CITY OF GAUTIER
MEMORANDUM

To: Samantha Abell, City Manager

From: Jason Pugh, Human Resources Director

Date: 09/10/13

Subject: Request to enter into a loan agreement with First Insurance Funding to finance the City of Gautier Liability Insurance premium for FY2014.

REQUEST:
The Human Resources Department requests that the Gautier City Council consider entering into a loan agreement with First Insurance Funding to finance the Liability Insurance for FY2014 at a finance cost of $3,836.52 to allow for a monthly installment plan. Monthly installment plans are a routine practice for municipal government.

BACKGROUND:
The Gautier City Council approved the use of First Insurance Funding to finance the city's liability insurance policies last fiscal year.

DISCUSSION:
Upon approval of liability insurance renewals for FY2014, the city will be responsible for liability insurance premiums in the amount of $176,314. National Fire Insurance Company of Hartford will allow us to finance our premium through First Insurance Funding at a rate of $16,377.32 per month for eleven (11) months. The total finance charge to pay this premium monthly is $3,836.52 and results in an additional cost of $348.77 per month.

RECOMMENDATION:
The Human Resources Director recommends that the Gautier City Council enter into an agreement with First Insurance Funding to finance our liability insurance for FY2014. This will allow the City of Gautier to pay the liability insurance in monthly installments.

ATTACHMENT(S):
First Insurance Funding Finance Agreement and Disclosure Statement

LENDER:

FIRST INSURANCE® FUNDING

A WINTRUST COMPANY

COMMERCIAL PREMIUM FINANCE AGREEMENT

450 Skokie Blvd, Suite 1000

Northbrook, IL 60062
P:(800)837-3707 F:(800)837-3709
www.firstinsurancefunding.com

Quote#: 000002480453

INSURED/BORROWER Customer ID:n/a (Name and address as shown on Policy) CITY OF GAUTIER 3330 HWY 90 GAUTIER MS 39553 Phone: (228) 497-8020 Contact: VENEICE BARNETT	**AGENT or BROKER** 02035-0001 (Name and Business Address) Fox-Everett, Inc. 12260 Intraplex Pkwy Gulfport MS 39503

LOAN DISCLOSURE

Total Premiums, Taxes and Fees	Cash Down Payment	Unpaid Premium Balance	Documentary Stamp Tax (only applicable in Florida)	Amount Financed (amount of credit provided on your behalf)	FINANCE CHARGE (dollar amount the credit will cost you)	Total of Payments (amount paid after making all scheduled payments)	ANNUAL PERCENTAGE RATE (cost of credit as a yearly rate)
176,314.00	16,377.32	159,936.68	0.00	159,936.68	3,836.52	163,773.20	5.200

YOUR PAYMENT SCHEDULE WILL BE: *Mail Payments to: FIRST Insurance Funding Corp., PO Box 66468, Chicago, IL 60666-0468*

Number of Payments	Amount of Each Payment		
10	16,377.32	**First Installment Due**	Beginning 10/30/2013
		Installment Due Dates	Monthly

SECURITY INTEREST. The named insured (herein referred to as "Insured") grants LENDER a security interest in the financed policies, including (but only to the extent permitted by applicable law) all return premiums, dividend payments (not applicable in KY), and loss payments which reduce unearned premium, subject to any mortgagee or loss payee interest. If any circumstances exist in which all premiums related to any financed policy could become fully earned in the event of loss, LENDER shall be named a loss-payee with respect to such policy.

FINANCE CHARGE. The finance charge begins accruing on the earliest effective date of the policies listed in the Schedule of Policies. The finance charge may include a nonrefundable service charge equal to the maximum amount permitted by law ($10 in AK, DE, NY & PA; $25 in NV; $12 in NJ; $15 in NC, RI & VA; $16 in MA; $20 in FL). The finance charge is computed using a 365-day calendar year.

LATE PAYMENT. A late charge will be assessed on any installment at least 5 days in default (7 days in VA or such later date as required by applicable law. 10 days in MA & TX). This late charge will equal 5% of the delinquent installment or the maximum late charge permitted by applicable law, whichever is less (greater of $10 or 5% in FL; greater of $25 or 1.5% in NJ; $5 maximum in DE, MT and ND; $100 maximum in MD; 5% in VA).

