

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1
EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES MEETING – NOVEMBER 15, 2017**

TRUST MEMBERS PARTICIPATING

Kari Thompson, Hal Christiansen, Pat Rooney, Marcia Cox & Sam Scarmardo

OTHERS PARTICIPATING

Mike Murray, Bonnie Breazeal & Mary Heronema – LHUSD #1
Erin Collins, Jaime Schulenberg & Elena Lacy - Erin P. Collins Assoc.
David Stewart – Insurance Professionals of Arizona
Joyce Perez - Gilsbar
Rich Hanna - Ameritas
Patrick Kohnen - Claremont Capital
Tyler Technologies Representatives (via computer and telephone)

OTHERS ATTENDING (PER SIGN IN SHEET):

John Masden, Kathy Cox, Tamara Yates

Meeting called to order at 3:01 p.m.. Roll call was taken. Pledge to the flag followed.

Mrs. Thompson asked for "Calls to the Public." There were none.

APPROVAL OF VENDOR REPORTS:

2.1) Presentation by Tyler Technologies – Mr. Murray introduced Kim Balentine from Tyler Technologies to the group. He explained that the LHUSD#1 Governing Board recently approved the transition to Infinite Visions financial software, effective July 1, 2018. One of the modules available is benefit enrollment. Another firm, Hodges Mace, recently made a presentation to the EBT Board of Trustees and Mr. Murray said he asked Tyler to do a presentation as well, for comparison purposes.

Mrs. Thompson asked if this was an add on to the package approved by the Governing Board. Mr. Murray said was included in the quotation that was presented to the Board for approval.

Ms. Balentine said the group from Tyler would be doing a three part overview, first from the employee's point of view, followed by the management portion and the third as an enterprise resource. Jamie Whitaker from Tyler took over the presentation and showed the EBT Board of Trustees and District representatives the self service portal that employees will use during open enrollment, new employee orientation and when a "life event" occurs. She said the screens are highly customizable. She also said that employees will not have to re-enter data annually. It will stay the same unless they go in and change it.

The information employees will see is based on settings already put into place in Visions, i.e. the options available will pertain to the type of employee who goes into the portal and the number of pay periods available to that employee. There is also an error checking feature. Pop-ups are available. An employee can go in and print a PDF document after they enter data or make changes.

Visions can generate all required Federal and State forms and employees can download them from the portal. Mrs. Cox asked if it would be possible to send reminders to employees during open enrollment and Jaime said there was a feature to send a message to employees who hadn't completed the enrollment process. Mrs. Cox then asked about paperwork needed to backup the addition of dependents on the district's insurance plans. Jamie said the District can decide what documentation is needed and that forms can be scanned and submitted via the portal.

Mrs. Breazeal asked about Affordable Care Act reporting forms and asked whether they would be automatically populated or if manual entry would be required. She was told that Visions would generate Form 1095C, however there are certain codes that would need to be assigned to employees.

Mr. Collins asked about voluntary life. Ms. Balentine said the settings can be customized per the District's policies. There is also a "pending" category if an outside vendor such as AFLAC is gathering information to determine payroll deduction.

With regards to spouses who are both employed by the District, Mr. Collins said that currently one employee is set as the employee and the spouse is set as a dependent, and asked if that would be an issue for Visions. Ms. Balentine said this is fairly common and she would check into it.

Through the management portal reports can be exported to Excel and once enrollments are posted, the deductions will be set. Visions can also send files to outside vendors. Mrs. Cox asked if there was a maximum number and was told no. Ms. Valentine said there is also a "Third Party Administrator Benefit Interface" option.

Mrs. Cox asked if there was help desk or chat option available when employees are enrolling for benefits on-line. Ms. Balentine said Tyler does have the ability to chat and assist employees with enrollment, however specific questions about benefits offered may need to be answered by District personnel.

Tyler Technologies representatives signed off at 3:44 p.m.

Mr. Murray said there had been some discussion about payment for the benefit enrollment module. Since the price for the module was factored into the quotation given to the District and the system directly ties into Human Resources and Payroll, the District will pay for the module for now. That can be discussed in the future. He also said he was given the name of an Arizona school district that went from Visions to Hodges Mace and recently decided to go back to Visions for benefit enrollment. He will follow up with that district.

Mr. Scarmardo excused himself from the meeting at 3:40 p.m., due to a conflict in his schedule, but said he would return shortly.

