

## **Maria Munoz**

---

**From:** Glenn Gimbut  
**Sent:** Thursday, June 6, 2019 2:49 PM  
**To:** Janet Taylor  
**Cc:** Maria Munoz; Tadeo A. DeLaHoya; Kay Macuil; Sposada@sposadaagency.com; Gerardo Sanchez; Monica Castro  
**Subject:** Upcoming meeting of Employee Benefit Trust

This will confirm the "brainstorming" session so that the Trust Board and due its fiduciary duty next year and NOT run into the problems we had this year.

Through the Mayor, Kay and I were instructed that the Board wants to do what is right by the city and wants to be certain that city money is being wisely spent on behalf of the employees.

Monica expressed that her fear is that we seem to take the package recommended by Susan and not have real time to be certain it is a wise use of money. The desire to be certain is a good one. The method of simply looking to see if there are other brokers in the world does NOT address this problem. If one is just accepting a package at the last moment at a time where one cannot really change it if one wanted to, simply getting someone else to give you something at the last moment without an ability to change anything does not solve the problem.

Susan does an extraordinary amount of work. More than anyone else I have ever experienced. I welcome the Board getting educated and asking questions of Susan of what she does how she does it and why certain things are being recommended and others not and how she got to her conclusions. The problem is this is being done in a short "sprint" between December/January and finishing up around the end of February. During this time Monica is stretched thin as all get out between Audit, Budget, and regular business. Despite all appearances there is not a Red \$ on Monica's blouse. (Superwoman).

There are two components here. First is the process by which Susan is going through to choose the various components of the health benefits package. To use the exchange between Chico Marx and Groucho Marx in Coconuts, "Over here we have the Viaduct". "The what?" "The Viaduct". "Why a Duck? Why a no Chicken?" Line by line the Board should be asking Susan why a duck, why a no chicken. What we should be doing is alerting Susan that this is coming so it is not sprung as a surprise. She should be asked in December what would be a good time after she has started but before she is finished to meet and ask these kinds of questions such that it is not too late to change a vendor or a benefit. I anticipate that this would take place sometime in mid-February, but it is best to let Susan pick the date. Then there is a meeting with the Board and all questions can be asked and the Board can satisfy itself that the elements of the package have been properly "shopped" and that it can have effective input should change be desired.

The second component is how can we be certain that being a self insured is better than not and that we are providing better benefits at lower cost.

This becomes a Maria chore. Olivia's instinct of wanting to do her own checking and not take someone's word for it was a good one. It was her execution and approach that left a lot to be desired.

Rather than call the vendors selected by Susan or calling other brokers, what should be done is call other political subdivisions like Somerton, Gadsden Elementary School District, Yuma School District No. 1, Crane School District, and Yuma County. Ask the following questions:

- 1) How many employees?
- 2) What is the health benefit package?

- 3) Who is supplier – i.e. are you self insured or are you buying from a carrier, and if from a carrier, who?
- 4) What is your cost per employee?

This will give hard data to compare what we are offering our employees and what it costs us versus what others are offering their employees and what it costs them.

This is what I am proposing to improve the process going forward. It meets Monica's standards for due diligence and doing one's fiduciary duty, is data based, and takes personalities out of it. If one talks about this now, there is plenty of time to do it right and it should not end up as a form of last minute surprise. The proposed timing is to talk about this now and let the Board think about it. Then at the September meeting the Board decides whether to pursue something like this and establish the timing as well as weigh in on just what info they might need from Susan. Then in the December meeting set up the "Why a Duck" meeting and how far in advance of that to get materials or a report from Susan so the Why a Duck meeting can be an intelligent/meaningful one, and when they want the info on what other local subdivisions are doing and experiencing as a comparison.

My language for this meeting this week is:

"Discussion of process for fiscal year 2020/2021 and due diligence and fiduciary responsibilities of Board to be certain of expenditures of public funds for employee health benefit package."