



CITY OF WASILLA

290 E. HERNING AVE.
WASILLA, ALASKA 99654-7091
PHONE: (907) 373-9050
FAX: (907) 373-9085

COUNCIL MEMORANDUM NO. 96-65

From: Mayor Stein
Date: July 3, 1996
Subject: Insurance Brokerage Services

After letting the dust settle over the insurance pooling issue and our broker's protest, I respectfully recommend that the City consider revising our contract with Combs Insurance Agency.

Because of the adversarial position taken by Combs in his protest I believe that it would be appropriate to act on the letter draft presented to you June 24 (copy enclosed).

I want to be clear that Mr. Combs' services in administering our insurance needs have been entirely satisfactory. It has been the philosophy of insurance pooling that has us at odds.

Our options may include an hourly or commission rate with Combs, soliciting interest from another broker or relying directly on the AML/JIA office and their broker.

John G. Stein, Mayor

*Council authorized cancellation
of Combs contract & directed
Administration to rely on AML/JIA
for assistance on 7-8-96*

DRAFT

Mr. Mike Combs
Combs Insurance Agency, Inc.
341 South Alaska Street
Palmer, Alaska 99645

Dear Mike:

As a consultant to the City, there is a need for both the City and Combs Insurance Agency to cooperate and confer in an atmosphere of mutual trust. Your June 11, 1996 letter actively protests (not merely advising the City as a consultant) the decision of the City Council on the award of the upcoming insurance package to AML/JIA. This action compromises your role as a consultant to the City as you are now in an adversarial posture against the decision of the Council.

I recognize your freedom of choice to express your view, including your decision to protest the Council decision. However, clearly you have stepped outside the role of consultant to the role of adversary, compromising the appearance of your future advice to the City Administration and Council. As a result, I respectfully request that Combs Insurance Agency, Inc. conclude its professional services agreement effective June 30, 1996. No further payment to Combs Insurance Agency would be due beyond the amount of \$11,000 paid for the 12-month period concluding June 1996. Please express your agreement to the conclusion of the agreement by executing below.

In the event that you refuse to concur by signing below, you are hereby notified that the City of Wasilla, pursuant to Section 9 of the agreement, notifies you that the City elects to terminate the agreement, effective 90 days from the date this letter is faxed to you. Further compensation, beyond the \$11,000 paid for the 12-month period concluding June 30, 1996, shall be paid, as stated in Section 9, for actual work performed on a "just and equitable basis". Consistent with that intent, please refrain from any further activities that would be associated with services performed by Combs Insurance on behalf of the City in relation to the existing agreement. If you believe further work should be performed during the remaining 90 days, please advise what that work consists of so that the City can preferably allocate such work to other persons or entities. If re-allocation of the work is not feasible, please advise so that the City pre-authorizes any further work or services, during the 90-day period, so as to minimize amounts that are "just and equitable" per Paragraph 9.

Authorized by the Wasilla City Council this _____ day of _____, 1996.

Sincerely,

DRAFT

John C. Stein, Mayor

I HEREBY AGREE TO THE CONCLUSION OF THE EXISTING AGREEMENT BETWEEN COMBS INSURANCE AGENCY, INC. AND THE CITY OF WASILLA EFFECTIVE JUNE 30, 1996. NO ADDITIONAL COMPENSATION IS OWED BY THE CITY AS \$11,000 HAS BEEN PAID FOR THE 12-MONTH PERIOD CONCLUDING JUNE 30, 1996.

COMBS INSURANCE AGENCY, INC.

BY: _____
ITS: _____