

## Kuhlmann, Kay

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**From:** Jeff Cunningham <jeff@mustybarnhart.com>  
**Sent:** Monday, January 14, 2013 4:54 PM  
**To:** Kuhlmann, Kay  
**Cc:** McCleary, Jay; Moskwa, Rick; Michelle Hurlbut  
**Subject:** Estimated Costs for addition of Mississippi National structures to LMCIT coverage for 2013

Kay,

I apologize for the extra time this has taken in order to provide you with some estimated costs for the Mississippi National structures, but LMCIT has just completed a rate revision on golf course clubhouses which I knew could make a substantial difference because the clubhouse value is a major driver in the overall property premium for golf course properties.

I was allowed by LMCIT to use the cost new values for the buildings that were assigned to each per the October 2010 appraisal completed by J.C. Norby & Associates, Inc. of Eau Claire, WI., which you provided a copy for me.

The building insured values and the estimated premium for each breaks down as follows:

<u>Building</u>	<u>Insured Value</u>	<u>Annual Premium</u>
1. Clubhouse	\$1,502,506	\$ 3,005.01
2. Cart Shed	\$ 220,630	\$ 1,279.65
3. Equipment Shed	\$ 34,070	\$ 197.61
4. Maintenance Bldg	\$ 53,523	\$ 310.43
5. Driving Range Bldg	\$ 20,984	\$ 121.71
6. Tee House	\$ 19,984	\$ 115.91
<b><u>TOTAL ANNUAL PROPERTY PREMIUM =</u></b>		<b><u>\$ 5,030.32</u></b>

If Rick or Jay can provide me with any additional structures and replacement values that I may be missing, I'd appreciate it. The major difference in the 2013 premium changes applies to the clubhouse property insurance rate, which is approx. 65% lower than the 2012 rate. When I initially inquired about adding these structures in December, the clubhouse rates were under review and under the previous rate, the clubhouse annual premium alone would have been \$8,714.53, which is a sizeable difference.

These rates will apply if there is nothing done with the property for 2013 and a vacant structure surcharge is already factored into the clubhouse rate as well.

LMCIT is also changing their liability rating structure, so the premium basis is no longer based on receipts. In past years, due to the arrangement with WPGO, the City had an extension of liability coverage based on the lease payment amount, so for example the liability premium allocated to the City in 2012 for the golf course property was \$1,537.00. The City Municipal Liability premium will now be based on Total Expenditures. If the golf course were to be operated and insured by outside management, the expenditures associated with the golf course would likely be deducted, but to do so the management agreement must successfully transfer the golf course liability to the outside manager and the manager must provide a certificate of insurance including the City as an additional insured. Also, any proposed management agreement would need to be reviewed by the LMCIT Risk Management Attorney.