

June 16, 2020 Council QA

Wednesday, June 10, 2020 3:43 PM

I. CONSENT AGENDA:

1. **20-675** Approve the cash disbursements for the period of 05/01/2020 Through 05/31/2020, for a total of \$28,078,571.06
2. **20-701** Approve the regular City Council meeting minutes of June 2, 2020
3. **20-705** Approve the City Council meeting schedule for July, August & September 2020
4. **20-330** Approve the award of Sole Source Procurement 20-040, Cityworks Storeroom Equipment and Software, to Radley Corporation for an amount not to exceed \$171,651.46.
5. **20-506** Approve the award of RFP 19-310, Maintenance Support Services, to JP Superior Cleaning and Janitorial Services Corporation, for an amount not to exceed \$128,665 and for a one-year term

Q:	Given the circumstances, this bid still seems high given the fact that everything is being canceled this year.	Hinterlong
A:	<p>The RFP is for daily planned maintenance services that include support of scheduled cyclical repairs, grounds repairs, and janitorial services impacting porches, decks, fences, doors, carpentry on historic & modern buildings, windows, care of restored grounds, basic plumbing, roofing, and specialty work activities like construction of free-standing hand sanitizer stands as directed by the Buildings & Grounds Department.</p> <p>It's a daily maintenance contract with daytime select cleaning especially under the COVID-19 scenario, and when planned will support events, rentals, camps, programs, and exhibit openings. Some of what was previously schedule event and rental wise has been cancelled however the Settlement anticipates late summer, fall 2020 events, rentals, and adjusted educational programs upon the lifting of COVID-19 restrictions. The contract hours reflect these reductions and savings and have been accounted for at the start of this contract in the area of removed event, rental, camp hours, with anticipation that September and October planned outside activities can be kept as scheduled.</p>	Pistorio

6. **20-617** Approve the award of Option Year Two to Contract 17-097, Holiday Lighting and Decorations, to Holiday Creations Pro, Inc. for an Amount not to exceed \$185,000

- 7. **20-619** Approve the award of Option Year Two to Contract 17-020, Custodial/Janitorial Services for City Sites, to Citywide Building Maintenance for an amount not to exceed \$560,000

Q:	I thought we subbed this work out to save money? What was the cost savings of 4 employees? I would think much less than \$560,000?	Hinterlong																				
A:	<p>In 2018, approximately 25% of the custodial work was performed by in-house staff. The chart below shows the changes to cost for custodial services for the past few years. Additional savings were realized by cutting back the service levels in 2018. The service levels have gradually been restored over the past 2 years, and the recommended award for 2020-21 also includes additional costs needed in response to Covid-19.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th>2017-2018</th> <th>*2018-2019</th> <th>**2019-2020</th> <th>***2020-2021</th> </tr> </thead> <tbody> <tr> <td>Original Award</td> <td>\$344,773.00</td> <td>\$443,902.00</td> <td>\$531,950.00</td> <td>\$560,000.00</td> </tr> <tr> <td>In-house</td> <td>\$245,160.00</td> <td>\$ -</td> <td>\$ -</td> <td>\$ -</td> </tr> <tr> <td>Total</td> <td>\$589,933.00</td> <td>\$443,902.00</td> <td>\$531,950.00</td> <td>\$560,000.00</td> </tr> </tbody> </table> <p>*Addition of PD Cleaning and Reduction in cleaning services **Restoration of Cleaning Services at Municipal Center and Public Works Service Center, and COVID response ***Restoration of Cleaning Services at Electric Service Center and COVID response.</p>		2017-2018	*2018-2019	**2019-2020	***2020-2021	Original Award	\$344,773.00	\$443,902.00	\$531,950.00	\$560,000.00	In-house	\$245,160.00	\$ -	\$ -	\$ -	Total	\$589,933.00	\$443,902.00	\$531,950.00	\$560,000.00	Lang/Dublinski
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- 8. **20-629** Approve the award of Cooperative Procurement 20-225, Biosolids Storage Building Roof Restoration, to Garland/DBS for an amount not to exceed \$527,559, plus a 3% contingency
- 9. **20-685** Approve the award of RFP 20-052, Springbrook Water Reclamation Center Facilities Plan, to Donohue and Associates, Inc. for an amount not to exceed \$255,950

Q:	Was Donohue and Associates lowest bidder? Why was only one consultancy firm interviewed (and rescored)?	Sullivan
A:	<p>Professional engineering services of this type are typically reviewed and scored on a qualifications basis and adherence to the RFP services requested with price being a factor but not the sole determining parameter as with a construction project. Therefore there is no low bid or bidder.</p> <p>The proposals ranged in price from \$143,310 to \$435,073. An exact comparison is difficult to achieve due to a base level of services with some optional services included with each</p>	Blenniss/Ries

proposal. However, it would be accurate to conclude that the final negotiated pricing with Donohue is in the middle of the range of proposals received.

Due to the large discrepancy between the top scoring firm and the rest of the field, the top firm (Donohue) was interviewed with the idea that if significant issues or questions emerged then the next two firms could be brought in for interviews. Donohue performed well during the interview and we determined additional interviews would not change the scoring in a meaningful way to alter the results. Also, City utility staff are familiar with the work of the top three scoring firms and were able to score their proposals thoroughly.

