

# Special Board Meeting - Meeting Minutes

# Wednesday, February 12, 2025, 9:00 a.m.

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference**

**<https://us06web.zoom.us/j/86795373958>**

# Event Center Drive, Idaho Falls, Idaho 83402 Room 2416

**Participants: Rob Spear, Terri Gazdik, Mike Carpenter, Ron Warnecke, Lisa Casper, Brian Ziel (Via Zoom), Mark Fuller, Erik Hudson, Nancy Rohde**

**Agenda**

1. **Action Item** - Call to Order at 9:08 AM
2. **Action Item** – Accept Agenda – Carpenter moved to accept the agenda. Warnecke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
   1. Meeting Minutes – Meeting minutes for 1-28-25
   2. Review of Payables/Financials – A payables list totaling $3,383.52 was reviewed and approved.

Casper moved to accept consent agenda. Carpenter seconded. Motion passed.

1. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). There were no public comments.
2. **Discussion Item** – Building and liability insurance update and discussion with Nancy Rohde of JD Fulwiler. Spear introduced Nancy Rohde and suggested the insurance comparison between IFAD’s existing ICRMP policy and the four providers of building insurance, general liability, management liability and cyber liability be reviewed line by line.

Rohde explained she is an insurance broker with over 25 years of experience and works with over 100 different insurance companies. For this proposal Rohde quoted four different insurers: Selective for the building, Great Divide for General Liability, Indian Harbor for management liability and AmTrust for Cyber liability.

Rohde explained the building insurance comparison was based on $59M building value. Selective offers $1.5M more in Business Income loss if some disaster impacted operations like a fire or flood. Rohde explained she did a valuation report to document that actual replacement costs were $59M. Spear explained that roughly $3M of FF&E was covered under the building limit because any FF&E permanently attached to the building (video Boards, scoreboard, kitchen equipment, audio equipment) is considered part of the building. Spear said the personal property limit of $2.5M would cover the remaining FF&E items. Rohde explained Selective is currently offering a $20K deductible in the quote. Rohde explained the deductible could be raised up to $100K but at that limit the insurer would want financials to document that IFAD had the financial capacity to cover that large of a deductible. Rhode said a higher deductible would lower the premium but cautioned that saving $7K per year in annual premium costs, with $100K deductible, it would take over 14 years to recover the $100K deductible if a claim was made.

Spear said a Board member had a question about replacement cost. Rohde said there are actual cash value policies, functional value policies and replacement cost policies with replacement cost being the best. Replacement cost is currently capped at $59M. Rohde pointed out that if you needed to rebuild, a lot of areas would not have to be redone like the site work and foundation. So $59M is a rich coverage. Casper asked if insurance companies do an annual reassessment of the replacement cost. Rohde explained some companies do an annual inflation guard adjustment ranging from 2% to sometimes 10%. Hudson commented that $59M does not seem to be enough for replacement of the building if a natural disaster occurred. Rhode said it depends on the natural disaster. If an earthquake or flood occurred there is $1M for each. If there was a wildfire, the limit would be $59M. Again, Rohde said if the building were damaged, not all of the areas would need to be replaced and also noted the significant sprinkler system throughout the facility that would quickly mitigate any fire threats. Rohde also explained under property enhancements that there is a $1M coverage for complying with new codes or ordinances when rebuilding.

Spear asked if the building limits could be increased to $65M or $70M. Rohde said it was a stretch for Selective to get to the $59M. Rohde explained $65M is about $500 per square foot and that is quite high. Spear asked if the Board wanted additional quotes for higher building limits. Rohde said the Board could form a sub committee to study the building valuation and there could be a policy adjustment mid-term if the valuation were higher than $59M. Spear said it would be better for him to contact Bateman Hall and get an estimate of what it would cost to rebuild. Fuller said $59M is already 13% higher than the original $52M vertical construction cost. Fuller said losing the entire building sans an earthquake would be very unlikely. Carpenter pointed out the policy can be adjusted in the future.

Gazdik encouraged Rohde to cover the remaining insurance items. Rhode then reviewed the crime coverage offered by Selective and focused on the earthquake and flood coverage. The $1M coverage for earthquake and the $1M coverage for flood costs $2,080 per year.

Rohde explained the General Liability is with Great Divide (a Berkley Company) and offers a $1M per occurrence with an annual aggregate of $2M. Rohde said they then stack the $4M of the Umbrella coverage on top of the $1M and $2M for a total of $ 5M per occurrence and $6M aggregate annually. There is also a $1M coverage for product liability (food sold to patrons). Rhode strongly recommends keeping that Umbrella.

Rhode described the components of the Management Liability section. Gazdik asked if the automobile coverage for rental vehicles is necessary. Rhode said it may not be necessary but strongly encouraged keeping the non-owned auto coverage ($500 per year premium cost) that covers employees and volunteers using their own vehicle while conducting IFAD business. Rhode said the person’s own insurance would be the primary insurance coverage and this insurance would kick-in when the primary insurance runs out.

