MARANA AZ
ESTABLISHED 1977

MARANA HEALTH CARE BENEFITS TRUST BOARD

11555 W. Civic Center Drive, Marana, Arizona 85653
Second Floor Conference Center, September 2, at or after 3:30 PM

SUMMARY MINUTES

CALL TO ORDER AND ROLL CALL

Chair Steve Crooks called the meeting to order at 3:36 PM. **Chair Steve Crooks (Remotely)**, **Trustee Yiannis Kalaitzidis** and **Trustee Jannine Beyer** were present constituting a quorum.

Additional Town of Marana staff members present included Human Resources Director Curry C. Hale, Human Resources Deputy Director Jennifer Lindblom, Human Resources Manager Lisa Pederson, Town Attorney Jane Fairall, Assistant Town Attorney Callie LeRoy and Human Resources Executive Assistant Maureen Flores.

PLEDGE OF ALLEGIANCE/INVOCATION/MOMENT OF SILENCE: Led by **Chair Steve Crooks.**

APPROVAL OF AGENDA

Trustee Yiannis Kalaitzidis motioned to approve the agenda as presented. Trustee Jannine Beyer seconded the motion. Motion passed, 3-0

APPROVAL OF THE MINUTES

A1 Approval of the March 17th, 2025 Marana Health Care Benefits Trust Board Summary Meeting Minutes (Maureen Flores)

Trustee Beyer motioned to approve the meeting minutes. Trustee Kalaitzidis seconded the motion. Motion passed, 3-0.

PRESENTATION

DISCUSSION/POSSIBLE ACTION

D1 Relating to Board Officers; selection of Board Chairperson and Secretary

Chair Crooks asked if selecting a Board Chairperson and Secretary is an annual process, and if it is due to the new fiscal year.

Ms. Lindblom responded that he was correct, and that it is due to the new plan year. She then referred to Ms. LeRoy for the complete answer.

Ms. LeRoy agreed that it was correct and explained that at the beginning of each plan year the Trustees shall elect a Chairperson and Secretary pursuant to the trust document and the bylaws. As well as anytime a position becomes vacant.

Ms. LeRoy continued that because it is the beginning of the plan year both the chairperson and secretary need to be selected.

Chair Crooks asked if there were any nominations for secretary.

Trustee Kalaitzidis motioned to nominate Trustee Beyer as the new secretary. Chairperson Crooks seconded the motion. Motion passed, 3-0.

Chairperson Crooks motioned to nominate Trustee Kalaitzidis as the new Chairperson. Trustee Kalaitzidis declined due to his position with the Town.

Trustee Kalaitzidis motioned to nominate Chairperson Crooks to continue as Chairperson. Trustee Beyer seconded the motion. Motion passed, 3-0.

D2 Relating to Marana Health Care Benefits Trust Operations; presentation and discussion regarding the fiscal year 2024-2025 year-end review of the Town's medical and dental plans; discussion and possible direction regarding the current reserve balances of the funds.

John Hatz of Gallagher began his presentation with a year-end summary of fiscal year 2024-2025. He explained that the medical plan has a surplus of approximately \$382k through June 30, 2025, with an approximate loss ratio of 94.2%. The dental plan has a surplus of approximately \$18k through June 30, 2025, with a loss ratio of 97.9%. He continued explaining that the estimated needed reserves are approximately \$1.0M. The current fund balance as of June 30, 2025, is approximately \$4.0M.

He added that we don't set rates based on specific loss ratios, the rates are meant to withstand any type of migration. So, if 100% of the people went into the Copper plan you would see that the loss ratio goes from 130% down to 100%. And vice versa, if 100% of the people went into the high-deductible plan you can see the loss ratio go from 70% up to 100%. It's because all those people bring their conditions with them and it changes the risk profile. He continued that it was by design, so it helps with the budget, and helps keep the rates stable if they are meant to handle 100% of the population and not a moving target based on fluctuating risk profile.

He then moved on to large claims and the way we illustrate them is in the stop loss reimbursements. He explained that there was a little over $1M in stop loss reimbursements so that means that the high claimants that exceed $150k are being reimbursed. The plan had a $380k surplus, $1M of that was paid through high-cost claimants and being reimbursed. So, if it wasn't for the stop loss, the plan would have run at a deficit.

He gave a brief overview of plans for the last five years. He pointed out that three of the five years ran under budget and the other two ran slightly over. He moved on with another brief overview of how each plan ran month by month. He again pointed out that the stop loss reimbursements are mostly coming into the copper plan and that shows the risk profile. There are 12 claims over $75k that made up 45.5% of the overall claims. This shows how volatile large claims can be, and how much impact they can have on the plan, which is why there is stop-loss insurance.

