

SUBJECT: Award of Contract For Insurance Broker Services for March 1, 2002 through February 28, 2005.

PREPARED BY: Finance

DATE: February 20, 2002

FOR AGENDA OF: February 25, 2002

SUMMARY:

The City of Wasilla solicited proposals for qualified insurance professionals to provide insurance services for the period March 1, 2002 through February 28, 2005. The Insurance Broker RFP Review Committee recommends that the Council award the contract to Brady & Company based on their qualifications to provide insurance broker services (see attached proposal).

Per the attached contract, compensation will be 15,000 per year to be paid in equal installments.

FISCAL IMPACT: No X Yes, amount requested: \$15,000 per year
Fund: 01-51-414-334.00

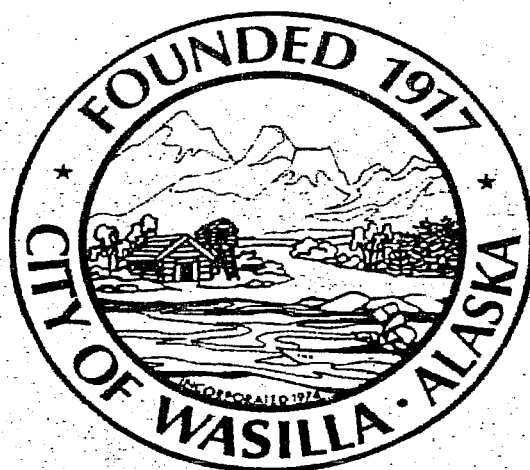
RECOMMENDED ACTION: Council award contract to Brady & Company for Insurance Broker Services.


Reviewed by: SARAH PALIN, Mayor

Attachments: Brady's Proposal for Insurance Services and Professional Service Agreement For Insurance Broker Services.

Presented to council on 2/25/02
Action taken: Approved Denied
other _____
Verified by AS.

REQUEST FOR PROPOSALS INSURANCE BROKERAGE SERVICES



FEBRUARY 15, 2002

Brady & Company

BRADY & COMPANY INSURANCE BROKERS
1031 w. 4TH AVENUE, SUITE 400
ANCHORAGE, ALASKA 99501
PHONE: 907-276-5617
FAX: 907-276-6292

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EXECUTIVE SUMMARY

This section introduces the key points of our proposal. The following pages provide the detail to evaluate our capabilities and the value we bring to the City of Wasilla.

Brady & Company

We are proud to be one of the leading risk management and insurance brokers in the Northwest. This section provides an overview of our history, the breadth of our operations and the quality of our staff.

Account Service Team

We will assign a team of qualified professionals to the City of Wasilla account. The team will be comprised of specialists in account management, risk management, insurance marketing, loss control and claims management.

Discussion Items

This section discusses the specific issues the City of Wasilla faces and how Brady & Company will deal with them.

Action Plan for City of Wasilla

We are a results oriented organization. This section describes our detailed plan for handling your account.

Broker Compensation

This section presents our proposed fee to satisfy your RFP Broker Responsibilities.

References

Our clients are the best gauges of our performance.

Conclusion

A review of the value Brady & Company brings to the City of Wasilla.

BRADY & COMPANY

Brady & Company is an Alaskan owned full service insurance brokerage. Since our beginning in 1977 with three employees, we are now the largest insurance brokerage in the state. Our staff of 75 insurance professionals places over \$250 million of annual insurance premiums.

We focus on larger enterprises that require a higher level of brokerage service and can benefit from our extensive network of relationships in the underwriting community. Our services range from placing first dollar insurance coverage to the design and management of self-insured programs.

Our firm is comprised of business units that focus on specific areas of client services. We will involve the following units for the LKSD Account: Property and Casualty, Risk Management, Aviation, Loss Control and Claims Management.

Brady & Company is the leading insurance broker for Alaskan government entities. We have more experience with Alaskan municipalities than any other broker in or outside of Alaska. Our clients range in size from the North Slope Borough to the Mat-Su Borough to the Aleutian Region School District. Our broad experience with government entities and on location contact with our clients gives us hands-on knowledge of the issues you face.

