



**SPECIAL MEETING NOTICE & AGENDA**  
**OF THE CITY COUNCIL**  
**OF THE CITY OF STREATOR**  
**204 S. BLOOMINGTON STREET**  
**STREATOR, ILLINOIS 61364**

**WEDNESDAY, SEPTEMBER 5, 2018**  
**6:00 P.M.**

**CALL TO ORDER**

**ROLL CALL**

**PUBLIC COMMENTS**

**NEW BUSINESS**

1. PUBLIC HEARING ON PROPOSED ROUTE 18 EAST TIF DISTRICT
2. RESOLUTION 2018- . SELECTING AND APPROVING A BROKER FOR THE CITY OF STREATOR'S GROUP INSURANCE COVERAGE.

**ADJOURNMENT**

NOTE: Anyone planning to attend the meeting who has need of special assistance under the Americans with Disabilities Act (ADA) is asked to contact the City Clerk's office at (815) 672-2517, 24 hours prior to the meeting. Staff will be pleased to make the necessary arrangements.

August 31, 2018

TO: Mayor & City Council

FROM: Scot Wrighton, City Manager 

RE: September 5, 2018 Special City Council Meeting

**Public Hearing: Proposed Route 18 East Tax Increment Financing District**

The city has been working on this project for the last several months. The decision to create a new tax increment financing (TIF) district is the result of a developer's decision to locate a new residential care facility in Streator that would bring approximately 70 new jobs to town, and an investment of more than \$9 million—but only if the city is willing to create a new TIF district.

In the months since the City Council's decision to proceed with the new TIF district, we have had to verify that the proposed district complies with State laws, and notify other local governments that have taxable property in the district. Based on the criteria established by the State for the creation of TIF districts, more than 95% of the parcels in the proposed district meet the standards and requirements of the law (deterioration, undermining, inadequate drainage, declining equalized assessed valuations, etc.). A joint review board (JRB) meeting was convened with other local taxing bodies in early August. The JRB concurred that the proposed district meets the requirements of the law. Although not required for approval of the TIF district, the city communicated at the JRB meeting, and in other direct communications with local taxing bodies, that we are willing to execute an intergovernmental agreement (IGA) that targets some parcels and shares some TIF revenues with them using the exact same format and terms as the 2016 TIF IGAs.

Final adoption of the proposed TIF district is scheduled for the City Council's regular September 19 meeting. Prior to final adoption, however, the council must conduct a public hearing to take additional public input on the proposed district. The public hearing has been advertised for September 5 at 6:00 pm. Staff will make a brief presentation about the proposed TIF district as a part of the hearing, but the only action on this item will be to open and close the hearing, and take comment.

**SELECTION OF A BROKER TO MANAGE THE CITY'S GROUP INSURANCE**

For many years the city has retained HUB International to manage its group health insurance programs, select the best third party administrator and get the most competitive prices on the city's renewal anniversaries. For reasons explained in the attached memo, it is recommended that we now make a broker change.

NOTICE OF PUBLIC HEARING  
CITY OF STREATOR ROUTE 18 EAST TAX INCREMENT FINANCING DISTRICT

The City of Streator, LaSalle and Livingston Counties, Illinois, an Illinois Municipal Corporation, hereby gives Notice of a Public Hearing to be held at 6:00 pm, Central Daylight-Saving Time, on September 5, 2018, at the Streator City Hall, 204 S. Bloomington Street, Streator, Illinois, to consider its proposed Streator Route 18 East Tax Increment Financing District Redevelopment Project Area, Plan and Projects. All interested persons, including all taxing districts of which taxable property is included in the Area and the Illinois Department of Commerce and Economic Opportunity, will be given an opportunity to be heard at said Public Hearing and to file with the City Clerk written objections to any issues embodied in this notice, and are also invited to submit written comments, prior to the date of the Hearing, to the City at the following address: City of Streator, Illinois, City Clerk, 204 S. Bloomington Street, Streator, Illinois 61364. A Summary of the proposed Redevelopment Plan and Projects and a proposed Boundary Map and Legal Description are presented below. The Redevelopment Plan and Projects complies with the provisions of the "Tax Increment Allocation Redevelopment Act". A copy of the proposed Streator Route 18 East TIF District Redevelopment Plan and Projects is available at the Streator City Clerk's Office, 204 S. Bloomington Street, Streator, Illinois for examination during regular office hours. City office hours are Monday through Thursday, 7:30 a.m. to 5:00 p.m. and 7:30 a.m. to 1:00 p.m. on Friday. For further information, please contact Mr. Scot Wrighton, City Manager at (815) 672-2517, Ext. 232.

