



MARANA TOWN COUNCIL
STUDY SESSION
NOTICE AND AGENDA
11555 W. Civic Center Drive, Marana, Arizona 85653
Council Chambers, June 11, 2019, at or after 6:00 PM

Ed Honea, Mayor
Jon Post, Vice Mayor
David Bowen, Council Member
Patti Comerford, Council Member
Herb Kai, Council Member
John Officer, Council Member
Roxanne Ziegler, Council Member

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the members of the Marana Town Council and to the general public that the Town Council will hold a meeting open to the public on June 11, 2019, at or after 6:00 PM located in the Council Chambers of the Marana Municipal Complex, 11555 W. Civic Center Drive, Marana, Arizona.

ACTION MAY BE TAKEN BY THE COUNCIL ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revised agenda items appear in *italics*.

The Council Chambers are wheelchair and handicapped accessible. Persons with a disability may request a reasonable accommodation, such as a sign language interpreter, by contacting the Town Clerk at (520) 382-1999. Requests should be made as early as possible to arrange the accommodation.

This Notice and Agenda posted no later than 24 hours prior to the meeting at the Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov under Agendas and Minutes.

CALL TO ORDER AND ROLL CALL

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE

APPROVAL OF AGENDA

DISCUSSION/DIRECTION/POSSIBLE ACTION

- D1 Related to Development; a presentation on the status of the Make Marana 2040 General Plan (Jason Angell)
- D2 Related to Economic Development; presentation, discussion and possible direction regarding the potential Economic Development benefits of annexing to the north of current Marana Town boundaries into Pinal County (Heath Vescovi-Chiordi)
- D3 Relating to Personnel; presentation, discussion, and possible direction regarding the Town's self-insurance program for health and dental insurance benefits and the establishment of a trust fund for the program as required by A.R.S. §11-981 (Jane Fairall and Curry C. Hale)

EXECUTIVE SESSIONS

Pursuant to A.R.S. § 38-431.03, the Town Council may vote to go into executive session, which will not be open to the public, to discuss certain matters.

- E1 Executive Session pursuant to A.R.S. §38-431.03 (A), Council may ask for discussion or consideration, or consultation with designated Town representatives, or consultation for legal advice with the Town Attorney, concerning any matter listed on this agenda for any of the reasons listed in A.R.S. §38-431.03 (A).

FUTURE AGENDA ITEMS

Notwithstanding the mayor's discretion regarding the items to be placed on the agenda, if three or more Council members request that an item be placed on the agenda, it must be placed on the agenda for the second regular Town Council meeting after the date of the request, pursuant to Marana Town Code Section 2-4-2(B).

ADJOURNMENT



Council-Study Session

D1

Meeting Date: 06/11/2019

To: Mayor and Council

Submitted For: Jason Angell, Development Services Director

From: Steven Cheslak, Principal Planner

Date: June 11, 2019

Strategic Plan Focus Area:
Not Applicable

Subject: Related to Development; a presentation on the status of the Make Marana 2040 General Plan (Jason Angell)

Discussion:

The Town Council will be updated on the status of the Marana 2040 General Plan. Staff will continue the discussion with the Council, reviewing recent steps taken related to work on the draft transportation map, planning area boundary and the future land use map related to current zoning.

Staff Recommendation:

Council's pleasure.

Suggested Motion:

Council's pleasure.

Attachments

Project Recap

Town of Marana

Council Study Session



**Project
Update**

Outline & Key
Issues

Goals and
Policies

Next Steps

Agenda – Recap and Discussion

1. Municipal Planning Areas
 - Municipal Planning Area
2. Land Use Categories
 - 2010 Future Residential Land Use Categories and Map
 - 2040 Proposed Residential Land Use Categories
 - 2040 Future Land Use Plan
3. Goals and Policies
4. Next Steps

