

CONTINUATION TOWN COMMISSION MEETING HELD JULY 16, 2007

Continuation of regular Town Commission Meeting of July 9<sup>th</sup>, 2007 of the Town of Ocean Ridge held on Monday, July 16<sup>th</sup>, 2007 at 4:00 PM in the Town Hall Meeting Chambers.

The meeting was called to order by Mayor Kaleel and roll call was answered by the following:

Commissioner Hogan                      Commissioner Bingham  
Commissioner Allison                  Commissioner Pugh  
Mayor Kaleel

Pledge of Allegiance

A.        Approval of Health Insurance for Employees By: Ken Schenck, Town Manager  
Manager Schenck was informed that the present plan for employee health coverage, which is a Blue Cross Blue Shield HMO Plan increased \$94.61 per employee, and \$200+ for family coverage. He then met with Steven Olsen, from Wells Fargo/Accordia seeking other coverage choices at a better rate. It was decided to present to the employees a new plan 3066/3067 – HSA Compatible. The rate is \$401.33 per employee per month with a \$1500 deductible and no co-pay. These rates are cheaper for employee and for dependent coverage. If the Town agreed to pay the \$1500 deductible, it would still be a savings. There is a catch however with the deductible for the first year. The deductible is based on a calendar year and not a budget year. Therefore a deductible would have to be paid for the calendar year 2007 as well as 2008. This would only be a problem the first year of the policy. The deductible doesn't have to be paid all at once, so it could be paid quarterly. If the Town decided to pay the deductible for 2007 on a quarterly basis and the employee costs exceeded the amount the town pays then the employee would be responsible for the remainder of the deductible. With the HSA any unused deductible balance would belong to the employee. This plan is not available for employees that are Medicare eligible. Comm. Bingham noted that the total insurance costs last year were \$125,000 and with the HSA it was cheaper by \$50,000.

Since the meeting with the staff, he met again with Mr. Olsen, and they discussed the same plan but as an HRA Plan. The deductible for the HRA Plan is the same amount, however it is controlled by the employer, not the employee, and all employees would be eligible. The employer would make a pledge, but not transfer the money until it was spent. He recommended the HRA with employees paying \$500 of the \$1500 deductible. He had not discussed the HRA with the employees. Comm. Hogan reported that she was familiar with both, and asked that Mr. Olsen have a chance to meet with all employees to explain the details of the plan. Chief Hillery asked if it was a Blue Cross Blue Shield Plan, and what doctors were available on this plan. Mr. Olsen stated that it was a Blue Cross Blue Shield PPO, and had more doctors available than the current HMO Plan. Mayor Kaleel mentioned that he would be willing to pay the full deductible amount.

Comm. Pugh motioned to accept the HRA Plan with Blue Cross Blue Shield for the employees and pay the deductible. Comm. Allison seconded.

Motion Carried - yea 5.

B.        Approval of Contract For Construction of New Town Hall/Police Complex With BSA Corp. By: Ken Schenck, Town Manager  
Manager Schenck reported that the initial contract with BSA Corporation for the construction of the new town hall was \$4.1million. They had been able to lower it to \$3.866 million and changed the time frame from 308 days to 333 days.

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Atty Spillias mentioned that because of the FEMA Contract there were interpretation questions that had to be worked out as to what was required. Mayor Kaleel in review of the contract had given Atty Spillias a list of items that needed to be clarified. Atty Spillias stated some of these concerns: 1) BSA Contract contained no delay penalties or incentives for early completion; 20 or 30 days were suggested. 2) Paragraph 5.1.3 mentioned that Town payments were due no later than 10 days. Mayor Kaleel suggested changing to 10 business days. 3) All subcontractor agreements to be signed and certified and become part of the contract document. 4) Ability for Subcontractors to be reassigned to Ocean Ridge, to allow us to work with the subs. 5) Non-substantial changes be permitted as a non-financial change order.

Discussion was held asking if the contract addressed who would be responsible for any discrepancies between drawings of the subcontractors and the architect. It was discussed to add a delay penalty or incentive clause for early completion with a time perimeter of 10, 20, or 30 days. It was mentioned that the contractor was bonded for the job for violation of contract and payment could be withheld for unsatisfactory work performed. A penalty clause would determine a set amount for damages caused. Without it, only liquidated or actual damages would incur, which can be hard to make certain. A \$3000 Change Order was listed for additional insured that was not part of the contract. Comm. Hogan stated her concerns of relying on staff and contractor, and felt it was not prudent for tax payers if all were not prepared and kept informed. She requested that Section 7.2 be changed from 12% to 10% for any payments received after 10 business days. She asked for clarification of substantial completion, progress payments, and she noted her concern of a stop work order. It was explained that it was an efficient manner for the town or the contractor to stop work performed if unsatisfactory or not to schedule. Mayor requested copies of all sub contract agreements. Mark Marsh replied that it was a closed bid, he was not sure if it is required. Bill Branning said he would speak with his attorney about releasing them.

In summary, the following suggestions or requests for changes were made: 1) Copies given to the Town of subcontractor agreements for records and assignment of subs if defaulted 2) Allow payment to be made in 10 business days for payment. 3) Remove the \$3000 change order.

Comm. Allison requested a list of the changes that reduced the BSA Contract for their review and approval. Some items they may want to add back to the contract.

A consensus was made for BSA to review the suggestions to change the contract and then submit at the Special Town Commission Meeting at 8:30am for approval.

### C. APPROVE FINANCING OF NEW TOWN HALL/POLICE COMPLEX THROUGH BANK OF AMERICA By: Ken Schenck, Town Manager

Bank of America had three representatives present: Linda Mason, Government Client Manager, Holly Kulman, Senior Vice President of Credit Products, and Frank Kown, Managing Director. Ms. Kulman started the meeting reporting that on November 2006, Bank of America had approved the Town of Ocean Ridge for the loan of the new Town Hall and Police Complex up to \$4 million. Ocean Ridge has the option to draw all up front, or on as needed basis during the construction, with a payback of 20 years. It allows for interest only payments during construction with a variable rate. It has the flexibility that it can be locked down with a fixed rate and a fixed amount before completion of job. There are no banking fees. There are 2 separate contracts. One is the Loan Contract and the other is the Interest Rate Contract.

Ms. Kulman continued that if drawn all now, it could be locked in at a rate of 4.6%. If drawn down and locked in one year, could fix the rate now at 4.63%. There is no penalty with a variable loan. The swap contract does have a penalty though. Frank Kown recommended to float the variable rate through construction and then before the end of the construction lock in at a fix rate.

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Mayor Kaleel requested to defer this contract to the August 6<sup>th</sup>, regular town commission meeting to allow for more time to review.

Atty Spillias reminded commission that FEMA needed to see an executed contract from BSA.

Meeting recessed until July 16<sup>th</sup>, 2006 at 5:35 pm.

Attest By:

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Town Clerk

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Mayor Kaleel

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Commissioner Allison

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Commissioner Bingham

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Commissioner Hogan

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Commissioner Pugh