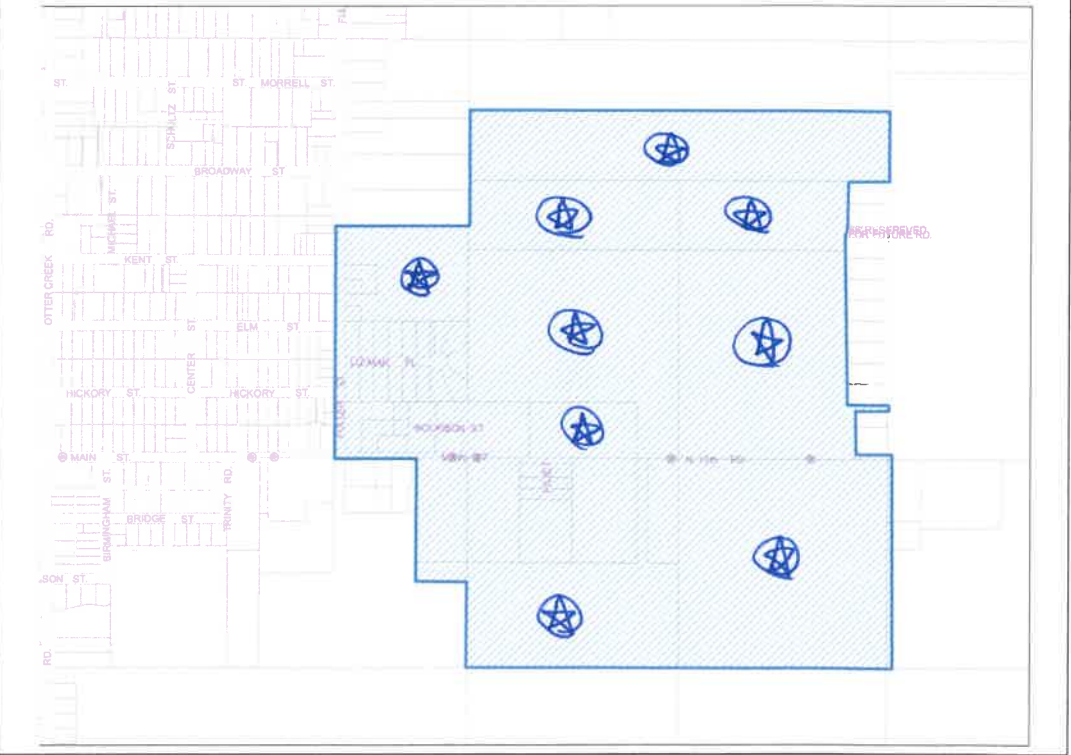
SUMMARY OF PROPOSED STREATOR ROUTE 18 EAST TIF DISTRICT  
REDEVELOPMENT PLAN & PROJECTS

