

**THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA**

**FINANCIAL SERVICES DEPARTMENT**

**M\_E\_M\_O\_R\_A\_N\_D\_U\_M**

TO: Al Weidner, Deputy Chief Financial Officer  
FROM: Bert Palmer, Risk Manager  
DATE: May 7, 2007  
SUBJECT: Aon Benefit Consulting Engagement

Attached is the Aon Benefit Consulting "Limited Consulting Services Agreement", dated April 13, 2007.

I recommend that the district engage Aon Benefits Consulting for a two-phase project. The first phase is to assist with the marketing of the district long-term disability and group life insurance programs. Both programs have had excellent rate stability for several years. The current programs renew on January 1, 2008. The markets for both lines of coverage would indicate that the time is right for the district to conduct a Request for Proposal. The second phase of the engagement would be to assist with the renewal and analysis of the district group medical insurance plans.

Aon has agreed to perform all components of the projects on a time and expense basis, for a not-to-exceed fee of \$37,000.

Attachments (2)



## *Employee Benefits Consulting*

April 13, 2007

Mr. Bert Palmer  
Director, Risk Management  
Sarasota County Public Schools  
1960 The Landings Blvd.  
Sarasota, FL 34231

### ***Re: Limited Consulting Services Agreement***

Dear Bert:

On behalf of Aon Consulting, we appreciate the opportunity to continue working with you and your colleagues at Sarasota County Public Schools (District). We are confident that we will exceed your expectations and look forward to fulfilling our commitment to provide best-in-class services.

For our mutual understanding and security, we believe it necessary to document our commitment to assisting you in your 1/1/2008 medical renewal analysis and marketing efforts of Life and Disability as well as our mutual roles and responsibilities. Your review and acceptance of this letter and accompanying exhibits will help ensure the success of our working relationship in this regard.

- ***Exhibit A:*** Services to be provided
- ***Exhibit B:*** Payment for services
- ***Exhibit C:*** General terms

In order to meet critical completion dates and operate within budget expectations, we will undoubtedly need your support at various intervals. For example, we may need you to:

- Provide historical benefit plan documentation
- React to preliminary project findings
- Be accessible for conference calls and/or meetings
- Approve final versions of project-related documentation
- Provide written approval of our compensation

This Agreement commences on the date signed by Sarasota Schools and will remain in effect until terminated.

Bert, we look forward to working with you and your colleagues. Assuming this letter and accompanying exhibits meet your expectations, please sign the letter and return it to my attention at your earliest convenience so we can begin our work. We appreciate this opportunity to continue working with the District.

Sincerely,



JR Shamley, ASA  
Vice President

cc: Dick Klima, Aon Account Manager

Enclosures

*Signature of Client*

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Authorized Representative, Sarasota County Public Schools

Date



***Exhibit A – Services to be Provided***

| <b>Services Included in Scope of Agreement</b>  |                                 |
|---|---------------------------------|
|   | <b>Comments</b>                 |
| <b>I. Marketing Services – Life and Disability</b>  |                                 |
| <ul style="list-style-type: none"> <li>▪ Collect and analyze existing benefit plans</li> </ul>  | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Work with Sarasota Schools benefit staff to recommend plan design considerations based on Aon’s industry knowledge</li> </ul>                    | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Create electronic Request for Proposal and provide for distribution by the Sarasota Schools procurement department</li> </ul>                    | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Provide clarifying answers to questions of responding carriers to be transmitted through Sarasota Schools procurement department</li> </ul>      | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Compile and analyze questionnaire responses for Sarasota Schools review - all analysis will be based on electronic provided responses</li> </ul> | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Compile and analyze benefit summary and rate comparisons</li> </ul>  | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Carrier negotiation and stewardship of finalist selection process</li> </ul>   | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Final analysis and recommendation</li> </ul>   | <b>See fee quote, Exhibit B</b> |
| <b>II. Medical Renewal Analysis</b>   |                                 |
| <ul style="list-style-type: none"> <li>▪ Actuarial review and analysis of BCBS renewal</li> </ul>   | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Direct negotiation with BCBS on renewal components</li> </ul>  | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Provide cost projections and funding analysis including employer cost and employee contributions</li> </ul>                                      | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Analyze factors driving plan costs and recommend opportunities to better manage cost, access, and quality</li> </ul>                             | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Benchmark medical plan costs and employee contributions to surrounding Districts</li> </ul>  | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Develop alternative employee contribution strategies and formulas, as needed</li> </ul>  | <b>See fee quote, Exhibit B</b> |
| <ul style="list-style-type: none"> <li>▪ Presentation of results and recommendation</li> </ul>  | <b>See fee quote, Exhibit B</b> |

