallagher agrees that it will disclose Confidential Information only to those who, in Gallagher’s reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of Gallagher prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by Gallagher, or (iii) is or can be independently acquired or developed by Gallagher without violating any of its obligations under this Agreement. However, disclosure by Gallagher of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. Gallagher and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Client, as a representative of its health plans and Gallagher will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party’s prior consent.

7. *Indemnification Rights and Limitation of Liability*

(a) Indemnification. Gallagher will promptly defend, indemnify and hold the Client and its officers, agents, employees and servants (the “Client Parties”) harmless from and against any and all claims, suits, actions, liabilities, losses, expenses or damages which the Client Parties may incur as a result of Gallagher’s (or Gallagher’s officers’, agents’, employees’, or subcontractors’) negligence, bad faith, willful misconduct, violation of applicable law, or material breach of this Agreement, including the Standard of Care.

(b) Limitation of Liability. Notwithstanding any other term or provision of this Agreement, Gallagher shall not be liable for any indirect, consequential or punitive damages to the extent permitted by applicable law. Furthermore, Gallagher’s aggregate liability under this Agreement, if any, to the Client Parties for claims, suits, actions, liabilities, losses, expenses or damages shall not exceed \$20,000,000. This provision applies to the fullest extent permitted by applicable law.

8. *Notices*

Any notices, requests and other communications pursuant to this Agreement will be in writing and will be deemed to have been duly given upon receipt, if delivered in person or by courier or sent by express, registered or certified mail, postage prepaid, addressed as follows:

If to the Client: City of Bloomington
Attention: Compensation and Benefit Manager – Human
Resources
109 E. Olive Street, P. O. Box 3157
Bloomington, IL 61702-3157

If to Gallagher: Gallagher Benefit Services
Attention: William F. Ziebell
2 Pierce Place
Itasca, IL 60143-3141

Either party may, by written notice to the other, change the address to which notices to such party are to be delivered or mailed.

9. *Miscellaneous*

(a) Severability. The various provisions and subprovisions of this Agreement are severable and if any provision or subprovision or part thereof is held to be unenforceable by any court of competent jurisdiction, then such enforceability will not affect the validity or enforceability of the remaining provisions or subprovisions or parts thereof in this Agreement.

(b) Entire Agreement; Amendment. This Agreement, including all exhibits hereto, constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether oral or written, between the parties regarding the subject matter hereof. Except for changes in carriers and/or lines of coverage noted in Exhibit B which may occur upon unilateral approval of the Client, this Agreement may be modified or amended only by a written instrument executed by both parties.

(c) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Illinois without giving effect to the choice of law principles thereof.

(d) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(e) Counterparts. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(f) Survival of Provisions. Sections 5(a), 6 and 7 will survive the termination of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first written above.

THE CITY OF BLOOMINGTON, ILLINOIS

By: _____

Name: _____

Title: _____

Date: _____

GALLAGHER BENEFIT SERVICES

By: _____

Name: William F. Ziebell

Title: Executive Vice President, North Central
Region

Date: _____

EXHIBIT A

SCOPE OF SERVICES

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, Gallagher will provide the services set forth below. If insurance carriers or other third party vendors do not provide Gallagher with data needed to provide the services, Gallagher will promptly notify the Client in writing of same.

CONSULTING SERVICES PROVIDED PER CLIENT DIRECTION

RENEWAL ANALYSIS:

- Review and evaluate carrier projections
- Prepare “shadow” renewal projection
- Create financial modeling reports using proprietary Apex software
- Prepare carrier recommendations and coordinate carrier negotiations
- Create employee contribution modeling reports
- Review identified benchmarks of projected plan costs
- Develop “working” rates for Client analysis and approval
- Assist with budget projections
- Review and recommend renewal alternatives with cost impact of benefit plan changes

PERIODIC PLAN FINANCIAL REPORTS:

- Summary of plan costs
- Analysis of actual vs. budget
- Employee contributions
- Large claims tracking
- Identification of costs for specific line of coverage
- Comparison of plan costs to aggregate stop-loss projections, if applicable
- Utilization review
- Comparison to prior claim period
- Plan trends

ANNUAL FINANCIAL REPORTS (END OF YEAR ACCOUNTING):

- Executive summary of program expenses
- Comparison of current costs to renewal costs
- Incurred But Not Reported (IBNR) claims analysis
- Overview of specific Stop-loss projections
- Future plan costs projections
- Dollars saved by contract negotiation
- Percent of benefit dollars paid by employee
- Claims by size
- Physician visit details
- Benefits paid by type of service
- Plan funding/budget comparison
- Fixed expense comparison

LEGISLATIVE AND CORPORATE COMPLIANCE SUPPORT:

- Provide legislative updates, including Technical Bulletins and Directions newsletters

