



**Spokane Park Board
Finance Committee Minutes**
3 p.m. Tuesday, February 11, 2025
WebEx meeting
Rich Lentz – Parks Finance/Budget Director

Committee members

X Bob Anderson – Chair
X Greta Gilman
X Gerry Sperling

**Additional Park Board
members**

Doug Kelley
Jennifer Ogden
Barbara Richey

Guests

Megan Kapaun
Katherine Fairborn

Parks staff

Garrett Jones
Rich Lentz
Jason Conley
Mark Poirier
Megan Dyson
Fianna Dickson
Jon Moog
Al Vorderbrueggen
Jennifer Papich
Nick Hamad
Josh Oakes
Jerry Stacy

Summary

- The 2025 Parks Budget discussion was presented by Rich Lentz.
- The SCP Distributors, LLC / Three-Year Aquatics Chemical Value Blanket / \$167,904 annually, plus tax and delivery fee not to exceed \$180,000 was presented by Josh Oakes.
 - This item was passed 3-0 and will be presented to Park Board as a consent agenda item.
- The DH contract renewal was presented by Fianna Dickson.
 - This item was passed 3-0 and will be presented to Park Board as a consent agenda item.

The next regularly scheduled meeting is 3 p.m. March 11, 2025, at the Finch Woodland Center-Ponderosa Room and via WebEx.

MINUTES

The meeting was called to order at 3:00 p.m. by committee chair Bob Anderson.

Action items:

1. [SCP Distributors, LLC / Three-Year Aquatics Chemical Value Blanket / \\$167,904 annually, plus tax and delivery fee not to exceed \\$180,000](#) – Josh Oakes presented. Chemicals are needed to maintain water balance at the City pools. The previous value blanket expired 12/31/24 and bid responses were collected for the 2025 season. There was one bid response. If approved, the City would purchase chemical supplies from SCP Distributors, LLC. for the amount of \$167,904 annually, plus tax and delivery fee not to exceed \$180,000 for 3 years with the option to renew for an additional 2 years. Josh Oakes presented a spreadsheet which showed details of the bid.

Motion #1: Bob Anderson moved to approve the three-year Aquatics Chemical Value Blanket with SCP Distributors, LLC. for the amount of \$167,904 annually, plus tax and delivery fee not to exceed \$180,000.

Greta Gilman seconded.

Motion passed with unanimous consent (3-0).

2. [DH contract renewal](#) – Fianna Dickson presented. In 2021, DH was awarded a 3-year contract for marketing, communication, and advertising services through a request for proposals. The contract allows for 2 1-year renewal options. This would be the second renewal.

Motion #2: Bob Anderson moved to approve a one-year renewal of the contract with DH, to extend to May 13, 2026, in the amount of \$112,000, tax inclusive.

Gerry Sperling seconded.

Motion passed with unanimous consent (3-0).

Discussion items:

1. 2025 Parks Budget discussion – Rich Lentz presented. In 2024, the Finance Committee and Park Board had numerous discussions relative to potential cuts to the general fund expenditures in the next 3-5 years. City-wide, departments were asked to provide budget books that included either 5% or 10% reductions in revenues and/or expenses. Parks finance provided “what if” models showing flat General Fund expense growth as well as 5% and 10% cuts and the corresponding decreases to the Parks General Fund transfer.

Depending on the model used, Parks was anticipating budget deficits up to \$4 million annually in 2027 and 2028. This led the Park Board to begin to strategize long-term and draft a Resolution giving staff guidance towards balancing the long-term budget.

After several rounds of budget negotiations, the final City-approved budget included very moderate, but positive, General Fund expenditure growth over the next 2 years. This alleviated much of the long-term pressure for Parks to make drastic cuts, but reductions city-wide were still requested/required to balance the 2025 budget.

Below are some examples from the City Budget Book showing the “proposed” 2025-2026 budget cuts by division.

- The Reprographics Department was eliminated (4 FTE).

- Finance and Administration as a Division reduced by 4.25 FTE and showed a (9.1%) total expense reduction (Purchasing, Performance Management, and Facilities all had reductions in subsidy used).
- Library expenses showed a reduction of 12.1% over the prior 2-year budget cycle, primarily in the reduction of capital expenses.
- IT had a reduction of 8 FTE and a small cut in total expenditures.