- 10. **20-686** Approve the recommendation by Alliant Insurance Services to award Excess Liability Insurance coverage to Great American Insurance Company for a one-year term and an amount not to exceed \$180,183
- 11. **20-687** Approve the recommendation by Alliant Insurance to award Property, Cyber Liability and Pollution Liability insurance coverage through the Alliant Property Insurance Program for an amount not to exceed \$452,410.65 and for a one-year term

Q:	This is unacceptable. Why don't we do an RFP to see if we can find a better bid?	Hinterlong
A:	<p>The City does not have the internal resources or expertise available to properly manage a bidding process for complex insurance policies. To manage this issue, the City works through an insurance broker, which provides advising and procurement services for specific policies.</p> <p>For more than a decade, the City has worked with Alliant Insurance Services, which developed the APIP policy, a group program designed to leverage several providers for lower costs. The City has the option of seeking a new insurance broker this year. Alliant's current contract expires Oct. 1, 2020. The City holds two one-year options on the agreement.</p> <p>Unfortunately, market rates have increased significantly the past two years. The City's current property policy expires July 1, 2020. Seeking a new plan at this point would leave the city uninsured for the remainder of the year. Staff continually works with Alliant to discuss future options to reduce costs and understand market conditions.</p>	Mayer
Q:	Does the cyber liability policy cover losses from wire fraud? Ransom? Loss of revenue if systems are attacked? To what levels for each (where applicable)?	Sullivan
A:	<p>Within the cyber liability policy, the City is covered against fraudulent instruction (social engineering) and funds transfer fraud up to \$75,000. The City has additional coverage for these items under the Crime policy. Ransom (cyber extortion) is also covered to the full policy limits of \$2 million, as is business interruption related to a security breach. Business interruptions due to a</p>	Mayer/ Nguyen

system failure is covered up to \$500,000 and business interruptions due to a security failure are covered up to \$750,000. Details from Alliant are provided in the attached slides.

The City has the option to add additional cyber liability coverage through an add-on policy. Two options were provided at an additional cost to the proposed policy with costs of either \$21,955 or \$25,333. Neither option is recommended for this proposal. Staff recommends to continue using funds to leveraging a number of security improvements including MFA deployment, enhanced network monitoring tools, Advanced Threat Protection, back up improvements, and server upgrades.
The full proposal for excess cyber liability is attached.

- 12. **20-702** Accept the public underground improvements associated with Wagner Farm Phase 1 and authorize the City Clerk to reduce the corresponding public improvement surety.
- 13. **20-695** Conduct the first reading on an ordinance amending the structure and fee amounts included in Articles E, F, and H of Chapter 9 (Municipal Finances) of the Naperville Municipal Code.
- 14. **20-696** Receive the staff report for the property located at 110 S Washington Street (Central Park Place) - PZC 18-1-077 (Item 1 of 3)

Q:	Could you please explain the petitioners' intent for separate plats of subdivision? Is this required in order to close on the 9 residential units earlier? Was this request anticipated when the city approved the original project? Does petitioner anticipate the residential and commercial subdivisions will have separate owners within the next 18 months?	Sullivan
A:	The intention of the submitted plats is for division of ownership of the residential and commercial units for the purpose of sale. The condo plat must be approved before the residential units can be sold to individual property owners and closed on. The proposed condo plat and vertical subdivision are typical submittals for a mixed-use development and were anticipated by staff when the City approved the original project. The petitioner is hopeful that all residential condos will be sold within 18 months, the commercial parcel will be retained by the owner.	Mattingly

- 15. **20-697** Pass the ordinance approving a final condominium plat of survey for Central Park Place Residential Condominium, PZC 18-1-077 (Item 2 of 3)

16. **20-698** Pass the ordinance approving the vertical subdivision plat for Central Park Place Commercial Subdivision, PZC 18-1-077 (Item 3 of 3)
17. **20-640** Adopt a resolution approving an intergovernmental agreement with the State of Illinois for road improvements on Illinois Route 59 at Champion Road

Q:	Can you provide an estimate of when the stoplight at 59 and Champion will be operational?	Kelly
A:	IDOT has not established the completion date for the project yet. Bids for the project are expected to open in September 2020. As the typical lead time for the delivery of the associated poles and mast arms is currently about 9 months, staff estimates that the traffic signal would become operational in mid to late summer 2021.	Hynes

18. **20-706** Adopt the resolution authorizing the City Manager to implement the policy entitled "Prohibition and Prevention of Harassment/Sexual Harassment".
19. **20-677** Approve the application and issue a permit for The Salute's fireworks display at Frontier Park on July 4, 2020

Q:	The fireworks have always been at Knoch park. Please explain the reasoning behind the move to Frontier Park this year. How will social distancing be enforced at the park?	Sullivan
A:	COVID-19, and associated restrictions, have forced most organizers to cancel events this year. Staff was notified on April 24 that Naperville Responds for Veterans had decided to cancel the Salute event to be held at Rotary Hill on July 3-4. However, they still wanted to partner with the City and the Park District to host a fireworks display. In order to allow for a large group of spectators while still social distancing, and to provide the community with a display that could be seen from far away if residents wanted to watch from their homes, the fireworks will go off 500' higher than past shows. Bigger shells will be used this year (6" maximum) which require a larger fall out zone (420' in all directions) for the safety of spectators and surrounding property. Because neither the Garden Plots nor Knoch Park has the fall out capacity required, which would also allow for a large group of people to responsibly social distance, the organizers, the City, and the Park District worked together to find another location. Springbrook Golf Course, Springbrook Prairie Path, and Frontier Park were considered. Ultimately, Frontier Park was selected. It has 906 parking spaces that will allow spectators to view from their cars and a field large enough to accommodate individuals wishing to watch from inside the park. Both options will allow for required social distancing. If use of the Neuqua Valley High School parking lot is approved, an additional 1,000 spaces will be available. Hosting the event at Frontier Park will also not require hours-long road closures and significant staff resources from the Department of Public Works and	Gallahue

public safety. It is anticipated that the Salute will return to Rotary Hill in 2021 and so too the fireworks celebration.