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### *Exhibit B – Payment for Services*

For completing the assignment outlined in this letter, Aon Consulting will bill the District on a time and expense basis not to exceed \$37,000. Our actual fees will include:

- Amount of time we spend on the project multiplied by an average billing rate of \$250/hour to complete the project; and
- Associated out-of-pocket expenses.

We will bill you monthly. Payment is due within 30 days of the invoice date.

The services described in Exhibit A contemplate the following:

- Meetings with the Benefits Committee (at this time, five meetings are anticipated) and
- Preparation for meetings with the Benefits Committee

During the course of the assignment, should the District and Aon Consulting agree to have Aon Consulting undertake additional projects, we would provide you with a fee estimate and bill you monthly on either a time and expense basis or on a not-to-exceed project basis as we incur charges for the additional services. Examples of additional services include but are not limited to stewardship of the installation process of a new vendor or experience analysis on the existing plan for the Life and Disability marketing.

The services and work product provided by Aon Consulting hereunder are provided for your exclusive use. Data, recommendations, proposals, reports, and similar information and work product provided by Aon Consulting (“Confidential Information”), are not to be relied upon by other parties without your written consent and the written consent of Aon Consulting. While we recognize under Florida Public Records Laws “Confidential Information” is extremely limited in its definition, we would ask that the District be judicious in its dissemination of any materials.

Aon Consulting’s obligation to render services will terminate at the end of the Agreement.

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## **Change in Scope**

Please be aware that requested changes in the scope of services provided by Aon Consulting could result in an increase in fees and charges. Changes in scope could include, but are not limited to the following:

- Amendments or changes to the plan design or plan operation;
- Other factors which were not anticipated and increase the complexity or timing of plan operations or which affect our responsibilities or duties.

## **Out-of-Pocket Expenses**

Out-of-pocket expenses for the purpose of this engagement will include transportation, lodging, mail, meals, etc. In addition they may include reproduction charges in excess of 25 copies of any materials delivered to the District, and will be billed as soon as possible after the actual expenses are incurred. Charges from third party vendors for printing or production services on your behalf will be passed through to you, as well as any sales or use tax that Aon Consulting becomes obligated to pay in connection with services provided on your behalf.

If you require copies of files for transferring services to other service providers during or after this engagement, these services will be available based on our standard hourly time and expense rates.

## ***Exhibit C - General Terms***

*Please read these general engagement terms thoroughly. These terms apply to all assignments (“Services”) that you ask Aon Consulting (“Aon”, “We”, “Us”, “Our”) to provide for you (“You”, “Your”). “Agreement” refers to these general engagement terms and any agreement (including any schedules and exhibits) between You and Us. Your employee benefit plans are referred to as “Plan” or Plans.”*

### **1. Fees and Billing Procedures, Additional Services**

a. We will submit invoices as mutually agreed, and payment is due within thirty (30) days of your receipt thereof. Any invoice remaining unpaid after thirty (30) days may be subject to a late charge equal to the lesser of 1.0% of the amount outstanding, per month, or the highest rate allowed by applicable law. If invoices remain unpaid, or if you refuse to pay the invoices, we reserve the right to stop work on Services.

b. In addition to the specific services covered by the Agreement, you may request that we provide additional services and projects. In such event, such additional services and projects shall be included in the Services hereunder, shall be controlled by this Agreement and shall be charged on an hourly basis, plus expenses, unless agreed otherwise.

c. In addition to costs specified by the Agreement, you will be responsible for any sales or use taxes that are levied on any goods or Services under the Agreement. If your account is referred to an attorney for collection, you agree to pay reasonable our attorney fees and court costs and expenses.