Parks budgeted operational reductions of approximately \$1.5 million in 2025 and continues to see revenue increases fall behind inflationary pressures, emphasizing the growing need for additional funding sources, such as a levy measure.

The model on the following slide compares the 2024 budget to the initial 2025 budget approved by Park Board, as well as an “Amended” column showing the requested reduction in revenue to align with City budget cuts. It also shows the increased revenue from the General Fund transfer as a result of the 2023 adjusted expenses, and the Public Works transfer-in for the Post Street parking lot construction. Lastly, it includes forecasted budgets for 2026 and 2027 with the most updated data available from the recently published City Budget Book.

The primary discussion item for today’s meeting is to acknowledge the improved financial forecast in the 3-to-5-year outlook versus some of the more drastic forecasted models. It is also intended to bring awareness to ongoing discussions with legal and City budget staff as to strategies and opportunities in which Parks can partner with the City as a whole to cut expenditures and work towards a more balanced budget with as minimal impact as possible to the community.

- The “Amended” 2025 Operating Transfer amount assumes a \$3MM increase in 2023 General Fund spent for a Prior Period Adjustment. This has been confirmed but does not show in FMS yet.
- The “Amended” 2025 budget assumes a transfer-in from Public Works for a \$300,000 contribution to the Post St. parking lot.
- The Parks GF transfers-in assume \$244MM in GF spend in '24 to determine the '26 transfer amount and \$260MM in GF spend in '25 (budgeted amount) to determine the '27 transfer amount.
- Salary and benefit and interfund payment estimates match prior year increases from the budget office.
- Temp/seasonal, supplies, and services and charges all reflect 3% increases for 2026 and 2027 (this does not match the budget software as actual budgets will be updated mid-2025).

The total operating revenue for the 2025 Amended Budget is projected at about \$26 million, with total operating expenses at about \$25 million. Total operating revenues for the 2026 Forecasted Budget is about \$27 million, with total operating expenses projected at \$26 million.

Bob Anderson noted, though the budget was approved in October, it was later reduced, even though Parks had determined it best to cut expenditures instead of the budget. The Finance Committee had hoped this was a mistake and asked to schedule a meeting with the City Legal Team. The only way the Parks budget could be reduced was, if City Council reduced the total General Fund at the start of the new year. That did not take place; however, the Parks budget has still been reduced. The

adopted 2025-26 City Council Budget is now approximately \$950,000 less than the amount required by the City Charter and adopted in the 2025 Park Board Budget for the 2025 fiscal year. Bob Anderson drafted a tentative memo to inquire why this happened. If the cut was a miscalculation, the Park Board is asking that the budgeted amount be restored to the Charter required amount. Committee members were asked if they had any suggestions for the tentative memo they wished to share. Megan Kapaun, the Parks legal representative, responded positively regarding the memo and stated, it appeared to contain sufficient wording.

Standing report items:

1. None

Adjournment: The meeting adjourned at 3:56 p.m.

The next regularly scheduled meeting is 3 p.m. March 11, 2025, at the Finch Woodland Center-Ponderosa Room and via WebEx.

