



Fee for Services Agreement

and

FOUNDERS SERIES OF LOCKTON COMPANIES, LLC

This Fee for Services Agreement (the "Agreement") made and entered into effective as of January 19, 2021 ("Effective Date"), between City of Independence, Missouri ("Client") and the FOUNDERS SERIES OF LOCKTON COMPANIES, LLC ("Lockton"). In consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. TERM. This Agreement will be in effect from January 19, 2021 to March 31, 2022 unless earlier terminated in accordance with the provision of Section 4 of this Agreement. At the City's option, the Agreement may be renewed for up to four (4) additional twelve-month terms, running April 1 to March 31 of each subsequent year. This Agreement may be extended by mutual written agreement of the parties pursuant to Section 6.3 of this Agreement.

2. COMPENSATION, DISCLOSURE AND PAYMENT TERMS

2.1 Fee. All insurance brokerage and/or other insurance brokerage related services set forth in Addendum A associated with placing the following lines of coverage are services required by applicable law or regulation to be or are customarily performed by a licensed insurance broker (including a person designated by applicable law as a consultant licensed to render services as an insurance broker). Any services (other than services as a consultant licensed to render services as an insurance broker) that may from time to time be included in or rendered in connection with the foregoing services are embedded in or ancillary to the performance of Lockton's insurance brokerage services and will be performed without separate payment for such consulting services (if any). The services to be rendered under this Agreement will be performed by Lockton for compensation in the form of a fee in the amount of \$68,500:

- City of Independence insurance program, including
 - Aviation
 - Boiler & Machinery
 - Commercial Auto
 - Crime
 - Cyber Liability
 - D & O Liability
 - Employment Practices Liability
 - Environmental Liability
 - Excess Workers Compensation
 - Fiduciary Liability
 - Flood
 - General Liability
 - Inland Marine
 - Professional Liability/E&O
 - Property
 - Special Events
 - Surety Bonds
 - Law Enforcement Liability
- Independence Events Center program
 - Commercial General Liability, Commercial Auto, Liquor Liability, Umbrella Liability, Directors & Officers Liability

This Fee may be adjusted in future annual service periods by mutual written agreement of the parties pursuant to Section 6.3 of this Agreement.

2.2 Commission. All services set forth in Addendum A associated with placing the following lines of coverage will be performed by Lockton for compensation in the form of commission payable by Client's insurers:

2.3

- Excess Liability (Umbrella) coverage – Lockton will receive the standard commission of 10% for this coverage. This insurance is currently placed through States Risk Retention Insurance Group.

2.4 Disclosure. Client acknowledges that Lockton may also be eligible to receive other compensation such as incentive or contingency payments or bonuses and/or supplemental commissions from insurance companies, intermediaries (which may be affiliated with Lockton) or other third parties as a result of being an insurance broker (collectively, "Additional Compensation"). Lockton may also receive interest or investment income on funds temporarily held by it, such as premiums or return premiums, service fees or other compensation from premium finance companies for administrative services provided to or on behalf of the premium finance companies relative to the financing of client insurance premiums, and/or service fees from insurers for consulting and/or administration services specific to an insurer.

2.5 Agreement to Forego Receipt of Commissions. In consideration of Client's agreement to pay the fee set forth above, Lockton agrees that it will seek to have all placements referenced in Section 2.1 above made on a net of commission basis.

In the event an insurer will not comply with this request or it is not in Client's best interest, any such commissions will be disclosed to Client and either deducted from the premium billed to the Client, in the case of agency-billed placements, or, in the case of direct-billed placements, returned to the insurer with the request that the insurer either credit the commission amount toward Client's premium obligation or return it directly to Client.

Client acknowledges and agrees that any contemplated commission deduction, or any credit request or return of any such commission to an insurer or Client will be done to accomplish and maintain the total agreed-upon compensation to Lockton and is not an inducement to purchase or renew coverage through Lockton.



2.6 Payment Schedule. Client shall pay the fee set forth above based on the following payment schedule:

2.7

<u>Fee Due Date</u>	<u>Fee Amount Due</u>
04/01/2021	\$68,500
04/01/2022	\$68,500
04/01/2023	\$68,500
04/01/2024	\$68,500
04/01/2025	\$68,500

Fee schedule above reflects the fees due if the option to extend the agreement is taken for each of the four consecutive years. Client will provide full payment to Lockton for all fee invoices submitted within 15 days of Client's receipt of each invoice.

