

Meridian City Council Work Session

April 22, 2025.

A Meeting of the Meridian City Council was called to order at 4:30 p.m. Tuesday, April 22, 2025, by Council President Luke Cavener.

Members Present: Luke Cavener, Liz Strader, John Overton, Doug Taylor, Anne Little Roberts and Brian Whitlock.

Members Absent: Robert Simison.

Other Present: Chris Johnson, Bill Nary, Bill Parsons, Kyle Ludwig and Dean Willis.

ROLL-CALL ATTENDANCE

☒ Liz Strader	☒ Brian Whitlock
☒ Anne Little Roberts	☒ John Overton
☒ Doug Taylor	☒ Luke Cavener
_____ Mayor Robert E. Simison	

Cavener: All right. Good afternoon, everyone. It is 4:30 on April 22nd. Begin with our workshop agenda with roll attendance. Mr. Clerk.

ADOPTION OF AGENDA

Cavener: All are present except for our Mayor. We will now move on to the adoption of the agenda.

Strader: Mr. Council President?

Cavener: Council Woman Strader.

Strader: I move that we adopt the agenda as published.

Whitlock: Second.

Cavener: Moved and seconded. All in favor of adopting the agenda say aye. Opposed? All ayes and the agenda has been adopted.

MOTION CARRIED: ALL AYES.

CONSENT AGENDA [Action Item]

- 1. Approve Minutes of the April 8, 2025 City Council Work Session**
- 2. Approve Minutes of the April 8, 2025 City Council Regular Meeting**

3. **Approve Minutes of the April 15, 2025 City Council Work Session**
4. **Slatestone Subdivision Sanitary Sewer Easement (ESMT-2025-0027)**
5. **Wadsworth Meridian Subdivision Water Main Easement No. 1 (ESMT-2025-0035)**
6. **Horse Meadows No. 1 Water Main Easement (ESMT-2025-0036)**
7. **Horse Meadows No. 2 Sanitary Sewer and Water Main Easement (ESMT-2025-0037)**
8. **Final Order Modification (MFP-2025-0001) for Vanguard Village Subdivision No. 1 (FP-2024-0012), by Clark Wardle, LLP., generally located 1/4 mile west of S. Ten Mile Rd. on the north side of I-84.**
9. **Findings of Fact, Conclusions of Law for Pollard North Subdivision (H-2024-0037) by Brighton Corporation, generally located approximately 1/4 mile north of W. Chinden Blvd. at the north end of N. Levi Ave. on the north side of W. Waverton Dr.**
10. **Resolution No. 25-2514: A Resolution of the City Council of the City of Meridian Appointing Charlie Rountree to the Meridian Utility Billing Review Committee; and Providing an Effective Date**

Cavener: Next up is our Consent Agenda.

Strader: Council President Cavener?

Cavener: Yes, Council Member Strader.

Strader: I move that we approve the Consent Agenda. For the City Council President to sign and clerk to attest.

Little Roberts: Second.

Cavener: Moved and seconded. All in favor of adopting the Consent Agenda say aye. Any opposed? All ayes and the motion passes.

MOTION CARRIED: ALL AYES.

ITEMS MOVED FROM THE CONSENT AGENDA [Action Item]

Cavener: All right. And there were no items moved from our Consent Agenda.

DEPARTMENT / COMMISSION REPORTS [Action Item]

11. CDBG Community Development Week and Sticker Competition Presentation

Cavener: So, we will begin with Department/Commission Reports. Turn it over to Crystal for CDBG Community Development Week and sticker competition presentation. Crystal.

Campbell: Thank you. And so as you said I'm here for National Community Development Week. Let me get this open really quick. So, the purpose of Community Development Week is to make sure that we are highlighting how these federal dollars are impacting our community. We are also wanting to make sure that people are aware of what's happening with them, so that we can protect any future funding that may be coming our way and we also want to empower our community by giving them a voice for what happens next. The total funding that we had for last year -- and I will refer to it as the program year, which ran from October 2023 to September 2024. The total that we spent was 560,498 dollars and it's broken down here by percentage of the -- what we put towards our goals. So, roughly four percent for administrative costs, about nine percent for services and, then, housing was right around 39 percent and infrastructure was about 48 percent. I wanted to go through and give you a breakdown of what those individual projects look like and for the services. We also got a couple of success stories and this is also some pictures that came actually from the Boys and Girls Club. The other pictures are now from the actual places there. So, the Boys and Girls Club spent 20,000 dollars last year and they provided 61 youth access to summer, before school and after school care and one of the success stories that they shared with us is that they had built a trusting enough relationship that a child who was being neglected and abused was able to come to them and they were able to help them get out of that situation. So, that's really what their program is about, just helping kids have the supports that they need in place. For the Jesse Tree we provided them with 32,354 dollars and they provided short-term rental assistance to help 57 people stay housed during a time of crisis. It is emergency rental assistance, so they pretty much always have an eviction notice before they can even access these funds. So, one of their success stories was a mom of two, she was recently separated and she didn't have any additional funding coming in, so she was trying to work through all of the child support things that you have to go through during something like that and she got an eviction notice and they were able to give her the short-term help that she needed, so that she could get to her long-term plan that was more sustainable. For NeighborWorks Boise they worked through our goal of housing. They had a total of 220,370 dollars that they spent and that was for two different programs. One was for their -- the end of their homeowner -- or, sorry, home buyer assistance program. That was one that carried over from previous years just with the affordable housing issues that we have. Then it was hard for them to find a home that qualified. So, it was a carry over and they were able to spend that on one home and they also provided repairs to nine homes to help people stay in their homes and stay safely and stably housed. For public improvements we spent a total of 266 -- 576,000 dollars. With that we installed and upgraded 83

streetlights along walking routes to schools and we also finalized the designs for the city's top two walkability projects, the -- and that's the CDBG walkability projects. And the final goal was administering the program and doing fair housing activities. We spent 21,198 dollars there. We have partnered with Caldwell, Nampa and Boise quite a bit to educate the community on fair housing issues. We also coordinated efforts with property -- property manager advocates and tenant advocates to develop a tenant rights campaign and we also just did the normal managing the program to ensure compliance and monitoring of the projects. The projects that we are funding in the current year are Boys and Girls Club scholarships program, Jesse Tree emergency rental assistance and, then, neighbor -- NeighborWorks Boise's homeowner repair program and we are also funding walkability projects. We are asking everybody to stay involved. We do have our next action plan coming out soon and it will be open for public comment during the month of June. We will be doing multiple public hearings and public outreach events, so people can contact me if they want any additional information. But speaking of community outreach events, we have a sticker design contest with the theme of home feels like belonging that -- that finished earlier this month and we invited all community members of any age to participate and the winning designs are going to be shared with the community throughout the year and the stickers will be available starting next week and we have two winning artists that we wanted to recognize tonight. The first one is Naho Nakashima and this is the design that she shared and her daughter Leela is here to take a picture with -- with Council to -- she wasn't able to make it today. And, then, we also have J.C. McKenna here and this one is her sticker. So, that is it for me. I will stand for questions.

