

Finance Committee Minutes

Honorable Council
City of Newark, Ohio
August 19, 2024
5:45pm

The Finance Committee met in Council Chambers August 19, 2024 with these members in attendance:

Doug Marmie – Chair
Jonathan Lang - Vice Chair
Bradley Chute
Michael Houser
Bill Cost Jr.

We wish to report:

Mr. Marmie - The unappropriated balance of the General Fund is \$577,730.00 and the balance of the Budget Stabilization Fund is \$757,681.00.

1. Resolution No. 24-73 APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 220 ARRPFund, in the amount of \$6,822.40 (Monies paid to incorrect vendor, sent back to pay correct vendor)

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| 220.100.5521 | Water Lines | 6,822.40 |
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Brandon Fox, Water Administrator - This was for some funds that were paid to Ohio Water Development Authority, and they had to credit that back to us, and we need to, in turn, re-encumber that and pay the actual contractor. So, it was just a mistake in the auditing process when we processed the invoice.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

2. Resolution No. 24-74 Exp APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby a disappropriation of the appropriated balance of the 220 COVID ARP Fund, in the amount of \$500,000.00 (Water Lines).

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| 220.100.5521 | Water Lines | 500,000.00 |
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Bill Spurgeon, HR Director - Good evening, Mr. Chair. I hope today finds you and the committee well. There are two related pieces here. The health fund is under stress again. Because this is the second time we've asked this year, I was hoping you would allow some testimony, some

business colleagues. I want folks in the audience to have some comfort that this plan is well administered, because it is. If I may, key business partner, our broker, Mike Fredericks from Fredericks Insurance. Mike, can you just share some of the things that we have done recently to make sure this plan is solvent?

Mike Fredericks - Yeah, I'd be happy to. Appreciate the opportunity to speak in front of everyone tonight. I have had the opportunity to speak before council previously, although it's been a number of years. And over the last, particularly, four years, I would say we've tried to take a number, and I think we have taken a number of measures to minimize what's paid out of the insurance fund, and try to maximize the value for the city of Newark. And just to give you a couple quick examples of that, what we start, or what we see out there in the industry, if you will, among other municipalities and private sector employees, is we see costs going up by somewhere between 6% to 12%, sometimes more than 12% a year. To give you an example, the city of Newark's costs have risen over the last five years at about a pace of 4% on average per year. So, some of those things that we've put in place to have that lower cost increase, if you will, or lower trend is we have, when I say we, I should say the plan has partnered with Licking Memorial Health System to form a Most Favored Nations discount for what's paid out in terms of the services rendered at LMH, for instance. And since that plan has been in place, the insurance fund has saved, comparatively, if it wasn't in place, \$1.6 billion. In addition to that, about three years ago, there was an effort to put in a new pharmacy benefits manager. And I know you guys stay current on a lot of the news that's out there. If you read, the state of Ohio with their plan has had this under scrutiny in terms of getting a pharmacy benefits manager that will offer the state employees fund a good deal. We were a little bit ahead of the curve on that. And about three years ago, we put that in place. Because the year prior that we put it in place, the prescription drug spend was approaching \$1.1 million. And the last completed year, it was right at, I will get the exact figure, and we'll provide it to you here in a minute, but right at about \$600,000. So, if we take the savings that the city has gotten because of that over the last three years or so it's over two million dollars that this the insurance fund has saved. In addition to that there's been over the last three to four years or so again we have dialed up so to speak the wellness efforts to make it a more robust program and to that end I want to give you an example on that just about eight years ago or so we had between 18 to 22 individuals that were considered catastrophic or had you know can't go into specific details about specific people but we had between 18 to 22 people that were generating significantly high claims and that was in that period if you recall seven or eight years ago where the cost really increased dramatically so because of the wellness program it emphasizes preventative care getting the American Medical Association age and sex appropriate tests so colonoscopies you know for instance, mammographies, all those types of things. We want to detect those severe conditions at a very early stage so that they can you know the people can be you know have a cure more easily at those lower stages of those diseases plus it's more cost-effective. It's about a dime on the dollar when you find those conditions at those lower, less severe diagnosis stages. So anyway, to give you an example and in that period before the wellness we had about 18 to 22 people last three years were averaging about four to six. So, if you consider that the city's stop-loss coverage which you know the city funds people's medical expenses up to about a hundred up to 150,000 then that stop-loss protection kicks in and the city's no longer responsible for that. If you do the mathematics on that four to six compared to 18 to 20 that's pretty significant savings when you