3. SERVICES

3.1 Scope of Services. The compensation set forth in Section 2 above is intended to compensate Lockton for placement of the line(s) of coverage indicated and to provide the services listed in Addendum A (and including but not limited to services requested in client's RFP and Lockton's response). In the event Client: 1) requests that Lockton place coverage on any line(s) of business not indicated in Section 2; 2) requests that Lockton provide other services beyond those set forth in Addendum A; or 3) makes an acquisition or otherwise experiences growth such that the level and/or scope of services needed by Client shall significantly exceed the level of services as contemplated at the inception of this Agreement, Client and Lockton agree to review in good faith the additional services required and increase the fee set forth herein or agree to other compensation (such as commissions on additional placements) in addition to the fee. Such additional compensation shall be set forth in a written and signed addendum pursuant to Section 6.3 of this Agreement.

Notwithstanding any other provisions in this Agreement, the Client shall be solely responsible for all final decisions relating to its insurance and risk management.

3.2 Use of Intermediaries. When, in Lockton's professional judgment, it is necessary or appropriate, Lockton may utilize the services of foreign or domestic intermediaries to assist in the servicing, marketing and/or placement of Client's insurance/risk management programs. However, this may only be done after consultation with Client. Lockton will advise Client whether any proposed intermediary is affiliated with Lockton. Any such intermediary shall be compensated by commissions earned on placement of Client's policies handled by that intermediary, or by payment of a separate fee agreed to by Client and the intermediary if commissions are not properly payable on Client's placements. Such commissions and fee shall be in addition to the compensation paid to Lockton as described herein.

3.3 Insurance Proposals and Summaries. Insurance documents prepared by Lockton containing proposals to bind coverage, summaries of coverages, and certificates of insurance placed are furnished to Client as a matter of information for Client's convenience. These documents are not intended to reflect the terms, conditions, limitations and exclusions of such policies, are not themselves insurance policies and do not amend, alter or extend the coverages afforded by such policies. The insurance afforded by the proposed or placed policies is subject to all the terms, conditions, limitations and exclusions contained in such policies.

3.4 Modeling and Analytics Services. Lockton provides various modeling and/or data analytics services to its clients ("Modeling and Analytics Services") and may provide such services to Client. Client authorizes Lockton to 1) disclose information it receives from Client, its insurers and/or third-party administrators to Lockton's affiliates,

parents, employees, and/or to third parties as necessary to perform such Modeling and Analytics Services, and 2) contribute such information to benchmarking databases created by or for Lockton to facilitate the creation of analytic reports for its clients, provided that such reports shall not include any information that personally identifies Client or its employees.

Modeling and Analytics Services will be based upon a number of assumptions, conditions and factors, as well as information provided by third parties. If any such information provided to or utilized by Lockton is inaccurate, incomplete or should change, the Modeling and Analytics Services provided by Lockton could be materially affected. As Modeling and Analytics Services are subject to inherent uncertainty and involve variables beyond Lockton's control, actual results may differ materially from Lockton's projections. The parties agree that Lockton shall have no liability to Client if 1) Lockton is provided inaccurate or incomplete information, or 2) actual results differ from Lockton's projections. Modeling and Analytics Services do not constitute, and are not intended to be a substitute for, independent actuarial, accounting or tax advice.

4. TERMINATION

4.1 Termination for Convenience. Either party may terminate this Agreement for any reason by providing sixty (60) days written notice to the other party, provided however, should Client designate a broker other than Lockton as its broker of record at any time during the term of this Agreement, this Agreement shall terminate on the date that Lockton receives notice of the change in broker of record ("BOR") rather than at the conclusion of the sixty (60) day notice period referenced in this Section 4.1.

4.2 Fee Due at Termination. In the event that Client terminates this Agreement, either by BOR or by sixty (60) days written notice, all services will be discontinued on the effective date of termination and Lockton shall be deemed to have earned, and Client shall remain obligated to pay Lockton, the entire fee amount referenced in Section 2, above.

If applicable, Lockton shall also be entitled to retain all commissions earned on Client's placements through the effective date of termination. Any such commission shall be deemed fully earned at the time of placement, including in circumstances where Client has designated a different entity as BOR or Client's insurance contract(s) has/have been cancelled or otherwise terminated.

4.3 Additional Expenses Payable Upon Termination. In addition to any termination payment owed pursuant to Section 4.2 above, should some or all of the insurance coverages described in Section 2 be assigned to another broker through a BOR letter prior to the effective date of a renewal of such coverage but after Lockton has commenced services relating to that renewal, Client will also reimburse Lockton for its reasonable costs, including the time, charges and expenses incurred in providing the renewal services through the date the broker of record letter was received by Lockton.