Cavener: Thank you, Crystal. Council, any questions? Crystal, maybe one just real quick about CDBG, as there continues to be a lot of national conversations about budgets. We are hearing from national offices about threats, reductions, what have the communication been with -- with your national counterparts? Just give us a flavor of how that communication has been ongoing or -- or is challenged?

Campbell: Our HUD offices, the reps that we have, they have been reduced by about half. They -- they are doing some pretty big cuts to HUD for this year. There is -- this funding is staying level, but they are -- have not said how they are going to allocate it, so I'm not sure if we are going to get the same amount or if they are going to use a different way of doing that. We should hear by May 15th how much we will be getting this next year, but, then, after that I'm -- I'm unsure what's going to happen.

Cavener: I know you will -- when you find that information out if you can forward that onto Council we would sure appreciate it.

Campbell: Will do.

Cavener: All right. Council, any other questions? If not, ready for pictures? Want to do it? Great. Council, you want to join me down at the podium with our artists.

(Pictures taken.)

Cavener: Congratulations. Yes. And I think it's important. You do not have to stay. You are welcome to go. You are welcome to stay, but if you would like to leave that's okay, too. Great. Thank you, Crystal, for doing that, for helping to coordinate that as a nice piece of community outreach. Well done.

12. Legal Department Discussion: Farmstone Crossing Development Agreement

Cavener: Moving on, then, is going to be Item No. 12 from our legal department, discussion of the Farmstone Crossing Development Agreement. Mr. Nary, we will turn it over to you.

Nary: Mr. President, Members of the Council, I don't think this is a lengthy discussion. I did send you a memo. Basically most of you remember we had the Farmstone Crossing that had the Avery silo. Great discussion about that. Great desire to preserve that. We worked with the HPC and the developer to preserve that silo and they originally -- the intention when we created a development agreement was to eventually move it temporarily to the city property and eventually back to either a different site of the site where the Farmstone Crossing would be developed on a different location or some other type of outcome. In the interim, after we signed the agreement to take the ownership of the property, they did work it out with a corresponding developer with Victor Greens to be able to put it on their site and so we worked with them, worked with HPC, worked with the Mayor's office and we got that coordinated and so we created a separate document that, then, terminated that agreement, so that way we didn't own it at all and they could, then, transfer it. It has been transferred. It is over at Victory Greens. Their intention is to, then, put it at Victory Gardens and the last they told me about a couple weeks ago they were in the process this spring of getting it -- all the footings done and all the placement for it, so they can actually move it and restore it and put it back and they actually intend to use it in the future. So, what's left now -- I have discussed with planning is we have a development agreement that is incomplete and has not been signed yet and that the developer is simply asking how do you want us to proceed, because there is -- I can't remember, Bill, three or four provisions -- a few provisions in the agreement that are -- need to be changed and -- because they only relate to the city and the developer and no one else. So, really, discussion with planning really -- we just wanted some clarity from the Council, what would you like us to see? Do you want us to go through your typical modification of the development process when it only really is relevant to us? We can do an amendment and amend the development agreement, again, bring it forward with that. So, I want to make sure the record is clear and that's kind of what the whole purpose of today was. Bill, I don't know if he -- Bill Parsons has anything from planning and his thoughts, but he and I have discussed this and I just wanted to make sure we are all on the same page with the Council on how we wanted to move forward, so --

Cavener: Great. Council, questions, comments? Mr. Parsons, I don't know if you have anything else that you wanted to add.

Parsons: Mr. President, Members of the Council, no. I appreciate Bill bringing me in the loop on this, because it is a unique circumstance where we had a stored structure that they usually get torn down and we don't -- we are so fortunate to have it relocated onto a different property. I think ultimately the Council really wanted to see that stay on the property, but understanding the -- the challenges with that I think there is a good compromise here. So, just to touch on a few points that Bill was trying to share with you. Typically when we modify a DA we will go through a public hearing process and that's where we felt this was a little outside of the box, because, again, the silo had nothing to do with what we typically see in a normal development agreement. It really was the city trying to find the best solution with the Historic Preservation Commission to find a home for that, rather than destroying it. So, I feel very confident in my discussions with both Bill and Emily in the legal department that I think this is the right decision for the city is to have staff go back and look at the -- that staff report, update -- you know, make some tweaks to those provisions and, then, bring that back just for you on a subsequent agenda, just to have it finalized with the developer and you and, then, finally get this property annexed and development underway on that part of the city. That's really all I had to add. I would stand for any questions you have.

Overton: Mr. President?

Cavener: Council Member Overton.

Overton: I'm pretty confident in both what legal and planning have said is a path forward and be willing to -- I think that's transparent enough. I think it's the right thing to do and I would certainly be willing to back that coming back forward in front of us to modify and make it happen.

Cavener: All right. I think overall we will make those changes and, then, we will have the developer review it and they can sign off on it and, then, we can bring it forward with the normal development agreement.

Nary: Sounds excellent.

Cavener: Thank you, Mr. Nary.

Nary: Thank you.

13. Employee Health Benefits Plan Trust Annual Update

Cavener: All right. And now we are going to move on to Item 13. I don't think you are going anywhere, so turn this over to counsel real quick and I'm sure Mr. Nary will touch on this, but a number of years ago we established a trust. That trust has never been before Council since it's been formed and so in speaking with the Mayor we thought it was important from of the Mayor's comments at the all-employee meeting about the cost related to benefits, good for us to learn a little bit more about the trust, how it

functions, impact on our budget. So, I appreciate Mr. Nary and many of our amazing HR team members being here today and, Mr. Nary, I will turn it over to you.

