

Risk Management Summary

Prepared for:

Fort Bend Grand Parkway Toll Road Authority

Reviewed Policy Period

TBD

Presented by:

H A R C O
Insurance Services
Established 1969

This risk management summary is intended to provide a brief overview/explanation of coverage.

Prepared by: Bill Walker ARM, Senior Consultant - HARCO Insurance Services
Carolyn Demel, AA, ACSR - Sr. Account Manager - HARCO Insurance Services

Dated: November 7, 2011

HARCO INSURANCE SERVICES

HARCO Insurance Services was established over 41 years ago and currently serves the insurance needs for over 8,000 individuals and 6,200 businesses throughout Houston and surrounding communities. In addition, our Public Entity Consulting Program offers risk management and consulting services for public entities, their Board of Directors and Legal Representatives.

HARCO is committed to providing excellence in all that we do in order to establish a firm relationship of mutual trust and service with each of our clients.

YOUR HARCO SERVICE TEAM

Gerald M. Lavey, ARM – Senior Consultant

Jerry Lavey has over 40 years experience in the risk management and insurance industry. A past Division President for a national brokerage firm, he served as a Director for the Texas State Office of Risk Management and is past Chairman of the organization. Jerry attained his Associate in Risk Management in 1994. He is Past-President of Harris County Municipal Utility District No. 153, Past Director for Atascocita Joint Operations Board, Past President of the Humble ISD Foundation Board. Jerry currently serves as a Director for Harris County MUD 290.

William L. Walker, ARM - Senior Consultant

Bill Walker has over 40 years experience in the insurance industry. A former Vice President of a national brokerage that specialized in Public Entity Risk Pools, he has been responsible for account and risk management on many public entities. Bill attained his Associate in Risk Management designation in 1982 and is a licensed Risk Manager with the State of Texas. Bill is currently a Director for Harris County Municipal Utility District No. 151.

Carolyn Demel, ACSR - Consultant Assistant/Public Entity Account Manager

Carolyn Demel serves as the internal contact for our public entity accounts. She maintains communications with the underwriters at TML IRP and other insurance providers. Carolyn assists with the preparation of underwriting documents, proposals, comparisons and assists with many other needs of the Authority, Legal Assistants or our Consultants.

Josh Hargrave, CIC – President

Josh Hargrave has over 30 years experience in the insurance and risk management area. He is a Past-Director for the Independent Insurance Agents of Houston, served on the Legislative Committee for the Independent Insurance Agents of Texas as well as serving on various insurance company advisory committees. Josh attained the Certified Insurance Counselor designation in 1985.

Gerri Rougeau, CIC – Vice President

Gerri Rougeau has over 40 years experience in the insurance and risk management area. She is Past President of the Independent Insurance Agents of Houston and currently serves on various insurance company advisory committees. Gerri attained the Certified Insurance Counselor designation in 1974.

HARCO has a team concept with over 35 professionals on staff providing the highest standards of service to the clients we serve

HARCO Insurance Services
10777 Northwest Freeway, Suite# 800
Houston, TX. 77092-7339
Tel: (713) 681-2500 Fax: (713) 684-1600

November 10, 2011

Fort Bend Grand Parkway Toll Road Authority
Attn: Ms. Pamela Logsdon
5635 Northwest Central Dr. #104E
Houston, TX 77092

FOR-GPT

<u>EFFECTIVE</u>	<u>TML Member #</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
11/16/11 to 06/16/11	TML6768	<u>NEW COVERAGE:</u> Pro-rated Premiums:	
		Property \$10,000,000	\$21,954.00
		Consultants' Fee	\$ 3,040.00
		<u>TOTAL DUE</u>	<u>\$24,994.00</u>

MAKE CHECK PAYABLE TO: HARCO Insurance Services

Please return your check to HARCO for processing payment to TML-IRP.

Thank you.