5. CONFIDENTIALITY

5.1 Confidential Information. Lockton and Client acknowledge that the nature of Lockton's services provided to Client may result in either party (the "Disclosing Party") disclosing to the other party (the "Receiving Party") certain of Disclosing Party's information ("Information"), some of which may be of a confidential or proprietary nature. Client acknowledges and consents to Lockton's use and disclosure of Information in the course of performing marketing, servicing, claims handling, risk management and/or insurance renewal services for Client. For purposes of this Agreement, Information shall mean any and all nonpublic information provided to the Receiving Party, which may include the Disclosing Party's product, marketing, pricing or financial strategies; customer information;

employee information, proprietary business processes or technologies; financial information and/or trade secrets.

5.2 Exclusions. Information shall not include any information that: 1) is or becomes publicly known and generally available in the public domain through no wrongful action or disclosure by the Receiving Party; 2) becomes known by the Receiving Party without any obligation to hold such information in confidence; 3) is received from a third party without similar restrictions known to the Receiving Party; 4) is independently developed by the Receiving Party without use of or reference to the Disclosing Party's Information; or 5) the Receiving Party is required by law, regulation, summons, subpoena or similar judicial, regulatory or administrative order or proceeding to disclose, but only to the extent and for the purpose of such required disclosure, provided the Receiving Party, unless prohibited by law, gives the Disclosing Party prompt written notice of such required disclosure to enable the Disclosing Party to pursue protective measures.

5.3 Receiving Party's Confidentiality Duties. In consideration of Disclosing Party's disclosure of Information to the Receiving Party, the Receiving Party hereby agrees as follows:

A. The Receiving Party shall take all reasonable steps to protect the confidentiality of the Information, and shall not use the Information for any purpose other than the advancement of the services contemplated herein.

B. The Receiving Party shall not, without the prior written approval of the Disclosing Party, publish or disclose to others any of the Information except that Client expressly authorizes Lockton to disclose Client's Information to underwriters, insurers, insurance-related intermediaries and/or other third parties as necessary for the purpose of providing the services contemplated herein.

C. The parties acknowledge that any unauthorized disclosure or use of the Information in violation of this Agreement by a receiving party may cause the Disclosing Party irreparable harm, and that money damages alone, the amount of which might be difficult to ascertain, might be an inadequate remedy and, therefore, agree that the Disclosing Party shall have the right to seek injunctive relief in addition to any other remedies otherwise available to the Disclosing Party at law or in equity.

D. At the Disclosing Party's written request, the Receiving Party shall return to the Disclosing Party any and all records or documents constituting the Information, except that the Receiving Party shall be permitted to retain an archival copy of the Information pursuant to its record retention policy for legal regulatory compliance, archival, or evidentiary purposes. If return of the Information is not feasible, the Receiving Party shall maintain the Information pursuant to the terms and conditions of this Agreement.

6. GENERAL CONDITIONS

6.1 Cooperation. Client shall provide Lockton with reasonable cooperation and assistance necessary for Lockton to fulfill its service obligations to Client pursuant to the terms of this Agreement, including, without limitation, information and documents reasonably requested by the Disclosing Party and the cooperation of and access to certain of Client's personnel.

6.2 Assignment. Neither party shall assign any rights or duties herein set forth other than to an affiliate or other entity controlling or under common control with the party without the prior written consent of the other party.

6.3 Entire Agreement. The terms and conditions of this Agreement constitute the entire Agreement between the parties with

respect to the subject matter hereof. This Agreement shall not be amended except by a written amendment signed and dated by both parties, and no promises, agreement or representations not herein set forth shall be of any force or effect between them. This Agreement shall serve to terminate and supersede all agreements and undertakings heretofore entered into between the parties on subjects covered by this Agreement.

6.4 Surplus Lines: Insurance Premiums and Related Tax Obligations. Lockton may not be able to procure insurance in the admitted marketplace on the terms and conditions specified by Client. In such event, Lockton's insurance proposal may include placements with insurer(s) not licensed to transact insurance in a particular jurisdiction and not subject to the supervision of such state's insurance department. Any such surplus lines coverage will be made pursuant to applicable insurance laws governing the placement of insurance with non-admitted insurers. A state insurance guaranty fund will not respond in the event the surplus lines insurer should become insolvent. Furthermore, policy forms, conditions, premiums, and deductibles used by surplus lines insurers may be different from those found in policies used in the admitted market.