Proposed Redevelopment Project Area: The City of Streator proposes to establish a Redevelopment Project Area and adopt a Redevelopment Plan and Projects for the Streator Route 18 East Tax Increment Financing (TIF) District in order to stimulate new commercial, residential and light industrial development within the City. Pursuant to the Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4 et. seq.] (the "Act"), the proposed Redevelopment Project Area (the "Area") includes only those contiguous parcels of real property and improvements thereon which would be substantially benefited by a redevelopment project and the Area is not less in the aggregate than 1½ acres. The Redevelopment Project Area for the proposed Route 18 East TIF District is shown on the proposed Boundary Map and legally described in the proposed Legal Description. These properties have been neglected and have not benefitted from coordinated planning efforts by either public or private sectors. All properties within the proposed Redevelopment Project Area would substantially benefit by a series of proposed public and private redevelopment projects. The overall Area consists of 53 improved and vacant parcels, 96.2% of which qualify as a combination of "Blighted" and "Conservation" Areas, as defined in the TIF Act. Improved properties included in the Area display characteristics of age, deterioration, inadequate utilities and a lack of public infrastructure and community planning. Vacant parcels throughout the Area display characteristics of obsolete platting, deterioration of adjacent properties, unused quarries, mines or strip mine ponds and chronic flooding or contributing to flooding within the same watershed. In addition, evidence of a lag in Equalized Assessed Valuation (EAV) growth is apparent throughout the Area as a whole and has been documented pursuant to data made available by LaSalle County. Long Term Goals and Objectives: The City proposes to establish the Route 18 East TIF District by redeveloping property that is currently underutilized to encourage commercial, residential and light industrial development in order to improve and extend infrastructure, increase employment opportunities, expand and diversify the local tax base, increase population, stimulate the local economy, generate additional retail sales tax revenues and increase the overall value and quality of life for the community and its residents. The Redevelopment Plan will allow the City to alleviate and/or remove blighted conditions such as the lack of public infrastructure and all of the property within the proposed Redevelopment Project Area will substantially benefit by a series of public and private redevelopment projects made possible with tax increment financing. The property could not otherwise be reasonably expected to be developed without the use of tax increment financing. The Streator Route 18 East TIF District Redevelopment Plan is expected to include, but is not limited to, the following general long-term goals and objectives: (1) Eliminate or reduce those conditions which qualify the Redevelopment Project Area as a combination of Blighted and Conservation Areas; (2) Facilitate the construction, improvement and maintenance of public infrastructure and other capital projects which the City finds is in furtherance of this Redevelopment Plan or necessary to encourage new industrial, commercial and residential development; (3) Construct, improve, upgrade and maintain storm water drainage and sanitary sewer lines and related infrastructure throughout the Redevelopment Project Area; (4) Construct, improve, upgrade and maintain antiquated and/or inadequate water lines and mains, as well as water storage facilities and related distribution systems; (5) Construct, improve, upgrade and maintain streets, amenities relating to information technology, street lighting, landscaping, curbs, alleys, parks, public green space, recreational amenities, sidewalks, bike paths and other pedestrian walkways throughout the Redevelopment Project Area; (6) Encourage private investment for commercial rehabilitation/renovation projects to be undertaken on existing structures within the Redevelopment Project Area through financial incentives offered by tax increment financing; (7) Encourage residential rehabilitation/renovation projects within the Redevelopment Project Area using financial incentives offered by tax increment financing; (8) Enhance the tax base for the City and other taxing districts through coordinated, comprehensive planning efforts by either the public or private sectors which focus on efforts to improve infrastructure, property reuse, and the upgrade of existing buildings; (9) Foster entrepreneurship and attract new industrial and commercial development which complies with City zoning and land use ordinances, increases assessed valuations and enhances the real estate tax base for the City, thereby also creating additional employment opportunities within the Streator community; (10) Encourage new residential development and redevelopment of existing housing stock which thereby stabilizes or increases the City's population, maintains a high-quality housing stock, expand the overall tax base of the community, maintain/regenerate local school enrollments, and raise economic thresholds to levels necessary to support new commercial and industrial development; (11) Encourage the development of additional, new residential choices for retired persons and elderly residents over the next 20 years; (12) Attract tourism, new retail/commercial businesses while also vigorously reinvesting in existing properties within the redevelopment project area to encourage business retention and increase retail business activity that will generate new local retail sales tax revenue for the City, other taxing bodies and the State of Illinois; and (13) Undertake redevelopment projects which will further improve the overall quality of life, health and well-being of the Streator community. Description of Tax Increment Financing: A TIF District establishes a geographic boundary (a redevelopment project area) in which new private investment is encouraged. A municipality may also issue obligations to finance improvements that will enable the redevelopment of deteriorated, blighted, or other key conservation areas within its corporate limits. By making public improvements, the municipality may invite new private investment so that the expected increase in property tax revenues can be captured, temporarily, to amortize the public improvements. A municipality may also choose to use TIF funds on a pay-as-you-go basis whereby revenue is spent as it is collected. In either case, it is expected that new investment in a designated redevelopment area will stimulate a resurgence of population, employment, and assessed valuation throughout the entire community. It should be noted that TIF DOES NOT raise property taxes and IT IS NOT a new tax or a new taxing district. Only an increased assessment or an overall increase in tax rates can raise taxes. TIF is merely used to reallocate increased property tax revenues created by increased assessed valuation that is realized after a TIF District is established. A TIF District may last for up to 23 years. With Tax Increment Financing, a property tax base is preserved during the life of the TIF District that will continue to pay for the basic public services the proposed redevelopment area already receives. New incremental property tax revenue in the City of Streator may be used to help pay for the infrastructure necessary for stimulating additional private-sector investment.

