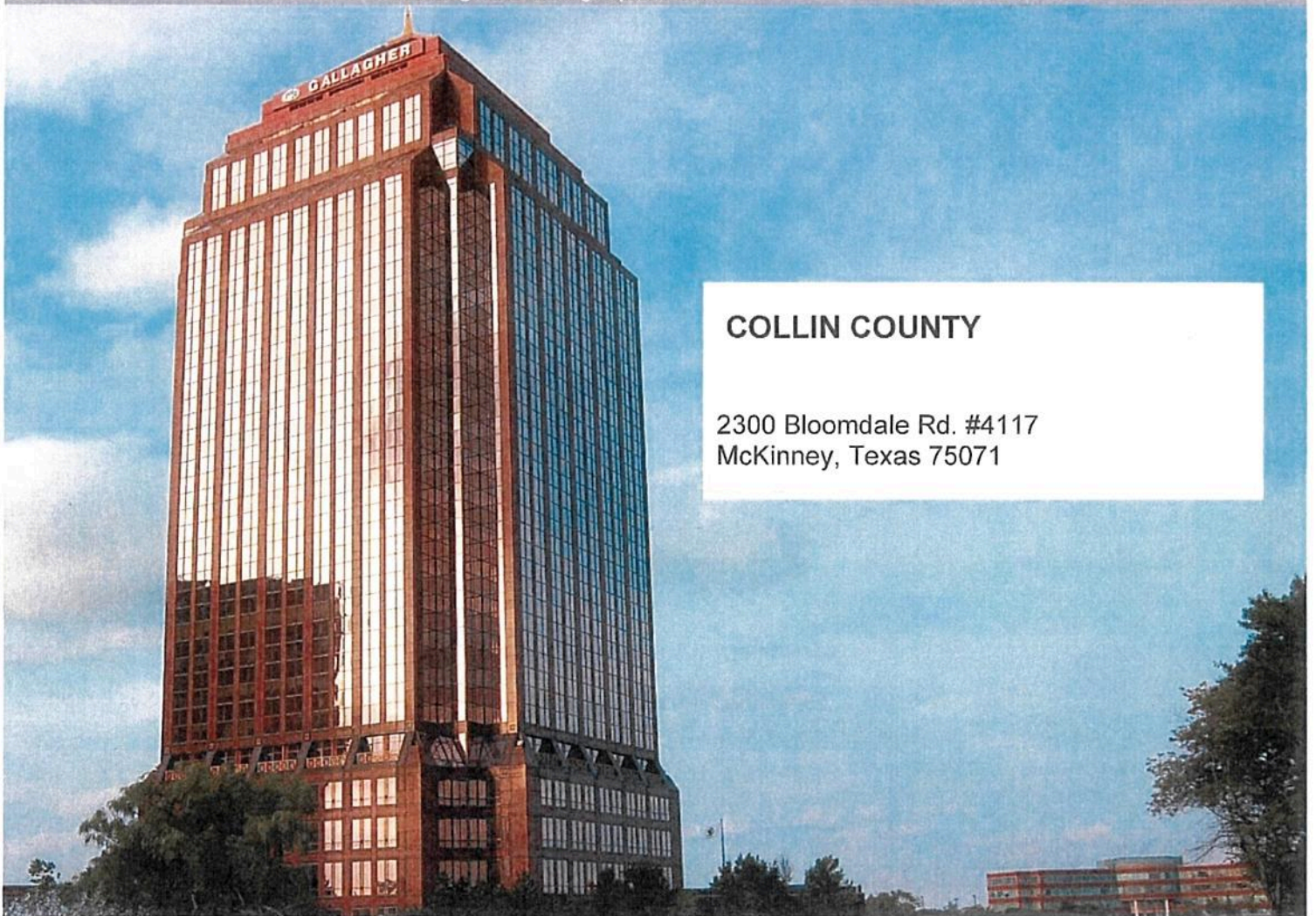




Arthur J. Gallagher Risk Management Services

Reducing Risk. Raising Expectations.™



COLLIN COUNTY

2300 Bloomdale Rd. #4117
McKinney, Texas 75071

REVISED PROPOSAL OF INSURANCE
Property Coverage

August 28, 2013

PRESENTED BY

Cyndi Boehle, Area Senior Vice President
Maria Patton, Account Manager

Arthur J. Gallagher Risk Management Services, Inc.
Two Lincoln Centre, 5420 LBJ Freeway, Suite 400
Dallas, TX 75240
972-991-3700

www.ajgrms.com



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Service Team

has primary service responsibility for your company. We operate using a team approach. Your Service Team consists of:

NAME / TITLE	PHONE / FAX / ALT. PHONE	EMAIL	
Cyndi Boehle, Area Senior Vice President	972-663-6126(p) 972-663-6042(f) 972-991-3700(a)	Cyndi_Boehle@AJG.com	Producer
Maria Patton, Account Manager	972-663-6160(p) 972-663-6260(f) 972-991-3700(a)	Maria_Patton@AJG.com	
Shirley Qualls, Assistant Account Manager	972-663-6173(p) 972-663-6273(f) 972-991-3700(a)	Shirley_Qualls@AJG.com	

Arthur J. Gallagher Risk Management Services, Inc.
Main Office Phone Number: 972-991-3700



Executive Summary

Arthur J. Gallagher Risk Management Services, Inc. appreciates the opportunity to present this proposal for your consideration. We are pleased to present the renewal terms offered by Affiliated FM Insurance Company.

