

THURSDAY

MAY 05, 2022

The Governing Body of the City of Pratt met in Recessed Session in the Commission Room located at City Hall.

PRESENT:	Zach Deeds	Mayor
	Don Peters	Commissioner
	Gary Schmidt	Commissioner
	Jeanette Siemens	Commissioner
	Kyle Farmer	Commissioner

ALSO PRESENT:	Bruce Pinkall	City Manager
	LuAnn Kramer	City Clerk
	Regina Goff	City Attorney
	Brent Carver	Finance Director

**CALL TO ORDER:**

The recessed meeting was called to order by Mayor Deeds. The Mayor instructed the Clerk to note that all Commissioners were present.

Mayor Deeds reminded the audience that this meeting may be taped and/or recorded.

**BUSINESS:**

**DISCUSSION ON LAND BANKS AND BONDS:**

**BONDS:**

City Attorney Goff stated that she had visited with Mr. Kevin Cowan about financing for the new pool and, if we decided to move forward, he thought that we could make things happen by the August election. Ms. Goff commented that we were not sure of a final number yet, but she appreciated the information she had received about sales tax being used to pay the bonds. Mr. Cowan stated that the pool project had a lot of options. Mr. Cowan commented that the City had Charter Ordinance 22 and he explained that it was a broad general obligation bond Statute. Mr. Cowan added that this was not just for the pool project, but for any capital improvement. Mr. Cowan explained that the advantage of the Charter Ordinance was that general obligation (GO) bonds did not count against the City's debt.

Mr. Cowan stated that there were two ways to get there issuing general obligation bonds and one was a more general City building statute, which did count against the debt limit and the GO sales tax Statute, which would also count against the debt limit. Mr. Cowan commented that the City had a low debt so that should not be a concern. Mr. Cowan stated that, using Charter Ordinance 22 and the public building Statute that was normally used in a pool project, this did not require an election unless you were building a brand new pool. Mr. Cowan commented that his understanding was that this was not going to be brand new as it was going to be in this same location. Mr. Cowan stated that, whether using the Charter Ordinance or the Statute, things should move pretty quickly.

Mr. Cowan stated that the City would need a resolution to authorize the project and the bonds and things would move from there. Mr. Cowan commented that, once the resolution was in place, there would be a

sell resolution that would authorize City Attorney Goff and City staff to go do the things necessary to sell the bonds. Mr. Cowan added that a Preparation of the Official Statement was needed for potential investors. Mr. Cowan commented that the City would then contemplate on a date when the bonds would be sold, when the meeting would be of the Governing Body and that date would be the bond sale, requiring a bond resolution and bond ordinance. Mr. Cowan added that they would close a couple of weeks after that and the entire process would be about sixty days start to finish. Mr. Cowan stated that, if this was going to be a new money project, we would have to have a statutory competitive sell and advertise for bids and the best or lowest bid buys the bond. Mr. Cowan commented that the underwriters discount adds to the cost of the bond also.

Mr. Cowan stated that it was good that this discussion started a couple of years ago. Mr. Cowan commented that sales tax did require an election and there were a couple of opportunities with the primary election in August and the general election in November, if the City did not want to have a stand-alone election for this issue. Mr. Cowan explained that this could be a little at odds with the timing of when we wanted to issue the bonds and get it going. Mr. Cowan stated that, if the City was committed to the project and it was going to happen, the only question to the electors was if they wanted this to be the only source of debt service on the bonds. Mr. Cowan commented that there were other sources such as user fees and ad valorem taxes. Mr. Cowan stated that this was moving forward quickly and we just need to tell the voters that the sales tax election was to give them the option to have sales tax as a debt service source. Mr. Cowan explained that if we did not use sales tax, it was still a GO bond and we had to make debt service payments from where we get the money.