STREATOR ROUTE 18 EAST TIF DISTRICT  
PROPOSED LEGAL DESCRIPTION

The City of Streator Tax Increment Financing (TIF) District V is comprised of an area made up of parts of Section 36, Township 31 North, Range 3 East of the Third Principal Meridian and parts of Sections 30 and 31, Township 31 North, Range 4 East of the Third Principal Meridian in Streator, Illinois, LaSalle County, more particularly described as follows: Beginning at a point at the intersection of the south line of the north quarter of Section 31, Township 31 North, Range 4 East of the Third Principal Meridian and the east right-of-way line of E. 19th Road; thence north along said east right-of-way line to its project intersection with the north right-of-way line of Illinois Route 18 (Main Street); thence west along said north right-of-way line to the southwest corner of LaSalle County parcel 34-30-413-000; thence north along the west property line of said parcel to the northwest corner of LaSalle County parcel 34-30-401-005; thence west along the south property line of said parcel to its intersection with the east property line of LaSalle County parcel 34-30-419-000; thence north along said east property line to the southeast corner of LaSalle County parcel 34-30-418-000; thence north along the east property line of said parcel to its intersection with the south property line of LaSalle County parcel 34-30-402-000; thence east along said south property line to its projected intersection with the east right-of-way line of E. 19th Road; thence north along said east right-of-way line to a point due east of the northeast corner of LaSalle County parcel 34-30-402-000; thence west along the north property line of said parcel to the northwest corner of said parcel; thence south along the west property line of said parcel to the northwest corner of LaSalle County parcel 34-30-414-000; thence south along the west property line of said parcel to the northeast corner of LaSalle County parcel 34-30-356-000; thence west along the north property line of said parcel to its projected intersection with the west right-of-way of Fuller Avenue; thence south along said west right-of-way line to its projected intersection with the south right-of-way line of Illinois Route 18 (Main Street); thence east along said south right-of-way line to the northwest corner of LaSalle County parcel 34-31-122-000; thence south along the west property line of said parcel to the northwest corner of LaSalle County parcel 34-31-133-000; thence south along the west property line of said parcel to the southwest corner of said parcel; thence east along the south property line of said parcel to its intersection with the west property line of LaSalle County parcel 34-31-204-000; thence south along said west property line to the southwest corner of said parcel, said southwest corner lying on the south line of the north quarter of Section 31, Township 31 North, Range 4 East of the Third Principal Meridian; thence east along said south line to the point of beginning.

STREATOR ROUTE 18 EAST TIF DISTRICT  
PROPOSED BOUNDARY MAP



**NOTICE OF PUBLIC HEARING**  
**PROPOSED STREATOR ROUTE 18 EAST TIF DISTRICT**

In accordance with the Illinois Tax Increment Allocation Redevelopment Act [65 ILCS 5/11-74.4 *et. seq.*], the City of Streator, LaSalle County, Illinois, hereby gives Notice to all residential addresses that, after a good faith effort, the municipality has determined are located within 750 feet of the boundaries of the proposed Streator Route 18 East Tax Increment Financing (TIF) District Redevelopment Project Area of the availability of the draft Redevelopment Plan and Qualification Report.

On July 18, 2018, the City adopted an Ordinance establishing a Public Hearing to be held at **6:00 p.m. Central Daylight Saving Time on September 5, 2018, at the Streator City Hall, 204 S. Bloomington Street, Streator, Illinois** to consider the proposed Streator Route 18 East TIF District Redevelopment Project Area, Plan and Projects. A copy of the proposed Redevelopment Plan and Qualification Report is available at the Streator City Hall, 204 S. Bloomington Street, Streator, Illinois, for examination during regular office hours, Monday through Thursday from 7:30 am to 5:00 pm. and Friday from 7:30 am to 1:00 pm. For more information, please contact Mr. Scot Wrighton, City Manager, at (815) 672-2517, Ext. 232.

