

## Report to Self-Insurance Program Board of Trustees

**Date:** February 27, 2026  
**To:** Self-Insurance Trust Fund Board  
**From:** Jim Smith, City Attorney  
Jason Reed, Deputy City Attorney  
Lisa Lorts, Risk Management Claims Analyst  
**Subject:** The City of Mesa's Property and Public Liability Trust Fund

### I. Purpose.

This report addresses the financial status of the City's Property and Public Liability Trust Fund (the "PPL Trust Fund") and contains a budgetary recommendation for the PPL Trust Fund. It also addresses proposed amendments to the City Code regarding the purchase of insurance and to the PPL Trust Fund's governing document (the "Restatement of Trusts") to provide additional security and stability for handling claims and lawsuits against the City.

### II. PPL Trust Fund Finances.

In accordance with state law, the PPL Trust Fund covers the following costs and expenses:

1. Costs associated with staffing the Litigation Unit in the City Attorney's Office.
2. Payouts and defense costs of third-party claims and lawsuits filed against the City and its employees.
3. The City's insurance premiums.

In FY 24/25, the PPL Trust Fund incurred \$9.36 million in costs: \$4.03 million for claims and lawsuits; \$4.08 million for insurance; and \$1.24 million for the staffing costs of the Litigation Unit. For FY 25/26, the City estimates that it will have \$8.02 million in costs: \$2.50 million for claims and lawsuits; \$4.21 million for insurance; and \$1.31 million for the staffing costs of the Litigation Unit.

### **III. Litigation Expenses.**

#### **A. The City's Litigation Unit.**

The City's Litigation Unit typically defends the City and its employees against third-party liability claims and lawsuits. By handling most of the City's litigation matters internally, the City recognizes significant cost savings for the PPL Trust Fund.

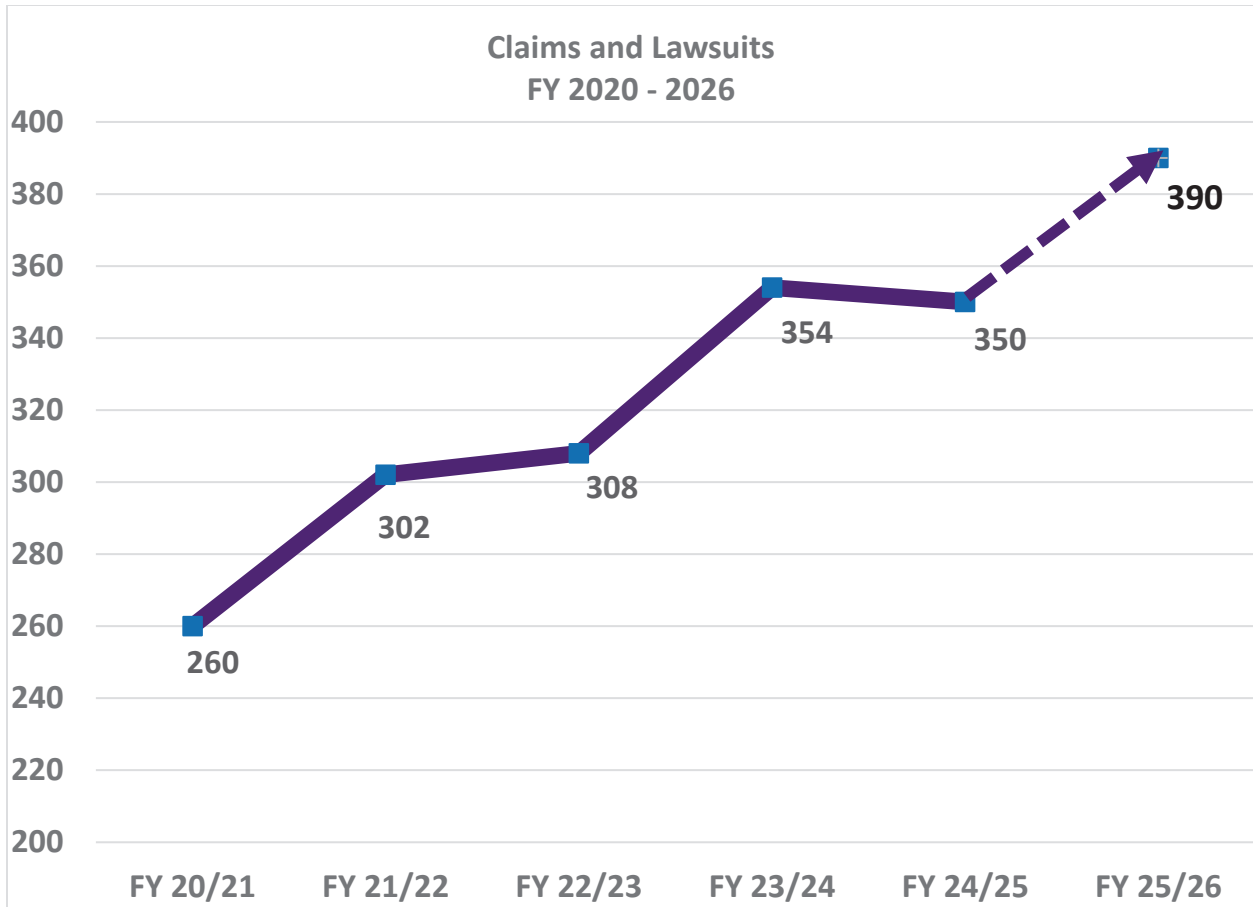
For example, in FY 20/21, the staffing cost for the Litigation Unit was \$1.20 million to handle 221 claims and 29 lawsuits. In contrast, the City retained outside counsel to defend the lawsuits associated with seven different incidents. In that same year, the cost of outside counsel for those lawsuits was approximately \$890,000. The effective hourly rate of the Litigation Unit (i.e., salary on an hourly basis) is dramatically less than outside counsel's.

Moreover, by handling litigation matters internally, the City's Litigation Unit develops a strong working knowledge of the City's operations and reinforces strong relationships with City employees. This helps manage costs and expenses because, in contrast with outside counsel, the Litigation Unit does not spend time and money getting up to speed on the City's operations and identifying relevant witnesses.

The City Attorney's Office also works with City departments to help reduce the City's financial exposure and explore areas of improvement. This collaborative effort helps to identify better practices, implement additional training, and increase liability sensitivity.

#### **B. Claims Against The City.**

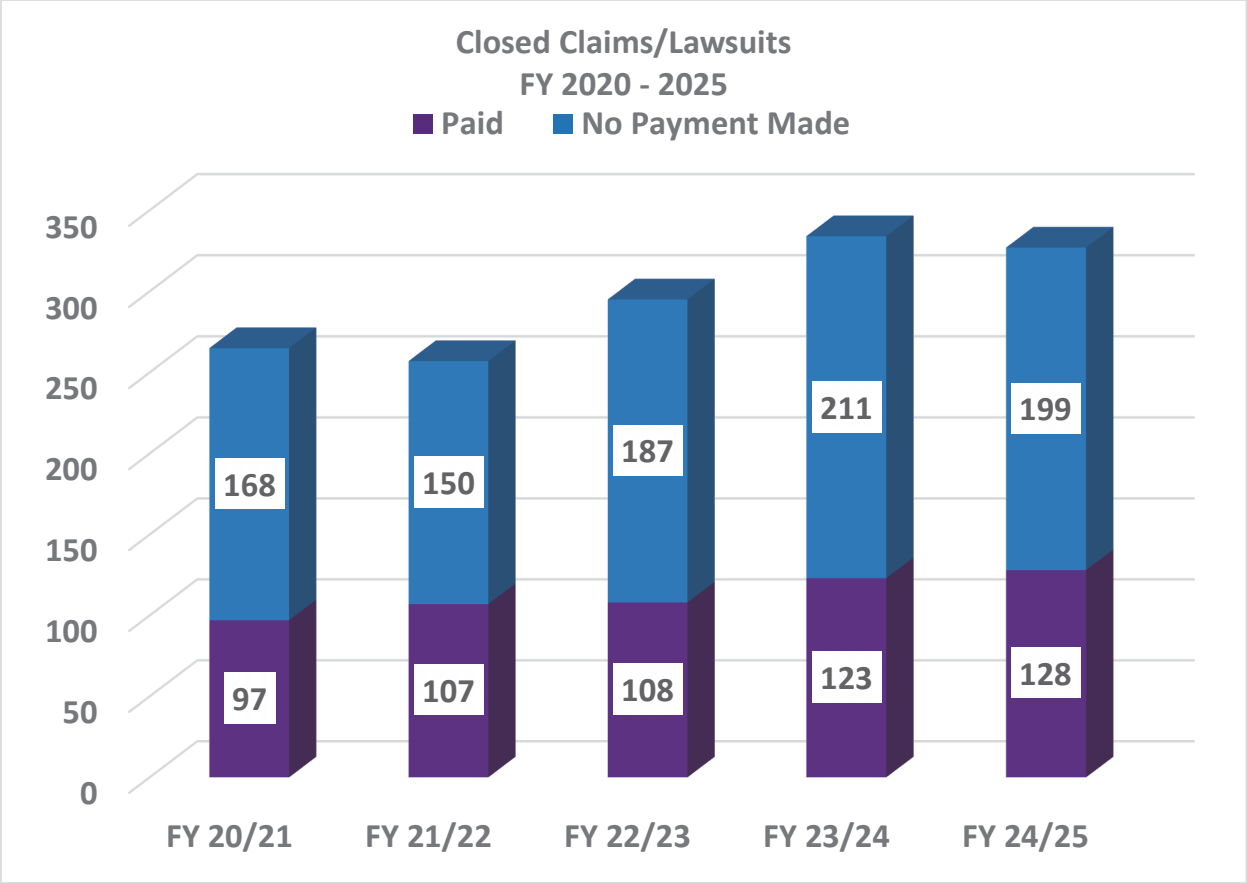
Over the past five years, the City has seen significant growth in the number of claims and lawsuits filed against the City. As shown by the following chart, the City anticipates receiving almost 400 claims and lawsuits this fiscal year (up from 260 claims and lawsuits in FY 20/21).



This growth has been seen in both claims and lawsuits. For example, in FY20/21, 226 claimants filed a claim against the City. In FY24/25, 311 claimants filed a claim (a 37.6% increase from FY20/21). In FY20/21, 34 Plaintiffs filed lawsuits against the City. In FY21/22 and FY22/23, 49 Plaintiffs filed lawsuits against the City (a 44.1% increase from FY20/21).

	FY20/21	FY21/22	FY22/23	FY23/24	FY24/25
Claimants	226	253	259	309	311
Plaintiffs	34	49	49	45	39
<b>Total</b>	<b>260</b>	<b>302</b>	<b>308</b>	<b>354</b>	<b>350</b>

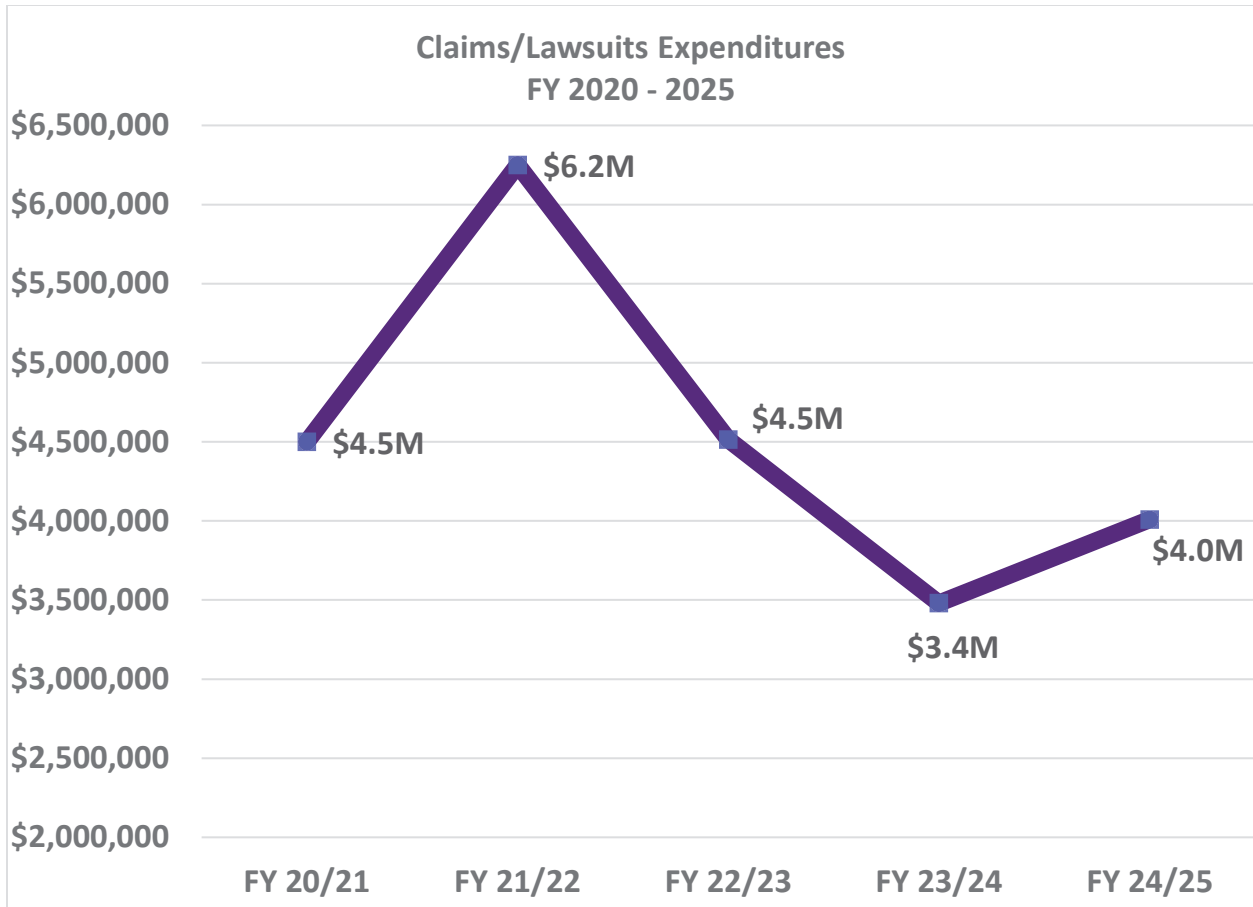
The City resolved a majority of these claims and lawsuits without making a payment to the claimants/plaintiffs.



Based on national and local trends, the City anticipates that the number of claims and lawsuits filed against the City will continue to increase. One reason for this is the City’s growth. Cities with a growing population (like the City of Mesa) experience an increased number of claims and lawsuits. This increase can be attributed, at least in part, to the additional services that large cities provide and the number of employees that the City has working with the public. Larger cities simply receive more claims and lawsuits than smaller cities.

In addition to an increased number of claims and lawsuits, the City also anticipates that claim and lawsuit costs will increase. Some of those increasing costs include larger damage awards, increased outside counsel fees, higher expert witness fees, increased technology costs, and attorney fee shifting provisions.

The following chart shows the annual claim-related payouts from the PPL Trust Fund. The variation in the annual payout depends primarily on whether high-exposure cases were resolved during a particular fiscal year. In FY21/22, for example, the City resolved two high-exposure officer-involved shootings.



Considering the factors listed above and the number of high-exposure cases that the City is currently defending, pressure may be placed on the PPL Trust Fund if a jury awarded significant damages in one or more of the City’s high-exposure cases.

**C. Outside Counsel.**

The City generally retains outside counsel when a conflict of interest prevents the City’s Litigation Unit from defending the lawsuit, when a particular expertise is needed, and/or for certain high-exposure claims that may erode the City’s Self-Insured Retention (“SIR”).

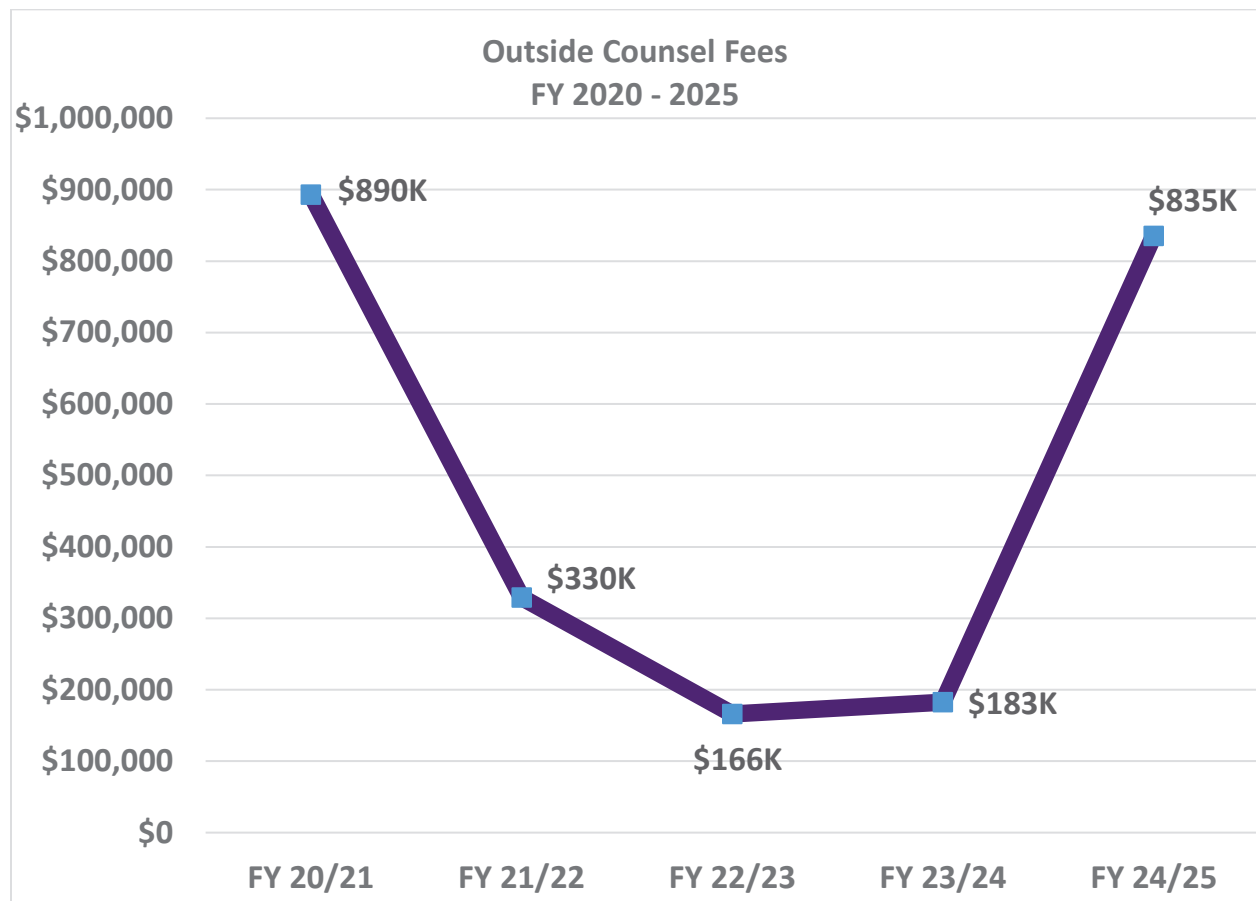
For the past two years, the City has had to increase its reliance on outside counsel due to staffing shortages.

The City typically has four attorneys devoted to litigation matters. Approximately two years ago, the Litigation Unit lost two attorneys. Various factors made it difficult for the City to hire replacements for these two positions. First, there are fewer people going to law school (approximately 20% less). Second, a professional recruiter reported that, since COVID, more Arizona attorneys are teleworking for out-of-state firms. As a result, there are fewer experienced attorneys for the positions that are available in Arizona. Third, salaries and compensation structures for litigation attorneys have increased significantly for Arizona litigators. The professional recruiter told us that the City’s current

compensation structure is not competitive for experienced litigators. To that point, the recruiter recommended that the City should **not** retain her for recruiting services because she would not be able to recruit attorneys that would meet the City's requirements within the constraints of the City's compensation structure.

In May 2024, the City successfully hired a new attorney for one of the Litigation Unit's positions. The City, however, has been unable to fill the other vacant position. The City Attorney's Office is working on addressing these issues (recruiting an experienced litigation attorney and researching salary options) so the Litigation Unit can be competitive in the job market and carry a fully-staffed Unit.

In the meantime, as shown in the chart below, the City anticipates that its reliance on outside counsel will remain elevated, at a minimum, until it is able to fully staff the Litigation Unit and until the cases currently being handled by outside counsel are resolved.



#### **IV. Amendment To The Restatement Of Trusts.**

##### **A. Balance of the PPL Trust Fund.**

Considering the increased costs of claims and lawsuits, the Board previously recommended that the City adopt a resolution allowing the City to raise the balance of the PPL Trust Fund (i.e., exceed the \$10 million floor). After studying the issue, the City concluded that the most efficient way to implement that recommendation was to amend the City's Restatement of Trust (the document governing the PPL Trust Fund). [Ex. 1]

The current Restatement of Trusts specifies that the PPL Trust Fund must maintain a minimum balance of \$10 million through quarterly or semiannual transfers from the City. The Restatement specifies that, regardless of how much money is paid out of the PPL Trust Fund (to resolve claims or to purchase insurance), the City is required to replenish the entire balance within the same fiscal year.

That potentially would cause significant burdens on the City. If the City resolves multiple high-exposure claims in a single fiscal year, the amount needed to replenish the PPL Trust Fund may exceed the amount that was budgeted. In other words, under the current Restatement, the City would have to replenish the PPL Trust Fund (get to the \$10 million floor) in that same fiscal year that it has significant expenses. To do that, and regardless of what the City had budgeted, the City might have to pull funds from other sources, including funds designated for other departments and projects.

The City proposes two material changes to the Restatement of Trust to address that issue.

First, the Restatement would be amended to specify that the City can maintain an average intended annual balance of \$10 million to \$15 million through quarterly or seminal transfers from the City. [Ex. 1 at ¶ 1.06]<sup>1</sup>

By raising the target balance of the PPL Trust Fund up to \$15 million, the PPL Trust Fund can provide more stability and security that will allow the City to assume additional risk. For example, if the City resolves multiple high-exposure claims that reduces the PPL Trust Fund balance below \$10 million, there is a greater chance that the City's budgeted amount will replenish the PPL Trust Fund to the required minimal level, without pulling funds from other departments and projects. Moreover, as to the City's insurance portfolio, with an increased balance for the PPL Trust Fund, the City has the option to reduce the amount of excess liability insurance that it obtains, to increase the deductibles associated with its property insurance, and manage its self-insured retention. With this change, the City anticipates being able to mitigate future premium increase and manage its insurance portfolio in a more cost-effective manner.