M. AWARD OF BIDS AND OTHER ITEMS OF EXPENDITURE:

1. **20-542** Approve the award of Bid 20-020, Electric Tree Trimming, to Lewis Tree for an amount not to exceed \$1,858,100 and for a three-year term

Q:	Is the award for \$1,858,100 a 1 year total or 3 year total? Either way, what does the \$4,324,076.80 represent?	Hinterlong
A:	The award to Lewis Tree is for \$1,858,100 for a three year total. The \$4,324,076.80 represents the total bid amount received from Lewis Tree. The awarded amount is at the discretion of the Utility and includes fixed cost preventative maintenance trimming by electrical circuit as well as anticipated emergency trimming required to address excessive growth in select areas and storm damage.	Podlesny

O. REPORTS AND RECOMMENDATIONS:

1. **20-684** Provide direction regarding potential short-term residential rental Regulations.

Q:	It seems the problem we face with just a couple of short term rental units is that they allow parties, which have necessitated police intervention and caused parking and noise issues. If it is Council's intent is to solve this <i>particular</i> problem with short term rentals, is there a more surgical approach than the many options laid out that would be most effective in ensuring rentals' main purpose isn't to hold large parties? For instance, could fines alone take care of this issue? Could the city fine the owner of a short term rental house if police are called and respond to a disturbance AND police find any local ordinances are being broken (like noise, parking, fighting, public intoxication, etc.)? This fine could be punitive - say \$1000 - on top of any other fines that may be applicable through violations of other ordinances? Is that enforceable?	Sullivan
A:	So long as short-term rentals are defined in the Code, possibly the most surgical and enforceable approach to preventing parties would be to (1) require a minimum length of stay and (2) require that only those listed on the rental contract would be permitted to occupy the short-term rental (note: additional flexibility, such as allowing 5 people over those listed on the contract, could also be considered). Significant fines could then be imposed for violations to these codified provisions.	Laff
Q:	If we required a one time (not annual) registration fee, but not an inspection, approximately how many staff hours would be necessary to complete the registration process so that we would have a record of substantially every property being	Kelly

	marketed for short term rentals? What city department would handle complaints/violations/fines/etc.?	
A:	<p>For those short-term rental properties that voluntarily comply with the registration requirement, the actual time to complete the registration would not likely be significant (1 hour per address). However, the larger staff time commitment will be to identify the short term rentals that have not voluntarily registered, notify those properties of the registration requirement, and follow-up until compliance is gained.</p> <p>It should be noted that the 300 short-term rentals listed in the staff report was based on an AirBnB search only. There are multiple short-term rental platforms that would need to be regularly reviewed in order to create a record of substantially every property being marketed for short-term rentals in Naperville.</p> <p>A one-time registration may prove difficult as short-term rentals will continuously be added to and removed from the online platforms and the contact information for the property (i.e., property owner, property manager, etc.) may change over time. If a one-time registration system is used, staff's compliance reviews will need to be a continuous effort in order to maintain an accurate list.</p> <p>Short-term rental registration would likely be handled by the City Clerk's Office, while compliance would be handled by TED.</p>	Laff

2. 20-699 Receive the June 2020 Financial Report

Q:	Can you please give a net dollar estimate on how much we anticipate the general fund will be affected the first half of 2020 compared to our original budget projections? The first was \$18M with very little data to go on. With this new data, how is that original estimate changed?	Sullivan
A:	<p>The initial projection provided in April was based on little to no information. Staff is monitoring revenue data on a monthly basis and reporting noteworthy information to the City Council. Although we are still working with limited information, it would appear that some of the initial estimates were more conservative than what we are actually revenue performance. For example, state income tax revenue came in 17% below budgeted projections for June whereas the initial estimate had projected a 30% decline for June receipts. Similarly, sales tax for June came in 20% below budgeted projections, which was better than the 30% decline estimated for June. Revenues for July will be an important indicator as they will reveal the impact of the full-month shut down in April.</p> <p>Due to timing of this report, we do not have complete numbers to provide an exact value for the General Fund impact through the first six months of 2020. However, as stated in the report most of the surplus performance experienced in the first five months of the year was negated by the downturn in June receipts. For example, sales tax was tracking \$551k above budget, but June receipts were down by \$603k creating a deficit of \$50k.</p> <p>At this time, staff has not seen enough indicators that would significantly change the original estimate. However, the speed of</p>	Mayer

	transition to phase 4 and 5 of Restore Illinois will be the biggest driver of changes to the estimates.	
Q:	Does staff still estimate the Covid-related revenue reduction in 2020 to be approximately \$18 million, or more or less than that initial projection at this point?	Kelly
A:	At this time, staff has not seen enough indicators to significantly change the original estimate. However, the speed of transition to phase 4 and 5 of Restore Illinois will be the biggest driver of changes to the estimates along with the July receipts which are anticipated to show the deepest cuts due to April being the month with the strictest restrictions in place related to the pandemic.	Mayer

Attached is a copy of the presentation on this topic that staff will give at tomorrow's meeting.