Nary: Thank you, Mr. President, Members of the Council. So, I'm here on behalf of the City of Meridian employee benefits trust. I'm the chair of the trust committee. The trust is here -- or some of the members of the trust committee are here. If I can get this started. And, Chris, you tell people every week and this does not look like what I normally see. Do I just simply move by the arrows here or the arrows on the board? Okay. That looks great. It's different when you are sitting over there than over here. All right. So, as Council President Cavener said, we formed this trust through a number of years of discussion and effort of both the city staff, the HR staff and with our partners at Gallagher and our prior partners at Mercer in deciding this is the proper pathway for the city to move forward with our benefits and for both our medical, dental and vision benefits for the city and its employees. We felt this was a good path forward to do this. We got this up and going just prior to 2020. Nothing were to happen in 2020 this would have been perfect, but we did have a few things that hiccupped along the way, but we are here to kind of catch you up on where we are today. So, as we said, this is again -- it's a -- it's a trust, so it has actually a separate entity from the city. The trust is managed by the board. Again, the board is made up currently of myself, Alex Freitag from -- from Public Works, Christena Barney from Human Resources, Eli Daniel from IT and Justin Northway from police. We work in conjunction with our partners with Gallagher as the city's benefits brokers. So, we work with them on how the trust is managed, how the benefits are decided, how we coordinate with Blue Cross as our benefits provider and how we work through all of the various programs that are necessary to operate this trust. We have some of the folks here in the audience. So, if you have some specific questions, either whether it's for Gallagher or for the trustees or for human resources or -- Reba White is here as well from human resources to help with that. If you have any specific ones that I can't answer we can certainly have somebody else. But, anyway, our trust meetings, again it's -- it's -- it's run like any other public entity. We have public meetings. They are noticed monthly. We meet monthly. Our meetings predominantly are online, but they can be in person. They are held here at the city. And we work -- again we meet with our Blue Cross representatives, as well as Gallagher monthly, as well as the trustees to discuss anything related to the operation and the financial piece of the benefits plan. So, again, Reba is -- of course we work with closely on our accounts payable, receivable, paying for the bills, helping process that and also between her and Christena Barney in working with the Department of Insurance for compliance requirements, so that we make sure we comply with the state and whatever needs they -- we want to make sure that the trust is solvent and is being operated in a clear and concise manner for the public's benefit and, then, also we believe again we work with Gallagher for our benefits and they work closely with us with all the various questions, all the various issues, as well as helping give us a great perspective and a great view of the broader perspective -- or broader spectrum of benefits out there, not just with our entity, but with other entities. But Gallagher works with a lot of other public entities and private, so they have a good cross-section of -- of the world out there on what's valuable, what's useful, what can be done, what can be of use to our employees and they are a great partner and a great assist for us to have. So, again, the trust has

annual rate renewals. We -- they are reviewed annually. We also have to have them reviewed by an actuarial annually. So, that's helping us to determine what the rates would be and they look at our experience, they look at the -- the level of number of employees, the number of lives that are in the program, because, of course, it not just includes our employees, but also the dependents of all the employees, that includes their spouses, as well as children. They help us try to determine and estimate what the costs are going to be on a year-by-year basis, so that we can try to get the right amount of funding appropriate for the potential risks that are out there in the world and related to the cost of both medical coverage, as well as medical procedure, as well as pharmaceuticals. All of those things have various rates and various types of issues that arise from them and we certainly have to be as nimble as we can to be in front of those types of things and try to use that actuarial and that type of expertise to help us gage what the cost of that program would be on a year by year basis and through that, of course, the trust is audited. Just like the city. Obviously in a much smaller scale, but we were audited as well, making sure that we are, again, solvent and running the trust appropriately and meeting all the requirements of the Department of Insurance and, then, of course, we have quarterlies, actual reviews, auto reports, all of those are reviewed by the Department of Insurance for annual approval. Again the people that are part of our trust are the general employees and all the police department sworn. The fire union is not a part of it, so all the fire union members are in a different trust of their own. They manage that through their entity and they aren't managed through the city, so we don't have any relationship with their -- with their -- with their medical benefit coverage. That's done through them and their own -- their own entity, which is not part of this. So, it's a completely separate one. But as I said it's medical, dental, vision. Those are the current coverage and the current providers that we use, Blue Cross, Delta Dental. Also that includes Willamette Dental as well for dental and vision through VSP. Again we are -- we are -- generally it's called a self-insured trust. We are partially self-funded again for this portion of the trust that is basically handled by the city by part of the trust on the cost and, then, above a certain amount, a certain stop loss amount, then, is then partly covered, then, by Blue Cross. So, this allows us to remain really competitive. It allows us to be a little more nimble for employees. You know, we have had two or three situations since we have been in -- in the -- the trust has been up and running that we have had employees come to us, whether it's based on an individual circumstance for an individual employee or an individual group of employees with a particular condition or a particular circumstance that was unique to that group and they could, then, come to the trust, because either the coverage wasn't quite expansive enough for what their needs were or there had been some other issues on some of the coverage that had occurred and they could come to our board to say can we cover that? Can we -- can we address their particular need and that was one of the values when we looked at trying to create this type of trust of what -- how it could be maybe greater value to the employees, because it would feel less concerning, less -- I guess daunting for them to go before a board that is made up of other employees that understand the circumstances both of how the cost of these things work, but also what the needs of individual employees were, rather than a large company that you would normally have to deal with with an appeal, if you ever have to deal with any type of insurance issue. Sometimes that could be a pretty daunting task for folks and we thought this would be