Second, the Restatement would be amended so that, if the PPL Trust Fund's balance fell below \$10 million, and it appeared that it would require more than what was budgeted to

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<sup>1</sup> Consistent with the Board's recommendation, the City has been increasing the PPL Trust Fund's budget above the \$10 million floor.

replenish the Fund, the City would notify this Board, and the Board would recommend to the City a timeframe within which to return the balance to the average intended annual balance (between \$10 million and \$15 million). [Ex. 1 at ¶ 1.06]

By making this amendment, the City would not be required to replenish the PPL Trust Fund in a single year (if multiple high-exposure cases are resolved or additional insurance were purchased). Instead, the Board can recommend a timeline to return to the intended annual balance considering, among other things, the PPL Trust Fund's balance, the amount budgeted for replenishing the PPL Trust Fund, the City's overall budget, and the availability of funds to replenish the PPL Trust Fund.

The City is asking the Board for a recommendation that the City Council approve the amended Restatement of Trusts. [Ex. 1]

### **B. Litigation Policies And Settlement Authority.**

Pursuant to City Code, the City Attorney has authority to “file, pursue, defend, appeal, settle, dismiss, and resolve any and all civil lawsuits and claims . . .” Mesa City Code 1-19-3.

To provide structure to this authority, the City Attorney has adopted policies for the handling of claims and lawsuits, including the settlement, resolution, and payment of claims and lawsuits with funds from the PPL Trust Fund (“Litigation Policies”).

For example, the City Attorney is currently authorized by the Litigation Policies to settle individual claims and lawsuits up to \$100,000 (excluding attorney's fees, costs, and expenses) without seeking Council direction. Other members of the Litigation Unit (assistant city attorney and risk manager) are authorized to settle individual claims at lower amounts (\$10,000 and \$5,000). These settlement amounts have not been changed for at least 15 years. Based on the challenges mentioned above (larger damage awards, increased outside counsel fees, higher expert witness fees, increased technology costs, and attorney fee shifting provisions), the City Attorney anticipates that these amounts may need to be adjusted to reflect current inflationary pressures.

The current Restatement of Trusts, however, does not reference the Litigation Policies, does not reference settlement authority, and does not include reporting requirements to this Board regarding the Litigation Policies.

The City recommends amending the Restatement of Trust to reference the Litigation Policies. Specifically, the recommended amendments to the Restatement of Trust would require the City Attorney to adopt Litigation Policies (this has already occurred) and to annually review the Litigation Policies. As part of the annual review, the City Attorney would be authorized to modify the Litigation Policies, including the policies regarding settlement authority and settlement amounts.

The City Attorney also would be authorized to request the Board to increase the maximum settlement authority per claimant for claims and lawsuits (exclusive of attorneys' fees, costs, and expenses) that may be obtained without direction from the City Council (the

“Maximum Settlement Authority”) (currently set at \$100,000). Approval from this Board would be required for any increase to the Maximum Settlement Authority. Moreover, the Board would be precluded from authorizing a Maximum Settlement Authority in excess of \$250,000. [Ex. 1 at ¶ 3.04]

The City Attorney, on an annual basis, would also be required to provide a report to this Board regarding any changes to the Litigation Policies. [Ex. 1 at ¶ 4.06-.07] This report would be in addition to the reports that the City Attorney provides to the City Council regarding significant claims and lawsuits and to any response the City Attorney provides to a City Council inquiry.

These recommended changes to the Restatement of Trusts will help ensure continued accountability to this Board and the City Council regarding the Litigation Policies and settlements by requiring this Board’s approval of any increase to the Maximum Settlement Authority, setting a reasonable cap on the Maximum Settlement Authority, and requiring an annual report of any changes to the Litigation Policies to this Board. These changes will also help ensure the City Attorney can continue to effectively and efficiently defend and resolve claims and lawsuits that have been filed against the City.

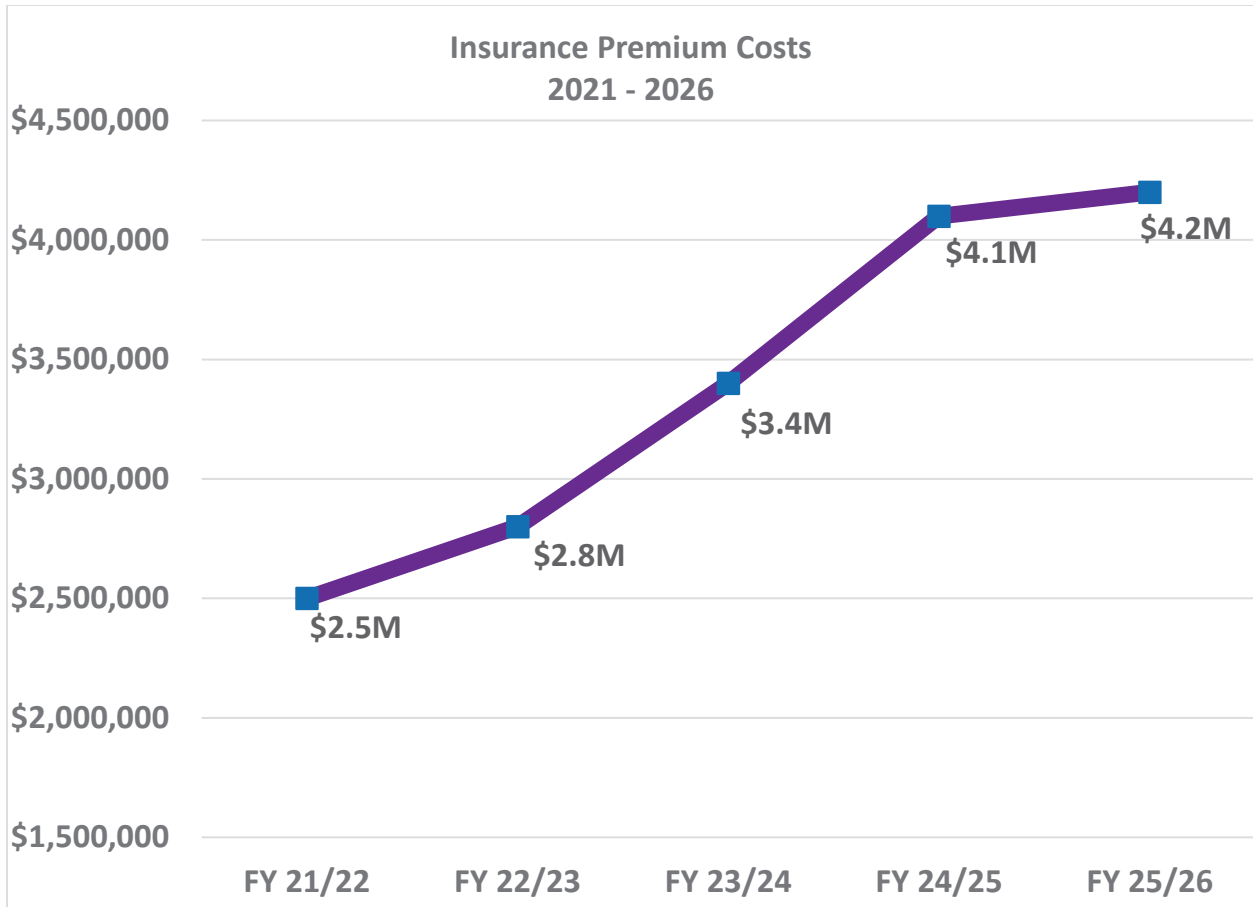
### **C. Employee Benefits Trust.**

The recommended amendments to the Restatement of Trusts also include changes to the Employee Benefits Trust, namely to reference the wellness benefits now provided and the ability to utilize contracted third-party administrators and insurers to perform duties related to the Employee Benefits Trust. The City’s Employee Benefits Administrator, Janice Ashley, can speak to these changes in greater detail.

The City is asking the Board for a recommendation that the City Council approve the amended Restatement of Trust. [Ex. 1]

### **V. Insurance.**

The insurance market for municipalities continues to be extremely challenging. Shown below, the City has seen a significant increase in its insurance premiums for the last five years.



Multiple factors and conditions contribute to this increased cost. Because the City anticipates that these conditions will continue for the foreseeable future, the City anticipates that insurance premiums will continue to rise.

For example, the excess liability insurance market continues to be extremely challenging. It has become more difficult to obtain this type of insurance due to, among other reasons, the increased number of lawsuits and verdicts against Police Departments and the increased costs of handling those lawsuits (attorneys' fees, expert fees, verdicts, and settlement costs). Moreover, because several carriers have left this specific market, there is less competition among the remaining carriers. Premiums for the remaining insurance capacity have therefore become more expensive.

**A. FY25/26 Insurance Procurement.**

Recognizing these pressures, the City took various steps this past year to reduce premium increases for this year's insurance procurement.

First, the City reduced this year's premium for excess liability insurance by \$323,000 (as compared to last year's coverage) by reducing its excess liability coverage to \$30 million (from \$40 million). [Ex. 2 at 8, 18]

A couple of factors supported this decision. For example, as a result of market pressures

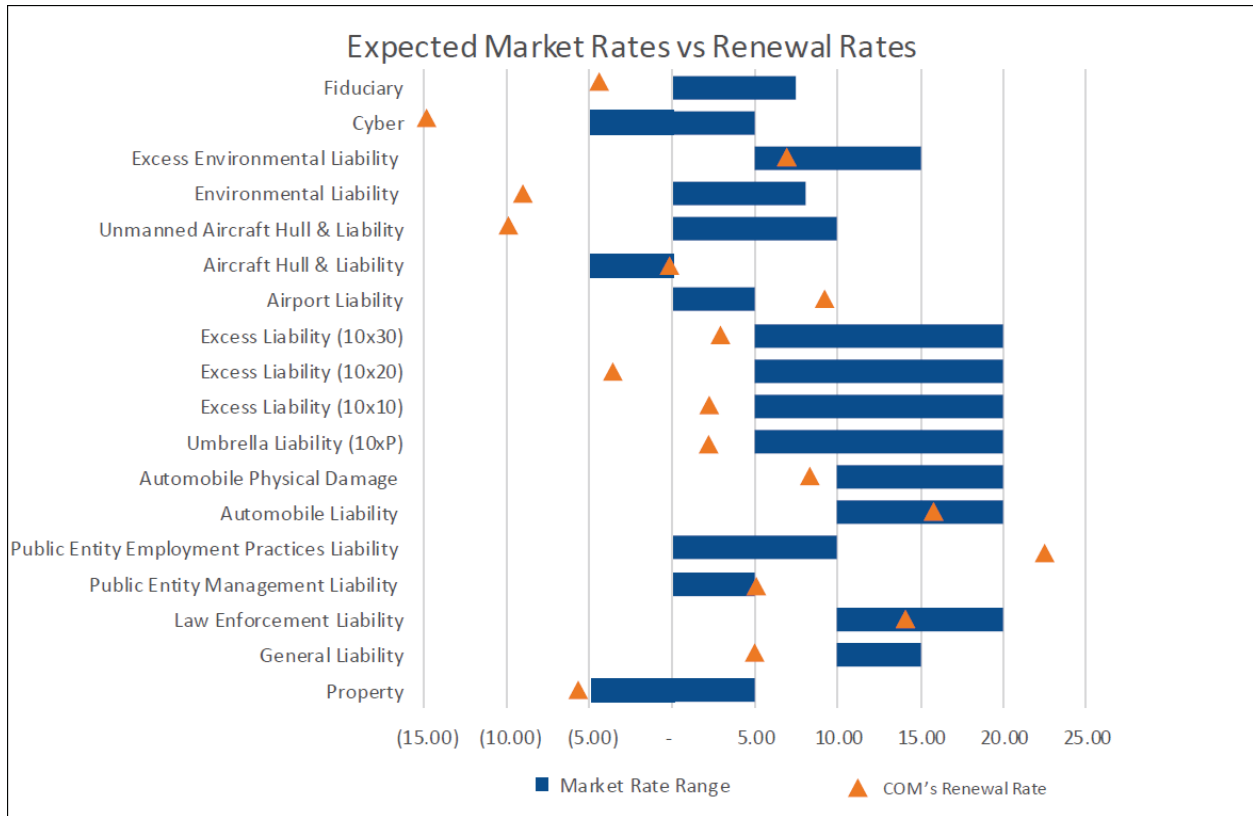
(lack of capacity and increased cost), municipalities in Arizona generally have reduced the total amount of their excess liability coverage. Phoenix purchases \$60 million; Scottsdale purchases \$40 million; Tucson purchases \$35 million; and Gilbert, Tempe, and Chandler purchase \$30 million in excess liability insurance. The City's excess liability coverage (at \$30 million) is comparable to these other municipalities. [Ex. 2 at 11]

The City also explored the possibility of purchasing additional liability insurance. Specifically, the City received two quotes for insurance above the \$30 million level. One quote was for an additional \$10 million in coverage for \$323,000, and the other quote for an additional \$5 million in coverage for \$279,000. Based on the City's historical use of this coverage, the cost for this additional coverage, and the amount of coverage purchased by similarly situated municipalities, the City declined to purchase liability insurance in excess of \$30 million. [Ex. 2 at 8, 26]

The City also reduced this year's premium by \$80,000 by adjusting the City's deductible associated with its property insurance. The increase to the deductible was based on historical costs (which involve two components—the flood portion and All Other Peril ("AOP") portion) compared to annual savings. First, as to the flood portion of the insurance, the City increased its deductible from \$250,000 to \$1 million. The City has never made a claim for flood insurance. In 2014, there was a thousand-year storm that caused water damage throughout the City. While the City submitted a claim for property damage associated with that storm (problems with a roof), the damage was covered by the AOP portion of the policy, and not by the flood portion. Because the future risk of flood damage appears remote, the City elected to increase the flood insurance deductible to \$1 million.

For the AOP portion of the insurance, the City increased its deductible from \$100,000 to \$250,000. As to AOP insurance, the City has had two claims in the past eleven years: one for the 2014 storm event, and another in 2023 for storm damage to Falcon Field. If the City has two claims over the next eleven years (like the past eleven years) and assuming for simplicity that the premium savings stay flat at \$80,000 a year, then the City would have an increase in payouts of \$300,000, a premium savings of \$880,000, and a net savings of \$580,000. While this is a simplified hypothetical, we believe the City will save money with the increased deductibles based on the historical claims data.

As a result of these efforts (and others), the City received favorable quotes for this year's insurance renewal. For example, the City's rate increases generally were better than and/or consistent with the renewal rates of other municipalities. For many coverages (as demonstrated below), the City's rates actually decreased. [Ex. 2 at 9]



Moreover, despite the value of the City's property increasing (from \$1.78 billion to \$1.91 billion), the City's premium for property insurance went down by six percent (from \$1.196 million to \$1.127 million), and the City's net rate decreased by 12 percent (from .067 to .059).

Coverage Period	Policy Limits	Deductible	Rate	Premium
21/22	\$300M	\$50,000	\$0.0528	\$ 662,750
22/23	\$300M	\$50,000	\$0.0566	\$ 717,000
23/24	\$300M	\$100,000	\$0.065	\$ 930,750
24/25	\$500M	\$100,000	\$0.067	\$1,195,500
25/26	\$500M	\$250,000	<b>\$0.059</b>	\$1,127,249

Indeed, as shown below, the City's rate for property insurance is less than half the rate that several other cities are paying. Mesa Continues to receive these unbeatable rates even after Travelers paid over \$6.5 million to the City for property damage associated with the 2023 Falcon Field storm damage. [Ex. 2 at 8, 10]

Client	Population	Total Insured Value (in millions)	Rate
City No. 1	200,000	\$1,028	0.130
City No. 2	650,000	\$2,819	0.098
City No. 3	320,000	\$1,084	0.240

City No. 4	1,500,000	\$5,327	0.125
City No. 5	480,000	\$1,410	0.262
<b>City of Mesa</b>	<b>523,220</b>	<b>\$1,911</b>	<b>0.059</b>

The City also saw a significant drop in the premium for Cyber insurance (from \$183,851 in FY24/25 to \$123,324 in FY25/26). [Ex. 2 at 8] The City declined additional coverage because, in consultation with the City’s Chief Information Officer (Scott Conn), the City concluded that \$5 million of Cyber Risk coverage was sufficient to cover the City’s potential exposure. Mr. Conn indicated, for example, that additional cyber insurance was unnecessary because the City’s data is safely stored, it is unmodifiable, and backups can be used to restore any system that might experience a cyber attack.

**B. Authority To Renew Insurance.**

The City renews insurance each year on November 22. It is critical for the City to renew its insurance before that deadline to ensure that coverage does not lapse and that the City is not exposed to significant risk (not having insurance that would cover, for example, property damage and liability claims).

Meeting this deadline is challenging and has been made more difficult based on changes in the insurance market.

For example, the City attempts to get multiple quotes from carriers for the City’s insurance portfolio with the intent of procuring cost-effective insurance. Tasks associated with that process include obtaining information from City departments, filling out applications, and providing that information to insurance carriers. Based on this information, the City obtains quotes for insurance coverages (to the extent the carriers are willing to submit them). Because some insurers are leaving the municipal insurance market, it can be difficult to get quotes from the remaining insurers as premiums for the remaining coverage has increased.

For those carriers that actually provide quotes, they will not provide quotes far in advance of the City’s deadline. At best, a carrier might submit a quote 30 days in advance of the November deadline. In many instances, however, this time is much more compressed. In some circumstances, the City did not get a final quote until days before the November deadline.

This is especially true for the City’s excess liability insurance. Last year, the City purchased \$40 million in excess liability insurance. That insurance is broken up in layers of \$10 million (4 layers of \$10 million each). But, the insurer for each successive layer will not provide a quote until the layer immediately below it has finalized its quote. In other words, the carrier who insures the \$10 million in excess of the first \$10 million layer will not provide a binding quote until the first layer is finalized. This applied to the third and fourth layers too. Due to that process, the City oftentimes is required to make decisions on short notice regarding the amount of insurance to obtain based on costs, availability, and the ability to modify deductibles or the City’s SIR.

To help the City purchase its insurance before the November deadline, the City Council passed Resolution 11888 in 2022. [Ex. 3 at 1 (City Council recognized the “unprecedented costs and difficulties in obtaining such amount of excess coverage . . .”)]

Resolution 11888 specified that the City Manager and the City Attorney were jointly authorized to obtain and enter into new insurance agreements for the City. The City Manager and the City Attorney had the authority to, among other things, change carriers, add additional insurance, and reduce insurance coverage. Thereafter, the City Attorney would provide an update to Council on the amounts of insurance that the City obtained and the associated costs. [Ex. 3]

For the past four years, the City (under this Resolution) has been able to negotiate competitive quotes and purchase insurance to protect the City.

Resolution 11888, however, is set to expire at the end of FY26/27. The City asks the Board to recommend an amendment to the City Code that would continue this process. [Ex. 4] Similar to Resolution 11888, the proposed amendment would allow the City Attorney, with the approval of the City Manager, and with funds from the PPL Trust Fund, to, among other things, obtain insurance for the City, change insurance carriers, add additional insurance, and reduce the total insurance coverage. [Ex. 4]

The City Code amendment would require the City attorney to provide an annual report to the City Council and this Board regarding the City’s insurance coverage obtained with funds from the PPL Trust Fund.

## **VI. Summary And Recommendation.**

The City has had a successful year in managing the claims and lawsuits filed against the City and its employees. That said, pressure continues to exist on the PPL Trust Fund based on, among other things, high-exposure claims, the rising cost of litigation, outside counsel fees, difficulty in hiring attorneys, and insurance.

This year, the City is asking the Board to approve changes to the Restatement of Trusts and to the City Code to facilitate the handling of claims and lawsuits and the purchase of insurance for the City. The City anticipates that, with these changes, the City will have more stability and security to, among other things, evaluate its insurance needs and protect City resources.

To ensure that the PPL Trust Fund maintains the ability to cover the costs and expenses necessary to protect the City, the City recommends a City contribution of \$8.02 million for FY 25/26 so that the PPL Trust Fund will have an ending balance of \$14.85 million.

# Exhibit 1

**SECOND AMENDED RESTATEMENT OF TRUSTS FOR  
CITY OF MESA PROPERTY AND PUBLIC LIABILITY TRUST FUND AND  
CITY OF MESA EMPLOYEE BENEFITS TRUST FUND**

This Second Amended Restatement of Trusts (“**Restatement of Trusts**”) for City of Mesa Property and Public Liability Trust Fund (“**PPL Trust**”) and City of Mesa Employee Benefits Trust Fund (“**EBT**”) (collectively, the “**Trusts**”), dated and effective \_\_\_\_\_, 2026, is adopted by the City of Mesa, an Arizona political subdivision (the “**City**”).

**RECITALS**

Whereas, Arizona law allows the City to establish self-insurance programs for the management and administration of claims of property and public liability or losses and for health, wellness, and welfare employee benefit programs.

Whereas, Arizona law requires the funding for such self-insurance programs to be deposited in a trust.

Whereas, Section 610 of the City Charter authorizes the City to provide self-insurance programs.

Whereas, the City has established such self-insurance programs and has established trust funds for each of its self-insurance programs.

Whereas, the City intends the Trusts to satisfy the requirements of Arizona Revised Statutes (“**A.R.S.**”) § 11-981.

Whereas, on October 1, 2012, pursuant to Resolution No. 10139, the City adopted the “Restatement of Trusts for the Property and Public Liability and Employee Benefits Self-Insurance Trust Funds.”

Whereas, on December 1, 2015, pursuant to Resolution No. 10717, the City adopted the “First Amended Restatement of Trusts for the City of Mesa, Arizona Property and Public Liability and Employee Benefits Self-Insurance Trust Funds.”

THE CITY DECLARES THE FOLLOWING TRUSTS:

**ARTICLE I. RESTATEMENT OF TRUSTS; GENERAL PROVISIONS.**

1.01. The EBT was created on September 20, 1976, pursuant to Resolution No. 4100, from which health, wellness, and welfare insured or self-insured employee benefits are paid.

1.02. The PPL Trust was created on July 19, 1977, pursuant to Resolution No. 4196, from which property and public liability and loss claims are expended.

1.03. The PPL Trust is funded by allocation of funds, including from the General Fund, Enterprise Fund, Special Revenue Funds, and investment earnings. The EBT is funded by City

contributions, employee and retiree contributions, health premium subsidy contributions from the Arizona State Retirement System, the Public Safety Personnel Retirement System, the federal government for Medicare program subsidies, and various contracted reimbursements, credits, or rebates from third-party administrators or insurers of health, wellness, and welfare employee benefit programs.

