

From: [John Powers](#)
To: [Don Norrell](#); [Kim Cogburn](#); [Taunya Jacques](#)
Subject: Fwd: Parati and The Rowing Club of the Woodlands
Date: Wednesday, November 14, 2012 10:49:30 AM

Begin forwarded message:

From: John Wik <jwik@usrowing.org>
Date: November 14, 2012, 10:06:17 AM CST
To: "montanoa@snet.net" <montanoa@snet.net>, Jim & Dee Hotop <js.dahotop@yahoo.com>
Cc: John Powers <JPowers@thewoodlandstowship-tx.gov>
Subject: **Parati and The Rowing Club of the Woodlands**

Tony:

Thank you for forwarding the link to The Woodlands Township Board of Directors - Public Workshop of November 8, 2012. In the interest of full disclosure, I have include Mr. John Powers, The Woodlands Township in this email.

I listened to both the Public Comment period as well as the entire Item 13 discussion. It is very clear that The Woodlands Board of Directors are in agreement that both The Woodlands and Parati rowing clubs need to come together. It appears that this is in the longterm interest of the community as well as the athletes that use the Woodlands property.

I recognize that there has already been a considerable amount of discussion, disagreement, and legal work surrounding this issue. I believe both Parati and The Rowing Club of the Woodlands need to reexamine the purpose of their respective boat clubs – to support athletes in the sport of rowing. They need to set aside their differences and work together to advance the construction of a boathouse that represents a unified community. Competitive boat clubs can co-exist in a single community boathouse. There are numerous examples of this across the country.

The Woodlands Board of Directors has made it very clear that a long term beneficial use of the Lake by all members of the community should be the goal. This includes the rowing community young and old. It also includes the use of the Lake for other sports or recreation as well as the general enjoyment of the Lake by the surrounding home owners and citizens.

It is in the best interest of the young athletes of both clubs that are being impacted by this disagreement to demonstrate that issues of this type

can be settled amicably and the parties can work together to support the community and sport of rowing. This would be a good lesson in both civics and sportsmanship.

I would be happy to meet with both Parati and The Rowing Club of the Woodlands to discuss and help mediate this important issue.

Respectfully,

John

John Wik
Director of Referee Programs
United States Rowing Association
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The Woodlands Township P&C Insurance Evaluation Highlights

Was there an RFP Process? Given the total insurance expenditure is close to \$1,000,000.00 annually was this coverage bid out? Is there an RFP to multiple brokers so the Township has the benefit of a competitive bidding process as well as additional consultation on coverage needs and available options?

Property Coverage's Overview of new coverage vs. prior coverage

On the Philadelphia policy we had:

- Building coverage was on a Blanket Basis. This means that the full policy limit is available for any one loss, regardless of the number of locations affected.
- Debris removal was on a blanket basis. That means we had 25% of the \$51M blanket limit available for any one loss. In addition, the way Philly's policy was structured, in the event of a catastrophe, if we somehow exhausted the \$51M in building and BPP damages (which would negate the 25% available), we would still have up to \$250,000 per location for debris removal coverage.
- Business Income of \$400,000 for 2201 Lake Woodlands Drive only
- With the Blanket feature, we have up to \$9,000 per location (not just tied to 2201 Lake Woodlands Dr.) for extra expense (additional costs incurred to keep operations in play after a business shut-down)
- The included Boiler & Machinery coverage was for \$52M and included \$750,000 of Business Income Coverage and extra expense. Cost was \$10,000

On the E&S Policies we have:

- Building coverage is on a per location basis only.
- Debris removal is capped at the lesser of \$250,000 or 25% of the Bldg. limit per occurrence. Therefore, in the event of a catastrophe, the most coverage we would have is \$250,000.
- Business Income/Extra Expense at \$500,000 per occurrence, and not blanketed I cannot tell without actually seeing the forms, but suspect all of this coverage is tied to 2201 Lake Woodlands Drive location.
- The new Boiler & Machinery coverage with Travelers is at \$25M with no Business Income and \$500,000 of extra expense. Cost \$6,500. This is significantly less coverage limits than the Philly form, but may be justified due to very low loss frequency.
- Neither the Philadelphia nor the E&S policies provide coverage for a significant source of lost income following a catastrophe: **Loss of Tax Revenue**. Forms do exist to provide coverage for **the Loss of Tax Revenue from a Dependent Property**. (Pays for lost income from a tax revenue source that is damaged by a covered peril). For example, a hurricane damages several hotels which are then temporarily shut down to affect repairs. During the shutdown, the Township

suffers a loss of Hotel Tax revenue. Several major Property Insurance providers have indicated that they could offer this coverage. There are also several other major brokers who specialize in providing insurance coverage for municipalities who advertise this coverage.

Implications:

- In exchange for lower property deductibles and a reduction in premium, it appears that the Township gave up quite a bit in coverage, especially in the event of a catastrophe loss. The loss of blanket coverage and other per-location limitations under the E&S structure could result in significant uninsured loss values after a major weather event.
- According to the 2013 consolidated budget for The Woodlands Township, about \$45M of annual revenue is attributed to Sales and Use Tax and Hotel Occupancy Tax. If we had a major hurricane that affected maybe 40% of these revenue generating activities to the extent that they had to suspend operations, the potential loss in Tax revenue would be around \$1.5M each month. Even if we halved that and used it as a Most Probable Loss and assumed that the average suspension in activities would be three months, you would still be looking at about \$2.2M in uninsured losses.