- Evaluate plan design to assist with compliance with state and federal regulations
- Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
- Conduct periodic seminars on regulatory issues
- Assist with the review and evaluation of COBRA and HIPAA compliance procedures
- Provide general information and guidance to assist with compliance with ERISA, FMLA, USERRA, Medicare Part D and other Federal legislation that directly affects the administration of plan benefits
- Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

CARRIER MARKETING AND NEGOTIATIONS, AS DIRECTED BY CLIENT:

- Work with Client to identify goals, analyze program costs and review both current and alternative funding arrangements, and recommend an overall strategy for managing same
- Manage the renewal process with the current carrier to control costs
- Recommend and implement carrier renewal strategies with Client
- Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
- Provide analysis of employee disruption report and preparation of geo-access report
- Provide analysis of and recommendations regarding discounts offered by various carriers by using CPT codes and carrier pricing data
- Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
- Explore and recommend alternative funding solutions
- Evaluate vendor responses to track variations in coverage and costs as they are identified
- Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
- Draft carrier analysis report and recommendation, based on analysis, interviews, negotiations, coverage for the program and claims cost projections as well as complete information on benefit designs
- Facilitate decision process by coordinating close collaboration and discussions among the Gallagher team and Client

DAY TO DAY ADMINISTRATIVE ASSISTANCE

EMPLOYEE EDUCATION PROGRAMS:

- Facilitate focus groups
- Monthly benefit communication directed to employees
- Educational meetings on coverage and trends

COMMUNICATION MATERIALS:

- Assist with the drafting and distribution of participant Satisfaction Surveys
- Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
- Provide annual open enrollment guidance and employee meeting materials
- Assist with marketing and oversight of Customized Enrollment Materials (if elected)
- Assist with participant wellness initiatives, as directed by Client

BENEFIT ADMINISTRATION ASSESSMENT:

- Periodic evaluation of internal plan enrollment and benefit termination processes
- Review, coordinate and implement Client agreed upon plan “best practices” to help limit plan liability and increase participant satisfaction
- Help identify opportunities for streamlining and improving administration procedures

ANNUAL MARKET BENCHMARKING STUDIES:

- Local Area Surveys
- Industry Surveys

MERGER AND ACQUISITION:

- Projection of claim liability and cost implications of active employee health welfare benefits plan integration or consolidation, as requested by Client
- Provide coverage comparison analysis and recommendations as to plan design, carrier selections and funding mechanisms
- Provide disruption analysis reports
- Assist with employee meetings to introduce integrated program(s) or plan changes

BENEFIT PLAN DESIGN (OR REDESIGN):

- Help Client identify business and HR objectives that impact benefits
- Review with Client possible benefit strategies to meet their objectives
- Help Client evaluate/review current scope of benefits package and make related recommendations – e.g., types & levels of coverage
- Work with Client to develop funding and contribution strategies
- Assist with budget projections for design alternatives

EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT

What follows is an exhaustive disclosure of our actual fees and/or commissions related to Client’s employee benefit plan(s) and any relationships, or agreements Gallagher has with the insurance company(ies) listed below. Gallagher, as agent of record, will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees as agreed upon by Client:

Effective Dates	Commission ¹ /Supplemental Compensation ²	Direct Fees ³
09/01/2014 – 04/30/2015	none	\$45,000.00
05/01/2015 – 4/30/2016	none	\$70,000.00
05/01/2016 – 04/30/2017	none	\$70,000.00
05/01/2017 and after	As agreed upon by the parties	As agreed upon by the parties

It should also be noted that:

- **Gallagher** is not an affiliate of any insurer whose contract is recommended. This means any insurer whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of **Gallagher**.
- **Gallagher’s** ability to recommend insurance contracts is not limited by an agreement with an insurance carrier.
- **Gallagher** is effecting the transaction for the employee benefit plan(s) in the ordinary course of **Gallagher’s business**.
- **Gallagher** is not a trustee of the employee benefit plan(s) and is neither the plan administrator of the plan(s), fiduciary of the plan(s), except as required by law, nor an employer which has employees in the plan(s).

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about Gallagher’s and Gallagher affiliates’ income before purchasing the insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and Gallagher⁵. Disclosure must be made to an independent plan

¹ **Commissions include all commissions/fees paid to Gallagher that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to Gallagher paid by a third party, and includes, among other things, the payment of “finders’ fees” or other fees to Gallagher for a transaction or service involving the plan.**

² **Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commission.**

³ **Direct Fees include compensation to Gallagher paid for directly by the plan sponsor/Client.**

⁴ **Which allows an exemption from a prohibited transaction under Section 408(a) of the Employee Retirement Income Security Act of 1974(ERISA).**

⁵ **In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.**

fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher's compensation arrangements, please visit www.ajg.com/compensation. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com or send a letter to: AVC Compliance Officer, c/o Internal Audit Department, Arthur J. Gallagher & Co., Two Pierce Place, Itasca, IL 60143.