We were able to negotiate the engineering fee back down to \$8,000 but were unsuccessful in obtaining any further decrease in rate. Your property rate is and has been under current market rates and in fact is lower than what was paid in 2009. Here are your five histories:

Collin County 5 Year Premium/ Rate History

Policy Year	2009 to 2010	2010 to 2011	2011 to 2012	2012 to 2013	2013 to 2014
Values	373,350,726	\$372,903,222	452,998,264	452,998,264	\$424,085,214
Premium	253596	226,806	249,148	261,605	253,410
Rate	0.0660	\$0.0608	0.0550	0.0577	0.0598
Engineering Fee-incl	\$7,000	\$7,000	\$7,500	\$8,000	\$8,000
Value Change		\$447,504	\$80,095,042	N/C	\$28,913,050
			Added Courthouse Add'n, added \$28MM Bus Inc., all values increased		Graves Center deleted, mobile command deleted
		Rate Decrease 11.8%	Rate Decrease 10.5%	Rate Increase 5%	Rate Increase 3% 3.5%

As you can see from the display above, values decreased by \$28,913,050. This decrease resulted from the Graves Center being deleted, and we are proposing to take off the Mobile Command Unit, valued at \$1,430,451. We will continue to search our history as we understand there could be some discrepancy in the total value of the unit. However, what we have determined from our Affiliated underwriter is the property is better served from a coverage and value standpoint to be insured elsewhere. The Affiliated Policy will not address the interior and its contents as "property", but rather as an automobile. Thus, replacement cost coverage does not apply and over the road hazards do not apply.

Below is an offer from Travelers which will address not only the replacement cost issue, but all risks of direct physical loss, including over the road hazards and Flood & Earthquake. Travelers offers the coverage at a .65 rate per \$100 of value and a flat \$5,000 per occurrence deductible. We believe the Travelers offer is best suited for the uniqueness of the equipment. You may also want to check with your Automobile Physical Damage insurer both on cost and whether or not Replacement Cost coverage can be added for this unit, as well as the 3 medical mobile units. Generally, replacement cost coverage is not available on Texas Business Automobile policies.



TRAVELERS OFFER				
	Unit Values	Rate per \$100	Cost ea unit	
Policy Rate		0.65		
Mobile Command Center	\$1,160,212			
Property in Command Center	\$123,939			
Radio Transmitting Equip in Mobile Command	\$146,300			
Total Mobil Command Center	\$1,430,451	0.65	\$9,298	
3- Medical Mobile Units	\$701,724	0.65	\$4,561	(\$1,520 ea)
Total Values	\$2,132,175			
Annual Premium			\$13,859	
Deductibles	<ul style="list-style-type: none"> \$5,000 each occurrence except \$25,000 on Flood & earthquake 			
Coverage Enhancements	<ul style="list-style-type: none"> Replacement Cost Coverage Flood & Earthquake 			

North Texas has had some very expensive hail claims over these past 3 years. We strongly believe that the continued relationship with Affiliated has served the County well, as has meeting with your underwriter (a Collin County resident). Current high capacity property underwriters in North Texas have continued to increase rates and wind and hail deductibles. As stated earlier, Collin County is enjoying rates that are below much of the current market place.

We thank you for your consideration and look forward to another year working with Collin County as a partner. Should you have any questions, please do not hesitate to contact any of the team members included in the Proposal. All are available and would be privileged to assist you with your questions.

Sincerely,

Cyndi Boehle, CIC, CRM
 Area Senior Vice President
 Direct Dial: 972-663-6126
 Email: Cyndi_boehle@ajg.com



Service Commitment

Account Service

At Arthur J. Gallagher & Co., we strive for long-term relationships. Insurance Relationships begin with solid, cost-effective insurance programs, but endure because of excellent service. We will address the day-to-day needs of your organization in a timely manner, and will be proactive regarding your insurance program throughout each insurance term and market cycle. In these ways, we can address your changing insurance needs.

Renewals

At each renewal, we will meet with you to establish a renewal game plan, determine how many markets should be approached, discuss pricing in the insurance marketplace, and identify what specific needs must be addressed. We will then approach markets that we feel will offer the best alternatives. These alternatives will be presented at renewal as an option, even if we feel the incumbent program is strongest. We will demonstrate how we have created competition within the marketplace to ensure that you receive the best renewal terms.

We make ourselves accountable by working with you to develop a written service schedule that meets your needs. You can track our service by referring to our written service commitment. Service becomes especially important as your type of organization continues to change and prosper.