Spokane Park Board

Briefing Paper



Committee	Finance			Committee meeting date:	
Requester	Josh Oakes		Phone number:		
Type of agenda item	<input type="radio"/> Consent	<input type="radio"/> Discussion	<input type="radio"/> Information	<input checked="" type="radio"/> Action	
Type of contract/agreement	<input checked="" type="radio"/> New	<input type="radio"/> Renewal/ext.	<input type="radio"/> Lease	<input type="radio"/> Amendment/change order	<input type="radio"/> Other
City Clerks file (OPR or policy #)					
Master Plan Goal, Objective, Strategy (Click HERE for link to the adopted plan)	Goal K: Maintain and Care	Master Plan Priority Tier:	1 (pg. 171-175)		
Item title: (Use exact language noted on the agenda)	SCP Distributors, LLC / Three-Year Aquatics Chemical Value Blanket / \$167,904 annually, plus tax and delivery fee not to exceed \$180,000				
Begin/end dates	Begins: 04/01/2025	Ends: 03/31/2028	<input type="checkbox"/> 06/01/2525		
Background/history: Chemicals are needed to maintain water balance at the City pools. The previous value blanket expired 12/31/2024 and bid responses were collected for the 2025 season. There was one bid response. If approved, the City would purchase chemical supplies from SCP Distributors, LLC. for the amount of \$167,904 annually, plus tax and delivery fee not to exceed \$180,000 for 3 years with the option to renew for an additional 2 years.					
Motion wording: Move to approve a three-year Aquatics Chemical Value Blanket with SCP Distributors, LLC. for the amount of \$167,904 annually, plus tax and delivery fee not to exceed \$180,000.					
Approvals/signatures outside Parks: <input type="radio"/> Yes <input checked="" type="radio"/> No If so, who/what department, agency or company: Name: _____ Email address: _____ Phone: _____					
Distribution: Parks – Accounting Jennifer Papich Parks – Sarah Deatrich Garrett Jones Requester: Josh Oakes Thea Prince Grant Management Department/Name: _____					
Fiscal impact: <input checked="" type="radio"/> Expenditure <input type="radio"/> Revenue Amount: _____ Budget code: _____ NTE \$180,000 1400-54150-76902-53203					
Vendor: <input type="radio"/> Existing vendor <input checked="" type="radio"/> New vendor Supporting documents: <input checked="" type="checkbox"/> Quotes/solicitation (RFP, RFQ, RFB) <input type="checkbox"/> W-9 (for new contractors/consultants/vendors) <input type="checkbox"/> Contractor is on the MRSC Roster - City of Spokane <input type="checkbox"/> ACH Forms (for new contractors/consultants/vendors) <input checked="" type="checkbox"/> UBI: 602-091-347 Business license expiration date: 1/31/26 <input type="checkbox"/> Insurance Certificate (min. \$1 million in General Liability)					

Spokane Park Board

Briefing Paper



Committee	Finance		Committee meeting date: February 11, 2025
Requester	Fianna Dickson		Phone number: X6297
Type of agenda item	<input type="radio"/> Consent <input type="radio"/> Discussion <input type="radio"/> Information <input checked="" type="radio"/> Action		
Type of contract/agreement	<input type="radio"/> New <input checked="" type="radio"/> Renewal/ext. <input type="radio"/> Lease <input type="radio"/> Amendment/change order <input type="radio"/> Other		
City Clerks file (OPR or policy #)	OPR-2021-0398		
Master Plan Goal, Objective, Strategy (Click HERE for link to the adopted plan)	Goal H., Objective 2	Master Plan Priority Tier:	First (pg. 171-175)
Item title: (Use exact language noted on the agenda)	DH contract renewal		
Begin/end dates	Begins: 05/14/2025	Ends: 05/13/2026	<input type="checkbox"/> 06/01/2525
Background/history: In 2021, DH was awarded a 3-year contract for marketing, communication, and advertising services through a request for proposals. The contract allows for 2 1-year renewal options. This would be the second renewal.			
Motion wording: Move to approve a one-year renewal of the contract with DH, to extend to May 13, 2026, in the amount of \$112,000, tax inclusive.			
Approvals/signatures outside Parks: <input checked="" type="radio"/> Yes <input type="radio"/> No If so, who/what department, agency or company: DH Name: Christine Varela Email address: christinev@wearedh.com Phone:			
Distribution: Parks – Accounting Parks – Sarah Deatrich Requester: Fianna Dickson Grant Management Department/Name:			
Fiscal impact: <input checked="" type="radio"/> Expenditure <input type="radio"/> Revenue Amount: Budget code: \$67,000/year 1400-30210-76120-54451 \$45/000/year 4600-30210-76611-54451			
Vendor: <input checked="" type="radio"/> Existing vendor <input type="radio"/> New vendor Supporting documents: <input type="checkbox"/> Quotes/solicitation (RFP, RFQ, RFB) <input type="checkbox"/> W-9 (for new contractors/consultants/vendors) <input type="checkbox"/> Contractor is on the MRSC Roster - City of Spokane <input type="checkbox"/> ACH Forms (for new contractors/consultants/vendors) <input checked="" type="checkbox"/> UBI: T1109972 Business license expiration date: 10/15/25 <input checked="" type="checkbox"/> Insurance Certificate (min. \$1 million in General Liability)			



**City of Spokane Parks
And Recreation Department**

**CONTRACT RENEWAL
2 of 2**

**Title: PARKS AND RECREATION MARKETING,
COMMUNICATION, & ADVERTISING SERVICES**

This Contract Renewal is made and entered into by and between the **CITY OF SPOKANE** as ("City"), a Washington municipal corporation, and **DESAUTEL HEGE**, whose address is 315 West Riverside Avenue, Suite 200, Spokane, Washington, 99201 as ("Firm"), individually hereafter referenced as a "party", and together as the "parties".

