

KENNEBUNK SEWER DISTRICT BOARD OF TRUSTEES  
SPECIAL MEETING, DECEMBER 16, 2020

The Board of Trustees of the Kennebunk Sewer District held a special meeting on Wednesday, December 16, 2020 via teleconferencing computer application “Zoom.”

Trustees present via Zoom were: John E. **Price III**, Chairman  
Wayne A. **Brockway**, Treasurer  
James A. **Oppert**, Clerk  
Arnold H. **Reim**

Trustees absent were: Mark K. **Allenwood**, Vice Chairman

KSD Staff present via Zoom was: Michael **Bolduc**, KSD District Manager  
Chris **Gallant**, KSD Assistant Manager

Others present via Zoom were: Scott **Simmonds**, CPCU, ARM, President, Insurance Consultants of Maine, Inc.

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**AGENDA:**

**Unfinished Business**

**New Business**

1. Property Insurance Recommendations

**Other Business...**

**Adjournment**  
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The meeting was called to order by Chairman **Price** at 4:35 p.m.

**Agenda Item – Unfinished Business**

There being no discussion regarding this Agenda Item, Chairman **Price** moved to the next scheduled Agenda Item.

**Agenda Item – (New Business) #1: Property Insurance Recommendations**

District Manager **Bolduc** introduced Scott **Simmonds**, Insurance Consultants of Maine, and asked for a status of property insurance recommendations.

Referring to Attachment #3 (Kennebunk Sewer District - Renewal Bid Summary December 2, 2020) of the Board of Trustees package for December 16, 2020, Consultant **Simmonds** noted that the three options discussed at the previous meeting are presented in Attachment #3 as three columns on one page. The options are labeled as follows:

- Grundy/Trav/KSB (option 1);
- ME Municipal Assn (option 2); and
- MMA/Travelers (option 3).

Consultant **Simmonds** stated that he would take further questions, if there were any.

Treasurer **Brockway** asked if cyber liability was the only coverage part that would be taken from Travelers.

Consultant **Simmonds** clarified that the following coverage items would be taken from Travelers as part of the third option:

- Cyber liability;
- Cyber extortion;
- Computer Fraud; and
- Funds transfer fraud.

Treasurer **Brockway** asked if data breach and cyber extortion were also part of the coverage taken from Travelers. Consultant **Simmonds** amplified his previous list of coverage items, that would be taken from Travelers as part of the third option, as following;

- Cyber liability;
- Data breach mitigation;
- Cyber extortion;
- Defense cost;
- Basic crime limit;
- Computer Fraud; and
- Funds transfer fraud.

Treasurer **Brockway** confirmed that the seven items listed above were the only coverage items taken from Travelers and the remaining coverage will be provided by MMA.

Consultant **Simmonds** replied in the affirmative.

Referring to the third option (column 4), District Manager **Bolduc** asked for clarification of the coverage combination between MMA and Travelers.

Consultant **Simmonds** provided the following explanation:

- Between MMA and Travelers, there's no area where the two overlap;
- MMA will provide:
  - Property insurance;
  - General liability;
  - Public officials liability
  - Basic crime coverage;
  - Auto coverage;
  - Employment practices liability; and
  - Equipment coverage.

Treasurer **Brockway** asked if there will be a deduct in the price.

Consultant **Simmonds** replied that he took out \$350.00.

Treasurer **Brockway** asked if the limits were per occurrence or annual.

Consultant **Simmonds** verified that the limits were annual.

Trustee **Reim** asked if cybercrime coverage included the SCADA system.

Consultant **Simmonds** replied that SCADA system coverage is provided as follows:

- If the attack is ransomware, protection is provided under extortion coverage; and
- If the attack is a virus, protection is provided under another part of your insurance.

District Manager **Bolduc** suggested that the coverage with more robust cyber protection, option one (Grundy/Trav/KSB) or option three (MMA/Travelers), would be preferable.

Treasurer **Brockway** and Chairman **Price** agreed.

District Manager **Bolduc** proposed that the next area of discussion should be flood insurance and noted that the biggest difference in coverage is between option one (Grundy/Trav/KSB) or option three (MMA/Travelers).

Consultant **Simmonds** explained the difference between option one (Grundy/Trav/KSB) or option three (MMA/Travelers) coverage as follows:

- Grundy is an unknown, relative to their service after a loss; and
- MMA is a known response relative to liability claim events.

Referring to flood insurance, Treasurer **Brockway** noted that if the control building was removed from the flood zone, the Grundy proposal would be back to a more competitive dollar amount; however, MMA still has some stronger points that offset the more competitive dollar amount.

Consultant **Simmonds** clarified the Grundy versus MMA flood insurance difference as follows:

- The Grundy program has \$2 million of flood coverage per event;
- The MMA program is either 51 million or 101 million for the pool;
- The Grundy program provides partial catastrophe coverage; and
- The MMA program provides complete catastrophe coverage.