Tax Increment Financing in Illinois establishes a geographic boundary (i.e., TIF District) within which the municipality's ability to make public improvements and encourage private investment is enhanced. **It should be noted that Tax Increment Financing DOES NOT raise taxes, create a new tax or a new taxing district.**

Patricia Henderson, City Clerk

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Patricia Henderson, City Clerk

PO BOX 250  
CRYSTAL LAKE IL 60039-0250  
(815)459-4040

ORDER CONFIRMATION (CONTINUED)

Salesperson: SARAH CAMERON

Printed at 07/19/18 14:20 by scame-sm

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Acct #: 10182364

Ad #: 1560858

Status: New WHOLD WHC

**LEGAL NOTICE**

CITY OF STREATOR, ILLINOIS  
PUBLIC NOTICE

The City of Streator, Illinois hereby provides Notice that the City has begun registering any resident or active organization within the municipality interested in receiving information regarding the proposed City of Streator Route 18 East Tax Increment Financing District. All registering parties will receive notice of all tax increment financing district establishment and amendment activities. Registering parties will also receive notice of the availability of the proposed designation of the TIF District Redevelopment Project Area and Plan and how to obtain such information, and Notice of a Public Hearing. This registration notice has been published in accordance with Illinois Public Act 91-478 [65 ILCS 5/11-74.4-1 et. seq].

Registration forms, copies of the rules governing the registration of interested parties, and the Interested Parties Registry are available at the Streator City Hall, 204 S. Bloomington Street, Streator, Illinois. Office hours are Monday through Thursday, 7:30 a.m. to 5:00 p.m. and Friday 7:30 a.m. to 1:00 p.m.

For further information, please contact Mr. Scot Wrighton, City Manager, at (815) 672-2517, Ext. 232.

Patricia Henderson, City Clerk



August 31, 2018

TO: Mayor & City Council

FROM: Scot Wrighton 

RE: Group Insurance Broker

HUB International, of Des Plaines, has served as the city's group insurance benefits administrator for many years. They are one of the largest group brokerages in the Midwest and they have been able to use this leverage to negotiate favorable rates for the city of Streator, especially with Blue Cross/Blue Shield of Illinois.

On August 1 the city formally advertised and asked for competitive proposals from other brokers. Five brokers were specially invited to participation in the selection process, and four responded with proposals:

Streator Insurance Center, Streator  
HUB International, Des Plaines  
Vista National, Oak Brook  
Stumm Insurance, LLC, Naperville

All four are qualified and have the capacity to serve the city of Streator's needs. Proposals were evaluated based on: 1) what new ideas and strategies each broker offered to deal with rising costs, wellness, and claims administration; 2) each firm's capacity to manage the Streator account; 3) each firm's ability to provide a wellness program that would reduce long-term claims and integrate with OSF programs; and 4) other factors relative to each firm's experience in the insurance market.

Over the next few years we have the following goals as it relates to the administration of group insurance benefits (which cost the city about \$1.5 million annually): 1) shift the plan anniversary date from May 1<sup>st</sup> to December 1<sup>st</sup>; 2) increase the reach of, and participation levels in, the wellness program as a strategy to bring down claims; and 3) provide more choice options, within the bounds of collective bargaining agreements, to help employees take more direct control over their health care spending. We should select a broker partner that helps us achieve these goals.

During the last year we have experienced serious problems with the third-party-administrator (TPA) that handles claims and reimbursements to employees. The wellness program has had only limited participation. Both are outsourced to the a firm called "The Difference Card." Going forward, the city's broker will need to bring in a new TPA, get quotes for a December 1<sup>st</sup> renewal, and try to determine how to reinvigorate the wellness program.

To stay on schedule for a change to the city's anniversary date, we will need to finalize a brokerage decision in early September. HUB International has the best network of providers, experts on staff to reduce costs through "reference-based pricing," expanded incentives for generics, and the ability to pressure BC/BS for the best rates. On the other hand, it may require a local broker to really develop a wellness program that has greater traction by bringing together OSF and other local wellness partners.

We created an internal employee health benefits committee to provide input to the City Council and management about benefit options, TPA/claims issues, and other aspects of group insurance coverage. The selected broker will be expected to work with this committee. Both HUB International and the Streator Insurance Center have met with the committee.

