

ORDINANCE NO. 17-1349

AN ORDINANCE OF THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AMENDING CHAPTER 3, CODE OF THE CITY OF GOODYEAR, BY ADDING ARTICLE 3-14; CREATING THE CITY OF GOODYEAR HEALTH CARE BENEFIT TRUST FUND; AND CREATING A CITY OF GOODYEAR HEALTH CARE TRUST BOARD TO ADMINISTER THE HEALTH CARE BENEFITS TRUST FUND.

WHEREAS, A.R.S. § 11-981 authorizes the City of Goodyear to establish a self-funded insurance program for health benefits for its employees; and

WHEREAS, the City Council of the City of Goodyear finds that is in the best interests of the City to adopt such a self-insurance program; and

WHEREAS, A.R.S. § 11-981 requires the establishment of a health benefits trust for the purposes of management and administration of this program; and

WHEREAS, A.R.S. § 11-981 also requires the establishment of a health benefits trust board to administer the health benefits trust.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

Chapter 3, Goodyear City Code, is amended by adding Section 3-14 to read:

SECTION 3-14. CITY OF GOODYEAR HEALTH CARE BENEFITS TRUST

City of Goodyear Health Care Benefits Trust Fund.

SECTION 3-14-1. PURPOSE

The Health Care Benefits Trust is established and provides for a Health Care Benefits Trust Board to administer the Trust Fund for the purpose of providing for direct payment of the Health Care Benefits Plan for the benefit of participants, as follows:

- (a) All monies received by the City for the purpose of funding the Health Care Benefits Plan shall be deposited into the Trust Fund, including all health care premiums, contributions, credits, rebates, refunds and funding for wellness related programs identified for appropriations.

- (b) The Trust Fund shall be used for the purpose of administering, staffing, managing, and funding the Health Care Benefits Plan.
- (c) The City shall adopt a Trust Agreement that sets forth the specific terms of the Health Care Benefits Trust. A stop-loss provision shall be incorporated into the Trust Agreement.
- (d) An annual audit of the Trust Fund shall be conducted by an external auditor designated by the City Manager. A copy of the audit report shall be kept on file in the Office of the City Clerk in accordance with the State of Arizona General Records Retention Schedule.

SECTION 3-14-2. DEFINITIONS

For the purpose of this section, unless the context otherwise requires:

Board means the City of Goodyear Health Care Benefits Trust Board.

City means the City of Goodyear

Health Care Benefits Plan means the City of Goodyear Health Care Benefits Plan, a self-insured health care benefits program that provides for direct payment of health care benefits, losses or claims or any combination of insurance and direct payment, and including risk management consultation for the benefit of participants.

Member means a person appointed and serving on the City of Goodyear Health Care Benefits Trust Board.

Participant means a benefit-eligible City employee, elected official, eligible dependent, or other person determined to be eligible to participate in the health Care Benefits Plan or other self-insured City program for the management and administration of a system for direct payment of benefits, losses or claims or any combination of insurance and direct payment, and including risk management consultation.

Trust Agreement means a separate document adopted by the city setting forth the specific terms for the administration of the City of Goodyear Health Care Benefits Trust, including any amendments or supplements to the agreement.

Trust Fund means the City of Goodyear Health Care Benefits Trust Fund.

SECTION 3-14-3. BOARD; APPOINTMENT; TERMS.

The Board shall be subject to the following:

- (a) **Establishment.** The Board is established to administer the Trust Fund.
- (b) **Appointment.** The City Council shall appoint individuals to serve as Trustees overseeing the management and administration of the Trust. The City Council shall consider and may appoint any individual so recommended, provided that the number and identity of the appointed Trustees shall conform to the requirements of this Section 3-14-3. Each Trustee so appointed shall accept the appointment in writing and shall confirm in writing that the Trustee agrees to hold and administer the Funds, in trust, pursuant to the terms of this ordinance.
- (c) **Number and Identity.** There shall be five Trustees. No more than one Trustee may be an employee of Goodyear. The Finance Director shall be assigned as one of the five Trustees in an ex officio Trustee status with full trustee privileges. In the event that the position of Finance Director is vacant, the City Manager shall appoint another employee to serve as the ex officio Trustee until such time as the position of Finance Director is filled. No former member of the Council or former employee shall be a Trustee. Preferably the Trustees shall have expertise in the field of finance, employee benefits, or health care.
- (d) **Bonding.** All Trustees shall be bonded in an amount to be approved by the City Manager. This requirement may be satisfied by a blanket performance bond or other coverage provided by Goodyear.
- (e) **Officer.** At the commencement of each Plan Year, the Trustees shall elect a Chairperson, Vice-Chair, and a Secretary from among themselves. The Chairperson shall preside over the work of the Trustees pursuant to this ordinance. The Vice-Chair shall preside in the Chairperson's absence. The Secretary shall maintain accurate records of all actions of the Trustees, including minutes from all Trustees' meetings. A copy of the minutes shall be retained as record of the Trust's activities.
- (f) **Terms.** Each Trustee with the exception of the Finance Director, shall serve a three-year term, unless terminated as described in the Article. A Trustee may be reappointed to no more than one additional consecutive term. Notwithstanding the foregoing, the

initial terms for the first five Trustees shall be as follows: one Trustee to serve an initial term of one year; two Trustees to serve an initial term of two years; and two Trustees to serve an initial term of three years. The Council shall determine which of the first five Trustees shall serve the one-year, two-year, and three-year terms.