take that difference and multiply it by a hundred and fifty thousand so that's a reflection of the increased emphasis that was put on the wellness program. In addition to I want you guys to know being associated with the city you know it's kind of people have the insurance card that says MedBen okay but there's more to it than that. There's the actual stop-loss carrier who holds the risk for the city or who reimburses the city for that for those claims that are over 150,000. We have changed stop-loss carriers about five or six times over the last 21 or 22 years. It's not just the same. You're going to see the same card that says MedBen and everything, but it does not say the stop-loss carrier, and we've tried to I think effectively look and get arrangements that are more financially advantageous for the city too. Something else too that has made a difference is we've not only looked at different and done different stop-loss carriers, but we have when it makes sense change the network of doctors and hospitals. The latest one that the city is using is LMH and it's got the most favored nations discounts in it which means the city pays the lowest of any other network out there like Medical Mutual or United at LMH and many of the other providers locally. Before that arrangement became available which was brought to the market by Licking Memorial Health System, we had been with several other different networks. One of them was Medical Mutual. One of them was Quality Care Partners. My point is, we've looked around and made sure that when we analyze what those reimbursements were out of the insurance fund it was the most favorable it could be with those different networks. So, those are the things we've done to try to sensibly manage the insurance fund so that it gets the best value it can, and I just wanted to speak on that for a few minutes, so I appreciate the opportunity to do that.

Director Spurgeon - All right, thank you Mr. Chair for your consideration. Thank you, Mike, for that important information. If I could call your attention members of the committee, you should have in your possession a three-page document. So, Mr. Chair, I was made aware that the first fix did not fix it and this one was worse than the first. That was on August 1st. August 2nd, I (inaudible) up a work group. Myself, I know our auditor is here, Ryan thank you. Jack and Jim have been great. Our treasurer, Fredericks Insurance, MedBen and HR and we've really got deep in the weeds on what's going on, what's the cause and how do we fix this once and for all, so we don't have to keep coming back and interrupting legislative executive spending priorities. If I call your attention to the yearly analysis and there's an expense distribution right behind it and Mr. Chair, if you would allow one more time, we've got our chief principal officer from MedBen, Kurt Harden, can take us a deeper dive on these numbers. It is medical spend that is very hard to forecast that's driving these costs. They're up over \$650,000, but I thought hearing from the persons who give us this information again might be helpful for the committee. Mr. Chair, may I?

Mr. Marmie – Sure.

Director Spurgeon - Kurt, if you would please.

Kurt Hardin – If you look at this document, I'll just sort of explain to you how we analyze the cost for the plan. So, you start out in 2020 and I'll point a couple things out and trust me I won't spend five or ten minutes on every year, I'll move along quickly and let your questions decide how long we linger on this. So, you see the pharmacy spend there at 1.05 and then the medical spend at 4.06. That red negative number are stop-loss reimbursements that you get from the reinsurance carrier that protects you for catastrophic claims on there. Basically, you can look at this, this first section is raw claims. So, you can go across to year-to-date and you can see how

raw claims have adjusted. So, you had a 2% increase from 20 to 21, you had a minus 2%, a reduction in 22, 7% increase in 23 and year-to-date when we factor in stop-loss reimbursements that you will be receiving on some large claim activity, you've got significant additional large claim activity. About a 7% is what we're projecting by year-end. Unfortunately, you had quite a few of those large dollar claims in the first half of the year so they started hitting April, May and then you've actually had another slug the first week of August occur. The second way we look at the cost is that next section down. That is on a PEPY basis. That factors in the enrollment on the plan, like how many people you have in the plan and so that you can track across 3, minus 1, 6, 8 projected for this year. That is an average about 4% per year, but certainly this year's a little bit bigger. If you go to this document that says expense distribution you can kind of see what Bill was just talking about. So, the top section here is year-to-date 2024 and what we do is we stratify that by the top 1% of claimants so the people who spent the most of all your claimants. So, seven members have spent \$769,000. Last year you had eight members who only spent \$578,000. Do you see that comparison? But what's interesting is in every single section of this, this year, year-to-date, you've had an increase in that. You've actually had a 10% increase in claims filed, you've had about a \$400,000 swing in large claims from last year to this year, a \$650,000 swing in claims just at hospital care, inpatient procedures. So, it's just that has been that \$635,000 you can see is that difference between that \$2.9 million this year and the \$2.3 million last year. So, while the plan has actually beat trend over a four-year period, this year you've in the first half of the year you really have experienced greater activity in almost all categories. Large claims, claims filed, just raw claims filed and so forth. So, that's sort of a summary of what has occurred this year to date. Questions?

