

**MINUTES
REGULAR MEETING
EMPLOYEE BENEFITS TRUST
COUNCIL CHAMBERS
1090 E. Union Street San Luis, Arizona 85349
June 23, 2021
5:30 p.m.**

1. **CALL TO ORDER/ROLL CALL** Chairman Gerardo Sanchez called the meeting to order at approximately 5:33 p.m.

Those Present:

Boardmember Maria Gonzalez	via zoom
Boardmember Gustavo MacGrew	via zoom
Vice-Chairman Emma Torres	via zoom
Chairman Gerardo Sanchez	

Those not Present:

Secretary Maria Sabori

Others present:

Kay Marion Macuil, City Attorney
Janet Taylor, Legal Secretary, Acting Clerk
Tadeo A De La Hoya, City Manager
Maria Munoz, Human Resources Benefits Coordinator
Susan Posada, Benefits Coordinator/Broker
Monica Castro, Director of Finance
Rodger Diaz Human Resources Coordinator
Jonathan Dumadag - IT Department
Rob Flunker – via telephone
Glenn Gimbut, Assistant City Attorney – arrived at approximately 6:20 p.m.

2. **CONSENT AGENDA**

All matters are considered routine by the Employee Benefit Trust Board and will be enacted by one motion. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

2. A. **MINUTES OF:**

-Regular meeting held on May 5, 2021

MOTION: Chairman Sanchez and Vice-Chairman Emma Torres to approve the Consent Agenda. **Motion passed unanimously.**

The vote was as follows:

Boardmember Maria Gonzalez	Aye
Boardmember Gustavo Macgrew	Aye
Vice-Chairman Emma Torres	Aye
Chairman Gerardo Sanchez	Aye

3. DISCUSSION AND POSSIBLE ACTION ITEMS:

3.A. Discussion and possible action on any and all matters regarding the purchase and name change of the third-party administrator, EBSO Inc., to 90 Degrees Benefits, Inc. and adoption of service agreement with 90 Degrees Benefits, Inc. and benefit plans for the fiscal year starting July 1, 2021. **(Rob Flunker, President of 90 Degrees Benefits, Inc.)**

Mr. Rob Flunker, President of 90 Degree Benefits, Inc., stated that they have been with the 90 Degree family since 2018 but have not changed their name until now. Mr. Flunker explained for a company that large, the name change takes time. Mr. Flunker also stated that everything would remain the same as far as day-to-day processes. But the brand is now 90 Degree Benefits as opposed to EBSO. The change will provide more resources to clients.

Chairman Sanchez asked if there were any questions regarding the name change. The board had none.

MOTION: Chairman Sanchez and Board Member Gustavo Macgrew to approve the following motions 1 - 6. **Motion passed unanimously.**

1. I MOVE TO APPROVE THE ADMINISTRATIVE SERVICES AGREEMENT FOR THIRD-PARTY BENEFIT SERVICES WITH 90 DEGREE BENEFITS, INC.
2. I MOVE TO APPROVE THE AUTHORIZATION AND GUARANTEE AGREEMENT FOR AUTOMATED CLEARING HOUSE AUTHORITY SO THAT 90 DEGREE BENEFITS, INC. MAY PROCESS DEBIT AND CREDIT CARD PAYMENTS.
3. I MOVE TO APPROVE THE U.S. MEDICAL PLAN WITH 90 DEGREE BENEFITS, INC. AS THE THIRD-PARTY ADMINISTRATOR.
4. I MOVE TO APPROVE THE U.S. DENTAL PLAN WITH 90 DEGREE BENEFITS, INC. AS THE THIRD-PARTY ADMINISTRATOR.
5. I MOVE TO APPROVE THE MEXICO-ONLY MEDICAL PLAN WITH 90 DEGREE BENEFITS AS THE THIRD-PARTY ADMINISTRATOR.
6. I MOVE TO APPROVE THE MEXICO-ONLY DENTAL PLAN WITH 90 DEGREE BENEFITS AS THE THIRD-PARTY ADMINISTRATOR.

