

REQUEST FOR PROPOSALS
ADDENDUM # 2

ISSUED: October 1, 2008

RFP NUMBER: CSP902409
INDEX NUMBER: DAS071K
UNSPSC CODE: 84131500

The state of Ohio, through the Department of Administrative Services, Office of Procurement Services, for the Department of Administrative Services, Office of Risk Management, is requesting proposals for:

Property and Casualty Insurance, Broker of Record, for the State of Ohio

Reason for Addendum: This Addendum is issued to notify potential offerors of changes to the Request for Proposal. Pages inserted into the RFP from Addendum Number 1 are to be discarded. Pages that were provided are numbered 2, 3, 4, 5, 52, 53, 54 and 55. Please discard those pages and insert the attached pages 1, 2, 5, 16, 17, 19, 52, 53, 54 and 55. Changes are annotated on each page. Pages 52 through 55 is the list of current policies in force.

PROPOSAL DUE DATE: November 14, 2008 at 1:00 p.m.

OPENING LOCATION: Department of Administrative Services
Office of Procurement Services
4200 Surface Rd.
Columbus, OH 43228-1395

REQUEST FOR PROPOSALS

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The State of Ohio, through the Department of Administrative Services, Office of Procurement Services, on behalf of the Department of Administrative Services, Office of Risk management, is requesting proposals for:

Property and Casualty Insurance, Broker of Record, for the State of Ohio

RFP ISSUED: September 19, 2008
INQUIRY PERIOD BEGINS: September 19, 2008
PRE-PROPOSAL CONFERENCE: September 26, 2008
INQUIRY PERIOD ENDS: October 31, 2008 at 8:00 A.M.
PROPOSAL DUE DATE: November 14, 2008 by 1:00 P.M.

Proposals received after the due date and time will not be evaluated.

OPENING LOCATION: Department of Administrative Services
Office of Procurement Services
4200 Surface Road
Columbus, OH 43228-1395

*This RFP consists of five (5) parts and 11 attachments, totaling 55 consecutively numbered pages. Please verify that you have a complete copy.

*Change from 10 to 11 Attachments

PART ONE: EXECUTIVE SUMMARY

PURPOSE. This is a Request for Competitive Sealed Proposals (RFP) under Section 125.071 of the Ohio Revised Code (the Revised Code) and Section 123:5-1-08 of the Ohio Administrative Code (the Ohio Administrative Code). The Ohio Department of Administrative Services, Office of Risk Management (ORM), has asked the Department of Administrative Services (DAS), Office of Procurement Services to solicit competitive sealed proposals (Proposals) for Property and Casualty Insurance, Broker of Record, for the State of Ohio, and this RFP is the result of that request. If a suitable offer is made in response to this RFP, the state of Ohio (State), through DAS, may enter into a contract (the Contract) to have the selected Offeror (the Contractor) perform all or part of the Project. This RFP provides details on what is required to submit a Proposal for the Work, how the State will evaluate the Proposals, and what will be required of the Contractor in performing the Work.

This RFP also gives the estimated dates for the various events in the submission process, selection process, and performance of the Work. While these dates are subject to change, prospective Offerors must be prepared to meet them as they currently stand.

Once awarded, the initial term of the Contract will be from the award date through June 30, 2010. The State may renew all or part of this Contract subject to the satisfactory performance of the Contractor and the needs of the agency. The State's decision to exercise renewal of the Contract is subject to the discretionary decision of the Ohio General Assembly to enact authorizing legislation and to appropriate funds for this Contract in each new biennium, and, as necessary, for the Governor to issue an executive order authorizing an extension of the program. The State may renew the Contract for three (3) additional one-year periods.

Any failure to meet a deadline in the submission or evaluation phases and any objection to the dates for performance of the Project may result in the State refusing to consider the Proposal of the Offeror.

BACKGROUND. The State of Ohio is seeking a property & casualty insurance Broker of Record (BOR) for the State to market and place existing and emerging insurance programs, including the creation of alternative risk financing and/or integrated programs to supplement or replace existing programs by creating a comprehensive risk management coverage plan and support the ORM with removing silos of risk.

Authority for the State's insurance, self-insurance, and risk management programs covered by this RFP is found in Ohio Revised Code Sections 9.82, 9.821, 9.822, 9.823, and 9.83.

