

MINUTES APPROVED BY BOARD MEMBERS

DATE: FEBRUARY 13, 2019

MINUTES TAKEN: s/J.Taylor

MINUTES
Special Meeting
City of San Luis Employee Benefit Trust
Council Chambers – City Hall
1090 E. Union Street
San Luis, AZ 85349
Wednesday, August 1, 2018
5:30 PM

NOTE: Some members of the Board of Trustees of the City of San Luis Employee Benefit Trust may attend the meeting telephonically. If authorized by majority vote of the Board of Trustees, an executive session will be held immediately following the vote in accordance with A.R.S. §38-431.03(A) and the meeting will be temporarily recessed while the Board retires to executive session which will not be open to the public.

1. **CALL TO ORDER/ROLL CALL** Mayor Gerardo Sanchez called the meeting to order at approximately 5:30 PM.

PRESENT: Gerardo Sanchez, Chairman
Maria Gonzalez, Board Member
Emma Torres, Board Member – by phone

ABSENT: Jose Andrade, Board Member
Maria Sabori, Secretary

OTHERS PRESENT: Tadeo De La Hoya, City Manager
Kay Marion Macuil, City Attorney
Janet Taylor, Acting Clerk
Edgar Carbajal, HR
Fausto Gonzalez, HR
Axel Chayra, IT
Susan Posada, Benefits Consultant – by phone
Monica Castro, Finance Director

2. **CONSENT AGENDA**

2.1. Discussion and possible action on any and all matters regarding the approval of minutes for the meeting held on April 11, 2018.

MOTION: Chairman Sanchez and Board Member Maria Gonzalez to approve the Consent Agenda as presented. All present voted in favor.

3. **DISCUSSION AND POSSIBLE ACTION ITEMS:**

3.A. Discussion and possible action on any and all matters regarding the Service Agreement for EBSO as the Third Party Administrator (Susan Posada Benefits Consultant, Kay Macuil City Attorney)

Susan Posada Benefits Consultant stated that the service agreement requires signature and the April 11, 2018 meeting approved us going from Mayo over to EBSO and that all the rates that were presented are correct.

Kay Macuil City Attorney stated that claims were being held up from July, so we went ahead and requested that Maria Gonzalez sign this one and she did so the motion will include ratification.

Chairman Gerardo Sanchez asked if a motion to ratify was needed.

Kay Macuil City Attorney responded: Yes

MOTION: Mayor Gerardo Sanchez/Emma Torres to approve and ratify the contract with EBSO effective July 1, 2018. All present voted in favor.

3.B. Discussion and possible action on any and all matters regarding the Employee Benefit Plan for the fiscal year 2018-2019 as prepared and presented. (Susan Posada Benefits Consultant & Kay Macuil City Attorney)

Ms.Posada, asked Kay if everyone has a copy of the grid that is in color?

Ms.Macuil: responded they should have it and explained what it looks like.

Ms. Posada stated that It says City of San Luis plan changes for 2018-2019, but it's actually pretty simple the first part of that particular document I outline all of the changes that took place for the plan. Everything in blue has already been approved, any of those changes have already been approved. But I wanted to outline it so everybody could see — the bottom part where it says other required changes. Because we moved over from Mayo to EBSO there were some things they caught that Mayo did not have in our plan documents even though it didn't really affect anything and so I'm going to go down the list.

Ms. Posada explained that the very first one where it says mental health Mexico plan. Mental parity is a regulation for the plan it is a federal regulation that we treat any mental health or substance abuse the same as any other illness. We have never had a claim from Mexico, but we needed to add it into the document. So we did add that to the document so that we follow all the regulations. So if someone went into the hospital in Mexico, they would pay the same thing the same co-pay, and it would be covered the same as if it were any other hospitalization if they had any other illness.

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The second one where it says Amino Acid formula Mayo did not have that it was not covered before this would be for any illness that you have to be intravenously fed. We took a look at that, and the standard is 25 percent after the deductible. That can get very expensive, so we did at it at a minimum of 25 percent.

The third one is the definition of physical therapy in Mexico. The plan document shows physical therapy only, as therapy also includes speech therapy. We also included the wording that there is no chiropractic care in Mexico they just don't have chiropractors in Mexico they don't utilize them, so we just clarified the wording.

The last one where it says preauthorization the penalty for not obtaining preauthorization was very steep at 50 percent benefit that meant if they forgot to get it and they were ill their plan would only cover 50 percent. I discussed it with Olivia, and she agreed that it would be fair to the employees to have a penalty of 500 dollars and not the 50 percent. And the reason this all came about is because EBSO was going in and reviewing the plan documents in more detail. And that is all I have.