As a top national broker, we have access to over 150 insurance companies and wholesalers. This maximizes your insurance options in any given policy year situation. In addition, our integrity and influence in the marketplace have resulted in excellent relationships with our markets. These factors are especially important to consider as the insurance needs of your organization become more complex and require more sophisticated solutions.

Phone Calls

Phone calls will be returned within one working day of receipt.

Certificates of Insurance

Certificates of Insurance will be issued within one working day of receipt.

Loss Control

We will coordinate all loss control activities between you and the carrier. We recommend that service be provided on a quarterly basis. We will also arrange loss control seminars on topics chosen by you upon request.



Named Insureds

NAMED INSUREDS	LINE OF COVERAGE
Collin County and its wholly or majority owned subsidiaries and any interest which may now exist or hereinafter be created or acquired which are owned, controlled or operated by any one or more of those named insureds.	Property Coverage

Note: Any entity not named in this proposal may not be an insured entity. This may include partnerships and joint ventures.



Insurance Carrier Ratings and Admitted Status

PROPOSED CARRIER	A.M. BEST'S RATING	ADMITTED/ NON-ADMITTED
Affiliated FM Insurance Company (FM Global Group)	A + XV	Admitted

If the above indicated coverage is placed with a Non-Admitted Carrier, the carrier is doing business in the state as a surplus lines or non-admitted carrier. As such, this carrier is not subject to the same regulations which apply to an admitted carrier nor do they participate in any insurance guarantee fund applicable in that state.

*The above A.M. Best Rating was verified on the date the proposal document was created.

Guide to Best Ratings Rating Levels and Categories

LEVEL	CATEGORY	Financial Size Categories	
A++, A+	Superior	<i>(In \$000 of Reported Policyholders' Surplus Plus Conditional Reserve Funds)</i>	
A, A-	Excellent	FSC I	Up to 1,000
B++, B+	Good	FSC II	1,000 to 2,000
B, B-	Fair	FSC III	2,000 to 5,000
C++, C+	Marginal	FSC IV	5,000 to 10,000
C, C-	Weak	FSC V	10,000 to 25,000
D	Poor	FSC VI	25,000 to 50,000
E	Under Regulatory Supervision	FSC VII	50,000 to 100,000
F	In Liquidation	FSC VIII	100,000 to 250,000
S	Suspended	FSC IX	250,000 to 500,000
		FSC X	500,000 to 750,000
		FSC XI	750,000 to 1,000,000
		FSC XII	1,000,000 to 1,250,000
		FSC XIII	1,250,000 to 1,500,000
		FSC XIV	1,500,000 to 2,000,000
		FSC XV	2,000,000 or more

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. It is not a warranty of a company's financial strength and ability to meet its obligations to policyholders. View the A.M. Best Important Notice: Best's Credit Ratings for a disclaimer notice and complete details at <http://www.ambest.com/ratings/notice>.

Best's Credit Ratings are under continuous review and subject to change and/or affirmation. For the latest Best's Credit Ratings and Best Credit Reports (which include Best Ratings), visit the A.M. Best website at <http://www.ambest.com>. See Guide to Best's Credit Ratings for explanation of use and charges. Copies of the Best's Insurance Reports for carriers listed above are also available upon request of your Gallagher representative.

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Gallagher companies use A.M. Best Company's rating services to evaluate the financial condition of insurers whose policies we propose to deliver. Gallagher companies make no representations and warranties concerning the solvency of any carrier, nor does it make any representation or warranty concerning the rating of the carrier which may change.



GUIDE TO BEST'S FINANCIAL STRENGTH RATINGS – INSURER

A Best's Financial Strength Rating is an independent opinion of an insurer's financial strength and ability to meet its ongoing insurance policy and contract obligations. The rating is based on a comprehensive quantitative and qualitative evaluation of a company's balance sheet strength, operating performance and business profile.

Financial Strength Ratings – Insurer

	Rating	Descriptor	Definition
Secure	A++, A+	Superior	Assigned to companies that have, in our opinion, a superior ability to meet their ongoing insurance obligations.
	A, A-	Excellent	Assigned to companies that have, in our opinion, an excellent ability to meet their ongoing insurance obligations.
	B++, B+	Good	Assigned to companies that have, in our opinion, a good ability to meet their ongoing insurance obligations.
Vulnerable	B, B-	Fair	Assigned to companies that have, in our opinion, a fair ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C++, C+	Marginal	Assigned to companies that have, in our opinion, a marginal ability to meet their ongoing insurance obligations. Financial strength is vulnerable to adverse changes in underwriting and economic conditions.
	C, C-	Weak	Assigned to companies that have, in our opinion, a weak ability to meet their ongoing insurance obligations. Financial strength is very vulnerable to adverse changes in underwriting and economic conditions.
	D	Poor	Assigned to companies that have, in our opinion, a poor ability to meet their ongoing insurance obligations. Financial strength is extremely vulnerable to adverse changes in underwriting and economic conditions.
	E	Under Regulatory Supervision	Assigned to companies (and possibly their subsidiaries/affiliates) placed under a significant form of regulatory supervision, control or restraint - including cease and desist orders, conservatorship or rehabilitation, but not liquidation - that prevents conduct of normal, ongoing insurance operations.
	F	In Liquidation	Assigned to companies placed in liquidation by a court of law or by a forced liquidation.
	S	Suspended	Assigned to rated companies when sudden and significant events affect their balance sheet strength or operating performance and rating implications cannot be evaluated due to a lack of timely or adequate information.