1.04. The funds in the Trusts must be accounted for separately from all other City funds and accounts. The City may not make any expenditure from the Trusts for any purpose other than paying the applicable self-insurance benefits and insurance premiums, each Trust's respective administrative, management, and operating costs, and other payments authorized herein.

1.05. The funds in the Trusts must be invested consistent with the City's financial policy. The funds in the Trusts may be commingled with other City funds only for investment purposes; however, each Trust must retain its own investment earnings.

1.06. The PPL Trust's balance must be maintained by the City Manager or designee(s) with an average intended annual balance of ten million dollars (\$10,000,000) to fifteen million dollars (\$15,000,000), with transfers periodically (e.g., quarterly or semiannually) throughout the fiscal year, or such other balance amount as may be approved by resolution of the City Council. If the PPL Trust's balance is at any time below ten million dollars (\$10,000,000), City staff will report the balance to the Self-Insurance Program Board of Trustees (the "**Board**"), and the Board will recommend to City staff a timeframe within which to return the balance to the average intended annual balance of ten million dollars (\$10,000,000) to fifteen million dollars (\$15,000,000).

1.07. The Trusts must comply with all applicable federal, state, and local laws, rules, regulations, standards, and executive orders, as amended ("**Applicable Law(s)**"), without limitation to those designated within this Restatement of Trusts. Any change to an Applicable Law during the term of this Restatement of Trusts will apply to the Trusts, and if any term or provision of this Restatement of Trusts conflicts with or violates any Applicable Law, this Restatement of Trusts will be automatically deemed amended to conform to such Applicable Law.

1.08. Arizona law governs the rights of the parties, the performance of the Trusts, this Restatement of Trusts, and the resolution of any disputes thereunder. Any action relating to this Restatement of Trusts must be brought in a Maricopa County, Arizona court or the United States District Court in Arizona, as applicable.

1.09. Nothing in this Restatement of Trusts is intended to confer the status of third-party beneficiary on any person or entity.

1.10. The recitals of this Restatement of Trusts are incorporated by reference as though fully set forth herein.

1.11. This Restatement of Trusts will become effective only when approved by a resolution of the City Council. This Restatement of Trusts and the Trusts will continue until terminated by a resolution of the City Council.

1.12. This Restatement of Trusts constitutes the entire Restatement of Trusts and supersedes all other understandings, oral or written, including the “Restatement of Trusts for the Property and Public Liability and Employee Benefits Self-Insurance Trust Funds” and “First Amended Restatement of Trusts for the City of Mesa, Arizona Property and Public Liability and Employee Benefits Self-Insurance Trust Funds.”

1.13. This Restatement of Trusts may be amended or modified only by a resolution of the City Council, with notice to and consultation with the Board.

1.14. This Restatement of Trusts may be executed in several counterparts, all of which together will be considered an original.

## **ARTICLE II. SELF-INSURANCE PROGRAM BOARD OF TRUSTEES.**

2.01. The City created the Board on August 16, 1979, pursuant to Ordinance No. 1260. Except as set forth in the paragraphs below, members of the Board (the “Trustees”) are appointed and serve terms in accordance with Title 2, Chapter 17 of the Mesa City Code.

2.02. The Trustees are not entitled to receive compensation for their services, except the Trustees are entitled to receive reimbursement for any reasonable out-of-pocket costs and expenditures made by the Trustees in performing their duties.

2.03. The Trustees must be bonded or insured. This requirement may be satisfied by the blanket performance bond or other coverage provided by the City.

2.04. The Trustees must comply with A.R.S. Title 38, Chapter 3, Article 8 (A.R.S. §§ 38-501 through 511) and all other Applicable Laws regarding conflicts of interest.

2.05. In appointing the Trustees, the Mayor and City Council must comply with the Immigration Reform and Control Act of 1986 (IRCA), and the City Clerk must keep appropriate records to demonstrate all the Trustees have a legal right to live and work in the United States. The City must comply with the employment verification provisions prescribed by sections 274A and 274B of the Federal Immigration and Nationality Act and the E-Verify requirements prescribed by A.R.S. § 23-214(A).

2.06. In appointing the Trustees, the Mayor and City Council must comply with Title VII of the Civil Rights Act of 1964, as amended, section 504 of the Federal Rehabilitation Act, the Americans with Disabilities Act (42 U.S.C. § 12101 *et seq.*), and all other Applicable Laws regarding employment.

2.07. The Trustees must comply with the City of Mesa Ethics Handbook for Elected Officials and Advisory Board Members.

## **ARTICLE III. POWERS AND DUTIES OF THE BOARD.**

3.01. The Board must meet periodically as determined by the Chair of the Board. Such meetings

must comply with the Arizona Open Meetings Act (A.R.S. § 38-431 *et seq.*).

3.02. The Board must make recommendations to the City Council regarding the financial viability of the Trusts and perform such duties as may be delegated by the City Council from time to time.

3.03. Upon City staff reporting to the Board that the PPL Trust's balance is below ten million dollars (\$10,000,000), the Board will recommend to City staff a timeframe within which to return the balance to the average intended annual balance of ten million dollars (\$10,000,000) to fifteen million dollars (\$15,000,000).

3.04. The Board will review and approve or deny requests from the City Attorney to increase the maximum settlement authority per claimant for claims and civil lawsuits, exclusive of attorneys' fees and costs, that may be obtained without consultation with the City Council and that is paid from the PPL Trust (the "**Maximum Settlement Authority**"); provided however, the Board may not approve a Maximum Settlement Authority that exceeds two hundred fifty thousand dollars (\$250,000).

#### **ARTICLE IV. OPERATION OF PUBLIC AND PROPERTY LIABILITY SELF-INSURANCE PROGRAM AND PPL TRUST.**

4.01. The daily operations of the property and public liability self-insurance program and PPL Trust will be performed by the City Attorney or designee(s). In operating the property and public liability self-insurance program and PPL Trust, the City Attorney will have all powers and duties granted to the City Attorney in the City Charter and City Code, including granted pursuant to Title 1, Chapter 19 of the City Code.

4.02. The City Attorney, through the City's contracted national insurer broker and with approval of the City Manager, is authorized to procure and modify the City's liability insurance coverages with funds from the PPL Trust, as set forth in Title 1, Chapter 19 of the City Code.

4.03. The City Attorney is authorized to file, pursue, defend, appeal, settle, dismiss, and resolve any and all claims and civil lawsuits. The City Attorney is authorized to pay claims and lawsuits, including settlements, judgments, and verdicts with funds from the PPL Trust.

4.04. The process for handling claims and lawsuits, including the settlement, resolution, and payment of claims and lawsuits with funds from the PPL Trust will be established in and subject to policies adopted by the City Attorney (the "**Litigation Policies**"). The Litigation Policies must at a minimum include policies for claims and risk management, setting financial reserves, settlement authority and process, and payment approval process.

4.05. The City Attorney, through the Litigation Policies, is authorized to delegate to members of the City Attorney's Office litigation unit, including the Risk Management Claims Analyst, Assistant City Attorneys, and Deputy City Attorney, authority to settle claims and lawsuits and is further authorized to determine preapproved settlement amounts for each such member of the litigation unit, the process for obtaining settlement authority above the preapproved settlement

amounts, and the Maximum Settlement Authority subject to the following section.

4.06. The City Attorney must annually review the Litigation Policies. The City Attorney is authorized to modify the Litigation Policies at their discretion, including the policies for settlement authority and settlement amounts; provided however, the City Attorney may not increase the Maximum Settlement Authority without approval of the Board, and the Maximum Settlement Authority may not exceed two hundred fifty thousand dollars (\$250,000).

4.07. The City Attorney must annually provide a report to the Board regarding modifications made to the Litigation Policies, if any.

#### **ARTICLE V. OPERATION OF EMPLOYEE BENEFITS SELF-INSURANCE PROGRAM AND EBT.**

5.01. The daily operations of the employee benefits self-insurance and insured benefits programs and EBT will be performed by the Employee Benefits Administrator or designee(s) in accordance with the City of Mesa Health Plan Document (the “**Plan Document**”). Designee(s) of the Employee Benefits Administrator may include members of the City’s employee benefits administration unit or the City’s contracted employee benefits third-party administrators or insurers.

5.02. The duties of the Employee Benefits Administrator include all the following:

A. Determine the eligibility for, and administer the enrollment of eligible members in, self-insurance and fully insured health, wellness, and welfare employee benefit programs in accordance with the Plan Document.

B. Process and pay or deny benefits claims, establish and administer provider networks, conduct appeals administration, execute health, wellness, and welfare employee benefit contracts on behalf of the City, and authorize funding and payments for professional services, insurance premiums, fees, and self-insured claims payments related to health, wellness, and welfare employee benefit programs.

C. Determine coverage and authorization of health care program services and compliance with Health Insurance Portability and Accountability Act (HIPAA) and other state and federal requirements.

D. Make recommendations to the City Manager and appropriate City board or commission or Council committee (e.g., Employee Benefits Advisory Committee) regarding authorization of and revisions to the Plan Document, including clarifications, vendor updates, compliance requirements, cost containment activities, and plan enhancements to help ensure the Plan Document is comprehensive, competitive, and compliant with Applicable Laws.

The City has executed this Restatement of Trusts as of the date first set forth above.

**CITY OF MESA**

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Scott Butler  
City Manager

Attest:

---

Holly Moseley  
City Clerk

Approved as to form:

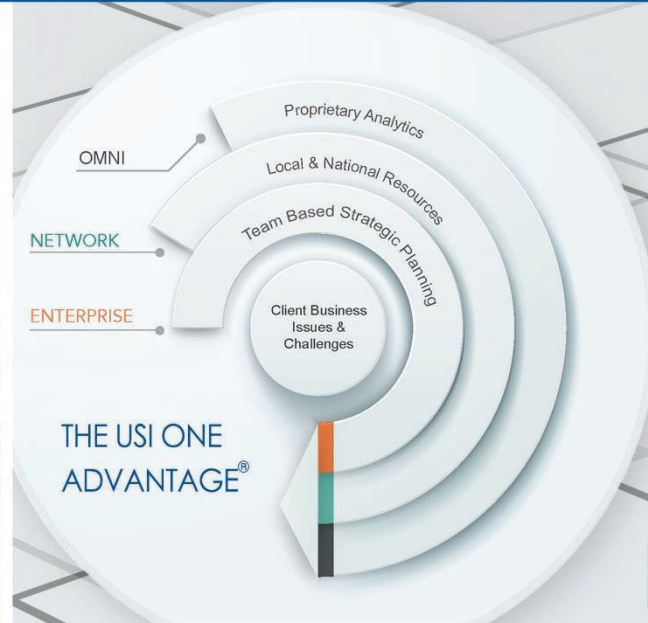
---

Jim Smith  
City Attorney

## Exhibit 2

# Property & Casualty Insurance Proposal

## City of Mesa



John Houghton, Sr. Account Executive

Chris Bouffard, Account Executive

Gustavo Valenzuela, Account Manager

Date Presented: 11/11/2025 [REVISED]

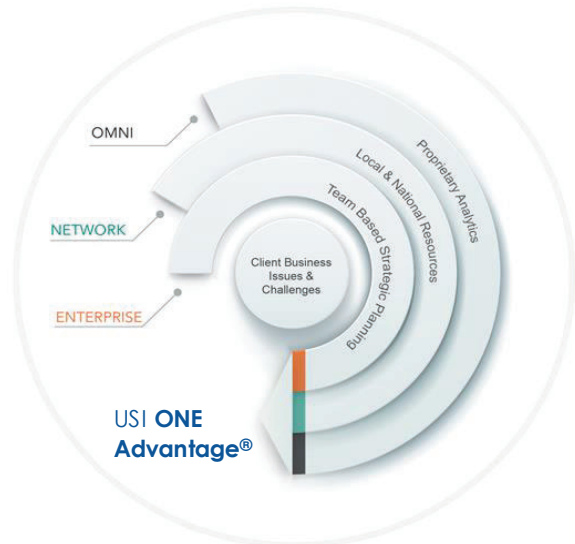


# About USI Insurance Services

USI is one of the largest insurance brokerage and consulting firms in the world, delivering property and casualty, employee benefits, personal risk, program and retirement solutions to large risk management clients, middle market companies, smaller firms and individuals. Headquartered in Valhalla, New York, USI connects together over 9,000 industry leading professionals across approximately 200 offices to serve clients’ local, national and international needs. USI has become a premier insurance brokerage and consulting firm by leveraging the USI ONE Advantage®, an interactive platform that integrates proprietary and innovative client solutions, networked local resources and expertise, and enterprise-wide collaboration to deliver customized results with positive, bottom line impact. USI attracts best-in-class industry talent with a long history of deep and continuing investment in our local communities. For more information, visit [usi.com](http://usi.com).

## The USI ONE Advantage

What truly distinguishes USI as a leading middle market insurance brokerage and consulting firm is the USI One Advantage, a game-changing value proposition that delivers clients a robust set of risk management and benefit solutions and exclusive resources with financial impact. USI ONE™ represents **Omni, Network, Enterprise**—the three key elements that create the USI ONE Advantage and set us apart from the competition.



### **Omni – USI’s Proprietary Analytics**

Omni, which means “all,” is USI’s one-of-a-kind solutions platform—real time, interactive, dynamic and evolving, and customized for each client. Built in-house by USI subject matter experts, Omni captures the experience of more than 100,000 clients, thousands of professionals and over 100 years of business activity through our acquired agencies into targeted, actionable solutions.

### **Network – USI’s Local and National Resources**

USI has made a very large investment in local resources and technical expertise, with more than 6,000 professionals networked nationally to build strong vertical capabilities and integrated account teams. Our local and regional experts ensure account team availability, hands-on service, and ongoing diligent follow-through so we can deliver on the solutions we customize for our clients.

### **Enterprise – USI’s Team Based Strategic Planning**

USI’s enterprise planning is a disciplined, focused, analysis centered on our client’s issues and challenges. Highly consultative meetings integrate USI’s Omni analytics with our broad resource network to build a risk management strategy aligned with client business needs. Our enterprise process is a proven method for identifying, quantifying and minimizing client risk exposures.

The USI ONE Advantage—our **Omni** knowledge engine, with our **Network** of local and national resources, delivered to our clients through our **Enterprise** planning process gives USI fundamentally different solutions, the resources to deliver, and a process to bring superior results to our clients.

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

## Service Team

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**USI Insurance Services LLC**  
2375 E. Camelback Rd, Suite 740, Phoenix, AZ 85016  
(602) 279-5800    www.usi.com

### Account Executive

Your **Sr Account Executive** is **John Houghton, CIC, CISR, CRIS**

Direct Number: (602) 374-1322  
E-Mail: John.Houghton@usi.com

Your **Account Executive** is **Chris Bouffard, CISR**

Direct Number: (602) 374-1382  
E-Mail: Chris.Bouffard@usi.com

### Account Management Team

Your **Account Manager** is **Gustavo Valenzuela**

Direct Number: (602) 374-1339  
E-Mail: Gustavo.Valenzuela@usi.com

Your **Sr Account Representative** is **Zoe West**

Direct Number: (602) 374-1338  
E-Mail: Zoe.West@usi.com

### Additional USI Resource Contacts

Your **Aviation** contact is **Lauren Hanes**

Direct Number: (470) 875-0460  
E-Mail: Lauren.Hanes@usi.com

Your **Environmental** contact is **Graham Smith**

Direct Number: (202) 424-2728  
E-Mail: Graham.Smith@usi.com

Your **Cyber** contact is **James Reed, CIPP/US**

Direct Number: (925) 214-0138  
E-Mail: James.Reed@usi.com

Your **Risk Control** contact is **Michael Dwiggin, ARM**

Direct Number: (602) 374-1301  
E-Mail: Michael.Dwiggin@usi.com

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# InsurLink Client Portal

InsurLink, USI's secure, interactive portal for client collaboration and self-service resources, helps streamline the administration of your insurance program with efficient, environmentally friendly, paperless transactions.

InsurLink enables you to manage your program online in seamless collaboration with your USI service team 24 hours a day, 7 days a week.

## With our user-friendly, intuitive software you can:



View and reprint Certificates of Insurance.



View policies, endorsements and other key documents.



Generate and issue Certificates of Insurance quickly and accurately.



Share documents with your USI service team



Reprint and replace Auto ID cards.\*

For more information about InsurLink, contact your USI service representative.

USI Insurance Services LLC  
100 Summit Lake Drive, Suite 400  
Valhalla, NY 10595

Overview

Auto ID

Documents

Certificates

USI Terms & Conditions

USI

My Account

### Hello Client User

**My Quick Links**

**Auto Insurance**  
[Download Insurance Card](#)

**Certificates**  
[Add a holder](#)

**Links**

[Chubb](#)

[Travelers](#)

[eCollaborate](#)

InsurLink

in

Privacy Policy Terms of Use

Get our mobile app for Android or Apple and access your InsurLink client portal on the go!

\*Limitations in NY and NJ

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Proposal date: 11/11/2025 Prepared for City of Mesa - MS-1077  
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# CertVault<sup>SM</sup> for Certificate Delivery

USI utilizes CertVault<sup>SM</sup>, a cloud-based system for storage and secure delivery of certificates of insurance to your certificate holders.

## Benefits of CertVault<sup>SM</sup>

- ✓ Supports USI's go-green initiative by eliminating printed and mailed certificates.
- ✓ Provides faster delivery than standard printing and mailing.
- ✓ Reduces your contact with Holders by providing them with self-service access to obtain issued certificates.
- ✓ Provides USI with a reliable reporting mechanism to identify Holders that have taken delivery of certificates, as well as Holders that have not retrieved their issued certificates. *(This data can be used to facilitate a review of the Holder list prior to renewal).*
- ✓ Protects your information by delivering your certificates securely with Blockchain Technology to ensure authenticity.



### Certificate Delivery Process for Holders

When USI issues a certificate for one of your Holders, they are sent a CertVault<sup>SM</sup> registration letter via email or regular mail.

After registration is completed, the Holder representative can view only their certificate on the CertVault<sup>SM</sup> platform.



### Client Copies of Certificates

You will continue to receive copies of certificates issued on your behalf via the method requested (email or regular mail).



### For More Information

If you have any questions, please contact your USI Account Management Team.

**For more information about CertVault<sup>SM</sup>, contact your USI service representative.**

*"Certvault<sup>SM</sup>" is a service mark of Patra Corporation*

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## Executive Summary

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As we approach the renewal date for your commercial insurance portfolio, we have conducted a comprehensive review of your existing coverage, risk exposure, and industry trends. Here we aim to present key market factors, trends, and findings relevant to the City of Mesa's (COM) insurance program.

### Public Entity Market Highlights & Trends\*

The property insurance market in 2025 is characterized by a notable softening trend, particularly for accounts with favorable risk profiles and minimal loss histories. Despite significant catastrophe losses in early 2025, including the Palisades and Eaton wildfires in California and severe convective storms across the U.S., insurers remain well-capitalized, and reinsurance capacity is abundant. Rate reductions have been observed in shared and layered programs, with London and Bermuda markets contributing to competitive pricing. However, public entities with exposures to wildfire-prone areas, older infrastructure, or subsidized housing may face challenges in securing favorable terms. Tariffs are expected to drive up replacement costs and policy limits, particularly in regions dependent on imported materials, necessitating more frequent valuation reviews and strategic program adjustments.

Casualty lines present a bifurcated landscape. Reserve redundancy is diminishing, and medical severity costs are rising, particularly in high-risk sectors such as public works and emergency services. Legislative trends, including expanded presumptions for mental health conditions, are waning but still relevant. Automobile liability remains a challenging line, especially for fleets exceeding 200 vehicles or those with poor loss histories. Public entities operating large fleets, including transit and emergency vehicles, must contend with elevated attachment points and limited capacity.

General Liability continues to be pressured by social inflation, litigation financing, and nuclear verdicts. Public entities face heightened scrutiny in areas such as Law Enforcement Liability, where use-of-force incidents and civil rights claims are driving increased retentions and reduced capacity. The erosion of tort protections and the extension of statutes of limitations for sexual abuse and molestation claims further complicate the liability landscape. Rates for general liability are generally flat to moderately increasing, but high-hazard exposures, such as custodial care, public housing, and recreational facilities, may see double-digit hikes. Insurers are increasingly requiring loss-sensitive programs and integrated coverage solutions to manage profitability.

Environmental liability is undergoing significant transformation. Exclusions for PFAS and other emerging contaminants are becoming standard, particularly in general and product liability policies. Public entities engaged in redevelopment, infrastructure projects, or waste management must navigate increased underwriting scrutiny and potential coverage gaps. Mold claims, unknown contamination, and regulatory rollbacks are contributing to higher deductibles and premiums. Site-specific pollution legal liability (PLL) policies are gaining traction, especially in urban construction and brownfield redevelopment.

Aviation liability is experiencing a resurgence of capacity and competition, benefiting public entities that operate airports or maintain aviation fleets. Rates are generally flat to declining for accounts with favorable loss histories, and supplementary coverages are improving. However, rising claims costs, supply chain disruptions, and social inflation are tempering optimism.

Executive and professional risks, including Directors and Officers (D&O), Employment Practices Liability (EPL), Fiduciary Liability, and Cyber liability, remain stable but nuanced. Public entities may benefit from flat to slightly reduced premiums. However, EPL claims are rising, driven by economic volatility, layoffs, and increased regulatory scrutiny. Cyber liability remains competitive, but underwriters are closely monitoring adherence to cybersecurity controls. AI-related exposures and tariff-driven financial instability are emerging concerns across professional lines.

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## Executive Summary Continued

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In summary, the 2025 insurance market offers opportunities for public entities to optimize coverage and manage costs, particularly in Property and Cyber coverages. However, challenges persist in casualty, liability, and environmental sectors, where social inflation, litigation trends, and regulatory changes are reshaping underwriting standards and capacity deployment. Strategic planning, early engagement with markets, and the use of data analytics are essential for public entities to navigate this evolving landscape and secure favorable outcomes.

*[\\*USI's 2025 Commercial Property & Casualty Mid-Year Market Addendum](#)*

*[\\*AMWINS State of the Market 2025 Outlook](#)*

*[\\*WTW Insurance Marketplace Realities Spring Update 2025](#)*

### 2025 Market Strategy

Given the current state of the market and noting past heavy marketing efforts, USI's renewal strategy was to market targeted lines of coverage. Strategy was based on new and emerging insurers, opportunities, and market feedback from last year. Please refer to our [Marketing Summary](#) for specific carriers approached and each response.

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Proposal date: 11/11/2025 Prepared for City of Mesa - MS-1077

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# Executive Summary Continued

## 2025 Renewal Results

The below exhibit provides an overview of year-over-year changes in your insurance exposures, average rates, and premiums across the various lines of coverage. Here, we offer a clear snapshot of how COM's renewal compares to the expiring program.

