



Office of the City Clerk
BOARDS, COMMITTEES & COMMISSIONS

SELF-INSURED HEALTH BENEFITS TRUST (SHBT)

CREATED BY:

Resolution 23130, adopted January 7, 2020
Ordinance 11628, adopted March 5, 2019

MEMBERSHIP / QUALIFICATIONS:

Membership shall consist of five (5) joint Trustees, all of whom shall be at least 21 years old, citizens of the United States of America and reside or work in the City of Tucson, Arizona.

One (1) Trustee shall be an Officer of the City designated by the City Manager

Trustees shall be appointed by the Mayor and Council; serve staggered four-year (4) terms and shall have expertise in the field of:

- Finance
- Health or Medical Insurance
- Employment Benefits
- Health Care or Actuarial Science

The City officer who is appointed as a Trustee shall not be subject to term limits.

No person shall qualify as a Trustee until he/she has been bonded. The bond requirement may be satisfied by the blanket performance bond or other coverage provided by the City.

Trustees are subject to removal and substitution by their appointing authority with or without cause. Any Trustee may, upon expiration of his/her term, continue to serve until a replacement is appointed by the appointing authority.

Trustees shall not be entitled to receive compensation for their services as trustees, except that Trustees shall be entitled to reimbursement for any reasonable out-of-pocket cost and expenditures made by the trustees in the performance of their duties as trustees.

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PURPOSE / FUNCTIONS:

The Board of Trustees shall serve in an advisory capacity to the City, providing advice, recommendations and feedback to the City with regard to the design and cost of the health benefits program offered by the City on a self-insured basis, all in advance of final approval of such program by the Mayor and Council.

The Board will provide general oversight of the Trust and serve in an advisory capacity to the City with regard to the Trust.

The Trustees will make non-binding recommendations to the City as they deem appropriate, regarding the management of the Trust including issues such as funding levels, risk retention and reinsurance, reserve requirements and amounts.

The Trustees shall have full discretion and authority with regard to the investment of the Trust Fund.

The Trustees shall adopt and coordinate their investment policy with the financial and liquidity demands created under the Plan(s).

The Trustees are authorized and empowered to exercise all powers, rights and duties incident to the proper administration of the investments of the Trust for the purposes set forth herein, subject to applicable law.

The Trustees shall have the power to construe and interpret the terms of this Trust Agreement, subject to the authority of the Mayor and Council to amend the Trust Agreement and its enabling Ordinance.

The Trustees shall establish an investment policy for the Trust, which shall take into account the liquidity needs of the Plans, the claims pattern of the Plans and such other factors as the Trustees deem appropriate. The Trustees will review and revise the investment policy as necessary to achieve the following payment and reserve management goals:

(a) Payment Fund. A portion of the Fund shall be maintained in highly liquid assets to enable the Trust to pay, from current contribution receipts and other Fund deposits, current claims as they become due.

(b) Leveling Fund. A portion of the Fund may be maintained in liquid assets or assets that can be quickly converted to liquid assets to take into account normal expected fluctuations in claim patterns.

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(c) Reserve Fund. A portion of the Fund may be maintained in longer horizon investments as a reserve account or accounts for large unexpected claims and to reduce the Trust's reliance on stop loss or other insurance products. The reserve account investments must be convertible to liquid assets as needed to reserve fund claims. The reserve account (s) shall be managed to: (1) reduce insurance costs; (2) to reduce contributions costs; or (3) to increase benefits. The Trust may not maintain reserve funds in excess of what would be reasonable based on the Plans participating in the Trust and the purpose of the Trust.

The Trustees may engage an investment manager or advisor to assist with its investment responsibilities under the Trust. Reasonable compensation to the investment manager or advisor may be paid from the Trust.

The Trustees shall adopt an annual budget for the Trust, including the administrative costs of administering the Trust and the Plans, as well as benefit and reinsurance costs.

AUDITS:

The Trust shall be audited annually by an external auditor designated by the Board. A copy of the audit report shall be kept on file in the City's Retirement and Benefits office for a period of not less than five (5) years.

QUORUM:

The Board of Trustees shall meet at least four times per year or more frequently if determined necessary by the Chairperson of the Board, or as requested by the City Manager. A quorum shall consist of three (3) members.

TERMS OF OFFICE:

Four (4) year staggered terms.

APPLICABILITY OF TUCSON CODE CHAPTER 10A, ARTICLE XIII:

Exempt from all provisions of Chapter 10A, Title XIII of the Tucson Code, with the exception of Section 10A-136 of the Tucson Code.

OPEN PUBLIC MEETING LAW REQUIREMENTS:

This public body is defined as an advisory committee and must comply with all of the provisions of the Open Public Meeting Law.

SUPPORTING DEPARTMENT:

City Pension and Benefits Administrator 791-4379

Historical Notes:

January 7, 2020 – Mayor and Council passed and adopted Resolution 23130; appointing Lydia Aranda, Anna Maiden, Matthew Nelson, and Monica Dupnik as the four initial citizen member Trustees of the Board of the Trust, and specified the special initial terms (two-year, three-year, or four-year) for each. Matthew Nelson shall serve an initial term of four years, Lydia Aranda and Anna Maiden shall serve an initial term of three years, and Monica Dupnik shall serve a term of two years.