Treasurer **Brockway** added that MMA coverage in the following areas were all positive:

- Flood;
- Earthquake;
- General liability;
- Public Officials Limit; and
- Employment Practices Limit.

Treasurer **Brockway** asked specifically about auto liability coverage.

Consultant **Simmonds** explained:

- The MMA program has a total of \$5 million for an auto accident; and
- The Grundy program has a total of \$4 million for an auto accident.

Consultant **Simmonds** asked if any Board member had any issue that really stood out as a problem for them. Chairman **Price** expressed concern that there was no coverage for the RBC equipment.

A discussion developed regarding the lack of coverage for the RBCs, highlights included;

- MMA would not cover any RBC failure because the equipment is beyond its useful life;
- The unit is 35 years old with a useful life of 30 years;
- The unit will be replaced in the future with new technology, but it could take 5 years for the new equipment to be in place;
- Non-coverage for RBC failure applies only to mechanical breakdown;
- If it's destroyed in a fire or damaged in a windstorm, it's a different issue;

Chairman **Price** asked for an explanation of explosion, lightning, windstorm, and flood coverage.

Consultant **Simmonds** stated that coverage for those instances is for pollution issues.

Consultant **Simmonds** provided the following characteristics of MMA coverage;

- They feel very strongly that you're protected by Maine Tort Claims Act if something were to happen;
- Nobody knows Maine Tort Claims Act as well as MMA; and
- Not having hard data, Consultant **Simmonds** believes that fully 80% of the municipal and quasi municipal operations in the state of Maine are insured by MMA.

Clerk **Oppert** asked if there was any possibility of getting some kind of special coverage for the RBCs.

Consultant **Simmonds** replied that it would be cost prohibitive.

Clerk **Oppert** expressed support for proposal option 3, MMA/Travelers.

Chairman **Price** agreed.

Trustee **Reim** asked if any coverage is provided for consequences as a result of failure of all RBCs at the same time. District Manager **Bolduc** replied that the likelihood of all three units failing at the same time is astronomically unlikely and if one or even two failed, an effort would be made to repair as fast as possible and operate the plant at a reduced capacity.

Consultant **Simmonds** replied that any claims for that scenario would fall under the Maine Tort Claims Act.

Treasurer **Brockway** asked Chairman **Price** if it was time to ask Consultant **Simmonds** for a recommendation. Chairman **Price** agreed.

Consultant **Simmonds** recommended option 3 (MMA/Travelers).

Treasurer **Brockway** noted that option 3 (MMA/Travelers) is approximately a 20% reduction compared to option 1 (Grundy/Trav/KSB) and represents a still greater reduction from the coverage KSD had last year; therefore, he supports Consultant **Simmonds**' recommendation of option 3 (MMA/Travelers).

Chairman **Price** stated that he also supports Consultant **Simmonds**' recommendation of option 3 (MMA/Travelers). District Manager **Bolduc** agreed with Treasurer **Brockway**'s support of option 3 (MMA/Travelers).

There being no further remarks or comments to come before the Board regarding this agenda item, Chairman **Price** asked for a motion.

**A motion was made to execute the Maine Municipal Association / Travelers option for insurance coverage at a cost of \$58,583.**

**MOVED: Oppert**

**SECONDED: Brockway**

**DISCUSSION: None**

**MODS: None**

**VOTE:** Chairman **Price** voice vote, **affirmative**  
Treasurer **Brockway** voice vote, **affirmative**  
Clerk **Oppert** voice vote, **affirmative**  
Trustee **Reim** voice vote, **affirmative**  
**4 in favor, 0 opposed; the motion carried.**

Chairman **Price** thanked Consultant **Simmonds** for his effort and moved to the next agenda item.

### **Agenda Item – Adjournment**

Chairman **Price** asked for a motion to adjourn.

**A motion was made to adjourn the meeting at 5:33 p.m.**

**MOVED: Brockway**

**SECONDED: Oppert**

**MODS: None**

**VOTE:** Chairman **Price** voice vote, **affirmative**  
Treasurer **Brockway** voice vote, **affirmative**  
Clerk **Oppert** voice vote, **affirmative**  
Trustee **Reim** voice vote, **affirmative**  
**4 in favor, 0 opposed; the motion carried.**

Date Signed \_\_\_\_\_

James A. Oppert, Clerk \_\_\_\_\_

**KSD Board of Trustee Monthly Meeting Action Items History List**

<b><u>Request Date</u></b>	<b><u>Action Item</u></b>
<b>April 2, 2019</b>	Agenda Item <b>(New Business) #3</b> : Topic: <u>Discussion on Impact Fees</u> ; Description: <u>Ongoing impact fee recalculation.</u>
<b>April 7, 2020</b>	Agenda Item <b>(Other Business) a</b> : Topic: <u>Manager's Report for April 2020</u> ; Description: <u>District Manager Bolduc agreed to check for feasibility of accepting monthly payments in place of quarterly payments.</u>
<b>Date</b>	Agenda Item # __: Topic _____; Description _____.