Coverage	Rating Basis	Exposures			Premium			Net Rate		
		Expiring	Renewal	% Chg	Expiring	Renewal	% Chg	Expiring	Renewal	% Chg
Property	TIV	\$1,778,039,723	\$1,911,097,475	7%	\$1,195,500	\$1,127,249	-6%	0.067	0.059	-12%
General Liability	Budget Revenue	\$2,690,000,000	\$2,790,000,000	4%	\$135,454	\$147,916	9%	0.050	0.053	5%
Law Enforcement Liability	# of Officers	1,059	1,037	-2%	\$378,625	\$424,060	12%	357.53	408.93	14%
Management Liability	Budget Revenue	\$2,690,000,000	\$2,790,000,000	4%	\$52,877	\$57,491	9%	0.020	0.021	5%
Employment Practices Liability	# of Employees	5,260	4,457	-15%	\$24,551	\$25,651	4%	4.67	5.76	23%
Automobile Liability	# of Power Units	1,787	1,701	-5%	\$214,652	\$236,810	10%	120.12	139.22	16%
Automobile Physical Damage	Insured Value	\$162,195,125	\$168,468,154	4%	\$246,808	\$277,124	12%	0.15	0.16	8%
Umbrella Liability (10xP)	Underlying Premium	\$806,159	\$891,928	11%	\$415,442	\$473,515	14%	51.53	53.09	3%
Excess Liability (10x10)	Underlying Premium	\$415,442	\$473,515	14%	\$479,880	\$557,280	16%	115.51	117.69	2%
Excess Liability (10x20)	Underlying Premium	\$479,880	\$557,280	16%	\$355,008	\$397,836	12%	73.98	71.39	-4%
Excess Liability (10x30)	Underlying Premium	\$355,008	\$397,836	12%	\$279,000	\$323,000	16%	78.59	81.19	3%
Airport Liability	Airport Budget	\$2,360,000	\$2,500,500	6%	\$34,884	\$40,117	15%	14.78	16.04	9%
Aircraft Hull & Liability	Insured Value	\$10,145,000	\$10,145,000	0%	\$207,834	\$207,834	0%	2.05	2.05	0%
Unmanned Aircraft Hull & Liability	Insured Value	\$219,470	\$247,491	13%	\$45,886	\$46,479	1%	20.91	18.78	-10%
General & Pollution Liability (Greenfield Water Reclamation Plant)	Projected Revenue	\$15,530,956	\$15,714,953	1%	\$57,673	\$53,341	-8%	3.71	3.39	-9%
Excess General & Pollution Liability (Greenfield Water Reclamation Plant)	Underlying Premium	\$57,673	\$53,341	-8%	\$53,126	\$52,417	-1%	92.12	98.27	7%
Cyber	Budget Revenue	\$2,690,000,000	\$2,790,000,000	4%	\$183,851	\$123,324	-33%	0.07	0.04	-35%
<b>TOTAL</b>					<b>\$4,361,051</b>	<b>\$4,615,536</b>	<b>5%</b>			

\*Net rates shown are not actual policy rates but instead an average rate based upon premium divided by exposure. Actual policy rates will supersede the average net rates provided here. Please refer to COM's policy and/or quotations for actual rates.

Coverage	Rating Basis	Exposures			Premium			Net Rate		
		Expiring	Renewal	% Chg	Expiring	Renewal	% Chg	Expiring	Renewal	% Chg
Cadence CFD (General Liability & Management Liability)	Budget Revenue	\$147,880	\$152,150	3%	\$5,000	\$5,000	0%	33.81	32.86	-3%
Eastmark #1 CFD (General Liability & Management Liability)	Budget Revenue	\$567,045	\$618,766	9%	\$14,215	\$15,420	8%	25.07	24.92	-1%
Eastmark #2 CFD (General Liability & Management Liability)	Budget Revenue	\$118,109	\$119,474	1%	\$5,000	\$5,000	0%	42.33	41.85	-1%
<b>TOTAL</b>					<b>\$24,215</b>	<b>\$25,420</b>	<b>5%</b>			

\*Net rates shown are not actual policy rates but instead an average rate based upon premium divided by exposure. Actual policy rates will supersede the average net rates provided here. Please refer to COM's policy and/or quotations for actual rates.

Coverage	Rating Basis	Exposures			Premium			Net Rate		
		Expiring	Renewal	% Chg	Expiring	Renewal	% Chg	Expiring	Renewal	% Chg
Fiduciary Liability	Plan Assets	\$419,605,029	\$430,421,822	3%	\$18,921	\$18,672	-1%	0.045	0.043	-4%
<b>TOTAL</b>					<b>\$18,921</b>	<b>18,672</b>	<b>-1%</b>			

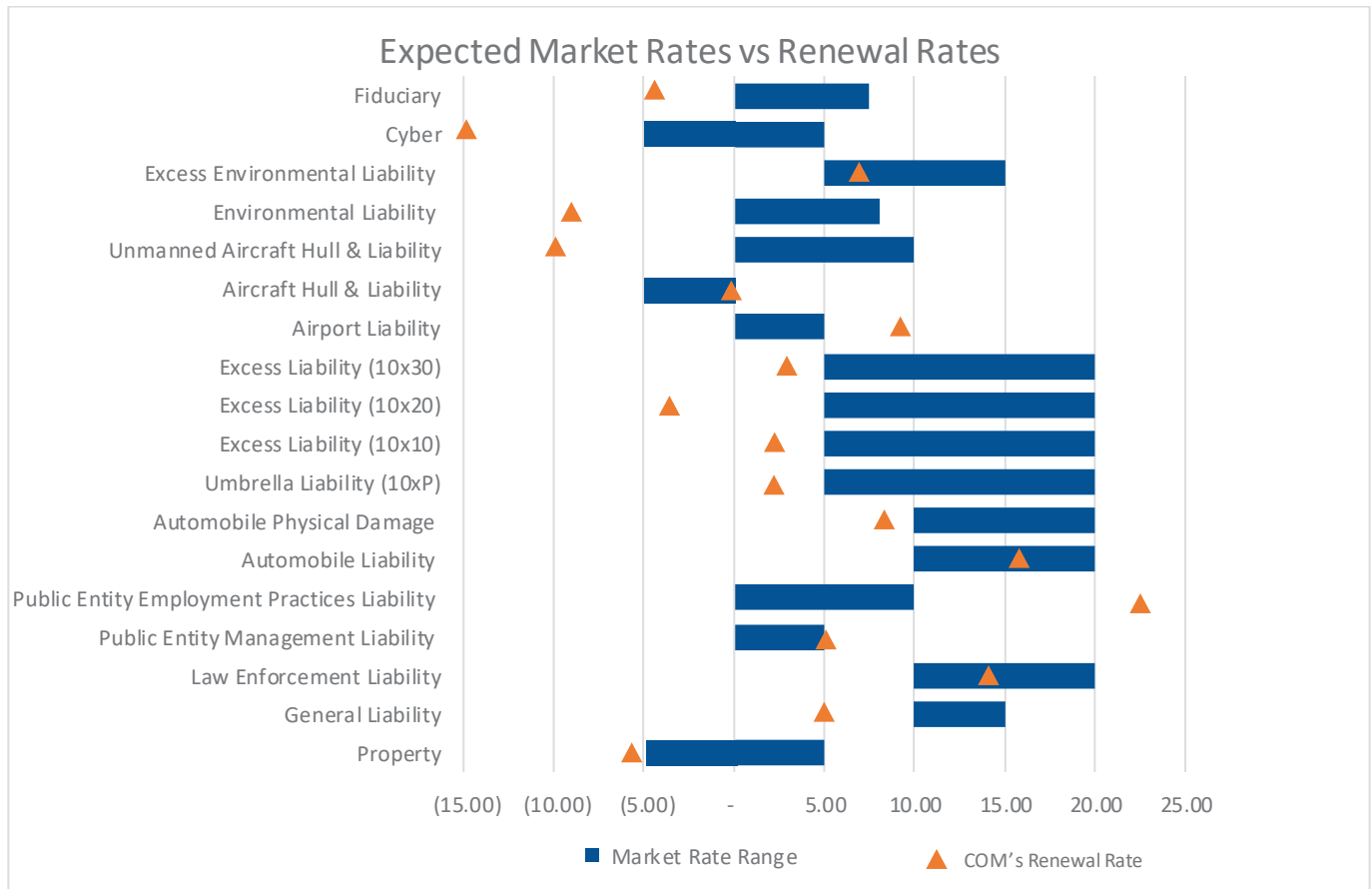
\*Net rates shown are not actual policy rates but instead an average rate based upon premium divided by exposure. Actual policy rates will supersede the average net rates provided here. Please refer to COM's policy and/or quotations for actual rates.

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# Executive Summary Continued

## Market Rates versus Renewal Rates

The below chart shows expected rate changes for 2025 across public entities by line of coverage. The range considers risk profiles with favorable loss history and minimal catastrophe exposures. COM's average rate by line is plotted over the market range to compare how COM's renewal compares to the market overall.



COM's renewal outperformed or is in line with the market for most lines of coverage with the exception of the Public Entity Employment Practices Liability and Airport Liability lines. Travelers attributes the rate increase on the Employment Practices Liability to the performance of the line for this class of business and the sharp decrease in employee count, which can signal an influx of claim activity. Though, despite the large rate increase, premium has only increased \$1,100 year-over-year for this line. The Airport Liability rate increase is attributed to the large claim occurring at Falcon Field in 2024, which continues to develop and mediation scheduled for November.

Optimal results were achieved on most lines of coverage, which helps maintain COM's competitively priced insurance program.

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## Executive Summary Continued

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### Property Peer Comparison

Here we explore how COM compares amongst its peers of similar size and/or complexity. The below exhibit are the results from property insurance renewals within the past 6 months for current USI clients. Client names have been omitted and Total Insured Values and Population have been rounded to protect client data privacy.

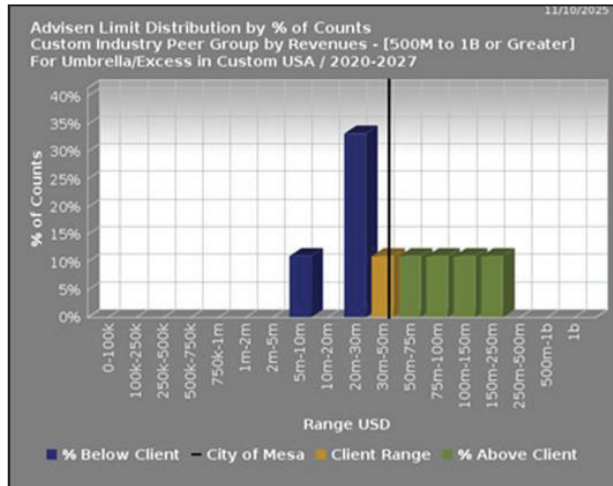
Client	Population	Total Insured Value	Rate	AOP Deductible
Client #1	200,000	\$1,028,000,000	0.130	\$250,000
Client #2	650,000	\$2,819,000,000	0.098	\$250,000
Client #3	320,000	\$1,084,000,000	0.240	\$250,000
Client #4	1,500,000	\$5,327,000,000	0.125	\$250,000
Client #5	480,000	\$1,410,000,000	0.262	\$250,000
City of Mesa	523,220	\$1,911,097,475	0.063	\$250,000

Note: Deductible was voluntarily increased from \$100,000 to \$250,000 this renewal.

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# Excess Liability Benchmarking

USI understands the importance of peer group analysis, as it helps COM effectively assess their insurance program and may help guide decision making. The following results are narrowed to states without statutory damage caps.



Client:	40M	
% Below or Equal to Client:	55.6	
% Above Client:	44.4	
Range USD	% of Counts	Cumulative %
150m-250m	11.1	99.9
100m-150m	11.1	88.8
75m-100m	11.1	77.7
50m-75m	11.1	66.6
30m-50m	11.1	55.5
20m-30m	33.3	44.4
5m-10m	11.1	11.1
<b>Program Count: 9</b>		

Selected Peer Group Filters	
<b>Time Periods:</b> 2027, 2026, 2025, 2024, 2023, 2022, 2021, 2020	<b>Industries:</b> General Government, Nec, Government Local
<b>Coverage:</b> Liability	<b>Company Type:</b> All Companies
<b>LOBs:</b> Umbrella/Excess	<b>Company Exposure (Revenues):</b> \$500M to \$1B, \$1B or Greater
<b>Filter Benchmarking Range:</b> None	<b>Location:</b> Arizona, Arkansas, California, Delaware, Hawaii, Illinois, Kentucky, New Jersey, New York, Oklahoma, Pennsylvania, Wyoming
<b>Peer Group Size:</b> 16	

## Local Peer Survey

A survey of local peers were conducted and returned the following results:

City	Est. Population	Limit
Gilbert, Arizona	293,532	\$30M
Tucson, Arizona	550,306	\$35M
Scottsdale, Arizona	246,068	\$40M
Chandler, Arizona	291,572	\$30M
Tempe, Arizona	186,629	\$30M

## Key Findings

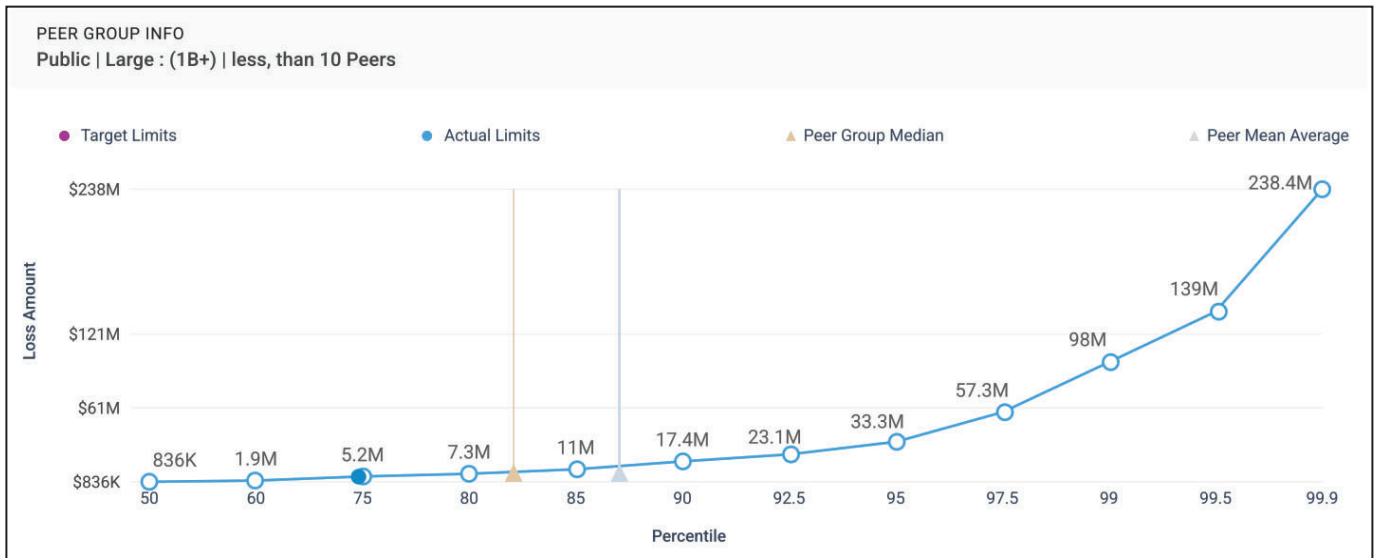
COM currently purchases \$40M in Excess Liability limits. Your peers are identified as Local Governments & Municipalities located in states without damage caps and with annual budget revenues of \$500M and greater. Note, 44% of COM's peer group is purchasing higher limits the current amount.

We find that COM's current limits of \$40M align local municipalities, however, sit higher than the average national peer.

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# Cyber Benchmarking

USI understands the importance of peer group analysis, as it helps COM effectively assess their insurance program and may help guide decision making.



	Risk Transfer Percentile	Meaning
<b>Your Actual Limits</b>	74 <sup>th</sup> \$5M	Your Company's limits are transferring financial risk for 74% of simulated cyber losses.
<b>Your Target Limits</b>	N/A	Less than 50th percentile
<b>Peer Group Average</b>	87 <sup>th</sup> \$13.5M	Your peer group (mean) average limits is transferring financial risk for 87% of simulated cyber losses. Your equivalent limits at this peer percentile
<b>Peer Group Median</b>	82 <sup>nd</sup> \$8.8M	The peer median company is transferring financial risk for 82% of simulated cyber losses. Your equivalent limits at this peer percentile

Analysis Generated 9/16/2025. © 2025 CyberCube Analytics Inc. All rights reserved.

## Key Findings

COM's current limit of \$5M provides solid baseline protection but is below peer averages, as only 74% of modeled cyber losses are transferred at that limit. Increasing the limit to \$8M to \$13M would align with peers and reduce exposure to larger loss events.

➤ See [Appendix I](#) for CyberCube Analytics Report.

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# Casualty Analytics

COM currently operates with a \$3M per occurrence Self-Insured Retention (SIR) on its General Liability and Automobile Liability program. This structure means the City absorbs the first \$3M of each claim and transfers anything above that to the excess insurer(s). This strategy is typically used by large, well-capitalized public entities with stable loss patterns, allowing them to retain predictable losses while transferring catastrophic risk.

## General Liability Loss Forecast & Stratification Findings

### Loss Rate and Projected Losses

<u>Scenario</u>	<u>Selected Loss Rate</u>	<u>Projected Loss (2025)</u>	<u>Notes</u>
\$1M SIR	2.362	\$3.89M	Lower retention scenario
\$3M SIR (Current)	3.038	\$5.01M	Current structure
Unlimited	3.120	\$5.14M	No cap on exposure

The difference between \$3M and unlimited is minimal (\$5.01M vs \$5.14M), indicating very few or no historical claims exceed the \$3M threshold. Reducing to a \$1M retention would lower expected retained losses but likely increase premium costs substantially. This would also suggest, with minimal material change in expected loss projections, increasing the retention to \$4M would have very little premium savings, if any at all.

### Stratification / Severity Patterns

- 55% of historical GL dollars fall under \$250k.
- 68% under \$500k and 81% under \$1M.
- Only 9% of historical years had claims over \$1.5M.
- No significant frequency at the very high end.

This confirms the City's loss profile is concentrated in low to moderate severity claims.

## Auto Liability Loss Forecast & Stratification Findings

### Loss Rate and Projected Losses

<u>Scenario</u>	<u>Selected Loss Rate</u>	<u>Projected Loss (2025)</u>	<u>Notes</u>
\$500K SIR	\$686	\$1.18M	Lower retention scenario
\$3M SIR (Current)	\$878	\$1.51M	Current structure
Unlimited	\$881	\$1.52M	No cap on exposure

Auto Liability shows a similar pattern as GL, there's no significant difference between \$3M and unlimited retention scenarios. This would indicate that reducing the retention would likely increase premium significantly while increasing the retention to \$4M would have very minimal premium savings.

### Stratification / Severity Patterns

- 75% of incurred dollars fall under \$250k.
- 90% fall under \$1.5M.
- Penetration frequency above \$500k is low (18%), and very rare above \$1M.

Auto claims are frequent but low severity, with isolated severity spikes.

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## Casualty Analytics Continued

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### Risk Transfer Strategy Assessment

The data shows that the vast majority of the City's claims fall well below the \$3M retention. Over 80% of General Liability and 90% of Auto Liability dollars are under \$1M. Only a handful of claims have ever approached or exceeded \$3M. This means the City is effectively using its self-insurance program to handle routine losses while relying on excess insurance for rare catastrophic events. Reducing the retention would increase premium with minimal benefit. The current \$3M retention level is actuarially sound.



See [Appendix II](#) for Loss Forecasts and Stratifications.

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## Renewal Comparison

The following is a year over year comparison of COM’s key limits and premiums. The comparison provides a basic visual understanding of the renewal program compared to the expiring program and will note changes. Please note that this is a summary only and provides no confirmation of the terms contained within. This summary utilizes common industry terms and does not imply specific coverages or how coverage should apply, if at all. The terms and conditions in the policies and quotes will supersede this document.

