



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

July 28, 2014

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, NH 03301

REQUESTED ACTION

Authorize the Department of Environmental Services (DES) to enter into a contract with FIAI, Inc. dba Cross Insurance, Manchester, NH (Vendor #169834) to purchase property insurance coverage for the Winnepesaukee River Basin Program (WRBP) for a total cost not to exceed \$31,705, effective as of September 1, 2014 through September 1, 2015, effective upon Governor and Council approval. 100% WRBP Funds.

Funding is available in the account, as follows:

	<u>FY15</u>
03-44-44-442010-1300-020-500250	\$31,705
Dept. Environmental Services, Winnepesaukee River Basin, Current Expenses	

EXPLANATION

The WRBP is the state-owned sewer system serving parts of the New Hampshire Lakes Region. The WRBP wastewater collection and treatment facilities, which include a treatment plant in Franklin, thirteen pump stations, and a maintenance facility in Laconia, are operated by employees of the state's DES on behalf of the communities benefiting from the facilities. A total of nearly \$70 million has been spent to construct these facilities and about \$5.6 million is spent each year to operate and maintain them. The purchase of insurance to protect these facilities is made under RSA 458-A:53.

The State's Risk Management Unit (RMU) coordinated with the WRBP to secure the same coverage terms and conditions as in the previous fiscal year. Following the RMU's direction, FIAI, Inc. (FIAI) arranged for this insurance purchase in accordance with its contract with the State for Producer Services for Property and Casualty Insurance.

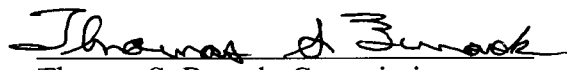
FIAI made inquiries to three insurance markets to gauge their interest in providing insurance coverage for the WRBP. Only one insurance carrier responded with a proposal for insurance coverage. The incumbent insurer for the WRBP since 2003, Philadelphia Indemnity Insurance Company ("Philadelphia"), supplied a quotation of \$31,705 for a one year premium including terrorism insurance. The insurance agreement covers property, flood, earthquake, boiler and machinery, inland marine insurance, and terrorism insurance (TRIA) for the WRBP.

The quoted premium is void of agency fee or commission but reflects a \$3,290 premium increase from the previous year's policy premium of \$28,415. Several factors contributed to the premium increase. The primary influence is "hardening of the market", meaning insurance premiums rise and limits and coverage terms and conditions tighten due to historical market wide underwriting losses. (See also attached Kiplinger Letter.) Market conditions coupled with Philadelphia's increased costs related to elevated reinsurance rates and catastrophe loading impacted the State's premium and resulted in the increase. While this quote represents an 11.6% increase, the competing companies FIAI approached declined to submit proposals in part because the rate offered by Philadelphia is "below the market." Philadelphia is rated A++ by A.M. Best Company, which is the highest possible rating.

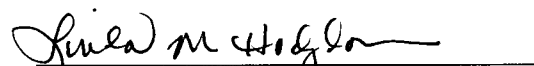
FIAI recommends that coverage be renewed as per the renewal terms with the Philadelphia Insurance Company. The RMU agrees with FIAI's recommendation.

There is no General Fund contribution required for this contract. This contract has been approved by the Department of Justice as to form, substance and execution.

We respectfully request your approval.


Thomas S. Burack, Commissioner
Environmental Services

Concur,

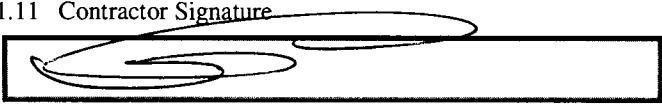
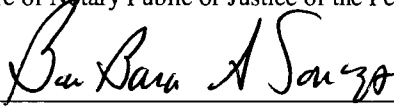

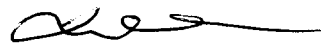

Linda M. Hodgdon, Commissioner Administrative
Services

Subject: Winnepesaukee River Basin Program Insurance FORM NUMBER P-37 (version 1/09)