one reason why a trust of this type might be of value to the employees. And, again, we have had that happen two or three times and we have been able to work through those issues pretty well with the employee. Again, one of the things which says here like on our bullet, once fully returned and funded one of the discussion points we have had over this time period with the Council over the years was could this fund -- could the funding from the trust -- we could build up a reserve, be able to help fund additional benefits, whether it be a post-employment retirement program or some other types of benefits that may have value to the work group, could we be able to fund that through some realized savings through the program? So, that way in the past when you had any savings those were realized by the provider, like Blue Cross and not by this trust or by a separate group that could reapply it back into the trust itself. That was one of the main reasons why we decided to go this route was that was the hope is that as we become more solvent and become more -- more fundable and fungible over the years that would be more valuable to be able to do that for future needs. So, again, contribution rates are suggested by carry and broker based on experience trends. That's, again, what the actuarial helps us with. They give us what they determine we should be charging to make sure we stay solvent. Do we need to have any additional funding or any additional need that we need to make sure we are in front of that we can anticipate coming in the marketplace. Again, there are some fixed costs as the state's administrative fees, health insurer fees, stop loss premiums, things like that. Again, we don't have the same tax that you have to pay on some of these that you would otherwise that we have had to deal with. In fact, one of the questions I asked recently at our -- at our trust meeting was if the question were posed would we have been better off or would it have been cheaper if we would have simply just stayed with what we had and instead stayed in the same type of program we had for years and just stayed as a funded program through Blue Cross and done it that way and we had always believed prior to making this decision that that was not the best sustainable model for the city anyway, to just continually just accept the future increases and costs without any control or any ability to manage any of the care -- wouldn't be the most wisest business decision anyway. But the question I posed was, again, would it have been cheaper and the answer I received back -- and I would certainly leave the people behind me to answer it even more succinctly or more clear than I can, but the answer was, no, we really wouldn't have saved any money. The money really -- I mean, again, with -- with assurance, like most other types of, businesses, right, it's very cyclical. There is a lot of ups and downs. You have to understand that the down years are going to be also exchanged by up years and so as a trust you get to gain the benefit of both the good and the bad. You have to deal with the down years, but you also get the benefit of the up years. When you have it fully funded and you don't have any of that, you may have some -- some consistency, because you are not experiencing any of the losses, but you are almost always going to experience the expenses, because they are going to make it up. You are going to always have to recoup that return and they aren't going to keep it from what you made, but, basically, what the cost of the program is. So, you are not necessarily going to get anything back by doing that. So, by us maintaining and keeping it internally we have a better chance of doing that over the longer haul. So, the answer to me was, no, we wouldn't have really saved anything in the long run. The reality was a lot of these things cost what they cost. Again the employer maintains the

risk, pays the claims out of the trust and the reserves and the surplus are held by the trust. So, we do get some -- some -- I guess some level of comfort or assurance that we are the ones maintaining the funds to help pay for these claims until they reach that stop loss amount. So, again, I don't want to go through everything on the slide, but if you have questions, please, feel free to stop me at any point. And so we can go kind of year by year. So, in 2020, again, we did end the year with a down loss. There was this worldwide pandemic. Most of you probably heard about it. That was something, again, was a little unanticipated by most of us and there was a lot of unknown costs for everyone. So, it certainly wasn't just us and certainly was -- everyone had to experience those things and many of the things that we dealt with in that time period -- and, again, I don't think we were alone in this. So, whether we had been fully funded with Blue Cross or we had done our partial self-funding that we took on, there were many things that we and Blue Cross, to their credit as well, just said we are going to just pay for this. We are just going to pay for it and we will figure it out, because we just need to take care of this, we need to get in front of this, we need to make sure to help people and provide whatever's needed and we don't always know exactly what was needed in the moment. It was just -- everything was very much dependent on the moment. So, we tried to address those things, as did our -- our partners and, again, Blue Cross is great to work with and we had no issues and Gallagher was a great help to us and we really worked through all of this together as a group. Again, 2021, again, we ended with some losses. Again there was -- the pandemic was still going on. There was issues on vaccines if you recall. Vaccines came out in '21, so, then, that was when -- that was another change that happened. There was cost to that. Some of those things we had to absorb. You know, I have to remind employees periodically that employees always look at things based on what comes out of their pocket, which I understand. I was in that -- I have been in that boat for a long time, too. They don't realize the 20 dollars they pay is a fraction of what -- whatever that actually cost and it may have already cost you 20 dollars, but it may have cost the plan 100 dollars or 200 dollars or whatever that may be and oftentimes, again, sometimes the employees don't always understand that and I get it, but there was a cost that is unknown or at least unknown until you really get into this part of the side of the business to understand that. But with vaccines and tests and all the things that were happening, all of those things had cost to them. Again, about two -- almost 200,000 dollars were additional costs related to COVID. We had very -- we had some very large claims. Eight of them were over 100,000. Our stop loss is 225. So, once it hits 225 that, then, goes into a fully funded portion of the plan. So, now that comes off of Blue Cross's side again and that, again, has a relationship to what we pay as a premium, but it also doesn't affect our bottom dollar and what the trust has to pay. But, again, we had one at that particular point in time that hit 225. We did have to come back to the city that year for some additional funding. We have to maintain a certain amount of -- of reserve by Department of Insurance to make sure we can pay any claims that are out there and I think it's three months? Three months. Okay. So, three months' worth of contributions after we maintain. So, were we to ever have any deficit it's generally been in those reserves. So, not only be able to pay out the claims, but making sure we have that back fill, make sure there is any outstanding claims on the tail end. So, the Board of Trustees, we also looked at some other options. So, this telehealth coupon maximizer