### **2. Relationship**

a. You agree that our employees assigned to perform Services under this Agreement will be and remain our employees whether Services are performed at our facilities or your facilities and will not for any purpose be considered your employees. We will be solely responsible for the payment of salaries and all matters relating thereto, including the withholding and/or payment of all payroll taxes, workers’ compensation, unemployment compensation, public liability, insurance-related benefits, vacation pay, holiday pay and all such additional legal requirements applicable to our employees.

b. Our relationship to you under this Agreement is one of independent contractor and nothing contained in this Agreement or any schedule will be construed to imply that we or any of our officers, employees or agents is an employee or agent of yours for any purpose. We will have no right, power or authority to create any obligation, expressed or implied, or to make any representation on your behalf, except as may be expressly authorized in writing by you from time to time and then only to the extent of such authorization. Nothing herein is to imply an agency, joint venture or partner relationship between us.

c. Unless otherwise specified in writing, you agree that Aon is not a plan fiduciary within the meaning of the Employee Retirement Income Security Act (ERISA) or other legislation, we have no discretion with respect to the management or administration of your Plan, and we have no control or authority over any assets of your Plans, including the investment of those assets.

d. If Aon is providing insurance consulting or brokerage Services, Aon is not responsible for any insurance policies, coverages and programs that predate this Agreement unless mutually agreed otherwise.

### **3. Representations and Warranties**

a. We are a corporation duly organized, validly existing and in good standing under the laws of the state of our incorporation, and we have the full and unrestricted power and authority to execute, deliver and perform this Agreement and such execution, delivery and performance have been duly authorized by all necessary action on our part and the Agreement, when executed and delivered by us in accordance with the provisions hereof, will be a legal, valid and binding obligation of ours, enforceable against us in accordance with its terms.

b. To the best of our knowledge, our execution and performance of this Agreement or any exhibit or schedule will not constitute a breach or default or material default under any contract, instrument or agreement to which we are a party or by which we are bound and will not materially violate or interfere with the rights of any other party.

c. The Services performed under this Agreement, which may include certain deliverables (“Deliverables”), will be of professional quality, conforming to generally accepted industry standards and practices for similar services and deliverables. This representation and warranty will be in lieu of and excludes all other implied warranties of merchantability or fitness for a particular purpose or otherwise.

For any Deliverable provided by us to you under this Agreement or any schedule hereto, we are the sole owner of, or have rights to, such Deliverables, have full power and authority to grant any license herein granted without the consent of any other party and any Deliverable is delivered free of any rightful claim of any third party by way of infringement or otherwise, arising from or related to the claimed rights in any Deliverable or your exercise of your rights under this Agreement.

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The Services we provide are not of a legal nature, and we will in no event give, or be required to give, any legal opinion or provide a legal representation to you.

Both parties acknowledge that the accuracy of Services depends upon the accuracy and completeness of the data supplied to us. We make no representation and warranty concerning the accuracy and completeness of any data provided to us. You accept sole responsibility for errors in Services resulting from inaccurate or incomplete data you supplied.

You agree to provide the data necessary for the performance of Services in the form agreed upon. You understand and agree that if data is submitted in a form other than agreed upon, you will pay Aon, in addition to the fees otherwise set forth, the reasonable expenses incurred to merge/convert the data to the agreed upon form.