Mr. Lang - Back on that first page of what we were handed, the claims ineligible for the trend, there's a \$200,000 negative balance there. Can you just explain what that is?

Mr. Hardin - Yeah, so you had a couple of claimants that experienced claims that quickly got to your \$150,000 responsibility. It's sort of your deductible before the stop-loss carrier kicks in. And then you had a third claimant, candidly, that is very close to hitting that. You will not experience those claims on the plan in the rest of the year. So those claims don't get trended because you'll start getting reimbursements from the stop-loss carrier. So, you accumulate all those claims in the first half, but in the second half you won't. And if we just annualized by taking the seven months, dividing by seven, and multiplying by 12 without taking that out, it would inflate that. Now, your question brings up something that I always want to make sure I tell people. I can't predict when you'll have a catastrophic claim. You could have three more catastrophic claims this year. That's insurance. That happens. But when we do a projection, what we do is we take out what we know and we factor that into that projection. Does that make sense?

Director Spurgeon - Thank you, Kurt, for that important information. Thank you, Mr. Chair, for the courtesy. Lastly, Mr. Chair, if I could pull your attention to the historical annual results in 2024 estimation. The plan is well managed. We have a funding challenge and we have a decision to make. If you look at 2019, at any given time, we need about 10 percent in what I would call a checking account to pay our bills, 10 percent of the plan's cost. 152,000 is not 10 percent. You can see subsidy was required. So even though we brought some funds forward to 2020, the net aggregate was we overspent. However, in 20, had a good year, brought it forward to 21, had a better year in 22, brought it forward to 23. And then in 24, we started out with 10

percent. We thought we were going to spend \$5 million to have 592 in our checking accounts, a blessing. But we've had these runs, and you've heard Kurt explain. So, the question becomes, what do we do about that? I have come to the conclusion that a line item budgetary model, something not only the checking account, 10 percent of the fund, but a stand-alone line item in the budget somewhere, that we can tap into that. Because it's not lost on me that we're interrupting spending priorities coming and asking for money in the middle of the year. That's the best I can do. I've really taken a deep dive. We've stood up a work group. I think Kurt will agree I've probably asked more information than most of your clients in the last couple of weeks. But we're really trying to get our hands around this so we don't have to do this again. I've made some recommendations in writing. I wish to be transparent where we're going to go next year. I know there's members of the committee. I've answered all the questions. I know they're bold. I know they're a big change, but they're necessary. I can only go in the numbers that I'm given. I'm trying to not have to go through this circumstance in the future. So, I certainly would answer any question you have and would really appreciate your support on the additional appropriation.

Mr. Houser - Thank you, Director Spurgeon. My question about the cash to start the year, because it looks like just from the calculations, my understanding is it's a simple carryover from the prior year's ending balance. Is there any sort of calculation beyond simply carrying that balance over to assign an amount to the fund to start the year? Is there any sort of projection analysis done at that point?

Director Spurgeon - Yeah, to be clear, I'm asking for two things. This is a checking account, and I need 10% of the cost of the plan that will likely get us through the year. But, again, these events, these in-hospital stays are very difficult to forecast. What happens if I overrun those monies in a checking account? That's why I'm asking for an additional 10% parked somewhere where if we need reserves above and beyond the money we've been given in our checking account, we can have access to it. I'm trying not to interrupt spending priorities of the elected and the appointed.

Mr. Marmie - Okay, so I guess the first question I have is, you know, I went back to even 20, 22. I went back to 2015 and just looking at forecasts countrywide as far as projections and I'm even looking at projections moving forward of health care costs and increases. There's never been any projections that I've seen on increased costs of health care in the last ten years. It has been below and it's been at four percent. In the past five years we've taken no increases in our rate to make this solvent and in a real world and you know to be really solvent we would have enough cash reserve to handle any catastrophic event. I guess why haven't we taken any increases for the past five years? Why when all the trends were going that direction, Medicare Medicaid has all had increases, why have we not seen any?