The State of Ohio is a diverse government organization, comprised of over 90 agencies, performing a wide range of functions and operations, with an overall annual budget of \$26 billion and approximately 55,000 employees serving over 11 million residents of the State.

The State currently has a blend of insurance policies covering real and personal property, inland marine, auto physical damage and general liability insurance. The state also has individual policies covering special agency needs, such as directors & officers liability and fiduciary liability.

The following information is a summary of policies placed through ORM. Once the Proposal is awarded, the successful Offeror will receive a full copy of all policy information and actuarial reports.

Vehicle Liability. Fully self-insured by the State through the risk management reserve fund. Coverage is continuous with a \$2,000,000 per occurrence limit of liability. Coverage extends to over 17,000 licensed and off-road self-propelled vehicles, including emergency and law enforcement vehicles.

Property Insurance. The State purchases a policy with a \$250,000,000 limit of liability with a \$100,000 per occurrence deductible. Once the Contract is awarded, the selected BOR will receive the property inventory/statement of values (SOV).

Public Employee Dishonesty & Faithful Performance of Duty. Privately insured with a \$250,000 limit of liability, subject to a \$5,000 per occurrence deductible.

OTHER COVERAGES. When requested by State agencies, ORM purchases other coverage's through various agents and brokers. Attached is a list of the policies, along with the scope of coverage. It is ORM's goal to consolidate and significantly reduce the number of policies. The BOR will have the responsibility to recommend the most efficient and cost effective manner to consolidate coverages, including self-insuring, Self-Insured Retention (SIR) and purchase of excess coverage, and alternative risk financing options. A summary of all policies will be available at the pre-proposal conference.

*PROJECT OBJECTIVE. The intent of this Proposal is to contract with the most experienced and qualified firm to provide BOR services and assist the ORM in fulfilling its critical role of providing proper protection of the state assets and activities on behalf of our citizens and taxpayers. Current conditions dictate that the successful Offeror may be tasked to market and replace certain existing policies and bonds immediately following the award.

*Additional language added.

PART TWO: STRUCTURE OF THIS RFP

*ORGANIZATION. This RFP is organized into five (5) parts and 11 attachments. The parts and attachments are listed below.

PARTS:

Part One	Executive Summary
Part Two	Structure of this RFP
Part Three	General Instructions
Part Four	Evaluation of Proposals
Part Five	Award of the Contract

ATTACHMENTS:

Attachment One	Work Requirements and Special Provisions
Part One	Work Requirements
Part Two	Special Provisions
Attachment Two	Requirements for Proposals
Attachment Three	General Terms and Conditions
Part One	Performance and Payment
Part Two	Work & Contract Administration
Part Three	Ownership & Handling of Intellectual Property & Confidential Information
Part Four	Representations, Warranties, and Liabilities
Part Five	Acceptance and Maintenance
Part Six	Construction
Part Seven	Law & Courts
Attachment Four	Contract
Attachment Five	Offeror Profile Summary
5-A	Offeror Profile Form
5-B	Offeror Prior Project Form
5-C	Offeror Prior Project Form
5-D	Offeror Prior Project Form
Attachment Six	Offeror References
Attachment Seven	Offeror's Candidate Summary
7-A	Offeror's Candidate References
7-B	Offeror's Candidate Education, Training, Licensure, and Certifications
7-C	Offeror's Candidate Experience
Attachment Eight	Offeror Performance Form
Attachment Nine	Proposal Labels
Attachment Ten	Cost Summary Form
*Attachment Eleven	Current Policies in Force

*Change from 10 to 11 Attachments and add Attachment Eleven

ATTACHMENT ONE: WORK REQUIREMENTS AND SPECIAL PROVISIONS
PART ONE: WORK REQUIREMENTS

This attachment describes the Project and what the Contractor must do to get the job done. It also describes what the Offeror must deliver as part of the completed Project (the "Deliverables"), and it gives a detailed description of the Project's schedule.