Because, at this time, the EBT will be expending no funds for benefit enrollment software, no motion was required.

2.2) Ratification of Minutes - Four sets of minutes were presented for approval:

September 28, 2017 Meeting - Mr. Christiansen made a motion to approve. Motion seconded by Mrs. Cox. Approved unanimously.

October 2, 2017, Special Meeting - Mr. Christiansen made a motion to approve. Motion seconded by Mrs. Cox. Approved unanimously.

October 16, 2017, Special Meeting - Mr. Christiansen made a motion to approve. Motion seconded by Mrs. Cox. Approved unanimously.

October 30, 2017, Special Meeting - Mr. Christiansen made a motion to approve. Motion seconded by Mrs. Cox. Approved unanimously.

2.3) Medical Paid Claims Report – Ms. Perez reviewed the health plan analysis that was provided to the trustees prior to the meeting. In the major diagnostic category report, neoplasms account for the highest dollar amount and involves three EBT members.

Mrs. Thompson mentioned that, overall, medical claims are down significantly from the prior year. Ms. Perez said the total was approximately 37% lower.

There are a few members with high cost claims that could reach the dollar value that would trigger reinsurance. Ms. Perez said she would keep an eye on these claims and report back to the trustees.

2.4) Dental Paid Claims Report – Mr. Hanna reviewed the report that was distributed to the trustees. He said the report is very good and, as always, almost all dental claims were in-network. There is an approximate 9:1 return through savings to the EBT.

2.5) Vision Paid Claims Report - Mr. Stewart said the claims submitted are currently exceeding the premium paid to the provider and reiterated the current provider may seek a rate increase for 2018-19.

Mrs. Thompson said some members told her the new vision care provider at JC Penney, Nationwide, does not accept the district's current insurance, which means only four providers in town do accept it. Mr. Stewart said he would check on Nationwide. Mrs. Thompson said she also heard it is getting hard to get into see the local providers that do take the insurance.

Mr. Stewart said he can talk to the prior vision care provider and see if they can provide a quotation, which the EBT Board can review.

2.6) RX Paid Claims Report - Mr. Stewart said he had asked the current provider to run a claims report from 2011, when they were contracted by the LHUSD#1 EBT. The annual totals do fluctuate somewhat and have gotten higher due to new drugs being introduced and increased drug costs. He pointed out the report only covers prescriptions obtained by members outside of the center. The report showed that 2016-17 costs for prescription drugs, outside the center, were just over \$1,000,000. This was a 20% increase over the prior year.

Mrs. Thompson asked Ms. Perez if she felt 2017-18 Rx costs might surpass 2016-17. Ms. Perez said there are some high cost drugs currently prescribed to a few EBT members, so it is possible. Mrs. Thompson asked Mr. Stewart if it would be possible to get a breakdown of drugs by type. He said he would ask for it and also mentioned that, in the past, there was a very high percentage of members taking stress reduction medications.

Mrs. Thompson asked Erin Collins and Associates to review a presentation made in early 2017 by Wisconsin Rx to the EBT Trustees, which include some potential options.

Mr. Stewart then reviewed the history of rebates from Wisconsin Rx to the LHUSD#1 EBT. Because the group is a consortium, all rebates come back to members. The total is approximately \$295,000.

ITEMS FOR DISCUSSION AND POSSIBLE ACTION:

3.1) Financial Statements/Update on Balances in Morgan Stanley and Wells Fargo Accounts - Mr. Murray told the group that the Morgan Stanley statements for October, 2017, showed an ending balance of \$1,418,916 in the cash account and a total of \$1,619,741 in the investment account. Because the EBT received a letter from Morgan Stanley stating that firm was going to close the LHUSD#1 EBT accounts, no additional funds were deposited into the Morgan Stanley account during October.

A new Wells Fargo account was just opened and a deposit was made on November 13, 2017, in the amount of \$814,474.40. Mrs. Thompson asked if bills were now being paid from the Wells Fargo account, however Ms. Perez from Gilsbar said the implementation process is underway and Gilsbar is hoping to start paying from the Wells Fargo account by December 1, 2017. Mr. Murray asked if a date had been set to stop paying bills from the Morgan Stanley account. He said he had talked to a representative from Morgan Stanley and was told that group did not have a problem with keeping the account open in order to process all outstanding payment written on the account. Ms. Perez suggested a hard stop date of November 22nd, since check runs are done on Wednesdays.