and choice stocks were different programs that we have to allow choice and that was one of the things -- again, as we developed this program and develop having a trust, we were looking for is are there ways we can look for both -- ways to save money in a practical way for employees, but, secondarily, a way to provide options and choice and education for people to find a better opportunity to be more consumer oriented and thoughtful of what needs they have and ways they could address those needs that might not just save the trust money, but could save them money and might be a better option for them as well. So, again, trying to educate, trying to get them to make wiser choices, be better consumers was something that we were looking for or trying to help our employees do a better job at and be more informed. Again we changed from -- to Gallagher then and, again, they have been a great partner for us and we have really enjoyed working with Gallagher and a couple of folks from Gallagher in the audience. And, again, they have been invaluable. Scott's online as well from Gallagher with us and they have been absolutely invaluable to us and we really appreciate their -- their counsel and their guidance and helping us manage through this. 2022 in the year with a gain, so we were -- it was on plus side at least for that year. Again COVID claims started tapering off. Again, we had some large claims and when we are talking about large claims, again, we get a list that -- monthly that shows the number of larger claims and, then, basically these are claims that are multiple thousands of dollars and we -- these aren't itemized by individuals, but really the type of claims they are and, then, the dollar values attached to them and, again, these are the most serious illnesses, serious injury types of claims. Again, we had six over a hundred thousand. We didn't have any that year that hit the 225,000, but these are the ones that are really sometimes the hardest to -- to address. You know, when you are looking at trying to manage claims, you are looking at the majority of the types of claims you are going to get and that's, again, what the -- a lot of the work that goes into trying to determine what the cost of the program is going to be is looking at what is generally types of claims people are going to have. But can you always be able to manage or understand how many claims you may have for serious health conditions or, you know, cancers and for premature babies and things like that are significantly expensive, than just, you know, an injury that may happen from a car injury or an off-work injury or something like that. So, those are the kind of things that can be really challenging to address from a plan standpoint. And, again, 2023 ended with a gain. Again we had 56 large claims. Five of them were over a hundred thousand. Again, we had none hitting the stop loss in that particular year. We added, again, smart shopper. This is another program, again, to provide some consumer choice for our employees and to give them options to be able to find better ways for them to get treatment for certain types of -- either conditions or for types of procedures. Oftentimes with some of these programs they can get a rebate, they can get some cost savings back to them and they can also provide them with some cost savings up front. So, we try to, again, help educate folks, because there are certain types of procedures -- and I always use the common examples -- people get MRIs or other types of injury where they are not going to their normal physician; right? They are just a referral. They have to go get an MRI for a condition of some sort. Many people don't care where they get it, they just get it wherever they are either told to get it or whether they could find a place that's either more convenient or cheaper and they are not really that concerned about where it is. It's not like going to your regular physician

where, again, most people don't want to do that, but if they could have an option or look for something else that might be a more beneficial, location wise, time wise, cost wise this is what our -- we have been trying to do is helping educate them about that. Again 2024, that was a year we ended up with a smaller loss. Again, 70 large claims. We had a number over a hundred thousand and a couple that hit the 225. Now -- and I don't know this for a fact and certainly I think the folks behind me can answer it, but one of the questions I always have is I don't know if these were two brand new claims. So, I don't know if some of the -- because, again, some of these claims are going to just keep going, because they are an ongoing condition. So, some of those that may have been a hundred thousand in one year hit that stop loss in the second year. So, I think some of these may be that, but I don't know that for certain. But -- so, again, as you can imagine some fall off, some keep increasing. So, some of those are going to hit that, so they aren't necessarily brand new claims. Again we --

Strader: Council President?

Cavener: Council Member Strader.

Nary: Yes.

Strader: Just maybe while we are on the slide. So, I have been shaking my head around this. Is the correct way to look at this -- if we take all the losses and all the gains, it looks like we are in the green by 437,000 dollars on a net basis. So, if I net those out, right, I take -- take the losses, I take the gains, sort them all out -- I mean so -- we are certainly on an absolute basis looks like we are coming out ahead and we have had to fund our plan more though, too. But at the same time our insurance premiums have likely not increased as much as they would have if we were on more of a market driven plan. Like if we weren't self-funded; right? Have we figured out on like an absolute basis if we have achieved a decrease in our premiums compared to where we would be? Just kind of curious like how that math works.

Nary: Well -- and that I don't know, but -- oh, are we going to get to that?

Strader: I looked at the increases of the market on your subsequent slide and I thought that was very interesting. I was just wondering if you guys actually went through that math.

Nary: So, this isn't the one you are talking about though.

Strader: Huh-huh.

Nary: Okay. Yeah. So, to finish that and, then, we will get to your question, Council Member Strader. So, again, in these particular years, again, we had some anticipated losses to say cost. One factor to remember that's not listed here is our employee base increases as well. So, again, you have got the -- so, you have got more people to be covering and, again, then, your reserve has to grow with that, too, because, again, it's

three months of -- of claim -- or three months of paid premiums, so that you are increasing that as well, so -- this one you were talk about, Reba? Okay. So -- okay. So, it -- so -- maybe I'm not sure -- hopefully, Council, should have just answered your question, but we tried to look at that on a year-by-year basis and see what the averages were in other places. So, again, back to my other question, whereas would we have -- would we have been better if we had just stayed where we were and the answer was generally no. I mean generally there was some realized savings or some ability to do that. Again, one of the things we are seeing this year, of course, is a bigger jump of almost 18 percent. Potentially it may be slightly smaller, but it's going to be somewhere in that ballpark. When I talked to our finance -- or CFO he said, you know, again, I'm not super concerned. We had a zero last year. You know, you are going to probably anticipate a higher increase the second year when you have a zero. So, his view was from a -- you know, again, from his standpoint from the finance side, he looks at it over a much bigger scale and a much bigger period. It says over time, again, I think we are still pretty consistent and I think he used eight percent as an annual increase. That was an average to him. So, anything below the eight percent to him was about a plus and anything above eight percent, depending how far above was probably not significant and here we are kind of in that same ballpark. So, he wasn't as concerned. But I think here we are trying to at least capture some intent that we are trying to stay really within the market or better if we can. So, we can provide a better value from a service standpoint to our employees and a cost to the city that is relatively in the same ballpark is what we would have paid anyway or better. Then we think that's probably a plus.

Strader: Council President?

Cavener: Council Member Strader.

Strader: Yeah. I mean if you could just go back to that slide and I was going to compliment the team actually. This a fantastic slide deck. I thought it was really very helpful. But like -- so if I -- if I assumed that the base was constant from year to year, which I think is an unfair assumption, because to your point the employee -- the number of employees has gone up, so I can't really factor that math in, but if I just look at this -- like to me it looks like it's -- it's neutral. Like that's kind of where I'm coming at. Like if we took the losses that we have incurred and the gains we have incurred into account, it looks to me like maybe we are slightly positive. If we accounted for these increases compared to the statewide average, it looks like it's pretty neutral. I mean do you feel like that's -- I think to calculate that like you would need to, you know, put an Excel spreadsheet together or probably have the finance team help, but I mean is that kind of the conclusion that you all are coming to is that you feel like this is net neutral or how do you kind of look at it? I just mean performance to date. I understand over a very long time period that's where we should see a lot of the benefit, but --

Barney: Yeah. Yeah. The monetary is net neutral.

Strader: Yeah.

Barney: You are a hundred percent right.