Ms. Macuil explained, that the blue changes she has there are costs that were approved back in April, but now they are in the plan. And this one we also had Ms. Gonzalez sign so we could get claims handled.

Ms. Gonzalez stated, so basically this is what I approved I mean what I signed.

Ms. Macuil replied, yes

Ms. Posada: the grey bottom portion.

Ms. Macuil explained that we did not have this portion of the grid when she signed that is why she is asking, is that what I signed?

Chairman Sanchez stated that one of the things he noticed is that there is a limit of 60 visits for the rehabilitation service for physical, speech and occupational therapy 60 visits is unheard of it really is.

Ms. Posada discussed that 60 visits is kind of high but that is very common, and it is not just for speech it will combine physical therapy speech therapy and chiropractic all of them would be 60 combined in a calendar year.

Chairman Sanchez stated that he sees on an average is 24.

Ms. Posada replied, yes it depends some plans have 20 some do 20/20/20. So what we did is combined it for the total 60.

Chairman Sanchez stated that is a perk, that is a very good perk. And asked the City Attorney Kay Macuil if we need to ratify this?

Ms. Macuil responded, yes, this is one of the documents Ms. Gonzalez signed for us so we could get our claims going.

MOTION: Chairman & Maria Gonzalez to approve and ratify the Employee Benefit Plan effective July 1, 2018, as presented. All present voted in favor.

3.C. Discussion and possible action on any and all matters regarding the Amendment to Broker/Consultant Agreement dated May 22, 2013. (Susan Posada, Benefits Consultant)

Ms. Posada discussed when she first came on board my contract amount was 5 percent, but about four years ago we had real major increase, and I didn't feel it was fair to increase my commission to 5 percent, so I left it at 3 percent. Back in 2016, you approved my commission increase so it would be 3 percent but what ended up happening is I remember the meeting, I remember sending the document for signature, the minutes were never found to show that this was done. So when we took a look at it, Kay realized that we need to have it ratified because there was no record of that approval. And asked the City Attorney Kay Macuil if that was correct.

Ms. Macuil responded, yes when Olivia came on board, she started reviewing everything, and we have the agenda that says it was talked about and I believe they found some minutes but I haven't seen them but the minutes didn't reflect what happened on her contract.

Ms. Posada explained that she gets paid 3 percent of whatever the expected fully funded rate is, and that rate is calculated by Mayo this year it was calculated by EBSO so for 2016-2017 the amount came out to be 3.1 percent for each employee it would equate to 33. 5 percent I'm sorry thirty-three dollars and fifty cents. 2017 it remained the same but the percentage commission was 2.9 percent, and it stayed like that for two years. But for 2018-2019 it increased to 3.1 percent. The problem is what Kay is saying is that we never found where you approved the renewal of my contract for three years until July 1 of 2019.

City Manager Mr. De La Hoya stated that he remembered that meeting and remembered getting this approved and signed, and I asked staff to find it. We all remember the meeting we talked about this agreement I know the Trust talked about it we presented it, and it was approved and signed but for some odd reason it is MIA that is the reason we are bringing it forward, but it is the exact same agreement that we discussed back year of 14/13 so unless one of the board members recalled differently cause I remember it, we talked about it and presented it, and it was signed. However, we don't have a record of it.

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Chairman Sanchez said, how can we have no record of it.

Mr. De La Hoya then stated that had been my question for the last 3-4 months I have had Olivia, Maria, and everyone and the clerk's office. I am guessing it is with some other agreement because I remember seeing an executed copy of this agreement and I remember presenting it because we had the meeting at the Fire Department back then.

Ms. Gonzalez stated that she too remembered that meeting.

Mr. De La Hoya discussed how all of us remember, and I remember the signed copies it's just the minutes and agreement is missing. It has to be in a file somewhere or here in City Hall because I know I have seen it, how I do not know.

Chairman Sanchez If no one can find it?

Ms. Posada said that basically my agreement was to continue my services for three years until the end of this coming plan year which will end 6-30. At that point, I will come back for a renewal if you still want me back.

Chairman Sanchez replied, yes Susan we do.

Ms. Posada replied, thank you, Mayor

Ms. Gonzalez stated to Ms. Posada, so basically what you are stating is that her fee is going to go up, right? So we need to compare it?

Mr. De La Hoya responded no, so it went from 3.1 to 2.9 then back at 3.1, but it is the same agreement the same amendment it has already been approved and will probably be brought up for re-approval next year. Correct me if I am wrong Susan, but it will be calculated by the number of employees and by EBSO. There are emails going back and forth saying to move forward; you have the agenda, I remember, I will always remember, we cannot find the actual executed copy.

Ms. Gonzalez asked if Ms. Posada had a copy?