Mr. Christiansen said he would still suggest deposits start being made into the Wells Fargo investment account, once it has been opened. Mrs. Thompson said she would like to re-visit that during a future meeting.

Mr. Bonney distributed the latest financial report to the EBT trustees and Mr. Murray prior to today's meeting. He reiterated that no deposits were made in October so nothing shows on the report. Mr. Christiansen mentioned the bills from Frontier for telephone and internet didn't seem to be paid consistently. Mr. Bonney said he only reports the information he gets from the invoice copies he is provided. Mr. Stewart said the monthly charge for Internet is \$450.00, however the telephone charges fluctuate from month to month. He said Gilsbar has had to call Frontier frequently in the past because payments don't seem to get recorded in a timely manner.

Mrs. Thompson verified that under "income," the "additional district contribution" was a onetime payment and will not be continual. The category "district contribution" covers the premiums that are paid on behalf of employees and will be consistent.

3.2) Investment Policy - A draft policy was forwarded to the EBT Board of Trustees prior to the meeting for their review. Mr. Christiansen did suggest a couple of changes and these were made. Mr. Kohnen told the group it is a conservative policy. Mrs. Thompson asked about the 20% diversification that is included. Mr. Kohnen said there are certain parameters as to how funds can be invested and it is a "short menu." Mrs. Thompson then asked about a timeline. Mr. Kohnen said the goal is to have the account ready by the end of November, 2017. Investments can be made within days.

Mrs. Thompson said the policy had been reviewed the legal counsel for the EBT, Jennifer Sellers.

Mr. Christiansen made a motion to approve the investment policy as presented. The motion was seconded by Mrs. Cox. Approved unanimously.

Mr. Kohnen said that, typically, one person interfaces with Claremont Capital. Mr. Collins confirmed with the group that Mr. Murray would be that person. Mrs. Thompson asked about reporting. Mr. Kohnen said they will provide monthly reports and it is up to the EBT Board how often they want a face-to-face report with the group. Mrs. Thompson asked him to coordinate that through Erin Collins and Associates.

After some discussion with regards to the number of signers needed, it was determined that one person could authorize transfers from one Wells Fargo account to the other (checking and investment).

3.3) Actuarial Services Contract - Mr. Collins said that part of their proposal to the EBT was for actuarial services by an outside firm ECA has worked with, Cheiron. That firm can provide multiple services, including GASB 45 and determination of appropriate premium amounts. Mrs. Cox asked who had provided actuarial services in the past. Mr. Collins said an outside firm provided the GASB actuarial services, however he wasn't sure about services to set premiums. Mr. Stewart said the group had worked with Gilsbar in the past and an actuary had provided a report to the trustees at no extra charge. Ms. Perez said Gilsbar has presented statistical information and has made suggested increases to the current rates, however the rates would always have been finalized by the EBT Board.

Mrs. Cox made a motion to accept the Cheiron actuarial services contract as presented. The motion was seconded by Mr. Christiansen. Approved unanimously. The document will be forwarded to legal counsel for review.

3.4) Center Lease Agreement - Mr. Christiansen is a local realtor. He met with Erin Collins & Associates and the agent for the owner of the building currently being used for the EBT health and wellness center. Since there is no commission involved with this transaction it is not a conflict of interest for Mr. Christiansen to be involved. Currently the EBT is paying the building owner \$3,275/month, or \$1.10/square foot. It is a triple net lease, which means the EBT is responsible for property taxes, insurance and maintenance of the building. The \$1.10/square foot falls in line with current rates. The owners of the building did say they had been approached by a local physician who has an interest in leasing the building, however the owner has agreed to do a 26 month renewal to align the expiration with the expiration of the current Cerner contract. This means the renewal start date would be February 1, 2018 and would run until March 31, 2020.

In 2020, the monthly charge may go up since the economy is improving and there may be interest from other parties. The landlord has asked for a six months heads up as to whether or not the EBT is interested in renewing.

Mr. Scarmardo returned to the meeting at 4:55 p.m.

Mr. Christiansen stated that he had in his possession the addendum, already signed by the landlord. Mr. Christiansen made a motion to accept the addendum, as described above, through March 31, 2020, and to authorize the EBT Chairperson to sign the document on behalf of the LHUSD#1 EBT. The motion was seconded by Mrs. Thompson. Approved unanimously.