PROJECT RECAP



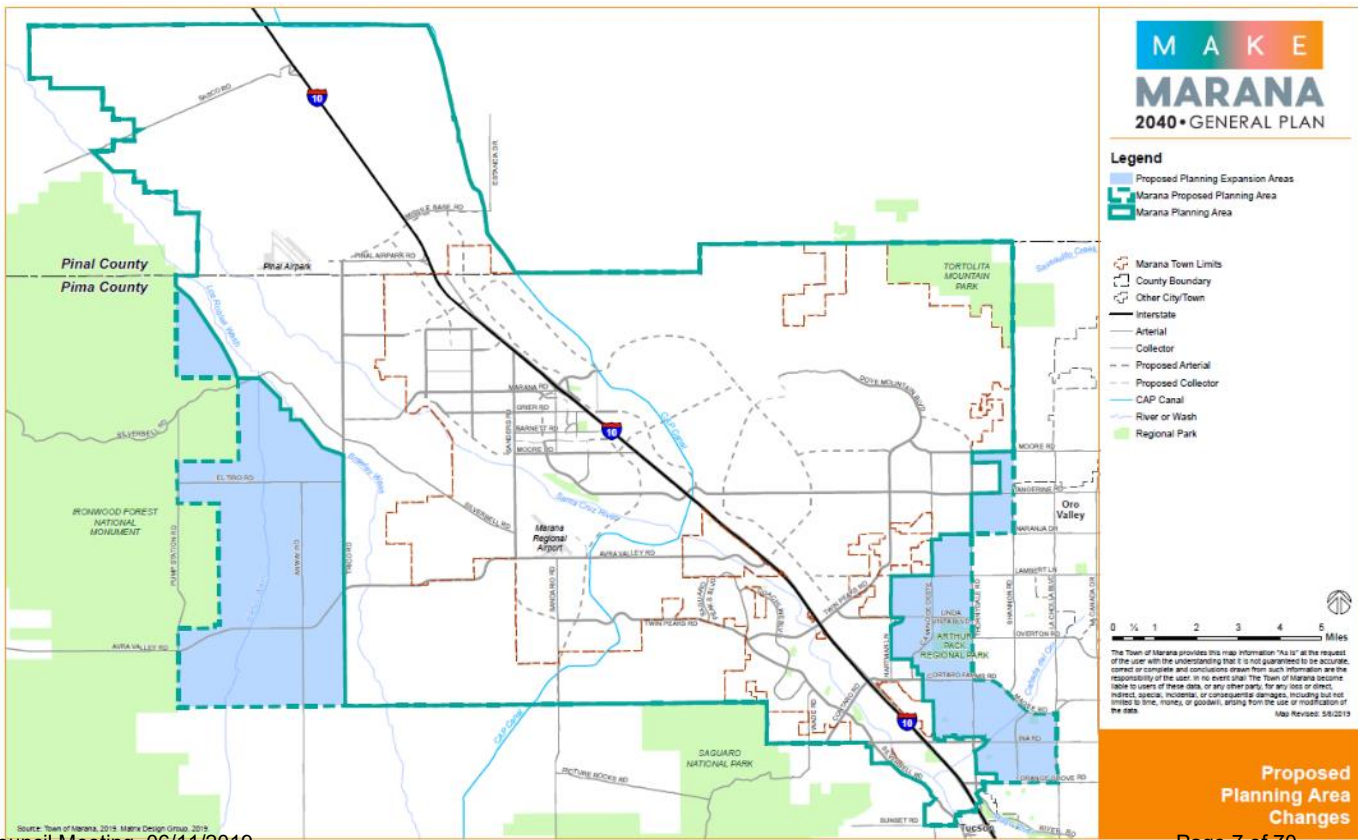
MPA Recap

Project
Update

Outline & Key
Issues

Goals and
Policies

Next Steps



MPA for Discussion

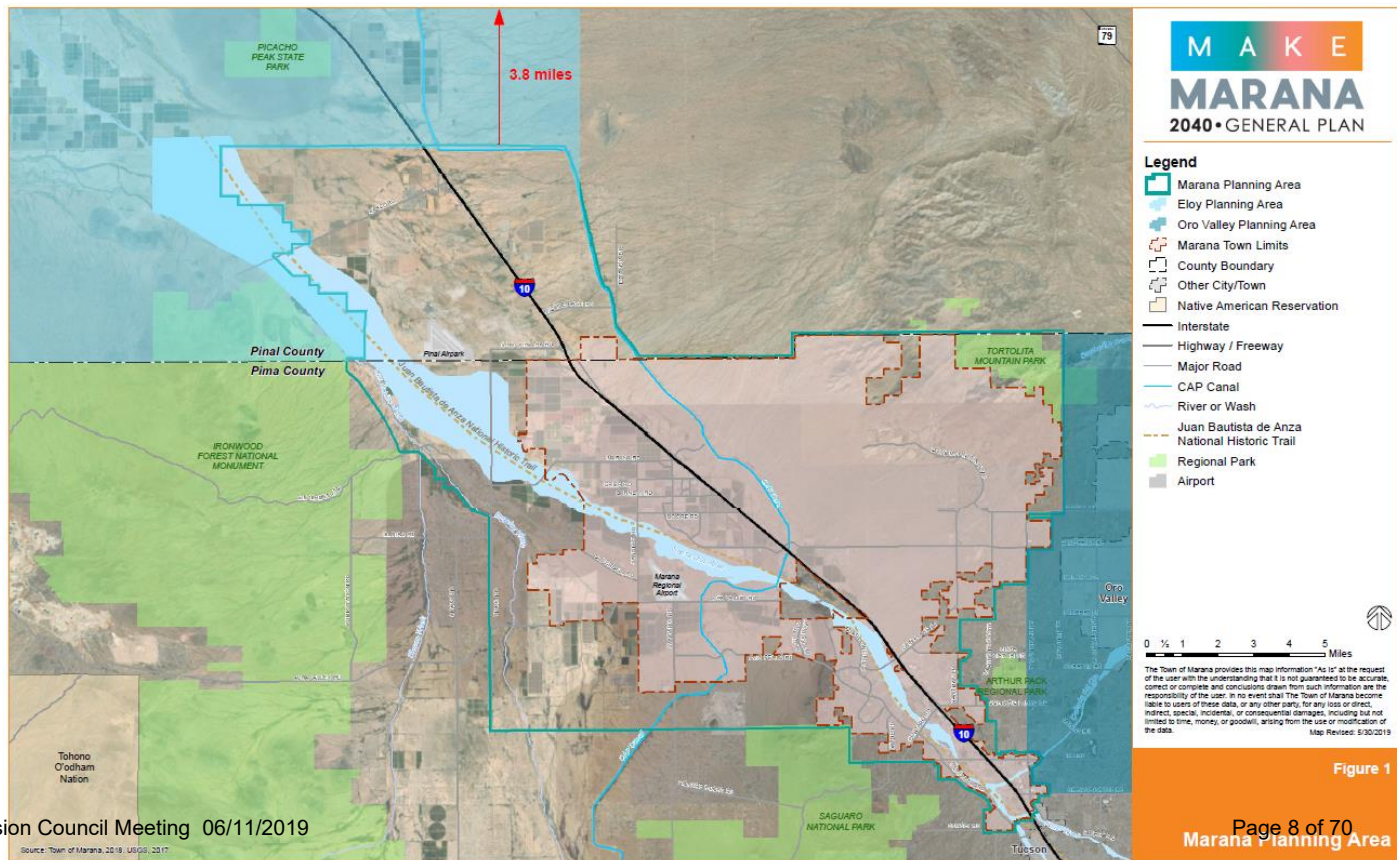
Project
Update

Outline & Key
Issues

Goals and
Policies

Next Steps

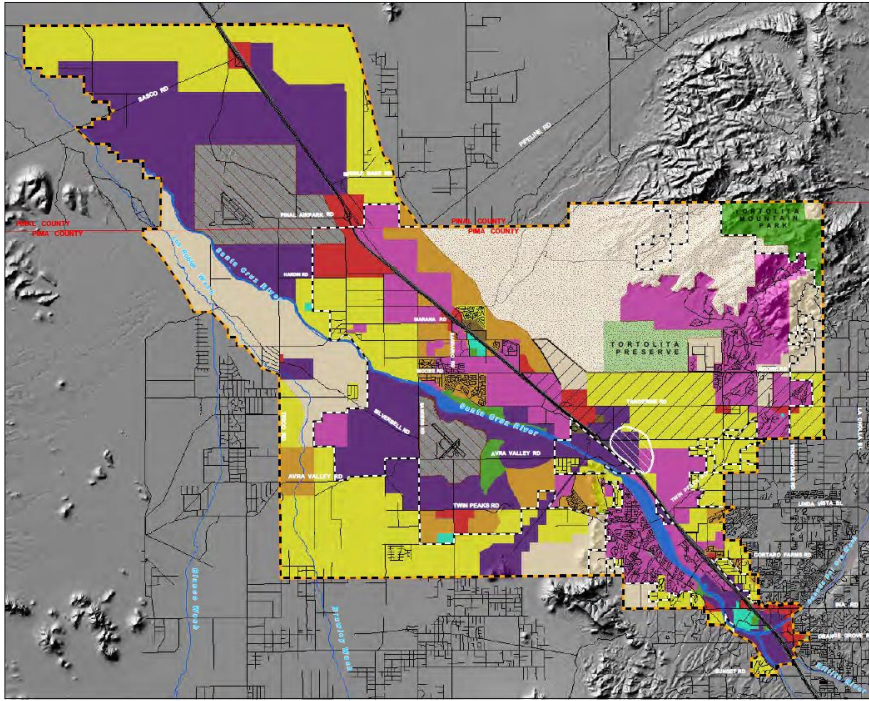
Marana Study Session Council Meeting 06/11/2019



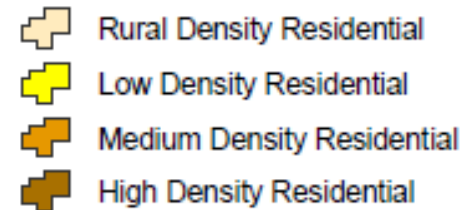
LAND USE CATEGORIES



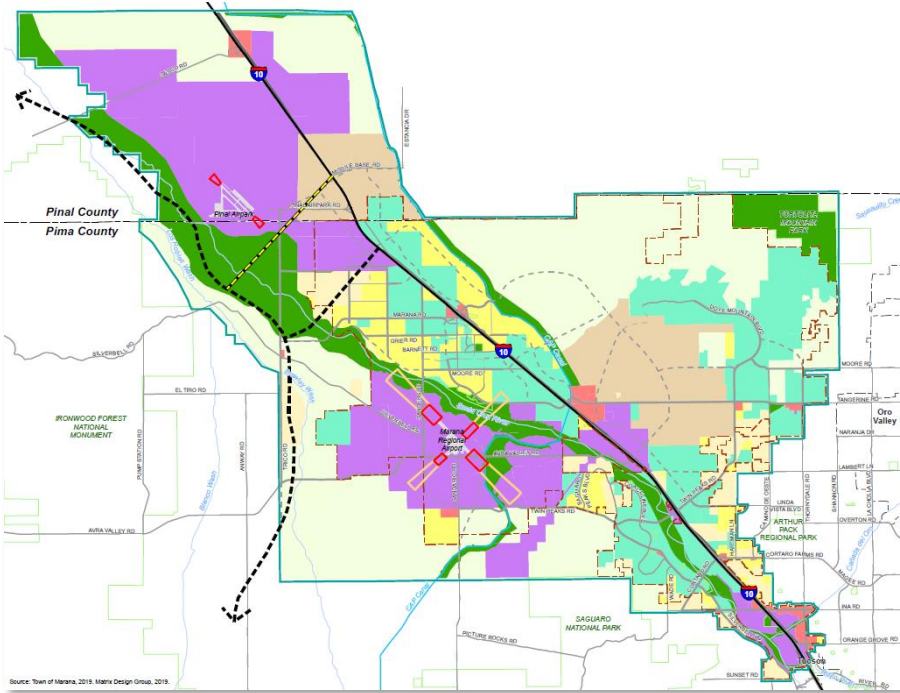
2010 Land Categories and Map



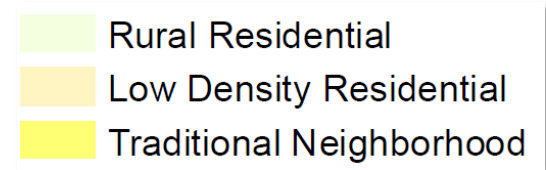
Category	Density Range	% Total 2010 Land Use Plan
Rural Density	.1 - .5	20.79%
Low Density	.5 – 2.0	24.48%
Medium Density	2.1 – 8.0	4.80%
High Density	> 8.1	.01%



2040 Land Categories and Map



Category	Density Range	% Total 2040 Land Use Plan
Rural Density	.1 - .5	30.88%
Low Density	.5 – 2.0	4.39%
Traditional Neighborhood	2.1 – 18.0	5.61%