RESOLUTION 2018-36

SELECTING AND APPROVING THE AWARD OF A PROFESSIONAL SERVICES CONTRACT TO AN INSURANCE BROKERAGE AGREEMENT TO \_\_\_\_\_ FOR THE CITY OF STREATOR'S GROUP INSURANCE COVERAGE.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STREATOR, LA SALLE AND LIVINGSTON COUNTIES ILLINOIS, that Scot W. Wrighton, City Manager, is hereby authorized and directed to execute an insurance brokerage agreement with \_\_\_\_\_, for administration of the city's group health insurance program.

Passed by the City Council of the City of Streator, LaSalle and Livingston Counties, Illinois at a Special City Council meeting there held on **September 5, 2018**, and approved by me as Mayor on the same day.

APPROVED:

\_\_\_\_\_  
Jimmie D. Lansford, Mayor

ATTEST:

\_\_\_\_\_  
Patricia L. Henderson, City Clerk

RECORD OF THE VOTE	Ayes	Nays	Abstain	Absent
Mayor Jimmie D. Lansford				
Councilwoman Tara Bedei				
Councilman Ed Brozak				
Councilman Brian Crouch				
Councilman Joe Scarbeary				



August 1, 2018

Jan Kleinle, Sr. Vice President  
HUB International  
2800 South River Rd., Suite 130  
Des Plaines, IL

Dear Ms. Kleinle:

The city of Streator is seeking proposals for management and administration of our employee group health insurance program. Information describing our existing program is attached.

The city is currently on a May 1 to April 30 service contract, expiring in 2019. However, because the city changed its fiscal year to January 1<sup>st</sup> in 2016, we would like to change the plan's anniversary date to December 1, particularly if it results in lower costs.

Our current health provider is BCBS. Our current dental provider is Delta Dental. Vision care is with VSP and life insurance is with Standard.

The city is happy with its current providers, but is willing to change providers in order to achieve service enhancements and/or cost reductions, and so long as any changes are compliant with the provisions of our collective bargaining agreements:

- \$500 employee deductible
- 80/20 co-insurance after the deductible is met up to individual and family attachment points of \$1000/\$3000
- Generally, the same basic coverages the city has now

The city is currently fully insured but has had partially self-funded group health programs in the past and is willing to consider doing so again if such a move is in the best administrative and financial interests of the city.

The city covers retirees – but only for employees hired prior to 1988, and these have been serviced through a separate policy (presently with Benistar).

Group benefit structure, current rates and other information about our current plan are attached.

The city currently pays 85% of premium costs, and employees pay 15% through payroll deduction. Although the city offers a \$500 deductible plan to employees, the city's actual plan deductible is \$2,500 with the city paying 80% of the difference between \$500 and \$2500. The amount of the plan deductible has fluctuated through the years, ranging between \$1,000 and \$5,000.

The city requests that brokers provide a comprehensive proposal for a plan design that meets the parameters set forth here, includes a robust wellness component, and a December 1 plan anniversary. The city encourages proposals that incorporate innovative strategies for managing costs, improving wellness and reducing claims.

Proposals are due by the close of business on Friday, August 17, 2018. In addition to the information listed above, prospective brokers should specifically address the following topics and questions:

1. List the members of your staff that will be assigned to the Streator account, along with the qualifications of each, and the reporting structure of each within your organization.
2. Provide details about partial self-funded programs you have directly administered for other customers and the funding methodologies for each.
3. Describe how you will help the city in dealing with the competitive marketing and placement of our plans, developing marketing specifications, identifying and responding to market conditions, and negotiating placement of insurance contracts for annual renewals.
4. Describe cost control strategies your company has recommended to your other clients and will likely recommend to the city of Streator.
5. Describe how your company supports and advocates for corporate wellness, and how successful have these efforts been at reducing claims?

Please feel free to contact me, or Alyssa Ferko, if you have any questions or require additional information. We look forward to receiving your proposal.

Sincerely,

Scot W. Wrighton  
City Manager



August 17, 2018

Scot Wrighton  
City Manager  
204 S. Bloomington St.  
Streator, IL 61364

Dear Scot,

Thank you for the opportunity to present a proposal for the City of Streator. Our service team for your account has been expanded to include:

Jim Cornelius – Sales lead  
Executive VP  
847-390-5655  
35 years

Jan Kleinle – Service Lead  
Senior VP  
847-390-5677  
31 years

Sandy Garlock – Service support  
Account Manager  
847-390-5650  
20 years

Jack McStravock – Legal and compliance  
Lead compliance attorney

Dennis Bautista – Underwriting  
Financial lead

John Patrick (JP)  
Wellness expert

Your Hub team will be responsible for managing the day to day requirements of the City of Streator. Jan will still be the initial point of contact and will assign tasks amongst the personnel identified here. Our team has been expanded to accommodate your requirements as addressed in your request for proposal.