SCOPE OF WORK. The selected BOR shall provide the professional services necessary to perform the following general requirements:

General

1. *Perform services necessary to replace insurance coverage expiring on June 30, 2009. Current conditions dictate that the successful Offeror may be tasked to market and replace certain existing policies and bonds immediately following the award.
2. Develop an understanding of the State's needs in specialized areas and provide input to ORM regarding program improvement.
3. Provide safety / loss control services and completion of risk reports as requested.
4. Assist in risk exposure evaluation as well as development and evaluation of traditional and alternative risk financing mechanisms, which may be beneficial to the state.
5. Perform other services customarily expected of a broker for the duration of the agreement.
6. Determining and recommending the most economical funding methods, including SIR levels, alternative risk financing, annual aggregate policies, etc., for the State.

Marketing

The Broker of Record contract resulting from this RFP will become effective July 1, 2009. The successful Offeror will become the Broker of Record for the state of Ohio and shall assume all broker responsibilities at that time. The selected Broker of Record shall provide, at a minimum, professional services and dedicated personnel necessary to perform the following deliverables:

1. Act as broker for policies currently in force.
2. Develop a complete understanding of the State's areas of exposure and consult with State representatives about short and long term solutions.
3. Conduct strategic planning sessions to review current performance and establish future objectives and strategies for the State's risk and insurance program.
4. Market and place selected insurance coverage as requested by ORM. Once coverage is in place, review and maintains copies of all policies and all negotiated endorsements, and confirms that classifications, exposures, and limits are in conformity with ORM's specifications and negotiated coverage and that all applicable negotiated extensions of coverage are being provided.
5. Prepare insurance applications, specifications, and underwriting exhibits in cooperation with ORM's designated staff.
6. Provide assistance in evaluating current property values (and statement of values) for use in obtaining property insurance coverage.
7. Review insurance policies to determine compliance with agreed upon terms and conditions for those exposures that the State currently insures.
8. Make recommendations regarding carriers, coverage, limits, terms, conditions, and exposures. Identify programs, products, and insurers capable of meeting the State's insurance needs and prepare bid specifications for markets capable of quoting for renewals.
9. Evaluate existing insurance contracts (and claims history as necessary). Determine whether the policies currently in force are appropriate in terms of coverage, carrier, and price. Make recommendations concerning any changes, modifications, consolidations, and/or additions in the terms, conditions, and coverage limits needed to yield a comprehensive risk management program to protect the interests of the State.
10. With assistance and authorization from ORM, market renewals in the most efficient and cost-effective manner to obtain pricing with respect to the program adopted by the State.
11. With assistance and authorization from ORM, market and place new insurance programs and coverages in the most efficient and cost-effective manner.
12. Assist ORM in identifying and organizing pertinent information in order to market and place insurance programs and coverages in the most efficient and cost-effective manner.
13. Conduct strategic planning sessions to review current performance and establish future objectives and strategies for ORM's risk and insurance program.
14. With the participation of ORM, obtain quotations from markets and negotiate the best terms, conditions, and pricing for the various exposure areas of the state.
15. Evaluate the commitment and financial stability of insurers/re-insurers.
16. With the participation of appropriate ORM personnel, obtain initial premium renewals and negotiate for the lowest renewal rates.

*Additional language added.

Claims Management & Loss Control Support

1. Advocate for the State on any disputed or problem claims.
2. Assist in the expediting, resolution, negotiation, and settlement of claims and coverage questions.
3. Review all loss notices submitted by ORM and notify the carrier of claims and possible claims as requested by ORM staff.
4. Provide answers to the State, and obtain clarification from insurers, underwriters, or adjusters regarding coverage or claims questions.
5. When requested, provide ORM staff with status reports and loss runs.
6. Provide value added loss control and inspection as requested by ORM.
7. Analyze loss experience to determine possible adverse frequency and/or severity trends and report findings.
8. Attend claims related meetings, as requested, with ORM, and other representatives of the State.

Account Management

1. Service existing insurance policies including loss reporting, reviewing coverage issues, assisting in collection of losses, reporting values, issuing binders and certificates of insurance as necessary and processing policy changes in a timely manner.
2. Providing invoicing and billing as instructed by the ORM and calculating premium allocations and provide back-up reports.
3. Review advantages and disadvantages of alternate programs;
4. Keep ORM informed of significant changes and/or trends in the insurance marketplace and, provide an annual forecast of market conditions.
5. Conduct feasibility studies, risk retention recommendations, and analysis of the State's costs of risk.
6. If requested, act as an advisor to the state for specialty insurance coverages that may be outside the normal market of the selected broker, and as authorized, negotiate coverages and rates and provide recommendations to ORM.
7. Present for ORM's consideration, in a clear and understandable format, an evaluation of the results of each solicitation, with a comprehensive financial analysis and recommendations for selection of an insurer (or insurers/reinsurer) or risk management plan for each exposure.