PREPAYMENT. The Insured is entitled to a refund of part or all of the unearned finance charge if the loan is prepaid in full prior to the last installment due date. The refund shall be computed according to applicable law subject to any nonrefundable service charge. In VA the refund shall be calculated using the short rate method. In CA the rebate is in compliance with Cal Fin Code § 18629.

SCHEDULE OF POLICIES

Policy Number	Full Name of Insurance Company and Name of General Agent or Company Office to Which Premium is Paid	Coverage	Policy Term	Effective Date	Premiums, Taxes, and Fees
GL	02129-001 - National Fire Ins Hartford 002337 - JWF Specialty	GL [ME%: 0.000 CX: 10]	12	09-30-2013 FIN TXS/FEES ERN TXS/FEES	53,430.00 0.00 0.00
AUTO	02129-001 - National Fire Ins Hartford 002337 - JWF Specialty	AUTO [ME%: 0.000 CX: 10]	12	09-30-2013 FIN TXS/FEES ERN TXS/FEES	70,844.00 0.00 0.00
	(Policies continued on next page.)			TOTAL	176,314.00

INSURED'S AGREEMENT:

1. In consideration of the premium payment being advanced by LENDER to the insurance companies listed in the Schedule of Policies, their representative or the Agent or Broker listed above, the Insured promises to pay, to the order of LENDER, the Total of Payments subject to all of the provisions set forth in this Agreement.

2. POWER OF ATTORNEY. INSURED IRREVOCABLY APPOINTS LENDER AS ITS "ATTORNEY-IN-FACT" with full power of substitution and full authority, in the event of default under this Agreement, to (i) cancel the financed policies in accordance with the provisions contained herein, (ii) receive all sums assigned to LENDER, and (iii) execute and deliver on behalf of the Insured all documents, forms and notices relating to the insurance policies listed on the Schedule of Policies in furtherance of this Agreement (clauses (ii) and (iii) are not applicable in Florida). Insured agrees that this right to cancel will terminate only after all of Insured's indebtedness under this Agreement is paid in full.

3. SIGNATURE & ACKNOWLEDGEMENT. Insured has signed and received a copy of this Agreement. If the Insured is not an individual, the undersigned is authorized to sign this Agreement on behalf of the Insured. All named Insured(s), jointly and severally if more than one, agree to all provisions set forth in this Agreement. **Insured acknowledges and understands that entry into this financing arrangement is not required as a condition for obtaining insurance coverage.**

NOTICE TO INSURED: (1) Do not sign this Agreement before you read both pages of it, or if it contains any blank space. (2) You are entitled to a completely filled-in copy of this Agreement. (3) Under the law, you have the right to pay off in advance the full amount due and under certain conditions to receive a partial refund of the finance charge. (4) Keep your copy of this Agreement to protect your legal rights.

Signature of Insured or Authorized Agent Date Signature of Agent Date

Q#:000002480453 CONT_TYPE:STD PRN:091013 CFG:InternalRT:02035OPT2-F CRD:0 BP:Bill F/D: 000 SUB:FINCODEFAULT

The undersigned hereby warrants and agrees to the Agent or Broker Representations and Warranties set forth herein.

SCHEDULE OF POLICIES

Policy Number And Prefix	Full Name of Insurance Company and Name and Address of General Agent or Company Office to Which Funds are Paid	Type of Insurance	Policy Term in Months	Effective Date Mo. Day. Yr.	Premiums, Taxes, and Fees
LAW	02129-001 - National Fire Ins Hartford 002337 - JWF Specialty	LIAB [ME%: 0.000 CX: 10]	12	09-30-2013 FIN TXS/FEES ERN TXS/FEES	31,016.00 0.00 2,240.00
PUB OFF	02129-001 - National Fire Ins Hartford 002337 - JWF Specialty	LIAB [ME%: 0.000 CX: 10]	12	09-30-2013 FIN TXS/FEES ERN TXS/FEES	18,284.00 0.00 0.00
CRIME	02129-001 - National Fire Ins Hartford 002337 - JWF Specialty	CRME [ME%: 0.000 CX: 10]	12	09-30-2013 FIN TXS/FEES ERN TXS/FEES	500.00 0.00 0.00