Mr. Cowan stated that the County Clerk usually needs about sixty days to get ready for the election. Mr. Cowan explained that a decision would have to be made sometime in May or the first meeting in June to get it on the August ballot; however, there would be plenty of time to get it on the November ballot. Mr. Cowan stated that it would be nice to let the County Clerk know if you were going to have a special question election; however, we would want to give them a heads-up as to what was coming but would not need to send the resolution to them until after the August primary. Mr. Cowan commented that he had mentioned sales tax GO bonds and the ballot proposition for that was a provision on the local sales tax Statute that had a bonding proponent. Mr. Cowan explained that we could ask ‘Shall we impose a sales tax and issue bonds?’ and also add some language that would explain the pool project. Mr. Cowan added that we could say that the sales tax was for swimming pool improvements.

Mr. Cowan stated that there were different increments of sales tax and he asked if we had sales tax in place. Ms. Goff stated that we have  $\frac{3}{4}$  cents. Mr. Cowan stated that the City had the ability to do 3% local sales tax under current State law; which was 2% for general purposes and 1% for special projects. Mr. Cowan added that the 1% could only be for ten years or less. Mr. Cowan commented that we could tweak the question a little to get more years out of it, so there were options. Mr. Cowan stated that he had visited with Ms. Goff about  $\frac{1}{4}$  cent and that would generate close to \$760,000. Ms. Goff commented that in 2021, we generated \$2,353,763; therefore, one-third of that would be around \$760,000. Mr. Cowan stated that the City could back into the length of time and amortization schedule and estimate the time needed for the bonds and the annual debt service. Mayor Deeds asked what the amount generated was for the  $\frac{1}{4}$  cent. Ms. Goff stated that it was \$787,667 per year. Ms. Goff added that it looked like we were doing better in 2022 than 2021. Commissioner Schmidt asked if that included principal and interest. Mr. Cowan stated that it did. Commissioner Schmidt questioned if these would be monthly, quarterly or annual payments. Mr. Cowan stated that they would be annual principal and semi-annual interest. Mr. Cowan explained that there could be a local bank that wanted to take all of it, because it sounds like this would be a short-term bond of maybe ten years. Ms. Goff stated that, based on 2021 figures, a  $\frac{1}{4}$  cent over five years would generate \$3,938,000, seven years would generate \$5,513,000 and ten years would be \$7,876,000.

Commissioner Farmer asked if we knew what the cost of the pool was going to be. City Manager Pinkall stated that he had a projected cost from the initial design. Ms. Goff commented that it was \$6 million without cutting back at all. Mr. Pinkall added that that number was given less than a year ago. Commissioner Peters stated that labor and materials were up by 15%. Mayor Deeds added that he thought it was closer to 20%. Mayor Deeds stated that the message was very well presented and Mr. Cowan had made it clear what needed to be done after the feasibility was done. Mayor Deeds commented that he felt that we were in the feasibility part of the project. Mayor Deeds explained that he was trying to figure out what came first and whether it was what we could afford and then picking the pool or picking the pool and then figure out how we could afford it. Mayor Deeds stated that he was more comfortable with seeing what we could afford and then picking the pool. Mayor Deeds questioned if that was something that we consult Mr. Cowan on. Mr. Cowan explained that bond attorneys could not serve as the financial advisor; therefore, he should not be crunching numbers even though he had that capability. Mr. Cowan suggested that the City get hold of Stifel Nicolaus, who were an investment banking firm that the City had worked with before. Mr. Cowan commented that they would help generate interest in the sale of the bonds and give advice on the sales tax issue or other options. Ms. Goff stated that Mr. Cowan was the bond counsel and Stifel Nicolaus were the financial counsel for the track and soccer field. Mr. Cowan stated that Stifel Nicolaus underwrote those out of their St. Louis office and Ranson Financial served as the financial advisor, based on their connection with the college. Mr. Cowan stated that this would have to be a competitive public sale since it was going to be more than \$2 million.

Commissioner Peters stated that he agreed with the Mayor that we needed to find out what we could afford and go from there. Commissioner Peters commented that we needed to be physically responsible and the interest rate was probably 1% higher than it was two years ago. Commissioner Peters added that the pool committee needed to know the limit and see what they could come up with. Commissioner Schmidt questioned how the amortization schedule would change if we went with .35% or .50% instead of the quarter cent sales tax. Mr. Cowan commented that he would have to look at the Statute, because you had to decide if legislature was talking about \$.05 of 1% or really talking about \$.05.

