



**City and Borough of Wrangell
Borough Special Assembly
Meeting - AGENDA**

**Friday, January 11, 2019
4:30 p.m.**

**Location: Assembly Chambers,
City Hall**

1. Call to Order
2. Roll Call
3. Conflict of Interest:
4. Persons to be Heard:
5. **Item(s) of Business:**

a) **PROPOSED RESOLUTION NO. 01-19-1441** OF THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2019 BUDGET IN THE GENERAL FUND ACCEPTING \$136,328.96 IN REVENUE FROM WRANGELL MEDICAL CENTER TRANSFER ACTIVITIES AND AUTHORIZING ITS EXPENDITURE

b) Approval of 5-Year Commercial Management Liability Tail Insurance Policy with RSUI Indemnity Company for Wrangell Medical Center in the Amount of \$53,554

c) Approval of Continuous Professional Liability Tail Insurance Policy with National Fire & Marine Insurance for Wrangell Medical Center in the Amount of \$60,280

6. Adjournment

CITY & BOROUGH OF WRANGELL, ALASKA
BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>NO.</u>	a	<u>DATE:</u>	January 11, 2019
PROPOSED RESOLUTION 01-19-1441 OF THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2019 BUDGET IN THE GENERAL FUND ACCEPTING \$136,382.96 IN REVENUE FROM WRANGELL MEDICAL CENTER TRANSFER ACTIVITIES AND AUTHORIZING ITS EXPENDITURE				
<u>SUBMITTED BY:</u>			<u>FISCAL NOTE:</u>	
Lisa Von Bargaen, Borough Manager			Expenditure Required:	
			Amount Budgeted:	
			Account Number(s):	
			Account Name(s):	
<u>Reviews/Approvals/Recommendations</u>				
<input type="checkbox"/>	Commission, Board or Committee		Unencumbered Balance(s) (prior to expenditure):	
Name(s)			\$	
<input type="checkbox"/>	Attorney			
<input type="checkbox"/>	Insurance			
<u>ATTACHMENTS:</u>				
1. Resolution 01-19-1441				

RECOMMENDATION MOTION:

Move to approve Resolution 01-19-1441.

SUMMARY STATEMENT:

In December the CBW received unbudgeted revenues associated with the transfer of the hospital to SEARHC. The revenues included \$4,850 which was a partial refund of the hospital's vehicle insurance policy premium that was cancelled at the time of the transfer. Under the terms of the Asset Purchase Agreement the CBW received the "cash at closing." This amount totaled \$131,532.96. As the Assembly is aware, the CBW is responsible for post-closing obligations, including insurance. As this was unbudgeted revenue that is need to cover post-closing costs it is necessary for the Assembly to approve this resolution accepting the revenue and authorizing the expenditure of those funds as part of the FY19 Budget. The following two items on the agenda approve the purchase of tail insurance policies for the hospital that will come from this revenue.

CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO: 01-19-1441

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, OF THE ASSEMBLY OF THE CITY & BOROUGH OF WRANGELL, ALASKA AMENDING THE FY 2019 BUDGET IN THE GENERAL FUND ACCEPTING \$136,382.96 IN REVENUE FROM WRANGELL MEDICAL CENTER TRANSFER ACTIVITIES AND AUTHORIZING ITS EXPENDITURE

WHEREAS, the City & Borough of Wrangell (CBW) divested itself of Wrangell Medical Center to Southeast Alaska Regional Health Consortium (SEARHC) as of November 1, 2018; and

WHEREAS, the CBW is receiving money from SEARHC intermittently that is revenue earned while hospital operations were under ownership of the CBW; and

WHEREAS, the CBW is responsible for transaction post-closing obligations; and

WHEREAS, on December 4, 2018 the CBW received \$4,851 in unanticipated revenue from a partial refund of the cancelled vehicle insurance policy for Wrangell Medical Center; and

WHEREAS, in accordance with the Asset Purchase Agreement on December 12, 2018 the CBW received \$131,532.96 in unanticipated revenue from the cash on hand at closing of the hospital transaction; and

WHEREAS, this revenue is unbudgeted and the FY19 Budget in the General Fund needs to be amended to accept this revenue; and

WHEREAS, the unanticipated revenue needs to be authorized by the Assembly for expenditure to cover post-closing obligations associated with Wrangell Medical Center.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA:

- Section 1. The FY 2019 Budget in the General Fund is amended by accepting \$136,382.96 in revenue into the Wrangell Medical Center Legacy Revenue Account (11000-000-4095).
- Section 2. The FY 2019 Budget in the General Fund is further amended by increasing the Wrangell Medical Center Legacy Expense Account (11000-001-7524) by \$136,382.96 and authorizing its expenditure.

PASSED AND APPROVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA THIS 11TH DAY OF JANUARY, 2019.

CITY & BOROUGH OF WRANGELL

Stephen Prysunka, Mayor

ATTEST: _____
Kim Lane, MMC, Borough Clerk

CITY & BOROUGH OF WRANGELL, ALASKA
BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>NO.</u>	b	<u>DATE:</u>	January 11, 2019
Approval of 5-Year Commercial Management Liability Tail Insurance Policy with RSUI Indemnity Company for Wrangell Medical Center in the Amount of \$53,554				
<u>SUBMITTED BY:</u>		<u>FISCAL NOTE:</u>		
Lisa Von Bargaen, Borough Manager		Expenditure Required:		
		\$53,554		
		Amount Budgeted:		
		\$0		
		Account Number(s):		
		\$11000-001-7524		
<u>Reviews/Approvals/Recommendations</u>		Account Name(s):		
		WMC Legacy Expense Account		
		Unencumbered Balance(s) (prior to expenditure):		
<input type="checkbox"/>	Commission, Board or Committee		\$127,036.52	
Name(s)				
<input type="checkbox"/>		Attorney		
<input type="checkbox"/>		Insurance		
<u>ATTACHMENTS:</u>				
1. Invoice				

RECOMMENDATION MOTION:

Move to approve 5-Year Commercial Management Liability Insurance Policy with RSUI Indemnity Company for Wrangell Medical Center in the Amount of \$53,554.

