

BIG WALNUT LOCAL SCHOOLS



Big Walnut Local School District
Inspiring and guiding children to achieve their maximum potential

CONSULTING AGREEMENT



Gallagher Benefit Services, Inc.
t h i n k i n g a h e a d

January 2013

CONSULTING AGREEMENT

This Consulting Agreement (this "Agreement") is made by and between Gallagher Benefit Services, Inc., a Delaware corporation ("GBS"), and Big Walnut Local Schools (the "Client").

The Client wishes to enter into a consulting relationship with GBS with the terms and conditions set forth in this Agreement, and GBS is willing to accept such a consulting relationship.

In consideration of and in reliance upon the previous paragraph and the terms and conditions contained in this Agreement, the Client and GBS agree as follows:

1. *Engagement*

The Client engages GBS as an employee benefits consultant as stated in this Agreement and GBS accepts this engagement. During the time that GBS is performing services for the Client under this Agreement, and for all purposes outlined in this document, GBS' status will be that of an independent contractor of the Client.

2. *Term and Termination*

The Effective Date of this Agreement is ***January 1, 2013***. The term of GBS' engagement under this Agreement (the "Consulting Period") will begin as of the Effective Date and will remain in effect for one (1) year from the Effective Date. **The Consulting Period will be automatically extended for an additional year on each anniversary of the Effective Date.** Either party may terminate this Agreement by giving the other party at least sixty (60) days written notice of its intent to terminate. In the event such termination is effective during the Consulting Period (including any renewed Consulting Period), Client shall be responsible to GBS for any services performed prior to the date of termination and GBS shall be responsible to Client to continue to provide services until the date of termination of this Agreement.

3. *Services*

GBS will provide employee benefits management consulting services to the Client and consult with its employees, representatives, agents and contractors as to such matters as more fully described in Exhibit A attached to this Agreement and incorporated herein. GBS will perform other services as the Client and GBS mutually agree in writing.

4. *Compensation*

Subject to any changes as may be mutually agreed by the parties, GBS will receive, as compensation for its services under this Agreement, the payment of carrier commissions that shall be paid to GBS as a result of the broker of record letters assigning GBS as the exclusive broker of record for the Client. Those commissions are set forth in Exhibit B.

For additional information regarding GBS compensation, please see our revenue disclosure policy and schedule set forth in Exhibit B.

In the event an insurance company cancels or refuses to renew an insurance coverage that had been placed by GBS, on behalf of the Client, GBS will use its best efforts to obtain appropriate replacement coverage from another insurance company.

5. *Performance and Scope*

(a) GBS Not a Fiduciary Under ERISA. Client affirmatively represents and warrants to GBS that its employee benefit plans are not subject to the Employee Retirement Income Security Act ("ERISA") and will recertify such fact on request of GBS. If it is determined during the Consulting Period that Client's employee benefit plans are subject to ERISA, and in spite of any other provision of this Agreement to the contrary, the parties agree and acknowledge that:

(i) GBS' services under this Agreement are not intended in any way to impose on GBS or any of its affiliates a fiduciary status under the Employee Retirement Income Security Act of 1974, as amended ("ERISA") ; and

(ii) this Agreement does not provide GBS, and the Client will not cause or permit GBS to assume, without prior written consent of GBS, any:

(A) discretionary authority or discretionary control respecting management of any "employee benefit plan" within the meaning of Section 3(3) of ERISA (an "ERISA Plan"),

(B) authority or control respecting management or disposition of the assets of any ERISA Plan, or

(C) discretionary authority or discretionary responsibility in the administration of any ERISA Plan.

(b) Reliance. In the performance of its duties, GBS may rely upon, and will have no obligation to independently verify the accuracy, completeness, or authenticity of, any written instructions or information provided to GBS by the Client or its designated representatives and reasonably believed by GBS to be genuine and authorized by the Client.