The selected Broker of Record shall also be prepared to provide professional services and dedicated personnel necessary to perform additional services including, but not limited to, the following as requested by the State:

1. Provide evaluation, training, and education relative to loss control, safety, claims management, and related topics in the area of risk management.
2. Provide recommendations for State contract staff as to risk related issues in State contractual arrangements.
3. Provide premium allocation services for charges to State agencies.
4. Alternative risk finance consulting.
5. Environmental risk consulting.
6. Business interruption/business continuity consultation.
7. Cyber risk analysis and consulting.
8. CAT/probable maximum loss modeling.

Provide the following reports annually or when requested by ORM:

1. Prepare annual marketing strategy reports identifying significant changes and/or trends in market conditions and propose a marketing strategy for the State's major loss exposure areas prior to policy/contract renewal.
2. The report must include a schedule of policies in force, coverage provisions, premiums, and limits of liability, loss experience for the policy period and recommendations for possible adjustments to the coverage or alternate risk-financing vehicle for the next policy year. The report should provide a summary of broker support services rendered during the prior year, including service improvement recommendations.

* TEXT DELETED

The successful Offeror awarded a Contract from this RFP and performing the duties of this project shall provide the State with full transparency regarding any and all related compensation.

*Delete next to last paragraph from page.

ATTACHMENT TWO: REQUIREMENTS FOR PROPOSALS

PROPOSAL FORMAT. Each Proposal must include sufficient data to allow the State to verify the total cost for the Project and all of the Offeror's claims of meeting the RFP's requirements. Each Proposal must respond to every request for information in this attachment whether the request requires a simple "yes" or "no" or requires a detailed explanation. Simply repeating the RFP's requirement and agreeing to comply will be an unacceptable response and may cause the Proposal to be rejected.

These instructions describe the required format for a responsive Proposal. The Offeror may include any additional information it believes is relevant. An identifiable tab sheet must precede each section of a Proposal, and each Proposal must follow the format outlined below. All pages, except pre-printed technical inserts, must be sequentially numbered. Any material deviation from the format outlined below may result in a rejection of the non-conforming Proposal.

Each Proposal must contain the following information, chronologically in order, as listed below:

1. Cover Letter
2. Certification
3. Offeror Disclosure of Location of Services and Data
4. Signed Contracts
5. Offeror Profile and Prior Projects
6. Offeror References
7. Staffing Plan
8. Personnel Profile Summary
9. Work Plan
10. Support Requirements
11. Performance Bond – Not Required
12. Conflict of Interest Statement
13. Assumptions
14. Proof of Insurance
15. Payment Address
16. Contract Performance
17. W-9 Form and Additional Vendor Information Form
18. Declaration Regarding Material Assistance/Non-assistance to a Terrorist Organization (DMA)
19. Affirmative Action Plan
20. Cost Summary Form

REQUIREMENTS:

1. Cover Letter. The cover letter must be in the form of a standard business letter and must be signed by an individual authorized to legally bind the Offeror. The cover letter will provide an executive summary of the solution the Offeror plans to provide. The letter must also have the following:
 - a. A statement regarding the Offeror's legal structure (e.g., an Ohio corporation), Federal tax identification number, and principal place of business.
 - b. A list of the people who prepared the Proposal, including their titles.
 - c. The name, phone number, fax number, e-mail address, and mailing address of a contact person who has authority to answer questions regarding the Proposal.
 - d. *A list of all subcontractors, if any, that the Offeror will use on the Project if the Offeror is selected to do the Work. In addition, the Contractor must provide a list of the tasks each of the subcontractors will be performing.
 - e. For each proposed subcontractor, the Offeror must attach a letter from the subcontractor, signed by someone authorized to legally bind the subcontractor, with the following included in the letter:
 - 1) The subcontractor's legal status, tax identification number, and principal place of business address.
 - 2) The name, phone number, fax number, e-mail address, and mailing address of a person who is authorized to legally bind the subcontractor to contractual obligations.
 - 3) A description of the work the subcontractor will do.
 - 4) A commitment to do the work if the Offeror is selected.
 - 5) A statement that the subcontractor has read and understood the RFP and will comply with the requirements of the RFP.
 - 6) A statement that the Subcontractor will maintain any permits, licenses, and certifications required to perform work.