SUMMARY STATEMENT:

It is necessary for the CBW to retain what are called tail insurance policies on the operation of the hospital while it was under the ownership of the Borough. This policy is for Commercial Management Liability, also often referred to as D&O, or Directors and Officers insurance. This policy protects the liability of the senior staff of the hospital and the members of the board of directors.

This is a five-year policy, all payable up-front in the amount of \$53,554. At the end of the policy term (11/1/2023) the Assembly can decide if it is necessary to extend the policy coverage for a longer period of time. We will be receiving a partial refund of the hospital D&O insurance premium in the amount of \$17,753. That has not yet been received. It will be deposited into the WMC Legacy Revenue Account

upon receipt. If that additional revenue is needed to help off-set other post-closing costs a new resolution will be brought to the Assembly for that purpose.

A full, updated accounting of all the post-closing obligations will be emailed to the Assembly in the morning.



PARKER | SMITH | FEEK

REMIT PAYMENTS TO: PARKER, SMITH & FEEK
P.O. Box 84232, Seattle, WA 98124-5532

California (Residents or Headquarters): remit to our Bellevue street address below

-----INVOICE-----

Wrangell Medical Center
PO Box 1081
Wrangell, AK 99929

Invoice Date 11/27/18
Invoice No. 319723
Bill-To Code WRANMEDI
Client Code WRANMEDI
Inv Order No. 40*413227

Named Insured: Wrangell Medical Center

Amount Remitted: \$

Please return this portion with your payment.

Make checks payable to: Parker Smith & Feek - Alaska

Effective Date	Policy Period	Coverage Description	Transaction Amount
11/01/18	11/01/18	RSUI Indemnity Company	
		to	
	11/01/23	Policy No. NHP677455	
		*New - Comm Management Liability	53,554.00
		Tail Coverage	
		Credit for policy cancellation	
		of -\$17,753 will be applied to	
		tail coverage - Actual amount	
		due is \$35,801	
		Thank you for your business!	
		Invoice Number: 319723	
		Amount Due:	53,554.00
*Premiums Due and Payable within 10 Days unless otherwise noted			



CITY & BOROUGH OF WRANGELL, ALASKA
BOROUGH ASSEMBLY AGENDA STATEMENT

<u>AGENDA ITEM TITLE:</u>	<u>NO.</u>	c	<u>DATE:</u>	January 11, 2019
Approval of Continuous Professional Liability Tail Insurance Policy with National Fire & Marine Insurance for Wrangell Medical Center in the Amount of \$60,280				
<u>SUBMITTED BY:</u>			<u>FISCAL NOTE:</u>	
Lisa Von Bargaen, Borough Manager			Expenditure Required:	
			\$60,280	
			Amount Budgeted:	
Lisa Von Bargaen, Borough Manager			\$0	
			Account Number(s):	
			\$11000-001-7524	
<u>Reviews/Approvals/Recommendations</u>			Account Name(s):	
			WMC Legacy Expense Account	
			Unencumbered Balance(s) (prior to expenditure):	
<input type="checkbox"/>	Commission, Board or Committee		\$127,036.52	
Name(s)			\$127,036.52	
<input type="checkbox"/>				
<input type="checkbox"/>	Attorney			
<input type="checkbox"/>	Insurance			
<u>ATTACHMENTS:</u>				
1. Invoice				

RECOMMENDATION MOTION:

Move to approve Continuous Professional Liability Tail Insurance Policy with National Fire & Marine Insurance for Wrangell Medical Center in the Amount of \$60,280.

SUMMARY STATEMENT:

It is necessary for the CBW to retain what are called tail insurance policies on the operation of the hospital while it was under the ownership of the Borough. This policy is for Professional Liability insurance. This policy protects the liability of the operations of the hospital.

This policy is continuous, meaning it will cover any eligible liability issue that comes up within the applicable statute of limitations in perpetuity. The amount of this policy is a one-time payment in the amount of \$60,280. We will be receiving a partial refund of the hospital liability insurance premium in the amount of \$5,802. That has not yet been received. It will be deposited into the WMC Legacy

Revenue Account upon receipt. If that additional revenue is needed to help off-set other post-closing costs a new resolution will be brought to the Assembly for that purpose.

A full, updated accounting of all the post-closing obligations will be emailed to the Assembly in the morning.



PARKER | SMITH | FEEK

REMIT PAYMENTS TO: PARKER, SMITH & FEEK
P.O. Box 84232, Seattle, WA 98124-5532

California (Residents or Headquarters): remit to our Bellevue street address below

-----INVOICE-----

Wrangell Medical Center
PO Box 1081
Wrangell, AK 99929

Invoice Date 12/06/18
Invoice No. 320630
Bill-To Code WRANMEDI
Client Code WRANMEDI
Inv Order No. 40*414096

Named Insured: Wrangell Medical Center

Amount Remitted: \$

Please return this portion with your payment.

Make checks payable to: Parker Smith & Feek - Alaska

Effective Date	Policy Period	Coverage Description	Transaction Amount
(Continuous)		07/01/18 National Fire & Marine Insurance Policy No. HN010929 *New - Professional Liability Tail Coverage Thank you for your business! Invoice Number: 320630 Amount Due:	60,280.00 60,280.00
*Premiums Due and Payable within 10 Days unless otherwise noted			

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ORIGINAL INVOICE

