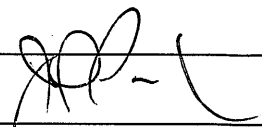


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Alameda Corridor Transportation Authority

February 8, 2018

To:	Governing Board
From:	James P. Preusch, Chief Financial Officer 
Subject:	<i>Renewal of ACTA Insurance Policies (APPROVAL)</i>

Recommendation:

It is recommended that the Governing Board authorize the Chief Financial Officer:

- 1) To negotiate and accept the recommendations of Willis Towers Watson (Willis), ACTA's Broker of Record, for placement of required insurance for the period April 15, 2018 through April 14, 2019; and
- 2) To bind insurance, on behalf of ACTA, in accordance with the recommendations of Willis.

Discussion:

Each year ACTA's Broker of Record reviews ACTA's insurance needs and solicits bids for insurance coverage on behalf of ACTA. The current insurance policies will need to be renewed effective April 15, 2018. ACTA carries eight types of insurance coverage, as shown on the attached table of coverage for the April 15, 2017 renewal (Transmittal 1). Willis is expected to provide ACTA with the April 15, 2018 insurance renewal recommendation on March 20, 2018.

Willis, as Broker of Record, is completing its review of ACTA's needs and evaluating the availability of insurance for ACTA's requirements. Willis provided a preliminary summary of recommended insurance to ACTA for consideration on January 16, 2018. Most of ACTA's required insurance coverage is specified by covenants which ACTA agreed to in the Master Indenture of Trust for bonds sold in 1999, 2004, 2012, 2013, and 2016. Some coverage, such as Flood and Earthquake coverage, afford ACTA some discretion based on cost and economic value. The railroads pay the premiums for Corridor Property, Difference in Conditions and Railroad Liability insurance as part of the annual railroad Operating & Maintenance Expenses pursuant to the Use and Operating Agreement.



With the approval of the Governing Board, ACTA's Chief Financial Officer will review Willis' forthcoming recommendations for insurance coverage options, and in consultation with the railroads' risk managers, make the final decisions regarding insurance coverage for ACTA. Thereafter, ACTA's CFO will direct Willis to bind the insurance policies and premiums for the period April 15, 2018 to April 14, 2019.

Budget Impact:

Approximately 90% of the insurance premiums are paid by the railroads under the terms of the Use and Operating Agreement and are included in the calendar year based Maintenance and Operations Budget, which is incorporated into ACTA's fiscal year based Program & Operating Budget. Funding for insurance premiums paid by ACTA are also included in the Program & Operating Budget.

Transmittal:

Transmittal 1: Premium Summary and Comparison 2017 versus 2016.