

**SAN DIEGO CONVENTION CENTER CORPORATION
AUDIT COMMITTEE MEETING
OF THE BOARD OF DIRECTORS**

**Director Jaymie Bradford, Chair
Director Shawn VanDiver
Director Will Rodriguez-Kennedy**

**MONDAY, APRIL 18, 2022, 10:00 A.M.
111 W. Harbor Drive, Executive Boardroom
San Diego, California 92101**

AGENDA

Pursuant to Government Code section 54953(e)(1)(B), City of San Diego City Council Resolution R-2022-396, and San Diego Convention Center Corporation Resolution No. 2022-04 approved on April 14, 2022, members of the San Diego Convention Center Corporation Board and all of its legislative bodies may participate in public meetings via teleconference or video conference. In the interest of reducing the spread of COVID-19, in-person public participation is prohibited at this time. Board meetings are held live via teleconference at the number indicated at the top of the agenda. Members of the public may participate live in the Board meeting and submit comments live on this teleconference line.

**Telephone number for members of the public
to observe, listen, and address the meeting telephonically:
1(888) 251-2909 – Access code is 6724115#**

1. Call to order: Jaymie Bradford, Chair

2. Non-Agenda Public Comment:

This portion of the agenda provides an opportunity for members of the public to address the Board on items of interest within the jurisdiction of the Board that have not previously been before the Board. Pursuant to the Brown Act, no discussion or action shall be taken by the Board on items not posted on the agenda.

3. Approve minutes of January 19, 2022 Audit Committee Meeting

4. Chair's Report

5. Action Item:

A. Recommendation to Authorize Placement of Property, General and Umbrella Liability, Workers' Compensation and Directors & Officers Insurance Through the Brokerage Services of Marsh & McLennan Agency

6. Staff Updates:

a. Management Update – Rip Rippetoe

b. SDCCC Fraud/Complaints Update – Rip Rippetoe

c. CFO/Finance Update – Mardeen Mattix

(1) Review of Year- to-Date Financial Variances

(2) Update on Recruiting Process Changes and Impacts to Employee Handbook

(3) Update on Engaging in Pension Plan Audit to Commence in May

(4) Review of Whistleblower Process

7. Audit Committee Comment [Govt. Code §54954.2(a)(2)]

Adjournment

This information is available in alternative formats upon request. To request an agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (“ALD”) for the meeting, please call Pat Evans at (619) 525-5131 at least five working days prior to the meeting to ensure availability. **Audio copies of Board of Director meetings are available upon request. Please contact Pat Evans at (619)525-5131 or pat.evans@visitsandiego.com to request a copy.**

In compliance with Government Code section 54957.5, non-exempt written material that is distributed to the Board prior to the meeting will be available at the meeting or it may be viewed in advance of the meeting at the corporation's offices at 111 West Harbor Drive, San Diego, CA. Materials distributed to the board after the posting of this agenda also will be available. Please contact Pat Evans at (619)525-5131 or pat.evans @ visitsandiego.com if you would like to pick up a copy of any material related to an item on this agenda.

Action items on this agenda may be consolidated for voting purposes into a single vote of the Board, to the extent they are routine or otherwise do not require further deliberation. A Board member may comment on an action item before it is voted upon as part of the consolidated vote; however, if a Board member wishes to discuss an action item, that item will not be included in the consolidated vote. If a member of the public wishes to comment upon an action item, they should so advise the Board chair at or before the public comment portion of the meeting, in which case that item will not be included in any consolidated vote.

Agenda Item 3

MINUTES

**SAN DIEGO CONVENTION CENTER CORPORATION
AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS**

**WEDNESDAY, JANUARY 19, 2022, 10:00 A.M.
111 W. Harbor Drive, 2nd Floor, Executive Boardroom
San Diego, California 92101**

**Director Jaymie Bradford, Chair
Director Shawn VanDiver
Director Wil Rodriguez-Kennedy**

**BOARD MEMBERS
PRESENT:** Chair Jaymie Bradford and Directors Shawn VanDiver and Will Rodriguez-Kennedy
**BOARD MEMBERS
ABSENT:**

STAFF PRESENT: Rip Rippetoe, Mardeen Mattix, Anastasia Rollins and Pat Evans (Recorder)

ALSO PRESENT: Christy Sineni and Ria Marin, Marsh & McLennan Representatives

1. Call to Order:

Chair Jaymie Bradford called the meeting to order at 10:02 a.m. in the Executive Conference Room of the San Diego Convention Center Corporation, San Diego, California.

