



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner



July 1, 2013

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

Retroactive

REQUESTED ACTIONS

1. 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 \$28,415, effective as of September 1, 2013 through September 1, 2014, effective upon Governor and Council approval. 100% WRBP Funds.
2. Further, **retroactively** authorize a waiver of RSA 485-A:53's requirement for the purchase of liability insurance, for the period of July 1, 2013 through June 30, 2014 effective upon Governor and Council approval. This request is retroactive per RSA 485-A:53's stipulation that a waiver align with the fiscal year as opposed to the contract terms which run from September to September.

Funding is available in the account as follows:

	<u>FY14</u>
03-44-44-442010-1300-020-500250	\$28,415
Dept. Environmental Services, Winnepesaukee River Basin, Insurance and Bond Premiums.	

EXPLANATION

The procurement of property and liability insurance for the WRBP is required by RSA 485-A:53. Pursuant to RSA 485-A:53, if any of the foregoing insurance is unavailable or uneconomical, the DES may request the Governor and Council to waive the provisions of this section. The Governor and Council have approved waivers of liability insurance on all previous policy terms, from FY10-FY13, because coverage has been either unavailable in the market, meaning insurers are unwilling to insure the risk, or too expensive. According to FIAI, Inc., because of the risk exposure involved insurers were unwilling to quote or provide liability coverage in this bidding process.

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 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.

FIAI, Inc. arranged for this insurance purchase in accordance with its contract with the State for Producer Services for Property and Casualty Insurance. Mr. Grady Crews, the account executive from FIAI, Inc., coordinated with Sarah Tilton, the State's Risk Manager, to discuss the WRBP's insurance coverage needs. WRBP management indicated to Ms. Tilton that they were interested in securing the same coverage terms and conditions but that a new building constructed at the Franklin Wastewater Treatment Plant increased the replacement cost value of facilities to be covered by the insurance. The WRBP provided FIAI with an updated Statement of Values which included this new building.

Mr. Crews made inquiries to twelve 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 \$28,415 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, with rate level premiums and annual renewals each September for the term of the agreement.

The quoted premium is void of agency fee or commission but reflects a \$2,621 premium increase from the previous year's policy premium of \$25,794. 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. Market conditions coupled with the 10% increased valuation attributable to the new building at the Franklin WWTP and elevated reinsurance rates impacted the State's premium and resulted in the increase. While this quote represents a 9% increase, the competing companies FIAI approached indicated a larger premium increase and eleven firms declined to submit proposals. Philadelphia is rated A++ by A.M. Best Company, which is the highest possible rating.

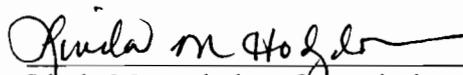
Mr. Crews recommends securing insurance coverage with Philadelphia. The Risk Management Unit concurs with Mr. Crews' recommendation.

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,

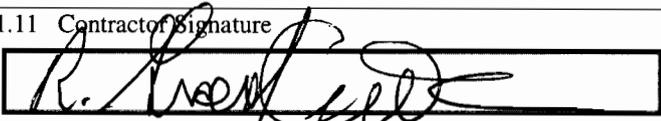
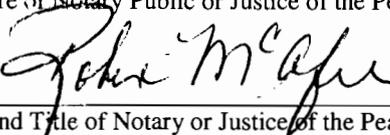
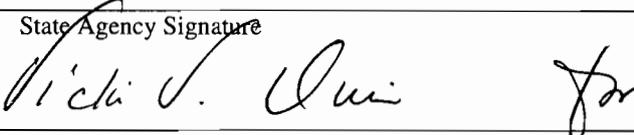
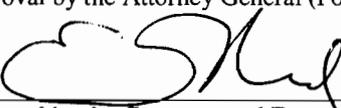

Linda M. Hodgdon, Commissioner
Administrative Services

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>603-669-3218</u>	1.6 Account Number <u>03-44-44-442010-1300-020-500250</u>	1.7 Completion Date <u>August 31, 2014</u>	1.8 Price Limitation <u>\$28,415.00</u>
1.9 Contracting Officer for State Agency <u>Thomas S. Burack, Commissioner</u>		1.10 State Agency Telephone Number <u>603-271-3503</u>	
1.11 Contractor Signature 		1.12 Name and Title of Contractor Signatory <u>R. Grady Crews, Senior Account Manager</u>	
1.13 Acknowledgement: State of <u>NH</u> , County of <u>Hillsborough</u> On <u>June 7, 2013</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] 		ROBIN McAFEE Notary Public - New Hampshire My Commission Expires March 24, 2015	
1.13.2 Name and Title of Notary or Justice of the Peace <u>Robin McAfee</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>7-30-13</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.

Contractor Initials RLC
Date 6-7-13

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

Contractor Initials RAC
Date 6-7-13

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.

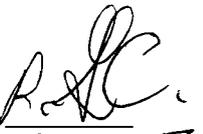
22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

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.

Contractor Initials

Date


6-7-13

**Insurance Coverage for the Winnepesaukee River Basin Program
Contract Agreement
State of New Hampshire, Department of Environmental Services
and FIAI, Inc., dba 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. ("FIAI") for property insurance coverage for the Winnepesaukee River Basin Program (WRBP).