AGREEMENT
The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

1.1 State Agency Name <u>Department of Environmental Services</u>		1.2 State Agency Address <u>29 Hazen Drive, Concord, NH 03302</u>	
1.3 Contractor Name <u>FIAI Inc dba Cross Insurance</u>		1.4 Contractor Address <u>1100 Elm Street Manchester, NH 03101</u>	
1.5 Contractor Phone Number <u>603-206-9917</u>	1.6 Account Number <u>034444442010130002050025</u>	1.7 Completion Date <u>September 1, 2015</u>	1.8 Price Limitation <u>\$31,705.00</u>
1.9 Contracting Officer for State Agency <u>Sharon McMillin</u>		1.10 State Agency Telephone Number <u>603-934-4032</u>	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory <u>Meredith L Hendershot, Account Executive</u>	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>June 17, 2014</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12.			
1.13.1 Signature of Notary Public or Justice of the Peace [Seal] 			
1.13.2 Name and Title of Notary or Justice of the Peace <u>BARBARA A SOUZA, NOTARY PUBLIC Commission Expires 1/25/17</u>			
1.14 State Agency Signature 		1.15 Name and Title of State Agency Signatory <u>Thomas S. Burack, Commissioner</u>	
1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____			
1.17 Approval by the Attorney General (Form, Substance and Execution) By:  On: <u>7-25-2014</u>			
1.18 Approval by the Governor and Executive Council By: _____ On: _____			

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.
3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, this Agreement, and all obligations of the parties hereunder, shall not become effective until the date the Governor and Executive Council approve this Agreement ("Effective Date").
3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.
Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.
5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.
5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. In addition, the Contractor shall comply with all applicable copyright laws.
6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.
6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.
7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.
7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this Agreement. This provision shall survive termination of this Agreement.
7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

- 8.1.1 failure to perform the Services satisfactorily or on schedule;
- 8.1.2 failure to submit any report required hereunder; and/or
- 8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

- 8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;
- 8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;
- 8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or
- 8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. TERMINATION. In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination

Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. CONTRACTOR'S RELATION TO THE STATE. In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. ASSIGNMENT/DELEGATION/SUBCONTRACTS. The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the N.H. Department of Administrative Services. None of the Services shall be subcontracted by the Contractor without the prior written consent of the State.

13. INDEMNIFICATION. The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$250,000 per claim and \$2,000,000 per occurrence; and

14.1.2 fire and extended coverage insurance covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than fifteen (15) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be

attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to endeavor to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than ten (10) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual

intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.



June 17, 2014

Jason Dexter
State of New Hampshire
Bureau of Purchase & Property
25 Capitol Street, Rm 412
Concord, NH 03301

RE: Winnepesaukee River Basin

Dear Jason:

I am pleased to enclose our renewal proposal for Winnepesaukee River Basin, to be effective 9/1/2014 through 9/1/2015. Our quote includes the following:

- Quote Proposal
- Marketing Summary
- Executed P-37
- Certificate of Good Standing
- Certificate of Vote
- Certificate of Insurance

Thank you for your assistance. It is always a pleasure to work with you.

Best Regards,

A handwritten signature in cursive script that reads "Carrie Morgan".

Carrie Morgan
Account Manager
cmorgan@crossagency.com

Enclosure

1100 Elm Street
Manchester, NH 03101
t: 603-669-3218 / 1-800-969-3218
f: 603-645-4331
www.crossagency.com

"FIAI, Inc. dba Cross Insurance - Manchester is legally organized as a Maine business corporation and is separately and locally managed and operated as a wholly owned subsidiary of Cross Financial Corp., Bangor, ME"



RE: Winnepesaukee River Basin
Effective 9/1/2014 – 9/1/2015

Locations:

1	Franklin Wastewater Treatment	528 River Street	Franklin	NH	03235
2	River Street Pumping Station	101 River St	Franklin	NH	03235
3	Belmont Pumping Station	74 South Rd	Belmont	NH	03220
4	Winnesquam Pumping Station	202 Water St	Laconia	NH	03246
5	Sanbornton Stations	48 Bay Rd & 163 Lower Bay	Sanbornton	NH	03269
6	Jewett Brook Pumping Station	73 Strafford St	Laconia	NH	03246
7	N Main Street Pumping Station	1539 Old North Main St	Laconia	NH	03246
8	Paugus Park Pumping Station	29 Paugus Park Rd	Laconia	NH	03246
9	State School Pumping Station	1 Right Way Path	Laconia	NH	03246
10	Maiden Lady Cove Pumping	763 Scenic Rd	Laconia	NH	03246
11	Pendleton Beach Pumping	67 Pendleton Beach Rd	Laconia	NH	03246
12	Gilford Pumping Station	74 Weirs Rd	Gilford	NH	03249
13	Glendale Pumping Station	31 Dock Rd	Gilford	NH	03249
14	Ellacoya Pumping Station	280 Scenic Dr	Gilford	NH	03249
15	Laconia Maintenance Shop	202 Water St	Laconia	NH	03246