Rating Outlooks

Assigned to an interactive Financial Strength Rating to indicate its potential direction over an intermediate term, generally defined as 12 to 36 months.

Positive	Indicates possible rating upgrade due to favorable financial/market trends relative to the current rating level.
Negative	Indicates possible rating downgrade due to unfavorable financial/market trends relative to the current rating level.
Stable	Indicates low likelihood of a rating change due to stable financial/market trends.

Rating Modifiers

Modifier	Descriptor	Definition
u	Under Review	Indicates the rating may change in the near term, typically within six months. Generally is event driven, with positive, negative or developing implications.
pd	Public Data	Indicates rating assigned to insurer that chose not to participate in A.M. Best's interactive rating process.
s	Syndicate	Indicates rating assigned to a Lloyd's syndicate.

Affiliation Codes

Indicates rating is based on a type of affiliation with other insurers.

	g	Group	p	Pooled	r	Reinsured
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Not Rated Categories

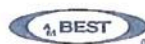
Assigned to companies reported on by A.M. Best, but not assigned a Best's Rating.

NR-1: Insufficient Data.	NR-2: Insufficient Size and/or Operating Experience.	NR-3: Rating Procedure Inapplicable.
NR-4: Company Request.	NR-5: Not Formally Followed.	

Rating Disclosure

A Best's Financial Strength Rating opinion addresses the relative ability of an insurer to meet its ongoing insurance obligations. The ratings are not assigned to specific insurance policies or contracts and do not address any other risk, including, but not limited to, an insurer's claims-payment policies or procedures; the ability of the insurer to dispute or deny claims payment on grounds of misrepresentation or fraud; or any specific liability contractually borne by the policy or contract holder. A Best's Financial Strength Rating is not a recommendation to purchase, hold or terminate any insurance policy, contract or any other financial obligation issued by an insurer, nor does it address the suitability of any particular policy or contract for a specific purpose or purchaser. In arriving at a rating decision, A.M. Best relies on third-party audited financial data and/or other information provided to it. While this information is believed to be reliable, A.M. Best does not independently verify the accuracy or reliability of the information. For additional details, see A.M. Best's *Terms of Use* at www.ambest.com.

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Premium Summary

The estimated program cost for the recommended program/options are outlined in the following table:

Expiring Program	Insurer	Expiring Cost	Proposed Renewal Insurer	Proposed Renewal Cost 10/1 2013-2014
Property Insurance	Affiliated FM (FM Global Group)	\$246,105	Affiliated FM (FM Global Group)	\$237,910
Terrorism Premium		\$ 7,500		\$7,500
Engineering Fee		\$ 8,000		\$8,000
Total Cost		\$261,605		\$253,410

Gallagher is responsible for the placement of the following lines of coverage: **Property**.

It is understood that any other type of exposure or coverage is either self insured or placed elsewhere by another firm. If you need assistance in placing other lines of coverage, please contact your Gallagher representative.

Payment Plans

Full Annual Premium/ Agency will invoice



Coverage Highlights

Coverage: Excess Property
Carrier: Affiliated FM Insurance Company
Policy Period: 10/1/2013 to 10/1/2014

The following is a general summary of the Insuring Agreement. Refer to actual policy form for complete terms and conditions.

Coverage (Including Limits/Sublimits):

Table with 2 columns: DESCRIPTION and LIMIT. Includes POLICY LIMIT, SUBLIMITS (Earth Movement, Flood, Extra Expense, Watercraft), and a note on sub-limits of liability.

Contractor's Equipment:

Table with 2 columns: DESCRIPTION and LIMIT. Includes details on Contractor's Equipment coverage and Actual Cash Value Valuation.