### **4. Confidential Information**

a. We may receive Confidential Information from you or create Confidential Information as a result of Services, and any such Confidential Information is and will be owned by you. Except as required for the performance of Services, and as set forth in any exhibit or schedule, we will not use or disclose any Confidential Information. We agree to take all necessary steps to protect any Confidential Information with the same degree of care that we use to protect our own confidential and proprietary information of like kind.

b. “Confidential Information” includes any process, system, formula, pattern, model, device, compilation, or other information unless same: (i) was already in our possession prior to its receipt from you without restriction on its use or disclosure; (ii) is or becomes available to the general public through no act or fault of ours; or (iii) is rightfully disclosed to us by a third party without restriction on its use or disclosure; or (iv) is independently developed by us without reference to any Confidential Information disclosed by you to us; or (v) is demanded by any state or federal government agency or by court order. The requirements of this paragraph will survive the termination of this Agreement for a period of one (1) year.

c. If we are receiving protected health information (PHI) from your health plan, our use of PHI will be governed by the terms of the business associate agreement we have with your health plan.

### **5. Ownership**

a. You acknowledge and agree that we are in the business of providing consulting services to clients utilizing our knowledge, including background software, ideas, concepts, methodologies, and processes (“Prior Works”). We reserve all right, title and interest in and to any of the Prior Works which we will use in the course of the Services for you; and we grant you worldwide, paid-up, royalty-free, nonexclusive and perpetual license to use such Prior Works utilized during the course of Services or incorporated into any items delivered by us under this Agreement.

b. Nothing contained in this Agreement will prohibit us from using any of our general knowledge or knowledge acquired under this Agreement to perform similar services for others; provided however, that we will not (i) use any of your Confidential Information in providing Services to others, or (ii) if applicable, provide to others any custom software we created specifically for you.

### **6. Indemnification**

a. We shall indemnify, defend, and hold harmless You, your directors, officers, employees and agents from and against any and all claims, demands, losses, damages, costs and expenses of any nature whatsoever including litigation expenses, attorney’s fees and liabilities incurred in connection therewith, arising out of: (i) injury to, or death of, any person whatsoever or damage to property of any kind by whomever owned, caused by the acts or omissions of Aon, any of its members, employees, agents or other persons directly or indirectly employed by or associated with Aon; (ii) any breach by Aon of a representation, warranty or covenant contained herein or in any addendum with respect to the provision of services; or (iii) in connection with any third party claim as to rights in and to any deliverable, including, without limitation, claims of infringement of any patent, copyright, trademark or trade secret or unfair competition rights of any third party.

If a claim subject to infringement indemnification pursuant to this section has been made, Aon shall have the right to, at its option, either: (1) obtain for You the right to continue using the deliverable or (2) replace or modify the deliverable so that such deliverable becomes non-infringing.

b. Except with respect to the indemnification set forth in sub-sections a(i) and (ii), above, and breach of the provisions relating to Confidential Information, the liability of Aon, including officers, directors, employees, agents,

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affiliates, and parent companies, for damages shall be limited to the annual amount of fees paid pursuant to this engagement in the calendar year in which the breach occurred, except to the extent resulting from the bad faith or intentional misconduct of Aon’s personnel.

c. Notwithstanding the foregoing, in no event will either party be liable to the other party for any indirect, incidental, special, consequential, exemplary or reliance damages (including, without limitation, lost or anticipated revenues or profits) arising out of this Agreement or the use of the Deliverables on any theory of liability, even if the party is advised of the possibility of such damages.

d. This Section will survive the termination or expiration of this Agreement.

### **7. Termination**

For any reason and without penalty, you or Aon may discontinue work related to a specific assignment by providing written notice to the other at least sixty (60) days in advance of the termination. You agree to pay us within thirty (30) days of our invoice date for any incurred expenses and for a pro rata fee based on the time expended.

### **8. Responsibility for Records**

We maintain records in accordance with Aon’s document retention policy. Our responsibilities do not include maintaining official plan records, unless otherwise agreed upon; therefore, you should retain copies of all data, documents, reports and determinations that you provide and that we provide to you.

### **9. Force Majeure**

The performance by either party or their subcontractors hereunder may be subject to delays caused by an Act of God, war, riot, fire, explosion, accident, flood, sabotage, inability to obtain fuel or power, governmental laws, regulation or orders, acts or inaction of the other party, or any other cause beyond the reasonable control of a party, or labor trouble, strike, lockout or injunction (whether or not such labor event is within the reasonable control of either party). In the event of any such delay, the times for performance will be extended accordingly for additional period(s) of delay. In the event, however, that any such delay lasts for a period of ninety (90) days, then either party may terminate this Agreement upon ten (10) days prior written notice. In the event of such non-performance, the party which was delayed in its performance will make reasonable efforts to promptly resume its performance.