The vote was as follows:

Board Member Maria Gonzalez	Aye
Board Member Gustavo Macgrew	Aye
Vice-Chairman Emma Torres	Aye
Chairman Gerardo Sanchez	Aye

3.B. Discussion and possible action on any and all matters regarding the quarterly review of the benefit plan. (Susan Posada, Broker, and Consultant)

Ms. Posada discussed the main points from the PowerPoint presentation and stated that the claims that have come in ending May 31 are 43% higher than last year. Ms. Posada noted that the worst part is that we have lost \$171,000.00 for the 11 months and anticipates very large claims coming in by the end of June. Stop-Loss claims are at \$850,000.00, which is 32% of the estimated claims of 2.6 million.

Ms. Posada continued and explained how Stop Loss works and how it pays.

Rob Flunker stated that years like this are why we have insurance and that COVID bills run high. The plan is still healthy, and the Trust is healthy, and the fact that we are in a good position should put everyone at ease.

Chairman Sanchez stated that we knew this was going to happen, and there was no way to tell that COVID was going to be our highest. It appears that it's there, but it is not. The other claims are significant, which happens when you have over two hundred employees, and our employees are protected. The benefits are probably the best in Yuma county and perhaps in the state.

Ms. Posada mentioned that it had been nine years of preparation. Still, one of the things she didn't mention last time is that the last several years the amount of contributions the city has been making did not increase; as a matter of fact, last year, it decreased, which meant less money went into the Trust. However, even with that, the Trust is still in a good position.

Vice-Chairman Emma Torres stated that she believes every precaution has been taken these past years, and we have been fortunate not to have incidents and actually to have increased our funds to be healthy. Even when there is a bad year, we are still holding strong, and that is as much as an administrator can do. Thank you, Susan.

Ms. Gonzalez concurred with Ms. Torres' statement and also thanked Susan.

Rob Flunker added to that, saying how important it was to keep the Trust healthy. Susan's diligence should be commended the Trust has been managed very well.

Ms. Posada also commented that many other brokers would increase the premiums, and that is how they get paid; they get a percentage of that. For at least the last four

or five years, we have not increased premiums to the city. Ms. Posada stated that she prefers not to think that way, but her thought is through balance.

Chairman Sanchez stated there was no motion for this item; therefore, no action was taken. This was for informational purposes only.

3.C. Discussion and possible action on any and all matters regarding renewal of a broker agreement with Susan Posada Agency, Inc. (Susan Posada, Broker, and Consultant)

City Attorney Kay Marion Macuil stated that there are three options due to the way the item has developed. Ms. Macuil began with Option #3, and that Option #3 is what is in place now; it is automatic renewal for two years but can be terminated with a sixty-day notice. If this is the option that is chosen, it would automatically renew because we haven't given the sixty-day notice. I think this is just an oversight because Susan did come in with an amendment, and I just didn't catch it; I just trusted Susan that we needed to renew, and it was expiring. I had forgotten this 2019 provision, so Susan's option of just a straight three-year extension was brought in, in March, so that is another option on the table. We met on May 5, and staff was directed to come up with Option #1 (Kay reading the option out loud);

3B is the operative change on or before June 30, 2023, the client; the client is the trustees, may give written notice to the broker of its intent to put out the agreement for the request for qualifications and proposals or take such other action in its fiduciary responsibility.

Kay explained that qualifications are different from a request for proposals. You can just go out for qualifications and see what kind of expertise is out there and then negotiate the price, so that is what qualifications do.

Chairman Sanchez asked if that was Option 3. Ms. Macuil responded, yes, B. And that qualification entitles the client to go out?

Ms. Macuil replied to go out and ask what your expertise is for a Mexico Plan, a Dental Plan, and a US plan. All the complexity of our contracts. What is your expertise in handling a Trust Fund? What is your expertise in a Self-Insured? Just to find out if there is any expertise in this area.

Chairman Sanchez asked what the time frame for that is?

Ms. Macuil stated that Susan could also put in her bid, and that would go out after you are given the notice before June 30, 2023.