Future Land Use for Discussion

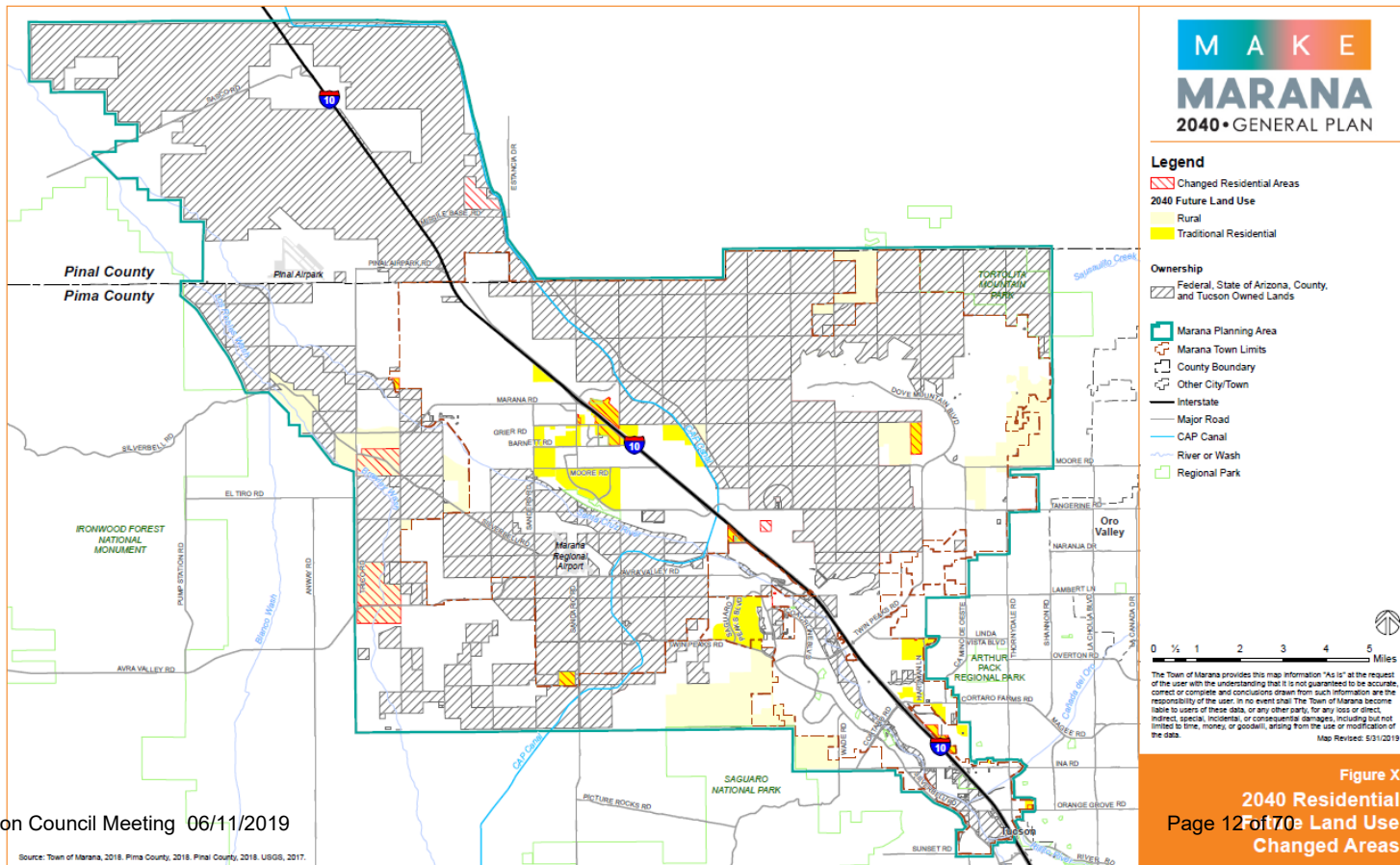
Project
Update

Outline & Key
Issues

Goals and
Policies

Next Steps

Marana Study Session Council Meeting 06/11/2019

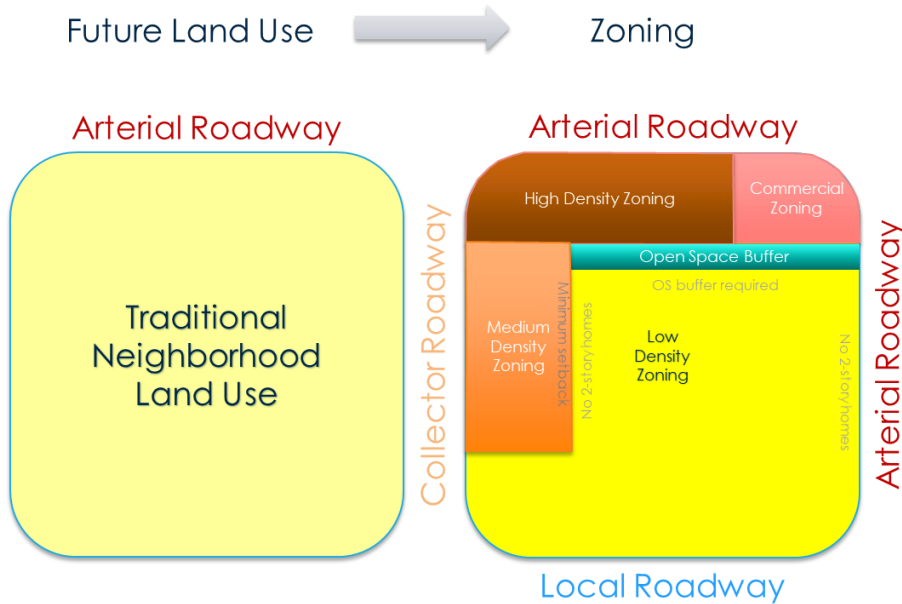


GOALS & POLICIES



Goals and Policies

General Plan Land Use

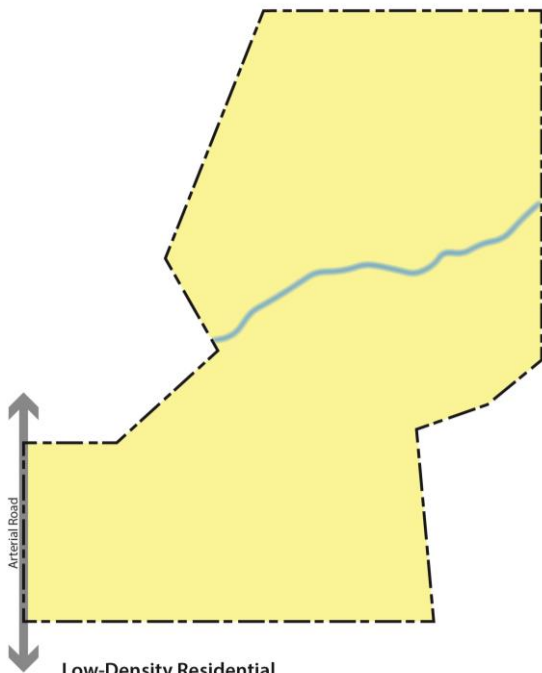


General Plan Goals and Policies

Goal 1	New development considers the natural environment and existing uses.
Policy 1.1	New development should provide appropriate buffers, lot sizes, and / or setbacks to transition from existing uses.
Policy 1.2	Residential densities greater than 8 dwelling units per acre may be sited as transitional uses adjacent to major collector streets or higher classification and non-residential uses.
Policy 1.3	Multi-family development should take access from arterial streets.

Implementation

General Plan Land Use



Low-Density Residential

Area: 50 acres
Density: 0.5 to 2 du/ac

General Plan Goals and Policies

- **Goal 1:** New development considers the natural environment and existing uses.
- **Policy 1.1:** New development should provide appropriate buffers, lot sizes, and / or setbacks to transition from existing uses.
- **Policy 1.2:** Residential densities greater than 8 dwelling units per acre may be sited as transitional uses adjacent to major collector streets or higher classification and non-residential uses.
- **Policy 1.3:** Multi-family development should take access from arterial streets.

Rezoning Implementation



Mixed-Housing Cluster Development

Total Lots: 100
Overall Density: 2 du/ac
Typical Lot Size: 2,500 square feet to 20,000 square feet
Approx. 70% Natural Undisturbed Open Space

NEXT STEPS



Project Schedule

Project Team

Project Update

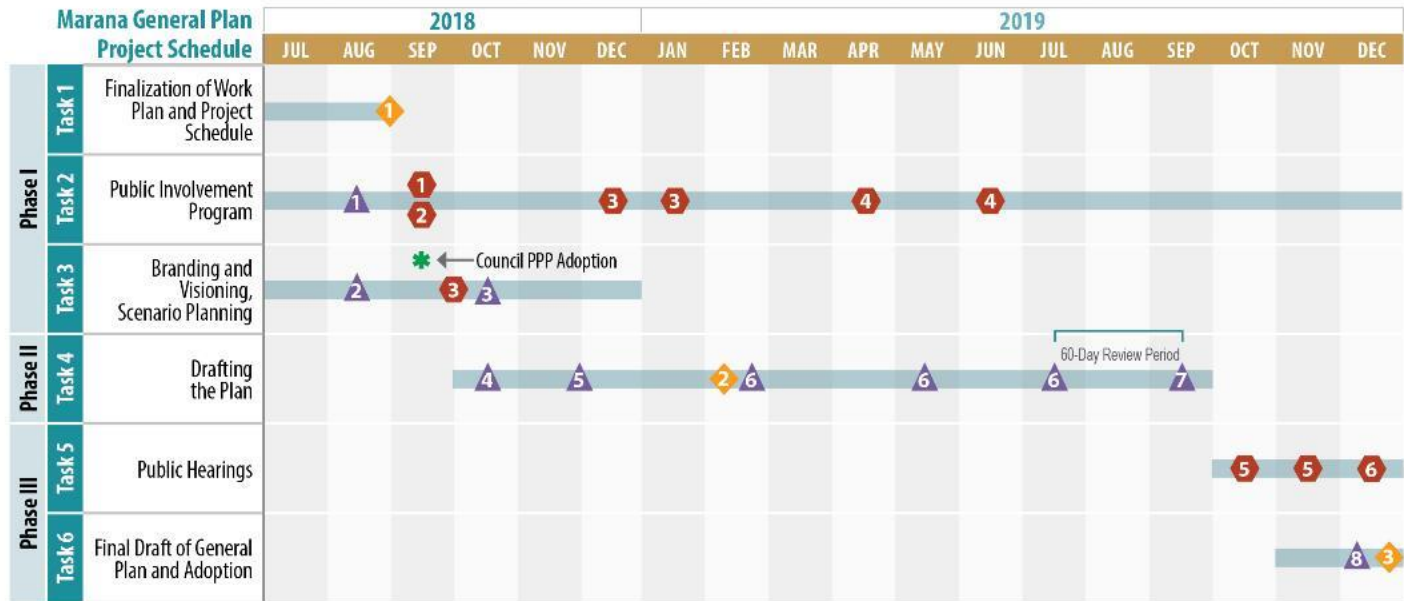
Map Atlas

General Plan

Workshop Results

Next Steps

Open House Marana Study Session Council Meeting 06/11/2019



Informational Brochures:

- 1 Project Overview
- 2 Workshop Results
- 3 Executive Summary

Community Participation:

- 1 Stakeholder Interviews
- 2 Focus Groups
- 3 Community Workshop
- 4 Community Open House
- 5 Planning Commission Hearing
- 6 Town Council Adoption

Deliverables:

- 1 Public Participation Plan (PPP)
- 2 Branding / Messaging
- 3 Vision Statement
- 4 General Plan Template
- 5 Map Atlas
- 6 Draft Plan
- 7 Revised Plan
- 8 Final Adopted Plan

Thank You!





Council-Study Session

D2

Meeting Date: 06/11/2019

To: Mayor and Council

From: Heath Vescovi-Chiordi, Economic Development Specialist

Date: June 11, 2019

Strategic Plan Focus Area:
Commerce

Strategic Plan Focus Area Additional Info:

Focus Area: Commerce - Principle Statement 2: "We will seek and retain diverse industries and commerce."

Focus Area Initiative: "Evaluate and consider strategic annexations to enhance economic and residential development."

Subject: Related to Economic Development; presentation, discussion and possible direction regarding the potential Economic Development benefits of annexing to the north of current Marana Town boundaries into Pinal County (Heath Vescovi-Chiordi)

Discussion:

Town Council will be presented with information related to Economic Development potential including zoning, existing incentives, infrastructure, economic activities, and more, in order to provide direction on potential annexation in Pinal County of the Pinal Airpark.

Staff Recommendation:

Council's pleasure.

Suggested Motion:

Council's pleasure.

Attachments

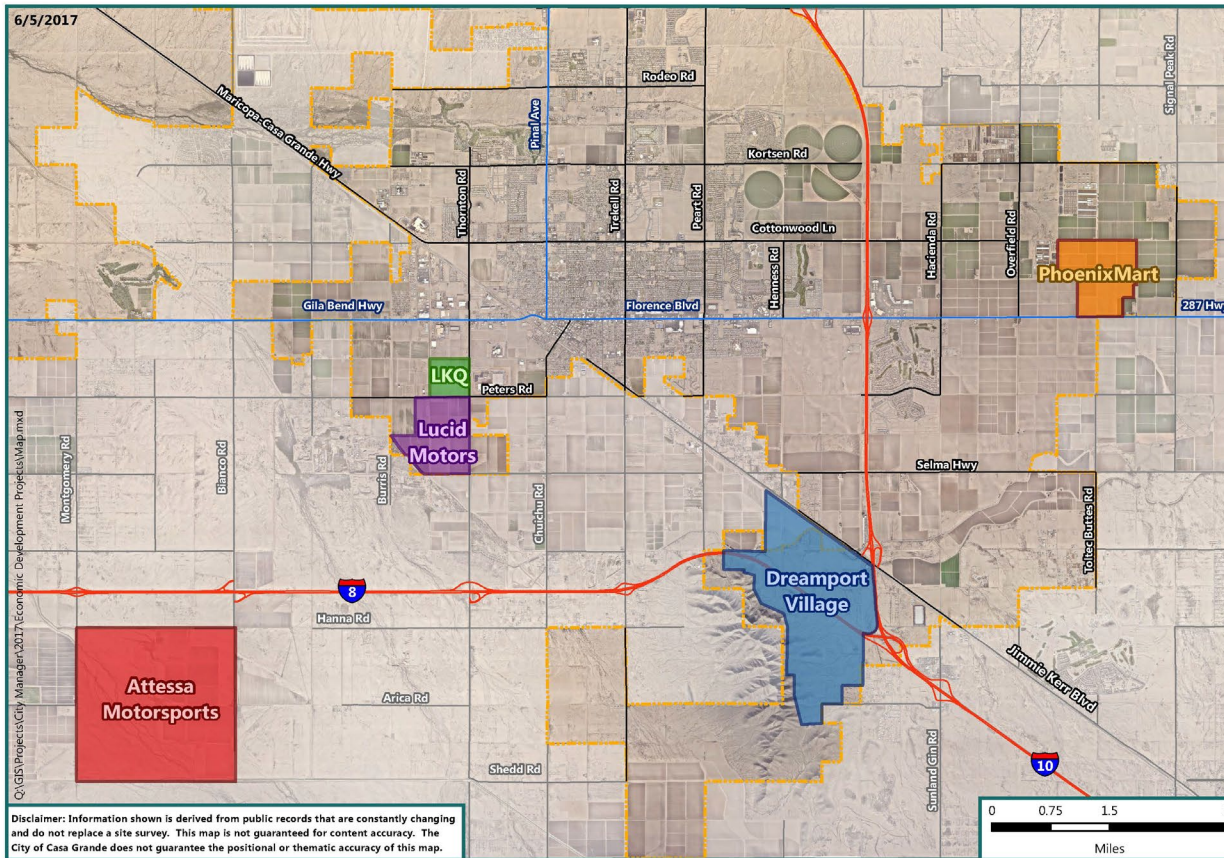
Pinal Economic Development Strategy Presentation