Director Spurgeon - A couple of reasons. Thank you for your question, Mr. Chair. So, this self-funded preferred provider organization model started in 2019, so I didn't research before that, but what I noticed, my trends digging deep, is there are no... We have 10% starting in 2021. We have over 20 or 10% of the total cost. So, that would be me coming to council saying hey let's charge everybody some more money that citizens incur 85% of that, and I don't have a benchmark to do it by. That's why I'm floating the conversation now. Let's build a reserve. Let's be bold on the changes we can together consider, and perhaps making the health fund that it builds up its own. With the numbers I've been given it still doesn't happen until 2027, but to

come ask for additional appropriation without any just because, I don't think that would have went over well. When I have the benchmarks in the budget from 21 on that does indicated that need.

Mr. Marmie – Back to the question. The last five years, why have we not had any rate increases?

Director Spurgeon - I'm sorry, Mr. Chair. I just answered your question.

Mr. Marmie – Well, the thing is, apparently 10 percent wasn't enough. You said we had 10 percent this year.

Director Spurgeon - And you've heard, Mr. Chair, that there are things that are very hard to forecast.

Mr. Marmie – You're right, and that's why you have reserves, and 10 percent is not sufficient.

Director Spurgeon - This is a checking account. I'm talking about a checking account in a reserve, not just a checking account.

Mr. Marmie – I know. Exactly. That's why I'm asking why was that not done? How many other providers, Mr. Hardin, do you have? How many of them have reserves?

Mr. Hardin - The majority have reserves.

Mr. Marmie - And we have not, correct?

Mr. Hardin – Yeah. Since you started, I don't believe.

Mr. Marmie - That's what I'm asking. So, knowing all the trends, knowing that you know insurance is an up and down, it's a roller coaster ride you don't know when you're going to have a catastrophic event and you don't know when you're going to have that perfect storm, so you do have to have those reserves. I guess if we would have taken smaller rate increases in the past years to knowing that you know these things happen, and then if you do have an overabundance, and we've done this in the past where we had premium holidays, but we have to have enough to be solvent that the fund is more or less taking care of itself and our benefit plan is taking care of itself. Now, the City provides a portion of that. It comes out of our expenses in our budget and we realize that, and we're willing to pay that cost. It's a lot easier to come up with percentages, a three four percent increase in our budget over the past five years versus a twenty thirty percent all at once. That's a hard hit. So, that's why I'm saying when you look at insurance you have to look at trends, you look at past history to predict future losses. That's what you look at. Looking at the history, not only the City...What's been the reduction in participants? What is the percentage of reduction of participants?

Director Spurgeon – In the plan?

Mr. Marmie – Yes. In the last five years.

Director Spurgeon - I don't know percentage I've got the numbers. The employees, in 2019 we had 308 and 2024 we have 295. Now, I also got total members on this document here which are dependents, average members, total of 878 in 2020, total was 758 in 2024 annualized.

Mr. Marmie – Where's our aging gone? From what five-year increment... Are we an aging population with this?

Director Spurgeon - I would imagine we are but we have had a lot of rolling over. We've had a lot of turnover and people retiring out so we're going to get younger, but I say now it's a reasonable forecast.

Mr. Marmie – Well, I'm just asking you know why haven't we, the majority of self-insured programs always have a reserve. We haven't had a reserve. The other thing is the trends across

the country have been increases. We have not increased our rates in the last five years. We know that the participant level has gone down. Anytime you have a reduction in participants the sharing of the wealth is not as great so it doesn't help your plan. The fewer you have in your plan actually the harder it is to manage because then it takes a lower number of catastrophic events to really hurt your plan. So, looking at all those things are those all being looked at? Are we continuously monitoring these and making sure that in the future if we, I guess that 10% I don't know if that's enough? It looks as if we have to have a little bit more than that and unfortunately, we don't have the funds. We're looking at \$700,000 in just this evening's appropriation plus the appropriations we already made this year. We're at about a million dollars that we're having to you know bail out and that's a hundred percent taxpayer dollars, no participant dollars.

Director Spurgeon - You made it clear at the last Finance Committee meeting you expected someone to spearhead this effort. I have been looking at trend analysis and everything I get is in the end of third quarter September. Our claims experience, you've heard Kurt say earlier, we're going down, down, down and we knew their average cost, all the dynamics that you spoke of, we knew that, but we thought the protective measures that we put in there would be fine to get us through 2024. We've never experienced this run like this on these medical claims and since 2019 and I've been looking at the numbers. So, I'm happy to assume that role and I did August 1st. I was alarmed. What do you mean it didn't fix it the last time? Right then HR spearheaded the effort. We put a work group together. We absolutely put our hands around this and I've been more proactive in the budgetary process. I went in writing, this is what I think we should do. I've not done that in the past. So, I heard what you said last time. I've taken great effort to get our hands around things, but I don't know about the past. Why didn't we do this? Why didn't we do that? The numbers, the trend experience that I had, the indicators I had, asking for more money without a benchmark the 10% is a number that MedBen gives to me. They're the experts. Ten percent of your plan, that's what I have to go on. The information I have.

