



Arthur J. Gallagher Risk Management Services, Inc.

May 17, 2010

Ms. Mary Taylor  
Milburn Community Consolidated SD #24  
18550 Milburn Road  
Wadsworth IL 60083

RE: Bond 285001853  
Effective: 07/01/2010

Dear Mary:

Enclosed you will find information concerning the renewal of the captioned bond. Coverage has been renewed with Liberty Mutual Insurance Company with a resulting premium of \$2,000. Included in this premium is a commission of 17.5% that compensates your CLIC Service Team and 17.5% which compensates the bond department for the placement and servicing of this bond.

This bond was issued for a limit of \$2,000,000 on behalf of Roger Manderscheid and is continuous until cancelled. Please advise if there are any changes to be made.

I have also enclosed a return envelope for your convenience in remitting. If you have questions or concerns after review, please feel free to call me at 630 773-3800.

We appreciate the opportunity to be of assistance.

Sincerely,

Debbie J. Burton  
Sr. Risk Management Representative

DFB/1589788

Enclosure

## SCHOOL TREASURER APPOINTMENT

Date: 5/12/10

Return to: Roycealee J. Wood  
Regional Superintendent of Schools  
800 Lancer Lane, Suite E-128  
Grayslake, IL 60030-2656

We, the undersigned, PRESIDENT and SECRETARY of said Board of Education, hereby certify that we have duly appointed the following person as Treasurer for our School District for a 1 year term beginning July 1, 2010.

Roger Manderscheid  
Name of Treasurer

18550 Millburn Road  
Address where checks are to be mailed

Wadsworth, IL 60083  
City, State, Zip

Treasurer's Telephone Number: 847-838-7060

Is Treasurer an employee of the School District? NO

The salary of said Treasurer is \$ 5,000 per year

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Board Secretary

Board of Education, School Dist. # 24

**Bond No. 285001853**

## SCHOOL TREASURER'S BOND

**Roycealee J. Wood**

Regional Superintendent of Schools, Lake County, Illinois

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF Lake )

We, Roger V Manderscheid, as Principal and Liberty Mutual Insurance Company as Surety, are obligated, jointly and severally to the School Board of Milburn Community Consolidated School District # 284, in the above mentioned county or successors in office, in the penal sum of Two Million Dollars and 00/100 dollars (\$ 2,000,000.00 ) for the payment of which we bind ourselves, our heirs, executors, administrators.

In witness whereof we have hereunto set our hands and seals this 5th day of May 2010. THIS BOND TO BE EFFECTIVE July 1, 2010. THIS BOND WILL EXPIRE June 30, 2011.

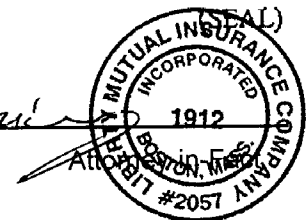
The condition of this obligation is such that if Roger V Manderscheid, school treasurer in the above stated county, faithfully discharges the duties of his or her office, according to law, and delivers to his or her successor in office after such successor has qualified by giving bond as provided by law all moneys, books, papers, securities and control, which have come into his or her possession or control, as such school treasurer, from date of his or her bond to the time that his or her successor has qualified as school treasurer, by giving such bond as required by law, then this obligation will be void; otherwise it will remain in full force and effect.

Roger V Manderscheid  
PRINCIPAL

Liberty Mutual Insurance Company  
SURETY

By: Roger V Manderscheid  
STATE OF ILLINOIS )  
COUNTY OF Lake ) SS

By: Harold Miller Jr.  
Harold Miller Jr.  
Surety Phone No. \_\_\_\_\_



1. \_\_\_\_\_, hereby certify that Roger V Manderscheid who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed and delivered said instrument as his free and voluntary act for the uses and purposes as therein set forth.

Given under my hand and Seal                      seal this \_\_\_\_\_ day of \_\_\_\_\_,

Approved and accepted by: **BOARD OF EDUCATION (or BOARD OF DIRECTORS)** of  
MILLBURN COMMUNITY CONSOLIDATED SCHOOL District No. 24 on this 17 day of  
MAY, 2010.

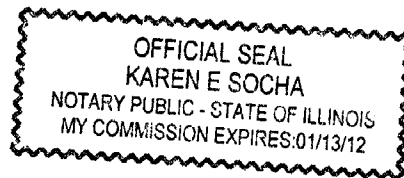
State of IllinoisCounty of DuPage

I, Karen E. Socha, Notary Public of DuPage, County, in the State of Illinois, do hereby certify that Harold Miller Jr. Attorney-in-Fact, of the Liberty Mutual Insurance Company who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that he signed, sealed and delivered said instrument, for and on behalf of the Liberty Mutual Insurance Company for the uses and purposes therein set forth.

