



ERIE COUNTY WATER AUTHORITY INTEROFFICE MEMORANDUM

To: Jerome D. Schad, Chair
Mark S. Carney, Vice Chair
Peggy A. LaGree, Treasurer

Cc: Terrence D. McCracken, Secretary
Russell J. Stoll, Chief Operating Officer
Leonard F. Kowalski, Executive Engineer
Lavonya C. Lester, Director of Administration
Daniel J. NeMoyer, Director of Human Resources
Matthew W. Barrett, Security Officer
Molly J. Musarra, Claims Representative/Risk Manager
Katherine A. Gillette, Associate Attorney

From: Karen A. Prendergast, Chief Financial Officer
Margaret A. Murphy, General Counsel

Date: April 7, 2021

Subject: Lawley Services, Inc.

Since 1996, the Erie County Water Authority (the "Authority") has benefited from the professional services offered by Lawley Services, Inc. ("Lawley"), as the Authority's insurance broker and adviser. Last year, we recommended to the Board of Commissioners (the "Board"), extending the professional service agreement with Lawley until June 30, 2021. On May 21, 2020, the Board adopted a resolution granting a one-year extension of the agreement.

Throughout the years, Lawley has been an invaluable partner and resource to the Authority. For example, after the retirement of Anthony Alessi in August 2019, Pat Quinn and other members of the Lawley team provided help, assistance, and guidance to Authority personnel by conducting risk assessments and recommending appropriate insurance coverage limits for construction related and procurement contracts. The Authority personnel, initiating a new contract or the procurement of goods and services, now directly contacts Pat Quinn via email to obtain the necessary risk assessment and insurance requirements. Lawley's quick turnaround has saved significant time in the procurement process.

The Authority and Lawley have also worked together to strengthen the enforceability of bond and insurance covenants by amending and standardizing language found in

multiple boiler-type Authority agreements. Most recently, the Authority has amended language in construction-related agreements, transferring litigation expenses and costs to downstream contractors and subcontractors whose action exposes the Authority to Labor Law claims.

Throughout the pandemic, Lawley shared with the Authority information relating to the best employment practices and plans relating to essential workers and protecting the Authority's critical infrastructure from cyberattacks and other security breaches.

While the Authority continues addressing the management and operational challenges of an aging critical infrastructure, managing Authority staff to optimize productivity, keeping abreast of changes within the insurance industry, and positioning the Authority in the strongest fiscal environment with sufficient insurance coverage to address expected and unexpected losses, the Authority needs to continue its partnership with Lawley more than ever.

With the support of all members of the Executive Staff, we would urge the Authority to negotiate a new three-year contract with two, one-year extensions with Lawley. Pat Quinn has indicated Lawley would be amicable. We have already started preliminary discussion with Pat Quinn relating to other services Lawley provides to its municipal and governmental clients, which could enhance the Authority's claims and risk management operations.

We look forward to discussing this matter with the Board at its next regular meeting.