<u>Coverage</u>	<u>Limit</u>	<u>Deductible</u>
Blanket Building, Agreed Value	\$46,958,000	\$25,000
Inland Marine - Mobile Emergency Caterpillar	\$ 130,000	\$ 1,000
Flood – Blanket Locations 1,3,7,9,10,11,12,13,14	\$15,000,000	\$25,000
Flood – Zone X & C40 Blanket Locations 2,5,6,8	\$ 1,500,000	\$25,000
Flood – Zone A, Each Location 4,15	EXCLUDED	EXCLUDED
Earthquake Blanket Locations - All	\$15,000,000	\$50,000
Boiler & Machinery	\$46,958,000	\$25,000
Boiler & Machinery Business Income Extra Expense	\$ 100,000	24 Hour

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RE: Winnepesaukee River Basin
Effective 9/1/2014 – 9/1/2015

Historical Premium

(Premiums shown below include Terrorism)

9/1/2010	Premium \$26,773	TIV \$42,588,000
9/1/2011	Premium \$25,395	TIV \$42,588,000
9/1/2012	Premium \$25,794	TIV \$42,588,000
9/1/2013	Premium \$28,415	TIV \$46,958,000
9/1/2014	Premium \$31,705	TIV \$46,958,000

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MARKETING RESULTS

FIAI, Inc dba Cross Insurance arranged for this insurance purchase in accordance with its contract with the State for Producer Services for Property Insurance. Meredith L. Hendershot, the account executive from FIAI, Inc made inquiries to specific insurance markets about the program.

Market Approached	RESULTS
Philadelphia	\$31,705.00 (Includes \$613 Terrorism)
Liberty Mutual/Peerless	Declined - TIV exceeds capacity
Berkley Regional Specialty Insurance Company	Declined - TIV exceeds capacity

PREMIUM SUMMARY

Subject	Pricing
Total Property	\$31,092.00
Federal Terrorism Risk Insurance	\$613.00
Total Policy Premium	\$31,705.00

We have marketed this insurance coverage out to several insurance companies consistently over the past several years, including this year, and received similar responses that were negative in comparing the rating and coverage structure provided by Philadelphia Insurance.

To paraphrase the response from the various carriers, Philadelphia has provided the historical and current coverage at "below the Market" and therefore the insurance companies have taken the position that they would not be a viable market solution in terms of coverage and pricing.

We believe that we have made a good faith effort to confirm that no other insurer would offer terms at a lower than .03 rate. DES might consider a higher deductible but we did consider that a couple of years ago and found that the rate differential was not significant enough to warrant the additional exposure.

Philadelphia's position on slightly increasing the rate at renewal this year is based upon two fundamental issues. The first is the renewal rate of .03 which remains well below the market and second they are passing along some of the increase in costs that they incurred regarding their reinsurance and catastrophe loading. Mrs. Hendershot recommends that coverage be renewed as per the renewal terms with the Philadelphia Insurance Company. The Risk Management Unit agrees with Mrs. Hendershot's recommendation.

**Insurance Coverage for the Winnepesaukee River Basin Program
Contract Agreement
State of New Hampshire, Department of Environmental Services
and Cross Insurance**

Exhibit A - Scope of Services

ARTICLE 1. SCOPE OF SERVICES

This EXHIBIT A, Scope of Services, is made a part of the P-37 Agreement (the "Agreement") and is made according to the terms of paragraph 2 of the Form P-37. This EXHIBIT A to the Agreement is between the State of New Hampshire (the "State") and FIAI, Inc dba Cross Insurance ("Cross") for property insurance coverage for the Winnepesaukee River Basin Program (WRBP).

