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CITY CLERK'S OFFICE
CITY OF SACRAMENTO
May 23 4 49 PM '97

May 23, 1997

MEMORANDUM

TO: Valerie Burrowes, City Clerk

FROM: Samuel L. Jackson, City Attorney
William P. Carnazzo, Assistant City Attorney
RSA Richard E. Archibald, Deputy City Attorney

RE: Insurance Requirements SHI Agreement

Per my Voicemail, attached please find the original and several copies of Exhibit 1 to the SHI agreement, which sets forth "Insurance Requirements." The exhibit attached to the agreements presented yesterday was not completed; thanks to Margaret Allen's assistance, it now is.

Thank you. Call if any questions.

REA/sf

c: Roberta Deering
Margaret Allen

INSURANCE REQUIREMENTS

- A. During the entire term of this Agreement, SHI shall maintain the following insurance:
1. **Commercial General Liability:**
 - a. **Minimum Scope of Coverage:** Coverage shall be at least as broad as Insurance Services Office Form No. CG 0001 (Commercial General Liability)
 - b. **Minimum Limits of Insurance:** \$500,000 combined single limit per occurrence for bodily injury, personal injury and property damage.
 - c. **Additional requirements:**
 - i. City, its officials, employees and volunteers are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of SHI; products and completed operations of SHI; premises owned, leased or used by SHI. The coverage shall contain no special limitations on the scope of the protection afforded to City, its officials, employees or volunteers.
 - ii. SHI's insurance coverage shall be primary insurance as respects City, its officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officials, employees or volunteers shall be in excess of SHI's insurance and shall not contribute to it.
 2. **Director's and Officer's Liability:**
 - a. **Minimum Scope of Coverage:** Insurance to defend the decisions and activities of the board of directors of SHI, which insurance shall provide primary coverage for SHI directors and officers.

Minimum Limits of Insurance: \$500,000 combined single limit.
- B. **Deductibles and Self-Insured Retentions:** Any deductibles or self-insured retentions must be declared to and approved by the City.
- C. **Acceptability of Insurers:** Insurance is to be placed with insurers with a Bests' rating of no less than A:VII.

EXHIBIT 1

- D. Cancellation: Each insurance policy required by this Agreement shall be endorsed to state that coverages shall not be cancelled except after thirty (30) days prior written notice has been given to City. In addition, SHI agrees that it shall not reduce its coverage or limits on any such policy except after thirty (30) days prior written notice has been given to City and City approves the reduction in coverage or limits. Consultant further agrees that it shall not increase any deductibles or self-insured retentions on any such policy except after thirty (30) days prior written notice has been given to City and City approves such increase. Notice required by this provisions shall be given to the Manager of the City's Risk Management Division.
- E. Verification of Coverage: SHI shall furnish City with certificates of insurance showing compliance with the above requirements and with original endorsements effecting all coverages required by this Agreement. The certificates and/or endorsements shall set forth a valid policy number for City, and shall indicate the Issue Date, Effective Date and Expiration Date. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be forwarded to the City's Risk Management Department.

EXHIBIT 1

465

INSURANCE REQUIREMENTS

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4.5

APPROVED
BY THE CITY COUNCIL

MAY 27 1997

OFFICE OF THE
CITY CLERK

4697-080

DEPARTMENT OF
PLANNING AND DEVELOPMENT

CITY OF SACRAMENTO
CALIFORNIA

1231 I STREET
ROOM 302
SACRAMENTO, CA
95814-2978

ADMINISTRATION
916-264-5381
916-264-8329

May 21, 1997

City Council
Sacramento, California

Honorable Members In Session:

**SUBJECT: INDEMNIFICATION AND FINANCIAL SERVICES AGREEMENT WITH
SACRAMENTO HERITAGE, INC.**

LOCATION AND COUNCIL DISTRICT: Citywide

RECOMMENDATION:

It is recommended that, by Resolution, the City Council authorize the City Manager to execute an indemnification and a financial services agreement with Sacramento Heritage, Inc. ("SHI").

CONTACT PERSON: Roberta Deering, Preservation Director, 264-8259

FOR COUNCIL MEETING OF: May 27, 1997

SUMMARY:

This report gives information on the structure and services of SHI, a 501(c)3 non-profit corporation that supports the City of Sacramento's various historic preservation efforts, including the acquisition, improvement, restoration, preservation leasing and disposition of historically and architecturally significant real properties in the City of Sacramento. This report recommends the City provide back-up indemnification for this non-profit corporation, its officers and directors, and recommends the formalization of a financial services agreement.