WHEREAS, the parties entered into a Contract wherein the Firm agreed to provide non-exclusive Marketing, Communication and Advertising Services to the City of Spokane Parks and Recreation Department; and

WHEREAS, the initial contract provided for two (2) additional one (1) year renewals, with this being the second of those renewals.

NOW, THEREFORE, in consideration of these terms, the parties mutually agree as follows:

1. CONTRACT DOCUMENTS.

The original Contract, dated May 20, 2021 and May 27, 2021, any previous amendments, renewals and / or extensions / thereto, are incorporated by reference into this document as though written in full and shall remain in full force and effect except as provided herein.

2. EFFECTIVE DATE.

This Contract Renewal shall become effective on May 14, 2025 and shall run through May 13, 2026.

3. COMPENSATION.

The City shall pay an additional amount not to exceed **ONE HUNDRED TWELVE THOUSAND AND NO/100 DOLLARS (\$112,000.00)**, including applicable sales tax, for everything furnished and done under this Contract Renewal. This is the maximum amount to be paid under this Renewal, and shall not be exceeded without the prior written authorization of the City, memorialized with the same formality as the original Contract and this Renewal document.

4. DEBARMENT AND SUSPENSION.

The Firm has provided its certification that it is in compliance with and shall not contract with individuals or organizations which are debarred, suspended, or otherwise excluded from or ineligible from participation in Federal Assistance Programs under Executive Order 12549 and "Debarment and Suspension", codified at 29 CFR part 98.

IN WITNESS WHEREOF, in consideration of the terms, conditions and covenants contained, or attached and incorporated and made a part, the parties have executed this Contract Renewal by having legally-binding representatives affix their signatures below.

DESAUTEL HEGE

**CITY OF SPOKANE
PARKS AND RECREATION**

By _____
Signature Date

By _____
Signature Date

Type or Print Name

Type or Print Name

Title

Title

Attest:

Approved as to form:

City Clerk

Assistant City Attorney

Attachments that are part of this Agreement:

Attachment A – Certification Regarding Debarment

23-247

**ATTACHMENT A
CERTIFICATION REGARDING DEBARMENT, SUSPENSION,
INELIGIBILITY AND VOLUNTARY EXCLUSION**

1. The undersigned (i.e., signatory for the Subrecipient / Contractor / Consultant) certifies, to the best of its knowledge and belief, that it and its principals:
 - a. Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;
 - b. Have not within a three-year period preceding this contract been convicted or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, tax evasion, receiving stolen property, making false claims, or obstruction of justice;
 - c. Are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and,
 - d. Have not within a three-year period preceding this contract had one or more public transactions (federal, state, or local) terminated for cause or default.

2. The undersigned agrees by signing this contract that it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.

3. The undersigned further agrees by signing this contract that it will include the following clause, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions:

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions

1. The lower tier contractor certified, by signing this contract that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

 2. Where the lower tier contractor is unable to certify to any of the statements in this contract, such contractor shall attach an explanation to this contract.
4. I understand that a false statement of this certification may be grounds for termination of the contract.

<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Name of Subrecipient / Contractor / Consultant (Type or Print)	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Program Title (Type or Print)
<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Name of Certifying Official (Type or Print)	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Signature
<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Title of Certifying Official (Type or Print)	<hr style="border: none; border-top: 1px solid black; margin-bottom: 5px;"/> Date (Type or Print)



< Business Lookup

License Information:

[New search](#) [Back to results](#)

Entity name: DESAUTEL HEGE, INC.