Mr. Marmie - So, the 10% of the plan, when you say that, you say 10% in the checking account and then plus the reserve? What is that number? Is it an additional 10%?

Director Spurgeon - I believe that's the way to go. Yeah, it's 10%. I put it in the email I sent to you. So, 10% of the plan next year 627,000 and we need to raise the rates because we're not going to carry over 627,000 unspent dollars this year. That's why I'm doing bold and dramatic predictions. Listen, we have got to participate in part of this solution. I have been public that we're going to talk about modifications to the plan. We're benchmarking against our comparators in the region. There are areas where we as participants, I believe, can participate at a greater level, but I've always looked at the health care committee as a partnership not an employer mandate and we're meeting Wednesday. So, I can't speak a lot to why didn't we do this why didn't we do that, I just did not involve myself in the budgetary process. There have been thoughts before on 2.2 months of runoff as a million seven. We talked about that in 2021 I believe. Internally, it's a big number so we attempted to live off of our savings and we have had a run of high-cost medical events that we just cannot predict.

Mr. Houser - You mentioned keeping a 10% reserve, and I guess excluding amounts held in what we call the checking account, the plan essentially here. Would that be, basically,

regardless of how much is carried over from the prior year? Is that kind of a thought, or would it be evaluated based on what is...

Director Spurgeon - Great question, Mr. Houser. Thank you for asking. Through the Chair to Mr. Houser, and I'll say this publicly, if we see the trends, our experience going down, then we'll come back and we'll adjust the rates down. It's not lost on me that the citizens are picking up 85% of the tab. We can only go on the metrics we have, and what I have today tells me that we are going to deficit spend, we need help for the rest of the year, and there's going to be no carryover going in there. So, that's why I say we've got to crank the rates up to get some money in there at an accelerated rate as paying out and get the reserves built up, and even the predictions, we won't get 10% of the fund carryover until 2026, doing that with the revision I've asked for, or at least recommended to the committee to consider. So, there won't be a carryover next year. That's why I'm going to raise the rates to build that up, but to why isn't somebody asking for a reserve? Mr. Chair, I'm asking for a reserve as well, but I do recognize that the participants are going to participate. I've been transparent and I put it in writing, and I've been talking to people and taking their hard questions since August 1st.

Mr. Marmie – So, looking at the research that I looked at, anticipation of 2025 is looking at healthcare costs increasing at about 8%. Did we take that into consideration for what we're doing here?

Director Spurgeon - So we have a cost model from our MedBen partners. The cost model, I don't want to speak to Brian's numbers, Kurt, they're pretty granular.

Unknown Speaker - We did a 10% trend for that model. That's what we used. 10% for next year.

Director Spurgeon - And that's where I've got my 10% to cover.

Unknown Speaker - And we agreed with the, I mean, we were within \$30,000 of the auditor's projection too. So, we sat down and kind of looked at that and checked each other's assumptions.

Mr. Marmie - Here's the biggest thing that, you know, I know that things happen sometimes. You get that perfect storm of claims. I just want to make sure that we are in a position that we can protect our benefit plan, and it's not in a situation where we have to bail out and we have the funds available. So then, you know, for the folks who participate, looking at a \$20 or less increase a year compared to, we're looking at now at the 30% is over \$100 or right around \$100 a month difference. That's a big hit for folks. And so, you know, I understand that, you know, we always want to be cautious in increasing our rates. You don't take rate just because you can. You take it because of what you need. But you can also back off if it doesn't trend that direction. And we have to make sure that we stay ahead of this, because quite frankly, if we don't have the funds from the ARP, the City, I mean, a million-dollar hit is a million-dollar hit. Our budget is tight enough. What I mean by that is we cut as many corners as we can to make sure to keep our spending down. We need to take care of our folks and not increase their cost of living and doing what we can at an incremental rate versus a huge increase all at once. That's a heavy hit on families. It really is. I want to make sure that we're doing our best to avoid that in the future. Not only that, it's a huge hit on the City. It's going to be a huge hit. That percentage increase also increases 30% of what our budget is going to be. The City does a great job of trying to save money here to pay here. We look at the things that are coming off the books or what we can anticipate as far as revenue increases. We're seeing some revenue increases to

help, but that also means that we need to do things for the employees as far as increasing. The cost of living is going up. We all know what inflation is doing. So, just want to make sure that we're protecting the solvency of the City, our finances, and then also protecting the employees who are participants in this program so they don't take those huge hits. I just want to make sure that we're avoiding that and that we are on a direct path. If we have another perfect storm next year are we going to be able to withstand that in the first half of next year?