*Change word from tests to tasks.

ATTACHMENT ELEVEN
INSURANCE POLICIES IN FORCE

SELF-INSURED PROGRAMS

VEHICLE LIABILITY PROGRAM 17,327 VEHICLES \$2,000,000 PER OCCURRENCE

MOTORCYCLE OHIO	
Vehicle Liability:	\$2,000,000 per occurrence
General Liability:	\$2,000,000 per occurrence
Excess Medical Payments:	\$10,000 per occurrence
Professional Educator's Liability:	\$2,000,000 per occurrence
Inland Marine:	Actual Cash Value, \$500 deductible

INSURANCE POLICIES IN FORCE

BLANKET BOND			
Covers all state employees, including elected & appointed officials for employee dishonesty and faithful performance of duty			
Primary Coverage:	\$250,000 per occurrence	\$500 Deductible	
Excess:			
Secretary of State	\$1,125,000 per occurrence		
Water Development Authority	\$250,000 per occurrence		
Ohio Veterans Home	\$3,500,000 per occurrence		
Public Utilities Commission	\$3,500,000 per occurrence		
Bureau of Motor Vehicles	\$75,000 per occurrence		
Rehabilitation Services Commission	\$200,000 per occurrence		
BWC Board of Directors	\$750,000 per occurrence		
Additional Coverage:			
Ohio Veterans Home	Form B - Forgery or Alteration	\$250,000 per occurrence	\$2,500 Deductible
Ohio Veterans Home	Form C - Theft inside/outside	\$350,000 per occurrence	\$5,000 Deductible
Public Utilities Commission	Form C - Theft inside/outside	\$5,000 per occurrence	\$500 Deductible

ATTACHMENT ELEVEN
INSURANCE POLICIES IN FORCE - CONTINUED

CATASTROPHIC PROPERTY			
Total Building Values:	\$5,074,422,902		
Policy Dates:	7/1/2008 - 7/1/2009		
Limits	Real Property	\$250,000,000 per occurrence	\$100,000 Deductible
	Personal Property	\$10,000,000 per occurrence	\$100,000 Deductible
	Earth Movement	\$100,000,000 per occurrence	\$100,000 Deductible
	Flood	\$100,000,000 per occurrence	\$100,000 Deductible
	Flood - Zone A	\$10,000,000 per occurrence	\$500,000 Deductible
	Boiler & Machinery	\$200,000,000 per occurrence	\$50,000 Deductible
	Course of Construction	\$25,000,000 per occurrence	\$100,000 Deductible
	Debris Removal	\$10,000,000 or 25% of PD Loss	\$100,000 Deductible
	Fine Arts	\$20,000,000 per occurrence	\$10,000 Deductible
	Misc Unnamed Locations	\$5,000,000 per occurrence	\$100,000 Deductible
	Terrorism	\$250,000,000 per occurrence	
Scheduled limits	MARCS Towers	\$108,232,949	\$10,000 Deductible
	MARCS Equipment	\$102,817,805	\$10,000 Deductible
	ODOT Brine Making Equipment	\$5,082,000	\$10,000 Deductible
	DAS EDP/Contents	\$101,160,014	\$10,000 Deductible
	DAS State Printing	\$9,374,333	\$10,000 Deductible
	DPS SOCC EDP	\$8,208,859	\$10,000 Deductible
	TAX SOCC EDP	\$13,183,492	\$10,000 Deductible
	BWC EDP/Contents	\$60,000,000	\$10,000 Deductible
	CSRAB Fine Arts	\$17,723,000	\$10,000 Deductible
	Agriculture EDP/Contents	\$9,930,814	\$10,000 Deductible
	DPS Digital License Plate System	\$775,050	\$10,000 Deductible
	OPI Equip/Inventory	\$14,123,906	\$10,000 Deductible
	State Library Contents	\$1,500,000	\$10,000 Deductible
	House of Representatives EDP/BPP	\$4,100,000	\$10,000 Deductible