Business name: DESAUTEL HEGE

Entity type: [Profit Corporation](#)

UBI #: 601-980-540

Business ID: 001

Location ID: 0001

Location: Active

Location address: 313 W RIVERSIDE AVE
SPOKANE WA 99201-0209

Mailing address: 313 W RIVERSIDE AVE
SPOKANE WA 99201-0209

Excise tax and reseller permit status: [Click here](#)

Secretary of State information: [Click here](#)

Endorsements

Endorsements held	License #	Count	Details	Status	Expiration	First issue
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Endorsements held	License #	Count	Details	Status	Expiration	First issue
Mercer Island General Business - Non-Resident	240084			Active	Sep-30-21	Jan-18-20
Spokane General Business	T1109972			Active	Sep-30-21	Oct-15-20

Owners and officers on file with the Department of Revenue

Owners and officers	Title
ARCHER, NICOLAS	
HEGE, MICHELLE	
JOHNSTON, SARA	
MYLROIE, ANDREI	
VARELA, CHRISTINE	

Registered Trade Names

Registered trade names	Status	First issued
DESAUTEL HEGE	Active	Dec-18-2024
DESAUTEL HEGE COMMUNICATIONS	Active	Dec-15-1999
DH	Active	Jun-08-2017

The Business Lookup information is updated nightly. Search date and time: 2/4/2025 2:59:53 PM

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME:	
	PHONE (A/C, No. Ext):	FAX (A/C, No):
	E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	NAIC #
INSURED	INSURER A :	
	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES

CERTIFICATE NUMBER:


REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE  Curtis Luken

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESSOWNERS LIABILITY EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Below is a summarization of the coverages provided by this endorsement. No coverages are given by this summary. Actual coverage descriptions are within this endorsement.

<u>SECTION</u>	<u>SUBJECT</u>
A.	Supplementary Payments Bail Bonds Loss Of Earnings
B.	Broadened Coverage For Damage To Premises Rented To You
C.	Incidental Medical Malpractice Injury
D.	Mobile Equipment
E.	Blanket Additional Insured (Owners, Contractors Or Lessors)
F.	Newly Formed Or Acquired Organizations
G.	Aggregate Limits
H.	Duties In The Event Of Occurrence, Offense, Claim Or Suit
I.	Liability And Medical Expenses Definitions Bodily Injury Insured Contract Personal And Advertising Injury

Section II – Liability is amended as follows:

A. Supplementary Payments

Section **A.1. Business Liability** is modified as follows:

1. The \$250 limit shown in Paragraph **A.1.f.(1)(b) Coverage Extension – Supplementary Payments** for the cost of bail bonds is replaced by a \$3,000 limit.
2. The \$250 limit shown in Paragraph **A.1.f.(1)(d) Coverage Extension – Supplementary Payments** for reasonable expenses and loss of earnings is replaced by a \$500 limit.

B. Broadened Coverage For Damage To Premises Rented To You

1. The last paragraph of Section **B.1. Exclusions – Applicable To Business Liability Coverage** is replaced by the following:

With respect to the premises which are rented to you or temporarily occupied by you with the permission of the owner, Exclusions **c., d., e., g., h., k., l., m., n.** and **o.** do not apply to "property damage".

2. Paragraph **D.2. Liability And Medical Expenses Limits Of Insurance** is replaced by the following:

The most we will pay under this endorsement for the sum of all damages because of all "property damage" to premises while rented to you or temporarily occupied by you with the permission of the owner is the Limit of Insurance shown in the Declarations.

3. Paragraph **D.3. Liability And Medical Expenses Limits Of Insurance** does not apply.

C. Incidental Medical Malpractice Injury

1. Paragraph **(4)** under Paragraph **B.1.j. Exclusions – Applicable To Business Liability Coverage – Professional Services** does not apply to "Incidental Medical Malpractice Injury" coverage.

2. With respect to this endorsement, the following is added to Section **F. Liability And Medical Expenses Definitions**:

- a. "Incidental Medical Malpractice Injury" means bodily injury arising out of the rendering of or failure to render, during the policy period, the following services:

- (1) Medical, surgical, dental, x-ray or nursing service or treatment or the furnishing of food or beverages in connection therewith; or

- (2) The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances.

- b. This coverage does not apply to:

- (1) Expenses incurred by the insured for first-aid to others at the time of an accident and the Duties in the Event of Occurrence, Offense, Claim or Suit Condition is amended accordingly.

- (2) Any insured engaged in the business or occupation of providing any of the services described under **a.** above.

- (3) Injury caused by any indemnitee if such indemnitee is engaged in the business or occupation of providing any of the services described under **a.** above.

D. Mobile Equipment

Section **C. Who Is An Insured** is amended to include any person driving "mobile equipment" with your permission.