Ms. Macuil stated she would just read it: The selected Broker Firm would commence creating a benefits plan for the July 1, 2024, through June 30, 2025, fiscal year on

October 1, 2023. We thought we would need a transition time. If we went out to bid, we would have to select by October. If a new firm were selected, there would be time to transition if the selected broker firm is not the current broker, then a transition. The current broker shall continue all aspects of this agreement, including working with the selected broker in creating a benefits plan to the extent that proprietary property is protected and not infringed. So brokers do have intellectual proprietary properties, so Susan wouldn't have to share hers and, if there were a new firm, they would not have to share theirs. The client will compensate the current broker (Susan) through June 30, 2024, according to sections four and five below.

So her compensation her option back in March she didn't raise it so, the compensation in all three agreements is the same.

Chairman Sanchez asked 5% Ms. Macuil responded yes in all three. Ms. Macuil then corrected herself by stating no 3%. It comes out to \$35.00 per employee per month.

Ms. Macuil stated that if there were no more questions about the content of the three options, I can stay here for that, then Susan would like to make a presentation.

Chairman Sanchez stated that he wanted to go over the options first.

Option #1-Renew broker agreement for three years with the option of going out to bid with one-year notice in 2023

Option #2-Renew brokers agreement for a flat three years, no option to go out, no nothing, just three years.

Option #3-Renew automatically for two years with both parties having the option of sixty-days notice to end renewal at the end of two years under the current amendment signed June 12, 2019.

Chairman Sanchez asked members if they had any questions or concerns, then continued with he had a concern and asked; these three options came out of what?

Ms. Macuil responded the current option was just an oversight. As Susan said, she is not focused on her compensation. She is focused on all the things that go on in March to get all the contracts done, and she just did what she usually does and given us a three-year option forgetting that back in 2019, we changed it to a two-year automatic with a sixty-day notice. So that created two options. On May 5, the trustees wanted to have an opening to go out to bid as a proposal to the whole group. And that is why the third one came in.

Chairman Sanchez replied, you came up with three options based on that? Ms. Macuil responded right.

Board Member Maria Gonzalez asked about option #3 that came about because of when we met on May 5?

Ms. Macuil responded, correct.

Chairman Sanchez stated that he was a little confused because they were given three options. I thought this was; we are going to work on a contract, and we were going to do a two year with the option to go out to bid.

Ms. Macuil responded, yes, so that is option three, and I did negotiate with Susan. She said today and in an email that she was fine with Option #3.

Chairman Sanchez stated that he thought that was the agreement and asked board members if he understood it right.

Ms. Gonzalez responded I thought Option #3 is what we agreed on. That is what I understood.

Chairman Sanchez said seeing all three options only complicates things.

Ms. Macuil apologized for the complications.

Vice-Chairman Emma Torres commented that all three are very similar in that we agree to continue to contract with Susan. If three is what we agreed upon, then I am fine with either one. The most important thing here is a trusting relationship between the contractor and us and, I don't think that is going to change. If anything, it might get strengthened.

Ms. Macuil apologized again stating that Option #1 was the one that came out of the May 5th meeting.

Susan Posada Broker stated, first, of all Trustees, I want to thank you for the opportunity to serve you all these years. If you should approve one of these agreements, I want to thank you for that. I did say to Kay that Option #3, which is Option #1, that I was okay with that.

I feel that there are bigger issues here. I am a person of very high integrity and honesty and very passionate about what I do, and I sometimes think it is my fault that I don't show the work that I do, and I know the value that I bring. Regardless of what happens after the third year, I will not bid again. I don't feel that I am valued. I have done a tremendous amount for the city all these years. My heart, my soul, has been in it. It never has stopped. And if I am not valued, I don't need to be here anymore.

But I have a commitment for you and, here is my commitment. My commitment is in the next three years. I will do the same as I have always done. I do that not only for

you; I do it for me because that is the kind of person that I am. For me bringing value and bringing pleasure, and showing that I can do a good job is more important than the money. As you can see, last several years, I did not increase the contributions

because it was the right thing to do, and brokers make money by increasing the contributions are how they are going to make money. I didn't do that. I don't think that way. I don't have a criminal mind to think like that. So I just do what I think is the right thing.