ARTICLE 2. EFFECTIVE DATE

Effective Date of Agreement: September 1, 2014
Expiration Date of Agreement: August 31, 2015
12:01AM Standard Time at the address of the State stated herein.

CROSS INSURANCE hereby agrees to provide insurance coverage for WRBP as described herein.

The State shall have the right to terminate the contract, if a contract is awarded; at any time by giving CROSS INSURANCE thirty (30) days advance written notice.

ARTICLE 3. Administrative Services Provided by Cross Insurance

A. INSURANCE COVERAGE DETAILS

1. The named insured is Winnepesaukee River Basin Program (WRBP), Including All Divisions, Boards, Committees, Commissions, Authorities and Agencies.
2. The property insured is:
 - a. All real and personal property owned, used, or intended for use by the WRBP or hereafter erected, installed or acquired including while in the course of building, erection, installation and assembly. Real property shall include the underground process pipe tunnel system.
 - b. Real and personal property of others in WRBP's care, custody and control.
 - c. Personal property of the WRBP's officials and employees at all WRBP owned or operated locations.
3. A schedule of WRBP buildings with location, building detail and replacement cost value is on file with CROSS INSURANCE, DES and RMU. This schedule is updated annually.
4. The blanket building limit is \$46,958,0000 for all WRBP property with a \$25,000 deductible and 100% co-insurance, flood insurance coverage with a limit of \$15,000,000 for locations 1,3,7,9,10,11,12,13,14 and a blanket limit of \$1,500,000 for locations 2,5,6,8 with a \$25,000 deductible for all flood locations, flood coverage is excluded for locations 4 and 15, terrorism (in accordance with the federal Terrorism Risk Insurance Act - TRIA) coverage, earthquake insurance coverage with a limit of \$15,000,000 and a \$50,000 deductible, boiler and machinery coverage with a \$25,000 deductible and inland marine coverage for a Mobile Emergency Caterpillar Gen-Set with a limit of \$130,000 and a \$1,000 deductible.

B. CLAIMS ADMINISTRATION

Cross Insurance shall administer all reported claims from September 1, 2014 for the contract period until the claims are closed.

1. Claim Reporting

RMU shall report claims from designated personnel at WRBP to Cross Insurance's designated claims adjuster. Cross Insurance shall send a letter of acknowledgment of claim to the RMU electronically or via US mail.

2. Claim Reserving.

Cross Insurance shall establish and maintain timely and adequate reserves. CROSS INSURANCE shall revise reserve estimates whenever developments occur which change the ultimate loss exposure and maintain supporting documentation. Reserves shall be adequately funded by CROSS INSURANCE in a matter consistent with established industry practice.

3. Litigation Management.

CROSS INSURANCE shall ensure that all cases are properly prepared prior to conference, hearing or trial. The RMU shall be notified of any claims that involve legal proceedings, including but not limited to, conferences, hearings or trials. The RMU reserves the right to attend any hearing, conference, appeal or trial. If a conference, hearing or trial is to be handled by an attorney, ensure timely delivery of the file material for preparation. CROSS INSURANCE shall document the attorney's receipt of claim file and the attorney's opinion about the merits of the issues to be litigated and the probable outcome of the litigation. If an adverse finding is made, the attorney should comment about the costs and the merits of the appeal, including the potential impact on future claims costs. CROSS INSURANCE shall review attorney bills to ensure that they are accurate and reasonable.

4. Payment Control.

All claim payments shall be made by CROSS INSURANCE in accordance with New Hampshire statutory provisions and regulations. See Insurance Rules 1002. Documentation detailing the payee, type of payment and payment amount shall be provided to the RMU.

5. Claims Settlements and Loss Runs

CROSS INSURANCE shall advise RMU of any settlement of twenty thousand dollars (\$20,000) or greater. CROSS INSURANCE shall issue loss run reports within thirty days of RMU's request.


C. ACCOUNT MANAGEMENT

CROSS INSURANCE shall manage the WRBP policy in accordance with the terms and conditions of the Producer Services for Property and Casualty Insurance for the State, effective July 1, 2013.