Questions:

- What constitutes the actual Business Income exposures at the 2201 Lake Woodlands Drive location? Difficult to evaluate the adequacy of the BI limits without knowing this. What source of income is generated at this location?

Suggestions/Recommendations:

- Determine what the priorities are for Property Coverage. It would appear that the primary priority should be adequate protection in the event of a major windstorm. Significant loss potential exists not only from direct physical loss, but also from time element losses associated with rebuilding and the loss of tax revenue in the aftermath of a major storm. Based on the historical loss runs, the Township should consider utilizing significantly higher property deductibles in exchange for broadened coverage that would apply in the event of the most threatening peril of Windstorm. The savings obtained could be used to help fund the self-retention. It does not appear that the Township's insurance dollars have been spent wisely to obtain more restrictive coverage for a nominal premium reduction, with what appear to be several millions of dollars in potential uninsured exposures.
- Explore the availability of specialized coverage programs available for municipalities (especially the Loss of Tax Revenue coverage) with an RFP process. An RFP process will bring in additional broker to source municipal programs that may also offer favorable limits for Trees, including expanded cause of loss. It is possible that coverage could have been found for drought damage.

Liability Coverages: (Auto, General Liability, Professional and Umbrella)

- The decision to move all liability coverages with a single carrier, One Beacon is to be applauded. Not only was a sizable savings in premium realized, but this consolidation will eliminate potential gaps in coverage caused by differences in coverage forms. Gaps in coverage often occur when the Umbrella insuring form of one carrier does not match up with the underlying forms of other carriers. There are also potential gaps for General Liability and Auto losses that involve mobile equipment. All of this is eliminated with single-carrier forms.
- The One Beacon policies include coverage for Public Official's E&O, Employment Practices and Employee Benefits, as well as coverage for Sexual Abuse—all at \$1M limits. The following-form Umbrella and XS coverage policy provides an additional \$4M for sexual abuse and \$10M for all other liability losses.
- However, neither the Philadelphia policy nor the One Beacon policies provide Cyber Liability coverage. This is an essential coverage to protect against the wrongful access and theft of private information stored on the Township's computer network. Injured third parties would include customers, residents, business partners utilizing the Township's Network and employees. In addition, many Cyber Liability policies provide coverage for damage to the Network itself, as well as providing coverage for the cost to notify individuals whose private data may have been improperly accessed.

Auto Physical Damage

Suggestions:

- The frequency of at-fault accidents, especially intersection accidents, suggests that an effective formal loss control program is not in place. The development of a formal loss control program often results in loss frequency and severity reduction, as well as premium savings. Suggested steps include:
 - Designated safety officer to investigate all accidents, identify root causes, and develop driver training programs to avoid further occurrences.
 - Written policy of vehicle driver qualifications (years of driving experience, acceptable MVR record, regular driver safety training)
 - Regular Auto Safety meetings that discuss various aspects of defensive driving
 - Bonus incentive for consecutive months of accident free driving
 - Placing disposable cameras in all Township vehicles and training drivers to use them in documenting any accident scene. This step aids in quick settlement of claims and is a strong defense against third party insurance fraud.



The Woodlands Township

The Woodlands, TX

MEMORANDUM

DATE: November 14, 2012

TO: Board of Directors

FROM: Monique Sharp

RE: Capital Reserve Study

Included on the agenda for this evening's Board of Directors meeting is an item regarding the capital reserve study. While Criterium-Farrell remains very interested in the project and continues to work on its proposal for the Township, that proposal will not be completed in time for presentation at the meeting tonight. Criterium-Farrell requires additional time to ensure that a professional, detailed and accurate proposal is submitted for the Board's consideration.

The additional time allows for a thorough analysis of the unique and varied components that will affect the development of a capital reserve study for the Township. It is important to remember that reserve studies are not commonly performed for municipalities, and are even rarer for communities as geographically large and diverse in assets as The Woodlands. Cities typically bond for large asset projects and make appropriations in their annual budgets for smaller routine asset replacements. While some cities do set aside accumulated monies to fund certain capital projects, these funds are rarely tied to a specific reserve plan. Rather, the funds are simply available to meet budget requirements as annual capital asset decisions are made.

Although the uniqueness of conducting a capital reserve study for the Township has undoubtedly contributed to unexpected delays in completing the project, significant progress has been made in identifying asset types, locations and conditions. Utilizing this information, Criterium-Farrell will complete its proposal to conduct the reserve study during the next week and submit it to staff for review. Staff will then present the proposal at the Board meeting scheduled for December 6, 2012.



The Woodlands Township

The Woodlands, TX

MEMORANDUM

DATE: November 14, 2012

TO: Board of Directors

FROM: Karen Dempsey, Management Analyst

RE: Ad Hoc Transportation Committee Appointments

As discussed at the Board retreat on November 8, 2012, and formalized in the draft charter, the Township Chairman selects Directors to serve on the Ad Hoc Transportation Committee and requests that the Board of Directors affirm these appointments.

Board members were directed to submit their interest in serving on this ad hoc committee to Township staff or the Board Chair prior to noon on Wednesday, November 14, for consideration.

The Woodlands Township Chairman makes the following appointments to the Ad Hoc Transportation Committee:

- Mike Bass
- Jeff Long
- Bruce Tough