

VILLAGE OF BELOIT

Special Meeting

April 29, 2019

The special meeting for the Village of Beloit was called to order at by Mayor Augustein to discuss the bond for Sebring with Joel Bender of Whitaker Myers Insurance.

Roll being called, the following members were present: Sherry Augustein, Debbie Gabrelcik, Ron Armitage, Matt Hutton and Josh Scott. Terri McNatt was absent. Solicitor Simonelli was available via phone conference. Mayor Augustein declared a quorum was present.

Mayor Augustein explained that the fiscal officer has been working with Joel Bender to obtain the bond for Sebring. Sebring was contacted and asked to provide an acceptable bond form. When received, the letter stated that there were two different types attached, but only one was attached. Mayor Augustein contacted Sebring again and was told that was what was received from their insurance agent.

Joel Bender of Whitaker Myers explained that he has reviewed the water contract and pointed out paragraph no. 15. The bond form that Sebring provided would be a form for a private water system contractor who is registered with the health department that will be working on private portion of the lines.

Mr. Bender explained that what we were given does not relate at all, to what is asked for in the contract.

Mr. Bender spoke with his bond broker in Chicago who believes that his company can come up with an acceptable bond form. Mr. Bender explained that to issue the financial guarantee bond, the bonding company will need the amount of the bond or an irrevocable letter of credit from Beloit. Cost of the bond is estimated to be \$500 - \$1000/year.

Mr. Bender reported that the bond broker suggested going to Sebring and either offer them \$10,000 or a letter of credit directly.

Both the bond broker and Mr. Bender cannot fathom taking money and holding it and both believe that it makes more sense to go back to Sebring and offer the alternatives.

Mr. Bender questioned why all of a sudden does Sebring want the bond in place when the contract was signed in 1999. Mayor Augustein stated that he has been told that they want something for their records.

Fiscal Officer Hartzell has contacted Huntington about the possibility of issuing a letter of credit and has been given an approximate estimate of \$ \$1,300.

Solicitor Simonelli stated while Sebring has not enforced the bond requirement until now, we must be very careful when requesting to modify provisions of the contract at this point. We may want to suggest modification of the provision for the next agreement.

Solicitor Simonelli stated that we might want to think about what they may want in return. Solicitor Simonelli stated that we could either modify the existing agreement or commence negotiation of a new agreement.

Mr. Bender stated that the bond is not a performance bond but a financial guarantee bond.

A motion by Hutton, seconded by Scott to proceed as planned with obtaining a surety financial guarantee bond in the amount of \$10,000 for the Village of Sebring. Roll being called, vote was as follows: Armitage-yes, Gabrelcik-yes, Augustein-no, Hutton –yes, and Scott-yes. Motion carried.

A motion by Armitage, seconded by Gabrelcik to adjourn the special meeting. All Ayes.

Submitted By:

Debra S. Hartzell, Fiscal Officer