

**THIRD AMENDMENT TO AGREEMENT BETWEEN
CITY OF TEMECULA AND ARTHUR J. GALLAGHER & RISK MANAGEMENT SERVICES,
LLC**

BROKER FEE

THIS THIRD AMENDMENT is made and entered into as **July 1, 2023** by and between the City of Temecula, a municipal corporation (hereinafter referred to as "City"), and **Arthur J. Gallagher & Risk Management Services, LLC**, a **Corporation** (hereinafter referred to as "Consultant"). In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

1. This Amendment is made with the respect to the following facts and purposes:
 - a. On January 1, 2023 Arthur J. Gallagher Brokers of California, Inc., was merged into its affiliated company, Arthur J. Gallagher Risk Management Services, Inc., which was converted to an LLC.
 - b. The parties now desire to amend the agreement to change the name of the Consultant as set forth in this Amendment.
 - c. The Consultant shall furnish certificates of insurance and an IRS W9 form pursuant to the terms and conditions set forth in the Agreement, and any prior Amendments pursuant to the name change of said company. Letter informing Company Name Change is set forth on Attachment "A", Exhibit "C" to this Amendment, which is attached hereto as though set forth in full.
 - d. On **July 13, 2020**, the City and Consultant entered into that certain Agreement entitled "Agreement for Broker Fee", in the amount of Fifty Thousand Dollars and No Cents (\$50,000.00).
 - e. On **July 1, 2021**, the City and Consultant entered into the First Amendment to that certain Agreement entitled "Agreement for Broker Fee", to extend the term of the agreement to **June 30, 2022**, and increase the payment in the amount of Fifty-One Thousand Dollars and No Cents (\$51,000.00).
 - f. On **July 1, 2022**, the City and Consultant entered into the Second Amendment to that certain Agreement entitled "Agreement for Broker Fee", to extend the term of the agreement to **June 30, 2023**, and increase the payment in the amount of Fifty-Two Thousand Dollars and No Cents (\$52,000.00).
 - g. The parties now desire to extend the term of the agreement to **June 30, 2024**, and increase the payment in the amount of **Fifty-Three Thousand Dollars and No Cents (\$53,000.00)**, and to amend the Agreement as set forth in this Amendment.

2. Section 1 of the Agreement entitled "**TERM**" is hereby amended to read as follows:

"This Agreement shall remain and continue in effect until tasks herein are completed, but in no event later than **June 30, 2024**, or unless sooner terminated pursuant to the provisions of this Agreement.

3. Section 4. of the Agreement entitled “**PAYMENT**” at paragraph “a” is hereby amended to read as follows:

The City agrees to pay Consultant monthly, in accordance with the payment rates and schedules and terms set forth in Exhibit B, Payment Rates and Schedule, attached hereto and incorporated herein by this reference as though set forth in full, based upon actual time spent on the above tasks. Any terms in Exhibit B, other than the payment rates and schedule of payment, are null and void. The Third Amendment amount shall not exceed **Fifty-Three Thousand Dollars and No Cents (\$53,000.00)**, for a total Agreement amount of Two Hundred Six Thousand Dollars and No Cents (\$206,000.00).

4. Exhibit “A”, “B” and “C” to the Agreement is hereby amended by adding thereto the items set forth on Attachment “A” to this Amendment, which is attached hereto and incorporated herein as though set forth in full.

5. All sections of the Agreement, and any prior Amendments that refer to the Consultant as “Arthur J. Gallagher & Co.” or “Arthur J. Gallagher Brokers of California, Inc.” shall be changed to “Arthur J. Gallagher & Risk Management Services, LLC” pursuant to the name change of said company on January 1, 2023.

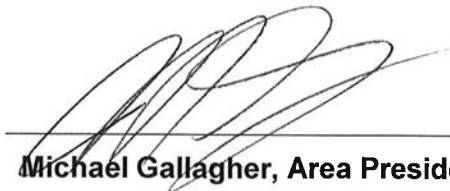
6. Except for the changes specifically set forth herein, all other terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

CITY OF TEMECULA

Arthur J. Gallagher & Risk Management Services, LLC

By: _____
Aaron Adams, City Manager

By: 
Michael Gallagher, Area President

ATTEST:

By: _____
Randi Johl, City Clerk

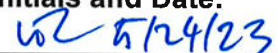
By: 
Susan J. Blankenburg, Area Executive Vice President

APPROVED AS TO FORM:

By: _____
Peter M. Thorson, City Attorney

CONSULTANT

Arthur J. Gallagher & Co.
Susan J. Blankenburg
595 Market Street, Suite 2100
San Francisco, CA 94105
415-536-8417
Susan_Blankenburg@AJG.com

City Purchasing Mgr. Initials and Date: 

ATTACHMENT “A” (1 of 3)

EXHIBIT A

Tasks to be Performed

The specific elements (scope of work) of this service include:

The Consultant shall:

1. Insurance Consulting Services:
 - a. Upon proposal acceptance, and on a policy renewal basis, thereafter, assess the City’s operational risks, existing City insurance policies, and provide recommendations regarding:
 - a. Types of insurance coverage including overlaps, gaps, and restrictions in coverage
 - b. Levels of coverage necessary to protect the City from reasonable risks
 - c. Levels of deductible for each policy to provide the best balance of risk limitation and lower premium
 - d. Such other factors as the broker shall recommend
 - b. Inspect the City’s properties every two (2) years and update building values as appropriate.
 - c. Notify the City of any new developments in the industry (or markets generally) that may affect the City in any way or impact the insurance coverage or policies sought and/or retained by the City.
 - d. Provide the City in writing with the broker’s best estimate of the insurance premiums for upcoming policies for budget projection purposes.
2. Insurance Marketing Services:
 - a. Organize, develop, and present the City’s insurance coverage requirements to insurance vendors and obtain price quotes from responsible insurers. Coverage shall cover a 12-month period beginning July 1 of each year. The initial period shall cover **July 1, 2023 to June 30, 2024**.
 - b. Evaluate quotes and present the package of insurance policy terms, conditions, and premiums to the City that best reflect the goals and objectives of the City.
 - c. Act as the liaison and advocate for the City (as directed) in any negotiations with insurers, prospective insurers, underwriters, claims staff, and other parties regarding insurance matters.
3. Administrative Services
 - a. The primary account representative and other account team members for the insurance broker shall be reasonably available to the City and its staff to address questions related to this account. Administrative services shall include, but shall not be limited to:
 - a. Verify that new policies, binders, certificates, endorsements and other documents are accurate and

reflect the terms and conditions agreed to during negotiations.

- b. Assess insurance company stability, solvency, and service records.
- c. Issue evidence of enrollment, insurance policies, certificates of insurance and associated endorsements to all insured parties in a timely manner.
- d. Upon request, provide timely, verbal and written interpretation of coverage.
- e. Attend City Council meetings with City representatives as required.
- f. Provide City with a summary of the key components of the City's insurance program and any changes to coverage, and a schedule of insurers for the new policy period.
- g. Maintain a user friendly electronic data base of the City's building inventory with pertinent building construction and valuation information.
- h. Notify the City of invoicing of premiums for all outstanding policies to assure that no policy lapses inadvertently.
- i. Provide advice to City on ways to strengthen City loss safety programs.
- j. Assist City staff with the insurance claim submission and the claim handling process.
- k. Maintain accurate claims data on an accident date basis and provide loss runs to the City as required.
- l. Inform the City immediately of any proposed changes to personnel assigned to the City's account. Such changes must be approved by the City.
- m. Cooperate in any transition to another broker at the expiration of the contract.
- n. Provide such other services related to the insurance coverage as the City may reasonably request.

4. Insurance Requirements

- a. The City requires its insurance programs be serviced and underwritten by carriers and agencies licensed by the State of California, fully competent with adequate knowledge experience, personnel, and facilities. The minimum financial guidelines for all insurers are an A.M. Best rating of A- VII or higher.

ATTACHMENT "A" (2 of 3)

EXHIBIT B

Payment Rates and Schedule

Cost for services shall be as per Contractor's proposal attached hereto and incorporated herein as though set forth in full but in no event shall the total cost of services exceed \$206,000.00, for the total term of the Agreement, unless additional payment is approved as provided in the "Payment" section of this Agreement.

Pricing shall be as follows:

Year	Fee
July 1, 2020 to June 30, 2021	\$50,000
July 1, 2021 to June 30, 2022	\$51,000
July 1, 2022 to June 30, 2023	\$52,000
July 1, 2023 to June 30, 2024	\$53,000
July 1, 2024 to June 30, 2025	\$54,000

Fee includes full brokerage, risk management services, claims assistance, claims advocacy, contract review, and workers' compensation claims.

Consultant shall return any commissions to the City which may be earned on placements with carriers who will not quote excluding commission. Annually, Consultant shall report any and all commissions to the City.



Insurance | Risk Management | Consulting

ATTACHMENT "A" (3 OF 3) EXHIBIT "C" Name Change

May 2, 2023

Sent VIA Email: Courtney.Fletcher@temeculaca.gov
Courtney Fletcher, Management Assistant
City of Temecula

Re: Notice of Gallagher Legal Entity Merger
Effective Date: January 1, 2023

Dear Courtney:

Effective January 1, 2023, Arthur J. Gallagher Insurance Brokers of California, Inc., was merged into its affiliated company, Arthur J. Gallagher Risk Management Services, Inc., and Arthur J. Gallagher Risk Management Services, Inc., will be converted to an LLC.

The merger and conversions have been successfully completed, and the Arthur J. Gallagher Risk Management Services, LLC W-9 has been provided.

- For U.S. federal tax purposes, Arthur J. Gallagher Risk Management Services, LLC is viewed as an entity that is disregarded as an entity separate from its owner (known as a "disregarded entity").
- **As a result, Form W-9 requires Arthur J. Gallagher & Co. to be listed on Line 1 of the W-9, and Arthur J. Gallagher Risk Management Services, LLC on Line 2.**
- **The Tax ID Number on Part I of Form W-9 will be listed as Arthur J. Gallagher & Co's: 36-2151613.**
- **Please review the provided Form W-9 and make corresponding updates in your records as necessary.**

For all other reporting purposes, as previously communicated, Arthur J. Gallagher Risk Management Services, Inc.'s historical legal entity insurance license and Tax ID number, will continue to apply to the "LLC" entity.

- Arthur J. Gallagher Risk Management Services, LLC legal entity License Number: 100292093
- Arthur J. Gallagher Risk Management Services, LLC legal entity Tax ID Number: 36-2102482

We appreciate your consideration in this matter and look forward to continuing our long and successful relationship.

Sincerely,

Steve Wennerstrum, COO

2850 Golf Road | Rolling Meadows, IL 60008 | o 630.285.4300

AJGofCAmerger@ajg.com