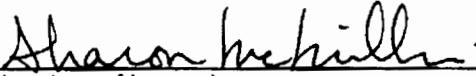
**WINNEPESAUKEE RIVER BASIN PROGRAM
PROPERTY VALUATION INFORMATION
AS OF 9-1-13**

1 Franklin Wastewater Treatment Plant	30,595,000
528 River St., Franklin, NH Reinforced concrete / brick veneer 19,790 sq ft Built 1979	
2 River Street Pumping Station	1,197,000
101 River St., Franklin, NH Reinforced concrete / brick veneer 3,079 sq ft	
3 Belont Pumping Station	955,000
74 South Rd., Belmont, NH Reinforced concrete / brick veneer / wood rafter false-roof over concrete, 490 sq ft	
4 Winnesquam Pumping Station	1,910,000
202 Water St., Laconia, NH Reinforced concrete / brick veneer 2,556 sq. ft.	
5 Sanbornton Stations aka Lower Bay Rd Pumping Station	357,000
48 Bay Rd., Sanbornton, NH and Smith Road Pumping Station 163 Lower Bay Rd Sanbornton, NH below-ground fiberglass vault on concrete pad (both) 45 sq ft each station	
6 Jewett Brook Pumping Station	955,000
73 Stafford St., Laconia, NH Reinforced concrete / brick veneer 1,597 sq ft	
7 No. Main Street Pumping Station	1,439,000
1539 Old No. Main St Laconia, NH Reinforced concrete / brick veneer 4,092 sq ft	
8 Paugus Park Pumping Station	1,439,000
29 Paugus Park Rd., Laconia, NH Reinforced concrete / brick veneer 4,092 sq ft	
9 State School Pumping Station	955,000
1 Right Way Path, Laconia, NH Reinforced concrete / brick veneer 1,364 sq ft	
10 Maiden Lady Cove Pumping Station	1,197,000
763 Scenic Dr., Laconia, NH Reinforced concrete / brick veneer 3,158 sq ft	
11 Pendleton Beach Pumping Station	1,197,000
67 Pendleton Beach Rd., Laconia, NH Reinforced concrete / brick veneer 2,021 sq ft	
12 Gifford Pumping Station	1,197,000
74 Weirs Rd., Gifford, NH Reinforced concrete / brick veneer 1,021 sq ft	

**WINNEPESAUKEE RIVER BASIN PROGRAM
PROPERTY VALUATION INFORMATION
AS OF 9-1-13**



13 Glendale Pumping Station	1,197,000
31 Dock Rd., Gilford, NH Reinforced concrete / brick veneer 2,413 sq ft	
14 Ellacoya Pumping Station	1,197,000
280 Scenic Dr., Gilford, NH Reinforced concrete / brick veneer	
15 Laconia Maintenance Shop	1,171,000
202 Water St., Laconia, NH Metal/masonry; wood frame interior 8,925 sq ft	
Total Replacement Cost:	46,958,000



Signature of Insured

6/5/14
Date

**Insurance Coverage for the Winnepesaukee River Basin Program
Contract Agreement
State of New Hampshire, Department of Environmental Services
CROSS INSURANCE**

Exhibit B – Price and Method of Payment

This EXHIBIT B, Contract Price, Limitation on Price, Payment is made a part of the Agreement and is made according to the terms of paragraph 5 of the Form P-37.

A. **CONTRACT PRICE.** CROSS INSURANCE hereby agrees to provide the services in complete compliance with the terms and conditions specified in Exhibit A at the price below for the term of the contract ("contract price"). The total Contract Price for the term of the Agreement as shown in block 1.8 of the P-37 is \$28,415.00

Description	Year One
Property insurance coverage for the Winnepesaukee River Basin Program (WRBP)	\$31,092.00
Federal Terrorism Risk Insurance	\$613.00

B. **INVOICING**

CROSS INSURANCE shall submit an invoice to:

The State of New Hampshire
Department of Administrative Services
Risk Management Unit
25 Capitol Street, Rm 412
Concord, NH 03301
Or via email to: diane.caldon@nh.gov

The State shall not make payments to CROSS INSURANCE prior to the Agreement effective date of September 1, 2014.

C. **PAYMENT**

The State shall make payment to CROSS INSURANCE electronically or by check mailed to the address in Section 1.4 of the P-37. Payment terms are net thirty days subject to approval of the submitted invoice.