Strader: Okay. What we are gaining is the ability and the flexibility we have in the plan design. So, we are more marketable than we have ever been, because we have been able to add the smart shopper, the coupon maximizer, the telehealth and all of those other things that we weren't able to add while we were fully insured. So, those are where we have the most gain. So, monetarily, yeah, we are net neutral and we have been able to, you know, kind of a net loss -- or net neutral and -- in that respect. But what we are gaining is the flexibility in the market to be -- to be able to be market competitive, attract and retain with our benefit package and that's really what we were trying to do with this self-funding. Over the long haul what we are trying to do is to fund this to be able to do some post-retirement health or an HRA/Veba or something like that. But you have to do this for five, ten, 15, 20 years, like city of Caldwell or city of Boise, in order to get that where you need it to be to sustain that for a long period of time in order to get to that point.

Strader: Uh-huh. Maybe just one more question. Like what level of plan assets do you feel that you would need to achieve in order for a program like that to be fundable? I was just curious. Like do you -- you know, obviously, we are taking the premiums; right? We are controlling that. I have to assume over a long time period those assets build up and, then, you reach a critical mass where it's been long enough and you kind of have a surplus and you can do some interesting things. But like how -- what level of plan assets do you have to hit or how long do you think that that takes? I'm just curious. Obviously a long time frame from your perspective, but is there like dollar figure that we are trying to achieve? Is there kind of like a specific goal?

Barney: I think, honestly, we are looking for a period of time where we are in the green and we are not making significant plan design changes. So, we are sustainable. We are looking for a period of time where we are sustainable. You are looking at these slides. We are kind of doing this up and down yo-yoing. We are looking for that sustained period of time and that I think is the tipping point where we can go, okay, now we can do something else, something more drastic and we can fund, you know, something post-retirement or something larger than what we can right now. Does that answer your question?

Strader: Yeah. Thank you.

Whitlock: Mr. President?

Cavener: Council Member Whitlock.

Whitlock: Just a quick -- are there -- are there caps or limitations by the Department of Insurance? You have to have a minimum three months on your reserve side. But are you capped or limited on what you are able to put toward a surplus or build for future needs?

Barney: There is a cap, but it isn't clearly defined and they won't give you a number. So, they will review our quarterly statements and they will tell us when we are approaching said cap, but they won't tell us what that number is. So, I can answer partially, because I don't know entirely what that is.

Cavener: Christena, what has been the benefit satisfaction with our employees since doing this? Has that improved? Is that increased? Is it -- just recognize that a lot of people don't always take the time to understand the different benefits that are included and the ways to take advantage of them, but I think that was one of the reasons why we did this is to make ourselves more recruitable and to better meet the needs of our employees. Are they seeing that as well?

Barney: So, the only way that I can answer that is through our exit interviews. I can say through our exit interviews benefits is not something that's coming up as frequently in our exit interviews as being a point of someone leaving. We are scheduled to do our benefit survey this year, so we can do a comparison from this year to our previous one and see if there has been a difference and I can report on that when we get the results.

Cavener: Thank you.

Nary: I can add to your question, Council President Cavener. I mean from an employee satisfaction I mean certainly, as I mentioned, we have had a few occasions where employee groups or individuals have come to the trust to say this isn't working for me for whatever reason. Is there a way to help with that? I'm pretty confident all of those people would say, yes, having this trust was a lot better than me dealing with Blue Cross. That's not a whole lot of people, but there is certainly a minimal value to that. I think the other thing -- and we talked about this a lot at the most recent benefits meeting, as well as the trust meeting, is we spent a lot of effort -- and HR has been fantastic in trying to educate our employees on what do you have and how it could be valuable to you and the hardest part to educate folks is people don't care until they have to care and, then, they care a lot and, then, they really do see it and get it that there is some things here that we give value to them. But you can tell people all day to go get your heart -- your blood pressure checked. Until you have high blood pressure you don't worry about it too much and, then, you do. So, I think the information is still valuable. It's still getting there. I think we are discussing a lot of times at the trust level how do we make a better inroad? One of the things, for example, we discussed at our recent meeting is -- one of the higher groups of our high expense claims has been is dependents. So, how do we make sure that our information that we give to employees is getting to their dependents, because if the dependents are the ones where the claims are arising, is it from a lack of information or something else? And if it's lack of information we can at least address that and, hopefully, get them more information to maybe get in front of those health conditions. The other one -- and I -- and I know, Council Member Cavener, you have heard me say this many times. One of the things that's out there -- and I think Council Member Whitlock gets this, too -- that we have zero control over is the cost of pharmaceuticals and the cost of pharmaceuticals is incredibly expensive and we as a group, as a trust, as well as the benefits committee,

are trying to figure out ways to address those things as best we can, because we can't control what -- many of those things that you see -- I was jokingly saying between Wheel of Fortune and Jeopardy every commercial you watch all of those drugs are expensive and every one of them we have got to find ways to help address it, because they are addressing health conditions that many of our employees are experiencing and so how do we get to that? Well, we actually are looking at that and we have actually got one on here that I think -- and I don't know if it's on this slide. We had this discussion recently with Blue Cross and we do have a drug that is very expensive. It's only used by a few employees, but it can be real expensive and there is a way to get to a better opportunity and I know it's -- I know -- I saw the slide for it. Anyway, we -- we did agree with Blue Cross to be able to pivot to essentially a bio-similar type of pharmaceutical for it and they actually allowed us to move it up. Originally when we agreed to it at our recent trust meeting, they said the closest -- the earliest they could do it was October. Actually, signed off yesterday or the day before to move it to July, so that we can get it up and going sooner. Again, it may only be a few people, but a few people for a very expensive pharmaceutical is a little bit more that's going to help. So, I think we are always trying to do that. The other thing that I have said to a lot of folks that we cannot -- you know, you cannot anticipate things that may or may not have a great deal of preventative means to them. Certain types of cancers are really tough for preventative means to be in front of. Education is the best we can do for many of those. Trying to get people for early diagnosis for a lot of those things is the best we can do and we try to, but I can't anticipate this year will be four and next year it will be six, but, instead, there is eight. Really hard for us to gage all of that. So, obviously, we are trying to stay as much nimble of that if we can. Again, a lot of these things are -- where the costs are really realized and where we are getting those, those are the things that we are trying to address as a trust. Again, education is probably our biggest -- our biggest asset we can provide to our employees to do that. Other questions from anybody?

Little Roberts: Mr. President?