Director Spurgeon - I've made my recommendations. It depends on what the legislature chooses to do with it when the mayor submits his budget. May I, Mr. Chair? You've said something, you're absolutely right. It was asked at the last Finance Committee, not last but when this was discussed previously, well who's going to be responsible for this? It's a group effort. There're just too many moving parts for one person, but I will spearhead it. Again, August 1st, I was what? We're not good? The very next day work group stood up, meet with Kirk regularly. We will take the additional dynamics you spoke of but let me speak to the people in the audience and the plan participants. It's real. It's not lost on me. This is money and people are struggling. So, we absolutely tried to do two things, make sure our plan participants are well, and make sure we're keeping our hands around the money. So, I'll commit to do that but again, it's a partnership, I couldn't be happier. The auditor and the treasurer and of course our business partners at Frederick Insurance and MedBen, we just, we're going to get our hands around this but we need to take some measures to fix it.

Mr. Marmie - Any additional questions? Any questions from anyone in the audience? All right, so the first item is a disappropriation for the \$500,000. The other thing that I am going to mention to the committee, so we have the disappropriation, the appropriation, the appropriations for the \$500,000 but we also, there's an additional \$200,000 that is not going to be voted on in committee because we have to get that in right away this evening during council. So that is going to be invoked by rule 11, so it's going to just go straight on so the money can get right into the account because we are that short. So, we have that \$200,000 will go at the regular council this evening without being voted through committee because of the minority and majority chairs are going to invoke Rule 11. Any additional questions? I'll entertain a motion for the disappropriation of the \$500,000.

Motion to send to full Council by Lang, Second by Mr. Houser, Motion passed 5-0

Section 2. There is hereby an appropriation of the unappropriated balance of the 220 COVID ARP Fund, in the amount of \$500,000.00 (OPT Health Insurance).

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| 220.111.5901756 | OPT Health Insurance | 500,000.00 |
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Motion to send to full Council by Lang, Second by Mr. Houser, Motion passed 5-0

Section 3. There is hereby an appropriation of the unappropriated balance of the 756 Health Insurance Fund, in the amount of \$500,000.00 (Health Insurance Claim Cost).

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| 756.110.5124210 | Health Insurance Claim Cost | 500,000.00 |
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Motion to send to full Council by Lang, Second by Mr. Houser, Motion passed 5-0

Section 4. There is hereby an appropriation of the unappropriated balance of the 220 COVID Fund, in the amount of \$218,334.79 (Maintenance of streets) (Service General Projects).

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| 220.103.5276 | Maintenance of Streets | 109,000.00 |
| 220.103.5238308 | Service General Projects | 109,334.79 |

Ryan Bubb, City Auditor - I will speak for Mr. Moorhead, the engineer. This is an appropriation out of COVID. The first item I believe is for a study on the widening of West Main Street out by the Vista project on the far west side, and I believe the other was for a study for structure of buildings we have around the city, but this is just out of ARP funds.

Mr. Lang - Ryan, I just wanted to confirm what we have left then in the COVID funds.

Auditor Bubb - It's pretty much going down all the way. There's not going to be much left at all. There's a little bit in the first tranche, but yeah, it's pretty much... Actually, now that you bring it up, it's a good question, you know, it's just as Auditor, I caution all members. I was talking to Council President Harris the other day. We've had these ARP funds. They've bailed us out on a lot of items. But you heard tonight, we're really projecting the carryover in 26 to not be very much. So be careful with spending. Be careful the promises you make, because money is going to get tighter. These ARP funds have been great to bail us out, but they're about gone. So just advise everybody to be very cautious.

Mr. Marmie - Mr. Mayor, can you also just make the comments on, I know you learned some stuff about ARP funds, and I think it's worthy that everybody hears about the rules of the ARP funds and what's really happening.