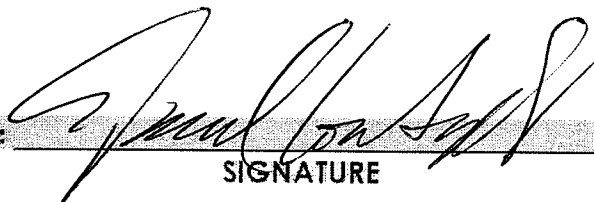
Fort Bend Grand Parkway Toll Road Authority

PREMIUM/CONTRIBUTION SUMMARY

<u>COVERAGE</u>	*	<u>2011 - 2012 ANNUAL</u>
Property		\$ 36,051
Limits		\$ 37,690,000 / \$25,000 Deductible
Flood/Quake		\$ 37,690,000 / \$25,000 Deductible
Terrorism		\$ 10,000,000
Loss Revenue		\$ 4,000,000
Equipment Breakdown		Included
Limits		\$ 250,000 / \$1000 Deductible
Properties Consulting & Servicing Fee		\$ 4,560
<u>COST:</u>		<u>\$ 40,611</u>

* In order that all of your coverages have the same renewal date of 06/16th annually, we recommend that your property policy be set up on a short term to renew 06/16/12.

REVIEWED & ACCEPTED:



SIGNATURE

DATE: 11/16/11

HARCO Insurance Services

10777 Northwest Freeway, Suite # 800

Houston, TX. 77092-7339

Tel: (713) 681-2500

Fax: (713) 684-1600

Consulting Fee Agreement

The purpose of this Disclosure Statement Agreement is to acknowledge that we may perform the following services in your behalf and you agree to pay the amount indicated as compensation for the additional services provided.

Description of Services

- Consultants do not act as an appointed agency on behalf of TML IRP
- Consultants do not receive commissions or compensation in any form from TML IRP.
- Consultants operate independently of TML.
- Consulting / Review - advise regarding placement of insurance program with TML IRP
- Communicate with TML IRP to obtain insurance proposal or renewal declarations.
- Consultants attend board meetings as requested by the Authority.
- Communicate with other Authority consultants as it may pertain to insurance matters
- Delivery fees
- Consultant granted authority to commit the member and approve the limits, deductibles, and indicated changes as reported by the Authority's consultants/representatives to reflect the updated exposures. The Authority understands they may not have coverage for unreported operations or exposures.
- Claims, potential claims or lawsuits may be submitted directly to our office. We will initiate the claims process with TML IRP and/or other carriers. Upon request, we will assist the Authority with claim(s).
- Consultant may be granted authority to sign claim proof of loss form on behalf of the Authority.
- Consultant may recommend specific loss prevention risk management options.

Property Consulting Fee \$4,560

FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

agrees to pay the fee specified above to HARCO Insurance Services.

REVIEWED & ACCEPTED:



SIGNATURE

DATE: 11/16/11

AUTHORITY: FORT BEND GRAND PARKWAY TOLL ROAD AUTHORITY

REGARDING NEWLY ACQUIRED FACILITIES OR PROPERTIES

In addition to the limit of liability, this coverage covers up to an additional \$1,000,000 or the LIMIT of coverage set forth in the policy declarations, whichever is less, for newly acquired or constructed property and property in the course of construction, alteration or repair, provided, however, that the member reports the value of such property to TML IRP when the property values accumulated during the policy term equal or exceed this additional limit. This coverage does not cover property in the course of construction, alteration, or repair, unless the Member reports such property to TML IRP prior to a loss and pays an appropriate contribution. Mobile equipment that is acquired during the policy term shall only be covered up to its Actual Cash value if it is not reported to TML IRP within 30 days of acquisition. Nothing in this newly acquired property provision shall create coverage for property which is excluded from coverage under the policy terms.

TO PROTECT THE AUTHORITY'S INTERESTS
PLEASE IMMEDIATELY REPORT ALL NEW FACILITIES OR PROPERTIES

Please note: There is no Property damage or Equipment breakdown coverage provided by TML IRP for the items listed below if they are not specifically reported & listed on the Authority's schedule/s. We request that you thoroughly review your property schedule for accuracy before signing this acknowledgement page. If the Authority has any other exposures that need to be discussed and/or added to the policy schedule, please notify HARCO immediately.

Swimming Pools	Underground Sprinklers	Outdoor Scoreboards	Dams & Bridges
Tennis Courts	Roadways & Overpasses	Sidewalks	Fire Hydrants
Tunnels	Traffic Lights & Signs	Freestanding Signs	Mobile Equipment
Fine Arts	Detention Ponds	<u>WATER WELLS</u>	Playground/ Recreational Equip.
Freestanding Fences**	Building or Office Contents	Antennas	Elec. or Mech. In Ponds/Lakes

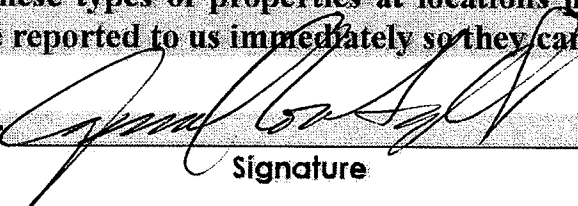
****Fences that surround locations scheduled on the real & personal property schedule are not considered 'freestanding fences' and coverage is provided by the policy.**

The following items ARE covered by endorsement at all locations shown on the property schedule within this summary IF the value for such item(s) has been included in the total values for the respective facility.