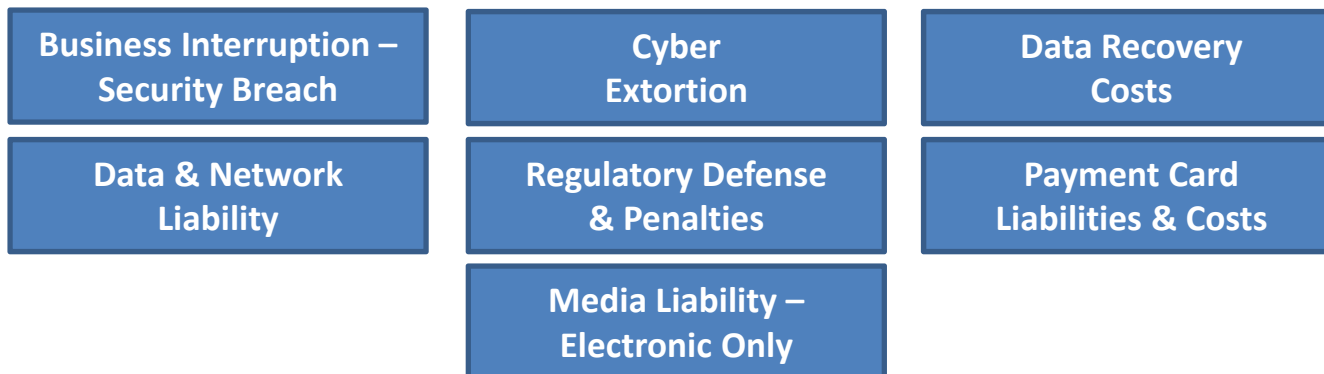
Retentions & Limits

- **Retentions**

- **\$50,000 – per Claim/Incident per Member/Insured with TIVs up to \$500M at time of loss**
- **\$100,000 - per Claim/Incident per Member/Insured with TIVs greater than \$500M at time of loss**

- **Limits**

- **\$25M Policy Aggregate Limit**
- **\$2M Per Member/Insured Aggregate Limit**
 - **Full limit coverages:**



Note: No changes in retroactive dates.

Sub-Limits & Enhancements

Part of Member & Policy Aggregate Limits: Sub-Limits are Per Member/Insured

Sub-limits	→	Breach Response Costs	→	\$500K/\$1M – Beazley Vendor
	→	Business Interruption – System Failure	→	\$500,000
	→	Dependent Business Interruption – Security Failure	→	\$750,000
	→	Dependent Business Interruption – System Failure	→	\$100,000
	→	Fraudulent Instruction	→	\$75,000
	→	Funds Transfer Fraud	→	\$75,000
	→	Telephone Fraud	→	\$75,000
	→	Criminal Reward	→	\$25,000
	→	Consequential Reputational Loss	→	\$50,000
	→	Bricking	→	\$75,000
	→	Invoice Manipulation	→	\$100,000

Note: Blue denotes improvements

**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

ALLIANT CYBER EXCESS PROPOSAL

TYPE OF COVERAGE: APIP Cyber Excess Policy – **Claims Made & Reported**

PROGRAM: **Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)**

NAMED INSURED: [City of Naperville](#)

POLICY PERIOD: July 1, 2020 to July 1, 2021

RETROACTIVE DATE: Follows APIP Cyber Underlying Policy

COVERAGE FORM: Follow Form
Claims Made & Reported

INSURANCE COMPANY: Axis Insurance Company

A.M. BEST RATING: A+ (Superior), Financial Size Category: XV (\$2 Billion or greater)

STANDARD & POOR'S RATING: A+ (Strong) as of December 12, 2018

ADMITTED STATUS: Admitted

COVERAGES & LIMITS:

	<u>Dedicated Limits in Excess of APIP Core</u>
<i>Option 1 – per Member:</i>	\$2,000,000 Each Member Aggregate \$2,000,000 Policy Aggregate
<i>Option 2 – per Member:</i>	\$3,000,000 Each Member Aggregate \$3,000,000 Policy Aggregate

SUB-LIMITS (Per Member and Policy Aggregate):

	<u>Dedicated Limits in Excess of APIP Core</u>
Breach Response/Notification Expense Costs	\$ 500,000 (Non-Beazley Vendors)
(non-BBR endorsement members):	\$ 1,000,000 (Beazley Vendors)
Business Interruption resulting from a System Failure:	\$ 500,000
Dependent Business Interruption resulting from a Security Breach:	\$ 750,000
Dependent Business Interruption resulting from a System Failure:	\$ 100,000
Fraudulent Instruction:	\$ 75,000
Funds Transfer Fraud:	\$ 75,000
Telephone Fraud:	\$ 75,000
Computer Hardware Replacement (Bricking):	\$ 75,000
Reputation Loss:	\$ 50,000
Claims Preparation Cost for Reputation Loss Claims Only:	\$ Nil
Invoice Manipulation:	\$ 100,000
Criminal Reward:	\$ Nil
Cryptojacking:	\$ Nil

NOTE:

- 1) If you are a member of a JPA and your JPA purchases a group excess cyber policy above APIP cyber, please contact your client team to obtain excess limit quotes above your JPA's group excess cyber policy.
- 2) Quotes for up to \$35M in limits can be obtained, please contact your client team for more information.
- 3) 6 month minimum premiums

ENDORSEMENTS &

EXCLUSIONS: (including but not limited to)

- Sublimated Coverage Endorsement (First Excess)
- Schedule of Named Insureds Endorsement
- Cap on Losses from Certified Acts of Terrorism Endorsement
- Pending or Prior Litigation Exclusion Endorsement
- ACES Program Endorsement
- Not Follow Specified Coverage Endorsement
- Amend Conditions Endorsement

UNDERLYING INSURANCE:

Layer	Insurer	Limits	Retention	Policy Period
Primary	Beazley	\$2,000,000	Follows APIP Cyber	7/1/2020 – 7/1/2021

TERM PREMIUM

7/1/2020 – 7/1/2021:

Option 1 – \$2M x \$2M: \$21,955.00

Option 2 – \$3M x \$2M: \$25,333.00

BINDING CONDITIONS:

- **Copy of all Underlying Binders Prior to Binding Coverage**
- **Copy of all Underlying Policies to Policy Issuance**

PROPOSAL VALID UNTIL: July 1, 2020

BROKER: ALLIANT INSURANCE SERVICES, INC.
License No. 0C36861

NOTES: Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

Disclosures

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal, whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

New York Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Privacy

At Alliant, one of our top priorities is making sure that the information we have about you is protected and secure. We value our relationship with you and work hard to preserve your privacy and ensure that your preferences are honored. At the same time, the very nature of our relationship may result in Alliant's collecting or sharing certain types of information about you in order to provide the products and services you expect from us. Please take the time to read our full Privacy Policy posted at www.alliant.com, and contact your Alliant service team should you have any questions.