Our premium volume gives us access to every insurance carrier authorized to write coverage in Alaska. We are particularly pleased with our long-term relationship with the AML/JIA. Several of our clients have been with AML/JIA since its inception. We are active members of the AML and have conducted insurance and risk management seminars at various conventions and meetings.

Our success at Brady & Company is built on our consistent focus to satisfying our client's needs, our ability to deliver competitively priced insurance coverages, our innovative approach to solving problems and our uncompromising commitment to the highest ethical standards.

ACCOUNT SERVICE TEAM

Our approach is to assign an Account Service Team to the City of Wasilla. Within this team, the Account Executive will be Team Leader and responsible for making sure all of our services are delivered as promised. We will assign a back up Account Executive to be equally familiar with your operations and insurance program. The Risk Management Specialist will provide a broad oversight to exposures both operational and contractual. The Marketing Specialist will assist the Account Executives in presenting your account to the underwriting community and securing the most competitive premiums. The Loss Control Specialist will work to prevent and mitigate claims frequency and severity. The Claims Specialist will assist in preparing claim documents, monitor carrier activity and advise the Account Executive of potential issues or problems.

Team Leader/Account Executive

Brandon Allen, Senior Vice President, will be the Team Leader. He has over 25 years of insurance brokerage experience. He focuses on our larger accounts with particular attention on municipal entities including cities, boroughs, municipal owned utilities and school districts. Brandon will have overall responsibility for managing your account and will be your main contact. His responsibilities will include:

- Directly supervising the delivery of Brady & Company services to ensure that your RFP Broker Responsibilities are satisfied.
- Working with the City of Wasilla and our Risk Management Specialist to plan long term risk management objectives.
- Teaming with our Marketing Specialist to the most favorable insurance pricing and coverage terms.
- Oversee the claims process to be certain claims are settled promptly with full benefit of coverage terms.

As your main contact, Brandon will be responsible for:

- Keeping in continual contact with the City of Wasilla to anticipate needs and initiate solutions.
- Front line problem solving
- Fielding questions/service requests and responding or forwarding them to the appropriate team members and underwriters or carrier personnel.
- Reviewing policies, endorsements and billings.

Account Executive/Risk Management Specialist

Lori Wing, Senior Vice President, CIC, CRM, will serve as back up Account Executive and Risk Management Specialist. She will be equally knowledgeable of your operations, exposures and insurance coverages.

Lori will provide risk management oversight and advice. This is a distinctly different function than placing coverage and managing the day to day activities of an account. Lori will review your operation from a long-term perspective and prepare a proactive approach for handling developing exposures. Lori has over 15 years of insurance brokerage experience and holds the Certified Risk Manager designation. She is a frequent speaker and instructor at insurance industry seminars. Lori is our Team Leader for the Mat-Su Borough.

Marketing Specialist

Jim Brady, Senior Vice President, will assist with marketing your account and negotiating coverage terms and pricing. Jim has over 20 years of insurance company and brokerage experience. He heads our marketing department and is directly involved in placing coverages for our major clients.

Aviation Specialist

Mary Ann Austin, Senior Vice President, heads our aviation department. With over thirty years of aviation insurance experience, Mary Ann is an industry leader in the Northwest. Her clients include ERA Aviation, Northern Air Cargo and Lynden Air Freight. She will be responsible for handling insurance issues related to your airport. Mary Ann's experience is particularly valuable considering the distressed condition of the aviation insurance marketplace.

Loss Control Specialist

Nancy Boardman, CSP, ARM, will be assigned to the City of Wasilla account. She will assist you in designing and monitoring safety and health programs as well as property and liability loss prevention programs. Nancy has 14 years of loss control experience with insurance carriers, brokers and in private industry. Prior to joining Brady & Company she was the Safety Manager for Kenai Peninsula Borough and School District. In that position she monitored fifty facilities and 1,500 employees.