E. Blanket Additional Insured (Owners, Contractors Or Lessors)

1. Section **C. Who Is An Insured** is amended to include as an insured any person or organization whom you are required to name as an additional insured on this policy under a written contract or written agreement. The written contract or agreement must be:

- a. Currently in effect or becoming effective during the term of this policy; and

- b. Executed prior to the "bodily injury", "property damage", or "personal and advertising injury".

2. The insurance afforded to the additional insured is limited as follows:
 - a. The person or organization is only an additional insured with respect to liability arising out of:
 - (1) Real property, as described in a written contract or written agreement, you own, rent, lease, maintain or occupy; and
 - (2) Caused in whole or in part by your ongoing operations performed for that insured.
 - b. The Limit of Insurance applicable to the additional insured are those specified in the written contract or written agreement or the limits available under this policy, as stated in the Declarations, whichever are less. These limits are inclusive of and not in addition to the Limit of Insurance available under this policy.
 - c. The insurance afforded to the additional insured does not apply to:
 - (1) Liability arising out of the sole negligence of the additional insured;
 - (2) "Bodily injury", "property damage", "personal and advertising injury", or defense coverage under the Supplementary Payments section of the policy arising out of an architect's, engineer's or surveyor's rendering of or failure to render any professional services including:
 - (a) The preparing or approving of maps, shop drawings, opinions, reports, surveys, field orders, change orders, or drawings and specifications; and
 - (b) Supervisory, inspection, architectural or engineering activities.
 - (3) Any "occurrence" that takes place after you cease to be a tenant in the premises described in the Declarations; or
 - (4) Structural alterations, new construction or demolition operations performed by or for the person or organization designated in the Declarations.
3. Any coverage provided hereunder shall be excess over any other valid and collectible insurance available to the additional insured whether primary, excess, contingent or on any other basis unless a contract specifically requires that this insurance be primary or you request that it apply on a primary basis.

F. Newly Formed Or Acquired Organizations

The following is added to Section **C. Who Is An Insured**:

Any business entity acquired by you or incorporated or organized by you under the laws of any individual state of the United States of America over which you maintain majority ownership interest exceeding fifty percent. Such acquired or newly formed organization will qualify as a Named Insured if there is no similar insurance available to that entity. However:

1. Coverage under this provision is afforded only until the 180th day after the entity was acquired or incorporated or organized by you or the end of the policy period, whichever is earlier;
2. Section **A.1. Business Liability** does not apply to:
 - a. "Bodily injury" or "property damage" that occurred before the entity was acquired or incorporated or organized by you; and
 - b. "Personal and advertising injury" arising out of an offense committed before the entity was acquired or incorporated or organized by you.
3. Records and descriptions of operations must be maintained by the first Named Insured.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

G. Aggregate Limits

The following is added to Paragraph **D.4. Aggregate Limits** Liability and Medical Expenses Limits Of Insurance:

1. The Aggregate Limits apply separately to each of the "locations" owned by or rented to you or temporarily occupied by you with the permission of the owner.
2. The Aggregate Limits also apply separately to each of your projects away from premises owned by or rented to you.

For the purpose of this endorsement only, "location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

H. Duties In The Event Of Occurrence, Offense, Claim Or Suit

1. Paragraph **E.2.a. Duties In The Event Of Occurrence, Offense, Claim Or Suit** Liability And Medical Expenses General Condition applies only when the "occurrence" is known to any insured listed in Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim.
2. Paragraph **E.2.b. Duties In The Event Of Occurrence, Offense, Claim Or Suit** Liability And Medical Expenses General Condition will not be considered breached unless the breach occurs after such claim or "suit" is known to any insured listed under Paragraph **C.1. Who Is An Insured** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim.

I. Section F. Liability And Medical Expenses Definitions is modified as follows:

1. Paragraph **F.3.** is replaced by the following:
 3. "Bodily Injury" means bodily injury, sickness, disease, or incidental medical malpractice injury sustained by a person, and includes mental anguish resulting from any of these; and including death resulting from any of these at any time.
2. Paragraph **F.9.** is replaced by the following:
 9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;

- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

3. Paragraph **F.14.b. Personal And Advertising Injury** is replaced by the following:

- b. Malicious prosecution or abuse of process;