**Insurance Coverage for the Winnepesaukee River Basin Program
Contract Agreement
State of New Hampshire, Department of Environmental Services
CROSS INSURANCE**

Exhibit C – Special Provisions

This EXHIBIT C, Special Provisions, is made a part of the Agreement and is made according to the terms of paragraph 22 of the Form P-37.

A. INSURANCE. Delete Paragraph 14.1.1 and substitute the following:

1. General Liability coverage with limits of \$1,000,000 per occurrence/\$2,000,000 in the aggregate
2. Automobile Insurance coverage with combined single limits of \$1,000,000 per accident
3. Excess/umbrella insurance coverage with limits of \$10,000,000 per occurrence and in the aggregate
4. Errors and Omission insurance coverage with limits of \$10,000,000
5. Crime/Fidelity coverage with limits of \$500,000

B. There are no other special provisions for this contract.

State of New Hampshire Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that FIAI, Inc. a(n) Maine corporation, is authorized to transact business in New Hampshire and qualified on January 12, 2007. I further certify that all fees and annual reports required by the Secretary of State's office have been received.



In TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed the Seal of the State of New Hampshire, this 8th day of May, A.D. 2014

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

FIAI, INC.

CERTIFICATE OF CLERK

I, Daniel G. McKay, Clerk of FIAI, Inc. (the "Corporation"), do hereby certify as follows:

1. I am the duly elected Clerk of the Corporation.
2. The following is a true and correct copy of resolutions duly adopted by the board

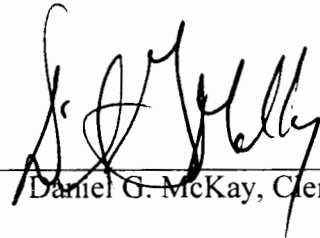
of directors of the Corporation on June 9, 2014, and such resolutions have not been rescinded, modified or amended and remain in full force and effect as of the date hereof:

RESOLVED: That Meredith Hendershot, the Senior Account Executive for FIAI, Inc., acting singly, is duly authorized and directed to enter into an Agreement for Insurance Coverage for the Winnepesaukee River Basin Program (the "Agreement") with the State of New Hampshire and is further authorized to execute any documents which may in her judgment be desirable or necessary in order to effect the purpose of this vote.

RESOLVED: That Meredith Hendershot, in her capacity as Senior Account Executive of the Corporation, hereby is duly authorized and directed to act as the Corporation's agent for the limited purpose of executing and delivering the Agreement and all documents contemplated thereunder or otherwise authorized by these resolutions.

RESOLVED: That the Clerk of the Corporation hereby is authorized to execute and deliver one or more Certificates certifying as to the adoption of the foregoing resolutions and as to the authority of Meredith Hendershot to act on behalf of the Corporation for the purposes specified above.

The undersigned has executed and delivered this certificate in his capacity as Clerk of FIAI, Inc. this 17th day of June, 2014.



Daniel G. McKay, Clerk



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
7/17/2014

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Cross Insurance 74 Gilman Road P.O. Box 1388 Bangor ME 04401	CONTACT NAME: Woodrow Cross, II PHONE (A/C No. Ext): (207) 947-7345 FAX (A/C. No.): E-MAIL ADDRESS: w2cross@crossagency.com																				
	<table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A</td> <td>Hanover Insurance Group, Inc.</td> <td>22292</td> </tr> <tr> <td>INSURER B</td> <td>National Union Fire Ins Co IA</td> <td>32298</td> </tr> <tr> <td>INSURER C</td> <td>Maine Employers Mutual Ins Co.</td> <td></td> </tr> <tr> <td>INSURER D</td> <td>Utica Mutual Ins Co</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A	Hanover Insurance Group, Inc.	22292	INSURER B	National Union Fire Ins Co IA	32298	INSURER C	Maine Employers Mutual Ins Co.		INSURER D	Utica Mutual Ins Co		INSURER E:			INSURER F:	
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INSURER F:																					
INSURED Cross Financial Corp 74 Gilman Road P O Box 1388 Bangor ME 04402																					