The commitment I make to you is that I will continue to do the right thing; however, this is how it works in the third year or the beginning of the third year. The renewals begin late January, late February, and what I did this year, for instance, without you renewing my contract, I took it on trust that you would renew my contract, so I did all the work for this coming year, all of it it is almost done. Throughout the year, I do more I get calls for this or that, but the majority of the work has already been done for this coming year. And paid for and done everything that needs to be done.

But that last year, once you choose a broker beginning February, that particular incumbent broker must do the work for the following year. And I am happy to help and assist, but I have already done the work for that year, so I can't do the work for the coming year, and that particular broker does not need to be paid until January 1. That is how I work. When I get a new client, I do not charge them until the renewal begins. So when you begin to look at a broker, you begin to look at the things they bring to the table, such as do they give you a website do they give you this do they give you that, what else do they provide for you for your HR. Those are things that you can quantify.

The two things you are unable to quantify are the nine years of honesty and integrity that I have brought to the table and the passion and the love I have brought to all of you and your employees and your dependants. Those are two things that you are not going to be able to measure. Thank you.

Chairman Sanchez thanked Susan and asked if there were any comments from board members.

Vice-Chairman Emma Torres stated she was sorry to hear Susan's sentiment about how she feels, distrusted, and stated that she doesn't feel that is the case. If anything, these nine years of working together, I understand what a trust is; I understand how it works. If anything, I feel like I have been a really good fiduciary agent on behalf of the people we represent and the questions as business people we ask because we are trained to ask and anything that is not clear to us we have to ask with no intention of showing distrust. I am sorry, Susan, that you feel that way. If anything, I have learned to appreciate your work more. Because I understand it, and as a representative of the community, I am making sure that I am doing the best that I can. I am sorry you have taken it that you feel mistrusted, but that is not the case for me. On the contrary, I have learned to appreciate you even more over the years.

Chairman Sanchez thanked Emma for her comments and stated that when Susan came on board, they were in a situation where our money was at a very high risk of being lost you, came in with the ideas you came in showing us because we didn't know better because we were working with other brokers that supposedly were Professionals. Our money was vulnerable and basically in someone else's account. We didn't know about the benefits and pricing and overcharging.

Over the years, my biggest concern was benefits for employees. My concern was the premiums, and I was seeing them go up, and my big question was, when is it going to stop? When I became a board member a chairman, then we were able to control the contributions, the charges, and the benefits. We have been very blessed and have a healthy account.

Chairman Sanchez apologized to Susan if she felt mistrusted, not valued. On a personal note, when I was in the hospital on day 15 and was giving up, the person I thought about was Susan, and you are the one I called when I wanted to be transferred to Mayo clinic. I value your work, and I know what you do. You have been a good partner and a good friend to the City of San Luis.

Chairman Sanchez stated that we do not have the personal for HR, but we still offer the best benefits. If an employee has a problem, things get fixed.

Boardmember Maria Gonzalez stated that was not the intention on her part when she questioned the contract. She stated that she was sorry Susan felt that way. That was not the intention, and that she valued Susan and appreciates all she has done and now understands the questions she had prior.

Susan Posada stated that she had Rob on the phone and asked if he would speak to what she made.

Rob Flunker responded yes, Susan makes about \$35.00 ppm which is about 3%. If the question on this broker bid is on cost, Susan is priced very competitively in the marketplace for what she is doing. If you went out to bid for another broker, you would get brokers that would come in cheaper. Still, you are not going to get a broker that would benefit the city like Susan does or provide the level of detail that she does. No other broker I work with knows how to run a US-Mexico plan in conjunction with a Blue Cross Blue Shield plan of Arizona. Those nuances, those intricacies right there I don't even know how to put a price on that. Susan is currently underpriced compared to the current broker fee in the marketplace. I recommend keeping Susan on as the agent and keep the plan as it is, running smoothly. That is a huge knowledge base, and there will be a huge learning curve for whatever new agent does come in. Susan is a huge asset and shouldn't go unnoticed at all. From what I have heard, it looks like she has proven that over the nine years.