Chair Bradford announced that since this meeting is being conducted via teleconference, the first action is to perform a roll call to determine which Board members are present on this call.

Director Jaymie Bradford - Present
Director VanDiver – Present
Director Will Rodriguez-Kennedy - Present

Chair Bradford noted that all of the Committee members were present and all votes taken at today's meeting will be recorded via roll-call vote.

2. **Non-Agenda Public Comment** – None

3. **Approve minutes of Audit Committee Meeting of October 18, 2021.**

Directors Rodriguez-Kennedy and VanDiver moved and seconded, respectively, to approve the minutes of the meeting of October 18, 2021.

Director Bradford - Aye

Director VanDiver – Aye

Director Rodriguez-Kennedy - Aye

Vote unanimous.

AYES: 3

NAYS: 0

ABSTENTIONS: 0

4. **Chairs Report:** None

5. **Action Item (s):**

Chair Bradford inquired if any member of the public wished to comment on Agenda Item 5.A. No members of the public responded to the request for comment.

(A) Recommendation to Authorize Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through Marsh & McLennan Agency LLC Company

Directors VanDiver and Rodriguez-Kennedy moved and seconded, respectively, to recommend Authorizing Placement of Employee Medical and Employer Paid Basic Life, AD&D and LTD Insurance through Marsh & McLennan Agency LLC Company.

Director Bradford - Aye

Director VanDiver – Aye

Director Rodriguez-Kennedy - Aye

Vote unanimous.

AYES: 3

NAYS: 0

ABSTENTIONS: 0

6. **Staff Updates:**

a. **Management Update** – Mr. Rippetoe reported:

- Staff is continuing to maneuver through the COVID Omicron variant. There have been a handful of employees who tested positive or have been exposed to the variant and have had to quarantine or isolate. None of those cases have been work related. There has not been an outbreak from a worksite point of view.
- Staff is continuing to ask our employees to be careful and if they're not feeling well, not to come to work, or if they've been exposed, to follow recommended guidelines. We will initiate further discussions about the Corporation's vaccination policy in the near future.
- It appears that event attendance is going to remain low or lower for at least the first and second quarter of calendar year 2022. We are probably going to experience a 50% drop in attendance but the exhibitor attendance remains strong.
- SDCCC and SDTA staff are all watching trends and working together, trying to formulate an attendance metrics. There are a lot of business travelers holding onto travel vouchers that they will use eventually when guidelines allow. SDCCC's event calendar is looking strong for 2023 and 2024. San Diego remains a very strong destination for the particular demographic we want to attract.
- On a personnel note, the Corporation is actively recruiting and will begin interviews for a Director of People and Culture (the rebranded name for H.R.) in another week to ten days. There are five potential candidates that will undergo panel interviews and hopefully a Director will be selected by the end of February.

b. **SDCCC Fraud/Complaints Update** - Mr. Rippetoe reported that the "fraud line" has received no complaints.

c. **Finance Update** – Ms. Mattix reported the following:

- Overall, the Corporation's operational net impact is we are trailing by \$4.3 million, which is actually a lot better than we anticipated at this point of the year.
- Overall, revenues have been better than budgeted and expenses appear to be right on target as we're projecting out for the rest of the year.
- Staff anticipates that by the end of next month, the Corporation will probably experience an operational loss of approximately \$7 million. That amount may increase by February; however, should attendance increase, the loss may be less.
- Staff has been in close contact with the City regarding whether the Corporation will need to spend the \$10.2 million the City allocated as a subsidy to the Corporation.

Right now, the Corporation is erring on the side of caution and indicating it will need the funds so the City has left the allocation in its budget. The Corporation will perform a budget review before the full City Council in March and the City will likely transfer some of the subsidy by that time.