Client is responsible for all insurance premiums due and any applicable surplus lines, sales, use, excise or other taxes for insurance coverage placed by Lockton. If Client fails to pay any premium in full by the due date indicated on the premium invoice, the coverage may be subject to cancellation by the insurer(s) and such nonpayment, in addition to any nonpayment of fees or expenses due to Lockton as set forth herein, shall be considered a material breach of this Agreement.

6.5 Dispute Resolution. Any and all disputes between the parties arising out of or relating to this Agreement or the services provided pursuant to this Agreement shall be adjudicated and resolved exclusively through binding arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules in effect at the time such arbitration is initiated. Any arbitration hereunder shall be conducted in Kansas City, Missouri, and the decision of the arbitrator shall be final and binding upon all parties. An arbitrator's decision may be recorded and registered as a judgment in any jurisdiction in which the party against whom the arbitration award is rendered has assets in order for the prevailing party to collect any amounts due hereunder. Each party shall be responsible to pay its own arbitration filing fees, arbitrator fees, attorney fees, and other related administrative costs and expenses incurred in the course of prosecuting or defending a claim in arbitration.

6.6 Limitation of Liability. IN NO EVENT SHALL A PARTY BE LIABLE TO THE OTHER FOR ANY INDIRECT, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, SPECIAL OR PUNITIVE DAMAGES (INCLUDING, WITHOUT LIMITATION, LOST PROFITS AND LOST BUSINESS), ARISING OUT OF OR RELATED TO THIS AGREEMENT, EVEN IF IT HAS BEEN ADVISED OR IS AWARE OF THE POSSIBILITY OF SUCH DAMAGES, AND REGARDLESS OF WHETHER ARISING IN TORT (INCLUDING NEGLIGENCE), CONTRACT, OR OTHER LEGAL THEORY. IN ANY EVENT, THE LIABILITY OF ONE PARTY TO THE OTHER FOR ANY REASON AND UPON ANY CAUSE OF ACTION SHALL BE LIMITED TO TEN MILLION DOLLARS (\$10,000,000.00). THIS LIMITATION APPLIES TO ALL CAUSES OF ACTION IN THE AGGREGATE. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE EXCLUSIONS AND LIMITATIONS OF LIABILITY CONTAINED IN THIS SECTION 6.6 SHALL NOT APPLY TO: 1) ANY DAMAGES AWARDED IN CONJUNCTION WITH A FINAL JUDICIAL DETERMINATION OF FRAUD OR GROSS NEGLIGENCE OR 2) PERSONAL INJURY, INCLUDING DEATH, OR DAMAGE TO TANGIBLE PERSONAL PROPERTY CAUSED BY THE NEGLIGENCE, WILLFUL OR INTENTIONAL ACTS OF A PARTY OR ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS. REFERENCES TO A PARTY IN THIS SECTION 6.6 INCLUDE SUCH PARTY'S DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, AGENTS AND DOMESTIC AND INTERNATIONAL AFFILIATED ENTITIES.

6.7 Accuracy and Completeness of Information. Client shall be solely responsible for the accuracy and completeness of all information furnished to Lockton and/or to underwriters, insurers, insurance-related intermediaries and/or other third parties as necessary for the services contemplated herein. Lockton shall not be responsible for independently verifying the accuracy or completeness of any information that Client provides, and Lockton shall be entitled to rely on such information. Lockton shall have no liability for any errors or omissions in any services provided to Client, including the placement of insurance on Client's behalf, that are the result of, arise from, or are based, in whole or in part, on inaccurate or incomplete information provided to Lockton. Client understands that the failure to provide accurate and complete information to an insurer, whether intentional or by error, could result in the denial of claims or rescission of coverage altogether. Client will review all policy documents provided to Client by Lockton and shall inform Lockton of any inaccuracies, deficiencies or discrepancies contained therein.

6.8 Use of a Particular Insurer. Lockton is not obligated to utilize any particular insurer. In addition, Lockton is not authorized to make binding commitments on behalf of any insurer, except under certain circumstances which Lockton shall endeavor to make known to Client. Lockton shall not be responsible for the solvency of any insurer or its ability or willingness to pay claims, return premiums or other financial obligations. Lockton does not guarantee or make any representation or warranty that insurance can be placed on terms acceptable to Client. Lockton will not take any action to replace Client's insurers unless Client instructs Lockton to do so.