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Property</b>	<b>Travelers</b>	<b>Travelers</b>		
Policy Limit	\$500,000,000	\$500,000,000		
Buildings	Included	Included		
Contents	Included	Included		
Business Income	Not Covered	Not Covered		
Rating Basis: Total Insured Values	\$1,778,039,723	\$1,911,097,475	7%	\$133,057,752
Deductibles				
All Other Perils	\$100,000	<b>\$250,000</b>		
Flood	\$250,000	<b>\$1,000,000</b>		
Boiler and Machinery	Included	Included		
Scheduled / Contractors Equipment	\$10,000,000	\$10,000,000		
Flood Limit	\$25,000,000	\$25,000,000		
Zones Not Covered	A and V	A and V		
Earthquake	\$50,000,000	\$50,000,000		
Zones Not Covered	High & Moderate	High & Moderate		
Margin Clause	None	None		
Valuation	Replacement Cost	Replacement Cost		
Residential Locations Valuation	Actual Cash Value	Actual Cash Value		
Ordinance or Law				
Undamaged Portion	Included in Building Limit	Included in Building Limit		
Demolition Cost	\$10,000,000	\$10,000,000		
Increased Cost of Construction	\$10,000,000	\$10,000,000		
Electronic Data & Processing Sublimit	\$1,000,000	\$1,000,000		
Extra Expense	\$10,000,000	\$10,000,000		
Covered Property at Undescribed Premises	\$1,000,000	\$1,000,000		
Covered Property in Transit	\$1,000,000	\$1,000,000		
Builders Risk	\$10,000,000	\$10,000,000		
Leasehold Interest	\$5,000,000	\$5,000,000		
Errors and Omissions – Any One E&O	\$5,000,000	\$5,000,000		
Utility Services - Direct Damage	\$10,000,000	\$10,000,000		
Underground Tanks, Pipes, Flues, Drains Etc	\$2,500,000	\$2,500,000		
Other Ancillary Coverages	Refer to Quote	Refer to Quote		
Terrorism (TRIA)	Included	Included		
<b>Total Premium</b>	<b>\$1,195,500.00</b>	<b>\$1,127,249.00</b>	<b>-6%</b>	<b>(\$68,251)</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>General Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
General Aggregate	\$3,000,000	\$3,000,000		
Products/Completed Operations Aggregate	\$3,000,000	\$3,000,000		
Each Occurrence	\$1,000,000	\$1,000,000		
Personal & Advertising Injury	\$1,000,000	\$1,000,000		
Damage to Premises Rented to You	\$1,000,000	\$1,000,000		
Medical Expense	Excluded	Excluded		
Sewage Back-Up	\$1,000,000	\$1,000,000		
Failure to Supply	\$1,000,000	\$1,000,000		
Abuse or Molestation Liability				
Each Offense	\$1,000,000	\$1,000,000		
Aggregate	\$2,000,000	\$2,000,000		
Cemetery Professional Liability	Included	Included		
Professional Health Care Liability	Included	Included		
Nurses / Paramedic /EMT	Yes	Yes		
Social Services, Jail Nurses, Coroner	No	No		
Self Insured Retention				
Each Occurrence	\$3,000,000	\$3,000,000		
Personal or Advertising Injury - Each Person	\$3,000,000	\$3,000,000		
Abuse & Molestation - Each Offense	\$3,000,000	\$3,000,000		
Rating Basis: Budget	\$2,690,000,000	\$2,790,000,000	4%	\$100,000,000
Terrorism	Included	Included		
<b>Total Premium</b>	<b>\$132,106.00</b>	<b>\$144,365.00</b>	<b>9%</b>	<b>\$12,259</b>
<b>Liquor Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Locations	Scheduled Only	Scheduled Only		
Aggregate	\$2,000,000	\$2,000,000		
Each Common Cause	\$1,000,000	\$1,000,000		
Self Insured Retention	\$3,000,000	\$3,000,000		
<b>Total Premium</b>	<b>\$3,318.00</b>	<b>\$3,518.00</b>	<b>6%</b>	<b>\$200</b>
<b>Employee Benefits Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Each	\$1,000,000	\$1,000,000		
Aggregate	\$3,000,000	\$3,000,000		
Retroactive Date	11/22/2015	11/22/2015		
Self Insured Retention	\$3,000,000	\$3,000,000		
Rating Basis: Employees	4,981	5,260	6%	279
<b>Total Premium</b>	<b>\$25.00</b>	<b>\$30.00</b>	<b>20%</b>	<b>\$5</b>
<b>Law Enforcement Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Each Wrongful Act	\$1,000,000	\$1,000,000		
Aggregate	\$2,000,000	\$2,000,000		
Self Insured Retention	\$3,000,000	\$3,000,000		
Rating Basis: # of Officers	1,059	1,037	-2%	(22)
<b>Total Premium</b>	<b>\$378,625.00</b>	<b>\$424,060.00</b>	<b>12%</b>	<b>\$45,435</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Public Entity Management Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Each Wrongful Act	\$1,000,000	\$1,000,000		
Aggregate	\$2,000,000	\$2,000,000		
Self Insured Retention	\$3,000,000	\$3,000,000		
Rating Basis: Budget	\$2,690,000,000	\$2,790,000,000	4%	\$100,000,000
<b>Total Premium</b>	<b>\$52,877.00</b>	<b>\$57,491.00</b>	<b>9%</b>	<b>\$4,614</b>
<b>Public Entity Employment Practices Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Each Wrongful Act	\$1,000,000	\$1,000,000		
Aggregate	\$2,000,000	\$2,000,000		
Self Insured Retention	\$3,000,000	\$3,000,000		
Rating Basis: Employees	5,260	4,457	-15%	(803)
<b>Total Premium</b>	<b>\$24,551.00</b>	<b>\$25,651.00</b>	<b>4%</b>	<b>\$1,100</b>
<b>Automobile</b>	<b>Travelers</b>	<b>Travelers</b>		
Liability	\$1,000,000	\$1,000,000		
Symbol	1	1		
Uninsured/Underinsured Motorist	No Coverage	No Coverage		
Rating Basis	Composite	Composite		
Number of Autos (Liability)	1,787	1,701	-5%	(86)
Number of Trailers (Liability)	205	176	-14%	(29)
Total # of Units for (Liability)	1,992	1,877	-6%	(115)
Number of Autos (Physical Damage)	276	268	-3%	(8)
<b>Total Insured Values</b>	<b>\$162,195,125</b>	<b>\$168,468,154</b>	<b>4%</b>	<b>\$6,273,029</b>
Self Insured Retention	\$3,000,000	\$3,000,000		
Physical Damage Deductibles	\$100,000	\$100,000		
Symbol	10	10		
Symbol 10 Definition	Owned Vehicles with Cost New of \$100k+r	Owned Vehicles with Cost New of \$100k+r		
Employees as Insureds	Included	Included		
Garagekeepers Legal Liability				
Police Impound Lot Physical Damage Limit	\$250,000	\$250,000		
Police Impound Lot Deductibles	\$1,000 / \$5,000	\$1,000 / \$5,000		
<b>Liability Premium</b>	<b>\$214,652.00</b>	<b>\$236,810.00</b>	<b>10%</b>	<b>\$22,158</b>
<b>Physical Damage Premium</b>	<b>\$246,808.00</b>	<b>\$277,124.00</b>	<b>12%</b>	<b>\$30,316</b>
<b>Total Premium</b>	<b>\$461,460.00</b>	<b>\$513,934.00</b>	<b>11%</b>	<b>\$52,474</b>
<b>Umbrella Liability</b>	<b>Travelers</b>	<b>Travelers</b>		
Each Occurrence	\$10,000,000	\$10,000,000		
Aggregate(s)	\$10,000,000	\$10,000,000		
Self-Insured Retention	\$10,000	\$10,000		
Excess Of	Primary	Primary		
Defense	Outside	Outside		
Failure to Supply Sublimit	\$4,000,000	\$4,000,000		
Terrorism (TRIA)	Included	Included		
<b>Total Premium</b>	<b>\$415,442.00</b>	<b>\$473,515.00</b>	<b>14%</b>	<b>\$58,073</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Excess Liability (10x10)</b>	<b>Allied World</b>	<b>Allied World</b>		
Each Occurrence	\$10,000,000	\$10,000,000		
Aggregate(s)	\$10,000,000	\$10,000,000		
Self-Insured Retention	\$10,000	\$10,000		
Excess of	\$10,000,000 - Travelers	\$10,000,000 - Travelers		
Defense	Outside	Outside		
Minimum Earned Premium	35%	35%		
Auditable	No	No		
Terrorism (TRIA)	Excluded	Excluded - \$5,500 AP		
<b>Premium</b>	<b>\$465,000.00</b>	<b>\$540,000.00</b>	<b>16%</b>	<b>\$75,000</b>
<b>Surplus Lines Tax</b>	<b>\$13,950.00</b>	<b>\$16,200.00</b>	<b>16%</b>	<b>\$2,250</b>
<b>Surplus Lines Stamping Fee</b>	<b>\$930.00</b>	<b>\$1,080.00</b>	<b>16%</b>	<b>\$150</b>
<b>Total Premium</b>	<b>\$479,880.00</b>	<b>\$557,280.00</b>	<b>16%</b>	<b>\$77,400</b>
<b>Excess Liability (10x20)</b>	<b>Upland Specialty</b>	<b>Upland Specialty</b>		
Each Occurrence	\$10,000,000	\$10,000,000		
Aggregate(s)	\$10,000,000	\$10,000,000		
Self-Insured Retention	\$10,000	\$10,000		
Excess of	\$10M - Allied World	\$10M - Allied World		
Defense	Outside Limits	Outside Limits		
Minimum Earned Premium	25%	25%		
Auditable	No	No		
Terrorism (TRIA)	Excluded	Excluded		
<b>Premium</b>	<b>\$344,000.00</b>	<b>\$385,500.00</b>	<b>12%</b>	<b>\$41,500</b>
<b>Surplus Lines Tax</b>	<b>\$10,320.00</b>	<b>\$11,565.00</b>	<b>12%</b>	<b>\$1,245</b>
<b>Surplus Lines Stamping Fee</b>	<b>\$688.00</b>	<b>\$771.00</b>	<b>12%</b>	<b>\$83</b>
<b>Total Premium</b>	<b>\$355,008.00</b>	<b>\$397,836.00</b>	<b>12%</b>	<b>\$42,828</b>
<b>Excess Liability (10x30)</b>	<b>Great American</b>	<b>Great American</b>		
Each Occurrence	\$10,000,000	\$10,000,000		
Aggregate(s)	\$10,000,000	\$10,000,000		
Self-Insured Retention	None	None		
Excess of	\$10M - Upland Specialty	\$10M - Upland Specialty		
Defense	Outside Limits	Outside Limits		
Minimum Earned Premium	25%	25%		
Terrorism (TRIA)	Excluded	Excluded		
<b>Total Premium</b>	<b>\$279,000.00</b>	<b>\$323,000.00</b>	<b>16%</b>	<b>\$44,000</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Airport Liability</b>	<b>AIG</b>	<b>AIG</b>		
Each Occurrence	\$100,000,000	\$100,000,000		
Products/Completed Operations Aggregate	\$100,000,000	\$100,000,000		
Premises Rented to You	\$500,000	\$500,000		
Personal & Advertising Injury	\$25,000,000	\$25,000,000		
Hangarkeepers				
Each Aircraft	\$100,000,000	\$100,000,000		
Each Loss	\$100,000,000	\$100,000,000		
War	\$50,000,000	\$50,000,000		
Deductible	\$0	\$0		
Terrorism (TRIA)	Excluded	Excluded - \$11,729 AP		
Rating Basis: Budget	\$2,742,479	\$2,500,500	-9%	(\$241,979)
<b>Liability Premium</b>	<b>\$31,713.00</b>	<b>\$36,470.00</b>	<b>15%</b>	<b>\$4,757</b>
<b>War Coverage Premium</b>	<b>\$3,171.00</b>	<b>\$3,647.00</b>	<b>15%</b>	<b>\$476</b>
<b>Total Premium</b>	<b>\$34,884.00</b>	<b>\$40,117.00</b>	<b>15%</b>	<b>\$5,233</b>
<b>Aircraft &amp; Hull Liability</b>	<b>AIG</b>	<b>AIG</b>		
Each Occurrence	\$100,000,000	\$100,000,000		
Medical Expense	\$25,000	\$25,000		
Hull (Physical Damage)	Included - As Endorsed	Included - As Endorsed		
Search & Rescue Expenses	\$250,000	\$250,000		
Special Equipment	Included - As Endorsed			
Terrorism (TRIA)	Excluded	Excluded - \$20,061 AP		
Rating Basis: Insured Values	\$10,145,000	\$10,145,000	0%	\$0
<b>Hull Premium</b>	<b>\$142,230.00</b>	<b>\$142,230.00</b>	<b>0%</b>	<b>\$0</b>
<b>War Hull Premium</b>	<b>\$6,588.00</b>	<b>\$6,588.00</b>	<b>0%</b>	<b>\$0</b>
<b>Liability Premium</b>	<b>\$24,212.00</b>	<b>\$24,212.00</b>	<b>0%</b>	<b>\$0</b>
<b>War Liability Premium</b>	<b>\$2,421.00</b>	<b>\$2,421.00</b>	<b>0%</b>	<b>\$0</b>
<b>Equipment Coverage Premium</b>	<b>\$32,383.00</b>	<b>\$32,383.00</b>	<b>0%</b>	<b>\$0</b>
<b>Total Premium</b>	<b>\$207,834.00</b>	<b>\$207,834.00</b>	<b>0%</b>	<b>\$0</b>
<b>Unmanned Hull &amp; Aircraft Liability</b>	<b>AIG</b>	<b>AIG</b>		
Occurrence Limit	\$5,000,000	\$5,000,000		
Medical Expense	\$5,000	\$5,000		
Hired & Non-Owned Liability	No Coverage	No Coverage		
Personal Injury Liability	\$5,000,000	\$5,000,000		
War and TRIA	Included	Included		
Rating Basis: Scheduled Aircraft	58	Blanket (up to 75 units at \$275k)		
Rating Basis: Hull Values	\$219,470	\$247,491	13%	\$28,021
<b>Liability Premium</b>	<b>\$10,789.00</b>	<b>\$11,328.00</b>	<b>5%</b>	<b>\$539</b>
<b>War Liability Premium</b>	<b>\$1,079.00</b>	<b>\$1,133.00</b>	<b>5%</b>	<b>\$54</b>
<b>Physical Damage Premium</b>	<b>\$34,018.00</b>	<b>\$34,018.00</b>	<b>0%</b>	<b>\$0</b>
<b>Total Premium</b>	<b>\$45,886.00</b>	<b>\$46,479.00</b>	<b>1%</b>	<b>\$593</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>General &amp; Site Pollution Liability (GWRP)</b>	<b>Starr Indemnity</b>	<b>Starr Surplus</b>		
General Liability				
Each Occurrence	\$1,000,000	\$1,000,000		
Aggregate	\$2,000,000	\$2,000,000		
Deductible Per Occurrence	\$50,000	\$50,000		
Site Pollution Liability				
Each Claim	\$1,000,000	\$1,000,000		
Aggregate	\$1,000,000	\$1,000,000		
Deductible Per Claim	\$50,000	\$50,000		
Retroactive Date	7/1/2010	7/1/2010		
Minimum Earned Premium	N/A	25%		
Auditable	No	No		
Terrorism (TRIA)	Included	Included		
Rating Basis: Sales	\$15,530,956	\$15,714,953	1%	\$183,997
<b>Premium</b>	<b>\$53,224.00</b>	<b>\$49,226.00</b>	<b>-8%</b>	<b>(\$3,998)</b>
<b>Terrorism Premium</b>	<b>\$2,661.00</b>	<b>\$2,461.00</b>	<b>-8%</b>	<b>(\$200)</b>
<b>Surplus Lines Tax</b>	<b>\$1,676.55</b>	<b>\$1,550.61</b>	<b>-</b>	<b>-</b>
<b>Surplus Lines Stamping Fee</b>	<b>\$111.77</b>	<b>\$103.37</b>	<b>-</b>	<b>-</b>
<b>Total Premium</b>	<b>\$57,673.32</b>	<b>\$53,340.98</b>	<b>-8%</b>	<b>(\$4,332)</b>
<b>Excess General &amp; Site Pollution Liab. (GWRP)</b>	<b>Starr Indemnity</b>	<b>Starr Surplus</b>		
Aggregate	\$10,000,000	\$10,000,000		
Minimum Earned Premium	N/A	25%		
Terrorism (TRIA)	Included	Included		
<b>Premium</b>	<b>\$49,028.00</b>	<b>\$48,375.00</b>	<b>-1%</b>	<b>(\$653)</b>
<b>Terrorism Premium</b>	<b>\$2,451.00</b>	<b>\$2,417.00</b>	<b>-1%</b>	<b>(\$34)</b>
<b>Surplus Lines Tax</b>	<b>\$1,544.37</b>	<b>\$1,523.76</b>	<b>-</b>	<b>-</b>
<b>Surplus Lines Stamping Fee</b>	<b>\$102.96</b>	<b>\$101.58</b>	<b>-</b>	<b>-</b>
<b>Total Premium</b>	<b>\$53,126.33</b>	<b>\$52,417.34</b>	<b>-1%</b>	<b>(\$709)</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Eastmark Community Facilities District #1</b>	<b>Travelers</b>	<b>Travelers</b>		
General Liability	Occurrence	Occurrence		
Each / Aggregate Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Damage to Rented Premises Limit	\$100,000	\$100,000		
Management Liability	Claims Made	Claims Made		
Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Retroactive Date	11/22/2019	11/22/2019		
Deductible	\$10,000	\$10,000		
Rating Basis: Budget Revenue	\$567,045	\$618,766	9%	\$51,721
<b>General Liability Premium</b>	<b>\$13,215.00</b>	<b>\$14,420.00</b>	<b>9%</b>	<b>\$1,205</b>
<b>Management Liability Premium</b>	<b>\$1,000.00</b>	<b>\$1,000.00</b>	<b>0%</b>	<b>\$0</b>
<b>Total Premium</b>	<b>\$14,215.00</b>	<b>\$15,420.00</b>	<b>8%</b>	<b>\$1,205</b>
<b>Eastmark Community Facilities District #2</b>	<b>Travelers</b>	<b>Travelers</b>		
General Liability	Occurrence	Occurrence		
Each / Aggregate Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Damage to Rented Premises Limit	\$100,000	\$100,000		
Management Liability	Claims Made	Claims Made		
Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Retroactive Date	9/1/2019	9/1/2019		
Deductible	\$10,000	\$10,000		
Rating Basis: Budget Revenue	\$118,109	\$119,474	1%	\$1,365
<b>General Liability Premium</b>	<b>\$3,617.00</b>	<b>\$3,631.00</b>	<b>0%</b>	<b>\$14</b>
<b>Management Liability Premium</b>	<b>\$1,383.00</b>	<b>\$1,369.00</b>	<b>-1%</b>	<b>(\$14)</b>
<b>Total Premium</b>	<b>\$5,000.00</b>	<b>\$5,000.00</b>	<b>0%</b>	<b>\$0</b>
<b>Cadence Community Facilities District</b>	<b>Travelers</b>	<b>Travelers</b>		
General Liability	Occurrence	Occurrence		
Each / Aggregate Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Damage to Premises	\$100,000	\$100,000		
Management Liability	Claims Made	Claims Made		
Limits	\$1,000,000 / \$3,000,000	\$1,000,000 / \$3,000,000		
Retroactive Date	11/22/2019	11/22/2019		
Deductible	\$10,000	\$10,000		
Rating Basis: Budget Revenue	\$147,880	\$152,150	3%	\$4,270
<b>General Liability Premium</b>	<b>\$3,832.00</b>	<b>\$3,858.00</b>	<b>1%</b>	<b>\$26</b>
<b>Management Liability Premium</b>	<b>\$1,168.00</b>	<b>\$1,142.00</b>	<b>-2%</b>	<b>(\$26)</b>
<b>Total Premium</b>	<b>\$5,000.00</b>	<b>\$5,000.00</b>	<b>0%</b>	<b>\$0</b>

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## Renewal Comparison Continued

Lines of Coverage / Limits	2024 Expiring	2025 Renewal	Change	
			%	\$
<b>Cyber</b>	<b>Hamilton</b>	<b>Hamilton</b>		
Aggregate Policy Limit	\$5,000,000	\$5,000,000		
Breach Response & Customer Notification	\$5,000,000	\$5,000,000		
Data Recovery & Business Income Losses	\$5,000,000	\$5,000,000		
Cyber Extortion	\$5,000,000	\$5,000,000		
Third Party Security, & Privacy Liability	\$5,000,000	\$5,000,000		
Privacy Regulatory Actions	\$5,000,000	\$5,000,000		
Multimedia Liability	\$5,000,000	\$5,000,000		
Retention	\$500,000	\$500,000		
Rating Basis: Budget	\$2,690,000.00	\$2,790,000.00	4%	\$100,000.00
<b>Premium</b>	<b>\$177,650.00</b>	<b>\$119,000.00</b>	<b>-33%</b>	<b>(\$58,650)</b>
<b>Policy Fee</b>	<b>\$500.00</b>	<b>\$500.00</b>	<b>0%</b>	<b>\$0</b>
<b>Surplus Lines Tax</b>	<b>\$5,344.50</b>	<b>\$3,585.00</b>	<b>-33%</b>	<b>(\$1,760)</b>
<b>Surplus Lines Stamping Fee</b>	<b>\$356.30</b>	<b>\$239.00</b>	<b>-33%</b>	<b>(\$117)</b>
<b>Total Premium</b>	<b>\$183,850.80</b>	<b>\$123,324.00</b>	<b>-33%</b>	<b>(\$60,527)</b>
<b>Fiduciary Liability</b>	<b>Chubb</b>	<b>Chubb</b>		
Each Claim	\$5,000,000	\$5,000,000		
Aggregate	\$5,000,000	\$5,000,000		
HIPAA Penalties	\$1,500,000	\$1,500,000		
PPACA Penalties	\$250,000	\$250,000		
Section 4975 IRC Excise Tax	\$250,000	\$250,000		
Section 502c Penalties	\$250,000	\$250,000		
Section 203 Penalties	\$250,000	\$250,000		
Voluntary Compliance & Correction Program Retentions	\$250,000	\$250,000		
Non-Indemnifiable Loss	\$0	\$0		
Indemnifiable Loss	\$25,000	\$25,000		
Excessive Fee	\$1,000,000	\$1,000,000		
Pending & Prior Proceedings Date	8/1/2018	8/1/2018		
Rating Basis: Plan Assets	\$419,605,029	\$430,421,822	3%	\$10,816,793
<b>Total Premium</b>	<b>\$18,921.00</b>	<b>\$18,672.00</b>	<b>-1%</b>	<b>(\$249)</b>
<b>Grand Total</b>	<b>\$4,404,187.45</b>	<b>\$4,615,536.33</b>	<b>5%</b>	<b>\$211,349</b>

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

## Carrier Quotations

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USI prides itself on being a transparent organization and we feel that building trust with our clients is of the utmost importance. To help build and maintain that trust, we will regularly furnish you with all recommended carrier quotations. Please see below for all quotations presented within this proposal.

***Please ensure to review all quotes carefully. Copies of your quotes can be found by clicking the following:***



**Travelers Property**



**Travelers Casualty Package**



**Travelers Cadence Casualty**



**Travelers Eastmark #1 Casualty**



**Travelers Eastmark #2 Casualty**



**Allied World Excess Liability**



**Upland Specialty Excess Liability**



**Great American Excess Liability**



**AIG Airport Liability**



**AIG Aircraft Liability & Hull**



**AIG Unmanned Aircraft**



**Starr Environmental Liability**



**Starr Excess Environmental Liability**



**Hamilton Cyber**



**Chubb Fiduciary Liability**

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# Premium Summary

Coverage	Carrier / AM Best Rating	Proposed Premium
Property	Travelers Property Casualty Co. of America (A++ XV)	\$1,127,249.00
General Liability Liquor Liability Employee Benefits Liability	The Travelers Indemnity Company (A++ XV)	\$144,365.00 \$3,518.00 \$33.00
Law Enforcement Liability	The Travelers Indemnity Company (A++ XV)	\$424,060.00
Public Entity Management Liability	The Travelers Indemnity Company (A++ XV)	\$57,491.00
Public Entity Employment Practices Liability	The Travelers Indemnity Company (A++ XV)	\$25,651.00
Automobile Liability Automobile Physical Damage	The Travelers Indemnity Company of CT (A++ XV)	\$236,810.00 \$277,124.00
Umbrella Liability (10xP)	Travelers Property Casualty Co. of America (A++ XV)	\$473,515.00
Excess Liability (10x10) Arizona Surplus Lines Tax Arizona Stamping Fee	Allied World Assurance Company (Non-Admitted) (A XV)	\$540,000.00 \$16,200.00 \$1,080.00
Excess Liability (10x20) Arizona Surplus Lines Tax Arizona Stamping Fee	Upland Specialty Insurance Co. (Non-Admitted) (A- VIII)	\$385,500.00 \$11,565.00 \$771.00
Excess Liability (10x30)	Great American Assurance Company (A XV)	\$323,000.00
Community Facilities Districts General & Management Liability ( <i>Cadence</i> ) General & Management Liability ( <i>Eastmark 1</i> ) General & Management Liability ( <i>Eastmark 2</i> )	Travelers Indemnity Company (A++ XV)	\$5,000.00 \$15,420.00 \$5,000.00
Airport Liability	National Union Fire Insurance Company (A XV)	\$40,117.00
Aircraft Hull & Liability	National Union Fire Insurance Company (A XV)	\$207,834.00
Unmanned Aircraft Hull & Liability	National Union Fire Insurance Company (A XV)	\$46,479.00
General & Site Pollution Liability ( <i>GWRP</i> ) Arizona Surplus Lines Tax Arizona Stamping Fee	Starr Surplus Lines Insurance Co. (Non-Admitted) (A XV)	\$51,687.00 \$1,550.61 \$103.37
Excess General & Site Pollution Liability ( <i>GWRP</i> ) Arizona Surplus Lines Tax Arizona Stamping Fee	Starr Surplus Lines Insurance Co. (Non-Admitted) (A XV)	\$50,792.00 \$1,523.76 \$101.58
Cyber Policy Fee Arizona Surplus Lines Tax Arizona Stamping Fee	Lloyd's Syndicate 4000 HAM (Non-Admitted) (A XV)	\$119,000.00 \$500.00 \$3,585.00 \$239.00
Fiduciary Liability	Federal Insurance Company (Chubb) (A++ XV)	\$18,672.00
<b>TOTAL ESTIMATED PREMIUM</b>		<b>\$4,615,536.33</b>

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## Binding Subjectivities

All quotes and binders are subject to receipt of satisfactory binding requirements, inspections, recommendation compliance and/or financials. In the event there is conflicting or materially different information provided at binding from what was provided to quote, carrier reserves the right to amend or rescind quoted terms.