Hub International was formed in 1998 and is the largest privately held middle market broker in the world. Revenues have doubled in the last 4 years and are now approaching 2 Billion dollars. We have 11,000 employees and are the 7<sup>th</sup> largest Broker in the world. Our goal and commitment is to continue to act as an extension of your Human Resources Dept. with a focus on education and communication.

Due to the number of employees covered under the city's program we are limited as to the alternatives available within BCBS structure. As you know we can continue to expand the retention limit currently maintained by the City. This would increase the payment limits currently administered through "The Difference card" . We could also consider moving from the Difference card to another HRA vendor with Crossover technology such as Flexible Benefits.

Scot, depending upon your timing of the renewal either 12/1 or 5/1, preferably the latter date; we can explore other self funded (ASO Administrative Services Only) opportunities but they would need to be outside of BCBS with a vendor such as UHC or possibly through a TPA such as Allied with outside reinsurance. The challenge here is that claim costs would likely increase if we were to leave the significant discounts negotiated by BCBS. Increased retention within the current platform may make the most sense if union contracts allow the flexibility.

With respect to marketing your plans please see exhibit C. We will be pleased to be as aggressive in this process as you would like. We recognize that the cost control strategies employed will be driven by your input as well as union requirements. Some of the strategies we could provide further review are nested networks (OSF) for both PPO and HMO. Spousal surcharge, Dependent audits, carve out retiree programs (which we have used to great effect). Addressing contribution amounts can help drive alternative plan designs such as HSA programs. These types of programs encourage transparency and consumerism where employees are incented to seek out the lowest costs of care though on line cost comparison tools. Tele-health can also be encouraged, we have seen a spike in utilization here and see it as a win win for groups such as yours.

Expanding the level of choice for employees merits consideration. The City's plans utilize older prescription plan designs for which are costing a significant amount of money. Newer tiered benefits, particularly for non-union with preferred vs non-preferred co-pay tiers would encourage more appropriate utilization of lower cost medications. Since Rx trends are at double the rate of medical inflation, formulary/non-formulary platforms with special attention to be paid to specialty medication utilization can also serve to mitigate expense. Other suggestions for cost savings would be a defined contribution scenario where the City funds a certain flat amount by tier and employees who wish to have richer benefits simply buy-up. Also reference based pricing could help move the dial as it relates to cost.

We have discussed the potential concern for reaching Cadillac tax thresholds. We both know that trend has to remain under 5% for us to avoid the taxation which could be levied if our costs increase above this level. Negotiating more flexibility into your union contracts is a goal that we would be pleased to help manage should you require our assistance. Clearly a stated goal would be to require increased contributions beyond the current level at 15%.

Scot, a big change you will see in continuing to work with Hub is now we have one of the Best wellness consultants on staff in the industry. His name is John Patrick (JP). He can speak in great detail about exhibit D and the attached power point which may serve to create further efficiencies within your plan and produce lower cost trends. I think you would like his creativity a great deal and together we may be able to move you closer to your stated goals which we have discussed over the years.

You ask about how effective wellness plans have been at lowering costs. This really depends upon the buy in of your employees union and nonunion alike. Biometrics serve to increase health awareness which is a great start. Measuring improved health with financial incentives through regular preventative check ups can help to identify concerns before they become major expenses. Also wellness programs have evolved into more holistic programs designed to improve not only physical health but financial and emotional health as well. There has been tremendous progress here recently and we would like to discuss this opportunity further and how we can incorporate these new tools into your current programs.

Jan and I appreciate the opportunity to work with you and look forward to meeting soon to discuss your 2019 goals and objectives.