Spear asked if the Law Enforcement Liability, Sexual Molestation and Abuse and Chemical Spraying offered by ICRMP appear in any of the coverages offered by Great Divide. Rohde said those are not covered and she said in her opinion IFAD does not have any exposure in those areas because we don’t have police staff or a childcare facility. Casper asked why those appear in the ICRMP policy. Spear explained ICRMP is an umbrella type policy that has school districts, police departments, etc., in the pool. So many of the coverages do not apply to IFAD.

Gazdik asked what employee benefit liability covers. Rohde explained this covers a situation where employee benefits were not disbursed. For example, a child was not added to the employee’s health insurance plan. Gazdik explained IFAD only has one employee and that employee does not receive benefits. Rhode said it is only $500. Gazdik suggested eliminating it and if needed in the future it could be added back. Warnecke asked if eliminating that impacts any of the coverages in that section. Rhode said it did not.

Rohde explained that for Director and Officers liability, ICRMP lists that under Errors and Omissions for $500K per occurrence and $3M aggregate. Indian Harbor is offering $1M for D&O and $1M for employment practices liability. Rohde explained that Indian Harbor offers coverage for Third Party Wrongful Acts. A third party is anyone who is not an employee who makes allegations of discrimination or harassment or an ADA claim. Rohde said this is a very important policy to have because of the number of patrons entering the building. ADA claims are very common. Rohde said she and Spear could not find this in the ICRMP policy. Casper asked why Indian Harbor is not admitted in the State of Idaho and the potential impact. Rohde explained that it means Indian Harbor does not pay into the State’s Guarantee Fund and they don’t have to file their rates with the insurers. This is a public officials management program and Indian Harbor is the insurer of that program. It is important to note that when you have a non admitted carrier, there is a A.M. Best Rating schedule that recognizes Indian Harbor as A+/XV. This means Indian Harbor has the financial backing to pay claims. Rohde said the only risk is if Indian Harbor goes bankrupt and doesn’t pay claims which is unlikely given their financial strength. Rohde said it is her job to notify the Board of any reduction in the A.M. Best Rating and to recommend a different insurer.

The last piece Rhode covered is Cyber Liability. Amtrust has a very robust Cyber offering including Cyber Deception where someone impersonates an employee to initiate a wire transfer. Rohde said it does not appear IFAD has a significant cyber exposure. Rohde mentioned Amtrust does not currently require any dual factor authentication. Caspear asked if this was an area the Board could possibly self-insure. Gazdik asked for Rohde to identify all areas where the Board could consider self-insuring. Rohde identified four areas: earthquake and flood $2,080, auto physical damage $1,020, employee benefit liability $500 and TRIA Terrorism $3,020. In order to trigger a TRIA Terrorism claim, an event needs to be certified as act of terrorism by Homeland Security, the Attorney General, or another governmental body. Rohde said TRIA has never paid a claim since its inception in 2002.

Warnecke asked about insurance for newly acquired property and where that coverage is listed under Selective. Rohde said the ICRMP policy covers newly acquired buildings. She did think Selective has some enhancement coverage for newly acquired property.

Rodhe exited the call.

Spear explained that Mike Clements got back to him on what it would cost to build the MAC today. Clements indicated that original construction was at $438 per square foot. To construct in 2026 the cost would be $596 per square foot or $73M. A 36% increase.

Gazdik asked when the Selective policy would go into effect. Spear said it could go into effect March 1. Spear also indicated that IFAD has met the ICRMP 35% premium paid requirement, so there is no penalty in cancelling. The Board said that increasing the building value in the future is something to consider at a later date. Fuller said the information provided by Clements should meet the documentation requirements that Selective would need to increase the building value.

Spear summarized the discussion and stated that the Board seems comfortable with eliminating auto physical damage $1,020, employee benefit liability $500 and TRIA Terrorism $3,020. Gazdik said to not reduce the employee benefit piece at the current time. Spear said he would ask Rohde to send a new proposal eliminating auto physical damage $1,020 and TRIA Terrorism $3,020. The Board generally agreed to not reduce cyber liability.

Spear said he talked to Rohde about Selective’ s claim history and she indicated, “The premium history with Selective is that they have modest increases each year.  They had an overall Property increase effective January 2025 which is 3.6%.  This is lower than what we are seeing in the marketplace.  Most insurers are in the 5% to 8-10% range for year over year increases.  We are still in the hard market but this will turn around hopefully in late 2025 or 2026.  Based upon good claim experience we can typically get the insurer to come in at the low end of that range.”

Fuller asked about the level of service comparison between ICRMP and Selective. Spear said it is difficult to compare because IFAD has never had a claim with ICRMP. Spear recommended the Board consider moving away from ICRMP especially since some of the coverages offered by ICRMP do not apply to IFAD. The Board will need to decide on 2-25-25 whether to accept the JD Fulwiler proposal. Hudson said his experience working with Rohde has been extraordinary.

**Report and Updates**

1. **Discussion Item** - Legal Report – A legal report was not presented

# Calendar and Announcements

1. **Upcoming IFAD Meeting** – **Next Meeting on February 25, 2025**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for February 25, 2025, meeting
   1. **Action Item –** Insurance approval

Meeting adjourned at 9:10 AM