- The Corporation's reserves are higher than normal so we're supporting our deficit through the reserves at this time. Staff will continue to plan for next year; however, at this point in time, it appears that the Corporation may need some operational subsidy from the City next year. We will not need as much as projected for this year, obviously. We will continue to have discussions with the City about future capital needs and maintenance needs.
- Reserves are now holding steady at \$18 million. The Corporation's reserve target is supposed to be approximately \$9-10 million. Given the surplus, we have agreed with the City to fund ourselves in the meantime until we determine what the future will look like.
- For this year, the pass-through funds that the Corporation pays SDTA for sales and marketing services will be a part of the \$10.2 million subsidy from the City. In future years, the pass-through payment will be allocated directly from TOT funds and the Corporation's operational subsidy will be allocated from the City's general fund.

7. **Urgent non-agenda items** (must meet the requirements of Government Code, Section 54954.2) - **None**

8. **Audit Committee Comment:** **None**

There being no further business, the meeting adjourned at 10:37 a.m.

CERTIFICATION

I, Jaymie Bradford, Chair of the Audit Committee of the Board of Directors of San Diego Convention Center Corporation, Inc., do hereby certify that the foregoing is a true and correct copy of the minutes of the business transacted by the Audit Committee of the Board of Directors of the San Diego Convention Center Corporation, Inc. at a duly noticed meeting held on January 19, 2022.

Jaymie Bradford, Chair

Agenda Item 5.A

SAN DIEGO CONVENTION CENTER CORPORATION

MEMORANDUM

TO: Audit Committee

FROM: Mardeen Mattix, Chief Financial Officer

DATE: For the Agenda of April 18, 2022

RE: Review of Property, General and Excess Liability, Workers' Compensation, Cyber, Assailant, Auto, Underground Storage Tank and Directors & Officers Insurance through the Brokerage Services of Marsh & McLennan Agency

BACKGROUND

The Corporation's Property, General & Excess Liability, Workers' Compensation, and Directors & Officers insurance policies expire April 30, 2022.

Four years ago, the Corporation issued a formal Request for Proposal (RFP) to brokers and awarded Marsh & McLennan Agency (Marsh) an initial term of three years with the option to extend for two additional one-year periods. This year staff exercised the final one-year option.

DISCUSSION

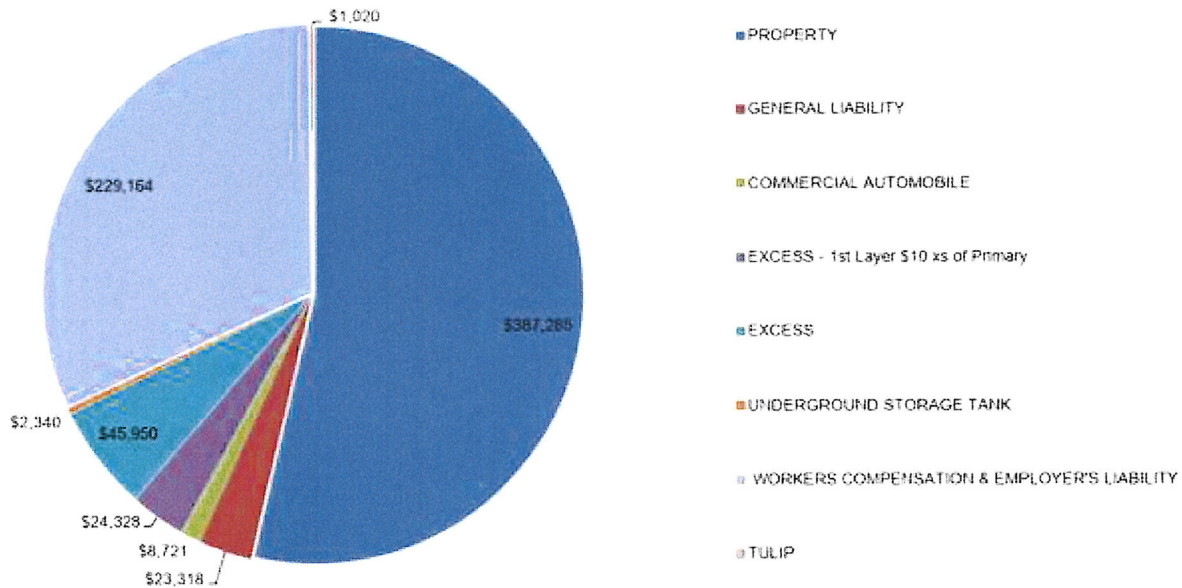
Staff, comprised of the CFO, Executive Director of Procurement and Strategic Relations, and the Director of Finance & Accounting, reviewed the submitted quotes. Final evaluation results considered package premium costs, claims and loss control services, the extent to which coverage meets specifications, and financial stability.

