



## MINUTES

Committee: EXECUTIVE COMMITTEE

Date: January 19, 2016

Time: 3:00 pm

Location: Conference Call

Present:

- D. Crippens
- C. Johnson-Taylor
- D. Kuba
- R. Lane

Staff:

- A. Arnold, Executive Director
- C. Du, Assistant

Guests: Anthony Montanez, Stan Burns Insurance; Tom Burns, Stan Burns Insurance.

**Meeting Convened:** The Foundation Executive Committee conference call was called to order at 3:00 p.m. by Chairperson David Crippens.

**Public Comment:** No public comment.

**Approval:** The minutes from executive committee meeting held January 7, 2015 were approved for distribution to the board.

## ITEMS

### **Item IV: Review of Directors and Officers Insurance Proposals**

#### **Key Consideration**

- David Crippens request asks Abby Arnold to walk the executive committee through the insurance materials that were sent out.
- Abby Arnold explains that the foundation has four insurance policies:
  - Directors and Officers
  - Workers' Compensation
  - Business Owner's
  - Crime Insurance
- Abby Arnold states that Anthony Montanez from Stan Burns Insurance has been helpful in giving a rate of about \$4815.
- David Crippens asks why a third bid was not procured.



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- Anthony Montanez of Stan Burns Insurance states that there limited options for this type of insurance.
- Tom Burns of Stan Burns Insurance states that he did have Anthony reach out to Philadelphia for a bid but they would not cover retroactive actions and so he rejected the proposal.
- Darlene Kuba states that there is still time to search for another bid.
- David Crippens states that there is no time. A decision should be made based on the current two options.
- Darlene Kuba states that the third bid is important due to the perception of the foundation because the foundation is a public entity, it needs to be able to say that it got three bids.
- Anthony Montanez states that the underwriter said that he would not be able to beat a proposal better that \$4815. They are looking but it is unlikely due to the limited market.
- Darlene Kuba states that a third proposal is needed.
- David Crippens states that the deadline is at the end of the month. It will be due a week from the board meeting.
- Rod Lane states that we do have three bids. One is too high, one is bad in that it lacks important coverage, and the other has huge savings.
- Rod Lane states that he cannot imagine that anyone would say that the foundation did not do its fiduciary responsibility.
- Darlene Kuba asks David Crippens about the bid he was supposed to find per the last meeting.
- David Crippens states that you can't get many bids in a limited marketplace. We've done our due diligence.
- Darlene Kuba states that the board has always required three bids in the past.
- Rod Lane states that what it was and what's required are not equal. We've done enough and we should present the options to the board because the deadline is coming up.
- Chini Johnson-Taylor would like an explanation of the USLI email.
- Abby Arnold explains that there was a request from the executive committee for information on all foundations insurance policies. USLI is our business owners insurance. This is a minimum premium so it is suggested we keep the policy.
- Darlene Kuba asks if the \$4815 covers all the insurance.
- Abby Arnold states that the \$4815 is just for directors and officers insurance.
- Chini Johnson-Taylor wants to discuss the other three insurance policies.
- Abby Arnold asks Anthony Montanez to explain the insurance policies.
- Anthony Montanez states that a change in payroll will result in a change in workers compensation insurance. You want to look at the rate per \$100 of payroll, not total premium cost.
- Chini Johnson-Taylor asks if \$10,095 will cover all insurance policies.
- Abby Arnold states yes and that it is explained in her memo.
- Anthony Montanez states that to have more savings, the crime and directors and officers insurance could be combined under Stan Burns for next year so that it's all under one umbrella and serviced by the same provider.
- Chini Johnson-Taylor asks how it is possible for Stan Burns to give such a better rate



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- than Tolman and Wiker.
- Tom Burns states that the underwriter was shocked that the insurance was so expensive.
  - David Crippens states that it about five times more expensive than any other insurance he has ever seen.
  - Darlene Kuba states that it was high because it was the only insurance that was available.
  - Abby Arnold states that it has been 3 years since we had a potential claim and that it was time to shop around for a better deal.
  - Rod Lane states that he has had a similar experience in his business where getting new bids provided substantial insurance reductions.
  - Darlene Kuba asks what the difference is in total insurance cost.
  - Anthony Montanez states that it is about \$13,000 and that the new policy has a lower deductible. The old policy is not competitive.
  - Rod Lane states that there was effort made to go to three parties. One party gave us an unacceptable proposal in a limited market.
  - David Crippens states that he agrees with Rod Lane and that we have done our due diligence and been transparent.
  - David Crippens asks Anthony Montanez if it would be possible to get another proposal by Thursday.
  - Anthony Montanez states that he doesn't want to promise and then not deliver. The underwriter already said he cannot beat \$4815.
  - David Crippens states that we have found insurance with a lower price and same if not better quality in a limited market. He is concerned with the coming deadline.
  - Rod Lane states that we have one week and to let the board decide. If the board says no, then we can decide what to do then.
  - Darlene Kuba states that if the foundation were to come under scrutiny, she wants to be able to say we had three bids.
  - David Crippens states that a third bid is not a rule. We've met with transparency standard and cost saving. The options should be brought to the board with its pros and cons with the concern of 3 bids in the public record.
  - Rod Lane states that he thinks there would be more scrutiny if the matter were delayed.
  - Chini Johnson-Taylor wants to know why it was so difficult to get a third bid.
  - David Crippens states that there is a limited marketplace for this product.
  - Abby Arnold asks if there are any more insurance related questions to ask Anthony Montanez or Tom Burns before they get off the call.
  - Rod Lane asks what the rating of the insurance company is.
  - Tom Burns states that they are A rated. They will send the information to Abby. Rod Lane asks if the insurance matter can be brought to the board to vote.
  - David Crippens agrees.
  - Darlene Kuba states that the price is excellent but the lack of 3<sup>rd</sup> bid is the issue.

**Action Taken: The two insurance options will be brought before the board for decision.**



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<b>Item V: Prepare for Meeting with Auditor</b>
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<b>Key Consideration</b>
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| <ul style="list-style-type: none"><li>• David Crippens asks if there are any questions regarding the FY 2014-2015 audit or policy manual.</li><li>• Darlene Kuba states that the FY 2014-2015 audit and policy manual can be discussed at the Audit and Finance committee meeting.</li><li>• Abby Arnold states that the auditor will be ready for both items at the board meeting.</li></ul> |
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<b>Action Taken: No action taken.</b>
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**Meeting Adjourned:** Chairman David Crippens adjourned the meeting at 4:00 p.m.