Given under my hand and notarial seal at my office in the City of Itasca in said County, this 5th day of May, 2010.

  
\_\_\_\_\_  
Notary Public\_\_\_\_\_  
Karen E. Socha

My Commission expires: \_\_\_\_\_

\_\_\_\_\_  
1/13/2012

This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated. Not valid for mortgage, note, loan, letter of credit, bank deposit, currency rate, interest rate or residual value guarantees. To confirm the validity of this Power of Attorney call 610-832-8240 between 9:00 am and 4:30 pm EST on any business day.

**LIBERTY MUTUAL INSURANCE COMPANY  
BOSTON, MASSACHUSETTS  
POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS:

That Liberty Mutual Insurance Company (the "Company"), a Massachusetts stock insurance company, pursuant to and by authority of the By-law and Authorization hereinafter set forth, does hereby name, constitute and appoint, Harold Miller Jr. its true and lawful attorney-in-fact, with full power and authority hereby conferred to sign, execute and acknowledge, at any location within the United States, the following surety bond:

**Principal Name:** Roger V Manderscheid

**Obligee Name:** Millburn CCSD 24

**LMS Surety Bond Number:** 285001853

**Bond Amount:** See Bond Form

That this power is made and executed pursuant to and by authority of the following By-law and Authorization:

**ARTICLE XIII - Execution of Contracts: Section 5. Surety Bonds and Undertakings.**

Any officer of the Company authorized for that purpose in writing by the chairman or the president, and subject to such limitations as the chairman or the president may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Company by their signature and execution of any such instruments and to attach thereto the seal of the Company. When so executed such instruments shall be as binding as if signed by the president and attested by the secretary.

By the following instrument the chairman or the president has authorized the officer or other official named therein to appoint attorneys-in-fact:

Pursuant to Article XIII, Section 5 of the By-laws, Garnet W. Elliott, Assistant Secretary of Liberty Mutual Insurance Company, is hereby authorized to appoint such attorneys-in-fact as may be necessary to act in behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

That the By-law and the Authorization set forth above are true copies thereof and are now in full force and effect.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Company and the corporate seal of Liberty Mutual Insurance Company has been affixed thereto in Plymouth Meeting, Pennsylvania this 28<sup>th</sup> day of MARCH, 2009.

**LIBERTY MUTUAL INSURANCE COMPANY**



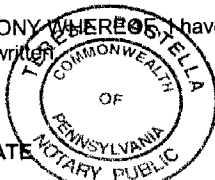
By

Garnet W. Elliott  
Garnet W. Elliott, Assistant Secretary

COMMONWEALTH OF PENNSYLVANIA ss  
COUNTY OF MONTGOMERY

On this 28<sup>th</sup> day of MARCH, 2009, before me, a Notary Public, personally came Garnet W. Elliott, to me known, and acknowledged that he is an Assistant Secretary of Liberty Mutual Insurance Company; that he knows the seal of said corporation; and that he executed the above Power of Attorney and affixed the corporate seal of Liberty Mutual Insurance Company thereto with the authority and at the direction of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at Plymouth Meeting, Pennsylvania, on the day and year first above written.



COMMONWEALTH OF PENNSYLVANIA

Notarial Seal  
Teresa Pastella, Notary Public  
Plymouth Twp., Montgomery County  
My Commission Expires March 28, 2013

By

Teresa Pastella  
Teresa Pastella, Notary Public

**CERTIFICATE**

I, the undersigned, Assistant Secretary of Liberty Mutual Insurance Company, do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy, is in full force and effect on the date of this certificate; and I do further certify that the officer or official who executed the said power of attorney is an Assistant Secretary specially authorized by the chairman or the president to appoint attorneys-in-fact as provided in Article XIII, Section 5 of the By-laws of Liberty Mutual Insurance Company.

This certificate and the above power of attorney may be signed by facsimile or mechanically reproduced signatures under and by authority of the following vote of the board of directors of Liberty Mutual Insurance Company at a meeting duly called and held on the 12th day of March, 1980.

VOTED that the facsimile or mechanically reproduced signature of any assistant secretary of the company, wherever appearing upon a certified copy of any power of attorney issued by the company in connection with surety bonds, shall be valid and binding upon the company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seal of the said company, this 5<sup>th</sup> day of May, 2010.