Ms. Goff asked Mr. Cowan if he had thought about the impact the lack of food sales tax would have on communities. Mr. Cowan stated that they had thought about it a little bit; however, local sales tax would be protected. Mr. Cowan added that it would be the State portion that would be phased out. Ms. Goff stated that the final bill takes away the local sales tax. Mr. Cowan commented that he was not sure about the wording, but we needed to keep an eye on it. Ms. Goff stated that it had the State sales tax dropping from 6.5% to 4% on January 01, 2023, 2% in 2024 and eliminating sales tax altogether in 2025. Ms. Goff added that that was the State's 6.5% only. Mr. Cowan agreed and read from the Statute that the rate of any local retail sales shall be fixed in increments of 0.05%, which actually means .0005%. Mr. Cowan added that the City could do the .35%. Ms. Goff commented that the food sales tax was going to have an impact on the community and the City's income, but the narrative could be flipped. Ms. Goff explained that the sales tax bill would be going down quite a bit with not having to pay the 9%; therefore, this just evens it out. Ms. Goff explained that the tax cost was not going to go up per family because the food sales tax was going away. Ms. Goff added that they would be getting a pool without having to pay more in sales tax.

Mayor Deeds stated that that made sense; however, it would depend on where you go shopping for big ticket items. Commissioner Peters commented that we were going to get some relief and now we were not. Ms. Goff stated that we needed to show good stewardship of the taxpayer's money; however, City leaders and staff feel that this pool was a necessity. Commissioner Peters commented that some people feel that the consensus was that they were not going to use the pool and never were, but a City had to have a pool our size. Commissioner Peters stated that they were in favor of a 1% sales tax because there would be other people to help pay for it. Mr. Cowan commented that the hospital sales tax project was being paid back quicker than projected for the County. Mr. Cowan stated that we could build off of theirs

and have ours commence once the County sales tax terminates and include a date. Mr. Cowan added that the County sales tax had to go away when all of the project costs were paid for unless they asked for a continuation.

Commissioner Siemens stated that the community wanted a pool and we needed it. Ms. Goff commented that nobody wants kids hanging out in their neighborhood all summer long with nothing to do. Commissioner Peters stated that our pool needed to be the size that would accommodate swim meets. Mayor Deeds stated that we needed a pool, but the question was if it should be a 'Honda' or a 'Cadillac'. Finance Director Carver stated that, with the local food sales tax and it lowering, the people would get a tax break; however, if it increased by a ¼ cent we would still be the same. Mr. Carver explained that it would be lower on the general fund and the street fund and still be saving for the pool. Mr. Carver added that it would hit the other accounts lower. Ms. Goff stated that the State collects 6.5 % on food sales and that was going to go away. Ms. Goff explained that we would be allocating those funds to fund the pool. Commissioner Farmer asked if that was on all food including junk food. Mr. Cowan stated that it was food bought at a grocery store. Mr. Carver stated that we could explain it so that the public understands that it was lowering because of the State tax going away; however, imagine what you would be paying if the State's sales tax was still there.

Mr. Cowan stated that the City of Pratt had a good pool backing with the visitors to help pay sales tax while they were at the Sports Complex, college events and the pool. Mr. Cowan commented that Stifel Nicolaus could crunch some numbers that would be useful for the City and a good campaign explanation. Commissioner Schmidt asked what type of mill levy we would be looking at if it did not pass and assuming the City's budget had to stay the same. Mr. Cowan stated that he did not know, but there had to be additional information in the Notice of Election that would contemplate that type of scenario. Mr. Cowan commented that the mill levy impact would be zero if sales tax was collected at 100% of historical averages; however, it would be impacted if it was lower. Commissioner Peters asked what a mill was worth now. Mr. Carver stated that it was around \$40,000. Mr. Cowan stated that ¼ cent sales tax would be about eighteen to twenty mills. Commissioner Schmidt stated that we needed to prepare that now and get it out to the public.