Best,

Jim Cornelius



511 East Main Street ▪ Streator, IL 61364 ▪ Office: 815-672-5611 ▪ Fax: 815-672-0906

August 17, 2018

Mr. Scot W. Wrighton  
City Manager  
City of Streator  
204 South Bloomington Street  
Streator, IL 61364

Mr. Scot W. Wrighton,

This correspondence is in regard to your packet sent out on August 1, 2018 seeking the assistance in the design, implementation and on-going management of group benefits for eligible current and retired employees of the City of Streator. The intent of this memo is to address the items you raised in the packet, and explain how our agency may be of assistance to the City of Streator.

First off, our agency is located in Streator. Our office is less than ½ mile from City Hall. This proximity gives us the real ability to interact with City Hall, and your employees/retirees quickly and easily when necessary. Sometimes face to face contact is the best and only way to find resolutions.

Secondly, we have experience working with the following carriers: Blue Cross, United Healthcare, Humana, Aetna, Cigna, Health Alliance on the medical side, plus another half-dozen dental carriers. This means our customers have peace of mind knowing the carriers they select have been vetted for their ability to service your account, at premiums that are competitive. We know that low-price isn't always the best price, especially in health insurance. Matters such as provider network and access to care are most important when comparing offerings and choosing a carrier. Again, this is an area where being local helps a lot, because we are often familiar with the doctors, hospitals, and pharmacies used in our area.



In addition to the wide breadth of carriers, we have exposure to many different Third Party Administrators (TPAs). Some TPAs are able to integrate more smoothly with carriers and customers than others. The integration details can make all the difference as to whether using a TPA is worth the expense. This matter has been of particular concern for your current arrangement, and a more thorough review of what your current TPA is doing relative to the goals of the City, and what other TPAs may offer appears to be in order. Service deficiencies from a TPA or its product(s) quickly makes the use of TPA questionable.

Plan design changes are driven by how much premium savings can be realized relative to the additional risk that is transferred off of the insurer. The City has to be able to do a regular review to make sure the plan arrangement continues to make sense. Reporting from TPA and carrier is often necessary so those evaluations can be done by the City.

We have worked with clients of similar size as the City who have used a partially self-funded design successfully for years. Integrating the claims from the carrier to the TPA is at the heart of the program. Further, reports are regularly sent to the employer showing the claims incurred during the reporting period, what portion the employer is responsible for paying, which part the carrier may pay, which part the employee owes. It's been an effective design and has been executed without issues.

To address the numbered items in your inquiry:

1. The members of our staff working with you on your account would be led by myself, Peter McGrath, and Jay Bottarini. The two of us have been business partners in the insurance industry since 1995. Among other things, we have been working as agents of group health insurance since our beginning 23 years ago. We are supported by full-time staff in both Streator and Ottawa. We are available to the City at any time by appointment.
2. Some of this has been mentioned above. Any type of self-insurance comes with additional claims risk. The decision to take on additional risk may often prove to be expensive should claims experience sour, or the implementation/execution is ineffective. On the flipside, healthy groups, especially those that are able to give financial incentives to employees with low claims, can see savings by partial self-insurance.
3. This item is addressed by the regular remarketing of the various components of your program. The marketing specifications are very similar to what you've provided in your packet, and would include: plan descriptions, expiring and renewal premium offers, claims experience, contribution percentages, info about enrolled employees, etc. Carriers will often negotiate if they are given a chance to bundle lines of coverage: medical, vision, dental, and Medicare (for example).
4. Cost control can be achieved by arranging options for employees that lower costs to both the employee and the employer. This may involve offering more than one plan design and giving employees choices. For example, you currently have employees paying 15% of the

cost of their care...Might there be employees who are willing to take on a higher out of pocket and have nothing taken from their check? Defined contribution plans can now be arranged on medical insurance, and they are becoming more popular. Collective bargaining may limit your ability to offer choices, but choices are an effective way of limit premium. Network access would be another, less ideal way of controlling costs. As an example, using a HMO or narrow PPO may often bring lower costs. Often those costs are transferred to the employee in higher out of pocket expenses.

5. The advocacy for wellness has shown mixed results. There have been places where it has fallen completely flat, and others where it has been popular. A wellness plan of any significance requires an investment of both money and manpower. Whether those investments result in fewer dollars spent overall is hit or miss. Ultimately this type of decision is driven by what the cost of the programs are, and whether the budget can allow for it, and if there is staff available to monitor it and implement it.

We hope this covers the items you have raised in your packet. If you should have any questions please contact me at your convenience.

Sincerely,



Peter McGrath



Jay Bottarini