Account Manager

Roseanne Leydon, Account Manager, will work closely with Brandon and Lori to provide administrative support. She has 16 years of insurance company and brokerage experience. Her duties will include:

- Insurance policy maintenance and administration
- Ensuring adherence to Quality Assurance Procedures
- Providing premium allocation as requested by the City of Wasilla
- Issuing certificates of insurance
- Checking insurance company documents for accuracy
- Providing ongoing administrative support to the Account Service Team

Account Processing Manager

Diane Villanueva will serve as Roseanne's assistant. The insurance industry is document intensive for both hard copy and e-filing. Diane will work to maintain current files and timely response to our outgoing communications. She has 10 years of insurance company and brokerage experience.

Claims Administrator

We know one of your most important service needs arises when a claim occurs. Prompt and fair settlement of claims is a critical objective. We offer proactive claims management techniques to reduce claims expenses and enhance recovery.

The claims services we provide include:

- Prompt and professional assistance with submitting claims. We will assist you in reporting claims and preparing proof of loss documentation. You can call our claims staff night or day and be assured of immediate assistance.
- Review and establish claims protocol. We will review your current procedures and offer suggestions for improvement.
- Assisting in claims investigation and adjusting. We will examine third party claims with you and look for ways to mitigate the loss and prevent repeat claims. We will advocate your position on first party claims during the adjusting process and work on your behalf to resolve disputes in your favor.

As Team Leader, Brandon will be responsible for making certain claims are handled properly. In the event of a catastrophe claim or if a dispute arises between the City and your insurance carriers, Brandon and Brady & Company senior management will work with the City to determine the best course of action to resolve the dispute.

Katie Naylor, Claims Administrator, will be assigned to the City of Wasilla account. She will handle the day to day claims activity. Her responsibilities include:

- Promptly reporting claims to the insurance carrier.
- Monitoring progress of claims to make certain that they are being handled by the carrier in a timely and professional manner.
- Immediately inform Brandon if a dispute or a problem arises.

DISCUSSION ITEMS

The September 11th terrorist attacks, the recent mega bankruptcies of Enron, Kmart and Global Crossing that follow a near decade of reduced rates have caused a dramatic deterioration of the insurance market. Closer to home, both of the Alaska municipal insurance pools posted significant losses in 2001. There is no question that rates will be higher for the City of Wasilla's 2002 to 2003 policies. The issue is how to mitigate those increases so that the City knows they are receiving the absolute best available pricing in the market.

Negotiating favorable rates and policy terms is dependent on the broker's ability to present the account characteristics in the advantageous manner and the broker's influence with the insurance carrier.

We differentiate ourselves from our competitors from the start by preparing a comprehensive submission to the underwriters. A completed application is not enough. Insurance pricing is subjective and underwriters are reluctant to release their best rates unless they are completely informed of the account particulars. Our submission for the City of Wasilla account will be a three ring binder of property descriptions, photos and diagrams. We will include a detailed explanation of your loss history addressing specific claims and what has been done to prevent future claims. We will include your safety and loss control work to give the underwriter evidence of your commitment to loss prevention.

Brady & Company places over \$250 million of annual premiums, a far greater amount than any of our competitors. This premium volume gives us access to every insurance company authorized to write coverage in Alaska. More importantly, we are in daily contact with the leading underwriters. Our volume and intimate knowledge of the market preferences directly influences pricing for our clients.

We have long term relationships with the three leading municipal insurers. Some of our clients insured by AML/JIA were the first to join that pool. Our history with APEI goes back to the Alaska Schools Insurance Program. We are active members of both organizations and at their invitation have conducted insurance and risk management seminars for their members.

Brady & Company understands the advantages and disadvantages of the AML/JIA and the APEI. We can provide an objective analysis of competing programs and assist you in selecting the carrier best suited for your needs.

Outside of the two municipal pools, we have access to several leading markets, workers compensation in particular, that are not available to the other brokers you may be considering. Your workers compensation premium of nearly \$50,000 may be attractive to these specialty markets.

ACTION PLAN

Considering the condition of the insurance marketplace, the City of Wasilla needs to know what specific steps your broker will take and a timeline for completion. Here is our proposed action plan.

STEP ONE

Our first step is to learn the details of your account. After reviewing all policies, we will meet with you to discuss the details of your account and inspect every City building and operation before April 1st.

STEP TWO

We will prepare a comprehensive submission and present it to the appropriate insurance carriers. Due to the current market conditions, this needs to be done by April 15th.