(c) No Practice of Law. GBS will not be obligated to perform, and the Client will not request performance of, any services which may constitute unauthorized practice of law. The Client will be solely responsible for obtaining any legal advice, review or opinion as may be necessary to ensure that its own conduct and operations, including the engagement of GBS under the scope and terms as provided herein, conform in all respects with applicable State and Federal laws and regulations (including ERISA, the Internal Revenue Code, State and securities laws and implementing regulations) and, to the extent that the Client has foreign operations, any applicable foreign laws and regulations.

(d) Subcontractors. GBS may cause another person or entity, as a subcontractor of GBS, to provide some of the services required to be performed by GBS hereunder.

(e) Conflict of Interest. GBS' engagement under this Agreement will not prevent it from taking similar engagements with other clients who may be competitors of the Client. GBS will, nevertheless, exercise care and diligence to prevent any actions or conditions which could result in a conflict with Client's best interest.

(f) Acknowledgements. In connection with GBS' services under this Agreement, Client agrees that:

(i) Although GBS will apply its professional judgment to access those insurance companies it believes are best suited to insure the Client's risks, there can be no assurance that the insurance companies GBS has accessed are the only or are the best suited ones to insure the Client's risks.

(ii) Any compensation of the types described above and disclosed to it does not constitute a conflict of interest and the Client expressly waives any claims alleging any such conflict of interest.

(iii) The final decision to choose any insurance company has been made by the Client in its sole and absolute discretion. The Client understands and agrees that GBS does not take risk, and that GBS does not guarantee the financial solvency or security of any insurance company.

(iv) The compensation payable to GBS is solely for the services set forth under this Agreement, including Exhibit A. Any additional administrative, claims representative or other services (collectively, "Additional Services") will be governed by the terms of a separate agreement covering the Additional Services.

(v) The Client is responsible for immediate payment of GBS' fees (if applicable) and payment of premiums for all insurance placed by GBS on Client's behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow GBS to immediately terminate this Agreement, at its option, without notice to the Client, and may allow a insurance company for the Client's risks to cancel any applicable policies in accordance with the terms of such policies.

6. *Confidentiality*

(a) Client Information. GBS recognizes that certain confidential information may be furnished by the Client to GBS in connection with its services pursuant to this Agreement ("Confidential Information"). GBS agrees that it will disclose Confidential Information only to those who, in GBS' reasonable determination, have a need to know such information. Confidential Information will not include information that (i) is in the possession of GBS prior to its receipt of such information from the Client, (ii) is or becomes publicly available other than as a result of a breach of this Agreement by GBS, or (iii) is or can be independently acquired or developed by GBS without violating any of its obligations under this Agreement. However, disclosure by GBS of any Confidential Information pursuant to the terms of a valid and effective subpoena or order issued by a court of competent jurisdiction, judicial or administrative agency or by a legislative body or committee will not constitute a violation of this Agreement.

(b) HIPAA Privacy. In spite of Sections 6(a) above, GBS and the Client will each comply with any prohibitions, restrictions, limitations, conditions, or other requirements to the extent they apply to them directly or indirectly pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulation concerning privacy of individually identifiable health information as set forth in 45 CFR Parts 160-164, as amended from time to time. Where required, the Client, as a representative of the health plans and GBS will enter into a separate Business Associate Agreement.

(c) Use of Names; Public Announcements. No party will use, in any commercial manner, the names, logos, trademarks or other intellectual property of the other party without its prior written consent. Except as may be required by law, no party will issue any press releases or make any public announcements of any kind regarding the relationship between the parties without the other party's prior consent.

(c) Governing Law; Rule of Construction. This Agreement will be construed, interpreted and enforced in accordance with the laws of the State of Ohio without giving effect to the choice of law principles thereof or any canon, custom or rule of law requiring construction against the drafter.

(d) Successors. This Agreement shall be binding upon and shall inure to the benefit of all assigns, transferees and successors in the interest of the parties hereto.

(e) Counterparts. This Agreement may be executed by the parties in several counterparts, each of which shall be deemed to be an original copy.

(f) Survival of Provisions. Sections 2, 4, 6 and 7 will survive the termination of this Agreement.