Coverage Highlights (Cont'd)

All Risk – Extension of Coverage Sub-limits:

DESCRIPTION	LIMIT
Extensions of Coverage Sublimits: The following sub-limits of liability will apply on a per occurrence basis for all coverages provided, unless otherwise stated below, and are part of, not in addition to the above limit(s) of liability.	
For Annual Aggregate sub-limits the policy year will begin at the inception date of this policy and be concurrent with the anniversary dates of this policy	
All Risk –Extensions of Coverage Sub-Limits:	
Fire Fighting Materials and Expenses	\$100,000
Professional Fees	\$250,000
Expediting Expenses	\$250,000
Trees, Shrubs, Plants and Lawns not to exceed a limit of \$1,000 per item	\$100,000
Pavements and Roadways	\$250,000
Land and Water Clean Up Expense (Annual Aggregate, for all coverages provided)	\$50,000
Installation Floater	\$250,000
Newly Acquired Property	\$2,500,000
Unnamed Locations Coverage	\$2,500,000
Fine Arts	\$1,000,000
Accounts Receivable	\$500,000
Valuable Papers and Records	\$5,000,000
Electronic Data Processing, Data and Media	\$500,000
Demolition and Increased Cost of Construction:	
-Item A: Undamaged Portion	Policy Limit
-Item B: Demolition	\$5,000,000
-Item C: Compliance with the Law	\$5,000,000
-Item D: Business Interruption	\$1,000,000
Errors and Omissions	\$2,500,000
Transit	\$1,000,000
Terrorism Coverage and the Supplemental United States Certified Act of Terrorism Endorsement:	Policy Limit
A. United States Certified Act of Terrorism coverage	\$100,000
B. Terrorism Coverage for Locations Outside of the United States (Annual Aggregate, for all coverages provided)	\$100,000
Fungus, Mold or Mildew	\$2,500,000
Deferred Payment	\$100,000
Off-Premises Service Interruption - Property Damage	\$250,000
Arson or Theft Reward	\$100,000



Coverage Highlights (Cont'd)

Money and Securities	\$100,000
Locks and Keys	\$100,000
Tenants Legal Liability and Expense	\$100,000
Soft Costs	\$100,000
Business Interruption - Extensions of Coverage Sub-Limits:	
-Days of Ordinary Payroll	30 Days
-Days of Civil Authority or Military Action	30 days
-Off-Premises Service Interruption	\$250,000
-Contingent Business Interruption	\$250,000
-Research and Development Expense	\$250,000
-Ingress/Egress	\$250,000
-Tax Treatment	\$100,000
-Days of Extended Period of Indemnity	30 days

Deductibles:

COVERAGE	AMOUNT
The following deductible amounts shall apply per occurrence for loss or damage under this policy in the respective loss categories indicated:	
-	
Earth Movement (per occurrence for each location for all coverages provided.)	\$100,000
Flood (per occurrence for each location for all coverages provided).	\$100,000
Boiler and Machinery:	
-Property Damage	\$10,000
-Business Interruption Waiting Period:	In the event of loss or damage insured by this policy, no coverage is provided for business interruption unless and until the period of interruption exceeds 24 hours beginning from the time of loss. The company's liability commences only after, and does not include, the waiting period.
Off Premises Service Interruption Qualifying Period:	In the event of loss or damage covered by this policy, no coverage is provided unless the service interruption exceeds 48 hours beginning from the time of loss or damage covered by this policy. If the service interruption exceeds 48 hours, the loss will be calculated from the time of loss or damage covered by this policy, subject to the policy deductible.
Electronic Data Processing Equipment, Data and Media Deductible:	In the event of loss or damage to Electronic Data Processing (EDP) Equipment, Data and Media insured by this policy caused by the malicious introduction of a machine code or instruction, no coverage is provided unless the period of interruption exceeds 48 hours beginning from the time of insured loss. The company's liability commences only after, and does not include, the Waiting Period specified.



Coverage Highlights (Cont'd)

	If the period of interruption exceeds 48 hours, the insured loss will be calculated based upon the amount of insured loss in excess of the Waiting Period and subject to a combined deductible for all coverages of \$10,000 per location.
	Any period in which business operations or services would have not been maintained, or any period in which goods would have not been produced will not be included as part of or serve to reduce the effect of any Waiting Period.
Contractor's Equipment	\$10,000
Personal Property of Inmates	\$10,000
Fine Arts	\$25,000
Valuable Papers	\$25,000
Watercraft	\$10,000
All Other Losses	\$50,000

Perils Covered:

TYPE	DESCRIPTION
Special Form Perils	All risks of direct physical loss or damage, as defined and limited herein, on Real Property, Personal Property, Business Interruption, including the Extensions of Coverage applying at the locations: (On file with company August 2013)

Coinsurance or Agreed Amount:

DESCRIPTION	AGREED AMOUNT	COINSURANCE %
All Covered Property	Yes	N/A

Endorsements include, but are not limited to:

DESCRIPTION
Standard Fire Ins. Policy 1677-A (1/00)
Declarations S-1-PRO 3100 (1/08)
All Risk Property Coverage PRO AR 3100 (10/09)
Business Interruption Endorsement Gross Earnings/Rents/Extra Expense PRO GE-EE 3200 (8/11)
TX Special Mandatory Endt. 6810 (10/09)
Supplemental US Certified Acts Of Terrorism Endt. 7312 (1/08)
Application of Policy to Date Time Recognition PRO DTR 2400 (11/00)

Exclusions include, but are not limited to:

DESCRIPTION
Government Action Exclusion
War Exclusion
Nuclear Hazard, Power Failure
Date-related Losses (Y2K) Exclusion



