The meeting was called to order at 1:35 PM on April 10, 2019.

I. Call to Order

II. Michelle Marshall took roll call. Those present were Trustee, Jay Rosenthal (telephonically), Sandy Kravetz, Governing Board member and Dave Collins, Trustee. Also present was Jeff Gadd, Interim Chief Financial Officer, and Louise Quezada, Paralegal.

III. A.

i. There was a review of the minutes from the last meeting of January 31, 2019. Ms. Kravetz remarked that the minutes do not say why there is a recommendation for a VEBA Trust. A discussion was held and Jeff Gadd indicated there will be more discussion on this topic during this meeting. There were no changes to the minutes.

ii. A motion was made to approve the minutes by Mrs. Kravetz; a second was made by Dave Collins and all were in favor. The motion to approve the minutes of January 31, 2019 was passed.

III. B. Jeff Gadd opened the discussion concerning the current structure of the Trust. Currently, the Trust document includes workers compensation (The Alliance) and property and casualty (Arizona Risk Retention Trust “The Trust”), but it does not include the medical. From an investment and management standpoint, we need to put all three (3) of these in one place so it is manageable. currently, it is not efficient. The property and casualty is spread out between Wells Fargo and Charles Schwab accounts. Charles Schwab is investments through ICM, which is located in Colorado. They have to follow ARS 35-________ related to investments to clean up and put all of it together and that is what the proposed new Trust Agreement purports to do. It can be 1) Trust governed by Governing Board or 2) Trust Board itself operates the Trust VEBA.

Mr. Gadd went onto explain he initially was of the opinion that it will be easier to go with the Governing Board completely overseeing the Trust, but came to realize that after the last Self Insured Trust Board meeting this may not be the best way to go. Mr. Gadd mentioned that the VEBA cannot manage non-employee benefits. Mr. Gadd is now proposing all three (3) accounts (Trust, Alliance and Medical) be together and can do this under ARS §15-382. This entails the creation of Self Insured Trust Board and adding medical and this is the reason he is proposing new Trust Agreement, which makes the Trust manageable and includes current Trust document drafted in 2001, which has not been administratively implemented. It now time to clean it up and get a new Trust Agreement in place, which includes the medical.
Mr. Gadd explained this is similar to those funds in most school districts that have a Self-Insured Trust Board appointed by a Governing Board. The plan is to present a report to the Governing Board on April 16, 2019. If the Governing Board concurs, they will put an approval of this new Trust Agreement on as an Action item on the May 2019 Governing Board meeting. By July 1, 2019 a new Trust document will go into place and the Governing Board will appoint new Trustees. The newly appointed Trustees through this Agreement will have certain terms of appointment that may be staggered. At this point, Mr. Gadd opened up the floor for questions and comments by the Trustees.

Mrs. Kravetz directed the Board to page 3 item 1.3 of the proposed Trust Agreement and inquired if all three (3) funds we currently have need to be managed separately. In other words, there will be no comingling of funds? Mr. Gadd clarified that the funds have separate accounts, respectively. Regarding “other funds” such as “non insurance”, Mr. Gadd directed Ms. Marshall to clarify with Ms. Christina Noyes, Attorney with Gust Rosenfeld who has drafted the Trust Agreement but was not present at today’s meeting. Mrs. Kravetz inquired if this can be more clearly defined. Mr. Gadd explained that some property casualty funds can be transferred to medical funds if there is a need to do this. However, there is a segregation of funds. Mrs. Kravetz emphasized that she believes this should be crystal clear and Mr. Gadd referenced ARS 15-382 indicating that pursuant to this statute it is very clear that there is no prohibition to be able to share between these three (3) funds, although they will have their separate accounts.

Mrs. Kravetz directed the Board to page 6 Section 2.5 and inquired about the reference to the “clerk”. Ms. Marshall clarified it is the Vice President of the Governing Board and they can change the title to correctly reflect the title. The Board turned its attention to page 7 under Section “Trust Fund Management” and discussed how the current committee will fit into this. Mr. Gadd stated that they made recommendations to the insurance committee and goes to the both Boards and then the Governing Board makes the final decision. The Board further discussed that the insurance committee is not an advisory that is Governing Board appointed; the committee is rather an administrative committee that makes recommendations on employee benefits. Ms. Marshall indicated she will verify this information with Attorney, Ms. Noyes.

The Board reviewed page 8 c. Trust Fund Investments. The Auditor in its report referenced the limitations on investment funds in that they cannot be invested more than five (5) years. The reference to reporting on a regular basis (monthly) is reasonable. Mr. Gadd stated there are investment guidelines and referenced ARS §15-385. Mr. Gadd indicated the Governing Board will receive a packet with all the information and statutory information and there will be a presentation on April 16, 2019. Mr. Gadd indicated a benefit consultant will be attending the April 16, 2019 meeting in the event there should be additional questions the consultant can answer.

Mr. Collins inquired about how the medical is currently managed. Mr. Gadd explained that Kairos, which is a co-op manages the medical. Mr. Gadd explained how this structure works and also described the Arizona Risk Retention Trust (property casualty)
which is mainly a fully insured program with a $10K deductible and the Alliance (workers compensation) which is part of the AZ Risk Retention Trust, is fully insured with no deductible. The District has a bonded model with Kairos, which is a good model in his opinion. The Board report the Governing Board will receive will go into greater detail about this. Mr. Gadd named several districts that have used this Kairos model successfully.

Ms. Marshall stated she made this matter an Action item and stated the Governing Board has to appoint Trustees and inquired if any of the Trustees at this meeting were interested in continuing in this capacity under the new Trust Agreement. Mrs. Kravetz and Mr. Collins indicated interest in continuing their roles. Mr. Rosenthal stated he will let us know. Ms. Marshall asked how the Board felt about making a recommendation to move forward with the new Trust Agreement. Mr. Rosenthal abstained from voting. Mrs. Kravetz moved to authorize SUSD to recommend the revising of the Trust Agreement; Mr. Collins made a second and all were in favor.

Motion passed.

Ms. Marshall stated she will email the 2001 Trust document to Mr. Rosenthal.

Ms. Marshall asked for a motion to adjourn the meeting; Mr. Collins seconded the motion; Mrs. Kravetz so moved.

Meeting adjourned at 2:18 PM.

Minutes Approved June 20, 2019.