6.9 No Reliance. Any reports or advice provided by Lockton should not be relied upon as accounting, legal, actuarial or tax advice. In all instances, Lockton recommends that Client seek independent advice on such matters from professional accounting, legal, actuarial and tax advisors.

6.10 Responsibility for Insurance Programs. Lockton will not be responsible for the adequacy or effectiveness of any insurance programs or policies implemented or placed by another broker, including, without limitation, any acts or omissions occurring prior or subsequent to Lockton's engagement.

6.11 Relationship between the Parties. Lockton will act as the Client's insurance broker with respect to the lines of insurance listed in Section 2. The Client acknowledges and agrees that in no event shall Lockton owe any enhanced or special duties to the Client, express or implied, in fact or by law, whether referred to as a special relationship or fiduciary relationship or otherwise, except to the extent required by applicable law.

6.12 Notices. Any communication or notice required or which may be given hereunder shall be addressed to Client and to Lockton at their respective addresses as follows:

CLIENT

111 East Maple Ave
Independence, MO 64050
Attn: Bryan Kidney
Title: Director of Finance & Administration

LOCKTON

FOUNDERS SERIES OF LOCKTON COMPANIES, LLC
444 West 47th Street, Suite 900
Kansas City, MO 64112-1906
Attn: Mark Moreland
Title: Chief Operating Officer


6.13 Governing Law. This Agreement shall be governed for all purposes by the laws of the state of Missouri.

6.14 Severability. Any provision of this Agreement that is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability shall not invalidate or render unenforceable such provision.

<The rest of this page is intentionally left blank. Signature page to follow>

In witness whereof, the parties hereto have executed the Agreement in duplicate intending each copy to serve as an original as of the day and year first written above.

FOUNDERS SERIES OF LOCKTON COMPANIES, LLC

BY:  _____
Patrick Meyers
Senior Vice President

BY: _____
Bryan Kidney
Director of Finance & Administration

DATE: January 11, 2021 _____

DATE: _____

Addendum A – Services

As outlined in the Scope of Services in the RFP (Request for Proposals), excerpt below:

1. Scope of Services

The intent of this RFP is to solicit proposals to provide insurance agency/brokerage services, which will include but not be limited to the following specific responsibilities:

A. Give the City access to the insurance marketplace

The primary responsibility of the City's insurance broker is to procure, insurance coverage for the City in a comprehensive and fiscally responsible manner. The specific services requested for securing insurance coverage include but are not limited to:

1. Work with the City to formulate marketing and/or renewal goals, timelines, and objectives.
2. Obtain from the City and maintain property schedules and loss runs to submit to carriers.
3. Work with the City to timely complete applications and underwriting forms.
4. Access all necessary insurance carriers either directly or by use of a wholesaler. The use of a wholesaler must be disclosed to the City.
5. Provide the City with renewal quotations from carriers, including complete pricing and coverage summaries in a format designated by the City.
6. As requested by City, competitively market the City's insurance program to other carriers and present competitive quotations from each selected market.
7. Negotiate with carriers to secure any requested endorsements, riders, limits, and amendments.
8. Bind coverage as instructed by the City.
9. Provide copies of all binders to the City prior to policy inception.
10. Receive and review from the carriers all policies, endorsements, invoices, and schedules to ensure accuracy and conformity with the quoted coverage.
11. Provide copies of all policies to the City no later than ninety (90) days after policy inception.
12. Field questions from the City relating to coverage issues between the City and the carriers.

B. Provide Administrative Support

The City's insurance program requires timely and accurate administration. The City relies on its insurance broker for numerous administrative functions throughout the year. These are frequently time sensitive, detail-oriented tasks that require coordination and communication. The specific administrative services requested include but are not limited to:

1. Process requests for certificates of insurance, bonds, and auto identification cards.
2. Process endorsements as requested.
3. Update limits and schedules as requested.
4. Timely pay, on behalf of the City, all insurance premiums directly to the carriers.
5. Timely invoice the City quarterly for insurance premiums.

C. Provide Ancillary Services

The City's risk management program is administered by Charlesworth Consulting, the City's outsourced risk management consultants. Thomas McGee is the City's third-party administrator for both workers' compensation and casualty claims. The City expects the City's insurance broker to work with the City's other risk management partners and provide supplemental services, including but not limited to:

1. Loss control, including building inspections and training, and serving on the City's Safety Committee.
2. Training opportunities for City staff, preferably through a web portal.
3. Workers' compensation support and assistance.
4. Benchmarking and analytics.