STEP THREE

The marketing process is more than sending in the submission and waiting for a response. We will work with underwriters as they review the submission and price your coverages. We will keep you advised of developments and present preliminary pricing by May 15th.

STEP FOUR

We will present renewal terms to you by June 15th so that final negotiations can be completed and coverages bound by June 25th. Binders will be delivered to you prior to the July 1st effective date.

STEP FIVE

Account management is an ongoing process that requires frequent scheduled contact. We will discuss with you and agree on a schedule that satisfies your RFP Scope of Services.

BROKER COMPENSATION

The Scope of Services in the RFP suggests comprehensive broker services including a thorough marketing of your upcoming renewals.

We have been advised that municipal entity rates will increase between 20% and 40%. In your case, that is a premium increase of \$50,000 to \$100,000.

This requires the City to select the broker most capable of mitigating that increase. And it requires the broker to invest more time from more staff members to secure the most favorable pricing for you. That is why our proposal carefully describes the specific tasks we will take on your behalf.

We propose a fee of \$15,000 to be paid in equal monthly installments. If the City revises the Scope of Services, we will adjust our fee.

CLIENT REFERENCES

Brady & Company is Alaska's leading broker for government entities. Our broad list of municipal clients includes boroughs, cities and school districts. Here is a representative list of those clients:

Mat-Su Borough
Tammy Clayton, Chief Financial Officer
John Duffy, Borough Manager
907-745-9629

North Slope Borough
Joe Stankiewicz, Risk Manager
John Miller, Deputy Director of Administration and Finance
907-852-0248

City of Cordova
Larry Hancock, City Manager
907-424-6200

City of Unalaska
Elizabeth Masoni, Risk Manager
Aimee Kniazowski, Assistant Manager
907-581-1251

Denali Borough School District
Chris Hagar, Superintendent
907-683-2278

Mat-Su Borough School District
Jack Sherman, Director of Risk Management and Technology
Patricia Chesbro, Superintendent
907-746-9249

North Slope Borough School District
Lucienne Harger, Director of Business Affairs
Frieda Arnhart
907-852-5311

Unalaska School District
Holly Holman, Business Manager
Darrel Sanborn, Superintendent
907-581-3151

CONCLUSION

Brady & Company brings a unique combination of qualities to the City of Wasilla insurance and risk management program.

We deliver quality services.

Brady & Company is the broker of choice for municipal entities because we deliver outstanding service year after year. Our 96% client retention ratio is evidence that the Brady difference keeps our clients satisfied.

We have the brightest minds in the industry and are organized on a team basis giving you the benefit of our combined energy rather than that of one individual. Our account service team brings years of risk management and insurance brokerage experience to the City of Wasilla. This team can satisfy any risk management or insurance needs that arises.

We are your partner.

As your broker with a fiduciary obligation to represent your best interests, we are a valuable ally for the City of Wasilla.

We wield substantial market leverage.

Our \$250 million annual premium volume gives us access to every market. In many cases we are the carrier's largest producer in Alaska. This along with our long-term personal relationships in the underwriting community translate into favorable pricing and coverage terms.

We understand your concerns.

Brady & Company municipal clients range from Barrow to Adak. We know your business.

We keep our promises.

Throughout this proposal we have shown the aggressive and committed nature of our firm. Integrity is a critical component of our corporate culture and we take a long-term view towards forming partnerships with our clients that will stand the test of time.

We would be honored to provide risk management and insurance services to the City of Wasilla.

PROFESSIONAL SERVICES AGREEMENT

THIS Agreement made and entered into this 1st day of March, 2002, by and between the City of Wasilla, an Alaska municipal corporation (the City), and Brady & Company, (Consultant).

Section 1. Employment of Consultant. The City hereby agrees to engage the Consultant and the Consultant hereby agrees to perform the services hereafter set forth.

Section 2. Consultant's Representation and Warranty, and Manner of Performance.

