

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1  
EMPLOYEE BENEFIT TRUST  
BOARD OF TRUSTEES MEETING – OCTOBER 16, 2017**

**TRUST MEMBERS PARTICIPATING**

Kari Thompson, Hal Christiansen & Marcia Cox

**OTHERS PARTICIPATING**

Mike Murray & Mary Heronema – LHUSD #1

Erin Collins, Jaime Schulenberg, Missy Jenson & Elena Lacy - Erin P. Collins Assoc.

**OTHERS ATTENDING (PER SIGN IN SHEET):**

Cheri Tropicke & Bonnie Breazeal

Meeting called to order at 3:34 p.m.. Roll call was taken. Pledge to the flag followed.

**Review and Accept Agenda for this Session -** Mrs. Cox made a motion to accept the agenda. The motion was seconded by Mr. Christiansen. Approved unanimously.

**Review and Discuss Transition of Consulting Services to Erin P. Collins Associates Effective 1-1-18 –** Mrs. Thompson said EBT legal counsel had recommended a one year renewable term rather than a two year term. Mr. Collins said the rates proposed were guaranteed for two years per the request for proposals issued by the LHUSD#1 EBT. Ms. Schulenberg said only the pricing is guaranteed and that either party can terminate the contract with notice.

Mrs. Thompson signed two copies of the contract between LHUSD #1 EBT and Erin P. Collins Associates, which has been reviewed and approved by EBT legal counsel. Mrs. Heronema will obtain the signature of legal counsel, keep one copy in the EBT files and send one fully executed copy to Erin P. Collins Associates.

The group went through the "Consultant Transition Working Agenda" created by Erin P. Collins and distributed to the EBT trustees prior to this meeting. With regards to copies of current contracts, Mrs. Heronema said she would forward these electronically to Erin P. Collins, however there was some question about the "Trustees E&O or Fiduciary Liability." Mr. Collins asked Mrs. Heronema to send a copy of the District's liability insurance policy which should include the appropriate verbiage.

The trustees discussed a letter received by the LHUSD#1 EBT from Morgan Stanley on October 10, 2017. The letter states that Morgan Stanley is exercising its option to close the EBT accounts referenced in the letter. Morgan Stanley requested that arrangements be made to transfer the accounts within 20 days from the date of the letter, October 9, 2017. Mr. Collins was given a copy of the letter. Mrs. Cox asked if Morgan Stanley gave a reason for their request and Mr. Murray said he had asked but was told Morgan Stanley was not required to provide a reason.

Mr. Collins asked if the trustees were confident the accounting processes recently put into place were working well. The trustees indicated they were. Mrs. Cox said she would like to meet with the Erin Collins CPA to get their review and opinion. Mr. Collins said this could be arranged.

An inquiry was made about the annual audits Cerner has referenced in past presentations. Mrs. Thompson said those are internal audits but the EBT can request copies.

Mrs. Thompson said she is interested in the budgeting services provided by Erin P. Collins, to be sure the EBT is hitting its targets. Mr. Collins said they use a standard form with a breakdown. Mrs. Thompson said she would be interested in seeing revenue, fixed costs, claim costs broken down by medical, RX, dental and vision. Mr. Collins said his company would work with the EBT third party administrator, Gilsbar, to get the information they need.

Mrs. Thompson said Gilsbar has provided actuarial services in the past to assist the trustees in setting premium rates. The GASB actuarial services were provided by an outside firm. The services provided by Gilsbar are included in the annual contract and there is no extra charge.

An updated trust document was recently approved by the EBT Board of Trustees but it now requires approval by the District's Governing Board. It is hoped this will happen in November.

Cheri Tropple from the District's payroll department said she could provide a vendor contact list to Erin P. Collins. Mr. Collins asked the District to notify Mike Bonney, the local CPA contracted by the LHUSD#1 EBT, to let him know that a new consultant would be contacting his firm. Mr. Collins asked Mrs. Heronema to print a generic letter on EBT letterhead, which Mrs. Thompson will sign, allowing Erin Collins to obtain information from currently contracted vendors.

Mrs. Cox asked Erin Collins to ensure that no commissions were received after July 1, 2017, as that was the agreement with the current consultant.

Mr. Collins asked if there were any outstanding legal claims or appeals and was told there were none. Ms. Schulenberg said that, with regards to EBT member appeals, the first level of appeal would normally go to the third party administrator, Gilsbar, and if the member still wished to file an appeal they would send a letter to Erin Collins. Erin Collins would redact names and then forward it to the EBT Board of Trustees for their consideration and vote. Members do have the right to appear before the EBT Board of Trustees in person.

Erin Collins was told that Wisconsin Rx does send rebates to the EBT a few times per year. Since they are a Cooperative, those funds are forwarded directly to their members.

Minutes for the last few years were requested by Erin Collins. Mrs. Heronema will provide those.

With regards to voluntary products, Mr. Collins was told employees can sign up for AFLAC, voluntary life insurance and short term disability products. Mrs. Breazeal said new employees are given this information during orientation and existing EBT members can sign up during open enrollment, which typically happens in May every year.

Mrs. Heronema said she would look through binders in the business office to see if Section 125 documentation is available.

Mr. Collins asked the trustees for their concerns. Mrs. Thompson said her main concern is to make sure the EBT is on budget. She also said the lease for the EBT health and wellness center is set to expire on January 31, 2018, and she asked Erin Collins to work with the owner of the property to align the lease agreement with the current Cerner contract. Mrs. Thompson asked Erin Collins to review the current contract with Cerner and to give their opinion as to whether the fixed fees seem appropriate. Finally, Mrs. Thompson, asked Erin Collins to review dependent premiums to see if the current rates seem to be in line with other entities.

Ms. Schulenberg said they normally start working with an actuary in December and will begin negotiating with vendors for the following fiscal year. They would then set up a full day meeting to draft a budget and look at premium options. Mrs. Cox mentioned that the LHUSD#1 EBT premiums went up dramatically in 2015-16 and the District is currently subsidizing dependent premiums. Mrs. Thompson said that is effective through 2018-19 and then the expense of covering dependent premiums will gradually go back to the employee.

Mr. Collins said his takeaway from this meeting is that work on a budget for 2018-19 should start soon, the lease on the center needs to be realigned with the Cerner contract, fixed costs at the center need to be reviewed and dependent coverage premiums need to be researched. Mrs. Cox said she has had concerns with the fixed costs invoiced by Cerner each month because she does not know what is entailed in the invoice besides salaries. Mrs. Thompson said she wanted to ensure the amount paid for labs and prescriptions is appropriate.

Mrs. Cox said she would also like the opinion of Erin Collins staff as to whether the charges from the currently contracted EBT attorney seem appropriate.

Mr. Collins asked about the insurance committee, i.e. one representative from each site in the district. Mrs. Heronema says she does invite the insurance committee representatives but it is up to them whether they wish to attend meetings. Mrs. Thompson feels procedures need to be put into place.

Mr. Murray said a new financial software package was on the agenda for approval by the District's governing board on October 17. Assuming this software is approved, there is a benefit enrollment module available, however everyone agreed they would like to see a demonstration of Hodges Mace benefit enrollment software. Mr. Murray asked if the expense for that separate software would come from the EBT or from the District and the group agreed it would be the responsibility of the EBT. A demonstration by Hodges Mace is scheduled at 1:30 p.m. on October 30, in the board room at the district office.

Mr. Christiansen made a motion to adjourn at 5:45 p.m. The motion was seconded by Mrs. Cox. Approved unanimously.

Respectfully submitted,

Kari Thompson, Chairperson, LHUSD #1 Employee Benefit Trust