Coverage Highlights (Cont'd)

REAL PROPERTY EXCLUSION

This policy does not insure against loss or damage to Real Property at the following locations-coverage applies to contents (leased locations)

15. Wylie WIC Office, 303 W. Hwy 78, Wylie, TX, 75098
16. Frisco WIC Office, 8760 3rd Street, Frisco, TX, 75034
17. JOP Frisco, 8585 John Wesley Drive, Frisco, TX, 75034
18. JOP Wylie, 2001 North Highway 78, Wylie, TX, 75098
19. JOP Farmersville, 468A Raymond Street, Farmersville, TX, 75442

OTHER SIGNIFICANT TERMS AND CONDITIONS/RESTRICTIONS:

Extensions of Coverage sub-limits of liability will be the maximum payable for property damage and business interruption (if applicable) resulting from such property damage, or any combination thereof.

As respects the United States of America, its territories and possessions, the District of Columbia, the Commonwealth of Puerto Rico, the U. S. Virgin Islands; and Canada, Section D. Extensions of Coverage Item 9. Unnamed Locations and Section C. Additional Coverage Item 4. Property Removed from Described Locations are extended to Section D. Extension of Coverage Item 17. Terrorism with a sub-limit of liability of \$100,000 (Annual Aggregate for all coverages provided) for Property Damage and Business Interruption (if provided) combined. Also a \$100,000 Flood sub-limit of liability (if provided) (Annual Aggregate for all coverages provided) for Property Damage and Business Interruption (if provided) combined applies to Section D. Extension of Coverage Item 17. Terrorism.

Both of these sub-limits of liability applying to the Extension of Coverage Item 17. Terrorism does not apply to the Supplemental United States Certified Acts of Terrorism Endorsement.

These limits shall not include the Actual Cash Value portion of fire damage caused by Terrorism



Coverage Highlights (Cont'd)

UNITED STATES CERTIFIED ACT OF TERRORISM

Terrorism is included

CONTINGENT BUSINESS INTERRUPTION COVERAGE TERRITORY

Business Interruption Coverage, is limited to property anywhere in the world except in the following countries, provinces or jurisdictions;

Afghanistan, Albania, Algeria, Angola, Armenia, Azerbaijan, Bangladesh, Belize, Benin, Botswana, Burkina Faso, Burundi, Cambodia, Cameroon, Central African Republic, Chad, Cote D'Ivoire, Cuba, Democratic Republic of the Congo (former Zaire), Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Georgia, Ghana, Grenada, Guinea, Guinea-Bissau, Guyana, Haiti, India (State of Jammu and Kashmir), Iran, Iraq, Israel (Gaza Strip, West Bank and territories north of Latitude 32.80 N), Laos, Lebanon, Lesotho, Liberia, Libya, Madagascar, Malawi, Mali, Mauritania, Mauritius, Moldova, Mongolia, Montenegro, Montserrat, Mozambique, Myanmar, Namibia, Nepal, Niger, Nigeria, North Korea, Pakistan, Papua New Guinea, People's Republic of China (Aksai Chin region and Trans-Karakoram Tract), Republic of the Congo, Russian Federation (Chechen Republic), Rwanda, Senegal, Serbia, Seychelles, Sierra Leone, Somalia, Sri Lanka, Sudan, Swaziland, Syria, Tajikistan, Tanzania, Timor-Leste, Togo, Turkey (Provinces of Agri, Bingol, Bitlis, Diyarbakir, Elazig, Hakkari, Mardin, Mus, Siirt, Urfa and Van), Turkmenistan, Uganda, Uzbekistan, Yemen, Zambia and Zimbabwe.

Or any other country where trade relations are unlawful as determined by the Government of the United States of America or its agencies

NOTICE OF CANCELLATION

Section G. General Conditions Item 17. Cancellation is replaced by the following wording:

17. Cancellation:

a) The first named Insured may cancel this policy at any time by surrendering the policy to this company or by mailing or delivering advance written notice of cancellation to this company.

b) This company may cancel this policy by mailing or delivering written notice of cancellation to the first named insured at the address as stated in the declarations section, not less than:

1) Ninety (90) days before the effective date of cancellation; or

2) Ten (10) days before the effective date of cancellation for non-payment of premium.

c) If this policy is cancelled, written notice of cancellation also will be mailed or delivered to Lenders Loss Payables and Mortgagees as their interests may appear in this policy or as shown on Certificates of Insurance issued on behalf of the first named Insured and on file with this company, Not less than:

1) Ninety (90) days before the effective date of cancellation; or

2) Ten (10) days before the effective date of cancellation for non-payment of premium; or

3) Ten (10) days after the first named Insured cancels this policy.

Proof of mailing or delivery will be sufficient proof of notice.

d) This company will return unearned premium to the first named Insured:

1) On a pro-rata basis if this company cancels this policy.

2) At 90% of the pro-rata basis if the first named Insured cancels this policy.



