

**SUMMARY OF REQUEST**

**DATE:** October 27, 2021

**FACILITY:** System Wide

**PROGRAM/PRODUCT LINE:** Letter of Credit

**REQUEST:** Approve District to source and enter into a letter of credit as collateral for the District's automobile insurance policy with a bank authorized by the insurance provider. In addition, authorize, approve, and ratify the execution, delivery and performance by the District and its senior management of all related documents, as necessary or appropriate in connection therewith, all in the manner most favorable to the District, in such forms as senior management deems necessary or appropriate.

**PURPOSE:** To provide a credit enhancement to the District's automobile insurance policy as required by the insurer.

**CAPITAL REQUIRED:** None.

**FISCAL IMPACT:** Letter of Credit in the amount of \$60,000, fees to be finalized with the issuing bank.

**BUDGET STATUS:** Budgeted for FY2022



**APPROVED:** Shane Strum 10/01/2021 07:42 EDT      **DATE:** \_\_\_\_\_  
Shane Strum, President/CEO

## MEMORANDUM

**TO:** Board of Commissioners

**FROM:** Shane Strum, President/CEO BH

**DATE:** October 27, 2021

**SUBJECT:** Approve the District to source and obtain a Letter of Credit

### BACKGROUND

The District is renewing its Business Auto Policy with Zurich Insurance Company. The most financially beneficial deductible option selected requires collateral in the form of a letter of credit with one of Zurich's approved banks.

### ACTION/PROJECT DESCRIPTION

Approve the District to source and enter into a letter of credit for \$60,000.00 with an approved bank for the term of the policy.

### FINANCIAL/BUDGETARY IMPACT

The Business Auto Policy renewal provides a savings of more than \$100,000 for one year when compared to the other coverage alternative. However, in order to obtain the savings, the District is required to enter into the letter of credit.

### JUSTIFICATION

The District believes it is prudent to enter into a letter of credit as required by the insurance company.

### STAFF RECOMMENDATION

**Therefore, it is requested that the Board of Commissioners of the North Broward Hospital District authorize the District to source and enter into a letter of credit with an approved bank for the same term as its automobile insurance policy and authorize, approve, and ratify the execution, delivery and performance by the District and its senior management of all related documents, as necessary or appropriate, in connection therewith, all in the manner most favorable to the District, in such forms as senior management deems necessary or appropriate.**