Below is an overview of our current program coverage, deductible limits and incumbent carriers:

Total Insured Value \$810,259,049	Excess Liability \$24,000,000					Workers' Comp Limit Statutory			
Affiliated FM Property	Scottsdale General Liability Limit: \$1M/\$2M	Scottsdale Automobile Liability Limit \$1,000,00	Travelers Employer's Liability Limit \$1,000,000	Scottsdale Employee Benefits Liability Limit \$1,000,000/\$2,000,000	Seazley Cyber Liability Limit \$3,000,000	Travelers Work Comp	Liberty Surplus UST Limit \$1,000,000	Zurich Crime Limit \$250,000	Zurich D & O & EPL Limit \$3,000,000 Fiduciary - \$2M
Deductible \$25,000 Co-Insured \$100,000	SIR: \$100,000	Deductible \$1,000 Comp. \$1,000 Coll.	Deductible \$250,000	Deductible \$1,000	Retention \$50,000	Deductible \$250,000	Deductible Tank 1 - \$100,000 Tank 2 - \$25,000	Retention \$15,000 Fraudulent Impersonation \$35,000	Deductible D & O-\$100,000 EPL-\$250,000 EPL 3rd Party - \$250,000 Fiduciary - \$15,000

Overview Of Current Property & Casualty Program

COVERAGE		EXPIRING	RENEWAL	CHANGE
POLICY TERM		05/01/21 - 05/01/22	05/01/22 - 05/01/23	
PROPERTY	\$	351,782	\$ 387,285	10.09%
GENERAL LIABILITY	\$	20,287	\$ 23,318	14.94%
COMMERCIAL AUTOMOBILE	\$	7,729	\$ 8,721	12.83%
EXCESS - 1st Layer \$10 xs of Primary	\$	21,679	\$ 24,328	12.22%
EXCESS	\$	42,567	\$ 45,950	7.95%
UNDERGROUND STORAGE TANK	\$	2,053	\$ 2,340	3.16%
WORKERS COMPENSATION & EMPLOYER'S LIABILITY	\$	190,668	\$ 229,164	20.19%
TULIP	\$	1,020	1,020	
CYBER	\$	20,134	\$ 30,954	53.74%
EXECUTIVE LIABILITY	\$	65,532	\$ 65,654	0.19%
BROKER FEE	\$	81,250	\$ 71,250	-12.31%
TOTAL PROGRAM COST		\$ 804,702	\$ 889,985	10.60%



Property

Affiliated FM (Incumbent) submitted a comprehensive all risk property package, with a total insured value of \$810,259,049. Total premiums (before allocations to the City of San Diego and the Port of San Diego) came in at \$387,285, which is \$35,503, or 10% higher than the expiring policy. The Corporation's share of net premium (after deducting for amounts to be billed back to the City and the Port) is \$308,205. This year's increased rate is due to the continued hardening property market, with shrinking capacity and increasing insurance costs. Coverage terms remain unchanged from prior year with the exception of Data Restoration coverage which is now covered as part of Cyber coverage.

PROPERTY	EXPIRING	RENEWAL	CHANGE
	Affiliated FM	Affiliated FM	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Personal Property	\$ 4,425,000	\$ 5,125,000	15.82%
Electronic Data Property	\$ 1,500,000	\$ 1,500,000	
Building	\$ 735,594,100	\$ 772,373,805	5.00%
Business Income	\$ 7,000,000	\$ 7,000,000	
Leasehold Rental Payments	\$ 24,296,244	\$ 24,296,244	
DEDUCTIBLE			
All other Perils not specifically listed	\$ 25,000	\$ 25,000	
Earthquake Sprinkler Leakage	\$ 25,000	\$ 25,000	
Flood	\$ 100,000	\$ 100,000	
Business Interruption	2 day equivalent	2 day equivalent	
Premium	\$ 384,003	\$ 422,299	9.97%
Terrorism	\$ 45,000	\$ 50,000	11.11%
Premium	\$ 429,003	\$ 472,299	10.09%
Engineering Fee	\$ -	\$ -	
Commission	18%	18%	
RATING BASIS			
Total Insurable Values	\$ 772,815,344	\$ 810,295,049	4.85%
Rate for Comparison - per \$100 of Values	0.0455	0.0478	5.00%
Premium (NET)	\$ 351,782	\$ 387,285	10.09%

Staff recommends authorizing Marsh to renew property policy with the incumbent, Affiliated FM.