Pinal County Economic Development Potential

Heath Vescovi-Chiordi / Economic Development
Specialist

MegaProject Area



Current Economic Development Projects

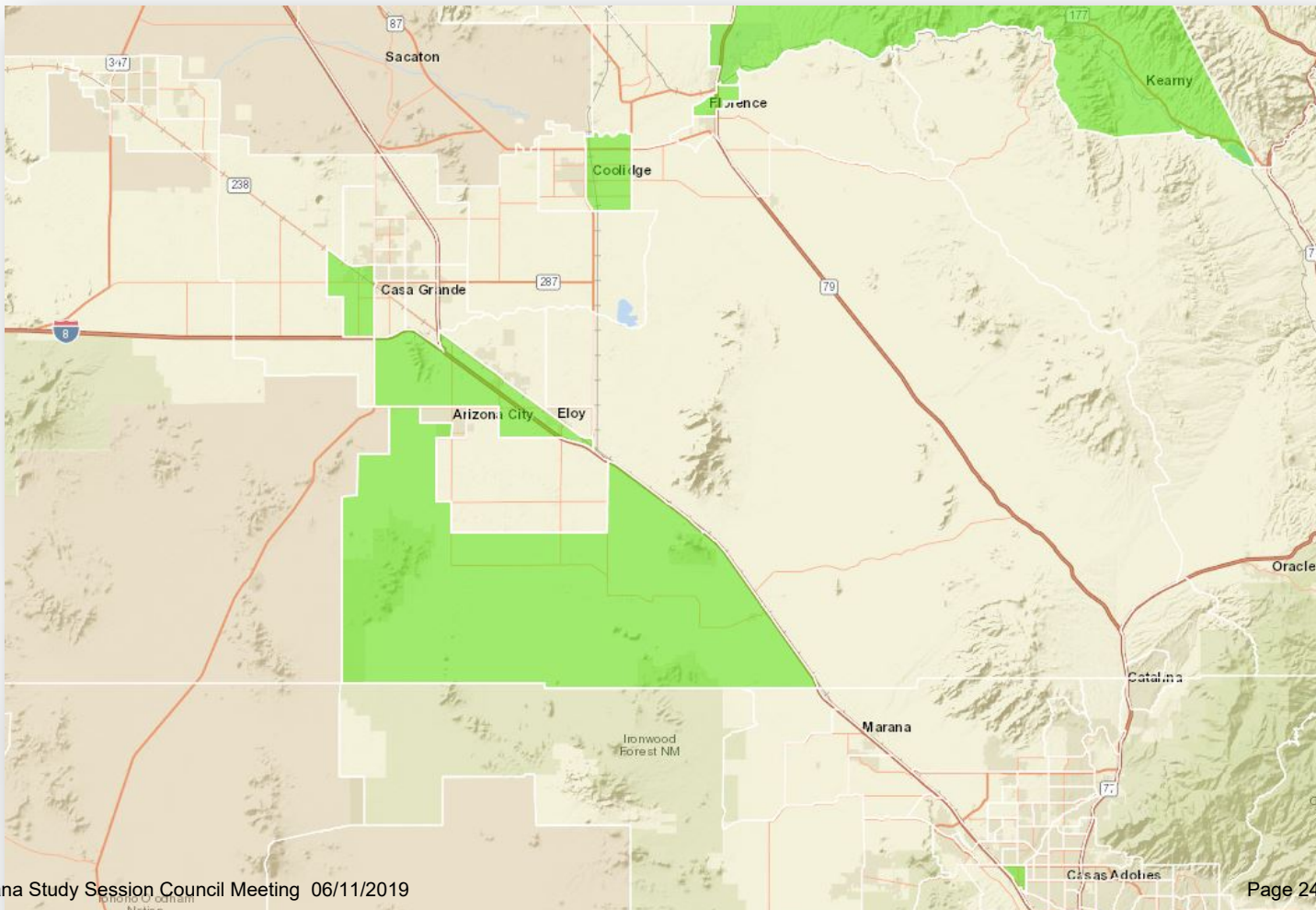
- Lucid
- Attessa
- Dreamport Village
- LKQ
- Phoenix Mart
- Nikola



Pinal County Economic Development Incentives

- Foreign Trade Zone
- R&D Tax Credits
- Renewable Energy Incentive Program
- Venture Capital
- Opportunity Zone
- Priority Express Permitting
- Pinal County IDA
- Pollution Control Tax Credit (AZDOR)
- Additional Depreciation
- GPLET

Opportunity Zone (Pinal)



Foreign Trade Zone (FTZ) Area



Red Rock Village



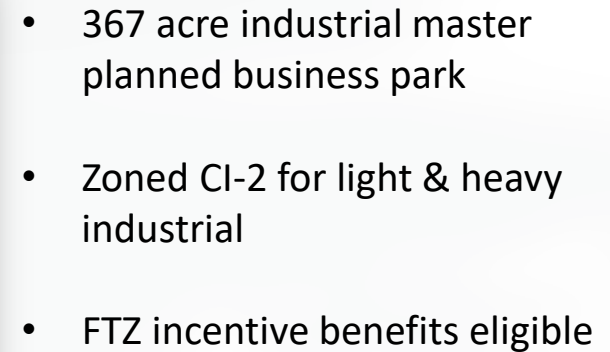
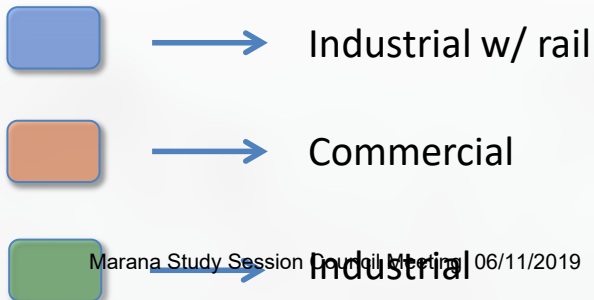
Copyright 2019