- (A) Consultant hereby represents and warrants to the City, and the City relies upon said representations and warranties, that Consultant is a professional in the subject area in which services are to be provided and that Consultant has more than adequate experience, skill, knowledge, and competence to perform the services set forth in this Agreement.
- (B) Consultant accepts the relationship of trust and confidence between it and the City. Consultant covenants to perform its services under this Agreement with due diligence, due care, and in a good and professional manner.

Section 3. Scope of Services. The Consultant shall perform all the services provided for by this Agreement in accordance with Appendix A.

Section 4. Personnel. Consultant's personnel shall be limited to Consultant employees and those persons approved by the City Deputy Administrator.

Section 5. Time of Performance. The services of the Consultant shall commence upon execution of this contract by the City and shall terminate, subject to Sections 8 and 9, on February 28, 2002. The period of performance may be extended for additional periods only by the mutual written agreement of the parties.

Section 6. Compensation.

- (A) Subject to the provisions of this Agreement, the City shall pay the Consultant for the services \$15,000 per year for the period of March 1st, 2002 through February 28th, 2005 to be paid in equal monthly installments. In addition to the brokerage service agreement fee the City will be responsible for the payment of their cost of insurance which will include insurance premiums, self-insured retentions, deductible, etc. These payments will be billed either directly from the insurance carrier or by the Consultant. The terms of such payments will vary based upon the carrier providing the respective coverage and will be disclosed before binding.
- (B) The Consultant shall be entitled to reimbursement for all travel and "out-of-pocket" expenses. No travel is anticipated under this contract. If the need for travel should arise it will be on a mutually determined billing rate.

(C) The City shall not provide any additional compensation, payment, use of facilities, service or other thing of value to the Consultant in connection with performance of his duties under this Agreement. The parties understand and agree that, except as otherwise provided in this section, administrative overhead and other indirect or direct costs the Consultant may incur in the performance of its obligations under this Agreement have already been included in computation of the Consultant's fee and may not be charged to the City.

Section 7. Method and Time of Payment.

(A) Payments will be made on receipt of billings submitted pursuant to the schedule set forth in Section 6(A). The statements will provide a description of the billing line, such as brokerage service fee or insurance premium, and the period of coverage.

(B) No payment will be disbursed until approved by the City. The City Deputy Administrator shall review Consultant's billings in a timely manner, and to request from the Consultant necessary explanations or additional documentation within fifteen (15) days of receive of billing by the City.

Section 8. Termination of Agreement for Cause. If, through any cause, the Consultant shall fail to fulfill in a timely and proper manner the obligations under this Agreement, or if the Consultant shall violate any of the covenants, agreements, or stipulations of this Agreement, the City shall thereupon have the right to terminate this Agreement by giving written notice to the Consultant of such termination and specifying the effective date thereof, at least five (5) days before the effective date of such termination. State law and the policy provisions will govern termination of specific insurance policies. All finished or unfinished documents, data, studies, surveys and reports or other material (to include without limitation data and information kept on computer, disk, video, tape, etc.) prepared by the Consultant arising out of or connected with this Agreement are the property of the City and shall be delivered to the City by or upon the effective date of termination. The Consultant shall retain the standard and customary documentation that is required to discharge or resolve past and future obligations. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of this Agreement only for work completed to the City's satisfaction in accordance with the terms of this Agreement. The brokerage service fee is fully earned annually upon the placement of the City's coverages.

Section 9. Termination for Convenience of City. The City may terminate this Agreement at any time by giving written notice to the Consultant of such termination and specifying the effective date of such termination. All finished or unfinished documents and other materials as described in paragraph 8 above are the property of the City and shall be delivered to the City by or upon the effective date of execution of this section. The Consultant shall be entitled to receive compensation in accordance with the payment provisions of this Agreement only for work completed to the City's satisfaction in accordance with this Agreement. If this Agreement is terminated due to the fault of the Consultant, section 8 of this Agreement shall govern the rights and liabilities of the parties.