General Liability & Excess Liability

The recommended package is written through Scottsdale Indemnity for the \$1,000,000 base coverage including a single occurrence deductible of \$100,000, for a premium cost of \$23,318 - 15% above last year's expense.

Historically, the Corporation has been required to maintain comprehensive excess liability insurance with limits of \$50 million. For the second year, the City of San Diego and The Unified Port District agreed to reduce the liability limit temporarily to \$25 million through an Operating Memorandum. Marsh proposed a \$10 million excess policy renewal for \$24,328 (an increase of 12% from the prior year), a second equal excess policy from HDI Global Specialty for \$29,136 (an increase of 8% from last year), and a third \$4 million excess policy from Capitol Specialty for \$16,814 (a change of 8% over last year).

GENERAL LIABILITY	EXPIRING	RENEWAL	CHANGE
	K & K-Scottsdale	K & K-Scottsdale	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
General Aggregate	\$ 5,000,000	\$ 5,000,000	
Products Completed Operations Aggregate Limit	\$ 2,000,000	\$ 2,000,000	
Personal and Advertising Injury	\$ 1,000,000	\$ 1,000,000	
Each Occurrence Limit	\$ 1,000,000	\$ 1,000,000	
Damage to Premises Rented to You Limit	\$ 300,000	\$ 300,000	
Medical Expense	Excluded	Excluded	
Deductible - Each Occurrence	\$ 100,000	\$ 100,000	
EMPLOYEE BENEFITS LIABILITY - CLAIMS MADE Retro Date: 5/1/2006 \$1,000 ded	\$1,000,000/\$2,000,000	\$1,000,000/\$2,000,000	
RATING BASIS			
Net Rental Income (Included in Gross Revenue)			
Admissions	160,240	160,240	
Gross Revenue	\$ 25,000,000	\$ 25,000,000	
TPA Fee	\$ 1,500.00	\$ 1,500	
Premium	\$ 18,787.00	\$ 21,818	16.13%
Total Premium - Includes TRIA	\$ 20,287.00	\$ 23,318	14.94%

EXCESS - 1st Layer \$10 xs of Primary	EXPIRING	RENEWAL	CHANGE
	National Casualty Co	National Casualty Co	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Each Occurrence	\$10,000,000	\$ 10,000,000	
General Aggregate	\$10,000,000	\$ 10,000,000	
Premium	\$ 21,679	\$ 24,328	12.22%

EXCESS	EXPIRING	RENEWAL	CHANGE
	HDI Global Specialty SE	HDI Global Specialty SE	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Each Incident Limit	\$ 10,000,000	\$ 10,000,000	
Aggregate Limit	\$ 10,000,000	\$ 10,000,000	
RATING BASIS			
Premium with commission	\$ 25,000	\$ 27,000	8.00%
Commission			
Policy Fee	\$ 275	\$ 275	
Surplus Lines Fees	\$ 821	\$ 886	
TRIA	\$ 905	\$ 975	
Total Estimated Annual Premium	\$ 27,001	\$ 29,136	7.91%

EXCESS	EXPIRING	RENEWAL	CHANGE
	Capitol Specialty	Capitol Specialty	
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23	
Each Incident Limit	\$ 4,000,000	\$ 4,000,000	
Aggregate Limit	\$ 4,000,000	\$ 4,000,000	
RATING BASIS			
Premium with commission	\$ 15,076	\$ 16,200	
Commission			
Policy Fee			
Surplus Lines Fees	\$ 490	\$ 527	
TRIA		\$ 87	
Total Estimated Annual Premium	\$ 15,566	\$ 16,814	8.01%

Staff recommends authorizing Marsh to renew general liability and excess coverage policies with the incumbent carriers for total annual cost of \$93,596 – 10% above last year's expense.