***Water Tanks & Towers *Storage Buildings *Underground Mains, Piping, Wiring**

If the Authority owns these types of properties at locations not listed on the scheduled addresses, they should be reported to us immediately so they can be added to the policy.

REVIEWED & ACCEPTED:



Signature

DATE: 11/16/11

REAL & PERSONAL PROPERTY

PROPERTY COVERED: Per Property Schedule as reported by Authority's Engineer
And/or other Authority Consultants

COVERAGE: **Special Blanket Coverage Form Designed for Public Entities:**

- \$37,690,000 Real & Personal
- \$37,690,000 Flood & Earthquake
- \$37,690,000 Windstorm / Hail
- \$10,000,000 Terrorism
- \$ 1,000,000 Newly Acquired Property
- \$ 1,000,000 Property in Transit
- \$ 20,000 Pollutant Cleanup each Scheduled Premises
- \$ 10,000 EDP Equipment
- \$ 10,000 Valuable Papers & Records, EDP Media
- \$ 10,000 Accounts Receivables
- \$ 5,000 Directors/Employees Personal Property
- \$ 5,000 Leasehold Interest
- Included Architectural / Engineering Fees Incurred Due to a Loss
- Included Theft, Vandalism, Malicious Mischief
- Included Sewer Backup each Scheduled Premises
- Included Demolition / Rebuild / Increased cost of construction due to Law or Ordinance
- Included Communications Equipment
- Included Computer Equipment
- Please Review Property Coverage Documents for applicable Additional Coverages, Sublimits, Policy Terms, Conditions, Exclusions

COINSURANCE: NONE

DEDUCTIBLES: \$25,000- Per Occurrence For Covered Perils Including Wind / Hail
\$25,000- Per Occurrence For Flood / Earthquake

LOSS OF REVENUE, EXTRA EXPENSE, & RENTS: \$ 4,000,000

REVIEWED & ACCEPTED:


Signature

DATE: 11/16/11

PROPERTY SCHEDULE

Member: Fort Bend Grand Parkway Toll Road Auth
 Member ID: 6768
 Coverage Period: 10/01/2011 to 10/01/2012 Shown As of 10/01/2011



Your Real & Personal Property Coverage and associated contribution and limit are based on the values shown on the following schedule. Where a "0" or no value is shown, no coverage is provided. The values shown are the estimated Replacement Cost or Actual Cash Value (RC or ACV) unless otherwise noted and endorsed. Any changes or corrections may require adjustment to the contribution. Improvements and betterments to locations you lease from others are included with the contents value. Your elected Coverage Extension limits are shown on a separate schedule.

ID	Address or Site Secondary ID	Year Built	Occupancy Department	Bldg Value Valuation Basis	Contents Value Valuation Basis
1			Jodie Stavinoha Bridge	24,000,000	
				RC	
2			Northbound Bridge	2,000,000	
				RC	
3			Southbound Bridge	2,000,000	
				RC	
4			Bullhead Slough Bridge	2,000,000	
				RC	
5			Prison Bridge/Owens Rd	3,500,000	
				RC	
6			Oyster Creek Bridge	2,500,000	
				RC	
7	New Territory Blvd		Signal	150,000	
				RC	
8	Sandhill Blvd		Signal	150,000	
				RC	
9	90A		Signal	150,000	
				RC	
10	Eastbound		Flasher	10,000	
				RC	
11	Westbound		Flasher	10,000	
				RC	
12	FM1464		Signal	150,000	
				RC	
13	West Airport		Flasher	150,000	
				RC	
14	Harlem Rd		Signal	150,000	
				RC	
15	Northbound		Flasher	10,000	
				RC	
16	Mason Rd		Signal	150,000	
				RC	
17	Northbound		Flasher	10,000	
				RC	
18	Northbound		Flasher	10,000	
				RC	
19	Southbound		Flasher	10,000	
				RC	

Continued next page.....