Section 10. Causes Beyond Control. In the event the Consultant is prevented by a cause or causes beyond control of the Consultant from performing any obligation of this Agreement, non-performance resulting from such cause or causes shall not be deemed to be a breach of this Agreement which will render the Consultant liable for damages or give rights to the cancellation of the Agreement for cause, provided that Consultant duly and timely notifies the City in writing of the cause or causes, which writing must be titled "Cause or Causes Beyond Control of Consultant" However, if and when such cause or

causes cease to prevent performance, the Consultant shall exercise all reasonable diligence to resume and complete performance of the obligation with the least possible delay. The phrase "cause or causes beyond control," as used in this section, means any one or more of the following causes which are not attributable to the fault or negligence of the Consultant and which prevent the performance of the Consultant: fire, explosions, acts of God, war, orders or law of duly constituted public authorities, and other major uncontrollable and unavoidable events, all of the foregoing which must actually prevent the Consultant from performing the terms of the Agreement as set forth herein. Events, which are peculiar to the Consultant and would not prevent another consultant from performing, including, but not limited to financial difficulties, are not causes beyond the control of the Consultant. Based on Consultant's "Cause or Causes Beyond Control of Consultant," the City will determine whether the event preventing the Consultant from performing is a cause beyond the Consultant's control.

Section 11. Modifications.

- (A) The parties may mutually agree to modify the terms of the Agreement only by means of an agreement in writing signed by both parties. Modifications to the Agreement shall be incorporated into the Agreement by written amendments.
- (B) It is expressly understood that the City may require changes in the scope of services and an unreasonable refusal by the Consultant to agree to modification in the scope of services will be the basis for termination of the Agreement for cause. It is expressly understood that the total amount of compensation for successful performance of the Agreement will not be modified, under any circumstances, without prior written approval of the City. The above notwithstanding, if a change in the scope of services significantly changes the amount of work required of Consultant or requires services Consultant is not qualified to perform so that it would not be reasonable for Consultant to perform all the work or provide the qualified personnel for less than the not-to-exceed amount set out in Section 6(D), then the City's failure to reasonably increase said not-to-exceed amount will excuse Consultant's refusal to agree to the modification in the scope of services.

Section 12. Equal Employment Opportunity. The Consultant will not discriminate against any employee or applicant for employment in violation of law, to include without limitation, because of race, color, religion, sex, national origin, physical handicap, age status as a disabled veteran, or veteran of the Vietnam era. The Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. Such actions shall include, but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising, layoffs or terminations; rates of pay or other forms of compensation; selection for training, including apprenticeship; and participation in recreational and educational activities. The Consultant agrees to post in conspicuous places in its office available for employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. The Consultant will, in all solicitations or advertisements for employees placed by or on behalf of the Consultant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam era. The Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement.

Section 13. Interest of Members of City and Others. No officer, member or employee of the City and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to the Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

Section 14. Non-Assignability.

(A) The Consultant shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the City, thereto; provided, however that claims for money due or to become due to the Consultant from the City under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the City, or the Consultant shall be responsible to the City for any moneys due the assignee of this Agreement, which are paid directly to the Consultant.

(B) The Consultant shall not delegate duties or otherwise subcontract work or services under this Agreement without the prior written approval of the City.

Section 15. Interest of Consultant. The Consultant covenants that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of services required to be performed under this Agreement. The Consultant further covenants that in the performance of this Agreement it shall not knowingly employ any person having any such interest and that it shall reasonably inquire of all its employees to determine that they have no such interest.

Section 16. Findings Confidential. Except as required by law, including court orders directing disclosure, any reports, information, data, etc., given to or prepared or assembled by the Consultant under this Agreement which the City requests to be kept confidential shall not be made available to any individual or organization by the Consultant without the prior written approval of the City.

Section 17. Officials Not to Benefit. No members of the Congress of the United States and no resident commissioner shall be admitted to any share or part thereof or to any benefit to arise from this Agreement. No member of the legislature or officer of the State of Alaska or the City shall be admitted to any share or part hereof or to any benefit to arise from this Agreement.

Section 18. Publication, Reproduction and Use of Materials. No material produced, in whole or in part, under this Agreement shall be subject to copyright in the United States or in any other country. The City shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, any reports, data or other materials prepared under this Agreement.