Coverage	Subjectivity
Property	<ul style="list-style-type: none"> <li>None</li> </ul>
General Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
Law Enforcement Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
Management Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
Employment Practices Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
Automobile Liability Automobile Physical Damage	<ul style="list-style-type: none"> <li>None</li> </ul>
Umbrella Liability (10xP)	<ul style="list-style-type: none"> <li>None</li> </ul>
Excess Liability (10x10)	<ul style="list-style-type: none"> <li>Signed Terrorism Acceptance/Rejection Form</li> </ul>
Excess Liability (10x20)	<ul style="list-style-type: none"> <li>Signed Terrorism Acceptance/Rejection Form</li> </ul>
Excess Liability (10x30)	<ul style="list-style-type: none"> <li>Signed Terrorism Acceptance/Rejection Form</li> </ul>
Airport Liability	<ul style="list-style-type: none"> <li>Signed Terrorism Acceptance/Rejection Form</li> </ul>
Aircraft Hull & Liability	<ul style="list-style-type: none"> <li>Signed Terrorism Acceptance/Rejection Form</li> </ul>
Unmanned Aircraft Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
General & Site Pollution Liability (GWRP)	<ul style="list-style-type: none"> <li>Resigned &amp; currently dated Pollution application</li> <li>Signed Terrorism Acceptance/Rejection Form</li> <li>Signed Acord applications</li> </ul>
Excess General & Site Pollution Liability (GWRP)	<ul style="list-style-type: none"> <li>Signed Policyholder Disclosure Statement for Terrorism</li> <li>Signed Terrorism Acceptance/Rejection Form</li> <li>Signed Acord applications</li> </ul>
Cyber	<ul style="list-style-type: none"> <li>Resigned &amp; currently dated application</li> </ul>
Fiduciary Liability	<ul style="list-style-type: none"> <li>None</li> </ul>
USI Insurance	<ul style="list-style-type: none"> <li>Signed Client Authorization to Bind Form</li> </ul>

**Note:**

In evaluating your exposure to loss, we have been dependent upon information provided by you. If there are other areas that need to be evaluated prior to binding of coverage, please bring these areas to our attention. Should any of your exposures change after coverage is bound, such as your beginning new operation, hiring employees in new states, buying additional property, etc., please let us know so proper coverage(s) can be discussed.

Higher limits may be available. Please contact us if you would like a quote for higher limits.

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## Optional Quotations

The following are quotations solicited on your behalf and are not a part of your proposed program. Each of the quotations are subject to their own terms, conditions, and requirements which may not be outlined below.

Coverage	Limits / Deductibles / Premiums
<b>Property</b>	Carrier: Travelers Property & Casualty Company of America Deductible: \$250,000 (AOP) <b>Premium: \$40,000.00 (Return)</b>
	Deductible: \$500,000 (AOP & Flood) <b>Premium: \$75,000.00 (Return)</b>
	Deductible: \$100,000 (AOP) & \$1,000,000 (Flood) <b>Premium: \$45,000.00 (Return)</b>
	Deductible: \$250,000 (AOP) & \$1,000,000 (Flood) <b>Premium: \$80,000.00 (Return) - Option Selected &amp; Proposed</b>
<b>Terrorism</b>	Carrier: Various Lloyd's Syndicates Limit: \$100,000,000 Deductible: \$10,000 <b>Premium: \$20,640.00 (Annual)</b>
	Limit: \$350,000,000 Deductible: \$10,000 <b>Premium: \$46,440.00 (Annual)</b>
<b>Active Assailant</b>	Carrier: Various Lloyd's Syndicates Limit: \$1,000,000 Deductible: \$10,000 <b>Premium: \$30,960.00 (Annual)</b>
<b>Excess Cyber</b>	Carrier: Lloyd's Syndicate 4444 (Hamilton + Canopus) Limit: \$10,000,000 <b>Premium: \$196,596.00 (Annual)</b>
<b>Excess Liability</b>	Carrier: Great American Security Ins Company Limit: \$5,000,000 Excess of \$30,000,000 <b>Premium: \$279,000.00 (Annual)</b>

*(Surplus lines taxes & fee's included in above premiums , where applicable)*

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## Marketing Summary

This list represents the carriers that were approached to provide a competitive insurance program for the City of Mesa.

Line of Coverage	Carrier	Status
Property	Selective	Declined. Unable to accommodate large TIV.
	Allied World	Declined. Only able to offer shared and layered options.
	APIP Program	Declined. Unable to consider due to large loss. May consider next year.
	Nationwide	Declined. Unable to compete with pricing.
	Chubb	Declined. Unable to compete with pricing and Flood limits. Indicated 0.07+ base rate. \$5-10M max Flood limit.
	Sompo	Declined. Unable to compete with pricing due to large open loss and flood modeling. Indicated 0.12+ rate.
	Zurich	Declined. Unable to compete with pricing due to large open loss. Indicated 0.10+ rate.
	Liberty Mutual	Declined. Unable to compete with pricing due to large open loss and flood modeling. Indicated 0.10+ rate. \$5M max Flood limit.
	USI Programs	Declined. Unable to compete with renewal rate. Indicated 0.10+ rate.
	Travelers	Quoted. Included in proposal.
Liability	Berkley PE	Declined. Max capacity is \$5M. Unable to offer Auto Physical Damage.
	MunichRE	Declined. Unsatisfactory LEL experience and unable to compete with rate.
	Safety National	Declined. Unable to compete with Travelers lead Umbrella.
	Travelers	Quoted. Included in proposal.
Excess Liability	Allied World	Quoted. Included in proposal.
	Upland Specialty	Quoted. Included in proposal.
	Great American	Quoted. Included in proposal.
	Aurenyty	Declined. Unable to compete with pricing & only able to offer \$5M.
	AXIS	Declined. Unable to offer requested limits.
	Berkley PE	Declined. Unable to compete with pricing & only able to offer \$5M.
	Bowhead	Declined. Unable to compete with pricing & only able to offer \$5M.
	Chubb	Declined. Unable to compete with pricing.
	Core	Declined. Unable to compete with pricing.
	Navigators	Declined. Unable to compete with pricing.
Obsidian	Quoted: \$725,000 (10x10 Layer)	
General & Site Pollution – GWRP	Starr	Quoted. Included in proposal.
	Navigators	Declined. Unable to consider O&M municipal water facilities.
Aircraft Hull & Liability	AIG	Quoted. Included in proposal.
Airport Liability	AIG	Quoted. Included in proposal.
Unmanned Aircraft Hull & Liability	AIG	Quoted. Included in proposal.

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## Marketing Summary Continued

Line of Coverage	Carrier	Status
Cyber	Hamilton/Lloyds	Quoted. Included in proposal.
	Canopus	Quoted: \$140,000 Annual Premium
	Brit	Quoted: \$268,750 Annual Premium
Excess Cyber	Hamilton/Lloyds	Quoted. Included in proposal.
Fiduciary Liability	Chubb	Quoted. Included in proposal.
Terrorism	Lloyds	Quoted. Included in proposal.
Active Assailant	Lloyds	Quoted. Included in proposal.

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## Agency Bill Payment Options

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We sincerely appreciate the opportunity to service your insurance needs. We believe good credit relationships are established by making our clients aware in advance of the terms of our payment procedures.

**OUR BASIC PAYMENT PLAN IS THAT ALL PAYMENTS ARE DUE ON OR BEFORE THE EFFECTIVE DATE OF COVERAGE. THERE ARE THREE METHODS OF PAYMENT AVAILABLE:**

- ....CASH ON EFFECTIVE DATE
- ....PREMIUM FINANCING BY A PREMIUM FINANCE COMPANY
- ....INSURANCE COMPANY PAYMENT PLAN, IF AVAILABLE

Please note that USI Insurance Services LLC and its subsidiaries and affiliates do not provide customer financing.

In some instances, you will receive invoices covering additions or changes to your coverage, endorsements. These invoices are payable upon receipt. You will receive a monthly statement of your account as a reminder as we realize that it is occasionally possible to miss a payment through oversight. Accounts with payments past due are subject to cancellation for non-payment. This is a serious situation as your insurer may refuse to reinstate coverage even if payment is made later. Accounts are subject, but not limited to, reasonable attorney fees, interest, collection fees and/or court costs incurred in connection with collection of past due balances.

**PAYMENTS:** Please remember to return the remittance copy of the invoice with your payment in the provided envelope. Otherwise, all payments will be applied to your oldest balance or left as unapplied if we cannot identify the applicable invoice being paid.

**CREDITS:** Credit invoices may be applied against other invoices due us. Please indicate in your remittance or contact us as to where to apply credit invoices on your account.

These payment procedures will apply for any and all policy renewals or future business written.

If you have any questions concerning our payment procedures or any other matters pertaining to account payments, please contact your insurance representative.

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## USI Disclosures

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**Information Concerning Our Fees:** As a licensed insurance producer, USI is authorized to confer with or advise our clients and prospective clients concerning substantive benefits, terms or conditions of insurance contracts, to sell insurance and to obtain insurance coverages for our clients. You have agreed to pay compensation to USI, for the placement of insurance, pursuant to a written agreement. We may also receive from insurers and insurance intermediaries (which may include USI affiliated companies) additional compensation (monetary and non-monetary) based in whole or in part on the insurance contract we sell, which is contingent on volume of business and/or profitability of insurance contracts we supply to them and/or other factors pursuant to agreements we may have with them relating to all or part of the business we place with those insurers or through those intermediaries. Some of these agreements with insurers and/or intermediaries include financial incentives for USI to grow its business or otherwise strengthen the distribution relationship with the insurer or intermediary. Such agreements may be in effect with one or more of the insurers with whom your insurance is placed, or with the insurance intermediary we use to place your insurance. You may obtain information about the nature and source of such compensation expected to be received by us, and, if applicable, compensation expected to be received on any alternative quotes pertinent to your placement upon your request.

**Document Delivery DISCLOSURE:** USI strives to make your interactions with us easy and efficient. Therefore, we intend to deliver your policy and all policy-related documents electronically through our InsurLink client portal or through email. If you do not wish to receive these documents electronically or if you would like a paper copy of any or all documents at no cost to you, please notify your client service representative in writing. If your email or electronic contact information changes, please notify your client service representative in writing.

**Reviewing Client Contracts DISCLOSURE:** As a service to our clients, upon their request, USI will review those portions of your contract regarding the insurance and indemnity requirements as they relate to your insurance program and provide comments and/or recommendations based upon such review. This service should not be taken as legal advice and it does not replace the need for review by the insured's own legal counsel.

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# USI Privacy Notice

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## **Our Privacy Promise to You**

USI provides this notice to you, our customer, so that you will know what we will do with the personal information, personal financial and health information (collectively referred to as the “protected information”) that we may receive from you directly or receive from your health care provider or receive from another source that you have authorized to send us your protected information. We at USI are concerned about your privacy and assure you that we will do what is required of us to safeguard your protected information.

## **What types of information will we be collecting?**

USI collects information from you required both for our business and pursuant to regulatory requirements. Without it, we cannot provide our products and services for you. We will be collected protected information about you from:

- Applications or other forms, such as name, address, Social Security number, assets and income, employment status and dependent information;
- Your transactions with us or your transactions with others, such as account activity, payment history, and products and services purchased;
- Consumer reporting agencies, such as credit relationships and credit history. These agencies may retain their reports and share them with others who use their services;
- Other individuals, businesses and agencies, such as medical and demographic information; and
- Visitors to our websites, such as information from on-line forms, site visitorship data and on-line information collection devices, commonly called “cookies.”

## **What will we do with your protected information?**

The information USI gathers is shared within our company to help us maximize the services we can provide to our customers. We will only disclose your protected information as is necessary for us to provide the insurance products and services you expect from us. USI does not sell your protected information to third parties, nor does it sell or share customer lists.

We may also disclose all of the information described above to third parties with which we contract for services. In addition, we may disclose your protected information to medical care institutions or medical professionals, insurance regulatory authorities, law enforcement or other government authorities, or to affiliated or nonaffiliated third parties as is reasonably necessary to conduct our business or as otherwise permitted by law.

## **Our Security Procedures**

At USI, we have put in place the highest measures to ensure the security and confidentiality of customer information. We will handle the protected information we receive by restricting access to the protected information about you to those employees and agents of ours who need to know that information to provide you with our products or services or to otherwise conduct our business, including actuarial or research studies. Our computer database has multiple levels of security to protect against threats or hazards to the integrity of customer records, and to protect against unauthorized access to records that may harm or inconvenience our customers. We maintain physical, electronic, and procedural safeguards that comply with federal and state regulations to safeguard all of your protected information.

## **Our Legal Use of Information**

We retain the right to use ideas, concepts, know-how, or techniques contained in any nonpublic personal information you provide to us for our own purposes, including developing and marketing products and services.

## **Your Right to Review Your Records**

You have the right to review the protected information about you relating to any insurance or annuity product issued by us that we could reasonably locate and retrieve. You may also request that we correct, amend or delete any inaccurate information by writing to us at the above address.

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

# Insurance Carrier Ratings

As a service to our clients, USI is furnishing an assessment by a financial rating service of the insurance companies included in our proposal. We are including the legends used by this service.

All ratings are subject to periodic review, therefore, it is important to obtain updated ratings from each service. Should you desire further information concerning the financial statements of any of the insurance companies being proposed, so that you can make your own assessment of the financial strength of the companies being offered, it is available from USI at your request.

USI has made no attempt to determine independently the financial capacity of the insurance companies that we are including in our proposal as we believe the nationally recognized services are better equipped to comment.

### A. M. BEST RATINGS

<b>A++ &amp; A+</b>	Superior	<b>D</b>	Poor
<b>A &amp; A-</b>	Excellent	<b>E</b>	Under Regulatory Supervision
<b>B++ &amp; B+</b>	Good	<b>F</b>	In Liquidation
<b>B &amp; B-</b>	Fair	<b>S</b>	Rating Suspended
<b>C++ &amp; C+</b>	Marginal	<b>NR</b>	Not Rated

### FINANCIAL SIZE CATEGORY

(In \$ Thousands)

Class I	Less than		1,000
Class II	1,000	to	2,000
Class III	2,000	to	5,000
Class IV	5,000	to	10,000
Class V	10,000	to	25,000
Class VI	25,000	to	50,000
Class VII	50,000	to	100,000
Class VIII	100,000	to	250,000
Class IX	250,000	to	500,000
Class X	500,000	to	750,000
Class XI	750,000	to	1,000,000
Class XII	1,000,000	to	1,250,000
Class XIII	1,250,000	to	1,500,000
Class XIV	1,500,000	to	2,000,000
Class XV	2,000,000	to	or greater

### RATING "NOT ASSIGNED" CLASSIFICATIONS

<b>NR-1</b> Insufficient Data	<b>NR-2</b> Insufficient Size and/or Operating Experience
<b>NR-3</b> Rating Procedure Inapplicable	<b>NR-4</b> Company Request
<b>NR-5</b> Not Formally Followed	

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# Client Authorization to Bind

**Important Information - Coverage cannot be bound when severe weather is threatening regardless of the expiration date.**

After careful consideration of your proposal dated November 11, 2025, we accept your insurance program as presented with the following exceptions, changes, and/or recommendations:

<b>Named Insured:</b> City of Mesa					
<b>Term Dates:</b> 11/22/2025 to 11/22/2026					
<b>Coverages to Bind:</b> (Check All That Apply)					
	Coverage	Limit - Each	Retention	Carrier	Premium*
<input type="checkbox"/>	Property	\$500,000,000	\$250,000	Travelers	\$1,127,249.00
<input type="checkbox"/>	General Liability	\$1,000,000	\$3,000,000		\$144,365.00
<input type="checkbox"/>	Liquor Liability	\$1,000,000	\$3,000,000	Travelers	\$3,518.00
	Employee Benefits Liability	\$1,000,000	\$3,000,000		\$33.00
<input type="checkbox"/>	Law Enforcement Liability	\$1,000,000	\$3,000,000	Travelers	\$424,060.00
<input type="checkbox"/>	PE Management Liability	\$1,000,000	\$3,000,000	Travelers	\$57,491.00
<input type="checkbox"/>	PE Employment Practices Liability	\$1,000,000	\$3,000,000	Travelers	\$25,651.00
<input type="checkbox"/>	Automobile Liability	\$1,000,000	\$3,000,000		\$236,810.00
	Automobile Physical Damage	-	\$100,000	Travelers	\$277,124.00
<input type="checkbox"/>	Umbrella Liability (10xP)	\$10,000,000	\$10,000	Travelers	\$473,515.00
<input type="checkbox"/>	Excess Liability (10x10)	\$10,000,000	\$10,000	Allied World	\$557,280.00
<input type="checkbox"/>	Excess Liability (10x20)	\$10,000,000	\$10,000	Upland Specialty	\$397,836.00
<input type="checkbox"/>	Excess Liability (10x30)	\$10,000,000	\$10,000	Great American	\$323,000.00
<input type="checkbox"/>	Airport Liability	\$100,000,000	-	AIG	\$40,117.00
<input type="checkbox"/>	Aircraft Hull & Liability	\$100,000,000	-	AIG	\$207,834.00
<input type="checkbox"/>	UAV Hull & Liability	\$5,000,000	10%	AIG	\$46,479.00
<input type="checkbox"/>	Environmental Liability (GWRP)	\$1,000,000	\$50,000	Starr Surplus	\$53,340.98
<input type="checkbox"/>	Excess Environ. Liability (GWRP)	\$10,000,000	-	Starr Surplus	\$52,417.34
<input type="checkbox"/>	Cyber	\$5,000,000	\$250,000	Hamilton	\$123,324.00
<b>Comments/Changes/Notes:</b>					

\*Includes Arizona Surplus Lines Taxes & Fees

Client Signature	Title	Date Signed
Client Signature	Title	Date Signed

## City of Mesa

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**Important Information - Coverage cannot be bound when severe weather is threatening regardless of the expiration date.**

After careful consideration of your proposal dated November 11, 2025, we accept your insurance program as presented with the following exceptions, changes, and/or recommendations:

<b>Named Insured:</b> City of Mesa					
<b>Term Dates:</b> 11/22/2025 to 11/22/2026					
<b>Coverages to Bind:</b> <i>(Check All That Apply)</i>					
	<b>Coverage</b>	<b>Limit - Each</b>	<b>Retention</b>	<b>Carrier</b>	<b>Premium*</b>
<input type="checkbox"/>	CFD Liability Package (Cadence)	\$1,000,000	\$10,000	Travelers	\$5,000.00
<input type="checkbox"/>	CFD Liability Package (Eastmark 1)	\$1,000,000	\$10,000	Travelers	\$15,420.00
<input type="checkbox"/>	CFD Liability Package (Eastmark 2)	\$1,000,000	\$10,000	Travelers	\$5,000.00
<b><u>Comments/Changes/Notes:</u></b>					

*\*Includes Arizona Surplus Lines Taxes & Fees*

Client Signature	Title	Date Signed
Client Signature	Title	Date Signed

**City of Mesa**

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<b>Named Insured:</b> City of Mesa					
<b>Term Dates:</b> 11/22/2025 to 11/22/2026					
<b>Coverages to Bind:</b> <i>(Check All That Apply)</i>					
	<b>Coverage</b>	<b>Limit - Each</b>	<b>Retention</b>	<b>Carrier</b>	<b>Premium*</b>
<input type="checkbox"/>	Fiduciary Liability	\$5,000,000	\$25,000	Chubb	\$18,672.00
<b><u>Comments/Changes/Notes:</u></b>					