By

David M. Carey  
David M. Carey, Assistant Secretary

## A. M. Best Rating

ACE	A+ XV	International Fidelity Ins Co.	A- VII
Westchester Fire	A+ XI	Lexon Ins. Co.	A- VI
Acstar	A VI	Liberty Mutual Ins. Co.	A XV
American International Group	A XV	Merchants Bonding Co.	A VII
American Home Assurance Co.	A XV	NAS Surety Group (SWISS RE AMERICA GROUP)	A+ XV
National Union Fire Ins. Co. of Pittsburgh, PA	A XV	Washington International Ins. Co.	A+ XV
New Hampshire Ins. Co.	A XV	Nationwide Group	A+ XV
The Ins. Co. of the State of PA	A XV	AMCO Ins. Co.	A+ XV
Allied P & C Insurance Co.	A+ XV	Nationwide Mutual Ins. Co.	A+ XV
American Safety Casualty Ins. Co.	A VIII	Nova Casualty Co.	A XIV
Argonaut Insurance Company	A XII	The Ohio Casualty Ins. Co.	A XV
Berkley Ins. Group	A+ XV	West American Ins. Co.	A XV
Berkley Regional Ins. Co.	A+ X	Old Republic Ins. Co.	A+ XI
Carolina Casualty Insurance Company	A+ XII	Old Republic Surety Co.	A VI
C N A Surety Corporation	A X	RLI Insurance Co.	A+ XI
Western Surety	A X	Safeco Ins. Co. of America	A XV
Continental Casualty Co.	A XV	General Ins. Co. of America	A XV
National Fire Ins. Co. of Hartford	A XV	American States Ins. Co.	A XV
American Casualty Co. of Reading, PA	A XV	First National Ins. Co. of America	A XV
Capitol Indemnity Corporation	A VIII	Safety National	A IX
Platte River Ins. Co.	A VIII	State Auto Insurance Companies	A+ XIV
CHUBB Group of Ins. Cos.	A++ XV	Plaza Insurance Co.	A- VII
Federal Ins. Co.	A++ XV	Rockhill Insurance Co.	A- VII
Pacific Indemnity Co.	A++ XV	Travelers	A+ XV
The Cincinnati Insurance Co.	A+ XV	Farmington Casualty Co.	A+ XV
Contractors Bonding & Ins. Co.	A VIII	Fidelity & Guaranty Ins. Co.	A+ XV
Developers Surety and Indemnity Co.	A- VII	Fidelity & Guaranty Ins. Underwriters, Inc.	A+ XV
First Sealord Surety, Inc.	A- V	Seaboard Surety Co.	A+ XV
Great American Insurance Company	A XII	St. Paul Fire & Marine Ins. Co.	A+ XV
The Guarantee Company of North America USA	A VIII	St. Paul Guardian Ins. Co.	A+ XV
The Hanover Insurance Co.	A XIV	St. Paul Mercury Ins. Co.	A+ XV
Massachusetts Bay Ins. Co.	A XIV	Travelers Casualty & Surety Co.	A+ XV
Citizens Ins. Co. of America	A XIV	Travelers Casualty & Surety Co. of America	A+ XIV
The Hartford	A XV	United States Fidelity & Guaranty Co.	A+ XV
Hartford Fire Ins. Co.	A XV	United Fire & Casualty Group	A X
Hartford Ins. Co. of IL	A XV	Utica Mutual Insurance Company	A- XI
HCC Ins. Co.	A+ XIII	Zurich American Ins. Co.	A XV
American Contractors Indemnity Co.	A VII	Fidelity & Deposit Co. of MD	A XV
Insko Dico	A- VII		

### A.M. Best Ratings

<u>Financial Strength Rating</u>		\$500 Million to \$750 Million	X
A++, A+ (Superior)		\$250 Million to \$500 Million	IX
A, A- (Excellent)		\$100 Million to \$250 Million	VIII
B++, B+ (Good)		\$50 Million to \$100 Million	VII
<u>Adjusted Policyholder Surplus</u>		\$25 Million to \$50 Million	VI
\$2 Billion or Greater	XV	\$10 Million to \$25 Million	V
\$1.5 Billion to \$2 Billion	XIV	\$5 Million to \$10 Million	IV
\$1.25 Billion to \$1.5 Billion	XIII	\$2 Million to \$5 Million	III
\$1 Billion to \$1.25 Billion	XII	\$1 Million to \$2 Million	II
\$750 Million to \$1 Billion	XI	Less than \$1 Million	I

Best's Insurance Reports, published annually by A.M. Best Company, Inc., presents comprehensive reports on the financial position, history, and transactions of insurance and surety companies operating in the United States and Canada. Companies licensed to do business in the United States are assigned a Best's Rating which attempts to measure the comparative position of the company or association against industry averages.

Copies of the Best's Insurance Reports on the insurance companies are available upon your request.