ADDITIONAL PROVISIONS OF PREMIUM FINANCE AGREEMENT

4. EFFECTIVE DATE. This Agreement will not become effective until it is accepted in writing by LENDER.

5. DEFAULT/CANCELLATION. Insured is in default under this agreement if (a) a payment is not received by LENDER when it is due, (b) a proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against Insured, or (c) Insured fails to comply with any of the terms of this Agreement; provided, however, when required by applicable law, Insured may be deemed in default only under clause (a) above. Clauses (b) and (c) are not applicable in FL, MD, NV, NC or VA. At any time after default, LENDER can demand and has the right to receive immediate payment of the total unpaid amount due under this Agreement even if LENDER has not received any refund of unearned premium. If the Insured is in default, LENDER has no further obligation under this Agreement to pay premiums on the Insured's behalf, and LENDER may pursue any of the remedies provided in this Agreement or by applicable law. If a default by the Insured results in cancellation of any insurance policy listed in the Schedule of Policies, the Insured agrees to pay a cancellation charge where allowed by applicable law (not permitted in AK, FL, KS, KY, NV, NY, NC, PA, SC, TX or VA). If cancellation occurs, where permitted by law, the Insured agrees to pay LENDER interest on the balance due at the contract rate or at the maximum lawful rate, whichever is less, until the balance is paid in full or until such other date as provided by applicable law.

6. RETURNED CHECK CHARGE. If an Insured's check is dishonored for any reason and if permitted by law, the Insured will pay LENDER a returned check charge equal to the maximum fee permitted by law (not permitted in KY; $15 in FL & NV; $20 in VA; maximum of $25 in MD).

7. REINSTATEMENT. Once a Notice of Cancellation has been sent to any insurance company, LENDER has no duty to rescind it or to ask that the policy be reinstated, even if LENDER later receives a payment from Insured. In the event LENDER requests reinstatement, such request does not guarantee that coverage will be reinstated by the insurance company. Payments that LENDER receives after sending a Notice of Cancellation may be applied to Insured's account without changing any of LENDER's rights under this Agreement.

8. LENDER'S RIGHTS AFTER THE POLICIES ARE CANCELLED. After any financed policy is cancelled, whether by LENDER, the Insured, or the insurance companies listed in the Schedule of Policies, LENDER has the right to receive all unearned premiums and other funds assigned to LENDER as security herein and to apply them to Insured's unpaid balance under this Agreement or any other agreement between the Insured and LENDER (in VA funds cannot be applied to another agreement). Receipt of unearned premiums does not constitute payment of installments to LENDER, in full or in part. If the amount received is more than the amount owed by Insured, any excess amount will be refunded to Insured; the minimum refund is $1.00 (no minimum in VA). If the amount received is less than the amount owed by Insured, Insured will be responsible for the deficiency. Insured agrees that insurance companies may rely exclusively on LENDER's representations about the financed policies.

9. ASSIGNMENT. Insured may not assign any policy without LENDER's written consent. However, LENDER's consent is not needed to add mortgagees or other persons as loss payees to financed policies. LENDER may transfer its rights under this Agreement to anyone without the consent of Insured.

10. AGENT OR BROKER. Insured agrees that the insurance Agent or Broker issuing the policies or through whom the policies were issued is not the agent of LENDER, except for any action taken on behalf of LENDER with the express authority of LENDER, and LENDER is not bound by anything the Agent or Broker represents to the Insured, orally or in writing, that is not contained in this Agreement. Where permissible by law, LENDER may pay some portion of the finance charge or other form of compensation to the Agent or Broker executing this Agreement for aiding in the administration of this Agreement (Not applicable in VA). Any questions regarding this payment should be directed to the Agent or Broker.

11. COLLECTION COSTS. Insured agrees to pay reasonable attorney fees, courts costs, and other collection costs to LENDER to the extent permitted by law if this Agreement is referred to an attorney or collection agent who is not a salaried employee of LENDER to collect money that Insured owes (not permitted in KY or MD).

