

SPECIAL MEETING OF CITY COMMISSION
APRIL 22, 1988 AT 12 O'CLOCK NOON

On the 22nd day of April, 1988, the City Commission of the City of Lufkin, Texas, convened in a Special Meeting in the Council Chambers of City Hall with the following members thereof, to-wit:

Pitser H. Garrison	Mayor
Don Boyd	Commissioner, Ward 2
Danny Roper	Commissioner, Ward 3
Pat Foley	Commissioner, Ward 4
Jack Gorden, Jr.	Commissioner, Ward 5
Harvey Westerholm	City Manager
Brian Boudreaux	Asst. City Manager
David Cochran	Purchasing Agent
Rita Jinkins	Finance Director
Atha Stokes	City Secretary

being present, and

Percy Simond	Commissioner, Ward 1
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being absent when the following business was transacted.

1. Meeting was called to order by Mayor Garrison.
2. LIABILITY INSURANCE - APPROVED - BARTLETT, BAGGETT & SHANDS
PLAN 2

Mayor Garrison stated that the Commission had met for the special purpose of trying to decide what to do about the City's insurance program that must be renewed by the first of May.

Mayor Garrison stated that a new sheet had been prepared by the City staff showing the bids of the respective companies.

Mayor Garrison stated that City Manager Westerholm was still hoping to get some information about a major retention of some of the risks by seeking quotes from Lloyd's of London, but there is no assurance when it will come or whether it will be favorable. Mayor Garrison stated that the City Manager was also talking with TML who had not submitted a bid previously because the City had not included Worker's Compensation. The City Manager has now requested a proposal from TML including the Worker's Compensation coverage.

Mayor Garrison stated that the low bids were received from Hibbs, Hallmark of Tyler and Bartlett, Baggett & Shands (Plan 2).

Mayor Garrison stated that it appears the only likely place the money could come from for the premium is from the Water and Sewer Contingency Fund. Mayor Garrison stated that included in the Water and Sewer Contingency Fund balance of \$145,000 is a water well that was obtained from the Fuller Springs transaction and has been valued at \$100,000. Mayor Garrison stated that the City Commission has not elected to sell the water well yet, but it could be considered as a capital item and a possible source of funds.

In response to question by Commissioner Pat Foley, City Manager Westerholm stated that at the Commission meeting Tuesday night, he had suggested removing general liabilities and going self-insured on those items, and leaving off building and contents for the three major buildings. City Manager Westerholm stated that he had recommended insuring autos, law enforcement, public officials and errors and omissions.

Mayor Garrison stated that a summary of the City's loss insurance reflected that the City has not had any substantial losses since 1984, and most of the claims have been relatively small.

City Manager Westerholm stated that he had hoped to save 40% of the \$280,000 (\$112,000) for last year's premium. City Manager Westerholm stated that one of the problems is that big companies do not want to write specialty programs for a little city.

City Manager Westerholm stated that last year the City Commission authorized payment of \$23,396.45 per month over an eleven month period for insurance coverage and the last payment is due this month. City Manager Westerholm stated that he was hoping that the City could get into a retention fund and cancel this coverage but had not been able to do so.

In response to question by Commissioner Foley, City Manager Westerholm stated that when the budget was finalized the coverage was figured at a 40% savings on the premise that the City would be able to go self-insured.

Mayor Garrison stated that the City appropriated \$186,452 for insurance coverage in the 1987-88 fiscal year.

City Manager Westerholm stated that since the City is barely big enough to start going self-insured the insurance companies are reluctant to submit a proposal. City Manager Westerholm stated that the City is requesting a specialty that is not a standard policy the insurance companies have.

In response to question by Mayor Garrison, David Cochran stated that Hibbs, Hallmark requested 25% down, with monthly installments and an 8% interest rate, and that BBS had an interest rate of 6.75% with \$43,081.73 down with three payments of \$33,752 or nine payments of \$15,425.93. Cancellation rates are set by the State and BBS has a short rate for cancellation depending upon how long the policy has been in effect.

Commissioner Danny Roper stated that he would like to state for the record that Ernest Bartlett of BBS is his uncle.

Motion was made by Commissioner Jack Gorden and seconded by Commissioner Don Boyd to accept the proposal of Bartlett, Baggett & Shands (Plan 2), using the balance left in the insurance budget of \$8,815.01 and the balance of \$25,000 be taken from the Water & Sewer Revenue Fund with down payment of \$33,752 and monthly payments beginning June 1st. A unanimous affirmative vote was recorded.

City Manager Westerholm suggested that the insurance coverage renewal be changed to October 1st, which will help in figuring the insurance coverage for the budget.

Mayor Garrison stated that the water well was not listed on the agenda for discussion today but he would like to see the City Commission consider offering it for sale and putting the money in the General Fund to take care of the insurance for the rest of the year.

4. There being no further business for consideration, meeting adjourned at 1:00 P.M.


Pitser H. Garrison, Mayor

ATTEST:


Atha Stokes, City Secretary