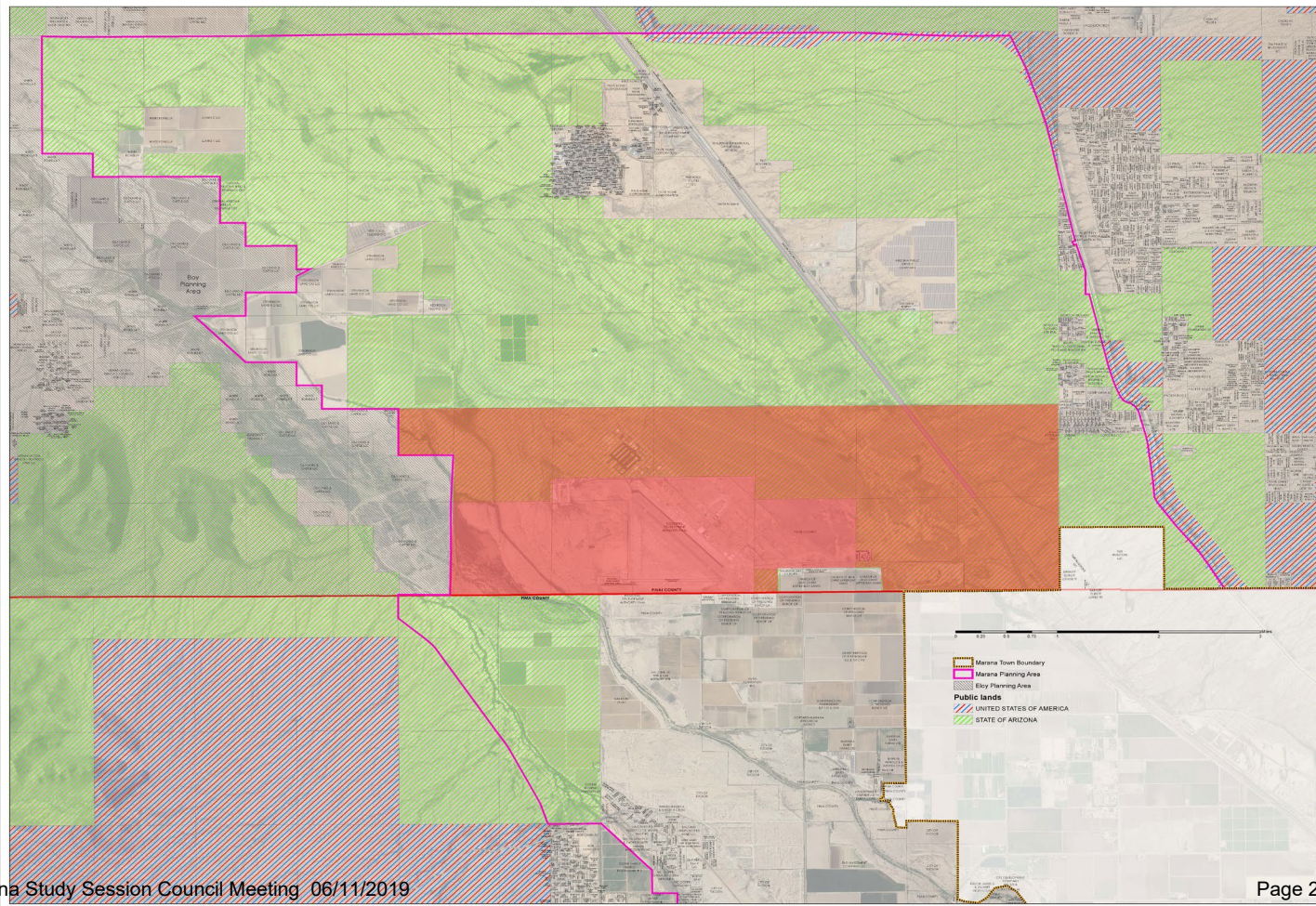
RED ROCK VILLAGE

RED ROCK, AZ
2019-03-07
18000515
J. WAGNER

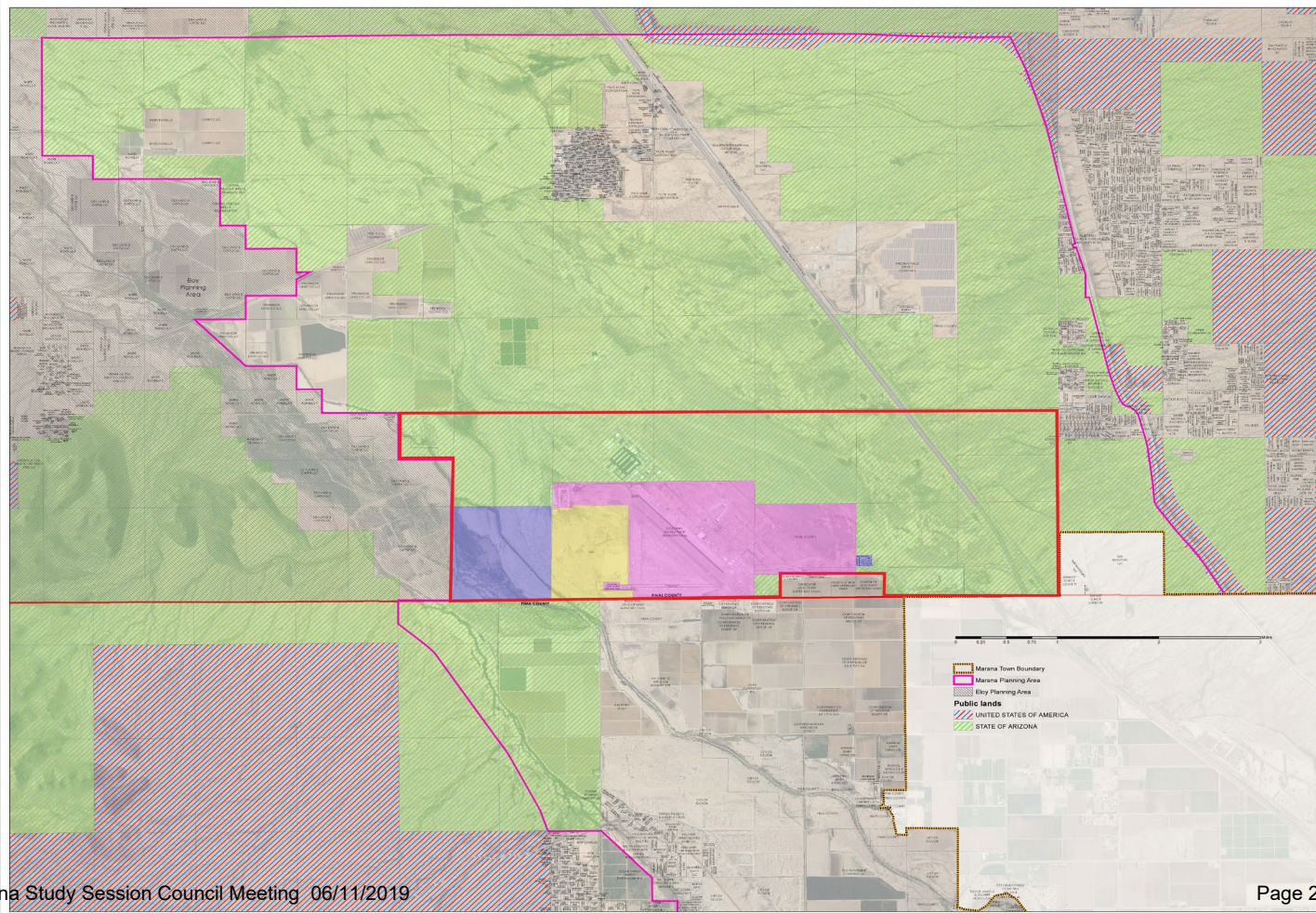




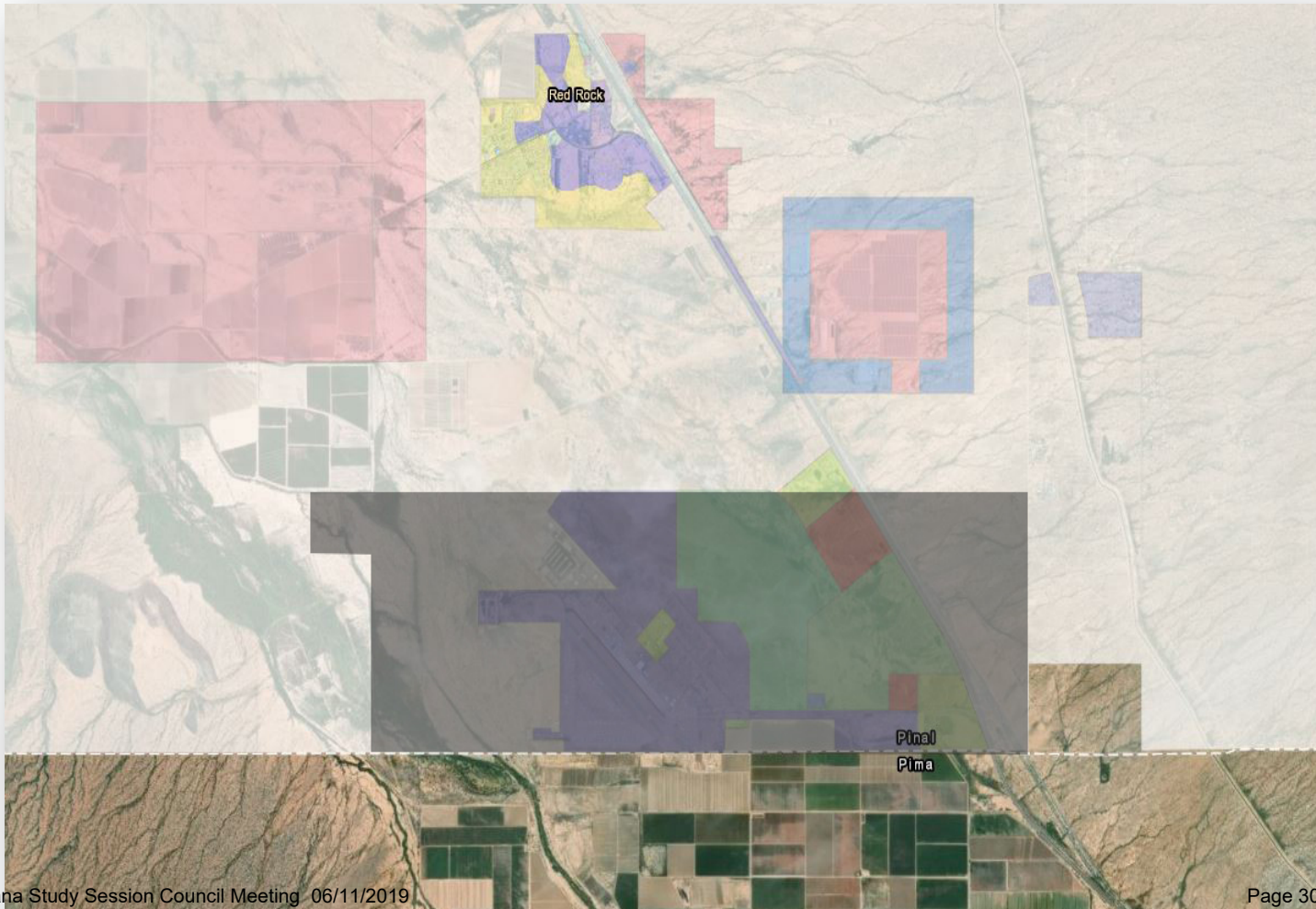
Adjacent Economic Development Opportunities



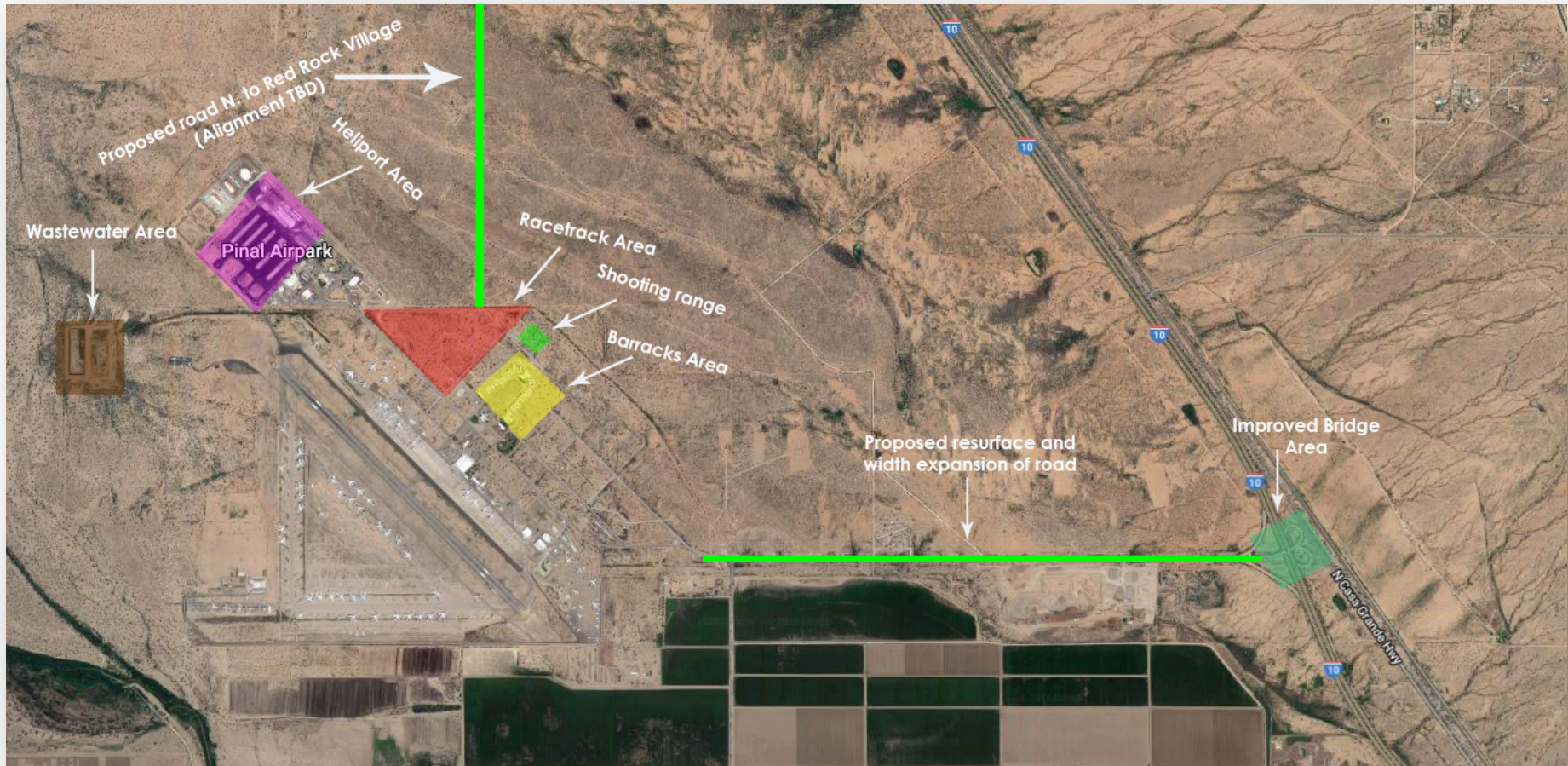
Adjacent Economic Development Opportunity Ownership



Adjacent Economic Development Opportunity Zoning



Pinal Airpark Assets



Discussion & Direction





Council-Study Session

D3

Meeting Date: 06/11/2019

To: Mayor and Council

From: Jane Fairall, Deputy Town Attorney

Date: June 11, 2019

Strategic Plan Focus Area:
Not Applicable

Subject: Relating to Personnel; presentation, discussion, and possible direction regarding the Town's self-insurance program for health and dental insurance benefits and the establishment of a trust fund for the program as required by A.R.S. §11-981 (Jane Fairall and Curry C. Hale)

Discussion:

In 2014, the Town of Marana moved from fully-funded health and dental insurance benefits to a self-funded program for those benefits. In tonight's presentation, staff will update the Council regarding the current status of the self-funded program.

A.R.S. §11-981 requires any municipality with a self-funded program that is located in a county with a population of more than one million people to establish a trust fund for the self-insurance program. As Pima County has now moved past the one million mark in population, the Town is required to establish a trust fund. In tonight's presentation, staff will also discuss the requirements of the state law and request feedback and direction from Council regarding any decisions that must be made regarding the trust fund.