Jeff Hall, Mayor - Absolutely, yeah. You've got to think that program came around pretty quick over the last couple of years. Something like CDBG has been around for decades and has been well-defined. Tweaked so many times that it's kind of a well-oiled machine. Not so with this. And this has been something, a learning process. So, I do the quarterly reports, and Jim and I review them. They update about 150 pages of data on that every quarter. And don't necessarily tell you what they've updated. So, it's quite a project in a lot of ways. But as we're winding this down, we had a great meeting last week with some department heads to come up with the \$500,000, number one, but also to realign some things. So, we're closing out some small little things that have \$2,000 and \$3,000 left. We're moving them over to the service general where we can use them. And so, at the end of the day, I was on a virtual call this past week with the National League of Cities and really got into the dollars. The money by, you've heard two dates. You've heard 12-31 of 24 and 12-31 of 26. 12-31 of 24, of course, is around the corner here. We have to spend the money, or we have to have committed the money. A contract would be one form of a couple of little ways. Or maybe you ordered something, and you haven't paid for it. But we're going to have to have that commitment by the end of the year. And I believe, I know the reporting process well enough online now, you're not going to be able to change that after that. So, Council making a move on appropriation or even encumbering, that doesn't do it. It has to be committed with some vendor out there for supplies or services. So, what we're going to do, we're going to keep meeting regularly here, and narrow this down, and narrow this down

even more as we go here. And we'll keep you updated. But we'll probably have a couple of projects out there, water, wastewater, that'll carry over. That's OK, because we'll be committed through a contract. And we'll have until the end of 26 to spend that.

Mr. Marmie - I thought that was important, because that's a little bit, we did think it was more or less the encumbered.

Mayor Hall - It's not. I verified what is and what is not appropriate to do this. So, it has to be done through that way. We'll keep you updated.

Mr. Lang - Just a quick follow up, Mayor. So as far as our reporting, it sounds like that's all been going pretty well. We haven't had any issues. How long into the future, then, do those reporting obligations?

Mayor Hall – All the way to the end of 26. Now, I assume if you've used up all your dollars, I think you probably there's some form to close it out a little bit. I don't think you'd file with zeros. But we have about 36 projects, I think, now. It's a little different than how it is in our accounting system. But it's a project. You can keep adding on. We've extended some projects, and we've done a little bit. But when you get into a contract, it'd be a different thing. We've got some water and stormwater funds here, wastewater funds and water funds that will go into a contract. I'm sure Brandon has got that set up a little bit. Then we'll have that committed. And this much is committed, and this much was spent this quarter. Then we'll do that each quarter as we go past the 12-31 of this year time. So, the reporting, it's set up to report clear to the end that fourth quarter of 26, if you need that many quarters.

Mr. Lang - We haven't been challenged on anything yet?

Mayor Hall - Nope. And it's been audited. It gets a single audit through our auditors. So, we audit for 21 and 22. I think it was this last time. So, it audits as it goes through. But I want this very, I want a well-oiled machine. I tell people I double cross my Ts and double dot my Is. So, I don't, knock on wood, there'll be enough people out there probably having issues and problems. The problem now really ends up, some of your big cities, I think Cleveland got \$500 million. I think Columbus got \$208 million. It's some big numbers. And it's kind of hard to spend that money a little bit for them. So, there's a lot of money they have not spent. And I think that's where the focus is. It's like any grant money. They want you to spend it. I mean, that's the idea of it, to use it in areas. So, we don't have that problem because we didn't have those huge dollars like that. But it seems like that's where the focus is. So, I'd rather have them focus on them and not focus on us.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

3. Resolution No. 24-75 Exp APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 152 Budget Stabilization Fund, in the amount of \$200,000.00 (OPT)

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|-----------------|-----|------------|
| 152.100.5901756 | OPT | 200,000.00 |
|-----------------|-----|------------|

Section 2. There is hereby an appropriation of the unappropriated balance of the 756 Health Insurance Fund, in the amount of \$200,000.00 (Health Insurance Claim Cost)

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|-----------------|--------------------------------|------------|
| 756.110.5124210 | Health Insurance Claim Cost | 200,000.00 |
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Invoking Rule 11. Discussion in Council meeting.