3.5) Approval of Additional Signer to the Wells Fargo Account - Mr. Murray told the group that in order to get the Wells Fargo checking account opened as quickly as possible, there are currently three signers - Mr. Murray, Mrs. Thompson and a representative from Gilsbar, since the EBT invoices are actually paid by that vendor. After discussing it with Mrs. Thompson, he said he would feel more comfortable with appointing additional signers. Both Mrs. Thompson and Mr. Murray recommended Mrs. Asseier, Superintendent for the Lake Havasu Unified School District #1, be added as a signer. Mr. Christiansen suggested that Mr. Rooney as a member of the LHUSD#1 Employee Benefit Trust Board of Trustees, but a non-voting member, also be appointed as a signer.

Mr. Stewart told the group that when Morgan Stanley managed the EBT funds, a checkbook was kept at the district office, locked in a safe, for emergency situations. Mr. Scarmardo asked if the checks were pre-signed and was told no, the checks are not signed until they are needed. The group agreed that Mr. Murray would be the person to authorize transfer of funds to and from the Wells Fargo investment and checking accounts, however it was decided that if checks are written, there should be two signers.

Mr. Collins did mention that Wisconsin Rx, the pharmacy benefit manager for the LHS EBT, currently utilizes a direct debit from the account and he will work with Mr. Murray on that.

Mr. Christiansen made a motion to add Diana Asseier and Pat Rooney as signers on the Lake Havasu Unified School District #1 Employee Benefit Trust Wells Fargo accounts. Mr. Scarmardo seconded the motion. Approved unanimously.

3.6) Clinic Cost Analysis - Mr. Collins said ECA has been working to arrange a meeting with Cerner, Gilsbar and Cheiron. The date currently being looked at is November 21st and 8:00 a.m. has been suggested as the starting time.

Mrs. Cox said she would like to see if encounter I.D.s, used by Cerner, can be mapped to CPT codes. She said there also has been some confusion with breaking out wellness visits versus health visits and would like to see if that can be clarified as well.

Mrs. Cox made a motion to authorize Erin Collins and Associates to work with Cerner, Gilsbar and Cheiron to develop a cost analysis as discussed and to provide the Cerner non-disclosure agreement to EBT legal counsel for review. The motion was seconded by Mr. Christiansen. Approved unanimously.

Because no appeals have been filed, there was no call for an executive session.

Mrs. Asseier told the group that because a new Trust Document has been approved and executed, Mr. Rooney will no longer be a voting member of the LHUSD#1 Employee Benefit Trust Board of Trustees, leaving only four voting members. At the November 21, 2017 LHUSD#1 Governing Board meeting, three previously submitted applications will be reviewed and a new EBT Board of Trustees member will be appointed.

SET DATE AND TIME FOR FUTURE TRUST MEETINGS:

Mr. Scarmardo said he would need to miss part of the next EBT meeting if it is held on the suggested February 21, 2018 date. Mr. Collins told the Trustees that his group's usual methodology is to hold an all day meeting to review data provided by vendors and to listen to a report from the contracted actuary, in order to determine premiums for the following school year. Mr. Murray said it would be better to have that determined sooner than later, in order to assist with the budget planning process and to issue employee contracts. The group decided on February 7, 2018 as the date of the next EBT meeting, to start at 8:00 a.m.

Mrs. Heronema said the insurance committee members are normally invited to EBT meetings and had already been sent an invitation for February 21. She was asked to cancel the meeting on February 21, with an explanation of what was going to happen on February 7. A follow up meeting with the insurance committee representatives will be scheduled after the February 7 meeting to update them and allow them to bring information back to their sites.

Another meeting was scheduled at 3:00 p.m. on April 25, 2018.

There were no future agenda items from the Trustees or Mr. Stewart. Mrs. Heronema did tell the group that the updated Trust Document has been signed by members of the LHUSD#1 Governing Board and the LHUSD#1 EBT Board of Trustees, but it was discovered there was a page numbering error, which seems to be imbedded in the document. The attorney for the EBT has asked her assistant to re-format the document, retaining the signatures, and will return it when it is corrected. For now a copy has been posted on the District website, however when the corrected version is available, copies will be sent to Governing Board and EBT Board of Trustee members, to retain in their files.

ADJOURN:

Mr. Scarmardo made a motion to adjourn the meeting at 5:25 p.m. The motion was seconded by Mr. Christiansen. Approved unanimously.

Respectfully submitted,

Kari Thompson, Chairman, LHUSD #1 Employee Benefit Trust