A draft trust document is included in the Council packet for the Council's information. Pending feedback from the Council on tonight's presentation, staff will bring the trust document back to Council at a future Council meeting for approval.

Financial Impact:

The establishment of the trust fund for the Town's self-insurance program is not expected to have a substantive impact upon the Town's budget.

Staff Recommendation:

Council's pleasure.

Suggested Motion:

Council's pleasure.

Attachments

Health Benefits Trust
Draft Trust Document



Health Benefits Trust

Curry C. Hale, Human Resources Director
Jane Fairall, Deputy Town Attorney

- In 2014, the Town moved from a fully-funded model to a self-funded model for health insurance benefits
 - Had previously moved to self-funded for dental benefits in 2010
- Rather than paying a fixed premium to an insurance carrier, the Town budgets for and pays claims costs based on participant utilization of benefits

- Control/flexibility of plan design
 - Allows for more customized, tailored plan design
 - Better aligns funding with wellness and population health management strategies
- Better/more timely access to claims data
- Cost
 - Mitigates marginal risk and profit charge inherent in fully-insured premium
 - Improved cash flow and interest earning



Current Status of Self-Funded Program

	Employees	Premium Paid ⁽¹⁾	Medical Paid Claims ⁽²⁾	Rx Paid Claims	Stop Loss	Total Net Paid Claims	Fixed Costs ⁽³⁾	Estimated Gain / (Loss)	Total Loss Ratio
18-19 Net Avg PEPM	326	\$1,030.65	\$1,058.93	\$210.64	(\$496.44)	\$773.14	\$164.21	\$93.30	90.9%
17-18 Net Avg PEPM	309	\$1,037.25	\$647.85	\$309.51	(\$36.50)	\$920.87	\$172.11	(\$55.73)	105.4%
16-17 Net Avg PEPM	316	\$1,000.77	\$509.27	\$256.88	(\$14.03)	\$752.12	\$172.41	\$76.24	92.4%
15-16 Net Avg PEPM	317	\$942.34	\$587.29	\$200.90	(\$28.17)	\$760.01	\$162.04	\$20.28	97.8%
14-15 Net Avg PEPM	305	\$958.06	\$499.05	\$146.65	\$0.00	\$645.71	\$153.08	\$159.28	83.4%

- Medical plan self-funded 7/1/14
- Total Loss Ratio (premiums paid by employee and employer vs. claims paid out)
 - Below 100% is a gain (funds reserves)
 - Above 100% is a loss
- FY18 loss funded through reserves
- Medical reserve- \$640,407.18*
 - *includes a receivable of \$1,207,406.89 in June



Current Status of Self-Funded Program

	Employees	Premium Funding	Paid Claims	Fixed Costs	Total Cost	Estimated Gain / (Loss)	Total Loss Ratio
18-19 Net Avg PEPM	331	\$78.64	\$65.52	\$4.85	\$70.37	\$8.36	89.5%
17-18 Net Avg PEPM	299	\$80.24	\$61.72	\$4.85	\$66.57	\$13.67	83.0%
16-17 Net Avg PEPM	299	\$80.24	\$64.21	\$4.69	\$68.90	\$11.34	85.9%
15-16 Net Avg PEPM	282	\$82.91	\$58.38	\$4.79	\$63.18	\$19.74	76.2%
14-15 Net Avg PEPM	264	\$78.08	\$61.62	\$4.60	\$66.22	\$11.86	84.8%
13-14 Net Avg PEPM	255	\$77.94	\$52.86	\$4.58	\$57.44	\$20.50	73.7%
12-13 Net Avg PEPM	239	\$76.89	\$56.90	\$4.29	\$61.19	\$15.70	79.6%
11-12 Net Avg PEPM	223	\$75.77	\$56.06	\$4.33	\$60.38	\$15.38	79.7%
10-11 Net Avg PEPM	214	\$64.90	\$61.99	\$4.44	\$66.43	(\$1.52)	102.3%

- Dental plan self-funded 7/1/2010
- Total Loss Ratio- gains funding reserves since FY12
- Dental reserve- \$443,246.04

Note: Total self-funded reserve (medical & dental)- \$1,083,653.22



A.R.S. §11-981

State statute provides requirements for a municipality that establishes a self-funded program for employee benefits, when that municipality is located in a county with a population of 1,000,000 people or more

- The Town shall:
 - Place the funds for the self-funded program in a trust fund, in amounts as determined by the Council
 - Designate a licensed risk management consultant or insurance administrator to assist in administration of the fund; license must be verified by Council
 - Appoint at least 5 joint trustees to administer the trust
 - Bond the trustees



Statutory Requirements (Continued)

- The Town shall:
 - Incorporate a stop-loss provision in the trust agreement
 - Stop-loss insurance creates maximum liability for the trust – insurance carrier assumes risk of loss beyond the stop loss threshold
 - Procure an annual audit by an external auditor; keep a copy of the audit report on file with the Town for at least 5 years
 - Not spend any money from the trust fund for any purpose not related to the fund
 - Revert funds in the trust fund to the general fund if the trust fund is no longer used by the Town

Miscellaneous Statutory Provisions

- Expenditures from and monies in the trust fund are not subject to statutory local government budget process
- Town's authority under this statute not subject to A.R.S. Title 20 (Insurance), but the insurance plans shall conform to the requirements of title 20
- Town not authorized to procure insurance from an insurer not authorized by the state Department of Insurance

- Draft Trust Document created
 - Keeping in mind general purposes behind the creation of the trust
 - Reviewed best practices around the state
 - Cities of Peoria and Chandler
 - Town of Gilbert
 - Northern Arizona Public Employees Benefit Trust
 - Dysart Unified School District

Responsibilities & Powers of Trustees

- The Trustees may:
 - Adopt policies, rules and procedures for the administration of the Trust
 - Authorize the Plan Administrator (HR Director) or designee to retain the services of actuaries, auditors, engineers, private consultants, administrators and advisors as the Trustees consider necessary to carry out the business and purposes of the Trust
 - Seek private outside legal counsel when legal advice is considered necessary; for routine matters associated with administration of the Trust, the Trustees may seek counsel from the Town Attorney or designee
 - Recommend modifications of the terms and conditions of the Trust document to the Council
 - Authorize the Plan Administrator or designee to administer the day-to-day affairs of the Trust

- The Trustees have the power to manage the Trust as follows:
 - To maintain the funds in a separate Trust account, at a financial institution approved by the Town
 - To request that appropriate Town staff provide services to the Trust
 - To keep full and accurate accounts, books, and records concerning the fund
 - To prosecute or defend actions, claims, or proceedings necessary or advisable for the protection of the Trust

Management of Trust (continued)

- The Trustees have the power to manage the Trust as follows:
 - To determine the appropriate amount of funds that the Trust should hold as Restricted Reserve, based on accepted actuarial standards and consistent with accounting principles generally accepted in the United States
 - Restricted Reserve = amount needed to pay Plan claims that are incurred but not reported, and also Plan claims that are incurred but not paid; amount must be attested to by an actuary who has been engaged to provide services to the Trust
 - To permit a Premium Holiday (i.e., period of time in which the Trust waives the total premium), but only if the holiday would not cause the funds to fall below the Restricted Reserve plus an amount equal to 6 months of premium payments for the Plan

Management of Trust (continued)

- The Trustees do NOT have authority or responsibility for the following:
 - Selecting and engaging an external auditor for the Trust
 - Selecting and purchasing stop-loss coverage for the Trust
 - Engaging third parties to provide services for the Plan
 - Designing, adopting, amending, or terminating the Plan
 - Ensuring that the Plan complies with state or federal laws mandating the terms of the Plan
 - Determining what portion of Plan premiums should be paid by Participants and Beneficiaries
 - Collecting premiums from Participants or Beneficiaries
- These responsibilities remain with the Town

Contributions

- The Trustees shall determine the total premium that shall be required to participate in the Plan at each coverage level (e.g., individual coverage, family coverage)
- In determining premiums, the Trustees shall consult with the risk management consultant or insurance administrator engaged to assist the Trust, the Plan Administrator, and the Finance Director, and shall also consult with an actuary familiar with the Trust and the Plan
- The Trustees shall consider all reasonable factors, including:
 - Amount of reserves in the Trust,
 - Claims experience of the Plan and Trust
 - Market conditions
 - Cost trends
- The Trustees shall determine the total premium no less frequently than annually, but the Trustees have the authority to increase premiums more frequently if reasonably necessary to protect the financial stability of the Trust

Contributions (continued)

- The Town determines if a portion of the premium should be paid by Participants and Beneficiaries, and what portion
- The Town is responsible for collecting such portion from Participants and Beneficiaries and forwarding those monies to the Trust for deposit

- Town must appoint at least 5 joint trustees to administer the trust
 - 1 trustee may be – but is not required to be - a member of the Council
 - 1 trustee may be – but is not required to be – an employee of the Town
 - No guidance in statute as to trustees otherwise



Health Benefits Trust

Feedback and Questions

MARANA HEALTH CARE BENEFITS TRUST

RECITALS

WHEREAS the Town of Marana, Arizona (“Marana”) currently provides certain welfare benefits for certain of its employees, former employees, elected officials, and their beneficiaries;

WHEREAS Arizona law permits Marana to establish a self-insurance program for the management and administration of health benefits;

WHEREAS Arizona law requires that the funding for such self-insurance program be deposited in a trust;

WHEREAS Marana has established such a self-insurance program;

WHEREAS Marana intends the trust established by this document (this “Trust Document”) to satisfy the requirements of Arizona Revised Statutes (A.R.S.) Section 11-981;

WHEREAS Marana intends the trust established by this Trust Document to be exempt from taxation pursuant to Section 115 of the Internal Revenue Code; and

WHEREAS Marana wishes trustees to hold and administer the Funds (defined below), in trust, pursuant to the terms of this Trust Document;

NOW, THEREFORE, in consideration of the foregoing Marana establishes the following Trust:

ARTICLE I DEFINITIONS

“Account” means the bank or investment account(s) established by the Trustees to hold some or all of the Funds.

“Beneficiary” means a person designated by a Participant who is or may become entitled to a benefit under the Plan.

“Code” means the Internal Revenue Code of 1986, as amended.

“Council” means the Marana Town Council.

“Employee” means an individual that Marana classifies and treats as an employee (not as an independent contractor) for payroll purposes, regardless of whether the individual is subsequently reclassified as an employee of Marana in a court order, in a settlement of an administrative or judicial proceeding, or in a determination by the Internal Revenue Service, the Department of the Treasury, or the Department of Labor.

“Finance Director” means the individual engaged by the Town Manager to select, manage, and invest Marana’s funds, subject to the investment guidelines established by the Council and Marana’s Finance Department.

“Funds” means the assets of the Trust, in whatever form or location.

“Governmental Trust” means a trust that is exempt from taxation pursuant to Section 115 of the Internal Revenue Code.

“Marana” means the Town of Marana, Arizona.

“Participant” means an Employee or Marana elected official who is eligible to participate and is participating in the Plan; for purposes of this definition, a former Employee who has elected continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1985 is a Participant.