- (g) **Termination.** The term of any Trustee shall automatically terminate upon the earliest of the following: death; resignation; removal; failure to attend three consecutive meetings; or, for a Trustee who is an employee of Goodyear, the termination of such employment.
- (h) **Resignation of a Trustee.** A Trustee may resign by giving a 60-day notice in writing to the Chairman. The Chairman may exercise discretion to waive or reduce the 60-day requirement, but shall not waive the written notice requirement. The notice shall state the effective date of resignation. The resignation shall take effect on its stated effective date unless a new Trustee is appointed and accepts appointment prior to the stated effective date, in which case the date of acceptance shall constitute the effective date of the resignation. Upon the effective date of the resignation, the resigning Trustee shall be discharged from any further duty or responsibility under the Trust, and the resigning Trustee shall deliver to the Chairman (or to the Secretary, if the Chairman is resigning) any and all property in his or her possession or control which belongs to the Plan or Trust.
- (i) **Removal of a Trustee.** A Trustee may be removed by the majority vote of a quorum of the City Council at a regular or special meeting. Upon the effective date of the removal, the removed Trustee shall be discharged from any further duty or responsibility under the Trust, and the removed Trustee shall deliver to the Chairman (or the Secretary, if the Chairman is being removed) any and all property in his or her possession or control which belongs to the Plan or Trust.
- (j) **Meetings.** The Trustees shall meet whenever required to provide for the orderly and timely administration of the business of the Plan and the Trust at such location as may be acceptable to the Trustees, but no less than four times per Plan year. In calling, providing notice of, and holding meetings, the Trustees shall conform to applicable laws.

- (k) **Quorum.** A quorum shall consist of three Trustees.
- (l) **Voting.** Each Trustee shall have one vote. All actions by and decisions of the Trustees shall be the affirmative vote of a majority of the number of the Trustees attending a duly called meeting of the Trustees at which there is a quorum present.

SECTION 3-14-4 POWERS AND DUTIES.

(a.) The Board shall:

1. Administer the Trust Fund pursuant to this article and the Trust Agreement.
2. Provide financial oversight of the Trust Fund by evaluating claim expenses and reserve amounts.
3. Review quarterly the Trust Fund to ensure sufficient funds exist to pay outstanding and future benefits, to pay losses or claims or any combination of insurance and direct payment, and to pay for risk management consultation.
4. Make recommendations to the City Manager on financial issues relating to the Health Care Benefit Plans covered under the Trust including appropriate premiums.
5. Comply with all requirements of State and Federal laws relating to self-insurance programs for the management and administration of the Health Care Benefits Plan or other self-insured system for direct payment of benefits, losses or claims or any combination of insurance and direct payment, and including risk management consultation.
6. Meet at least four times a year, or more frequently as the Chairperson of the Board deems necessary or upon the request of the City Manager.
7. Comply with the State of Arizona's Open Meeting Law (A.R.S. §§ 38-431 - 431.09)

(b.) The Board may:

1. Adopt rules or policies for the operation of the Board, which are not inconsistent with the City Code, the laws of the State of Arizona, the City Charter or any City ordinances or resolutions.
2. Appoint committees.

3. Request the City Manager to designate staff to perform assignments necessary for the administration of the Trust Fund.
4. Consult with or advise any committee, task force or working group established by the City to address health care issues to make recommendations to the City Manager regarding such issues.
5. Delegate its duties and responsibilities solely in a manner consistent with its fiduciary responsibilities.

SECTION 3-14-5 RISK MANAGEMENT CONSULTANT OR INSURANCE ADMINISTRATOR; VERIFICATION.

- (a) The City Manager shall designate a Risk Management Consultant or an Insurance Administrator licensed pursuant to Arizona State law.
- (b) The City Manager shall verify that any Risk Management Consultant or Insurance Administrator is licensed pursuant to Arizona State law.

SECTION 3-14-6 TERMINATION; AMENDMENT.

- (a) The City may determine that it will no longer provide the Health Care Benefits Plan or any other self-insured program for the management and administration of a system for direct payment of benefits, losses or claims or any combination of insurance and direct payment, and including risk management consultation, at which time the Trust Fund will be dissolved after the payment of its outstanding liabilities. Any funds remaining will revert to the City's General Fund.
- (b) The City may amend the provisions of this ordinance at any time.

SECTION 3-14-7 APPLICABILITY.

This article shall not apply to any City of Goodyear Health Care Benefits Program, System, or Plan that is not self-insured.

PASSED AND ADOPTED by the Mayor and Council of the city of Goodyear, Maricopa County, Arizona, this _____ day of _____, 20____.

Date: _____

APPROVED AS TO FORM:

Roric Massey, City Attorney

STATE OF ARIZONA)
) ss.
County of Maricopa)

Given under my hand and sealed this _____ day of _____, 20____.

City Clerk