Susan Posada stated that as far as the trustees go, she wasn't trying to make anyone feel uncomfortable, which was not her intention. I wanted to tell you how I felt for the last nine years. I am reminded constantly of how much I make, and I make too much money for what I do, but my experience speaks for itself. You guys, as the trustees, don't hear that, but I am constantly reminded on the political side. It is now time for me to speak up after nine years and tell you what my value is. Thank you for listening to me. I appreciate that very much.

Assistant City Attorney Glenn Gimbut stated that in talking to Kay about the current contract with Susan, I changed a couple of words to give options and flexibility to the trustees. I understand from Kay that one of the concerns from folks was that they had done their fiduciary duty to the Trust that they have done their due diligence. Mr. Gimbut stated that there are more ways to do that than an RFP, and so I put in the flexibility to choose your path in the future of what you want to do and how you want to go about doing it. It is not necessarily a request for bids. For example, you can call around to see if there is anybody else in the state that does what Susan does the way she does it. If you can't find them, you have done your due diligence and, you don't have to do an RFP. So I am suggesting that you might want to think about alternative routes and to have that flexibility and not be married to one particular method to do your due diligence. Thank you.

Chairman Sanchez stated to Glenn for clarification; you are talking about options for that option; the ability to do that. I like that option. We need to feel as chair members that we are doing our duty. Which option are you referring to? Are you referring to option number one or?

Glenn Gimbut stated you have in your contract that in the future, there is going to be an RFP, and I changed that to you will choose if there will be an RFP or you can choose another path. So you are not married to one particular solution.

Kay Macuil responded Option #1

Chairman Sanchez thanked Glenn and stated that we have reviewed and listened and that a lot of things can happen in three years. I personally would like to see Option #1. Chairman Sanchez said, let me be very clear with the option of going out. He asked Glenn, when you say RFP, you mean going out to bid; we don't actually have to go out to bid, do we?

Glenn responded it is set up so you can choose your path. If you want to do bids, you can; if you want to pick another path, you can do that too.

Chairman Sanchez replied, and that is with Option #1?

Mr. Gimbut responded; correct. I think so. Kay has the final draft, so I will let her lead you through the contract.

Kay responded, so that is the piece of Option #1 where it says, "Client may give written notice to the broker of its intent to put out the agreement for Request for Qualifications and Proposals or take such other action in its fiduciary responsibilities." So that is where the flexibility is.

Chairman Sanchez stated that we have the option of not doing and we are not forced to. But if we see the need.

Chairman Sanchez asked if there were any concerns from the members. I am looking at Option #3 as the best viable option.

Boardmember Maria Gonzalez stated that she concurred with the Mayor with Option #1. It is Option #1, right?

Vice-Chair Emma Torres commented; it is Option #1

Chairman Sanchez corrected himself and said yes Option #1

Vice-Chairman Torres said it is always a good option to have that flexibility. I am very glad that I am kind of shielded from some of the political things that you have heard. Susan and I haven't been involved in that. As an administrator, I know that it is expected that I will be able to have that opportunity to have the flexibility to make decisions on behalf of who we represent. Option #1 states that we will renew, but in case we decide not to, we still have that flexibility. Although, as it was mentioned in the discussions before, all the contracts have the option to terminate 30 days or 60 days notice from either side. That is why I said, in the beginning, I think that either of the three options still states that we trust and appreciate the work and we are willing to continue, so however the group decides, I am fine with it.

MOTION: Chairman Sanchez and Vice-Chairman Emma Torres to approve Option #1 of the broker agreement as presented. **Motion passed unanimously.**

The vote was as follows:

Boardmember Maria Gonzalez	Aye
Vice-Chairman Emma Torres	Aye
Chairman Gerardo Sanchez	Aye

4. ADJOURNMENT

Motion: Chairman Gerardo Sanchez and Boardmember Maria Gonzalez to adjourn the meeting. **Motion passed unanimously.**

Meeting adjourned at approximately 6:32 p.m.

APPROVED:



Gerardo Sanchez, Chairman

ATTEST:



Janet Taylor, Acting Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Meeting of the Employee Benefits Trust of the City of San Luis, Arizona, held on June 23, 2021. I further certify that the meeting was duly called and held and that a quorum was present.



Janet Taylor, Acting Clerk