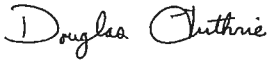


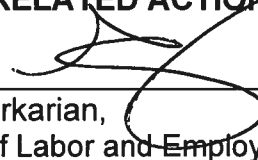
REPORT OF THE PRESIDENT AND CEO

July 30, 2020

**RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO
PURCHASE COMMERCIAL GENERAL LIABILITY, LAW ENFORCEMENT
LAIBILITY, LEAD-BASED PAINT LIABILITY AND PROPERTY INSURANCE FROM
HOUSING AUTHORITY INSURANCE GROUP FOR ALL AUTHORITY OWNED AND
LEASED PROPERTIES AND TO EXECUTE RELATED ACTIONS**



Douglas Guthrie
President and CEO



Annie Markarian,
Director of Labor and Employee Relations

Purpose: The purpose of this item is to authorize the Housing Authority of the City of Los Angeles' (the "Authority") President and CEO or designee to purchase from Housing Authority Insurance Group (HAI) the following insurance policies: (1) Commercial General Liability (including coverage for Law Enforcement and Lead-Based Paint) for a premium cost of \$570,812; and (2) Commercial Property Insurance (including terrorism coverage) for all Authority owned and leased properties for a premium cost of \$1,374,757.

Regarding: On June 27, 2019, the Board of Commissioners authorized via Resolution 9517 the purchase of \$10 Million Commercial General Liability Insurance (including \$1 Million Law Enforcement Liability Insurance and \$1 Million Lead-Based Paint Liability Insurance) and Property Insurance for all Authority owned and leased properties. The general liability coverage expires on August 1, 2020, and the property policy expires on September 12, 2020.

Issues: The U.S. Department of Housing and Urban Development (HUD) requires the Housing Authority to maintain commercial general liability insurance coverage and property insurance to mitigate liability related to property owned or leased by the Authority. HUD has recognized HAI Group as an insurance company that is controlled by Public Housing Authorities (PHA); and, as such, the procurement bidding requirement is waived.

The Authority seeks board approval to renew coverage of the following policies:

Commercial General Liability:

The Authority's Commercial General Liability Insurance Policy expires August 1, 2020. This policy provides coverage to the Authority against third party claims alleging personal injury or property damage occurring on properties owned or leased by the Authority. Although HUD's Annual Contributions Contract (ACC) does not required that the Authority maintain

Law Enforcement Liability or lead Based Paint coverage; the Authority continues to elect the coverage to mitigate exposure.

The Authority's Commercial General Liability Insurance Policy renews on August 1, 2020, for a total premium of \$570,812. The coverage terms remain the same as the expiring policy. Specifically, the general liability coverage limit is \$10 million and Law Enforcement and Lead Based-Paint coverage is \$1 million.

The carrier remains responsible for investigating and defending the Authority's legal interests and pays upfront costs associated with investigating the claims. The deductible for general liability and law enforcement will remain at \$100,000 per occurrence and \$25,000 for Lead-Based Paint.

There is a nominal increase in the premiums for the renewed Commercial General Liability Insurance Policy in the amount of \$4,965. The increase is attributable to the reinsurance market in California, which the Authority's portion is 2%. There is a decrease in the premiums for the Law Enforcement Liability coverage in the amount of \$12,786 due to an elimination of security officers directly employed by the Authority. The premiums for the Lead-Based Paint policy remains flat.

Commercial Property Insurance:

The Authority's Commercial Property insurance protects the Authority in case of a loss or damage to any of the Authority owned properties. This insurance covers major Authority assets with limits of coverage for all properties at a replacement value (RCV).

For the upcoming property renewal policy, the premium has decreased in the amount of \$38,864. The decrease can be attributed to the Jordan Downs Redevelopment project which reduced the unit count by 43. The deductible will continue to be \$50,000 per occurrence. All other aspects of this policy will remain the same.

The following chart reflects upcoming renewal changes 2020 premiums compared to that of 2019.

Policy	Coverage / Deductible	Premium 2019	Premium 2020
Commercial General liability	\$10MM / \$100k	\$525,858	\$530,823
Law Enforcement	\$1MM / \$100k	\$14,657	\$1,871
Lead-Based Paint	\$1MM / \$25k	\$38,247	\$38,118
Commercial Property/Terrorism	Replacement cost value \$50,000	\$1,413,621	\$1,374,757

Vision Plan: The purchase of Commercial Property Insurance and Commercial General Liability Insurance is administrative in nature and it is a requirement under the ACC.

Funding: The Chief Administrative Officer confirms the following:

Source of Funds: The cost of commercial general liability, lead-based paint liability and property insurance is allocated to the various programs of the Authority by number of units in each property. The cost of law enforcement liability is allocated based on staff salaries. Amounts by program/funding source are as follows:

	Public Housing	Section 8	Strategic Development	Central Office	Total
Commercial General Liability	\$ 245,568	\$ 267,648	\$ 5,211	\$ 12,396	\$ 530,823
Law Enforcement	-	-	-	1,871	1,871
Lead-Based Paint	32,195	-	5,923	-	38,118
Commercial Property/Terrorism	1,082,969	-	259,453	32,335	1,374,757
	<u>\$1,360,732</u>	<u>\$ 267,648</u>	<u>\$ 270,587</u>	<u>\$ 46,602</u>	<u>\$1,945,569</u>

Budget and Program Impact: The necessary funds for premiums and any other payments up to the deductible amount are available and included in the 2020 operating budget and will be budgeted in 2021 as required.

Environmental Review: Not applicable

Section 3: Not applicable

Attachments: 1. Resolution

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE PRESIDENT AND CEO, OR DESIGNEE, TO PURCHASE COMMERCIAL GENERAL LIABILITY, LAW ENFORCEMENT LIABILITY, LEAD-BASED PAINT LIABILITY AND PROPERTY INSURANCE FROM HOUSING AUTHORITY INSURANCE GROUP FOR ALL AUTHORITY OWNED AND LEASED PROPERTIES AND TO EXECUTE RELATED ACTIONS

WHEREAS, the Department of Housing and Urban Development (HUD) requires the Housing Authority of the City of Los Angeles (the "Authority") to maintain commercial property insurance based upon current replacement cost value, and commercial general liability insurance, for all authority owned or leased properties.

WHEREAS, HUD recognizes the Housing Authority Insurance Group ("HAI") as an insurance company that is controlled by Public Housing Authorities (PHA) and, as such, has waived the bidding requirements for procuring such insurance policies through HAI;

WHEREAS, the Authority's current Commercial General Liability Insurance expires on August 1, 2020, and Property Insurance policy, expires on September 12, 2020; and

WHEREAS, the deductibles and sub-limits under the renewed policies for any single loss shall remain the same.

NOW, THEREFORE, BE IT RESOLVED that the Board of Commissioners authorizes the President and CEO, or designee, to do the following: (1) Purchase from HAI Commercial General Liability Insurance (including coverage for Law Enforcement and Lead-Based Paint) for a premium cost of \$570,812 and Property Insurance for all Authority owned and leased properties for a premium cost of \$1,374,757; (2) Authorize the deductible payments for any claims covered under these policies; and (3) execute related documents.

BE IT FURTHER RESOLVED that this Resolution shall take effect immediately.

APPROVED AS TO FORM:

HOUSING AUTHORITY OF THE CITY
OF LOS ANGELES

By: _____
Chairperson, Ben Besley

By: _____
General Counsel, James Johnson

DATE: _____