




Expo

REVISED
5.a

DATE: MARCH 31, 2006

TO: BOARD OF DIRECTORS

FROM: RICHARD D. THORPE 
CHIEF EXECUTIVE OFFICER

**ACTION: RECEIVE AND FILE MONTHLY REPORT ON CONTRACTS
AUTHORIZED BY THE CHIEF EXECUTIVE OFFICER**

RECOMMENDATION

Receive and File this monthly report on contracts approved by the Chief Executive Officer (CEO). The State legislation that created the Exposition Metro Line Construction Authority granted the CEO authority to approve contracts and the Administrative Code specifically granted the CEO authority to approve contracts up to \$250,000. The CEO will report contract awards up to \$250,000 to the Exposition Authority Board on a monthly basis.

SUMMARY

The CEO has entered into contracts for General Liability, Directors and Officers Liability and Workers Compensation Insurance for a total of ~~\$124,000~~ 123,682. The Authority worked closely with MTA Risk Management staff to solicit bids for General Liability Insurance, Workers Compensation Insurance and Directors and Officers Insurance for the Authority. Workers Compensation Insurance is required and the Authority has been advised that General Liability and Directors and Officers Insurance are recommended safeguards to protect the Authority and its Directors.

DISCUSSION

MTA Risk Management's broker solicited bids for all three types of insurance. The Authority received three bids for General Liability Insurance with premiums ranging from \$73,222,000 per year to \$258,000 per year. The CEO has entered

into a contract with Liberty International, the low bidder, for General Liability Insurance. The limits of the policy are \$2 million with a \$10,000 deductible and covers such items as claims involving Authority property (i.e. slip/trip/fall) and accidents involving Authority vehicles. This coverage was considered adequate by MTA Risk Management staff. The differences in bid prices for General Liability premiums are due to the perceived risk by the insurance carriers. While the Authority staff will not actually be doing construction on the project and the contractor will indemnify the Authority for general liability claims, the indemnification process may still require legal services, which will be covered by this insurance.

The Authority also received a bid for Directors and Officers Liability Insurance from the National Union Fire Insurance Policy for \$27,567. The limits of the policy are \$1 million with a \$25,000 retention. This insurance will protect directors and officers against claims alleging negligence, errors and omissions, and breach of duty. Risk Management has determined that this is a fair rate for this policy and its coverage.

MTA Risk Management also secured a bid of \$22,893 for Workers Compensation Insurance from the State Compensation Insurance Fund. The CEO has approved this contract, as the Authority is required to provide Workers Compensation Insurance.

The CEO will come back to the Board with recommendations on additional insurance for the Authority, including Owners' Protective Professional and other types of insurance as needs warrant.

FINANCIAL IMPACT

There is available funding in the FY06 budget to cover the cost of three months of premiums for these three contracts. The full cost of the premiums, ~~\$124,000~~ 123,682 per year, will be included in the FY07 Budget.

NEXT STEPS

The CEO will provide a monthly report to the Exposition Metro Line Construction Authority Board on contracts authorized under the CEO's authority.

ATTACHMENT(S)

None