



# City of Peru



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## FINANCE & SAFETY SERVICES COMMITTEE MINUTES

DATE OF MEETING: September 28, 2020 TIME: 6:00 p.m.

PLACE OF MEETING: Council Chambers, Peru Municipal Building  
1901 4th Street, Peru, IL 61354

THE FINANCE & SAFETY SERVICES COMMITTEE MEMBERS PRESENT: Aldermen Radtke, Sapienza, Payton and Buffo present. Mayor Harl present.

OTHER PERSONS PRESENT: City Clerk Dave Bartley, Treasurer Jackson Powell, Aldermen Ferrari, Lukosus, Sapienza, Ballard, ASM Doug Bernabei, PSM Jeff King, Finance Officer Justin Miller, Human Resource Manager Kim Reese and Economic Development Director Bob Vickery

### MATTERS DISCUSSED

Alderman Sapienza made a motion to approve the minutes of the September 14, 2020 Finance & Safety Services meeting. Alderman Payton seconded the motion; motion carried.

The Committee reviewed and approved the disbursements for payment on September 30, 2020.

### PRESENTATION

#### OLD BUSINESS

Tyler Feeney, Area Vice President, and Melissa Ginter, Area Senior Vice President from Gallagher were present and gave the following presentation:

- The City has approved joining the IPBC for 1/1/2021 and has been approved by the IPBC Executive Board and QCHIP subpool.
- The IPBC is a self-insured program and any time you transition from a self-insured program to another, it is important to have protection against any run-out claims.
- Run-out claims are claims that are incurred during the policy period, but not paid until after the policy period.
- There is an inherent delay between the time a claim is incurred and the claim is filed, processed, appealed, and ultimately approved by the Carrier. This delay can be anywhere from a few weeks and for large claims can easily be up to an entire year after the claim was processed.
- Your current stop-loss contract contemplates that 90 days of run-out coverage is generally available.
- However, the contract further provides that 90 days of run-out coverage does not apply if the City transitions to another self-insured program within 12 months of terminating the contract.
- The carrier has declined to provide an exception.
- Transitioning to the IPBC without run-out coverage would leave the City financially exposed in the event that any claims are not reported and paid by December 31, 2020.

### What Are Your Options?

1. Transition to the IPBC 1/1/21 without any run-out coverage. *\*\*This option has corresponding financial risk.\*\**
2. Renew with KBA and Companion Life 1/1/21 with changes to the contract that will provide the adequate policy/run-out coverage for a 1/1/22 transition to the IPBC. *\*\*Note: this contract change is subject to Companion's approval.\*\**
3. Renew your current program with KBA or another TPA 1/1/21, and move the stop-loss to a more compatible carrier that will provide the adequate policy/run-out coverage for a 1/1/22 transition to the IPBC.
4. Transition to a BCBS fully-insured program 1/1/21 so as to utilize your 90 day run-out coverage. Then transition to the IPBC 1/1/22.

Alderman Sapienza asked why the fine print wasn't identified.

Alderman Radtke asked about the impact of the proposed savings to the City of approximately \$300,000.

Clerk Bartley asked what the extra run-out would cost; how much more. Finance Officer Justin Miller reported the TLO cost for 2020 was \$39,000.

Alderman Payton reviewed the timeline and asked when the TLO liability was identified. Mr. Tyler Feeny of Arthur J. Gallagher & Co. noted the review was in July and the was late August or early September. Mr. Feeny stated he thought in July the resources of Gallagher would be able to secure the additional coverage. Alderman Payton asked about the procedure to secure option additional run-out and doesn't buy this explanation of the timeline. Alderman Payton stated he wants to know why a company as big as Gallagher missed this. Asked if Peru is the first City to be faced with this issue. Ms. Melissa Ginter, Area Senior Vice President of Arthur J. Gallagher & Co. noted she was trying to build a program to fix the challenge. Alderman Payton asked why no options have been quoted for 1-1-21. The timeline will be a stretch if we get rates at mid-November. Melissa noted strategies are limited based on the market timeline. Mr. Feeny stated he will pursue option 2, 3 and 4 simultaneously.

Finance Officer Justin Miller provided the following update:

- FY2020 Audit
  - Presentation scheduled for October 26<sup>th</sup>
- Cash Flow and Long-term Plan Update
  - Plan for early November presentation
- Investment Strategy Update
  - ?
- CURES and FEMA COVID funding
  - Still moving forward and coordination the \$400,000 CURES
  - One new application for the small business stabilization

Human Resource Manager Kim Reese reported that no applications were received for the seasonal leaf vacuuming position. Human Resource Manager Kim Reese stated the hourly rate at Target is \$15.00 per hour and hourly rate at Burger King is \$14.00 per hour: Peru is \$13.00 per hour. Committee initiated a discussion to change hourly rate for seasonal leaf vacuuming position to \$15.00 per hour.

### NEW BUSINESS

### PUBLIC COMMENT

### CLOSED SESSION

Alderman Buffo made a motion to adjourn. Alderman Payton seconded the motion. Meeting adjourned at 7:03 p.m.