Commissioner Farmer stated that he felt we should wait and put it on the November ballot, which would give us time to explain it to the community in the best way, but we might be able to explain it in sixty days to get on the August ballot. Ms. Goff stated that the consequences to that were that we wanted to be in construction in August and the November ballot would not allow us to begin new until 2023. Commissioner Peters stated that he was involved in a high school bond issue and a hospital bond issue that both failed, so you had to educate the public. Commissioner Peters added that we needed to get on it if we were thinking about the August primary and we needed to get some committees going. Commissioner Siemens asked how long the pool was going to take to build. Mr. Pinkall stated that we could be ready for the next opening day on Memorial Day 2023 if we started construction after the pool closed this year. Commissioner Peters commented that it would depend on how booked up contractors were. Commissioner Schmidt added that there could be a shortage of materials. Commissioner Peters commented that it would be great to have this done before Public Works Director Rambat retired.

Mayor Deeds asked what the turnaround was for Stifel Nicolaus, if we wanted their package deal. Mr. Cowan stated that he thought that they could provide some useful information within a week and then they would get involved with committees to get the information out. Mayor Deeds questioned if the campaign would take months. Mr. Cowan stated that he did not think so. Mr. Cowan commented that they would work with the City and provide information to the public with pool information and how we were going to pay for it. Mr. Cowan continued to explain that they would have a meeting or two with the pool committee and get yard signs out and get the facts out there.

Commissioner Peters commented that we were up against a timeline with no set plan or cost. Mayor Deeds stated that we needed to get ahold of Stifel Nicolaus so we could get started and get some direction. Mr. Pinkall stated that Stifel Nicolaus was aware of us working on this project. Mr. Pinkall commented that Mr. Bret Shogren and Mr. Steve Shogren had had conversations about the project. Commissioner Peters asked if we should decide as a Commission what our level was going to be. Mayor Deeds stated that they should probably do that after they had a conversation with Stifel Nicolaus. Mayor Deeds commented that we could see our forecasts and assess our risks at that point.

Ms. Goff asked Mr. Pinkall if they had worked with any contractors yet. Mr. Pinkall stated that they had not gotten that far yet and it was still with the architect. Ms. Goff stated that, if we talk to Stifel and get a forecast, we could send out bids for the top dollar discussed. Mr. Pinkall added that we could send out whatever kind of contract that we wanted to have. Ms. Goff commented that, with hard deadlines in place, people would arise to the occasion. Ms. Goff added that we just had to establish what those were. Mr. Carver stated that there were a few different options and one would be to fast track as quickly as possible. Mr. Pinkall stated that there were a lot of different ways and ideas.

Mr. Cowan stated that we should get the financial part down first and reach a consensus of the upper amount. Mr. Cowan commented that this would make it easier for the Pool Committee to have a lot of options they could look at. Mr. Pinkall commented that we could not afford the initial design. Mr. Pinkall commented that we could get a design we thought we could afford, but we still had to make some cuts. Commissioner Siemens commented that we still needed to leave out things, but we would have a design. Mr. Pinkall stated that we did and it was around \$6 million. Mr. Pinkall commented that it would make it go back to the Committee if the cost was only \$2.5 million. Ms. Goff stated that we had to consider 15% increase in inflation on labor and materials and that would make it a \$6.9 million pool. Mayor Deeds commented that a contractor should be able to change a few things to bring that cost down. Mr. Pinkall stated that they had already made some concessions. Mr. Cowan stated that they would be very conservative if this was sales tax and ten years was the right amount of time.

Ms. Goff asked if we could back out of the bond sale if the sales tax would fail in the August primary. Mr. Cowan stated that that was possible and we would not want to have the bond sale before the August election. Mr. Cowan explained that, if the Governing Body was committed to this project at a certain amount and it was moving forward, the question was if we could fund the debt service. Mr. Cowan added that the voters would let us know whether they wanted this or not. Ms. Goff stated that she had heard from Mr. Rambat and the Commission that this pool had to be replaced, so we were still going to fund it but in a different way. Commissioner Farmer asked how much longer this pool could last. City Clerk Kramer stated that she felt we would be lucky to make it through this season. Mr. Carver added that we would be shooting ourselves in the foot if we waited any longer. Commissioner Siemens stated that she felt we needed to let the community know how much it was costing to keep it up and running. Ms. Goff stated that the pool needed to be replaced for the good of the community and we know that there would either be an increase in sales tax or ad valorem tax. Ms. Goff explained that the ad valorem tax would be on properties and we did not want that or the sales tax option would have people visiting here help pay for it. Commissioner Peters questioned if those were the only two options we had. Commissioner Schmidt stated that the third option would be to not have a pool.