Coverage Highlights (Cont'd)

If the option to purchase coverage for the United States Certified Act of Terrorism is elected, the Extension of Coverage Sub-Limit 17.A. will be amended to 17.A. 424,085,214

Premium (Including Terrorism coverage charge of \$7,500)	\$245,410
Fees	
Engineering Fees	\$8,000
ESTIMATED PROGRAM COST:	\$253,410



Changes/Developments

It is important that we be advised of any changes in your operations that may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

1. Changes in any operation such as expansion to other states or new products.
2. Mergers and/or acquisition of new companies.
3. Any newly assumed contractual liability, granting of indemnities, or hold harmless agreements.
4. Circumstances which may require increased liability insurance limits.
5. Any changes in fire or theft protection, such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to same.
6. Immediate advice of any changes to scheduled equipment such as contractors' equipment, electronic data processing, etc.
7. Property of yours that is in transit, unless we have previously arranged for the insurance.
8. Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed, or occupied.



Proposal Disclosures

The following disclosures are hereby made a part of this proposal. Please review these disclosures prior to signing the Client Authorization to Bind or e-mail confirmation.

Proposal Disclaimer

IMPORTANT: The proposal is an outline of certain terms and conditions of the insurance proposed by the insurers, based on the information provided by your company. It does not include all the terms, coverages, exclusions, limitations and/or conditions of the actual policy contract language. The insurance policies themselves must be read for those details. Policy forms for your reference will be made available upon request.

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety of coverage terms and conditions to protect the risks of your enterprise. We will seek to bind those coverages based upon your authorization; however, we can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact us with questions on these or any other issues of concern.

Compensation Disclosure

One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. For more information on Gallagher's compensation arrangements, please visit <http://www.ajg.com/compdisclosure>. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which such commissions and fees may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent commission arrangements with intermediaries and insurance companies that provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.
2. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
4. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to Compensation_Complaints@ajg.com or send a letter to:

AVC Compliance Officer
Arthur J. Gallagher & Co.
Two Pierce Place, 20th Floor
Itasca, IL 60143



- TRIA/TRIPRA Disclaimer** If this proposal contains options to purchase TRIA/TRIPRA coverage, the proposed TRIA/TRIPRA program may not cover all terrorism losses. While the most recent legislation eliminated the distinction between foreign and domestic acts of terrorism, a number of lines of coverage excluded under the TRIA legislation passed in 2005 remain excluded including commercial automobile, burglary and theft insurance; surety insurance, farm owners multiple perils and professional liability (although directors and officers liability is specifically included). If such excluded coverages are required, we recommend that you consider purchasing a separate terrorism policy. Please note that a separate terrorism policy for these excluded coverages may be necessary to satisfy loan covenants or other contractual obligations.
- Confidentiality Statement** We consider as confidential any information presented by **Arthur J. Gallagher Risk Management Services, Inc.** in response to your "request for proposal," as well as subsequent verbal and written communications between our organizations. We ask that other brokers not have access to our material and that information presented in this proposal be shared only with those who have a need to know within your company. We make our commitment to you that information already received from you, and additional to follow, will be treated with the same high level of respect and confidentiality.
- Actuarial Disclaimer** The information contained in this proposal is based on the historical loss experience and exposures provided to **Arthur J. Gallagher Risk Management Services, Inc.** This proposal is not an actuarial study. Should you wish to have this proposal reviewed by an independent actuary, we will be pleased to provide you with a listing of actuaries for your use.



Client Signature Requirements



Arthur J. Gallagher Risk Management Services

Reducing Risk. Raising Expectations.™

Client Authorization to Bind Coverage

After careful consideration of Gallagher's proposal dated 8/27/2013, we accept the following coverage(s). Please check the desired coverage(s) and note any coverage amendments below:

LINE OF COVERAGE		CARRIER
<input type="checkbox"/> Accept	Property Coverage \$ 237,910	Affiliated FM Insurance Company
<input type="checkbox"/> Reject	Engineering Fee \$ 8,000	
	Terrorism Coverage \$ 7,500	

Producer/ Insured Coverage Amendments and Notes:

Client Initials



Appendix



Client Commitment

Our clients are our top priority, and we use every tool at our disposal to ensure that we honor that commitment.

- Managing our client's risks is our highest commitment.
- We try to anticipate our client's needs in advance.
- We seek to understand the client's business, not just our own.
- We always recommend that which is in the client's best interest, even if it diminishes our revenues.
- We lead our clients to more effective risk management techniques.
- We seek long-term relationships, not quick profits.
- Getting the order is only the beginning of our commitment, not the end.
- We never promise what we cannot produce.
- Honesty and integrity are paramount. If we make a mistake, we admit it, and we make it right.
- Every client, large or small, has full access to all of our expertise and capability.



The Gallagher Way

Shared values at Arthur J. Gallagher & Co. are the rock foundation of the Company and our Culture. What is a Shared Value? These are concepts that the vast majority of the movers and shakers in the Company passionately adhere to. What are some of Arthur J. Gallagher & Co.'s Shared Values?