Section 19. Audits and Inspections. At any time during normal business hours and as often as the City may deem necessary, there shall be made available for examination all of Consultant's records with respect to all matters covered by this Agreement and Consultant will permit representatives of the City to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, conditions of employment, and other data relating to all matters covered by this Agreement. Except in case of emergency, Consultant must make such records

available upon five (5) day's notice. In case of emergency, Consultant must make such records available immediately upon request. In performing such audits and investigations, the City and its representatives shall not unduly interfere with the ability of Consultant to perform his duties under this Agreement.

Section 20. Jurisdiction; Choice of Law. Any civil action arising from this Agreement shall be brought in the Superior court for the third judicial district of the state of Alaska at Palmer. The law of the state of Alaska shall govern the rights and obligations of the parties.

Section 21. Non-Waiver. The failure of the City at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provisions, not in any way affect the validity of this Agreement or any part thereof, or the right of the City thereafter to enforce each and every provision hereof.

Section 22. Permits, Laws and Taxes. The Consultant shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. In performing its obligations under this Agreement, Consultant shall comply with all applicable statutes, ordinances, rules and regulations. The Consultant shall pay all taxes pertaining to its performance under this Agreement.

Section 23. Relationship of the Parties. The Consultant shall perform its obligations hereunder as an independent contractor of the City. The City may administer this Agreement and monitor the Consultant's compliance with this Agreement but shall not supervise or otherwise direct the Consultant, except to provide recommendations and to provide approvals pursuant to this Agreement.

Section 24. Administration of this Agreement.

(A) The Mayor or his designee will be the representative of the City administering this Agreement.

(B) The services to be furnished by the Consultant shall be administered by the City Deputy Administrator. In the event that Consultant is unable to serve for any reason to perform his obligations under this Agreement, the Consultant shall appoint a successor in interest but such appointment will be subject to written approval of the City.

Section 25. Integration. The instrument and all appendices and amendments hereto embody the entire agreement of the parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties. To the extent they are not inconsistent with the terms of this Agreement, the following documents are incorporated by reference into this Agreement as if fully set forth herein:

Section 26. Hold Harmless, Indemnity. The Consultant shall indemnify, hold harmless, and defend the City, its officers and employees, and designee from and against any suit, action, claim or liability arising out of any negligent act, error or omission of the "Consultant" under this Agreement, except for the sole negligence or willful misconduct of the "City." "Consultant" and "City" as used within this section include the employees, agents, servants or independent contractors or other contractors who are directly responsible, respectively, to each.

Section 27. Interpretation and Enforcement. The parties following negotiations between them are executing this Agreement. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The titles of sections in this Agreement are not to be construed as limitations or definitions but are for identification purposes only.

Section 28. Consultant Insurance.

- (A) The Consultant will provide the City with a certificate of errors and omissions insurance from the Consultant's insurance company in an amount of \$3,000,000 per single occurrence and \$6,000,000 aggregate. The insurance shall remain in force through the term of this Agreement whether occurrence or claims-made and if claims-made then for a minimum of three years after final payment to the Consultant by the City.
- (B) The Consultant will, at its own expense, secure and maintain and will file with the City the following proper and acceptable insurance coverage, including defense and indemnification of the City. The insurance coverage will be secured with an insurance company acceptable to the City.
- (1) Worker's Compensation Insurance in compliance with the laws of the state of Alaska, AS 23.30, et. Seq., and federal jurisdiction where the work is being performed, covering all employees engaged in the performance of the work specified in this Agreement. Employer's liability limits shall be: \$100,000 each accident; \$500,000 disease- -policy limit; and \$100,000 disease- -each employee.
- (2) Comprehensive General Liability or Commercial General Liability Coverage: Limit \$1,000,000 Bodily Injury and Property Damage combined Single Limit. Coverage to include:

Premises Operation
Products/Completed Operations
Independent Contractors
Blanket Contractual
Broad Form Property Damage
Personal Injury with Exclusion "C" deleted

- (3) Comprehensive Automobile Liability: Limit \$1,000,000 Bodily Injury and Property Damage, Combined Single Limit. Coverage to include:

All Scheduled Vehicles
Hired Vehicles
Non-owned Vehicles

- (4) Unemployment Insurance by payment of employment security taxes for all employees hired by the Consultant to work on this project. In the event of the Consultant's failure to pay such taxes, the City will withhold an amount sufficient to pay such taxes from any payments owed to the Consultant by the City. The City also reserves the right to contact the Alaska State Department of Labor, in order to determine whether unemployment security taxes have been paid by the Consultant. The City further reserves the right to withhold that portion of employment security taxes owed to any employees pending notification of the Consultant's unemployment security tax clearance from the Alaska State Department of Labor.