*\*Includes Arizona Surplus Lines Taxes & Fees*

Client Signature	Title	Date Signed
Client Signature	Title	Date Signed

**City of Mesa**

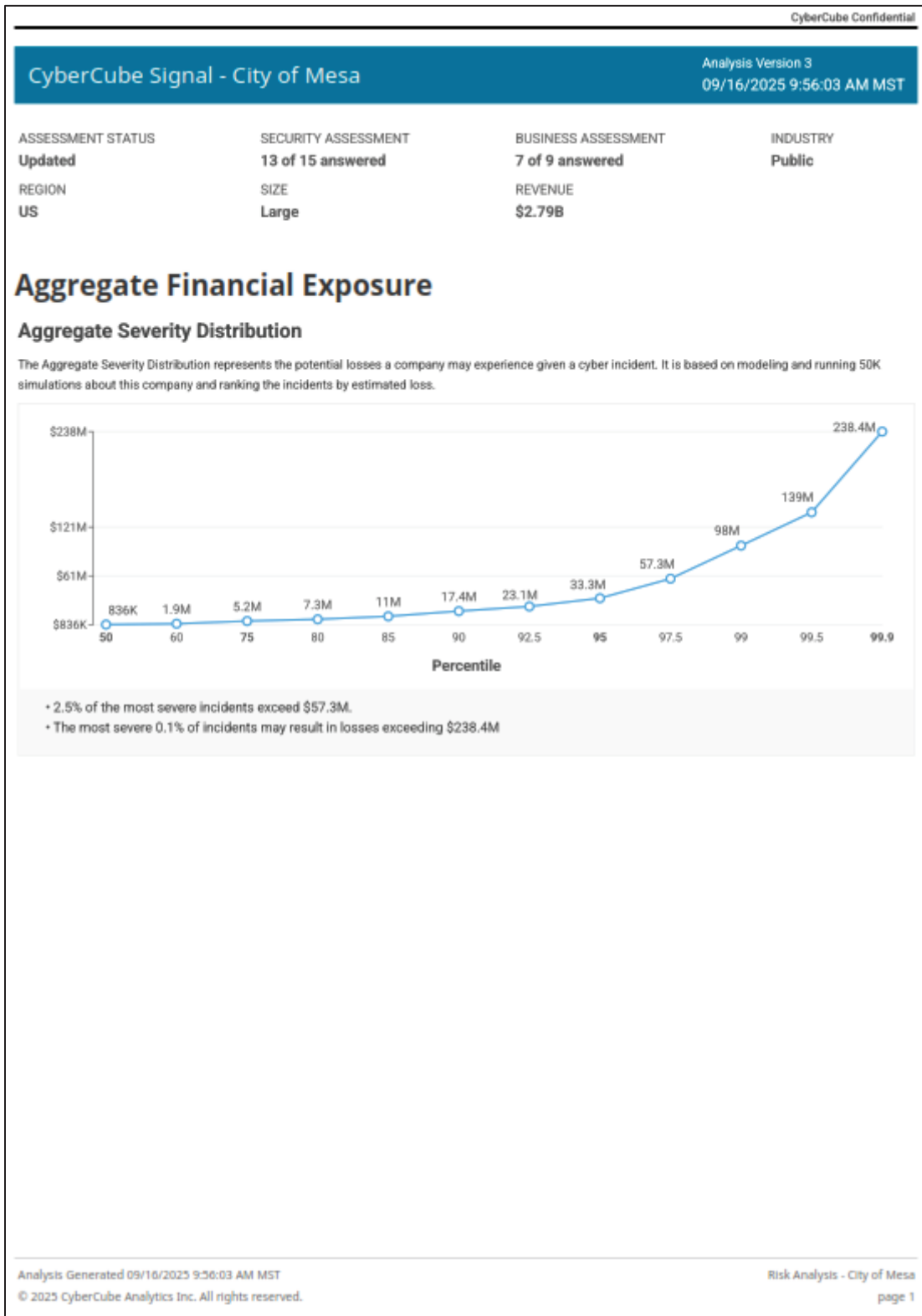
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# APPENDIX

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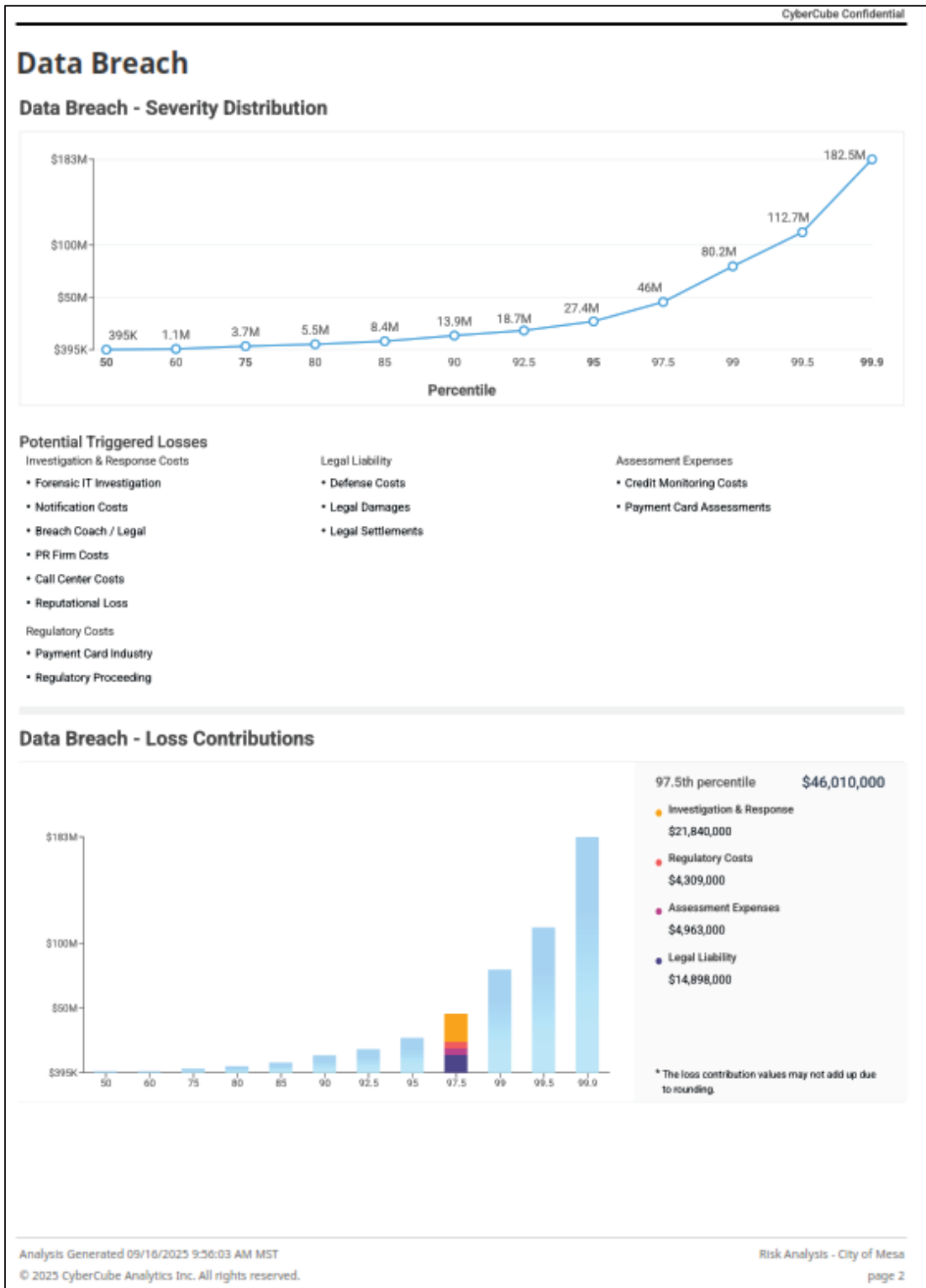
Proposal date: 11/11/2025 Prepared for City of Mesa - MS-1077  
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# Appendix I – CyberCube Risk Analysis Report



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# Appendix I – CyberCube Risk Analysis Report Continued



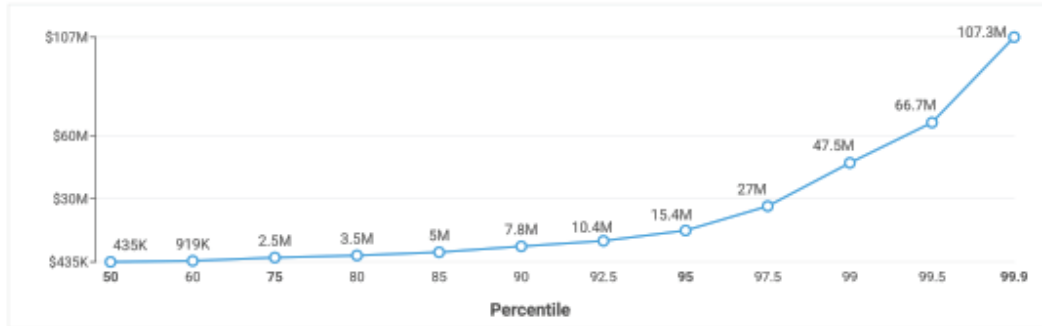
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# Appendix I – CyberCube Risk Analysis Report Continued

CyberCube Confidential

## Network Outage

### Network Outage - Severity Distribution



### Potential Triggered Losses

#### Investigation & Response Costs

- Forensic IT Investigation
- Notification Costs
- Breach Coach / Legal
- PR Firm Costs
- Call Center Costs
- Reputational Loss

#### Digital Assets and Data Restoration

- Data Restoration and Re-creation
- System Replacement Costs/Bricking

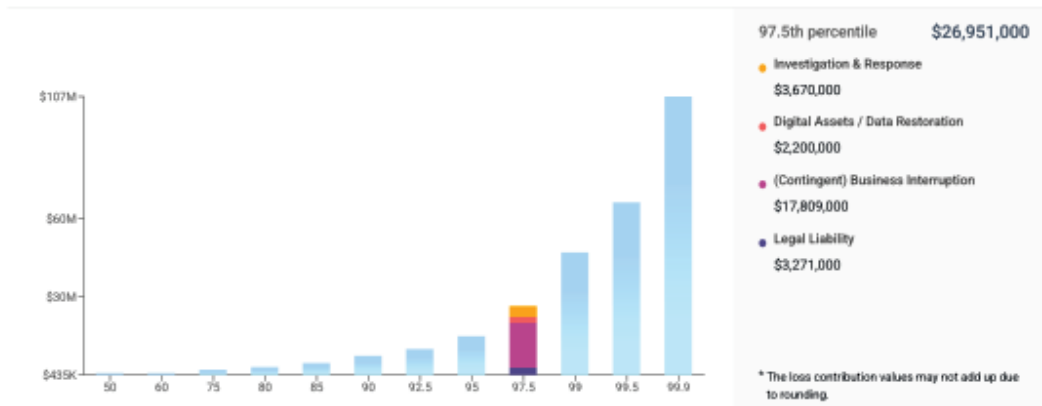
#### Business Interruption

- Business Income Loss
- Contingent Business Income Loss
- System Failure Income Loss
- Contingent System Failure Income Loss
- Extra Expense
- Reputational Loss

#### Legal Liability

- Defense Costs
- Legal Damages
- Legal Settlements

### Network Outage - Loss Contributions



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Risk Analysis - City of Mesa  
 page 3

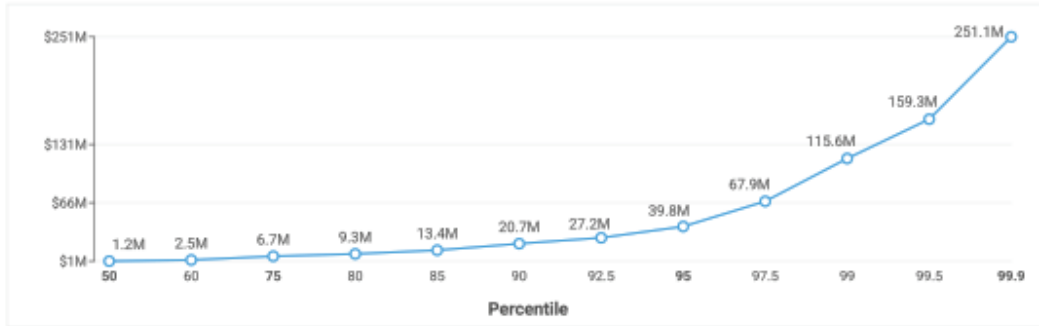
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# Appendix I – CyberCube Risk Analysis Report Continued

CyberCube Confidential

## Malware/Ransomware

### Malware/Ransomware - Severity Distribution



### Potential Triggered Losses

#### Investigation & Response Costs

- Forensic IT Investigation
- Notification Costs
- Breach Coach / Legal
- PR Firm Costs
- Call Center Costs
- Extortion Payments
- Reputational Loss

#### Assessment Expenses

- Credit Monitoring Costs
- Payment Card Assessments

#### Business Interruption

- Business Income Loss
- Contingent Business Income Loss
- System Failure Income Loss
- Contingent System Failure Income Loss
- Extra Expense
- Reputational Loss

#### Digital Assets and Data Restoration

- Data Restoration and Re-creation
- System Replacement Costs/Bricking

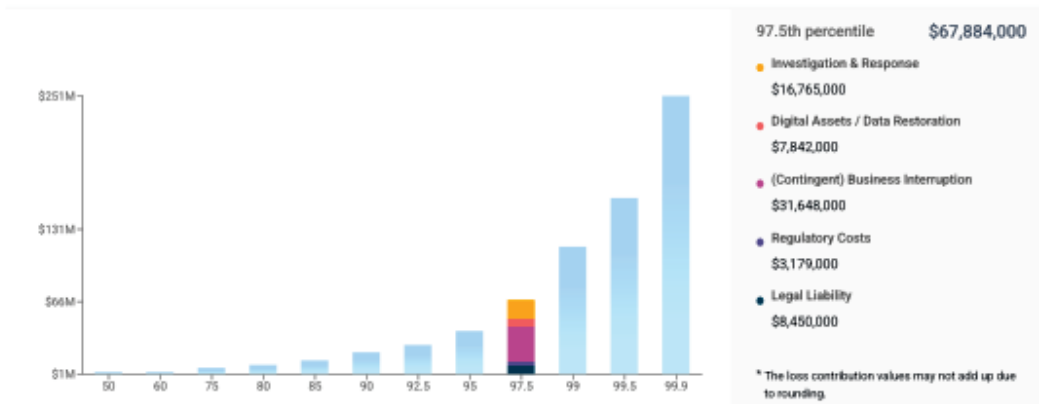
#### Legal Liability

- Defense Costs
- Legal Damages
- Legal Settlements

#### Regulatory Costs

- Payment Card Industry
- Regulatory Proceeding

### Malware/Ransomware - Loss Contributions

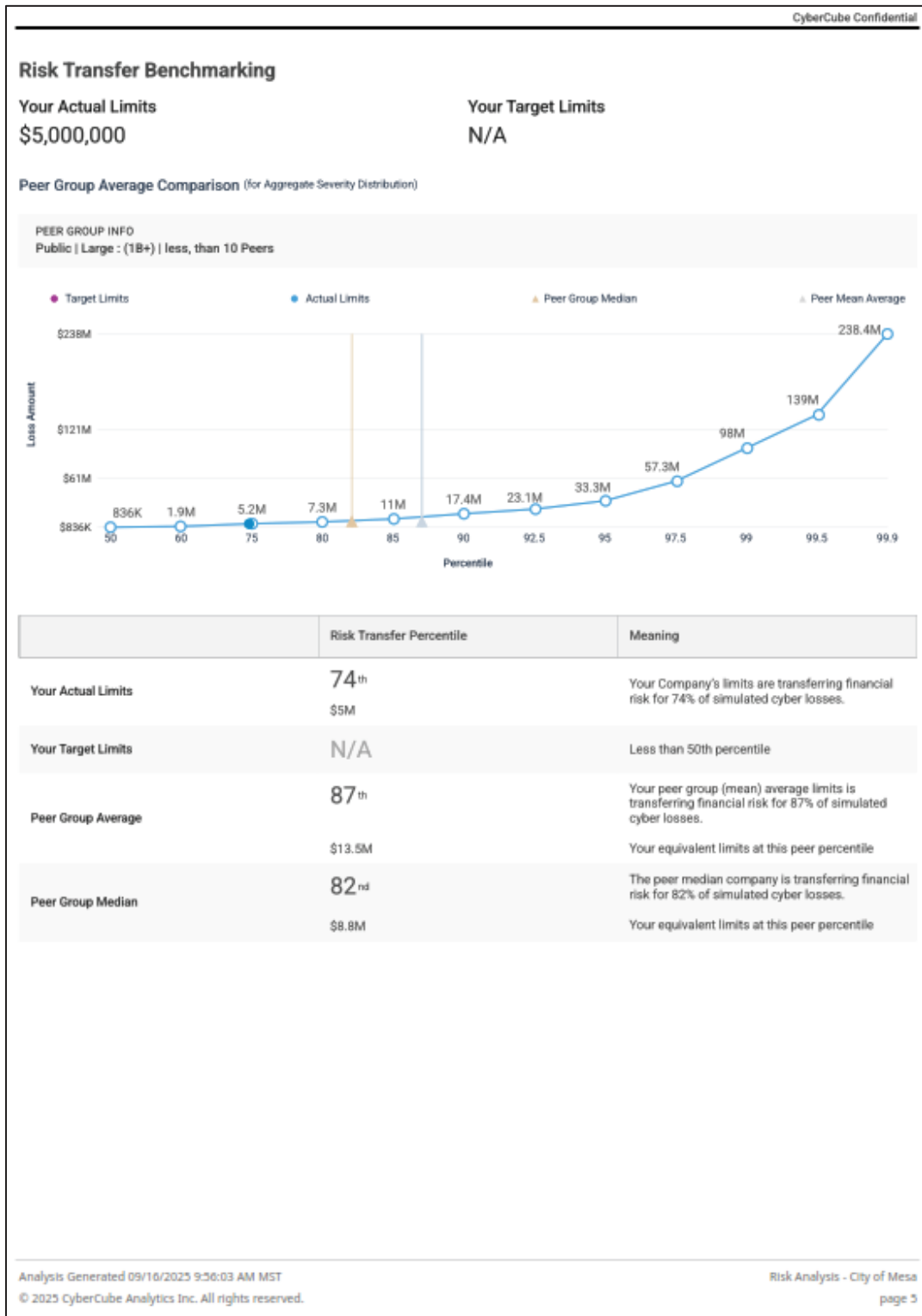


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Risk Analysis - City of Mesa  
 page 4

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# Appendix I – CyberCube Risk Analysis Report Continued



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# Appendix I – CyberCube Risk Analysis Report Continued

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## Disclaimer

This report is provided for general information purposes only and does not constitute legal or professional advice. This report is generated using CyberCube's proprietary cyber analytics technology and at times, data input from the Client and Recipient. As the analyses in the report are dependent on variable factors such as data quality, emerging threats and other factors that are outside CyberCube's control, this report may not represent a whole of the Recipient's cyber risk assessment and is provided on an "as is basis" without any representation or warranties. The Recipient shall be solely responsible and liable for all decisions made pertaining to the use of the report and the information contained within. No Recipient should act on the basis of any material contained herein without obtaining proper legal or other professional advice specific to their situation. No liability is accepted by CyberCube or Client for any loss or damages suffered arising from or in connection with the report, or for any error or omission, or deficiency contained in the report. This report is proprietary to CyberCube. "CyberCube" means CyberCube Analytics Inc. and its affiliates. "Client" means a licensee of Broking Manager which is CyberCube's proprietary analytics technology. "Recipient" means the subject company of the report.

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Risk Analysis - City of Mesa  
page 6

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

# Appendix II – Casualty Analytics

General/Products' Liability Loss Forecast - Losses Limited to \$3,000,000 per Occurrence

A	B	C	D	E	F	G	H (F / G)
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	Inflated Sales (000's)	Severity Loss Rate
11/22/2015	62	5,041,727	5,041,727	5,041,727	7,280,254	1,730,435	4.207
11/22/2016	50	4,057,444	4,057,444	4,057,444	4,465,618	1,585,809	2.816
11/22/2017	195	4,620,323	4,212,977	5,147,000	6,876,392	1,580,825	4.350
11/22/2018	31	768,982	679,214	884,000	1,138,592	1,749,833	0.651
11/22/2019	53	4,173,451	4,150,080	5,033,000	6,346,613	1,346,773	4.712
11/22/2020	51	1,897,859	1,199,841	2,479,000	3,016,943	1,378,997	2.188
11/22/2021	60	1,882,215	855,581	2,818,000	3,319,604	1,451,799	2.287
11/22/2022	68	3,223,371	310,681	6,037,000	6,767,477	1,456,322	4.647
11/22/2023	54	1,031,088	172,640	2,816,000	3,015,936	1,485,275	2.031
11/22/2024	39	345,162	43,234	4,203,000	4,392,135	1,580,630	2.779
All Years Wtd Avg:							3.038
5 Year Wtd Avg:							2.790
3 Year Wtd Avg:							3.135
All Yrs Excl H/L Straight Avg:							3.163
➔ Selected Loss Rate:							<b>3.038</b>
11/22/25 Proj. Sales (000's)							1,647,498
<b>11/22/25 Projected Losses:</b>							<b>5,005,000</b>
Using Lowest Historical Rate:							1,072,000
Using Highest Historical Rate:							7,764,000

**Loss Rate Selection:** There were no significant underlying trends to warrant deviating from the all year average loss rate.

Losses are valued as of 8/18/2025.

General/Products' Liability Loss Forecast - Losses Limited to \$1,000,000 per Occurrence

A	B	C	D	E	F	G	H (F / G)
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	Inflated Sales (000's)	Severity Loss Rate
11/22/2015	62	4,058,740	4,058,740	4,058,740	4,889,294	1,730,435	2.825
11/22/2016	50	2,057,444	2,057,444	2,057,444	2,465,618	1,585,809	1.555
11/22/2017	195	4,017,309	3,609,963	4,361,000	5,461,550	1,580,825	3.455
11/22/2018	31	768,982	679,214	884,000	1,138,592	1,749,833	0.651
11/22/2019	53	2,468,063	2,444,692	2,564,000	2,690,913	1,346,773	1.998
11/22/2020	51	1,897,859	1,199,841	2,479,000	3,016,943	1,378,997	2.188
11/22/2021	60	1,882,215	855,581	2,818,000	3,319,604	1,451,799	2.287
11/22/2022	68	3,223,371	310,681	6,037,000	6,767,477	1,456,322	4.647
11/22/2023	54	1,031,088	172,640	2,816,000	3,015,936	1,485,275	2.031
11/22/2024	39	345,162	43,234	3,339,000	3,489,255	1,580,630	2.208
All Years Wtd Avg:							2.362
5 Year Wtd Avg:							2.667
3 Year Wtd Avg:							2.935
All Yrs Excl H/L Straight Avg:							2.318
➔ Selected Loss Rate:							<b>2.362</b>
11/22/25 Proj. Sales (000's)							1,647,498
<b>11/22/25 Projected Losses:</b>							<b>3,892,000</b>
Using Lowest Historical Rate:							1,072,000
Using Highest Historical Rate:							7,656,000

**Loss Rate Selection:** There were no significant underlying trends to warrant deviating from the all year average loss rate.

Losses are valued as of 8/18/2025.