Mr. Hatz moved on to the dental plan. Currently the dental plan is running under budget as it usually does. The standard plan is running at 87% and the plus plan is running at 97.9%, but the majority of the people are in the plus plan.

He continued with the town reserves. The reserves are broken down by medical and, drug, and dental separately, because they have different payment patterns, so they have different reserve requirements due to different liability amounts as well two separate reserve polices, one for medical and one for dental. If we roll up all the components of the medical IBNR estimate, it comes out to $974k and if dental is added it's approximately $1M, so that goes back to our overall IBNR estimate of approximately $1M and then the reserves as reported by the town in total are a little over $4M.
He gave a brief overview of the reserve policy. Restricted Reserve which is the IBNR, and the Plus Six Reserve which is six months of estimated premiums, those are added together to equal the Total Reserve. He explained anything over the Total Reserve amount can be bought down in different ways. With the medical plan we want a minimum balance of $3.8M in reserve and $199k in dental. Currently, the fund balance for medical is $3.2M and $752k for dental. He then asked if there were any questions.

Chair Crooks asked Mr. Hatz if he stated that based on the current reserves, he would not recommend a premium holiday.

Mr. Hatz responded that he does not recommend one for medical, but dental is always up for discussion. He also stated that he believes the town has already implemented three premium holidays for three months in the year prior.

Chair Crooks asked if Mr. Hatz had a recommendation for the dental plan.

Mr. Hatz stated that yes, based on the current reserve balance and how the dental plan is running and expected to continue running, there is room for premium holidays. He also stated that he would caution not to do more than two or three months at a time and then re-evaluate at future meetings to see if more are needed.

Chair Crooks ask Ms. Lindblom if the last premium holiday was well accepted.

Ms. Lindblom responded yes, it was well accepted. Employees enjoyed the free premium holiday. It's not a lot, but every little bit helps. She also added for reference that last year (FY25) our dental reserve at the end of the plan year was at approximately $772k and this year it is at $752k. So, the reserve was decreased by approximately $20k.

Chair Crooks asked if Trustee Beyer or Trustee Kalaitzidis had any feedback.

Secretary Beyer responded that she feels that Mr. Hatz' recommendation to consider a dental premium holiday makes sense and agrees that giving a 2-3 month premium holiday and then re-evaluating makes sense.

Trustee Kalaitzidis asked Chair Crooks if it makes sense to instruct staff to bring a recommendation at the next meeting for such a holiday, for the board's consideration.

Chair Crooks responded that it would be a good request and asked if we needed to have a motion.

Trustee Kalaitzidis motioned to direct staff to provide recommendations at the next scheduled trustee meeting for a holiday of the dental premiums for a three month option but also a six month option to be considered by the trustees. Secretary Beyer seconded the motion. Motion passed, 3-0.

Secretary Beyer wanted to clarify that the medical plan isn't in a position to evaluate and consider a premium holiday.

Mr. Hatz responded that that's a correct statement. The medical reserve is not at that level to consider a premium holiday.

Ms. Lindblom added that the board last year considered that excess reserve when they voted on the premium renewal and took a higher risk by implementing and approving a lower premium renewal knowing they had extra reserve to work with. She continued that that is something the board can consider if taking on the extra risk with the accrual rate, when the time comes in spring for approval for the next plan year.

Trustee Kalaitzidis ask Chair Crooks if he could provide a brief update on the returns and investments to date.

Chair Crooks responded Trustee Kalaitzidis to go ahead.

D3 Relating to the Marana Health Care Benefits Trust Operations; presentation, discussion, and possible direction regarding the medical and dental plans reserve fund investments, including an update on returns on investments to date.

Trustee Kalaitzidis explained that we have investments with the State Treasurers LGIP. As of 06/30/2025 the balance in the fund is approximately $3.8M with LGIP and the town has earned just under $132k and that is medical and dental combined. Those funds are providing a return of approximately 4.32%. At the beginning of the year they were over 5%. So, the rate of return has been coming down and will likely continue to operate that way as the market itself experiences lower return rates. He stated that it is still a good decision to maintain our investments with local government investment pool at the State Treasurers office.

Chair Crooks asked if there were any questions.
(No response)

EXECUTIVE SESSION

Pursuant to A.R.S. § 38-431.03, the Marana Health Care Benefits Trust Board 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), the Trust Board 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).

ADJOURNMENT

Secretary Beyer moved to adjourn the meeting. Trustee Kalaitzidis seconded motion. Motion passed, 3-0. Meeting adjourned at 4:03 PM.

CERTIFICATION

I hereby certify that the forgoing are the true and correct minutes of the Marana Health Care Benefits Trust Board Meeting held on September 2, 2025. I further certify that a quorum was present.

Maureen Flores, Executive Assistant