



May 23, 2018

Agenda Item 2

REPORT TO THE COMMISSIONERS

FROM: Gregory P. Russ, Executive Director / CEO

SUBJECT: Amendment to the Annual Contributions Contract (ACC) to permit Self-Insurance for General Liability

Previous Directives: Self-insurance for general liability risk was approved by the Minneapolis Public Housing Authority Board on September 22, 1986.

Resident Association Notification: This Report is scheduled to be discussed with the Resident Advisory Board (RAB) on the same date and immediately prior to the Board of Commissioners May 23, 2018 meeting.

Budget Impact: None. The current budget anticipated self-insurance for general liability.

Affirmative Action Compliance: Not applicable.

Procurement Review: Not applicable.

RECOMMENDATION: It is recommended that the Board of Commissioners authorize an amendment to the ACC to permit self-insurance for comprehensive general liability.

The Minneapolis Public Housing Authority (MPHA) has been self-insured for general liability risk since 1986. Self-insurance for comprehensive general liability risk permits MPHA to pay general liability claims with savings obtained by not paying premiums for commercial insurance.

MPHA has been required to periodically obtain a waiver from HUD to be self-insured. Historically, HUD's waiver has been provided in the form of a letter. To continue the self-insurance now, HUD

is requiring an ACC Amendment that both HUD and MPHA would execute. The ACC Amendment, which is attached, states that HUD has reviewed financial documentation submitted by the Authority and has determined that the Authority should be permitted to self-insure for general liability under the terms of the Amendment.

This Report was prepared by Tim Durose, Chief Financial Officer. If you have any questions or require further information regarding this Report, please contact Mr. Durose at 612-342-1410 or tdurose@mplspha.org, or Greg Russ, Executive Director at 612-342-1380 or gruss@mplspha.org.

AMENDMENT TO ANNUAL CONTRIBUTIONS CONTRACT

THIS AMENDMENT TO ANNUAL CONTRIBUTIONS CONTRACT is made effective as of _____, 2018, between the Minneapolis Public Housing Authority, a body corporate and politic of the State of Minnesota ("Authority") and the United States of America, acting by and through the Secretary of the Department of Housing and Urban Development ("HUD").

WHEREAS, the Authority and HUD have entered into a certain Consolidated Annual Contributions Contract Form HUD-53012A and Form HUD-53012B, Number C-953, dated September 26, 2001 ("ACC") which has been amended by a certain Energy Performance Contract ACC Amendment dated August 14, 2013 ("Financing Amendment"), and

WHEREAS, the ACC as amended by the Financing Amendment requires that the Authority procure general liability insurance as required unless HUD agrees to waive such requirement and to amend the ACC and Financing Amendment in that respect; and

WHEREAS, HUD has reviewed financial documentation submitted by the Authority and has determined that the Authority should be permitted to self-insure for general liability under the terms of this Amendment;

IT IS THEREFORE AGREED:

1. Waiver and Amendment. Notwithstanding any provisions to the contrary in the ACC or the Financing Amendment, the Authority shall not be required to obtain general liability insurance and shall be permitted to self-insure.
2. Financial Information. The Authority will, biennially beginning on the anniversary date of this Amendment, or more often at the request of HUD, furnish HUD with such financial information regarding its reserves and claims as HUD may require.
3. Termination by HUD.
 - (a) The authorization to self-insure granted by this Amendment may be terminated by HUD
 - (i) Upon a determination by HUD in its sole discretion that the Authority's financial condition is such that self-insurance is no longer warranted; or
 - (ii) For failure by the Authority to submit financial information to HUD, as required by Section 2 above.

(b) In the event of a determination by HUD that termination of the authorization herein is warranted, HUD shall provide the Authority with written notice of termination. The Authority shall have 60 days following the date of such notice to correct the condition giving rise to the notice. If after such 60-day cure period the conditions for termination have not been corrected to the satisfaction of HUD, the authorization to self-insure shall be null and void and the Authority agrees immediately to procure such insurance in such manner and in such amount as may be required by the ACC and the Financing Amendment.

IN WITNESS WHEREOF, the parties have signed this Agreement through their duly authorized agents.

Minneapolis Public Housing Authority

By: _____

UNITED STATES OF AMERICA
Secretary of the Department of Housing and
Urban Development

By: _____
Authorized Agent

THIS INSTRUMENT DRAFTED BY:
U.S. Department of Housing and Urban Development
Legal Division
920 Second Avenue South, Suite 1300
Minneapolis, MN 55402-4012