1. We are a **Sales and Marketing Company** dedicated to providing excellence in **Risk Management Services** to our clients.
2. We support one another. We believe in one another. We acknowledge and respect the ability of one another.
3. We push for professional excellence.
4. We can all improve and learn from one another.
5. There are no second-class citizens – everyone is important and everyone's job is important.
6. We're an open society.
7. Empathy for the other person is not a weakness.
8. Suspicion breeds more suspicion. To trust and be trusted is vital.
9. Leaders need followers. How leaders treat followers has a direct impact on the effectiveness of the leader.
10. Interpersonal business relationships should be built.
11. We all need one another. We are all cogs in a wheel.
12. No department or person is an island.
13. Professional courtesy is expected.
14. Never ask someone to do something you wouldn't do yourself.
15. I consider myself support for our Sales and Marketing. We can't make things happen without each other. **We are a team.**
16. Loyalty and respect are earned – not dictated.
17. Fear is a turn-off.
18. People skills are very important at Arthur J. Gallagher & Co.
19. We're a very competitive and aggressive Company.
20. We run to problems – not away from them.
21. We adhere to the highest standards of moral and ethical behavior.
22. People work harder and are more effective when they're turned on – not turned off.
23. We are a warm, close Company. This is a strength – not a weakness.
24. We must continue building a professional Company – together – as a team.
25. Shared values can be altered with circumstances but carefully and with tact and consideration for one another's needs.

When accepted Shared Values are changed or challenged, the emotional impact and negative feelings can damage the Company.

— Robert E. Gallagher – May 1984



Claims Reporting

Direct Reporting

Immediately report all claims for the following lines of coverage to the insurance carrier.

Property Coverage

Affiliated FM Insurance Company

Report any and all known claims as soon as possible

Phone: (972) 377-4808

Fax: (972) 731-1808

Reporting to Gallagher

Gallagher's Claims Processing

E:Mail: Scclaims@ajg.com



Bindable Quotations & Compensation Disclosure Schedule

Client Name: Collin County

COVERAGE(S)	CARRIER NAME(S)	ESTIMATED ANNUAL PREMIUM ¹	COMM. % OR FEE ²	NAME ³	WHOLESALE, MGA OR INTERMEDIARY	
					COMMISSION % / FEE \$ ⁴	AJG OWNED? YES/NO
Property Coverage	Affiliated FM Insurance Company including Terrorism and Engineering Fee	\$253,410	15% (does not apply to engineering fee)	N/A	N/A	N/A

Some carriers pay Gallagher supplemental or contingent commissions in addition to the policy commission. Contingent commissions are typically contingent upon performance factors such as growth, profit, volume or retention, while supplemental commissions are not. These supplemental or contingent commissions may range from less than 1% up to 10% of the policy premium. Please refer to the Contingent and Supplemental Commission Disclosure or contact your Gallagher representative for additional information.

1 * A verbal quotation was received from this carrier. We are awaiting a quotation in writing. The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

** A written quotation was received from this carrier. The premium indicated is an estimate provided by the market. The actual premium and acceptance of the coverage requested will be determined by the market after a thorough review of the completed application.

2 The commission rate is a percentage of annual premium excluding taxes & fees.

* Gallagher is receiving _____% commission on this policy. The fee due Gallagher will be reduced by the amount of the commissions received.

3 We were able to obtain more advantageous terms and conditions for you through an intermediary/ wholesaler.

4 * The non-Gallagher intermediary/wholesaler did not provide their compensation information for this proposal. The usual and customary compensation to a wholesaler/ intermediary ranges from 5% to 12%, but we cannot verify that range is applicable in connection with this proposal.



Contingent and Supplemental Commission Disclosure

Effective October 1, 2009, Arthur J. Gallagher & Co., and its subsidiaries operating as insurance agents/brokers under the corporate holding company known as Arthur J. Gallagher Brokerage & Risk Management Services, LLC, resumed participating in contingent commission arrangements which are routinely offered by insurance companies and intermediaries to agents and brokers, after voluntarily foregoing the benefit of this type of compensation since January 1, 2005. Contingent commission arrangements provide for additional compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company and/or through the intermediary, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.

During the time Gallagher's retail operations did not accept contingent commissions, some insurance markets and intermediaries, including Gallagher owned intermediaries, modified their commission schedule with Gallagher, resulting in an increase in some commission rates. The additional commissions, commonly referred to as "supplemental commissions", are known at the effective date of the policy, but some intermediaries and insurance companies are paying the commission increase apart and later from when the commission is normally paid at policy issuance.

Unlike contingent commissions, supplemental commission payments are determined without regard to any performance factors which are contingent on future growth, retention, profitability, etc.

Contingent and supplemental commission ranges from less than 1% up to 10% of written or earned premium on eligible lines of business (not all lines of business qualify).

NOTE: Upon request, your Gallagher representative can provide more specific market information regarding contingent and supplemental commission related to your insurance coverage.