ARTICLE 2. EFFECTIVE DATE

Effective Date of Agreement: September 1, 2013
Expiration Date of Agreement: August 31, 2014
12:01AM Standard Time at the address of the State stated herein.

FIAI 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 FIAI thirty (30) days advance written notice.

ARTICLE 3. Administrative Services Provided by FIAI

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 FIAI, 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

FIAI shall administer all reported claims from September 1, 2013 for the contract period until the claims are closed.

1. Claim Reporting
RMU shall report claims from designated personnel at WRBP to FIAI's designated claims adjuster. FIAI shall send a letter of acknowledgment of claim to the RMU electronically or via US mail.
2. Claim Reserving.
FIAI shall establish and maintain timely and adequate reserves. FIAI shall revise reserve estimates whenever developments occur which change the ultimate loss exposure and maintain supporting documentation. Reserves shall be adequately funded by FIAI in a matter consistent with established industry practice.
3. Litigation Management.
FIAI 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. FIAI 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. FIAI shall review attorney bills to ensure that they are accurate and reasonable.
4. Payment Control.
All claim payments shall be made by FIAI 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
FIAI shall advise RMU of any settlement of twenty thousand dollars (\$20,000) or greater. FIAI shall issue loss run reports within thirty days of RMU's request.

C. ACCOUNT MANAGEMENT

FIAI 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.

**Insurance Coverage for the Winnepesaukee River Basin Program
Contract Agreement
State of New Hampshire, Department of Environmental Services
and FIAI, Inc., dba 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.** FIAI 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)	\$27,865.00
Federal Terrorism Risk Insurance	\$513.00

B. INVOICING

FIAI 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 FIAI prior to the Agreement effective date of September 1, 2013.

C. PAYMENT

The State shall make payment to FIAI 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.

Contractor's Initials: 
Date: 6/7/13

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

CERTIFICATE OF VOTE/CERTIFICATE OF AUTHORITY

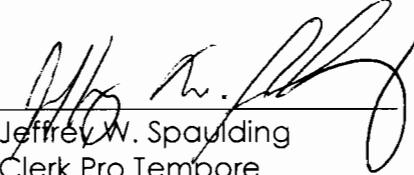
I, Jeffrey W. Spaulding, hereby certify that I am duly elected Clerk Pro Tempore of FIAI, Inc. I hereby certify that the following is a true copy of a vote taken at a meeting of the Board of Directors of FIAI, Inc., duly called and held on June 6, 2013, at which a quorum of the Board of Directors was present and voting.

VOTED: That R. Grady Crews, the Senior Account Executive for FIAI, Inc., acting singly, is duly authorized to enter into a specific contract namely Winnipiesaukee River Basin Program with The State of New Hampshire and further authorized to execute any documents which may in his judgment be desirable or necessary to effect the purpose of this vote.

I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of June 7, 2013, and that R. Grady Crews is duly elected Senior Account Executive of FIAI, Inc.

DATED: June 7, 2013

ATTEST:



Jeffrey W. Spaulding
Clerk Pro Tempore

(Affix Corporate Seal)

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 15th day of May, A.D. 2013

A handwritten signature in black ink, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State



RE: Winnepesaukee River Basin
Effective 9/1/2013 – 9/1/2014

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

NOTES:

Building deductible has been increased from \$10,000 to \$25,000

Earthquake deductible has been increased from \$25,000 to \$50,000

Based on Philadelphia Flood Zone reports, locations 4, 15 are now within flood zone A. These locations can no longer be written with a standard carrier. According to an email from Sarah Tilton on 6/26/13, the DES had advised they are not interested in obtaining coverage through FEMA for any properties not included under the blanket flood coverage.

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

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RE: Winnepesaukee River Basin
Effective 9/1/2013 – 9/1/2014

Historical Premium

(Premiums shown below include Terrorism)

9/1/2010 - 9/1/2011	\$26,733.00
9/1/2011 - 9/1/2012	\$25,395.00
9/1/2012 - 9/1/2013	\$25,794.00
9/1/2013 - 9/1/2014	\$28,415.00

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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. Grady Crews, the account executive from FIAI, Inc made inquiries to specific insurance markets about the program.

Market Approached	RESULTS
Philadelphia	\$28,415.00 (Includes \$513 Terrorism)
Acadia Insurance Co	Declined – Restricted Class of Business
Cincinnati	Declined – Lack of underwriting lead time
CNA	Declined – Lack of underwriting lead time
EMC	Declined – Restricted Class of Business
FM Global	Declined – Lack of underwriting lead time
Hanover Insurance	Declined – Restricted Class of Business
Harleysville	Declined – Restricted Class of Business
Liberty Mutual/Peerless	Declined – Lack of underwriting lead time
The Hartford	Declined – Restricted Class of Business
Travelers Insurance	Declined – Restricted Class of Business
Zurich	No Response at the time the Bid was due from our agency

PREMIUM SUMMARY

Subject	Pricing
Total Property	\$27,865.00
Federal Terrorism Risk Insurance	\$513.00
Total Policy Premium	\$28,415.00

Mr. Crews recommends securing insurance coverage with Philadelphia Insurance as they presented the most competitive and comprehensive terms in comparison to other markets approached. The Risk Management Unit agrees with Mr. Crews' recommendation.

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