(C) A lapse in insurance coverage is a material breach of this Agreement, which shall result in immediate termination of the Agreement, pursuant to Section 8.

(D) Each policy of insurance required by this section shall provide for no less than 30 days' advance notice to the City prior to cancellation. Each policy (other than for errors and omissions and worker's compensation) shall name the City as an additional insured. Each policy shall be endorsed to waive all rights of subrogation against the City by reason of any payment made for claims under the above coverage. Consultant's insurance coverage shall be primary to any coverage carried by the City, which may cover the work specified in this Agreement. Consultant's insurance carrier must be an admitted carrier in the State of Alaska or must be Best-rated A+7 or better.

Section 29. Understanding. The Consultant acknowledges that the Consultant has read and understands the terms of this Agreement, has had the opportunity to review the same with counsel of its choice, and is executing this Agreement of his own free will.

Section 30. Severability. If any section or clause of this Agreement is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Agreement shall remain in full force and effect.

Section 31. Compliance with Law. Consultant shall comply with all applicable Federal, State of Alaska and City laws, regulations and ordinances in performing his duties hereunder.

Section 32. Notices. Any notice required pertaining to the subject matter of the agreement shall be personally delivered or mailed by prepaid first-class, registered or certified mail to the following address:

City: Mayor
City of Wasilla
290 E. Herning Ave.
Wasilla, Alaska 99654

Consultant:

CITY OF WASILLA

CONSULTANT:

Mayor

Appendix A

The Consultant, Brady & Company, shall perform the following professional service in the course of rendering services as the City of Wasilla's Insurance Broker/Risk Management Consultant for the term of this contract.

Services Provided:

1. Search the insurance market annually for the best available coverages at the best available price. Assist the City in the placement of the current lines of coverage at the following approximate exposures:

A. General Liability	\$3,350,000 Payroll
B. Workers Compensation	\$2,350,000 Payroll
C. Auto Liability	
D. Auto Comp/Collision	Valued at \$10,250,000
E. Property Coverage	Valued at \$23,285,308
F. Airport Owners & Operations Liability	
G. Boiler and Machinery	
H. Public Officials Bonds	Less than five annually
I. Notary Bonds	Less than thirty annually
J. Employee Dishonesty Bond	Less than five annually
K. Law Enforcement Liability	
2. Identify other lines of coverage or risk transfer mechanisms that the City may wish to consider. If these additional coverages require significant additional broker services not anticipated at the inception of this proposal the Consultant will present the line of coverage and the method of additional payment for the additional services. These additional services could include as an example: Owner Controlled Insurance Programs, Owners Design Protectives, or other coverage not currently in place for the City.
3. Deliver a proposal to the City annually by approximately May 1 covering all carriers that offered coverage terms to the City. The Proposal will disclose that the placement of coverages are net of any commissions to the Consultant.
4. Present orally the annual proposal to the City Council.
5. Place all notary bonds or other employee bonds for the City.
6. Provide a complete review annually of all City policies to assure that policy language, coverage and exclusions are consistent with the City's traditional level of coverage and process any endorsement necessary to accomplish such.
7. Bring to the attention of the City staff any additional coverage that may become available in the market place that could be advantageous to the City, and obtain authorization and direction from the City Deputy Administrator or designee prior to engaging in any related activity.

8. Attend City Council meetings as may be necessary or as requested to make reports or presentations as requested, one or to times a year.
9. Cooperate with the City's legal representative or public accountants regarding claims, coverage, confirmations and other legal matters.
10. Issue or arrange issuance of certificates of insurance required by the City. Maintain a list of recipients so that annual renewals will include a new issuance of certificates.
11. Assist the City in the preparation and/or handling of all first party insurance claims made against the City as may be requested by the Manager.