Workers' Compensation

The recommended workers compensation program is written through incumbent, Travelers. As with the current year's program, the proposed Travelers program is a self-funded, high deductible (\$250,000 per claim) program requiring a fixed base of non-refundable premiums, assessments, and fees totaling \$229,164, an increase of \$38,496, or 20% higher, than the expiring program. Additionally, the Travelers package requires any additional \$170,000 Letter of Credit contribution due to recent claim costs. Including the budgeted claim costs of \$350,000, the overall program costs are expected to be \$579,164 – 7% above last year's expense.

As a comparison to the high deductible program, we received a competing quote for a guaranteed premium package for an annual premium of \$499,243. Historically, claims have been unpredictable. While it is possible that this plan could save the corporation for the upcoming fiscal year, based on historical trend, staff feel it is risky for future year costs and may face barriers to re-enter to a self-funded option.

	EXPIRING	RENEWAL	CHANGE	OPTION
WORKERS COMPENSATION & EMPLOYER'S LIABILITY	TRAVELERS	TRAVELERS		ICW
Coverage Term	05/01/21 - 05/01/22	05/01/22 - 05/01/23		05/01/22 - 05/01/23
WORKERS COMPENSATION	Statutory - CA	Statutory - CA		Statutory - CA
EMPLOYER'S LIABILITY				
Bodily Injury by Accident -Each Accident	\$1,000,000	\$1,000,000		\$1,000,000
Bodily Injury by Disease - Each Employee	\$1,000,000	\$1,000,000		\$1,000,000
Bodily Injury by Disease Policy Limit	\$1,000,000	\$1,000,000		\$1,000,000
Deductible Plan Amount	\$250,000	\$250,000		\$0
Class Code	Classification			
9026	Amusement or Exhibit Halls			
9015	Building Operations	\$ 9,450,000	\$ 9,185,000	\$ 9,185,000
8742	Outside Sales	\$ 530,000	\$ 583,000	\$ 583,000
8810	Clerical	\$ 3,520,000	\$ 3,432,000	\$ 3,432,000
RATING BASIS				
Estimated Annual Payroll	\$ 13,500,000	\$ 13,200,000	-2.22%	\$ 13,200,000
Rate for Comparison - per \$100 of Payroll	\$ 1.2947	\$ 1.4850	14.70%	\$ 3.7821
Total Estimated Annual Premium	\$ 174,780	\$ 196,020		\$ 499,243
Surcharges	\$ 15,888	\$ 33,144		\$ 29,614
Loss Control	Not included	Not included	Not included	Not included
Total Premium	\$ 190,668	\$ 229,164	20.19%	\$ 528,857
Loss Fund	\$ 65,000	\$ 65,000		\$ -
Collateral Requirement	\$ 1,180,000	\$ 1,350,000	\$ 170,000	\$ -

Workers Compensation Claims Comparison

Policy Period	Incurred as of 1/15/2018	2/1/2019	2/1/2020	3/24/2021	2/2/2022
5/1/2021				\$ 170,248	
5/1/2020				\$ 461,586	\$ 615,694
5/1/2019			\$ 227,871	\$ 370,848	\$ 372,849
5/1/2018	\$ 82,248	\$ 50,655	\$ 189,236	\$ 102,752	\$ 102,752
5/1/2017	\$ 60,267	\$ 451,247	\$ 679,294	\$ 559,674	\$ 585,705
5/1/2016		\$ 110,182	\$ 106,398	\$ 106,398	\$ 107,262

Staff recommends authorizing Marsh to renew workers' compensation policy with the incumbent, Travelers.

Directors & Officers (Including Employment Practice, Fiduciary Liability, and Crime)

Marsh submitted a package written through the incumbent, Zurich. The one-year policy provides a \$3,000,000 coverage limit, a \$100,000 retention for Directors & Officers, and \$250,000 for Employment Practice. Total premiums came in at \$65,654, an increase of only .19% compared to the expiring policy.