Cavener: Council Woman Little Roberts.

Little Roberts: Mr. President, Bill, thank you very much. There was a lot of things on there that clarified for me, so I appreciate that. So, if someone gets to the point that they need an appeal, does the appeal go at this point to Blue Cross or does it come to the trust board?

Nary: I think it depends -- and I will let our folks make sure to answer that, too, to help you with that. I think it depends on what it is.

White: Hi, counsel.

Nary: Thank you, Reba.

White: Sorry. I'm not seven foot tall. So, typically the first appeal does go through Blue Cross. I am usually informed by that point helping the employee go through that

process, so that they have the ability to share their concerns with me, then, I have the ability to share them with the board as well. So, we are kind of all at an angle. That way if -- if the appeal goes to Blue Cross and it's denied for the first one, they can do up to three. We do have the ability, then, to say that we need to exceed and go outside of Blue Cross and get a third-party appeal. That has happened in one instance for one of our employees that we have requested that to happen before the third even was formulated by Blue Cross to speed up the process. So, there is a little bit of control that we do have at the city level for me. But, then, the board does approve that to move forward and that moves through the appeal process with Blue Cross a little bit faster.

Little Roberts: Thank you. Follow up?

Cavener: Please.

Little Roberts: I won't say -- you probably know which one I'm thinking about, but it just seemed like it was a very -- like a fairly urgent matter, but it was -- seemed like it was very drawn out. How long does an appeal typically take?

White: I know -- Dan is here, too, from Blue Cross. But it can take a very long time. I will say -- I don't have a time frame that I know of. In this instance where we may be talking about a similar -- it took probably two, two and a half weeks to get the denial and, then, they moved to an appeal, two, two and a half weeks to the next appeal, but, then, when we got involved it was moved to third party and third party had a decision within days.

Little Roberts: Great. Thank you.

Cavener: Is that a City of Meridian process then? That slows that it just -- again, maybe the mechanics of --

White: Yes. So, Blue Cross does -- depending on the claim they have to go through and look at what our policies state. Now, if it's uncovered what they need to do, that is all played by Blue Cross and, then, they may work with the provider, which does take longer time, because, then, they need to figure out, you know, the word of medical necessity is used a lot. So, they might work with the provider to find the medical necessity of the procedure or whatever they need to do. So, that -- it all takes communication time back and forth where the provider is just not sitting in his office waiting for a phone call on this appeal. So, it is lengthy. What we are here to try to do -- and I advocate for our employees -- is come to me with those concerns when you have them, don't wait until you get that second appeal, because we can intervene and we can try to speed up the process as quickly as possible.

Cavener: Are those timelines something that can be expedited as part of our agreement with -- working with them to basically say, hey, this is -- these things are important and for -- again, if it's the person I'm thinking of, that -- that's a very very big deal for that -- that extent of time. I recognize the mechanics of an operation, but if we

can say as an organization we need a faster timeline, that's something I think that I would want to consider supporting, if it's doable. So, I appreciate that. I do have one more question just about our employees meeting with the trust. So, I recognize these meetings occur kind of during the work day and I know the Mayor's not here, maybe Dave can chime in, but from an operational standpoint if I'm an employee and I work for the parks department and I need to go to the trust meeting to present, hey, I need -- I need help with this particular thing, does the employee have to use their time off to go attend. Do they just have to work with their supervisor to be excused? How do we handle it for, you know, some of our police officers who maybe -- you know, they work graveyard or swing shift and so that's putting them out of sequence. How are we providing that from an operational standpoint for employees?

Nary: That's a great question, Council Member Cavener. I don't know. The few we have had that hasn't come up to us -- to the trust as I would like to come and talk to you, but I can't or I can't take the time or where -- I certainly would work with the departments if we need to to make sure the employee has the opportunity or time to do it. Obviously, we wouldn't -- we wouldn't do much if anything much different if they had to go to Blue Cross to deal with it. Again, they are all online, so they can do this on Zoom, they don't have to come physically to City Hall to do this. So, we do provide that. But, certainly, if that were to come up we would work with the department and make sure they could.

Cavener: Thank you.

Nary: I can answer one of the questions on your employee satisfaction. One of the things that we still get questioned about is post-employment health. That's always a question. Has been for many years. And that was one of the objectives we sought as why we would do this when we started this six years ago and we did tell the employees that that's the goal and that's the same answer I give them today. That is the goal. It's also on the compensation committee's radar. They also are looking at that and they know that is -- from a both recruitment and retention standpoint that is an important piece. So, I have reminded employees -- again all of these things take time. It's not off -- it's not off the checklist. It's just one of the things that we are trying to get to, but making sure we have a viable, usable, helpful program at a reasonable cost for the employees in the city is our number one goal and that's what we are trying to do. But, you know, I can't repeat enough how valuable the working relationship we have had with Blue Cross and with Gallagher has been to make this successful. Because of them and because of the work that's being done with HR and our trustees I think we have a successful program and it's just hopefully going to continue going forward.

Taylor: Mr. President?

Cavener: Council Member Taylor.

Taylor: Bill, quick question. Excuse me. Of the many reasons why we chose this route it seemed as if one of them was to provide some consistent stability over time with increases -- sort of absorb the increases or losses to sort of have a -- kind of a flatter,

more predictable trajectory, seems like this year that's wildly out of -- out of line. Do we -- and I missed the all employee meeting for various reasons, but do we understand why we were at zero percent and now we are looking at 18 percent? And I understand the rationale. Like we didn't see any increases last year, but it seems like that's a big departure from one of the goals here is to have that stability over time. Can you speak to that at all?

Nary: Well, maybe a little bit. I mean, again, we do have to look at on a year-by-year basis; right? And so, you know, ideally from a business standpoint I think what you are saying would be the -- one way to do it; right? You could say, look, every year we are just going to do an eight percent increase like what Todd projects. So, we will charge eight percent no matter what the cost of the program is. But last year, based on the cost of the program, based on what the actuarials believe, we couldn't justify that to the city or to the employees to charge a greater premium than what the cost would be. So, we didn't do that. So, from a business standpoint, although we -- maybe it would have been wiser to have said we will just charge eight percent and bank that difference, in anticipating it being more, that really isn't how we function or how it works and how the Department of Insurance, in my opinion, would probably not allow us to do that. They would be concerned about that. But that's -- that's kind of the challenge we always have is you are trying to gage your experience going forward, what it could be or can't be, the cost and that's kind of those numbers all line up to. So, I don't have a better answer than that and certainly if either Gallagher or Blue Cross have a better answer I'm happy to have them come up. But I don't know there is a better way to do it that we could -- to build that consistency other than for the program to realize those savings, be able to use that and, then, whether or not we reapply some of those savings, because that's what some of these programs do is as they build up a surplus they may say, hey, we will have a 17 percent increase. Well, we will buy back two percent of it or three percent of it and only realize a 14 percent increase or something less, because we can use some of that reserve money for that.