COVERAGES CERTIFICATE NUMBER: CL147713649 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY			ZBP687501711	7/21/2014	7/21/2015	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$
A	AUTOMOBILE LIABILITY			ABP472889020 ADP915322604	7/21/2014 7/21/2014	7/21/2015 7/21/2015	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS					PROPERTY DAMAGE (Per accident) \$
							\$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB			BE7251220	7/21/2014	7/21/2015	EACH OCCURRENCE \$ 10,000,000
	<input type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$ 10,000,000
	<input type="checkbox"/> DED	<input type="checkbox"/> RETENTION \$					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			5101800114 3102802556	10/1/2014 10/1/2014	10/1/2015 10/1/2015	WC STATUTORY LIMITS
	<input checked="" type="checkbox"/> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y/N	N/A				E.L. EACH ACCIDENT \$ 500,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 500,000
							E.L. DISEASE - POLICY LIMIT \$ 500,000
D	Errors & Omissions			4179150E0	5/1/2014	5/1/2015	Each Loss Limit \$10,000,000
A	Crime/Fidelity			BDP1834885	7/21/2014	7/21/2015	Limit \$500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required) Refer to policy for exclusionary endorsements and special provisions.

CERTIFICATE HOLDER State of New Hampshire 25 Capitol St., 1st Flr Rm 102 Concord, NH 03301	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Woodrow Cross, II/WC1 <i>Woodrow Cross II</i>

The Kiplinger Letter

FORECASTS FOR MANAGEMENT DECISIONMAKING

1100 13th Street NW, Washington, DC 20005 • kiplinger.com • Vol. 90, No. 12

Dear Client:

Washington, March 22, 2013

Whatever its causes...

Erratic weather poses a mounting threat to the economy. In 2012 alone...a \$100-billion hit from the combination of storms, droughts and fires. And the forecast won't brighten anytime soon.

WEATHER TROPS The major hazards: Protracted heat waves, along with the myriad problems they bring. Extreme heat increasingly means extreme drought... such as last year's, which affected 80% of farmland and led to the third-worst wildfire season on record. Only 2006 and 2007 saw more acres of forest burn.

Rising floodwaters. Recent hurricanes and shifting rainfall patterns are prompting revisions to floodplain maps nationwide. Many communities along rivers, the Gulf Coast and the Eastern Seaboard will find themselves newly designated as at risk.

And worsening storm damage. Last year, thunderstorm-related losses came in at \$15 billion... the second-costliest year on record, despite a drop in tornado activity. As population density increases, just a few bad storms can pack an outsize punch.

Adapting to the risk of harsher weather conditions won't be easy...or cheap.

Flood insurance is certain to cost more. Uncle Sam...the only major provider of flood policies...is starting to charge premiums based on a given property's risk rather than the subsidized rates property owners have benefited from for decades. Some owners of coastal real estate will have to make a choice between costly upgrades and big premium hikes. Folks farther inland may have to insure for the first time.

Farmers will invest in measures that protect against both drought and floods: Reduced-tillage planting schemes. The use of cover crops, such as clover and grasses, to nourish soil during winter. And low-flow irrigation systems to minimize evaporation.

Plus better forest management...clearing brush, culling diseased trees and building firebreaks to limit the damage from a growing number of wildfires.

Although the government regards severe weather with growing concern... even creating a full-time post on the National Security Council to monitor it...

Uncle Sam will have only limited ability to lend aid to affected communities. The budget sequester alone will trim almost \$1 billion this year from the relief fund that the Federal Emergency Management Agency uses to respond to catastrophes. The U.S. Forest Service will thin 200,000 fewer acres of fire-prone woodlands. And \$8.7 billion in annual crop insurance costs will dog budgets for years to come.

So state and local governments can expect to shoulder more of the burden when bad weather strikes, and taxpayers will pay for it. Government at every level will play a role in curbing risk...toughening building codes, buying at-risk properties, updating maps...helping to temper the worst effects of an increasingly volatile climate.

ECONOMIC FORECASTS

GDP growth

← Though slow in early '13, around 1.75% for the year

Interest rates

← Little change through mid-'13. 10-year T-notes at year-end, 2.25%

Inflation

↗ Rising slightly this year, to about 2.3%

Unemployment

↘ Falling gradually over '13, to around 7.5%

Crude oil

↗ Trading from \$95 to \$100/bbl. by Memorial Day

Business spending growth

↗ Strengthening in second half; still under '13 pace

Complete economic outlook at kiplinger.com/outlooks