



Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: August 15, 2022

Re: Authorizing a Supplemental Agreement with U.S. Bank N.A. as an Escrow Agent

Executive Summary

A resolution authorizing the City Manager to sign a contract for Escrow Agent investment services with U.S. Bank National Association. Estimated cost of this service is \$1200-\$1500 per year and is required as the State of Missouri's Division of Worker's Compensation requires that the City holds funds in escrow.

Discussion

Self-insurance on an individual basis allows for a large employer to retain the risk of its workers' compensation liability. The employer is financially liable for the administration and payment of all workers' compensation benefits to its injured workers. There is no insurance company that assumes the responsibility of paying benefits to the employer's injured employees. An employer who believes it can safely absorb this financial risk can apply to the Division of Workers' Compensation for self-insurance authority.

The City of Columbia is required by the State of Missouri (Division of Worker's Compensation) to hold funds in an Escrow Account, managed by an Escrow Agent, as our Worker's Compensation is self-insured.

The Finance Department has chosen U.S. Bank National Association as the Escrow Agent for this service. An Escrow Agent service must be active so long as the City remain active, but the Escrow Agent service choice remains with the City.

Future changes to the Escrow Agent will be presented by the Finance Director to the City Manager for review. Authorized signers and authority will match those authorized with the City's primary Financial Institution for Treasury Services.

Fiscal Impact

Short-Term Impact: Estimated annual cost of \$1,200 per year.

Long-Term Impact: Estimated annual cost of \$1,200-\$1,500 per year for as long as the City is self-insured for worker's compensation.

Strategic & Comprehensive Plan Impact

[Strategic Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary



City of Columbia

701 East Broadway, Columbia, Missouri 65201

[Comprehensive Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

Legislative History

Date	Action
	Not applicable

Suggested Council Action

It is the recommendation of City Staff that council approves the resolution.