### **10. Miscellaneous**

This Agreement and any exhibits or schedules hereto embodies the entire understanding between the parties. The terms of this Agreement will take precedence over any conflicting terms and conditions set forth in any schedule relating to the subject matter hereof, unless such conflicting terms and conditions comprise a writing which is signed by both parties and which specifically references the terms and conditions which are in conflict. If any provisions of this Agreement are unenforceable or in conflict with the law of any jurisdiction, the validity of the remaining provisions will not be affected by this holding. The laws of the State of Florida will govern this Agreement. We will not assign, convey, encumber or otherwise dispose of this Agreement or any rights or obligations hereunder without your prior express written consent. This Agreement will be binding upon the successors, and/or legal representatives of the parties.

**Sarasota Schools Maximum Budget Cost Allocation  
for Marketing and Renewal Services\***

| <b>I. Marketing Services – Life and Disability</b>  | <b>Est Hours</b> | <b>Rate</b> | <b>Est Cost</b>  |
|---|------------------|-------------|------------------|
| ▪ Collect and analyze existing benefit plans  | 8                | \$ 250      | \$ 2,000         |
| ▪ Work with Sarasota Schools benefit staff to recommend plan design considerations based on Aon’s industry knowledge                    | 8                | \$ 250      | \$ 2,000         |
| ▪ Create electronic Request for Proposal and provide for distribution by the Sarasota Schools procurement department                    | 24               | \$ 250      | \$ 6,000         |
| ▪ Provide clarifying answers to questions of responding carriers to be transmitted through Sarasota Schools procurement department      | 8                | \$ 250      | \$ 2,000         |
| ▪ Compile and analyze questionnaire responses for Sarasota Schools review - all analysis will be based on electronic provided responses | 16               | \$ 250      | \$ 4,000         |
| ▪ Compile and analyze benefit summary and rate comparisons  | 16               | \$ 250      | \$ 4,000         |
| ▪ Carrier negotiation and stewardship of finalist selection process   | 8                | \$ 250      | \$ 2,000         |
| ▪ Final analysis and recommendation   | 8                | \$ 250      | \$ 2,000         |
|   | <b>96</b>        |             | <b>\$ 24,000</b> |

| <b>II. Medical Renewal Analysis</b>   | <b>Est Hours</b> | <b>Rate</b> | <b>Est Cost</b>  |
|---|------------------|-------------|------------------|
| ▪ Actuarial review and analysis of BCBS renewal   | 10               | \$ 250      | \$ 2,500         |
| ▪ Direct negotiation with BCBS on renewal components  | 4                | \$ 250      | \$ 1,000         |
| ▪ Provide cost projections and funding analysis including employer cost and employee contributions          | 4                | \$ 250      | \$ 1,000         |
| ▪ Analyze factors driving plan costs and recommend opportunities to better manage cost, access, and quality | 8                | \$ 250      | \$ 2,000         |
| ▪ Benchmark medical plan costs and employee contributions to surrounding Districts                          | 4                | \$ 250      | \$ 1,000         |
| ▪ Develop alternative employee contribution strategies and formulas, as needed                              | 4                | \$ 250      | \$ 1,000         |
| ▪ Presentation of results and recommendation  | 8                | \$ 250      | \$ 2,000         |
|   | <b>42</b>        |             | <b>\$ 10,500</b> |

| <b>Out of Pocket Costs</b> | <b>Est Hours</b> | <b>Rate</b> | <b>Est Cost</b> |
|----------------------------|------------------|-------------|-----------------|
| ▪ Travel/Meetings/Meals    | n/a              | n/a         | \$ 2,500        |

**Total** **\$ 37,000**

\* Aon Consulting will monitor project costs and notify Risk Manager, Sarasota Schools if if max is reached on any one component to ensure project costs remain within budget.