MEMORANDUM

TO: Buckman Direct Diversion Board

FROM: Nancy Long

DATE: For Board Meeting of January 3, 2013

RE: Insurance Review

At the last BDDB meeting, a request was made to provide an overview of the insurance coverage related to the Board and to the Buckman Project. The Project Management and Fiscal Services Agreement (PMFSA) require that the City maintain certain insurance serving in its role as the project manager and fiscal agent. The Board also separately procures insurance through its broker, Daniels Insurance.

PMFSA Insurance Coverage

Under the PMFSA, the Project Manager and Fiscal Agent, the City, has an obligation to "obtain and continuously maintain insurance policies, without interruption, during the term of [the] agreement, for the operations and activities on or at the Project, from a licensed insurance company . . ." (Paragraph I of the Agreement). The specifications for insurance coverage are set forth in Attachment B to the Agreement (attached hereto).

Only one coverage requirement under the PMFSA was not already provided by the City and that was the excess liability policy which acts as an umbrella coverage for the City's existing commercial general liability and automobile policies. The limits for existing City coverages for public entity management liability and crime insurance were also increased.

Board Procured Insurance Coverage

In the fall of 2011, following completion of construction of the BDD Project and in consultation with the Board's independent insurance consultant, the Board issued an RFP for insurance brokerage and claims management services to provide coverage for Board property and Board liability. The Joint Powers Agreement creating the Board also requires that the Board maintain certain insurance coverage.

Daniels Insurance was the selected insurance broker as a result of the RFP. Daniels' contract with the Board runs through July 30, 2015. Daniels has procured insurance for the Board consisting of the following coverage:

- Property Coverage
- Machinery & Equipment Breakdown Coverage
- Computer Coverage
- Commercial Automobile Coverage
- General Liability Coverage
- Public Officials Errors & Omissions Coverage
- Umbrella/Excess Liability Coverage

Daniels also is to provide insurance consulting services to the Board regarding coverage questions, risk assessment, interpretation of insurance provisions, assistance with claims and related insurance matters.

Please let me know if you require any further information regarding the Board's insurance.