



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: July 3, 2024
PREPARED BY: Tracey Vasquez, Director
DEPARTMENT: Human Resources

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a resolution Authorizing the Creation of an Employee Benefits Trust; Designating the City Manager, Finance Director, And Human Resources Director to Be Trustees Of Said Trust; And Authorizing The Trust To Purchase Various Forms Of Insurance For The Benefit Of City Officers, Employees, Qualified Retirees, And Their Dependents.

BACKGROUND/SUMMARY:

After more than 25 years of securing employee health benefits through Texas Health (formerly the TML system), a request for proposals (RFP) was released to assess the availability of improved benefits at the same or reduced costs. Proposals were accepted through May 25, 2024. With the assistance of HUB International, the City’s recently contracted benefits evaluator services provider, the responses have been thoroughly reviewed. An overview of the responses is provided revealing the opportunity to secure the services of new employee insurance benefits providers.

Under State law, monies received by insurance providers from customers such as the City’s employees are taxable to the insurer at a rate of 1.75%. To cover the tax expense, the premiums on medical coverages will include ‘premium taxes.’ The tax expense, typically borne by the City is approximately \$20,000 annually. However, the same State law authorizes the exemption of such monies from the law if the City agrees to keep the funds under the ownership and control of a “single, nonprofit trust.”

Thus, Staff has prepared a resolution authorizing the creation of an Employee Benefits Trust authorizing the Trust to act on matters regarding the purchase of insurance benefits for employees, qualified retirees, and their dependents. Establishing the trust will allow the City to obtain the best insurance coverage at a reasonable cost to employees, qualified retirees, and their dependents. Attached to the Resolution is the “Declaration of Trust” document providing the details of authorizations and responsibilities provided under the trust.

LEGAL REVIEW: Yes, Veronica Rivera, Assistant City Attorney
FISCAL IMPACT: No
PRESENTATION: No
ATTACHMENTS: Yes

- Resolution No. 2024-19

STAFF RECOMMENDATION:

City staff recommends that the City Council approve Resolution No. 2024-19 Authorizing the Creation of an Employee Benefits Trust; Designating the City Manager, Finance Director, And Human Resources Director To Be Trustees Of Said Trust; And Authorizing The Trust To Purchase Various Forms Of Insurance For The Benefit Of City Officers, Employees, Qualified Retirees, And Their Dependents.

PLANNING & ZONING COMMISSION: **Recommend Approval** **Disapproval** **None**