Mr. Cowan stated that the authorizing resolution could be one approach and that recites the Commission's authority to construct the project and to issue the bonds. Mr. Cowan explained that, if the sales tax passes, we would say that we were comfortable with the numbers and that would be the authorized bond amount. Mr. Cowan stated that we would then work with an architect to say we were in a position to go out for bids or we could go out mid-August. Mr. Cowan added that the architect could still let us know that we would not be able to open on Memorial Day. Mr. Cowan stated that the City could authorize the bonds and go out for bid sometime after the election in August. Mr. Cowan explained that a no vote

would mean no pool next year and we would go back to the drawing board; however, we would sell the bonds in late August if the sales tax was accepted in August and that would thread the needle to make it happen this year.

Mayor Deeds stated that those were good points and we could commit if Stifel Nicolas gets back to us fairly quickly. Mayor Deeds asked if there was a consensus that this was the next logical step. Commissioner Peters stated that the pool committee needed a figure and to put two or three options together. Commissioner Peters added that they had to go out for bids for a contractor and they would let you know how much it would cost. Mayor Deeds stated that he felt that there was enough latitude to get 10% to 20% either way and then make changes accordingly. Mayor Deeds commented that we needed to see what Stifel Nicolaus comes up with for our range and then go out for bids. Commissioner Farmer asked if there was a deadline to get this on the ballot for August. Mr. Cowan stated that there was no Statutory requirement; however, the County Clerk liked it sixty days before. Mr. Cowan commented that he would be glad to contact the County Clerk and let her know that this might happen. Commissioner Farmer stated that the primary was August 2<sup>nd</sup>; therefore, sixty days would be June 2<sup>nd</sup>. Commissioner Siemens commented that that pushes us. Mayor Deeds asked if the Commission should get two of them to see this through and be in conjunction with Mr. Pinkall, Ms. Goff and Mr. Rambat. Commissioner Schmidt stated that he would like to see the pool committee at the next meeting. Commissioner Schmidt commented that they had had this on the table for so long and now we could not wait any longer. Mr. Pinkall stated that that should not be a problem. Commissioner Schmidt stated that we could pass the authorization today to get started, which would not commit us. Mayor Deeds agreed. Commissioner Schmidt asked if Mr. Kyle McCawley could be at the next meeting also. Mr. Pinkall commented that he probably could or we could use zoom. After a little more discussion, Commissioner Schmidt and Commissioner Peters were named to be on the pool committee. Ms. Goff stated that there were five Mondays in May if we had to do any special calls. A meeting date of 5/9/2022 at 1:00 p.m. was set with Stifel Nicolaus to begin the analysis of our financials.

Mayor Deeds commented that they might need some preliminary numbers to get started. Mr. Carver stated that he would get that for them. Mayor Deeds made a motion to appoint a sub-committee of two Commissioners, Commissioner Peters and Commissioner Schmidt, in conjunction with Mr. Pinkall, Ms. Goff and Mr. Rambat and to pursue financial conversations with the financial advisor and to bring a recommendation back to the Commission no later than May 16<sup>th</sup>. The motion was seconded by Commissioner Farmer and carried unanimously.

Ms. Goff asked if Mr. Cowan could put the resolution together so that it was on the May 16<sup>th</sup> meeting. Mr. Cowan commented that, he could draft one with a blank for the dollar amount and it would not describe the project in detail, but say to construct an aquatic facility and amenities’.