Gallagher companies use A.M. Best & Co.'s rating services to evaluate the financial condition of insurers whose bonds we propose to deliver. The rating of the surety and the year of publication of that rating are indicated. Gallagher companies make no representations and warranties concerning the solvency of any surety, nor does it make any representation or warranty concerning the rating of the surety which may change.

## Important Disclosures

The proposal is an outline of certain of the terms and conditions of the surety program proposed by the insurers, based on the information provided by your company

We will not be operating in a fiduciary capacity, but only as your broker, obtaining a variety bonds to protect the risks of your enterprise. We will seek to place bonds based upon your authorization. Contact us with questions on these or any other issues of concern.

### Compensation Disclosure

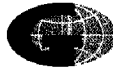
One of the core values highlighted in The Gallagher Way states, "We are an Open Society," and our open society extends to the compensation Gallagher receives. For more information on Gallagher's compensation arrangements, please visit <http://www.ajg.com/compdisclosure>. In general, Gallagher may be compensated as follows:

1. Gallagher Companies are primarily compensated from the usual and customary commissions or fees received from the brokerage and servicing of insurance policies, annuity contracts, guarantee contracts and surety bonds (collectively "insurance coverages") handled for a client's account, which such commissions and fees may vary from company to company and insurance coverage to insurance coverage. As permitted by law, Gallagher companies occasionally receive both commissions and fees. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher Companies may participate in contingent commission arrangements with insurance companies that provide for additional contingent compensation if underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.
2. Gallagher Companies may also receive investment income on fiduciary funds temporarily held by them, such as premiums or return premiums.
3. Gallagher Companies may access other facilities, including wholesalers, reinsurance intermediaries, captive managers, underwriting managers and others that act as intermediaries for both Gallagher and other brokers in the insurance marketplace. Gallagher Companies may own some of these facilities, in whole or in part. If such a facility was utilized in the placement of a client's account, the facility may have earned and retained customary brokerage commission or fees for its work.
4. Gallagher assists its customers in procuring premium finance quotes and unless prohibited by law may earn compensation for this value added service.

If you have specific questions about the compensation received by Gallagher and its affiliates in relation to your insurance placements, please contact your Gallagher representative for more details.

In the event you wish to register a formal complaint regarding compensation Gallagher receives from insurers or third parties, please send an e-mail to [Compensation\\_Complaints@ajg.com](mailto:Compensation_Complaints@ajg.com) or send a letter to:

AVC Compliance Officer  
Arthur J. Gallagher & Co.  
Two Pierce Place, 20<sup>th</sup> Floor  
Itasca, IL 60143



## COMMERCIAL ACCOUNTS CONTINGENT AND SUPPLEMENTAL COMMISSION DISCLOSURE

Effective October 1, 2009, Arthur J. Gallagher & Co., and its subsidiaries operating as insurance agents/brokers under the corporate holding company known as Arthur J. Gallagher Brokerage & Risk Management Services, LLC, resumed participating in "Contingent Income Agreements" which are routinely offered by insurance companies to agents and brokers, after voluntarily foregoing the benefit of this type of compensation since January 1, 2005. In placing, renewing, consulting on or servicing your insurance coverages, Gallagher companies may participate in contingent commission arrangements with insurance companies that provide for additional contingent compensation if certain underwriting, profitability, volume or retention goals are achieved. Such goals are typically based on the total amount of certain insurance coverages placed by Gallagher with the insurance company, not on an individual policy basis. As a result, Gallagher may be considered to have an incentive to place your insurance coverages with a particular insurance company.

During the time Gallagher's retail operations did not accept contingent commissions, some insurance markets, including Gallagher owned intermediaries, modified their commission schedule with Gallagher, resulting in an increase in some commission rates. The additional commissions, commonly referred to as "supplemental commissions", are known at the effective date of the policy, but some insurance companies are paying the commission increase apart and later from when the commission is normally paid at policy issuance.

Unlike contingent commissions, supplemental commission payments are determined **without** regard to any performance factors which are contingent on future growth, retention, profitability, etc. The following markets, including Gallagher owned entities, and their affiliated companies may pay Gallagher additional commission:

- CNA Companies
- Chubb Companies
- Crum & Forster
- Fireman's Fund
- Hartford Companies
- Liberty Mutual
- Travelers Companies
- Zurich North America
- Arthur J. Gallagher (UK)/Risk Placement Services (RPS)

The contingent and supplemental commission ranges from less than 1% up to 10% of written or earned premium on eligible lines of business, not all lines of business qualify, and supplemental commission is not paid on policies written net of commission (zero commission.)

NOTE: Upon request, your Gallagher representative can provide more specific information as it relates to this proposal.