Other Disclosures/Disclaimers

FATCA

The Foreign Account Tax Compliance Act (FATCA) requires the notification of certain financial accounts to the United States Internal Revenue Service. Alliant does not provide tax advice so please contact your tax consultant for your obligation regarding FATCA.

NRRA

(Applicable if the insurance company is non-admitted)

The Non-Admitted and Reinsurance Reform Act (NRRA) went into effect on July 21, 2011. Accordingly, surplus lines tax rates and regulations are subject to change which could result in an increase or decrease of the total surplus lines taxes and/or fees owed on this placement. If a change is required, we will promptly notify you. Any additional taxes and/or fees must be promptly remitted to Alliant Insurance Services, Inc.

Guarantee Funds

Established by law in every state, guaranty funds are maintained by a state's insurance commissioner to protect policyholders in the event that an insurer becomes insolvent or is unable to meet its financial obligations. *If your insurance carrier is identified as 'Non-Admitted', your policy is not protected by your state's Guaranty Fund.*

Claims Reporting

Your policy will come with specific claim reporting requirements. Please make sure you understand these obligations. Contact your Alliant Service Team with any questions.

Claims Made Policy

(Applicable to any coverage that is identified as claims made)

This claims-made policy contains a requirement stating that this policy applies only to any claim first made against the Insured and reported to the insurer during the policy period or applicable extended reporting period. Claims must be submitted to the insurer during the policy period, or applicable extended reporting period, as required pursuant to the Claims/Loss Notification Clause within the policy in order for coverage to apply. Late reporting or failure to report pursuant to the policy's requirements could result in a disclaimer of coverage by the insurer.

Any Employment Practices Liability (EPL) or Directors & Officers (D&O) with EPL coverage must give notice to the insurer of any charges / complaints brought by any state / federal agency (i.e. EEOC and similar proceedings) involving an employee. To preserve your rights under the policy, it is important that timely notice be given to the insurer, whether or not a right to sue letter has been issued.

Changes and Developments

It is important that we be advised of any changes in your operations, which may have a bearing on the validity and/or adequacy of your insurance. The types of changes that concern us include, but are not limited to, those listed below:

- Changes in any operations such as expansion to another state, new products, or new applications of existing products.
- Travel to any state not previously disclosed.
- Permanent operations outside the United States, Canada or Puerto Rico.
- Mergers and/or acquisition of new companies and any change in business ownership, including percentages.
- Any newly assumed contractual liability, granting of indemnities or hold harmless agreements.
- Any changes in existing premises including vacancy, whether temporary or permanent, alterations, demolition, etc. Also, any new premises either purchased, constructed or occupied
- Circumstances, which may require an increased liability insurance limit.
- Any changes in fire or theft protection such as the installation of or disconnection of sprinkler systems, burglar alarms, etc. This includes any alterations to the system.
- Immediate notification of any changes to a scheduled of equipment, property, vehicles, electronic data processing, etc.
- Property of yours that is in transit, unless previously discussed and/or currently insured.

Certificates of Liability Insurance / Evidence of Property Insurance

A Certificate or Evidence is issued as a matter of information only and confers no rights upon the recipient. The certificate does not affirmatively or negatively amend, extend or alter the coverage afforded by a policy. Nor does it constitute a contract between the issuing insurer(s), authorized representative, producer or recipient.

You may have signed contracts, leases or other agreements requiring you to provide this evidence. In those agreements, you may assume obligations and/or liability for others (Indemnification, Hold Harmless) and some of the obligations that are not covered by insurance. We recommend that you and your legal counsel review these documents.

In addition to providing a Certificate or Evidence of insurance, you may be required to name your landlord, client or customer on your policy as loss payee on property insurance or as an additional insured on liability insurance. Adding a party as an additional insured is only possible with permission of the insurance company, added by endorsement and, in some cases, an additional premium.

By naming the Certificate holder as additional insured, there are consequences to your risks and insurance policy including:

- Your policy limits are now shared with other entities; their claims involvement may reduce or exhaust your aggregate limit.
- Your policy may provide higher limits than required by contract; your full limits can be exposed to the additional insured.
- There may be conflicts in defense when your insurer has to defend both you and the additional insured.
- An additional insured endorsement will most likely not provide notification of cancellation. Some insurance companies use a “blanket” additional insured endorsement that provides automatically when it is required in a written contract. Most insurance companies do not want to be notified of all additional insureds when there is a blanket endorsement on the policy. If a notice of cancellation is required for the additional insured party, you must notify us immediately and we will request an endorsement from your insurance company. There may be an additional premium for adding a notice of cancellation endorsement for an additional insured.

See Request to Bind Coverage page for acknowledgment of all disclaimers and disclosures.