PROPERTY SCHEDULE

Real and Personal Property Schedule

Member: Fort Bend Grand Parkway Toll Road Auth

Member ID: 6768

Coverage Period: 10/01/2011 to 10/01/2012 Shown As of 10/01/2011



ID	Address or Site Secondary ID	Year Built	Occupancy Department	Bldg Value Valuation Basis	Contents Value Valuation Basis
20	Southbound		Flasher	10,000	
				RC	
21	West Belfort		Signal	150,000	
				RC	
22	Bellaire Blvd		Signal	150,000	
				RC	
23	FM 1093		Illumination Lights	50,000	
				RC	
24	Northbound		Flasher	10,000	
				RC	
25	Southbound		Flasher	10,000	
				RC	
26	Southbound		4 single arms	180,000	
				RC	
27	Eastbound		Flasher	10,000	
				RC	
28	Westbound		Flasher	10,000	
				RC	
Coverage: Real & Personal Property		Total Items:	28	37,690,000	0

REVIEWED & ACCEPTED:


Signature

DATE: 11/16/11

EQUIPMENT BREAKDOWN

INSURER: Texas Municipal League IRP

PROPERTY COVERED: Per Property Schedule as reported by Authority's Engineer
And/or other Authority Consultants

COVERAGE: **Comprehensive Coverage -**

- Boiler;
- Fired and Unfired Vessels;
- Refrigeration & Air Conditioning systems;
- Piping & its Accessory Equipment;
- Any Mechanical or Electrical Machine or Apparatus Used for the Generation, Transmission or Utilization of Mechanical or Electrical Power.
- Sudden and Accidental Breakdown of Objects including Pumps,
- Deep Well Pumps, Motors and Electrical Equipment
- Mechanical Failure
- Electrical Surges, Injuries or Disturbances
- Production Equipment
- Please Review Property Coverage Documents for applicable Additional Coverages; Sublimits; Policy Terms; Conditions; Exclusions

VALUATION: Repair or Replacement

COINSURANCE: NONE

DEDUCTIBLE: \$1,000

LIMITS PER ACCIDENT: \$ 250,000

PREMIUM: **INCLUDED - NO ADDITIONAL PREMIUM**

REVIEWED & ACCEPTED:


Signature

DATE: 11/16/11

INSURANCE PROGRAM FEATURES

COVERAGE FEATURES

DEFINITIONS OF TERMS

PROGRAM FEATURES

HARCO is recommending to your Authority a program that combines *broad coverage, competitive pricing, and additional services.*

These TML IRP coverages and services may include any of the following:

- Property, Equipment Breakdown, Mobile or Handheld Equipment, Flood, Windstorm, Earthquake, Hail. Terrorism coverage automatically provided for property damage exposure. Most insurance programs do not automatically provide this coverage.
- Up to \$10,000,000 General Liability limits – Occurrence basis
- Up to \$10,000,000 Public Officials' Liability – Occurrence basis
- Up to \$10,000,000 Law Enforcement Liability – Occurrence basis
- Up to \$2,000,000 Auto Hired/Non Owned Liability – Occurrence basis
- Auto Physical Damage for reported and scheduled Authority owned vehicles
- Up to \$2,000,000 Pollution Liability coverage – Occurrence basis
- Workers' Compensation coverage available for Elected/Appointed Officials, Employees, Volunteers
- Loss Control Inspections done by TML IRP

We believe you should thoroughly understand the most important differences between coverages with TML IRP and insurance policies offered by other companies. We offer additional information to show how these services can improve the coverages for your Authority and for yourselves as Public Officials.

Please review the next few pages of this summary that will better explain the significant and important coverage and service benefits of the program we recommend.

PROPERTY COVERAGE FEATURES

The Texas Municipal League Intergovernmental Risk Pool's property coverage includes the following features (but is not limited to) at no additional cost:

1. Coinsurance Provision	None
2. Pollution Damage to Scheduled Prop Caused by Covered Peril	Included in the Blanket Limit
3. Pollution Clean up at Scheduled Premises	\$20,000 each Premises
4. Accounts Receivable	\$10,000 *
5. Valuable Papers/EDP Media	\$10,000 *
6. Loss Of Revenue/Extra Expense/Rental Income	\$25,000 *
7. Personal Effects of Employees/Volunteers	\$5,000 *
8. Debris Removal	Included in the Blanket Limit
9. Demolition of undamaged portions of covered structures	Included in the Blanket Limit
10. Boiler & Machinery	Included
11. Increased cost of construction due to Building Ordinances	Included in the Blanket Limit
12. Loss to undamaged portion of a covered structure	Included in the Blanket Limit
13. Newly acquired or constructed structures	Automatic \$1,000,000 or the Blanket Limit, whichever is less – No Time Limitation
14. Property in Transit	Lesser of \$1,000,000 or the Blanket Limit
15. Property Off Premises	Included in the Blanket Limit
16. Sewer Backup at Scheduled Premises	Included in the Blanket Limit
17. Communications Equipment	Included in the Blanket Limit
18. Computer Equipment	Included in the Blanket Limit
19. Electrical Damage - EDP equipment	Included in the Blanket Limit
20. Glass Breakage	Included in the Blanket Limit
21. Glass Display or Trophy Cases	Included in the Blanket Limit
22. Ground Maintenance Equipment	Included in the Blanket Limit
23. Fine Arts	Included in the Blanket Limit /Must Be Reported
24. Fire Brigade Charges	Included
25. Fire Department Service Charge	Included
26. Fire Equipment Recharge	Included
27. Commandeered boats	Included in Mobile Equipment
28. Outdoor Property - Trees, Plants, Shrubs	\$250 each / \$10,000 per occurrence. *
29. Outdoor Property - Detached Signs, Fences, Antennas	Included in the Blanket Limit /Must Be Reported
30. Temporary repairs after a loss to prevent further damage	Included in the Blanket Limit
31. Inventory costs related to a loss	Included
32. Portable equipment	Included in the Blanket Limit
33. Property of Others	Included in the Blanket Limit
34. Premises Boundary	None
35. Spoilage	Included in the Blanket Limit
36. Off Premises Utility Failure	Included in the Blanket Limit
37. Lock replacement after a loss	Included in the Blanket Limit
38. Changes in temperature/humidity	Included in the Blanket Limit
39. Architectural/Engineering fees incurred as a result of a loss	Included
40. Underground Sprinkler Systems	Included in the Blanket Limit /Must Be Reported

*** These are the basic limits provided at no cost to the Member. Additional limits are available and if Authority requests such additional limits, they will be included in summary.**

DEFINITIONS OF TERMS

ADVERTISING INJURY

Injury arising out of an offense occurring in the course of the Authority's advertising activities, if such injury arises out of libel, slander, defamation, violation of right of privacy, piracy, unfair competition or infringement of copyright, title or slogan.

AGGREGATE

This is the maximum amount that could be paid for all damages arising out of one or more accidents or occurrences that occurred during the policy period.

BODILY INJURY

Bodily injury, sickness or disease sustained by any person, including death at any time resulting therefrom.

HIRE / NON OWNED AUTOMOBILE

Hired - An automobile not owned by the Member but is used on behalf of, or lent to the Authority.

Non Owned - An automobile which is neither owned nor a hired automobile of the Authority.

LAW ENFORCEMENT ACTIVITIES

The actions and functions that are required or within the defined scope of duties for a Authority's Law Enforcement Agency which include, but are not limited to, actions towards the prevention and control of crime.

OCCURRENCE

Means each accident or event, including continuous or repeated exposure to conditions, which results in bodily injury, advertising injury, personal injury, or property damage neither expected nor intended from the standpoint of the insured.

OCCURRENCE FORM

This form pays for the legal liability incurred by the insured for damages that occur during the policy period, no matter when the accident or occurrence becomes evident to the insurer as a "claim" against the insured. This may result in the insurer being responsible for providing coverage for occurrences reported long after the policy period expires.

PERSONAL INJURY

Injury arising out of one or more of the following offenses: False arrest, detention or imprisonment, malicious prosecution, wrongful entry, eviction or other invasion of the right of private occupancy, the publication or utterance of a libel, slander or other defamatory or disparaging material, or publication or utterance in violation of an individual's right of privacy, false, erroneous or improper service of civil papers or assault and battery.

PROPERTY DAMAGE

Physical injury to or destruction of tangible property which occurs during the policy period, including the loss of use thereof at any time resulting there from; or Loss of use of tangible property which has not been physically injured or destroyed, provided such loss of use is caused by an occurrence.

TERRORISM

The use of violence and threats to intimidate or coerce for political ends and/or purposes. Includes any use of violence or threats for the purpose of putting the public or any section of the public in fear.