“Plan” means the specified group insurance pursuant to which Marana provides self-insured health care benefits to Participants and Beneficiaries and shall include any amendments, endorsements, or riders attached to the insurance.

“Plan Administrator” means Marana’s Human Resources Director.

“Plan Year” means the fiscal year of the Plan.

“Premium Holiday” means a designated period of time in which the Trust waives the total premium (the amount established by the Trustees pursuant to Section 5.01(a)).

“Restricted Reserve” means the amount needed to pay Plan claims that are incurred but not reported, and also Plan claims that are incurred but not paid. The amount shall be as attested

to by an actuary who has been engaged to provide services to the Trust and as approved by the Trustees.

“Restricted-Plus-Six Reserve” means the Restricted Reserve plus an amount equal to six months of premium payments for the Plan.

“Trust” means the legal entity established pursuant to this Trust Document.

“Trustees” means the Trustees described in this Trust Document.

DRAFT

ARTICLE II ESTABLISHMENT OF TRUST

Section 2.01. Establishment. Marana hereby establishes the Trust, consisting of such monies as Marana may deposit from time to time in the Account; plus all other money or property as shall lawfully become a part of the Trust; plus all the earnings, income, gains, appreciation and all other increments of any nature from the foregoing; and less payments made pursuant to this Trust Document. The Trust shall become effective only upon the determination of Marana's Town Attorney that this document is in proper form and is within the power and authority of the Council, and upon the approval of the Council.

Section 2.02. Name. The Trust shall be known as the Marana Health Care Benefits Trust.

Section 2.03. Purpose.

(a) The Funds shall be held, invested, reinvested, and administered by the Trustees in accordance with the terms of the Plan and the terms of this Trust Document, solely in the interest of Participants and Beneficiaries and for the purpose of providing benefits to the Participants and their Beneficiaries and defraying the reasonable expenses of administering the Plan and the Trust.

(b) The purpose of the Trust is to fund health, welfare and related benefits, consistent with the restrictions contained in Code Section 115 and other applicable law, for the benefit of Participants and Beneficiaries, in accordance with the Plan.

(c) The successful operation and administration of the Trust requires communication and cooperation among the Trustees, the Council, Town Management, Town Staff, Employees, and other third parties. Decisions made by the Trustees regarding operation and administration of the Trust should take into account input from designated stakeholders.

ARTICLE III ORGANIZATION AND OPERATION OF TRUSTEES

Section 3.01. Appointment. The Council shall appoint individuals to serve as Trustees overseeing the management and administration of the Trust. The Council shall consider and may appoint any individual, provided that the number and identity of the appointed Trustees shall conform to the requirements of this Article. Each Trustee so appointed shall accept the appointment in writing and shall confirm in writing that the Trustee agrees to hold and administer the Funds, in trust, pursuant to the terms of this Trust Document.

Section 3.02. Number and Identity. There shall be [] Trustees. [No more than one Trustee may be a member of the Council OR no Trustee may be a member of the Council, and no more than one Trustee may be an employee of Marana OR no Trustee may be an employee of Marana]. No former member of the Council or former employee shall be a Trustee. With the exception of the employee Trustee, if any, a Trustee shall have expertise in the field of finance, employee benefits, health care, human resources, or risk management, and shall reside in Pima or Pinal County.

Section 3.03. Bonding. All Trustees shall be bonded in an amount to be approved by the Town Manager. This requirement may be satisfied by a blanket performance bond or other coverage provided by Marana.

Section 3.04. Officers. At the commencement of each Plan Year, the Trustees shall elect a Chairperson and a Secretary from among themselves. The Chairperson shall preside over the work of the Trustees pursuant to this Trust Document. The Secretary shall preside in the Chairperson's absence. The Secretary shall cause to be maintained accurate records of all actions of the Trustees, including minutes from all Trustees' meetings. A copy of the minutes shall be retained as a record of the Trust's activities.

Section 3.05. Term. Each Trustee shall serve a four-year term, unless a term is terminated earlier as described in this Article. Notwithstanding the foregoing, the initial terms for the first five Trustees shall be as follows: two Trustees to serve an initial term of two years; and three Trustees to serve an initial term of four years. The Council shall determine which of the first five Trustees shall serve the two-year and four-year terms.

Section 3.06. Termination. The term of any Trustee shall automatically terminate upon the earliest of the following: death; resignation; removal; failure to attend three consecutive meetings; or, for a Trustee who is an employee of Marana, the termination of such employment.

Section 3.07. Resignation of a Trustee. A Trustee may resign by giving 60 days' prior written notice to the Chairman. The Chairman may exercise discretion to waive or reduce the 60-day requirement, but shall not waive the written-notice requirement. The notice shall state the effective date of resignation. The resignation shall take effect on its stated effective date unless a new Trustee is appointed and accepts appointment prior to the stated effective date, in which case the date of acceptance shall constitute the effective date of the resignation. Upon the effective date of the resignation, the resigning Trustee shall be discharged from any further duty or responsibility under the Trust, and the resigning Trustee shall deliver to the Chairman (or to the Secretary, if the Chairman is resigning) any and all property in his or her possession or control which belongs to the Plan or Trust.

Section 3.08. Removal of a Trustee. A Trustee may be removed pursuant to Marana Town Code Section 2-6-2(G). Upon the effective date of the removal, the removed Trustee shall be discharged from any further duty or responsibility under the Trust, and the removed Trustee shall deliver to the Chairman (or to the Secretary, if the Chairman is being removed) any and all property in his or her possession or control which belongs to the Plan or Trust.

Section 3.09. Meetings. The Trustees shall meet whenever required to provide for the orderly and timely administration of the business of the Plan and the Trust at such location as may be acceptable to the Trustees, but no less than four times per Plan Year. In calling, providing notice of, and holding meetings, the Trustees shall conform to applicable law.

Section 3.10. Quorum. A quorum shall consist of three Trustees.

Section 3.11. Voting. Each Trustee shall have one vote. All actions by and decisions of the Trustees shall be the affirmative vote of a majority of the number of the Trustees attending a duly called meeting of the Trustees at which there is a quorum present.

Section 3.12. Exculpation and Indemnification of the Trustees.

(a) **Reliance.** A Trustee may act or rely upon any of the following:

(i) Any instrument, application, notice, request, signed letter, telegram or other paper or document believed by the Trustee to be genuine and to contain a true statement of facts and to be signed or sent by the proper person; or

(ii) The advice, opinion, records, reports or recommendations of any accountant, actuary, administrator, attorney, consultant, co-trustee, investment agent or investment manager or any other advisor selected by the Trustees with reasonable care.

(b) **Exculpation of Trustees.** No Trustee shall incur any liability individually or on behalf of other individuals for any action or omission, unless such action or omission is due to the Trustee's own gross negligence, criminal conduct, willful misconduct, or lack of good faith.

(c) **Indemnification of Trustees.** The Trustees shall cause any person who is or has served as a Trustee to be indemnified out of the Trust against all damages, liabilities and expenses incurred by or imposed on the person in connection with any claim, suit, action or proceeding concerning the Trust or the person's acts or omissions as a Trustee, including, without limitation, legal fees and amounts paid in any compromise or settlement, unless such acts or omissions constitute gross negligence, criminal conduct, willful misconduct, or lack of good faith. Any indemnification provided herein shall be limited to amounts not collected pursuant to valid and enforceable liability insurance policies.

(d) **Indemnification of Others.** To the extent permitted by law, the Trustees, in their discretion, may also cause the Trust to indemnify any person who is rendering services to the Trust or Plan against all damages, liabilities and expenses incurred by or imposed upon such a person in connection with any claim, suit, action or proceeding concerning the Plan or Trust or the acts or omissions of such a person, including, without limitation, legal fees and amounts paid in any compromise or settlement, unless such act or omission constitutes gross negligence, criminal conduct, willful misconduct, or lack of good faith.

(e) **Limitation on Indemnification.** Notwithstanding the foregoing, no indemnification shall be provided unless and until:

(i) It is adjudicated that the action or omission did not constitute gross negligence, criminal conduct, willful misconduct, or lack of good faith; or

(ii) The Trust receives a written opinion from legal counsel for the Trust that any such adjudication would have determined that the action or omission did not constitute gross negligence, criminal conduct, willful misconduct, or lack of good faith.

Section 3.13. Compensation of Individual Trustees. An individual Trustee shall not be paid any compensation or reimbursement from the Trust for services provided to the Trust.

Section 3.14. Conflicts of Interest. Each Trustee shall comply with applicable state and federal law concerning conflicts of interest.

Section 3.15. Service in More Than One Fiduciary Capacity. Any individual, entity or group of persons may serve in more than one fiduciary capacity with respect to the Plan, the Trust, or both to the extent such is permitted by law.

ARTICLE IV RESPONSIBILITIES AND POWERS OF THE TRUSTEES

Section 4.01. In General. The Trustees shall have the power to perform all acts, to take all proceedings, and to exercise all rights and privileges, although not specifically mentioned herein, as the Trustees may deem necessary or advisable to administer and manage the Trust so as to carry out the purposes of this Trust Document and the Plan. The Trustees shall discharge their responsibilities under this Trust Document:

(a) For exclusively governmental purposes, namely providing benefits to Participants and Beneficiaries and defraying the reasonable expenses of administering the Plan and Trust;

(b) With the care, skill, prudence, and diligence under the circumstances that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(c) By diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(d) In accordance with the provisions of the Plan and this Trust Document.

Section 4.02. Discretionary Powers. The Trustees may without limitation do all of the following:

(a) Adopt policies, rules and procedures for the administration of the Trust; provided, however, that these policies, rules and procedures may not be inconsistent with the provisions of this Declaration of Trust or any applicable local, state, or federal law or regulations.

(b) Authorize the Plan Administrator or designee on behalf of the Trust to retain the services of actuaries, auditors, engineers, private consultants, administrators and advisors as the Trustees consider necessary to carry out the business and purposes of the Trust. The Trustees may seek private outside legal counsel when legal advice is considered necessary. For routine matters associated with administration of the Trust, the Trustees may seek counsel from the Town Attorney or designee.

(c) Recommend modifications of the terms and conditions of this Trust document to the Council.

(d) Authorize the Plan Administrator or designee to administer the day-to-day affairs of this Trust.

Section 4.03. Statutory Requirements.

(a) **Risk Management Consultant or Insurance Administrator.** Prior to paying Plan expenses on a self-insured basis, the Trustees shall confirm that the Town Manager has designated a risk management consultant or insurance administrator licensed pursuant to Title 20, Chapter 2 of the Arizona Revised Statutes, and the Trustees shall further confirm that such license was verified by the Council prior to such designation.

(b) **Auditor.** Marana shall engage an external auditor to perform an annual audit of the Trust. Each audit report shall be kept on file for five years with the Town Clerk. The Trustees shall work and cooperate with such auditor.

(c) **Stop-Loss.** Prior to paying any Plan claims on a self-insured basis, the Trustees shall confirm that Marana has procured stop-loss insurance for the Trust from an insurer authorized to do business in Arizona.

