



City of Cedar Rapids
FINANCE & ADMINISTRATIVE SERVICES COMMITTEE MINUTES
City Hall Blairs Ferry Conference Room
August 26, 2015
2:00 p.m.

Meeting was brought to order by Council member Gulick at 2:00 p.m.

Present, Council members Gulick (Chair); and Russell; Casey Drew, City Finance Director; Judy Lehman, Purchasing Manager; Yvonne Aubrey, Risk Manager; Chad Morgan & Christine Samone (via phone) with Aon Risk Solutions.

Minutes for the meeting held on July 29, 2015 were approved.

Finance Director, Casey Drew reported that the City met with Linn County Treasurer on July 30th to share the City's concerns with allocation of property taxes for fiscal year 2015. He reported that the July numbers were light due to the start of a new fiscal year and closing of fiscal year 2015. At the September meeting he should be able to report on fiscal year 2015.

Casey presented the committee with an update on the City's Buy Local Policy and recommended that qualified Minorities and/or Veterans be given a percentage to be determined by council. The committee recommended an additional 2% be added to the buy local policy, but would only occur if they first met the buy local requirement. Casey will review recommendation to ensure there are no other issues with moving forward with this recommendation.

Chad Morgan, Assistant Vice President & Christine Samone, Property Expert with AON Risk Solutions gave an overview of the City's current property program and reviewed alternative property/flood options.

They explained that the programs were designed specifically to fit individual needs and make sure each program is the best one on the market. Chad stated that the broad definition of flood included surface waters or sewer back-up resulting from flood. He explained that the City's current program provides \$25m limit in flood coverage for use at any location(s) and used 3 markets in the primary group last year.

Christine, a member of Aon's Property Broker's Team, explained the difference between Individual Excess Flood Insurance and Blanket Flood Insurance. Individual provides the specific limit at specific location(s) which she has submitted to the London market and expects quotes by Sept. 26th. She pointed out that the capacity is limited in the individual marketplace and carriers often limit their line to \$2.5m or \$5m. One carrier

would not typically put up \$25m for a single building so coverage may need to be layered or shared.

Blanket Flood Insurance provides \$25m limit for use at any location(s) and automatic flood coverage for new locations up to \$10m limit. It also ensures coverage for the greatest number of potential future events. Blanket Flood coverage will minimize FEMA's exposure to future events and leaves the City in control of claims, with a single adjuster/TPA involved with all locations. The blanket coverage is written on an Aon paper that all carriers have agreed to use as the policy language and includes the following:

- Protection & preservation of property up to a \$25m limit
- Service Interruption – Direct & Indirect up to a \$10m limit
- Debris removal, demolition and increases in cost of construction (greater of \$25m or 25% of loss)

AON will try to have the new quotes to the City by the end of September and will present the information to both the Risk Advisory Committee and Finance Committee before going forth with placement and then once the actual numbers are in, the information will go to the full Council for payment authorization in November 2015.

Meeting adjourned at 3:05 p.m.

Respectfully submitted,
Vicky Grover, Finance Administrative Assistant II