4. Resolution No. 24-76 Exp APPROPRIATING MONIES FOR THE CURRENT EXPENSES OF THE MUNICIPAL CORPORATION

Section 1. There is hereby an appropriation of the unappropriated balance of the 334 Construction Fund, in the amount of \$13,520,000.00 (Parking Garage)

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|--------------|------------------------------------|---------------|
| 334.121.5512 | Structures other than buildings | 13,520,000.00 |
|--------------|------------------------------------|---------------|

Mr. Marmie - Next item on the agenda, it's one that we're not going to vote on. It also is going to be invoked by Rule 11 and it's a request for appropriation amount of \$13,520,000. We're just going to talk about it.

Auditor Bubb - Thanks again Mr. Chair. This money has already been voted on and it's...We will have the money in hand in our bank account tomorrow so we went ahead did the appropriation now so we don't want to delay progress because I believe Dugan and Meyers is going to be starting Wednesday. We don't want to delay the project. I also want to give credit to Service Director Rhodes. He did make some space for them inside the City Hall so they're real close. If there's any problems you don't have to make a call. We'll have somebody on site. So, money will be here tomorrow and you're going to start seeing action on Wednesday.

5. Ordinance No. 24-29 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$730,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF BURIAL OF OVERHEAD ELECTRIC, CABLE AND TELEPHONE LINES, INCLUDING EASEMENT ACQUISITION AND ALLEY REPAIRS, AND ALL NECESSARY APPURTENANCES THERETO, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Auditor Bubb - Thank you Mr. Chairman. If it's okay with you I'll just speak to all of these ordinances here at one time. These projects are basically 90% complete, a little over 90%. We've had bond anticipation notes on these. It was my decision along with the Mayor, Brandon, Brian, David Rhodes, let's go ahead and put these on a 30-year bond. A couple reasons why. We just had a bond rating with this parking garage so there was no, those are expensive and it came back to double A minus which is very good. So, the City scored very well on that. Since we already had that we did need to get another bond rating call and since we're over 90% why pay interest again for another year? We've got these projects in line, put them on a 30-year bond and we're ready to go. So, I think we're in good hands. Any questions about the, you know, all the details in the projects would have to go to Brandon or Brian, but financially we're all set for this and again I saw no purpose to put them on notes and waste more money on interest. We need to get debt paid down. I'm a firm believer in that.

Mr. Houser – What was the rate on the bond at 30 year?

Auditor Bubb - Right now, I think if it was going to, tomorrow I think we'll be looking at high fours on the parking garage. If you remember we did a, you know, tax exempt and taxable so the blended rate was a 5.2 but since it's just us I think we're going to be in the high fours.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

6. Ordinance No. 24-30 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$890,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF CONSTRUCTING THE 4TH AND MAIN ROUNDABOUT, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

7. Ordinance No. 24-31 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$2,130,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF THE PROPOSED MULTIPLE ROAD, BRIDGE AND BIKE PATH IMPROVEMENTS AND PROVIDING ADDITIONAL FUNDS FOR SUCH IMPROVEMENTS, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

8. Ordinance No. 24-32 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$840,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF ICE RINK ROOF REPLACEMENT, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

9. Ordinance No. 24-33 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$2,590,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF TAMARACK 40TH STREET UPGRADE STORMWATER SEWER IMPROVEMENTS, COMPRISED OF PROPERTY AND/OR EASEMENT ACQUISITION, UTILITY RELOCATION, STORM SEWER INSTALLATION, REPLACEMENT AND REPAIR, TOGETHER WITH PAVEMENT, SIDEWALK AND GRADING IMPROVEMENTS, AND ALL NECESSARY APPURTENANCES THERETO, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

10. Ordinance No. 24-34 TO PROVIDE FOR THE ISSUANCE OF NOT TO EXCEED \$3,170,000 OF BONDS FOR THE PURPOSE OF PAYING A PORTION OF THE COST OF INITIAL WATER SYSTEM IMPROVEMENTS, AND ALL NECESSARY APPURTENANCES THERETO, BY RETIRING NOTES PREVIOUSLY ISSUED IN ANTICIPATION OF SUCH BONDS, MATTERS RELATED TO SUCH BONDS, AND DECLARING AN EMERGENCY.

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

11. Ordinance No. 24-35 AN ORDINANCE CONSOLIDATING UP TO SIX BOND ISSUES OF THE CITY OF NEWARK, OHIO, ESTABLISHING THE TERMS OF SUCH CONSOLIDATED BOND ISSUE, AND DECLARING AN EMERGENCY

Motion to send to full Council by Mr. Lang, Second by Mr. Houser, Motion passed 5-0

Meeting stands adjourned.

Doug Marmie, Chair