City Council
Indemnification and Financial Services Agreement with SHI

BACKGROUND:

Structure and Services

SHI was incorporated in 1975 to support the historic preservation and related housing and services needs of the City. In July, 1975, the City Council approved the concept of the creation of SHI, a non-profit corporation.

Since its incorporation, SHI has been in the forefront of several historic preservation efforts, most recently including the co-sponsorship of the California Preservation Foundation Annual Conference held in Sacramento in 1994, sponsored rehabilitation of The Meyers Clock on J Street, provided oversight of American Youth Hostel's rehabilitation of the Williams Mansion,, spearheaded the efforts to fund and conduct the update of the Central City survey of historically and architecturally significant structures and is preparing recommendations to the Design Review & Preservation Board for amending the City's Official register and is pursuing revisions to the City's Historic Preservation Ordinance with the City's Preservation Office and the Select Committee on Historic Preservation.

In 1993, certain administrative functions to support SHI were transferred from the Sacramento Housing and Redevelopment Agency to the City of Sacramento Planning Department, which provides office, telephone, computer, postage, copying and certain meeting-related support services.

Also, the City's Finance Department has assisted with accounts and certain financial support to SHI.

In 1996 SHI was approached by an owner of a historic property, within the City's Southside Preservation Area, and has entered into negotiations with the owner on a proposal to donate the property to SHI. The prospect of this pending donation and the opportunity to pursue other similar efforts that will lead to preservation of the City's historic landmarks, has raised various liability and insurance issues.

The attached Resolution seeks to resolve potential unmet liability coverage issues and to formalize the financial services support provided to SHI by the City.

City Council
Indemnification and Financial Services Agreement with SHI

Need for Indemnification Agreement

The request for a written indemnification agreement is an administrative item made necessary by the nature of the undertakings SHI is incorporated to undertake and its desire to more aggressively pursue those undertakings, similar to the current property donation offer. SHI's Board recently held a retreat and determined to renew and build its capacity to assist with the preservation and rehabilitation of Sacramento's historic properties, particularly those properties that are not financially attractive to the private for-profit sector. Similar to the Gifts to Share program, it may be important to note the City's current connections to SHI, especially noting that the appointments to SHI's Board are made by the Mayor and City Council, and SHI's membership is the City Council.

The indemnification is limited to uninsured claims or excess claims against SHI and does not extend to any other entity for which SHI provides financial assistance or SHI will commit in the agreement to obtaining and maintaining insurance policies providing coverage to defend the decisions and activities of the board of directors of SHI.

Financial Services Agreement

The City, while currently providing certain accounting and fund management services to SHI, has never entered into a financial services agreement with SHI.

FINANCIAL CONSIDERATIONS

No general fund support is requested. By providing an indemnification to SHI, the City obligates itself to provide a defense and pay any judgment or settlement for SHI if it concerns a matter not covered by SHI insurance.

ENVIRONMENTAL CONSIDERATIONS

Because approval of this agreement will not have any effect on the environment, no CEQA review is required.

POLICY CONSIDERATIONS

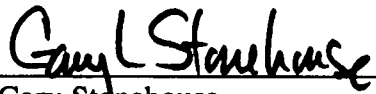
City Council
Indemnification and Financial Services Agreement with SHI

This request is consistent with the City Council's priority to promote public and private partnerships to facilitate historic preservation and neighborhood revitalization.

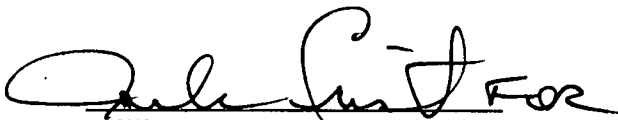
MBE/WBE EFFORTS

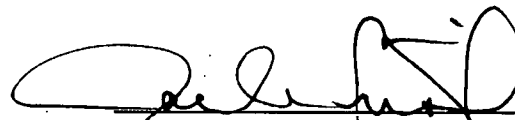
Not applicable to this agreement. However, the board of directors of SHI is reflective of the diverse Sacramento community.

Respectfully submitted,


Gary Stonehouse
Planning Director

APPROVED:


William H. Edgar
City Manager


Jack Crist
Deputy City Manager

APPROVED
BY THE CITY COUNCIL
MAY 27 1997
OFFICE OF THE
CITY CLERK

RESOLUTION NO. 97-273

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION REGARDING AN INDEMNIFICATION AND A FINANCIAL SERVICES AGREEMENT WITH SACRAMENTO HERITAGE,, INC.

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

The City Manager is authorized to execute an indemnification and a financial services agreement with Sacramento Heritage, Inc.

MAYOR

ATTEST:

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____