Request to Bind Coverage

City of Naperville

We have reviewed the proposal and agree to the terms and conditions of the coverages presented. We are requesting coverage to be bound as outlined by coverage line below:

Coverage Line	Bind Coverage for:
Excess Cyber Liability Policy Period: July 1, 2020 to July 1, 2021	
Option 1: \$2,000,000 xs \$2,000,000 with \$2,000,000 Policy Aggregate <input type="checkbox"/>	\$21,955.00
Option 2: \$3,000,000 xs \$2,000,000 with \$3,000,000 Policy Aggregate <input type="checkbox"/>	\$25,333.00
Cannot be bound without binding primary APIP Cyber Coverage	

After review of the optional coverages summarized in this proposal, we have elected to decline all option(s) presented above.

This Authorization to Bind Coverage also acknowledges receipt and review of all disclaimers and disclosures, including exposures used to develop insurance terms, contained within this proposal.

Signature of Authorized Insurance Representative

Date

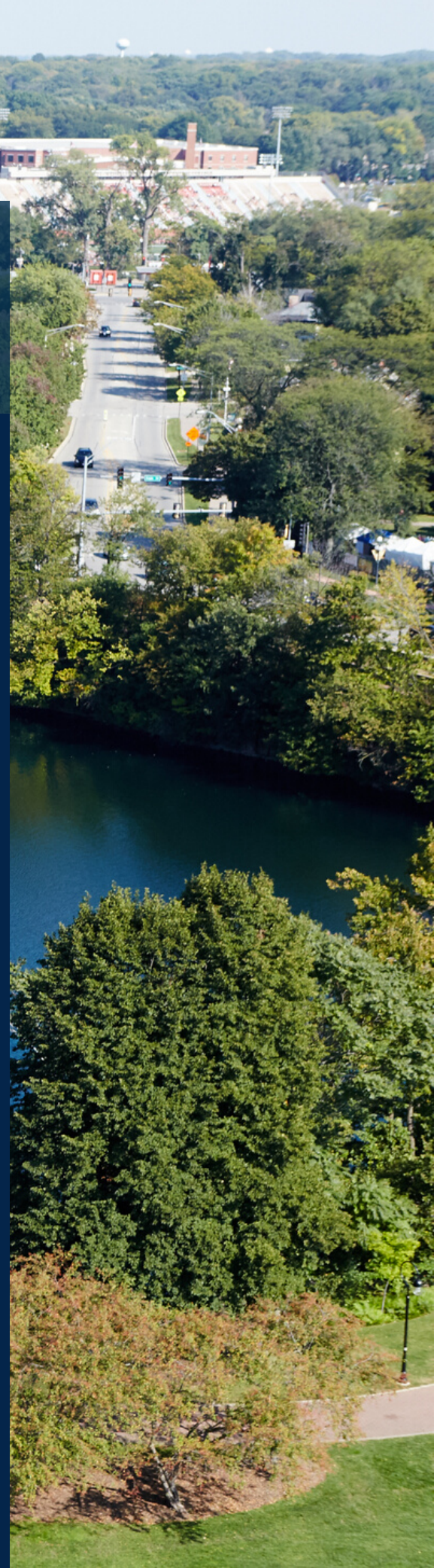
Title

Printed / Typed Name

**This proposal does not constitute a binder of insurance. Binding is subject to final carrier approval.
The actual terms and conditions of the policy will prevail.**

June Financial Update

CITY OF NAPERVILLE - JUNE 16, 2020



Current Information

RESTORE ILLINOIS: PHASE 3

- Retail stores re-opening
- Outdoor dining allowed

CIVIL UNREST

- Additional expenses: police, fire, public works overtime
- Outdoor dining restricted first week of June; revenue impact

NATIONAL STATUS

- Started recession in March
- Interest rates near zero through 2022
- Unemployment at 13%, estimated to fall to 9% by end-of-year

Sales tax receipts: 20% below projections

- Lower than statewide year-over-year average at -14%; likely due to reduced auto sales