ATTACHMENT ELEVEN
INSURANCE POLICIES IN FORCE - CONTINUED

AUTOMOBILE PHYSICAL DAMAGE		
Policy Dates:	8/27/08 - 8/27/09	
# of Agencies Participating:	24	
# of Vehicles Insured:	146	
Limits:	Comp & Collision ACV	\$500 Deductible

BOARDS & COMMISSIONS PACKAGE POLICY		
# of Boards/Commissions Participating: 18		
Policy Dates	10/14/08 - 10/14/09	
BPP	\$3,636,764	Deductible: \$1,000
EDP	\$1,670,851	Deductible: \$500
Inland Marine	\$259,060	Deductible: \$1,000
GL	\$1,000,000 / \$2,000,000	
Umbrella	\$1,000,000	

MISCELLANEOUS POLICIES

AGENCY	TYPE OF POLICY	LIMITS	POLICY DATES
Adjutant General	Firefighters Liability	\$1,000,000	10/1/08 - 10/1/09
Adjutant General	Firefighters Liability - Excess	\$5,000,000	10/1/08 - 10/1/09
Arts Council	Fine Arts, EDP	Fine Arts \$255,300 EDP \$302,500	10/31/08-10/31/09
Arts Council - Riffe Gallery	Fine Arts	\$500,000	6/22/08 - 6/22/09
CSRAB	Package	BPP \$160,680 IM \$440,421	6/14/08 - 6/14/09
DAS/GSD Facilities Management	General Liability	\$1,000,000 / \$2,000,000	9/12/08 - 9/12/09
DAS Governor's Residence	Fine Arts (on loan)	\$109,125	5/26/08 - 5/26/09
Alcohol & Drug Addiction Svcs	EDP	\$681,073	2/1/08 - 2/1/09
Commerce	Excess Bond (Named Individuals)	\$250,000 each	1/31/08 - 1/31/09
Job & Family Services	Surplus Food Coverage	\$2,026,000	10/1/08 - 10/1/09
DNR	Inland Marine - Fresnel Lens	\$375,000	4/25/08 - 4/25/09

ATTACHMENT ELEVEN
INSURANCE POLICIES IN FORCE - CONTINUED

DNR, DPS, DOT	Aviation	Liability: \$5,000,000	12/1/07 - 12/1/08
		Hull Coverage: \$4,425,000	
DRC	Specialty Crime Coverage	Form A: \$25,000	4/26/08 - 4/26/09
		Form C (inside & outside) \$25,000	
Taxation	Police Professional Liability	\$5,000,000	1/31/08 - 1/31/09
EPA	EDP / Inland Marine	\$4,952,466	2/20/08 - 2/20/09
E-Tech Ohio	EDP Transmission Equipment	\$9,788,200	4/11/08 - 4/11/09
House of Representatives	Police Professional Liability	\$1,000,000	4/9/08 - 4/9/09
OGTV	Equipment Floater	\$3,771,821	2/13/08 - 2/13/09
Rehabilitation Services Commission	Business Property	BPP \$1,101,587	3/1/08 - 3/1/09
		Food Spoilage \$5,000 / occ	
		Theft \$5,000 / occ	
		CGL \$1,000,000 / \$2,000,000	
School for the Deaf	Commercial Day Care	BPP \$1,000	8/18/08 - 8/18/09
		CGL \$1,000,000	
		Prof Liability \$1,000,000	
Secretary of State	Package	BPP \$2,894,192	2/1/08 - 2/1/09
		CGL \$1,000,000 / \$2,000,000	
Senate	Package	BPP \$850,058	3/12/08 - 3/12/09
		EDP \$98,660	
		CGL \$1,000,000 / \$2,000,000	
Supreme Court	Package	EDP \$2,298,981	6/9/08 - 6/9/09
		Fine Arts \$924,943	
		CGL \$1,000,000 / \$2,000,000	
Treasurer of State	Excess Crime Bond	\$2,750,000	7/1/08 - 7/1/09
Treasurer of State	Excess Crime Bond	\$2,000,000	12/31/07 - 12/31/08
Tuition Trust Authority	Directors & Officers Liability	\$10,000,000	1/1/08 - 1/1/09
Venture Capital Authority	Directors & Officers Liability	\$10,000,000	3/1/08 - 3/1/09
Veteran's Home	Police Professional Liability	\$1,000,000	7/1/08 - 7/1/09