

**CITY OF SAN ANTONIO
OFFICE OF MANAGEMENT AND BUDGET
INTERDEPARTMENTAL CORRESPONDENCE**

CONSENT AGENDA
ITEM NO. 47

TO: Mayor and City Council

FROM: Louis A. Lendman, Director of Management and Budget

THROUGH Terry M. Brechtel, City Manager

COPIES TO: Milo Nitschke, Director of Finance; Erik Walsh, Assistant to the City
Manager; Michael Rich, Risk Manager; File

SUBJECT: Commercial Property Insurance Coverage

DATE: December 18, 2003

SUMMARY AND RECOMMENDATIONS

This Ordinance authorizes the City Manager or her designee to purchase a layered insurance program for Commercial Property Insurance, including Boiler and Machinery Coverage, for City-owned and leased buildings, contents, and equipment with Allianz Insurance Company and RSUI Indemnity Company through McGriff, Seibels & Williams of Texas, Inc., the City's Broker of Record. The policies are for one-year periods beginning December 31, 2003 and ending on December 31, 2004 at a total combined cost of \$1,373,413.00 in annual premium.

Staff recommends approval of this Ordinance.

BACKGROUND

A Request for Proposals was published in the local newspaper on October 19 and October 26, 2003. The City's Broker of Record also began marketing activities for this renewal coverage in October 2003.

Of the eight major property insurance markets approached, only two submitted proposals that would provide the City's with coverage that was similar to the expiring coverages, limits, sublimits, and deductibles. However, the City would have to combine several proposals to obtain the necessary layers of coverage and desired per-loss limit. This year Allianz Insurance Company, unlike the expiring policy was not able to offer insurance coverage up to the desired per-loss limit amount of \$300,000,000, however, Allianz would insure the City up to \$200,000,000. A secondary layer was offered through RSUI Indemnity Company for an additional \$100,000,000 of coverage and when combined would give the City the desired per-loss limit of \$300,000,000 per occurrence. The Risk Management Division and the Broker of Record determined that the per-loss limit must be at least \$300,000,000 due to the replacement cost of the City's largest single exposures, the Convention Center and the Alamodome. Loss recoveries under the proposed layered program will continue to be at replacement cost for both buildings and contents up to the agreed values stated within the City's insurance schedule. The City's deductible under this policy is \$500,000 per loss event.

The entire \$300,000,000 per-event loss limit includes property coverage for acts of terrorism. While no one anticipates a terrorism loss, it is reassuring to the City as a whole to know that if the unthinkable would occur, insurance would be afforded.

FISCAL IMPACT

Sufficient funds are appropriated in the Liability Self-Insurance Fund 75 to pay the premium of \$1,373,413.00 for renewal of our property insurance. This Ordinance will authorize the encumbrance of \$1,373,413.00 in the FY 03-04 budget.

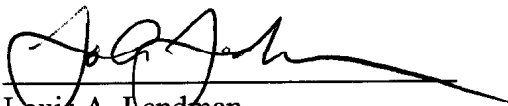
COORDINATION

The Office of Management & Budget has coordinated this item with the City Attorney's Office and the Finance Department.

SUPPLEMENTAL COMMENTS

The Discretionary Contracts Disclosure Form is attached.

SIGNATURES



Louis A. Lendman
Director of Management and Budget



Erik Walsh
Assistant to the City Manager

Attachment

City of San Antonio Discretionary Contracts Disclosure

For use of this form, see City of San Antonio Ethics Code, Part D, Section 1&2

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract;

N/A

(2) the identity of any business entity that would be a party to the discretionary contract and the name of:

(A) any individual or business entity that would be a subcontractor on the discretionary contract;

ALLIANZ INSURANCE COMPANY

(B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

N/A

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

N/A

Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any member of City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

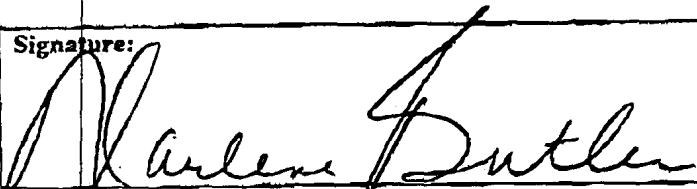
N/A

City of San Antonio
Discretionary Contracts Disclosure

For use of this form, see City of San Antonio Ethics Code, Part D, Section 1 & 2

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood², raise a question as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

Signature: 	Date: 12/11/03

**City of San Antonio
Discretionary Contracts Disclosure**

For use of this form, see City of San Antonio Ethics Code, Part D, Section J & K

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

- (1) the identity of any individual who would be a party to the discretionary contract;

NONE

- (2) the identity of any business entity that would be a party to the discretionary contract and the name of:

STATE NATIONAL INSURANCE COMPANY, FORT WORTH, TX.

- (A) any individual or business entity that would be a subcontractor on the discretionary contract;

NONE

- (B) any individual or business entity that is known to be a partner, or a parent or subsidiary business entity, of any individual or business entity who would be a party to the discretionary contract;

MEADOWBROOK INSURANCE (AFFILIATE)

- (3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

NONE

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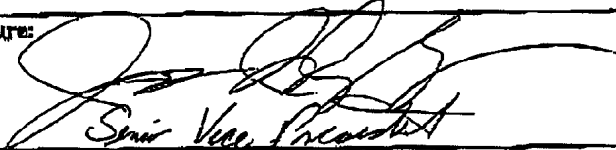
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Signature: 	Date: 12/10/03