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# Appendix II – Casualty Analytics Continued

## General/Products' Liability Loss Forecast - Losses Unlimited per Occurrence

A	B	C	D	E	F	G	H (F / G)
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	Inflated Sales (000's)	Severity Loss Rate
11/22/2015	62	5,041,727	5,041,727	5,041,727	7,280,254	1,730,435	4.207
11/22/2016	50	4,057,444	4,057,444	4,057,444	5,623,618	1,585,809	3.546
11/22/2017	195	4,620,323	4,212,977	5,147,000	6,876,392	1,580,825	4.350
11/22/2018	31	768,982	679,214	884,000	1,138,592	1,749,833	0.651
11/22/2019	53	4,173,451	4,150,080	5,033,000	6,346,613	1,346,773	4.712
11/22/2020	51	1,897,859	1,199,841	2,479,000	3,016,943	1,378,997	2.188
11/22/2021	60	1,882,215	855,581	2,818,000	3,319,604	1,451,799	2.287
11/22/2022	68	3,223,371	310,681	6,037,000	6,767,477	1,456,322	4.647
11/22/2023	54	1,031,088	172,640	2,816,000	3,015,936	1,485,275	2.031
11/22/2024	39	345,162	43,234	4,309,000	4,502,905	1,580,630	2.849
All Years Wtd Avg:							3.120
5 Year Wtd Avg:							2.805
3 Year Wtd Avg:							3.159
All Yrs Excl H/L Straight Avg:							3.263
➔ Selected Loss Rate:							<b>3.120</b>
11/22/25 Proj. Sales (000's)							1,647,498
<b>11/22/25 Projected Losses:</b>							<b>5,141,000</b>
Using Lowest Historical Rate:							1,072,000
Using Highest Historical Rate:							7,764,000

Loss Rate Selection: There were no significant underlying trends to warrant deviating from the all year average loss rate.

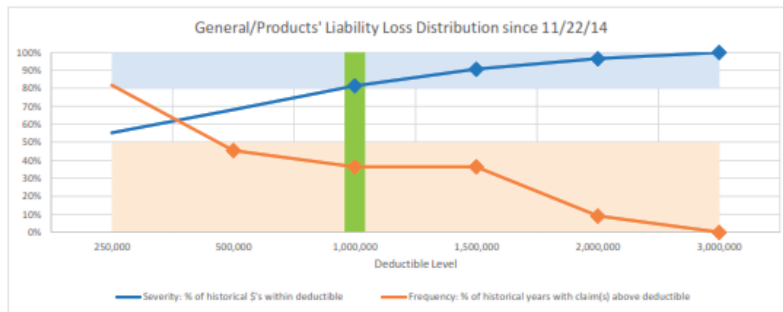
Losses are valued as of 8/18/2025.

### General/Products' Liability

Policy Year	\$1 to \$250,000		\$250,001 to \$500,000		\$500,001 to \$1,000,000		\$1,000,001 to \$1,500,000		\$1,500,001 to \$2,000,000		\$2,000,001 to \$3,000,000		\$3,000,001 to Unlimited		Total Net Incurred
	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	
11/22/2014	63	\$ 984,346	1	\$ 250,000	1	\$ 160,628	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,394,974
11/22/2015	62	\$ 1,908,375	4	\$ 900,000	3	\$ 1,250,365	2	\$ 648,184	1	\$ 334,803	-	\$ -	-	\$ -	\$ 5,041,727
11/22/2016	50	\$ 1,007,313	2	\$ 500,000	2	\$ 550,131	1	\$ 500,000	1	\$ 500,000	1	\$ 1,000,000	-	\$ -	\$ 4,057,444
11/22/2017	195	\$ 2,290,951	5	\$ 890,189	3	\$ 836,169	1	\$ 500,000	1	\$ 103,014	-	\$ -	-	\$ -	\$ 4,620,323
11/22/2018	31	\$ 644,668	1	\$ 124,314	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 768,982
11/22/2019	53	\$ 961,635	3	\$ 506,428	2	\$ 1,000,000	2	\$ 1,000,000	2	\$ 705,388	-	\$ -	-	\$ -	\$ 4,173,451
11/22/2020	51	\$ 1,838,836	1	\$ 59,023	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,897,859
11/22/2021	60	\$ 1,747,215	1	\$ 135,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,882,215
11/22/2022	68	\$ 2,948,371	3	\$ 275,000	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 3,223,371
11/22/2023	54	\$ 1,031,088	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,031,088
11/22/2024	39	\$ 345,162	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 345,162
<b>Totals</b>	<b>726</b>	<b>\$ 15,707,961</b>	<b>21</b>	<b>\$ 3,639,954</b>	<b>11</b>	<b>\$ 3,797,292</b>	<b>6</b>	<b>\$ 2,648,184</b>	<b>5</b>	<b>\$ 1,643,205</b>	<b>1</b>	<b>\$ 1,000,000</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 28,436,596</b>



\*Severity % is the percentage of historical incurred dollars that fall at or below the stratified range.  
 \*Frequency % is the percentage of years with claims that penetrated the stratified range.



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# Appendix II – Casualty Analytics Continued

**Auto Liability Loss Forecast - Losses Limited to \$3,000,000 per Occurrence**

A	B	C	D	E	F	G	H (F / G)
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	# Vehicles	Severity Loss Rate
11/22/2015	47	171,951	171,951	171,951	245,890	1,520	161.770
11/22/2016	71	231,637	231,637	231,637	321,280	1,493	215.191
11/22/2017	71	657,210	657,210	657,210	870,146	1,476	589.530
11/22/2018	63	1,066,698	1,066,698	1,066,698	1,371,773	1,476	929.386
11/22/2019	68	649,321	649,321	649,321	807,107	1,507	535.572
11/22/2020	70	3,265,803	3,265,803	3,416,000	4,102,409	1,572	2,609.675
11/22/2021	90	1,734,303	1,092,784	1,904,000	2,223,872	1,592	1,396.905
11/22/2022	76	1,259,373	593,223	1,526,000	1,724,380	1,629	1,058.551
11/22/2023	72	587,848	346,656	858,000	922,350	1,670	552.305
11/22/2024	43	209,452	118,336	1,158,000	1,210,110	1,787	677.174
All Years Wtd Avg: 877.707 5 Year Wtd Avg: 1,234.318 3 Year Wtd Avg: 758.325 All Yrs Excl H/L Straight Avg: 744.327							
→ <b>Selected Loss Rate:</b>							<b>877.707</b>
11/22/25 Proj. # Vehicles							1,725
<b>11/22/25 Projected Losses:</b>							<b>1,514,000</b>
Using Lowest Historical Rate:							279,000
Using Highest Historical Rate:							4,502,000

**Loss Rate Selection:** There were no significant underlying trends to warrant deviating from the all year average loss rate.

Losses are valued as of 8/18/2025.

**Auto Liability Loss Forecast - Losses Limited to \$500,000 per Occurrence**

A	B	C	D	E	F	G	H (F / G)
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	# Vehicles	Severity Loss Rate
11/22/2015	47	171,951	171,951	171,951	245,890	1,520	161.770
11/22/2016	71	231,637	231,637	231,637	321,280	1,493	215.191
11/22/2017	71	657,210	657,210	657,210	870,146	1,476	589.530
11/22/2018	63	1,062,203	1,062,203	1,062,203	1,222,993	1,476	828.586
11/22/2019	68	649,321	649,321	649,321	807,107	1,507	535.572
11/22/2020	70	1,259,499	1,259,499	1,294,000	1,460,985	1,572	929.380
11/22/2021	90	1,734,303	1,092,784	1,904,000	2,223,872	1,592	1,396.905
11/22/2022	76	1,259,373	593,223	1,526,000	1,724,380	1,629	1,058.551
11/22/2023	72	587,848	346,656	858,000	922,350	1,670	552.305
11/22/2024	43	209,452	118,336	947,000	989,615	1,787	553.786
All Years Wtd Avg: 686.212 5 Year Wtd Avg: 887.418 3 Year Wtd Avg: 714.971 All Yrs Excl H/L Straight Avg: 657.863							
→ <b>Selected Loss Rate:</b>							<b>686.212</b>
11/22/25 Proj. # Vehicles							1,725
<b>11/22/25 Projected Losses:</b>							<b>1,184,000</b>
Using Lowest Historical Rate:							279,000
Using Highest Historical Rate:							2,410,000

**Loss Rate Selection:** There were no significant underlying trends to warrant deviating from the all year average loss rate.

Losses are valued as of 8/18/2025.

This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

# Appendix II – Casualty Analytics Continued

Auto Liability Loss Forecast - Losses Unlimited per Occurrence

A	B	C	D	E	F	G	H	
Policy Start Date	# of Claims	Limited Incurred	Limited Paid	Selected Ultimate Loss	Inflated Ultimate Loss	# Vehicles	Severity Loss Rate	
11/22/2015	47	171,951	171,951	171,951	245,890	1,520	161.770	
11/22/2016	71	231,637	231,637	231,637	321,280	1,493	215.191	
11/22/2017	71	657,210	657,210	657,210	870,146	1,476	589.530	
11/22/2018	63	1,066,698	1,066,698	1,066,698	1,371,773	1,476	929.386	
11/22/2019	68	649,321	649,321	649,321	807,107	1,507	535.572	
11/22/2020	70	3,265,803	3,265,803	3,416,000	4,147,024	1,572	2,638.056	
11/22/2021	90	1,734,303	1,092,784	1,904,000	2,223,872	1,592	1,396.905	
11/22/2022	76	1,259,373	593,223	1,526,000	1,724,380	1,629	1,058.551	
11/22/2023	72	587,848	346,656	858,000	922,350	1,670	552.305	
11/22/2024	43	209,452	118,336	1,161,000	1,213,245	1,787	678.928	
							All Years Wtd Avg:	880.745
							5 Year Wtd Avg:	1,240.106
							3 Year Wtd Avg:	758.941
							All Yrs Excl H/L Straight Avg:	744.546
<p><b>Loss Rate Selection:</b> There were no significant underlying trends to warrant deviating from the all year average loss rate.</p>							Selected Loss Rate:	880.745
							11/22/25 Proj. # Vehicles	1,725
							<b>11/22/25 Projected Losses:</b>	<b>1,519,000</b>
							Using Lowest Historical Rate:	279,000
							Using Highest Historical Rate:	4,551,000

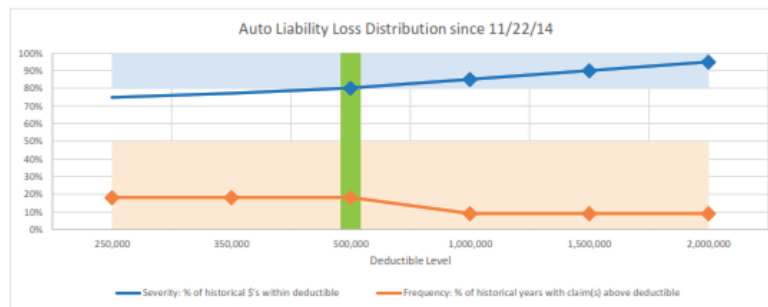
Losses are valued as of 8/18/2025.

Auto Liability

Policy Year	\$1 to \$250,000		\$250,001 to \$350,000		\$350,001 to \$500,000		\$500,001 to \$1,000,000		\$1,000,001 to \$1,500,000		\$1,500,001 to \$2,000,000		\$2,000,001 to Unlimited		Total Net Incurred
	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	# of Claims	Net Incurred	
11/22/2014	63	\$ 283,093	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 283,093
11/22/2015	47	\$ 171,951	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 171,951
11/22/2016	71	\$ 231,637	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 231,637
11/22/2017	71	\$ 657,210	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 657,210
11/22/2018	63	\$ 812,203	1	\$ 100,000	1	\$ 150,000	1	\$ 4,495	-	\$ -	-	\$ -	-	\$ -	\$ 1,066,698
11/22/2019	68	\$ 649,321	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 649,321
11/22/2020	70	\$ 979,183	2	\$ 130,316	1	\$ 150,000	1	\$ 500,000	1	\$ 500,000	1	\$ 500,000	1	\$ 506,304	\$ 3,265,803
11/22/2021	90	\$ 1,734,303	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,734,303
11/22/2022	76	\$ 1,259,373	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 1,259,373
11/22/2023	72	\$ 587,848	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 587,848
11/22/2024	43	\$ 209,452	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ 209,452
<b>Totals</b>	<b>734</b>	<b>\$ 7,575,573</b>	<b>3</b>	<b>\$ 230,316</b>	<b>2</b>	<b>\$ 300,000</b>	<b>2</b>	<b>\$ 504,495</b>	<b>1</b>	<b>\$ 500,000</b>	<b>1</b>	<b>\$ 500,000</b>	<b>1</b>	<b>\$ 506,304</b>	<b>\$ 10,116,689</b>



\*Severity % is the percentage of historical incurred dollars that fall at or below the stratified range.  
 \*Frequency % is the percentage of years with claims that penetrated the stratified range.



This proposal is merely a descriptive summary of coverage provided by the insurance companies being proposed and should be used for reference purposes only; it is not a binder and does not amend or alter the insurance contract. Please refer to the policy contract for specific terms, conditions, limitations, and exclusions.

## Exhibit 3

RESOLUTION NO. 11888

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE CITY MANAGER AND THE CITY ATTORNEY TO PURCHASE INSURANCE FOR THE CITY INCLUDING PROPERTY, LIABILITY, CYBER RISK, AND AVIATION INSURANCE AND AUTHORIZING ADDITIONAL INSURANCE PURCHASES AND RENEWALS.

WHEREAS, the City obtains insurance for the City of Mesa through the City's Property and Public Liability Trust Fund ("PPL Trust Fund") including property, liability, cyber risk, and aviation insurance annually in November of each year; and the City contracts with an experienced, national insurance broker ("City's National Broker") to assist and represent the City in procuring and selecting such insurance.

WHEREAS, these insurance policies for municipalities generally can only be purchased on an annual basis with annual renewals.

WHEREAS, even with City's National Broker, obtaining insurance for municipalities has become more complex and challenging, and obtaining or renewing insurance occurs near the renewal period or at other times of the year when additional policies may be needed with short notice; and therefore obtaining this type of insurance is a professional service.

WHEREAS, the City has historically obtained excess liability coverage, above the self-insured retention ("SIR"), of fifty million dollars, but obtaining this level of excess coverage has become extremely difficult for municipalities with some municipalities lowering their excess coverage or having gaps in their stack of excess coverage, and the City also had difficulty obtaining its excess coverage stack this past November with the City only able to obtain the full fifty million dollar excess coverage stack the day after the previous policies expired.

WHEREAS, the insurance market for municipalities makes it difficult to obtain insurance, has had unprecedented cost increases, and requires the ability to make decisions on short notice regarding the amount of insurance to obtain (e.g., excess liability coverage, cyber-insurance) based on costs and availability and the ability to modify deductibles or the SIR.

WHEREAS, the City Council would keep the excess liability coverage at its historical number of fifty million dollars if the insurance markets had not and did not continue to change; however, because of unprecedented costs and difficulties in obtaining such amount of excess coverage, City Council recognizes that the City, through the City Manager and the City Attorney, may need to reduce this amount in the future based on costs or availability.

WHEREAS, the City Council therefore finds it is appropriate that the City Manager and the City Attorney are jointly, through the City's National Broker, authorized to purchase and renew insurance coverages, including the ability to change carriers, to add additional insurance or excess layers of insurance, to reduce the total insurance coverage layers or amounts (e.g., reduce the excess liability coverage), to modify coverage amounts, and to modify deductibles and the City's SIR as appropriate or as needed so long as the City Attorney provides periodic updates to Council on the amounts of insurance obtained and costs.

WHEREAS, the Self-Insurance Trust Fund Board for the City of Mesa has recommended that the City Council pass and adopt this resolution that allows the City Manager and the City Attorney to jointly purchase insurance for the City.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MESA, COUNTY OF MARICOPA, ARIZONA, AS FOLLOWS:

Section 1: That the City Manager and City Attorney jointly are authorized, through the City's National Broker and with funds from the PPL Trust Fund, to obtain and enter into new insurance agreements for a period of five years (i.e., 2022/23, 2023/24, 2024/25, 2025/26, and 2026/27) for the benefit of the City, including property, liability, cyber risk, and aviation insurance coverages, and including the ability to change carriers, to add additional insurance or excess layers of insurance, to reduce the total insurance coverage layers or amounts (e.g., reduce the excess liability coverage), to modify coverage amounts, and to modify deductibles and the City's SIR as appropriate

Section 2: That the City Attorney shall provide periodic updates to Council on the amounts of insurance obtained and costs.


PASSED AND ADOPTED by the City Council of the City of Mesa, Maricopa County, Arizona, this 20th day of June, 2022.



APPROVED:

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

## Exhibit 4

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MESA, ARIZONA, AMENDING MESA CITY CODE TITLE 1 (ADMINISTRATIVE), CHAPTER 19 (CITY ATTORNEY), SECTION 1-19-3 (ADDITIONAL AUTHORITY) TO CONTINUE TO AUTHORIZE THE CITY ATTORNEY TO OBTAIN AND ENTER INTO NEW INSURANCE AGREEMENTS, ADD INSURANCE OR EXCESS LAYERS OF INSURANCE, REDUCE INSURANCE COVERAGE LAYERS OR AMOUNTS, AND MODIFY COVERAGE AMOUNTS, DEDUCTIBLES, AND THE CITY'S SELF-INSURED RETENTION.

Whereas, annually in November, the City obtains insurance for the City of Mesa through the City of Mesa Property and Public Liability Trust Fund ("PPL Trust"), including property, liability, cyber risk, and aviation insurance; and the City contracts with an experienced, national insurance broker ("City's National Broker") to assist and represent the City in procuring and selecting such insurance.

Whereas, these insurance policies for municipalities generally can only be purchased on an annual basis with annual renewals.

Whereas, even with City's National Broker, obtaining such insurance has become more complex and challenging, and obtaining or renewing insurance occurs near the renewal period or at other times of the year when additional policies may be needed with short notice; and therefore, obtaining this type of insurance is a professional service as defined in Title 1, Chapter 21 of the Mesa City Code.

Whereas, the insurance market for municipalities makes it difficult to obtain insurance, has had unprecedented cost increases, and requires the ability to make decisions on short notice regarding the amount of insurance to obtain (e.g., excess liability coverage, cyber insurance) based on costs and availability and the ability to modify deductibles or the self-insured retention ("SIR").

Whereas, the City Council, on June 20, 2022, by Resolution No. 11888, recognized that due to the unprecedented costs and difficulties in obtaining excess liability coverage above the SIR, the City, through the City Manager and City Attorney, may need to reduce the amount of excess liability coverage in the future based on costs or availability.

Whereas, for all the reasons stated above, the City Council, by Resolution No. 11888, authorized the City Manager and City Attorney, through the City's National Broker and with funds from the PPL Trust, to obtain and enter into new insurance agreements for a period of five years for the benefit of the City, including property, liability, cyber risk, and aviation insurance coverages, and including the ability to change carriers, add additional insurance or excess layers of insurance, reduce the total insurance coverage layers or amount (e.g., reduce the excess liability coverage), modify coverage amounts, modify deductibles, and modify the City's SIR as appropriate, so long as the City Attorney provided periodic updates to the City Council on the amounts of insurance obtained and costs.

Whereas, the factual realities of the insurance market upon which the City Council based its grant of authority to the City Manager and City Attorney in Resolution No. 11888 still exist, including the continually increasing complexity, costs, and challenges of obtaining insurance for municipalities and the need to make decisions on short notice.

Whereas, the City Council therefore recognizes the continued need for the City Attorney, through the City's National Broker and with approval of the City Manager, to obtain and enter into new insurance agreements, change insurance carriers, add additional insurance or excess layers of insurance, reduce the total insurance coverage layers or amounts, and modify coverage amounts, deductibles, and the City's SIR, often with short notice. The authority granted by Resolution No. 11888 to the City Manager and City Attorney to do so expires on June 30, 2027.

Whereas, for the reasons stated herein and in Resolution No. 11888, the City Council finds it is appropriate and in the best interests of the City to amend Mesa City Code Section 1-19-3 to codify and continue the authority granted to the City Attorney by Resolution No. 11888, which includes the ability, through the City's National Broker and with approval of the City Manager, to obtain and enter into new insurance agreements, change insurance carriers, add additional insurance or excess layers of insurance, reduce the total insurance coverage layers or amounts, and modify coverage amounts, deductibles, and the City's SIR.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MESA:

Section 1: Mesa City Code Section 1-19-3 is amended as follows:

1-19-3: ADDITIONAL AUTHORITY

- (A) The City Attorney, on behalf of the City, is authorized to file, pursue, defend, appeal, settle, dismiss, and resolve any and all civil lawsuits and claims and criminal misdemeanor cases. The City Attorney shall provide advice and information about cases and appeals to Council at the request of, or when needed by, the Council.
  
- (B) **THE CITY ATTORNEY, THROUGH THE CITY'S CONTRACTED NATIONAL INSURANCE BROKER AND WITH APPROVAL OF THE CITY MANAGER, AND WITH FUNDS FROM THE CITY'S PROPERTY AND PUBLIC LIABILITY TRUST FUND, IS AUTHORIZED TO OBTAIN AND ENTER INTO NEW INSURANCE AGREEMENTS, CHANGE INSURANCE CARRIERS, ADD ADDITIONAL INSURANCE OR EXCESS LAYERS OF INSURANCE, REDUCE THE TOTAL INSURANCE COVERAGE LAYERS OR AMOUNTS (E.G., REDUCE THE EXCESS LIABILITY COVERAGE), MODIFY INSURANCE COVERAGE AMOUNTS, MODIFY INSURANCE DEDUCTIBLES, AND MODIFY THE CITY'S SELF-INSURED RETENTION. THE AUTHORIZATION OF THIS SECTION EXTENDS TO ALL INSURANCE COVERAGES OBTAINED WITH FUNDS FROM THE CITY'S PROPERTY AND PUBLIC LIABILITY TRUST FUND, INCLUDING PROPERTY, LIABILITY, CYBER RISK, AND AVIATION INSURANCE COVERAGES. THE CITY ATTORNEY SHALL ANNUALLY PROVIDE A REPORT TO THE SELF-INSURANCE PROGRAM BOARD OF TRUSTEES AND TO THE CITY COUNCIL REGARDING THE CITY'S INSURANCE**

**COVERAGES OBTAINED WITH FUNDS FROM THE CITY’S PROPERTY  
AND PUBLIC LIABILITY TRUST FUND.**

Section 2:     Recitals. The recitals above are fully incorporated in this ordinance by reference, and each recital represents a finding of fact and determination made by the City Council.

Section 3:     Amended Language. In section 1 of this ordinance that modifies the current language of the Mesa City Code, new language is shown in **BOLD ALL CAPS**.

Section 4:     Effective Date. The effective date of this ordinance is \_\_\_\_\_, 2026.

Section 5:     Severability. If any term, provision, section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid, unenforceable, or unconstitutional by the decision of a court of competent jurisdiction, the remaining portions of this ordinance will remain in effect.

Passed and adopted by the City Council of the City of Mesa on \_\_\_\_\_.

\_\_\_\_\_  
Mark Freeman, Mayor

Attest:

\_\_\_\_\_  
Holly Moseley, City Clerk