	EXPIRING		RENEWAL		CHANGE
EXECUTIVE LIABILITY	ZURICH		ZURICH		
COVERAGE TERM	05/01/2020 - 05/01/2021		05/01/2021 - 05/01/2022		
Directors & Officers Liability Limit - Each Claim and Aggregate	\$	3,000,000	\$	3,000,000	
Employment Practices Liability Limit - Each Claim and Aggregate	\$	3,000,000	\$	3,000,000	
Fiduciary Liability - Each Claim and Aggregate	\$	2,000,000	\$	2,000,000	
Additional Limit for Defense Costs	\$	2,000,000	\$	2,000,000	
Policy Aggregate Limit	\$	3,500,000	\$	3,500,000	
Retentions (Per Loss)					
D&O Non-Indemnified Claims	\$	-	\$	-	
D&O Corporate Reimbursement for Indemnified Claims	\$	100,000	\$	100,000	
D&O Corporate Reimbursement for Entity-Related Claims	\$	100,000	\$	100,000	
Employment Practices Liability Claims	\$	250,000	\$	250,000	
Employment Practices Liability - 3rd Party Claims	\$	500,000	\$	250,000	-50.00%
Fiduciary Liability Claims	\$	10,000	\$	10,000	
DIRECTORS & OFFICERS LIABILITY					
Additional Side A Limit	\$	1,000,000	\$	1,000,000	
FIDUCIARY LIABILITY					
HIPAA Penalties Sublimit	\$	100,000	\$	100,000	
Total Estimated Annual Premium (Includes Crime)	\$	65,532	\$	65,654	0.19%

Staff recommends authorizing Marsh to renew Directors & Officers policy with the incumbent, Zurich.

Cyber Privacy/Data Liability

The recommended package is written through the incumbent, Beazley for \$3,000,000 policy coverage including a single occurrence deductible of \$50,000, for a premium cost of \$30,954 - 54% above last year's expense. The most notable change from last year's policy is the increase in deductible cost from \$10,000 to \$50,000 per occurrence. Cyber insurance pricing rose significantly over the last year (130%+ US). Many insurers sought to change coverage terms and conditions as frequency and severity of claims continued to increase.

	EXPIRING	RENEWAL - OPTION 1	OPTION 2
CYBER PRIVACY / DATA LIABILITY	BEAZLEY	BEAZLEY - Lloyds	CFC - Lloyds
COVERAGE TERM	05/01/21 - 05/01/22	05/01/22 - 05/01/23	05/01/22 - 05/01/23
POLICY AGGREGATE LIMIT OF LIABILITY	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
FIRST PARTY COVERAGE			
Breach Response	Outside and separate	Outside and separate	
Cyber Incident Response Team	\$ 1,000,000	\$ 1,000,000	\$ 3,000,000
Notified Individuals	100,000 notified individuals	100,000 notified individuals	\$ 3,000,000
Business Interruption Loss and Extra Expenses	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Contingent Business Interruption Loss and Extra Expenses	\$ 100,000	\$ 100,000	\$ 3,000,000
Cyber Extortion Loss	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Data Recovery Costs	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
THIRD PARTY COVERAGE			
Data and Network Liability	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Regulatory Defense & Penalties	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Payments Cards Liabilities & Costs	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Media Liability	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Claim Prep		\$ 50,000	\$ 25,000
Post Breach Remediation Costs		100 hours	\$ 50,000
RETENTIONS			
Each Incident, Claim or Loss	\$ 10,000	\$ 50,000	\$ 10,000
Waiting Period	10 Hours	10 Hours	8 Hours
Estimated Annual Premium	\$ 19,500	\$ 29,980	\$ 23,000
Surplus Lines Fees	\$ 634	\$ 974	\$ 764
Policy Fee			\$ 750
Total Premium	\$ 20,134	\$ 30,954	\$ 24,514

Staff recommends authorizing Marsh to renew Cyber policy with the incumbent, Beazley.

Active Assailant

Staff recommends adding the purchase of Active Assailant coverage — also known as active shooter coverage or deadly weapons coverage — through Hiscox, for an annual cost of \$28,394, to enhance our current risk coverage. Active assailant coverage offers a combination of property and casualty coverage to complement the general liability and property coverage by layering protection against the threat of assailants.