#### **LAND BANKS:**

Mr. Cowan stated that, to accomplish what you want on the sub-division and setting them up to pay special assessments when they were sold to a single family home owner, would be to use community improvement districts. Mr. Cowan commented that a district would have to be established and the amounts of the specials to be paid. Mr. Cowan stated that there was ample time for a CID and a resolution that needed to be drafted concerning Land Banks.

Mr. Cowan questioned if the City was 100% owner of this property. Ms. Goff stated that there was one property that had been sold; however, there was an understanding in the contract that they would pay special assessments. Mr. Cowan stated that 100% of the owners signing the petition was a streamlined process and would save us a couple of weeks. Ms. Goff stated that the City had two exclusions and they were that two of the lots had been sold and the cost of improvements were included in the cost of the lot.

Ms. Goff added that the intent was to get the contractor to buy the lot, build and get off. Mr. Cowan stated that this would not lead to a bond issue and that was a good thing, which simplifies the process. Mr. Cowan commented that the County would collect the specials and they would know by Statute if the property owner was a Land Bank. Mr. Cowan added that, if the Land Bank was the owner, they would know not to collect specials; however, they would start collecting when it sold.

Ms. Goff asked who the Governing Body of the Land Bank was. Mr. Cowan stated that the City of Bel Aire uses this a lot. Mr. Cowan commented that they owned a lot of property so that they had room to grow, which was a fire wall to Wichita annexing. Mr. Cowan explained that there were some Statutory changes about five years ago that made Land Banks more user friendly. Mr. Cowan stated that the City of Bel Aire appointed themselves. Ms. Goff stated that the ancillary use of the Land Bank would be to make it easier to purchase dilapidated properties. Ms. Goff commented that we would like to shore them up and resell them in exchange of delinquent taxes. Mr. Cowan stated that that sounded practical. Mr. Cowan commented that the City of Bel Aire meets fifteen minutes before regular meetings when necessary and it was an open meeting. Ms. Goff stated that there were some very invested members of the Community that would want to be on the Governing Body and they would do a good job. Ms. Goff asked if a Land Bank was considered a government entity. Mr. Cowan stated that he was not sure, but the convenience was that they met the same day. Mr. Cowan explained that you want the Land Bank to do what you want them to if you are not the Governing Body.

Mr. Cowan stated that he would get with Ms. Goff and sketch out a timeline based on the summer time schedule. Mr. Cowan explained that the CID and Land Bank creations could happen by early August and assessments would have been approved and certified. Ms. Goff asked if he could have the resolution on May 16<sup>th</sup> for the bond issue and what the next steps would be. Mr. Cowan stated that calling for the election could be done by resolution and he could turn that around pretty quickly. Mr. Cowan explained that he would need to know the amount and how many years. Mr. Cowan stated that the Notice of Election did not have to be filled in until later, which would be before it got published. Mr. Cowan added that, for the August primary, we would want to get it published in the first two weeks of July. Mr. Cowan commented that that would give us June to make sure the Notice of Election and the mill impact of things mentioned were accurate and ready to be published.

Commissioner Schmidt asked if, in August or whenever we get this finalized, we could sell properties like we did to the Galle's. Ms. Goff stated that it would be by contract. Commissioner Schmidt added that we did not want to turn them down. Mr. Cowan stated that the CID would have been created and we needed to get the district created and get those properties subject to assessments, which was the first step. Mr. Cowan commented that the second step was that we would want the Land Bank to hold title at some point, because we did not want to pay specials.

Mr. Cowan stated that he would get hold of Stifel Nicolaus and prep them that this was moving quickly. Mr. Cowan commented that this would not be a cold start for them. Ms. Goff asked that they know we would like to have someone here at 1:00 p.m. May 9<sup>th</sup>. Mr. Cowan stated that he would do that.

#### **OPEN DISCUSSION:**

#### **HEALTH INSURANCE:**

City Clerk Kramer stated that it was time to discuss health insurance. Ms. Kramer informed the Commission that she had reached out to Ms. Brenda Johnston about quoting some insurance for us; however, they had let City Manager Pinkall know that they were not interested unless they were our brokers. Ms. Kramer commented that, if we want to hire a broker, we needed to go out for bids as she knew of a couple of other firms that would be interested. Ms. Kramer added that we needed to do that as

soon as possible. Commissioner Farmer asked how much this would cost us. Ms. Kramer stated that it was a monthly fee and could be as much as \$2,000 per month for one to three years.