Cavener: Bill, to that point -- I would -- you know, not tonight certainly, but I think asking some of our industry leaders for recommendations on things that we can do, I think from a -- we all are well aware of our budget challenge that we are going to be working through this year and consistency, right, predictability makes -- when it's already challenging a little bit more easier to digest when you have these inconsistent numbers. We are already kind of working every angle we can to -- to take care of our employees and also maintain our -- our business operations, being able to have some more predictability would be helpful.

Nary: Okay.

Overton: Mr. President?

Cavener: Council Member Overton.

Overton: Just one question. One missing piece I see on the graph. We have a comparison on the average statewide versus what we have seen in a trust on increases and we have the really high increase that we are predicting that we are going to see in 2026, but I don't see a prediction of what -- the statewide increase. Are they looking at about the same? More? Less? So, we can have some sort of context on what that 2026 increase is going to look like?

Nary: This is Cindy Tealey with --

Cavener: We have people who are watching online that want to hear your wisdom and so they cannot hear you, unfortunately, from the audience, so --

Nary: Again this is Cindy Tealey from Gallagher.

Tealey: Council, so excuse me if I'm nervous, because I always am. One of the things that we find is that with your larger self-funded groups a lot of times their experience is what drives cost and so one of the things that we have seen with the beginning of your immature trust is that you have had two perfect storms. One Bill talked about and that was the pandemic and the second one is inflation and we have all been hit with that. And so, consequently, we are seeing across the board where some of the larger self-funded -- MEWS, for instance, the statewide school, they are looking at a seven percent rate increase. So, we are seeing other large self-funded accounts -- again, they are in the same type situation. The difference is you don't have the additional built up surplus that they have to whereas I have conversations with my self-funded accounts says, well, we are going to take X number of dollars out of our surplus, because we don't want the employees to have a rate increase. It's just your plan is immature. But we are seeing -- across the board statewide we are seeing the rate increase come across and a lot of it is inflation and I think that from your perspective, if you look at the cost of hiring your employees, you look at the cost of materials, everything is costing more. I know that from our perspective from consultants, we look at it at every lever, every opportunity that we can find to save the trust dollars, but we also don't want to take it out on the back of the employees. So, there has to be an even balance to be able to do that.

Cavener: Thank you.

Tealey: Thank you.

Cavener: Bill, maybe to that last point -- and the Mayor's not here and I'm asking you to maybe do something that we don't like to do, which is asking maybe to speak for the Mayor. But when he says at the employee meeting that we should be expecting a 17 to 18 percent increase, what does that mean? And what does that mean to our employees? What message should they be taking away from when they hear that?

Nary: Well, that's a great question Council Member Cavener and here is -- here is what I always tell employees. You have to look at the scale; right? So, if you take and look at how much -- one of the things that is not planned to change is employees don't pay

anything for their health care. So, whatever the percentage increase is, that won't affect you. If you are the only person covered under your plan right now, there is no intention to make any change to that. So, it won't mean anything to you. But if you have dependent care, like I do, if you have dependence on your plan you do pay a portion; right? We pay 20 percent. So, all the employees are paying 20 percent of their cost of their dependent. Seventeen percent, if you were to take a very quick lawyer math is what I usually use, and say what's 17 percent of that number? How much is that going to realize on you? Because what I would normally get for a lot of employees to say we got a two percent increase on my wages, but a ten percent increase on my benefits. I lost money. Well, ten percent on this pool is a lot smaller than the two percent on your wages. So, the reality is 70 percent, potentially, could be a significant number related to your dependent costs and care expenses, but the number is a much smaller number you are starting with than what you may realize in a cost of living adjustment that you might get. So, is it going to net out different? Again, everybody's pay is different, that -- likely it will cost you a little more for your benefits compared to what we might provide you in a cost of living. You are probably still going to be in it ahead.

Cavener: Bill, how -- I know you said every three years the trust is audited. So, you guys have been around for six. Have you been audited once? Twice? What does it audit?

Nary: Every year.

Cavener: Every year.

Nary: Every year.

Cavener: Okay. I thought the slide said three years.

Nary: Yeah.

Cavener: Okay. Got it. Council, any other questions? Bill, team, especially our friends from -- from Gallagher and Blue Cross being here, Bill touched on that partnership and having you guys here for the conversation, too. Echo that. So, thank you for that. This was very informative for me, Bill, and I appreciate it. I do think, though, that we -- given these cost increases, I do think it is important that we go out and look at an RFP for our health insurance. So, I don't know what that process looks like. What would be good is if you and the team could discuss that and come back to us with maybe what a calendar of that would look like and if that's something we would be able to execute before we approve next year's budget or if that has to come at a later point in time. I just think that that cost is going to be a big factor of our budget and so I don't think it -- I don't think we have been out for RFP in a long time and so I think now is a good time for us to take a look at that, taking in some of these efficiencies that we have learned in the past five years with our -- with our trust and looking for your leadership to where we need to take it in the future.

Nary: We can do that.

Cavener: Great.

Nary: Thank you.

Cavener: Council, anything else? If not that brings us to the end of our agenda for our work session.

Strader: I move that we adjourn the meeting.

Cavener: It's been moved and --

Little Roberts: Second.

Cavener: -- seconded by Council Member Little Roberts and we are adjourned from the work session.

MOTION CARRIED: ALL AYES.

MEETING ADJOURNED AT 5:33 P.M.

(AUDIO RECORDING ON FILE OF THESE PROCEEDINGS)

_____ COUNCIL PRESIDENT LUKE CAVENER	_____ / / DATE APPROVED
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ATTEST:

CHRIS JOHNSON - CITY CLERK