	Indication Only New - Option 1	Indication Only NEW - Option 2
Active Assailant Coverage - Non-Binding Indication	Hiscox Lead	Hiscox Lead
Coverage Term	05/01/22 - 05/01/23	05/01/22 - 05/01/23
Liability Combined Single Limit and Aggregate	\$ 2,500,000	\$ 5,000,000
Physical Damage	Excluded	Excluded
Business Interruption	\$ 2,500,000	\$ 5,000,000
Loss of Attraction	\$ 500,000	\$ 500,000
Extra Expense	\$ 2,500,000	\$ 5,000,000
Crisis Response Company Fees	\$ 250,000	\$ 500,000
Deductible	No deductible	No deductible
Total Estimated Annual Premium	\$ 27,500	\$ 45,000
Surplus Lines Tax & Stamping Fee	\$ 894	\$ 1,463
Grand Total	\$ 28,394	\$ 46,463

Staff recommends authorizing Marsh to add Active Assailant coverage with Hiscox.

Commercial Auto & Underground Storage Tank

Staff recommends renewing coverage for automobile coverage with incumbent carrier, Scottsdale Indemnity for \$8,721, or 13% increase over last year's expense.

		EXPIRING		RENEWAL		CHANGE
COMMERCIAL AUTOMOBILE		Scottsdale Indemnity		Scottsdale Indemnity		
Coverage Term		05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Liability – Any One Accident or Loss	Symbol #1	\$	1,000,000	\$	1,000,000	
Uninsured/Underinsured Motorists	Symbol #2	\$	1,000,000	\$	1,000,000	
Medical Payments	Symbol #2	\$	5,000	\$	5,000	
Comprehensive Deductible	Symbol #7	\$	1,000	\$	1,000	
Collision Deductible	Symbol #7	\$	1,000	\$	1,000	
Hired Auto Liability- Excess	Symbol #8	\$	1,000,000	\$	1,000,000	
Hired Auto Physical Damage	Symbol #8	\$	50,000	\$	50,000	
Non-Owned Liability	Symbol #9	\$	1,000,000	\$	1,000,000	
RATING BASIS						
# Autos		\$	4	\$	4	
Average Rate per Vehicle		\$	1,932.25	\$	2,180.25	12.83%
Premium		\$	7,729	\$	8,721	12.83%

Staff must renew coverage for underground storage tank with incumbent carrier, Liberty Surplus, for a total premium of \$2,340, a 3% increase over last year's expense. The most notable change from last year's policy is the increase in deductible cost from for both tank 1 and tank 2 from \$50,000 to \$100,000 and \$10,000 to \$25,000 respectively. The increased cost in deductible is due to the tanks age (33 and 22 years respectively) with higher risk. There is no alternative market and deductibles are expected to increase a bit each year going forward. Tank 1 is expected to be replaced as part of the generator replacement project scheduled to occur during FY2023.

		EXPIRING		RENEWAL		
UNDERGROUND STORAGE TANK		Liberty Surplus Ins. Corp		Liberty Surplus Ins. Corp		
Coverage Term		05/01/21 - 05/01/22		05/01/22 - 05/01/23		
Storage Tank Incident Limit of Liability		\$	1,000,000	\$	1,000,000	
Aggregate Limit of Limit of Liability for all Storage Tank Incidents		\$	1,000,000	\$	1,000,000	
Aggregate Limit of Liability for all Legal Defense Expenses		\$	1,000,000	\$	1,000,000	
Total Policy Aggregate Limit of Liability for all Storage Tank Incidents		\$	1,000,000	\$	1,000,000	
Deductible per Storage Tank Incident - Tank 1*		\$	50,000	\$	100,000	
Deductible per Storage Tank Incident - Tank 2		\$	10,000	\$	25,000	
Retro Date Tank 1			8/1/2005		8/1/2005	
Retro Date Tank 2			5/1/2005		5/1/2005	
Premium		\$	2,053	\$	2,097	
Program Fee		\$	150	\$	175	
Surplus Lines		\$	65	\$	68	
Total Premium		\$	2,268	\$	2,340	3.16%

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STAFF RECOMMENDATION

Audit Committee recommends to the Board authorization to place Property, General and Excess Liability, Workers' Compensation, Cyber, Assailant and Directors & Officers Insurance through the brokerage services of Marsh & McLennan Agency as detailed in the discussion above. The costs outlined above total \$1,267,359 which is less than the budgeted value of \$1,337,500.

_____/s/_____
Mardeen Mattix
Chief Financial Officer