

**Fort Ord Reuse Authority**  
**Request for Proposal**  
**Pollution and Munitions/Explosives of Concern Legal Liability**  
Effective: December 31, 2014



On behalf of the Fort Ord Reuse Authority (FORA), this correspondence constitutes a Request for Proposal for Pollution Legal Liability insurance coverage for the Army's transferred parcels of Fort Ord.

**Overview**

In June of 2000, FORA entered into an Economic Development Conveyance Agreement with the US Army for the transfer of portions of the former Fort Ord. In 2001, FORA entered into property transfer agreements with local jurisdictions and municipal utility providers. FORA in turn transferred some of these properties received from the Army to local jurisdictions. Remaining portions are undergoing environmental investigation pursuant to an agreement with Federal and State regulators. The substantive investigation and evaluation has been completed. Documentation to support regulatory approval of completion is being prepared and reviewed. Upon regulatory approval, remaining portions will be similarly transferred. Since both FORA and these local jurisdictions faced potential environmental liabilities arising from former military operations, FORA explored environmental insurance options that would protect the interests of FORA, the title holders and other stake-holders for retained and conveyed properties.

In 2004, FORA obtained a ten-year environmental insurance policy to address pollution conditions and munitions and explosives of concern (MEC) liability. Listed insureds included FORA, the local jurisdictions including the Cities of Monterey, Seaside, Marina, Del Ray Oaks and the County of Monterey and their respective developers. Each entity was provided a sub-limit within the policy which provided \$100,000,000 in total aggregate limit.

In the Spring of 2005, the Army and FORA entered into an Environmental Services Cooperative Agreement (ESCA) pursuant to Title 10, United States Code, section 2701(d) for the investigation and removal of remnant MEC at the former fort. A significant amount of MEC investigation, characterization and clean-up has occurred pursuant to the ESCA and an Administrative Order on Consent (AOC) that was entered with both the US Environmental Protection Agency and the California Department of Toxic Substances Control (DTSC). The Army retains clean-up obligations for on-going base-wide groundwater remediation.

Performance of the obligations of FORA pursuant to the ESCA and the AOC are the subject of a modified finite environmental insurance policy whereby the performance of the ESCA and AOC obligations are overseen and paid for by the insurance carrier. Funds for this policy were provided by the Army pursuant to the ESCA grant. Coverage sought in this RFP is for property that is or would no longer be the subject of FORA's remedial obligations.

Since emplacement of the environmental insurance in 2004, there have been no claims filed against it. Significant commercial, educational and infrastructure improvements have been made to the former Fort Ord. In addition, regulatory scrutiny of the AOC performance requirements have been highly favorable.

### **Purpose of New Environmental Insurance**

The purpose for the new insurance is to replace the existing policy upon its expiration on December 31, 2014. It is anticipated that the land-holding entities, including current and to be named developers and municipal utility service providers will be insured parties. It is anticipated that FORA will have transferred all of its property to the respective jurisdictions and utility providers by 2020, at which time FORA will cease to exist. In order to ensure continuity of coverage for the property holding entities that will survive FORA beyond FORA's property transfer, the program sought will provide coverage for 10 years, with assumption of named insured responsibilities by other insured parties for the remainder of the term of insurance coverage after FORA's termination in 2020..

### **Insurance Specifications**

We are looking for market(s) that can quote the following terms and conditions:

Limits:

\$50,000,000 per incident/ \$50,000,000 policy aggregate

Self-insured Retentions:

\$500,000

\$1,000,000

Coverage:

Pollution Legal Liability

Remediation Legal Liability

MEC Legal Liability

MEC Remediation Liability

3<sup>rd</sup> party Bodily Injury & Property Damage for known pollution (ground water contaminants undergoing clean-up by the Army)

Defense

Transportation

Non-owned Disposal Sites

Additional specifications:

Pre-existing and new pollution conditions

Additional Named Insureds

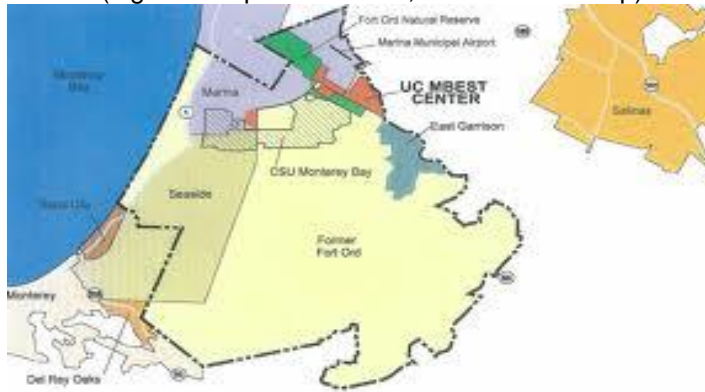
Dedicated limits of liability endorsement for the various jurisdictions

Developer partners as additional insured (Not all will be identified by binding)

Insured Contract endorsement  
Disclosed document endorsement  
Primary/non-contributory language  
Aggregated SIR 3 times with maintenance  
90 day extended reporting period  
Auto-assignment provision after FORA sunsets  
Give-back cover for areas undergoing or completed clean-up via ESCA  
Cancellation requires consent of all insureds  
Allocation formula for “cross-boarder” issues between insureds

Insured locations:

Transferred parcels of Fort Ord (legal description to follow, see attached map):



### **Proposal Response and Timeline**

Please refer to the following link(s) for details on FORA the ESCA projects and status:

[www.FORA.org](http://www.FORA.org)

[www.fortordcleanup.com/](http://www.fortordcleanup.com/)

Please note that we will be holding a carrier meeting at the Fort Ord Reuse Authority office located at:

Fort Ord Reuse Authority  
920 2<sup>nd</sup> Avenue, Suite A  
Marina, CA 93933

**The meeting will be held on either March 31<sup>st</sup> or April 1<sup>st</sup>, 2014.**

**Your proposal to offer coverage is due on May 1, 2014.**

**Premiums should be provided with commission and net of commission.**

**Please indicate your interest in this risk either on a primary or excess position and your capacity.**

**If you cannot meet the desired limits, please indicate what you can.**

Evaluation of proposals will be completed by **June 1, 2014.**

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Carrier notifications of acceptance/rejection by **June 15, 2014.**

Negotiations with selected carriers between **July 1 and September 30, 2014.**

Presentation to FORA Board for approval by **November 8, 2014.**

Bind new policy by **December 1, 2014,** effective December 31, 2014.

Please feel free to contact us if you have any questions.

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