12. LIABILITY Insured understands and agrees that LENDER is not liable to Insured or any person or entity upon the exercise of LENDERS's right of cancellation, except in the event of willful or intentional misconduct by LENDER. This provision is not permitted in KY.

13. GOVERNING LAW. This Agreement is governed by and interpreted under the laws of the state where the Insured resides, except for conflict of laws principles thereof. If any court finds any part of this Agreement to be invalid, such finding shall not affect the remaining provisions of this Agreement.

14. WARRANTY OF ACCURACY. The Insured represents and warrants that to the best of its knowledge (i) the insurance policies listed in the Schedule of Policies are in full force and effect and that the Insured has not and will not assign any interest in the policies except for the interest of mortgagees and loss payees, (ii) that unless disclosed on Page 1, none of the polices listed in the Schedule of Policies are for personal, family or household purposes, (iii) the Cash Down Payment and any past due payments have been paid in full to the agent in cash or other immediately available funds, (iv) all information provided herein or in connection with this Agreement is true, correct, complete and not misleading, (v) no proceeding in bankruptcy, receivership, insolvency or similar proceeding is instituted by or against Insured, (vi) the Insured has no indebtedness to the insurers issuing the listed policies and none of those insurers have asserted any claims for payment against the Insured, and (vii) there is no term or provision in any listed policies that would require LENDER to notify or obtain consent from any other party to effect cancellation of such policies.

15. AUDIT AND REPORTING FORM POLICIES. If any financed policies are auditable, reporting form policies or subject to retrospective rating, the Insured agrees to fully comply with all audits and pay to the insurance company the earned premium computed in accordance with the policy provisions which is in excess of the amount of premium advanced by LENDER and retained by the insurance company.

16. CORRECTIONS. LENDER may insert the names of the insurance companies and policy numbers, if this information is not known at the time Insured signs this Agreement. LENDER is authorized to correct patent errors or omissions in this Agreement (Not applicable in KY or VA).

AGENT OR BROKER REPRESENTATIONS AND WARRANTIES

The Agent or Broker executing this Agreement represents, warrants, and agrees:

(1) The Insured has received a copy of this Agreement and has authorized this transaction, the Insured's signature is genuine and the cash down payment has been received from the Insured, (2) the listed policies are in full force and effect, and the information contained in the Schedule of Policies including the premium amount is correct, except for assigned risk policies where the actual premium amount may be unknown at this time, (3) the Agent or Broker is either the insurer's authorized policy issuing agent or the broker placing the coverage directly with the insurer, except where the name of the Issuing Agent or General Agent is listed in the Schedule of Policies, (4) no direct company bill, audit, or reporting form policies, or policies subject to retrospective rating or to minimum earned premium, are included, except as previously disclosed in writing to LENDER, and the deposit of provisional premiums is not less than anticipated premiums to be earned for the full term of the policies, (5) the polices can be cancelled by the Insured or LENDER (or its successors and assigns) with proper notice, and the unearned premiums will be computed on the standard short rate or pro rata table except as previously disclosed in writing to LENDER, (6) to the best of the undersigned's knowledge and belief, there are no bankruptcy, receivership, or insolvency proceedings affecting the Insured, (7) to hold LENDER, its successors and assigns harmless against any loss or expense (including attorney fees) resulting from violations of these Representations and Warranties or from errors, omissions, or inaccuracies of Agent or Broker in preparing this Agreement, (8) to pay all reasonable attorney fees, courts costs, and other collection costs incurred by LENDER in recovering amounts due from the Agent or Broker in connection with any breach of these Agent or Broker Representations and Warranties, (9) to indemnify LENDER for any and all losses LENDER incurs as a result of any error committed by the Agent or Broker in completing or failing to complete any portion of this Agreement, and (10) to hold in trust for LENDER any payments made or credited to the insured through or to the undersigned directly or indirectly, actually or constructively by the insurance companies or LENDER and to pay the monies as well as the unearned commissions to LENDER upon demand to satisfy the outstanding indebtedness of the Insured.

NC License #482. CA License #1850. VA License #PF146. California Borrowers: **FOR INFORMATION CONTACT THE DEPARTMENT OF FINANCIAL INSTITUTIONS, STATE OF CALIFORNIA**