HRST revenues: 10% below projections

- In line with year-over-year declines statewide at 19%

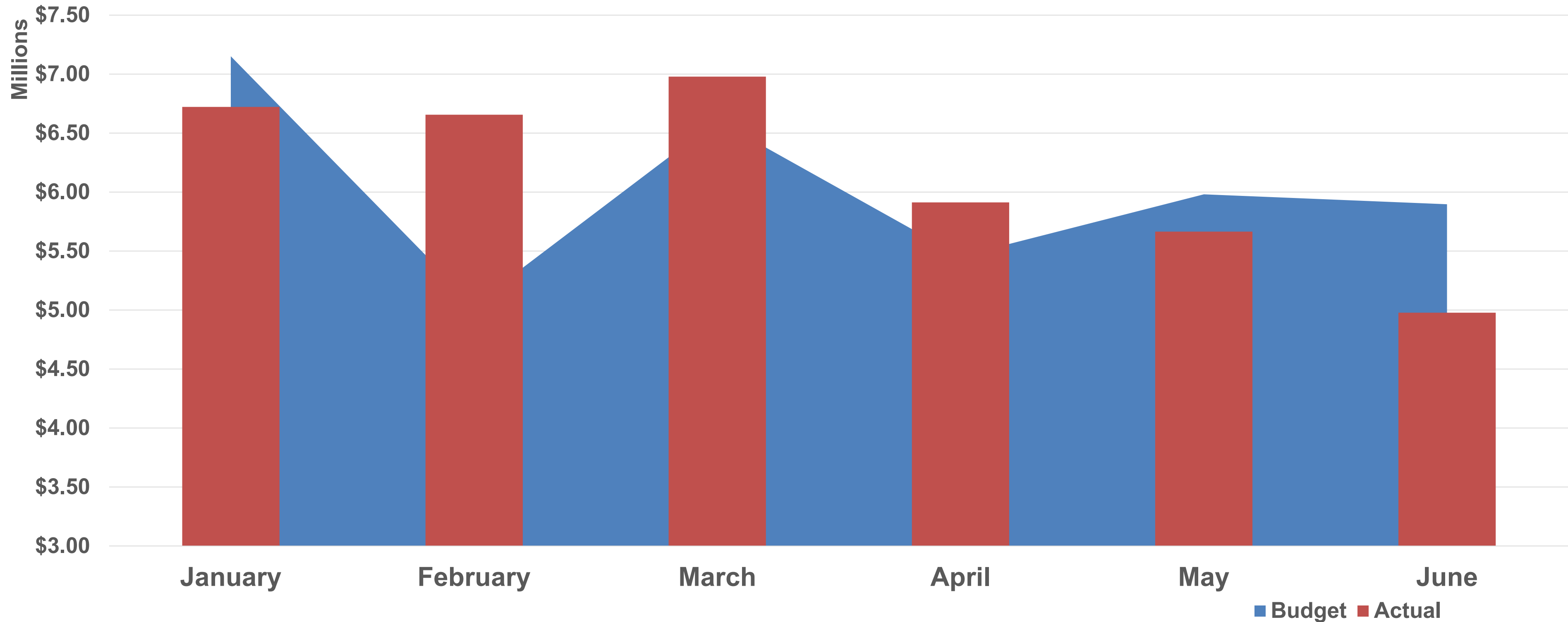
State income tax payments: declined 18%

Motor fuel tax payment: 19% below projections

IML Revised MFY21 Projections

- Lesser decline in LGDF forecast:
 - 7.3% decline vs. original 15% decline
- Overall per-capita shared revenue forecast downward by 7.9%

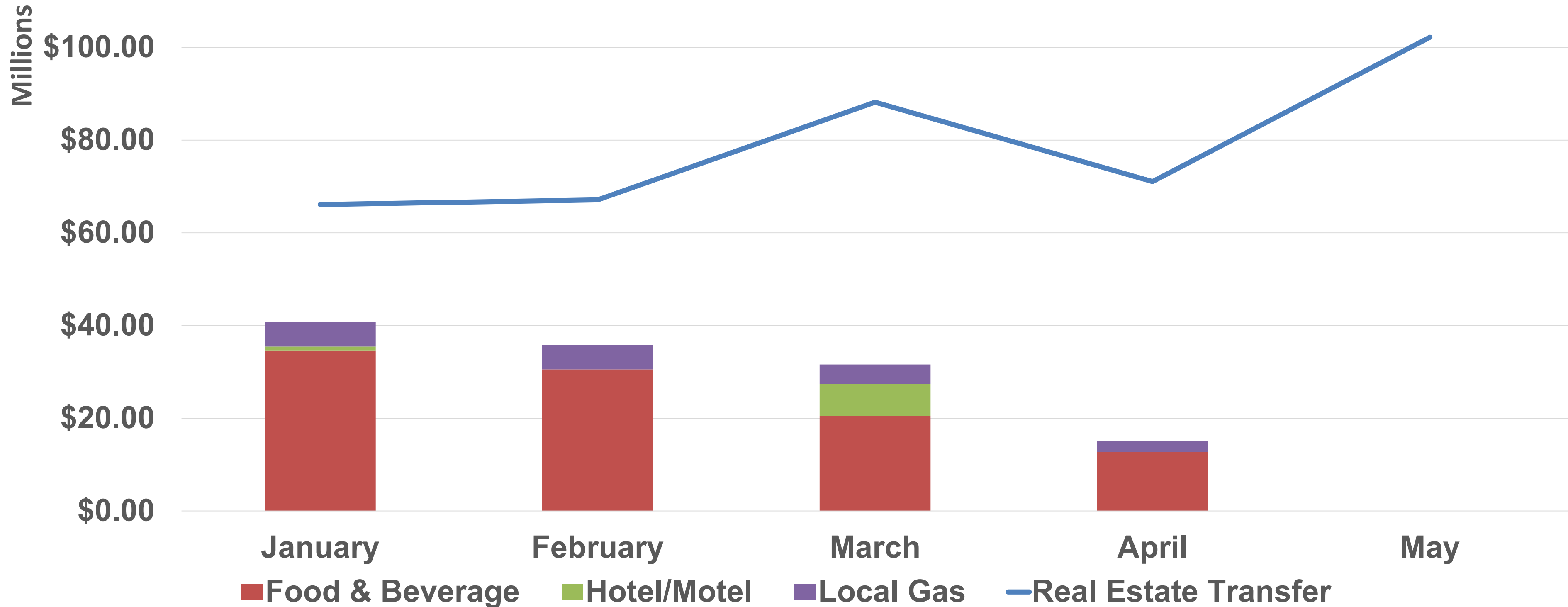
YTD State Shared Revenues



- Decline accelerated in June as first post-COVID sales tax receipts received
- Stronger than projected 1st quarter reducing impact of declines in 2nd quarter
- July revenue expected to decline further and be most impacted month as sales tax will represent April, full month under stay-at-home order