Section 4.04. Management. The Trustees shall have the power to manage the Trust, including the acquisition and disposition of property that is in or part of the Trust, as follows:

(a) **General Authority.** The Trustees shall have exclusive authority and responsibility with respect to the custody and management of the Trust, except to the extent any such authority has been assigned elsewhere by this Trust Document or has been delegated by the Trustees pursuant to this Trust Document.

(b) **Separate Account.** The Trustees have the exclusive responsibility and authority to maintain the Funds in Trust. The Trustees shall maintain the Funds at a financial institution approved by Marana.

(c) **Contributions and Distributions.** The Trustees have the authority and responsibility to determine the required contributions to and appropriate distributions from the Trust, as more fully described in Article V.

(d) **Restricted Reserve.** The Trustees have the authority and responsibility to determine the appropriate amount of Funds that the Trust should hold as Restricted Reserve, based on accepted actuarial standards and consistent with accounting principles generally accepted in the United States.

(e) **Premium Holidays.** No Premium Holiday shall be permitted unless it is recommended by the Trustees. The use of Funds for a Premium Holiday is subject to the following limitations:

(i) **Premium Holiday.** The Trustees may determine that Funds in excess of the Restricted-Plus-Six Reserve be used to pay for a Premium Holiday. The Trustees shall not approve a Premium Holiday if the use of Funds for the Premium Holiday would cause the total Funds to fall below the level of the Restricted-Plus-Six Reserve.

(f) **Service Providers.**

(i) **For the Trust.** The Trustees have the authority to request that appropriate Marana staff provide services to the Trust. In addition, the Trustees have the authority to engage suitable third parties to provide services for the Trust. Such authority is exclusive to the Trustees, with the following exceptions: Marana has the authority to select and engage an external auditor for the Trust, and Marana has the authority to select and purchase stop-loss coverage for the Trust.

(ii) **For the Plan.** The Trustees do not have the authority to engage third parties to provide services for the Plan.

(iii) **Payment.** The Trustees have the authority to pay reasonable compensation and expenses for any parties engaged to provide services for the Trust as set forth above.

(iv) **Compliance.** All engagements and payments pursuant to this Section shall comply with applicable procurement laws, policies, and procedures.

(g) **Accounts, Books, and Records.** The Trustees have the authority and responsibility to keep full and accurate accounts, books, and records concerning the Fund. All such accounts, books, and records shall be open to inspection in accordance with applicable law.

(i) **Valuation.** The Trustees shall cause the Fund to be valued no less than annually and shall forward notice of such value to the Town Council and the Plan Administrator.

(ii) **Accounting.** Within a reasonable time after the end of each Plan Year, the Trustees shall provide the Plan Administrator an accounting of the administration of the Trust since the previous accounting. The accounting shall include all transactions of the Trust during the relevant period, as well as all property in the Trust and its fair market value at the end of the relevant period.

(h) **Legal.** The Trustees have the authority to prosecute or defend actions, claims, or proceedings necessary or advisable for the protection of the Trust.

Section 4.05. Investments. The Trustees will, through the Finance Director and in accordance with the reasonably prudent investment standard for Trustees, provide for the investment of Trust monies in a manner consistent with the provisions of Arizona Revised Statutes Title 35, Chapter 2, Article 2.1 regarding management of public monies.

Section 4.06. Responsibilities Not Assigned to the Trustees. The Trustees shall have no authority or responsibility for:

(a) Designing, adopting, amending, or terminating the Plan;

(b) Ensuring that the Plan complies with state or federal laws mandating the terms of the Plan;

(c) Determining what portion of Plan premiums should be paid by Participants and Beneficiaries;

(d) Collecting premiums from Participants or Beneficiaries.

Authority and responsibility for the foregoing items in this Section are assigned to Marana, which may delegate this authority and responsibility to a third party.

ARTICLE V CONTRIBUTIONS TO AND DISTRIBUTIONS FROM THE TRUST

Section 5.01. Contributions

(a) ***Premiums.***

(i) ***Amount.*** The Trustees shall determine the total premium that shall be required to participate in the Plan at each coverage level (e.g., individual coverage, family coverage). In determining premiums, the Trustees shall consult with the risk management consultant or insurance administrator engaged to assist the Trust, the Plan Administrator, and the Finance Director, and shall also consult with an actuary familiar with the Trust and the Plan. In determining the total premium, the Trustees shall consider all reasonable factors, including but not limited to the amount of reserves in the Trust, the claims experience of the Plan and Trust, market conditions, and cost trends. The Trustees shall determine the total premium no less frequently than annually, but the Trustees have the authority to increase premiums more frequently if reasonably necessary to protect the financial stability of the Trust. The Trustees may recommend Premium Holidays subject to Section 4.04(e).

(ii) ***Administration.*** At its discretion, the Trustees may establish a contribution schedule, adopting a funding policy, or using any similar mechanism to arrange for the orderly contribution of funds to the Trust. Marana shall forward the premiums to the Trust no less frequently than monthly, in accordance with the arrangement adopted by the Trustees. Upon the Trustees' knowledge that Marana is delinquent in its contributions, the Trustees shall promptly provide written notice of the delinquency to the Council, the Town Manager, and the Town Attorney.

(iii) ***Payment By Participants and Beneficiaries.*** Marana may determine that a portion of the premium should be paid by Participants and Beneficiaries. In such event, Marana shall be responsible for collecting such portion from Participants and Beneficiaries and forwarding those monies to the Trust for deposit. If a Participant or Beneficiary fails to pay the appropriate portion of his or her premium, Marana shall ensure that the total premium shall nevertheless be paid to the Trust. Marana shall be responsible for recovering delinquent amounts from Participants or Beneficiaries.

(b) ***Other Funding.*** The Trustees may permit the Trust to receive additional funding, including but not limited to any one or more of the following: interest, dividends, rebates, gifts, grants, special taxes levied to satisfy judgments, recovery from insurers, subrogation, or reimbursement.

Section 5.02. Distributions. Distributions from the Trust may be made for any of the following:

(a) Paying for or providing benefits to Participants or Beneficiaries, in accordance with the terms, provisions and conditions of the Plan, as determined and directed by the Plan Administrator.

(b) Paying all reasonable expenses of operating, administering, or managing the Plan or Trust, including but not limited to:

(i) Where third parties are engaged to provides services to the Plan or Trust, as described above, compensating such third parties;

(ii) Where Marana employees render services to the Trust or Plan, compensating Marana for such services;

(iii) Where taxes or assessments are levied or imposed upon the Trust or the Plan, paying such taxes or assessments.

(c) Upon termination, pursuant to Section 6.03.

Section 5.03. No Inurement to Private Interests. Except as specified in Section 5.02, at no time shall any part of the principal or income of the Trust inure to the benefit of a private individual or entity.

ARTICLE VI AMENDMENT AND TERMINATION

Section 6.01. Amendment of Trust. This Trust Document may be amended in writing at any time by the Council. The Trustees may recommend amendments to the Council. Notwithstanding the foregoing, no amendment shall be adopted which alters the basic purpose of the Trust, causes the Trust to lose its status as a Governmental Trust, conflicts with any applicable law or government regulation, causes the use or diversion of any part of the Trust for purposes other than those authorized herein, or retroactively deprives anyone of a vested right or interest.

Section 6.02. Termination of Trust. The Trust shall continue until terminated by the Council in writing. The Council shall supply a copy of the writing to all the Trustees and to the Plan Administrator.

Section 6.03. Distribution Upon Termination.

(a) Upon termination of the Trust, the Trustees shall use the Funds to pay or to provide for the payment of any and all obligations of the Trust and the Plan, and the Trustees shall distribute and allocate the Funds in accordance with the then-current provisions of the Trust and the Plan; provided that, notwithstanding any Plan provision to the contrary, the Funds shall be allocated and distributed in the priorities and according to the categories required by applicable law.

(b) Upon termination of the Trust, after all obligations of the Trust and Plan have been satisfied, any remaining Funds shall revert and be distributed to Marana's general fund.

Section 6.04. Amendment and Termination of Plan. Nothing in this Trust Document shall affect Marana's ability to amend or terminate the Plan.

ARTICLE VII GENERAL PROVISIONS

Section 7.01. No Right, Title, or Interest. No Employer, Employee, Participant, or Beneficiary shall have any right, title or interest in the Trust or any right to contributions to be made thereto, or any claim against the Trust on account thereof, except as may be provided from time to time by this Trust Document or the Plan, and then only to the extent of the benefits payable to such person under the Plan.

Section 7.02. Nonalienation of Benefits. The Trust shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a spouse, former spouse or any relative, until such payment has been actually received by the person entitled to it. Any attempt to anticipate, alienate, settle, transfer, assign, pledge, encumber, charge or otherwise dispose of the same shall be void. The Trust shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits under the Plan.

Section 7.03. Prohibition of Diversion.

(a) It shall be impossible by operation of the Trust or by its natural termination, by power of revocation or amendment, by the happening of any contingency, by collateral arrangement or by any other means, for any part of the corpus or income of the Trust or any funds contributed thereto to be used for or diverted to purposes other than as described herein.

(b) Notwithstanding the foregoing, a contribution made by Marana as the result of a mistake may be returned to Marana if the Trustee so directs, provided that the repayment is not prohibited by applicable law.

Section 7.04. Incompetency. If it is determined that any person entitled to receive benefits is unable to care for his or her affairs because of mental or physical incapacity, the benefits due such person may be paid to his or her legal guardian or conservator, or to any relative by blood or by marriage to be used and applied for the benefit of such person. Payment to such legal representative or relative of the person on whose account benefits are payable shall operate to discharge the payor from any liability to such person or to anyone representing him or her (or his or her interest), and the Trustees shall have no duty or obligation to see that the funds are used or applied for the benefit of such person.

Section 7.05. Notice and Delivery of Documents. Any notice required to be given under this Trust Document may be given in person or by first-class mail. When notice is given by mail, it shall be deemed to have been given as of the date of posting to the last-known address of the addressee available from the Trust records.

Section 7.06. Headings. Titles of articles and headings of sections and subsections are inserted for convenience of reference. They constitute no part of this Trust Document and are not to be considered in the construction hereof.

Section 7.07. Construction. This Trust Document is created and accepted in the State of Arizona. All questions pertaining to its validity or construction not otherwise preempted by federal law shall be determined in accordance with the laws of the State of Arizona. If any provision contained in this Trust Document or in any collective bargaining agreement pursuant to which this Trust Document is created should be held unlawful, such provision shall be of no force and effect and this Trust Document or any such collective bargaining agreement shall be treated as if such provision had not been contained therein.

DRAFT

IN WITNESS HEREOF, the Town of Marana hereby establishes the Marana Healthcare Benefits Trust.

DATED this ____ day of xxxx, 2019

TOWN OF MARANA, ARIZONA
A Municipal Corporation

Ed Honea, Mayor

ATTEST:

Cherry Lawson, Town Clerk

APPROVED AS TO FORM

Frank Cassidy, Town Attorney

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2019, by Ed Honea, the Mayor of the TOWN OF MARANA, ARIZONA, a municipal corporation, on its behalf.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public

My Commission Expires: _____