Mr. De La Hoya responded, no.

Ms. Posada replied, I have a copy of the amendment that I sent to HR at that time, but I do not have the minutes of the meeting that it was approved. I have provided all the information for that particular meeting and have emails to that effect. But do not have a copy of the minutes that were generated from that meeting. But I do have all the documentation that was at that meeting.

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Mr. De La Hoya said, and I have the same emails.

Ms. Posada discussed that the other thing that happened is that her contract called for 5 percent and I have kept it at three never exceeding 3.1 percent last year it was 2.9.

Chairman Sanchez asked, so what is the next step?

Ms. Macuil replied, so we are asking that you ratify it because we believe it there is all this documentation that it happened but not the actual recordings so rather than so ratification seems the best way to handle it since there are trails that thing happened but not the actual written document.

Ms. Gonzalez asked, are we going to have an agreement, I mean is someone going to do an agreement again?

Ms. Macuil responded that it is in the packet

Mr. De La Hoya stated that it is in the packet. It is the same one that is copied, and pdf'd.

Ms. Macuil asked Ms. Taylor to click on the 2016 amendment because we do have the broker agreement signed but the amendment is unsigned.

Ms. Posada stated, but not the minutes right.

Ms. Macuil replied yes, not the minutes

Ms. Posada asked if the minutes are retained by the clerk's office is that how it works?

Mr. De La Hoya replied we changed that recently so they should be there, but again your contract was the one that HR was not able to locate and neither could the clerk's office.

Chairman Sanchez asked Ms. Posada if she was asking for any changes to it?

Ms. Posada replied, no, not at all I haven't asked for any changes for those three years which means that well the most important thing is that you renewed my contract for three years okay. And this coming year it did go up from 2.9 to 3.1 percent because it is based on the self-funded rate that is calculated. It goes up a little bit every time there is an increase.

Chairman Sanchez replied, okay

Ms. Posada stated that the only thing you really need to approve if I am not mistaken Kay would be the contract renewal for three years, but I could be wrong Kay you can correct me on that.

Ms. Macuil discussed that we have the amendment that was approved so I thought we would just ratify what was already done.

Ms. Posada responded, okay and so what you did at that meeting was approve my contract for three years, and yes we are at the end of the second year going into the third year.

Chairman Sanchez responded, so Kay this is an auto-renewal? Will it renew itself or do we have to renegotiate every time?

Ms. Macuil replied, no for July 2019 we will have a new agreement.

Mr. De La Hoya asked Ms. Posada when she was going to start the negotiations for the next year?

Ms. Posada responded that for the next year it probably wouldn't be until February, March of next year because we are all set for this year we just started July 1st. So we will not go into that until we get the renewal from EBSO and Semetra so February/March of next year. And I noticed that all of our meetings for the Trust have been in April. So I bring everything for approval for July 1st in April.

Chairman Sanchez asked if there were any questions – No one had questions

MOTION: Mayor Sanchez & Maria Gonzalez to approve and ratify the amendment to the broker consultant agreement effective July 16, 2016, as presented. All present voted in favor.

3.D. Discussion on any and all matters regarding the Agreement and Declaration of Trust for the City of San Luis Employee Benefit Trust dated March 14, 2012. (City Attorney Kay Marion Macuil, Susan Posada Benefits Consultant)

Ms. Macuil stated that the trustees have been serving for six years and if they had any suggestions for new members.

Chairman Sanchez stated that this is the time to say that they wish to continue.

Ms. Macuil stated that if you don't want to say it in open session, you can shoot Oliva and me an email, and we will ask these people if they are interested.

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Chairman Sanchez asked if anyone had any suggestions, please feel free, and I will be making the recommendations to council.

Ms. Torres said, my question is do you still want us with very little participation.

Chairman Sanchez replied, yes we are not getting rid of anyone I can tell you right now. I myself prefer to work with people I have been working with. We have tried to minimize the time required because we all work, we are all very busy. Your names came up for a reason you are experts in your fields, and the Trust is very important to the City we have done a good job, and the Trust has done very well. Prior years the Trust was in jeopardy, and our benefits were not secured, but now it is doing very well.

Ms. Torres replied, I live in San Luis, so I will hold on.

Chairman Sanchez replied, gracias and like I said we are open to technology and telephone is fine.

Ms. Posada stated that she just want to thank all of you it is a pleasure to work with all of you. While I have the floor, I just want to report that in claims we have just over five hundred thousand. That is phenomenal. That means we are managing well and that we are doing well.

4. **EXECUTIVE SESSION** – No Executive Session held during this meeting.

5. **ADJOURNMENT**

MOTION: Chairman Gerardo Sanchez and Board Member Maria Gonzalez. All present voted in favor.