**State
Revenues**

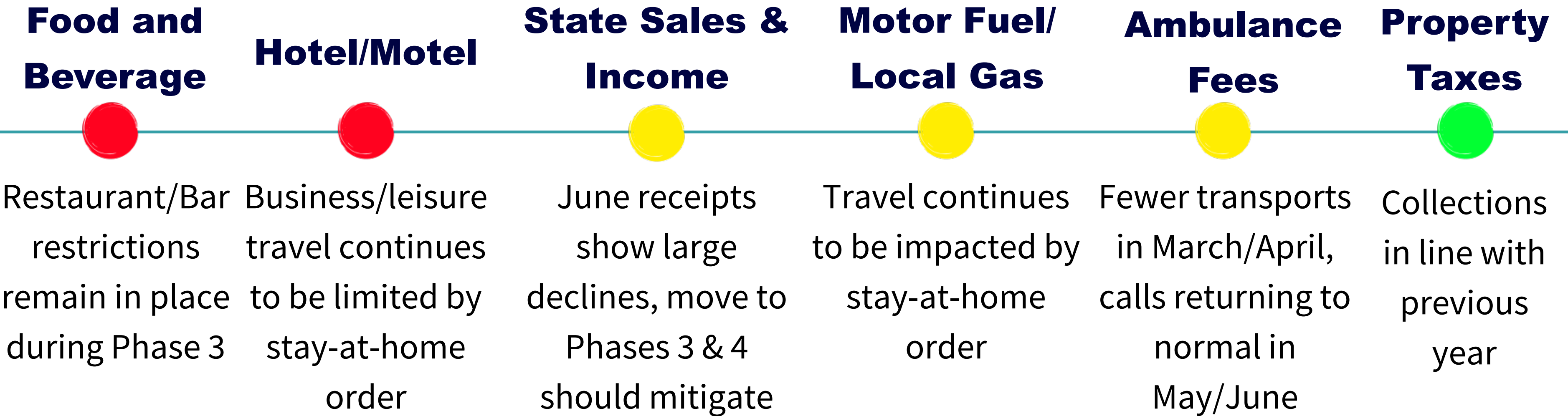
Taxable Sales by Reporting Period



- Food & beverage, local gas taxes experienced declines of 40% or more
- Real estate market showing strength in May after declining in April
- May receipts for food & beverage, local gas, and 2nd quarter hotel/motel taxes due mid-June

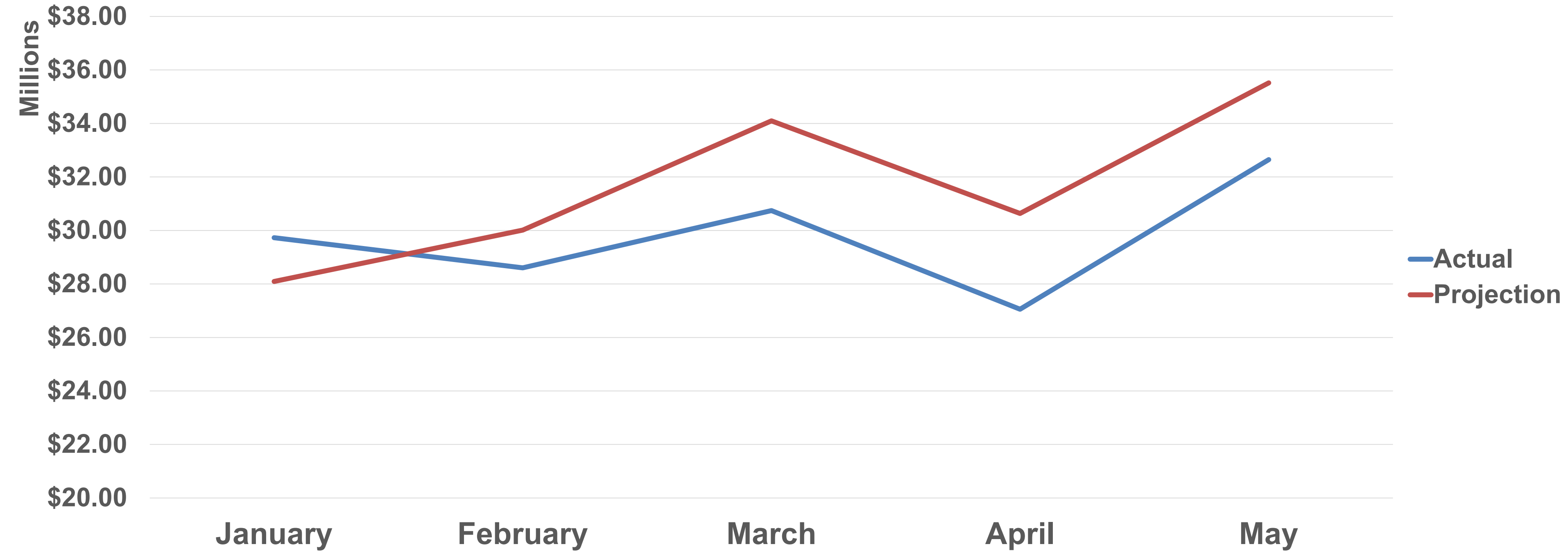
**Local
Revenues**

Areas of Risk - Revenues



 **High**  **Medium**  **Low**

YTD Expenses (All City Funds)



- Continue to trend below budget projections for May
- Expenses beginning to normalize in several areas, e.g. healthcare and overtime related to civil unrest
- Some expense reductions, (e.g. training/travel, special event costs, more sustainable)

Expenses

Funding Opportunities

CARES ACT FUNDING

- DuPage County: \$161M federal allocation
- Agreed to reimburse DMMC member municipalities for COVID expenses 3/1 – 5/30
- Submitting for police and fire payroll costs, COVID-19 related services, purchases

GRANT TEAM

- Identify and better coordinate requests
- Fire Department: pursuing FEMA grant

COMMUNITY RECOVERY PROGRAMS

- Exploring recovery programs
 - Target both pandemic, June 1 civil unrest
- Provide specific relief, minimize administrative oversight, and plan for future financial impacts

Next Steps

ONLINE DASHBOARD: MID-SUMMER

UPDATE PROJECTIONS

- Determine gaps, bring options to Council
- Recommendations based on financial philosophies from last month
 - E.g. using cash reserves, increased borrowing, expense reduction through project deferrals

QUESTIONS?