Mayor Deeds asked Mr. Pinkall what his recommendation was. Mr. Pinkall commented that we should probably look at bids for the broker. Mr. Pinkall stated that the broker would negotiate with whomever we chose to go with, including Blue Cross Blue Shield. Ms. Kramer commented that a broker took her out of the picture. Mayor Deeds asked if that was something she wanted. Ms. Kramer informed the Commission that she would probably be retiring in December 2023, so this would be her last complete renewal. Ms. Kramer added that she would need to teach someone this process if we decided against a broker.

Mayor Deeds asked if she had a preference. Ms. Kramer stated that she had a good relationship with Ms. Rhonda Fernandez out of Dodge City and she had given us quotes without having to sign a contract. Ms. Kramer offered to get in contact with Ms. Fernandez to ask if she was willing to do that for us this year. Ms. Kramer commented that, if Ms. Fernandez was interested, she would need all the information that was given to Ms. Johnston so that she could get started.

Mayor Deeds asked for a description of what we had now for health insurance and what the brokers were offering us now. Ms. Kramer stated that she was not in favor of a broker only because of the cost, which had not been budgeted. Ms. Kramer informed the Commission that a broker negotiates with other companies and with your current company and ours was Blue Cross Blue Shield. Ms. Kramer stated that she had visited with the Blue Cross representative a few weeks ago and she was confident that we would see a decrease of around 5% this year. Ms. Kramer explained the health insurance policy that we had now, which included \$500/\$1500 deductible and that was a low deductible that we were grandfathered in at. Ms. Kramer commented that, if we choose to go away from Blue Cross, that deductible would be lost forever if we thought about going back to them. Ms. Kramer stated that that was a real benefit for the employees to have such a low deductible. Ms. Kramer explained the \$10,000 max out of pocket and that we would probably lose that also and she was not sure we would get that low MOP if we went with someone else.

Ms. Kramer stated that she realized the insurance was extremely expensive; however, changing that benefit could cost us good employees. Ms. Kramer commented that a new insurance company may look good that first year, but they could also make up for it the next year. Ms. Kramer explained that, with illnesses that already exist, another company might think \$10,000 was not enough for the MOP. Ms. Kramer added that this was a benefit that kept good employees.

Ms. Kramer stated that we had a September 1 renewal date, so we needed to move on this quickly. Ms. Kramer commented that she could check with Ms. Fernandez and let them know what she says. Ms. Kramer stated that we had used up our reserves with Blue Cross Blue Shield a few years ago when we took a big hit, so we did not have much to work with now. Commissioner Schmidt stated that, as an employee, he would not like having to change plans and it was frustrating. Commissioner Schmidt added that you never know what to expect. Ms. Kramer stated that she would do what the Commission asked, but she would have to teach someone next year about all of this and the bidding process, if that was what they chose to do.

Finance Director Carver asked how much it cost to have a broker. Ms. Kramer stated that it could be up to \$2,000 a month. City Attorney Goff stated that she had reviewed the broker contract and it did automatically renew after the first year if it was not canceled with a 90 notice. Commissioner Peters commented that he had visited with Ms. Johnston and the fee was for the first year and then there would be no fee after that. Commissioner Peters explained that they would get their fee from insurance companies they deal with. Commissioner Peters added that Ms. Johnston had told him that she would not

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go out and get a company that did not have as good of coverage as we had now. Commissioner Peters commented that her reason for the broker contract this time was because they had done this for us for free twice.

With little more discussion, it was decided that Ms. Johnston would be invited to the meeting on May 16<sup>th</sup> to explain what a broker was and what they do.

**ADJOURN:**

Commissioner Siemens made a motion to adjourn that was seconded by Commissioner Schmidt. The motion and second passed unanimously.

APPROVED BY THE MAYOR:

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ZACH DEEDS, Mayor



ATTEST:

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LUANN KRAMER, City Clerk