**[The remainder of this page intentionally left blank.
The parties' signatures appear on the following page.]**

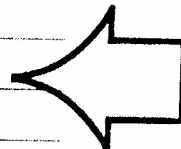
IN WITNESS WHEREOF, the parties hereto have caused this Consulting Agreement to be duly executed on the date first written above.

BIG WALNUT LOCAL SCHOOLS

By:

Name: Felicia Drummey

Title: Treasurer/CFO



GALLAGHER BENEFIT SERVICES, INC.

By:

Name: *Fritz J. Neuhart*
Fritz J. Neuhart

Title: Area President

EXHIBIT A SCOPE OF SERVICES

Subject to any changes and additions as may be mutually agreed by the parties in writing, availability and delivery of data from the insurance carrier and other third party vendors, GBS will provide the following services:

CONSULTING SERVICES PROVIDED ON AN "AS NEEDED" BASIS

- **Renewal analysis**
 - Review and evaluate carrier projections
 - Prepare "shadow" renewal projection
 - Coordinate carrier negotiations
 - Review identified benchmarks of projected plan costs
 - Develop "working" rates for Client analysis and approval
 - Assist with budget projections
 - Provide renewal alternatives with cost impact of benefit plan changes

- **Periodic Plan Financial Reports** (frequency to be mutually agreed upon)
 - Summary of plan costs
 - Large claims tracking
 - Identification of costs for specific line of coverage
 - Utilization review
 - Comparison to prior claim period
 - Plan trends

- **Annual Financial Reports (End of Year Accounting)**
 - Comparison of current costs to renewal costs
 - Dollars saved by contract negotiation
 - Claims by size
 - Physician visit details
 - Benefits paid by type of service
 - Plan funding/budget comparison

- **Legislative and Corporate Compliance Support**
 - Provide legislative updates, including Technical Bulletins and Directions newsletters
 - Evaluate plan design to assist with compliance with state and federal regulations
 - Review benefit plan documents, including summary plan descriptions, contracts, employee summaries, and policies/procedures
 - Provide template or sample compliance notices, certificates of creditable coverage and enrollment forms as reasonably requested by Client

- **Carrier Marketing and Negotiations, as directed by Client**
 - Work with Client to develop a strategy to identify goals, analyze program costs and review both current and alternative funding arrangements
 - Manage the renewal process with the current carrier to control costs
 - Develop timeline covering every aspect from RFP preparation to the delivery of employee communications
 - Provide analysis of employee disruption report and preparation of geo-access report
 - Manage RFP development that tailors the RFP to the desires, needs and financial directions provided by Client
 - Explore alternative funding solutions
 - Evaluate vendor responses to track variations in coverage and costs as they are identified
 - Conduct finalist interviews to investigate and document intangibles such as personalities, service orientation and responsiveness
 - Facilitate decision process by coordinating close collaboration and discussions among the GBS team and Client

- **Day to day administrative assistance**
 - Benefit Advocacy Services for employees and Administration, including but not limited to questions on claim and billing issues, coverage provisions, eligibility, and open enrollment

- **Employee Education Programs**
 - Educational meetings on coverage and trends

- **Communication Materials**
 - Assist with the drafting and distribution of Open Enrollment-New Member Orientation summary information and any other communications pertaining to the health and welfare program
 - Provide annual open enrollment guidance and employee meeting materials
 - Assist with participant wellness initiatives, as directed by Client

- **Market Benchmarking Studies**
 - Local Area Surveys
 - Industry Surveys

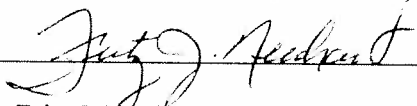
- **Benefit Plan Design (or Redesign)**
 - Help Client identify business and HR objectives that impact benefits
 - Review with Client possible benefit strategies to meet their objectives
 - Help Client evaluate/review current scope of benefits package – e.g., types & levels of coverage
 - Work with Client to develop funding and contribution strategies
 - Assist with budget projections for design alternatives

**EXHIBIT B
COMPENSATION DISCLOSURE STATEMENT**

What follows is the disclosure of our actual fees and/or commissions related to Client's Group Health Plan(s) and any relationships, or agreements GBS has with the insurance company involved in this transaction. GBS as agent of record, will receive the following initial and renewal sale commissions expressed as percentage of gross premium payments, or fees as agreed upon by Client:

Line of Coverage	Insurance Company	Effective Date	Commission ¹ / Supplemental Compensation ²	Direct Fees ³	Wholesaler, MGU, or Intermediary	Owned by AJG/GBS
Medical	United Healthcare of Ohio	01/01/2013	\$25.00 Per Contract Per Month/ 0% to 2% of Annual Premium	N/A	N/A	No
Dental	Delta Dental	01/01/2013	3% of Annual Premium / 0% to 1% of Annual Premium	N/A	N/A	No
Vision	EyeMed	01/01/2013	10% of Annual Premium / 0%	N/A	N/A	No
Life	Metropolitan Life	01/01/2013	Graded Schedule (15% to .10%) / 0% to 1.5% of Annual Premium	N/A	N/A	No

GALLAGHER BENEFIT SERVICES, INC.

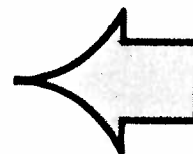
By: 
Fritz J. Neuhart, Area President

11/30/2012
Date Signed

BIG WALNUT LOCAL SCHOOLS

By: _____
Felicia Drummey, Treasurer/CFO

Date Signed



¹ Commissions include all commissions/fees paid to GBS that are attributable to a contract or policy between a plan and an insurance company, or insurance service. This includes indirect fees that are paid to GBS paid by a third party, and includes, among other things, the payment of "finders' fees" or other fees to GBS for a transaction or service involving the plan.

² Gallagher companies may receive supplemental compensation referred to in a variety of terms and definitions, such as contingent commissions, additional commissions and supplemental commission.

³ Direct Fees include compensation to GBS paid for directly by the plan sponsor.

It should also be noted that:

- **GBS** is not an affiliate of the insurer whose Contract is recommended. This means the insurer whose contract is recommended does not directly or indirectly have the power to exercise a controlling influence over the management or policies of **GBS**.
- **GBS'** ability to recommend other insurance contracts is not limited by an agreement with the Insurance Carrier.
- **GBS** is effecting the transaction for the Plan(s) in the ordinary course of **GBS business**.
- The transaction set forth is at least as favorable to the Plan(s) as an arm's length transaction with an unrelated party.
- **GBS** is not a trustee of the Plan(s) and is neither the Plan Administrator of the Plan(s), a fiduciary of the Plan(s), nor an employer which has employees in the Plan(s).

For Employers and Plan Sponsors Subject to ERISA: This Disclosure Statement is being given to the Client (1) to make sure Client knows about GBS' and GBS affiliates' income before purchasing the insurance product and (2) for plans subject to ERISA, to comply with the disclosure, acknowledgment and approval requirement of Prohibited Transaction Class Exemption No. 84-24⁴, which protects both Client and GBS⁵. Disclosure must be made to an independent plan fiduciary for the ERISA Plan(s), and Client acknowledges and confirms that this is a reasonable transaction in the best interest of participants in its ERISA Plan(s).

For more information on Gallagher's compensation arrangements, please visit www.ajg.com/compensation. In the event a client wishes to register a formal complaint regarding compensation Gallagher receives, please send an email to Compensation_Complaints@ajg.com or send a letter to: AVC Compliance Officer, c/o Internal Audit Department, Arthur J. Gallagher & Co., Two Pierce Place, Itasca, IL 60143.

⁴ Which allows an exemption from a prohibited transaction under Section 408(a) of the Employee Retirement Income Security Act of 1974 (ERISA).

⁵ In making these disclosures, no position is taken, nor is one to be inferred, regarding the use of assets of a plan subject to ERISA to purchase such insurance.