

**MINUTES OF THE SELF-INSURANCE TRUST BOARD MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Ed Center, Room - Old Main, 7575 E. Main, Scottsdale, AZ 85251
October 31, 2019 at 3:00 PM**

The meeting was called to order at **3:08** pm on October 31, 2019.

- I. Call to Order – Ms. Erika Coombs called the meeting to order
- II. Roll Call-
Board Trustees in attendance were, Sandy Kravetz (3:09 arrival), Governing Board Member, Jeff Gadd, Trust Board Administrator, Erika Coombs, Chairperson, Megan Burke, Wally Graham (3:28 arrival)

A. INFORMATION/DISCUSSION AND POSSIBLE ACTION

- III. Approval of SUSD Self-Insurance Trust Minutes from June 20, 2019 meeting.
Minutes were discussed.

Megan Burke Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of June 20, 2019. Jeff Gadd Seconded the motion. The motion was approved with a vote of 3 – 0. Sandy Kravetz and Wally Graham were not in attendance at the time of the vote.

- IV. Claims Reports Presentations

- A. Property/Casualty and Worker's Comp - Retrospective Plan (ARRT)

- The Trust, Ryan Cole, presented on the trend of Trust Claims from 2016/2017 to 2019/2020 (As of 09/30/2019). The frequency of the claims are decreasing even though the dollars amounts are a bit higher.

- Question from Sandy Kravetz – DMHS claim – Is the claim still open and what are the specifics? Person struck in the parking lot of Desert Mountain High School and yes the claim is still open.

- Alliance (Worker's Comp) overview is presented by Ryan Cole. July 1, 2019 the District entered into a new rating retrospective plan. Only 4 Districts, SUSD, CUSD, GPS, and Tucson, in the state of Arizona are in the Retrospective plan. Both claims and frequency are trending downward. Incurred losses for the year so far are \$169,000.

- Question - Sandy Kravetz - What does the acronym UALE stand for? Unallocated Loss Adjustments Expense

- Jeff Gadd – How are the payments are broken down - Medical 80%; and Lost time away from work is 20%

- B. Medical (Kairos) –Jeremy Larson presented the Medical Claims Reports – Stop Loss = 300,000. June and summer months for Districts, the claims are higher due to many employees are off work resulting more time for doctor visits. The High Deductible Plan of 2700 has the most participants at 716 for SUSD. In summary, SUSD is one of the better performers with Kairos currently.

- Questions:

- How many enrolled in Dental? Kairos will get back with the answer.

- Do we have a prediction of how much the premium would go up for next year? We do not have a prediction at this time. What was our Loss Ratio last year? Loss ratio last year was 91%

C. Benchmark Presentation October 2019 BCBS (Blue Cross Blue Shield) - Washington Covena, Strategic Relationship Executive of BCBS, presented the high overview of the medical expenses. The demographics are pretty stable, age and sex - male to female between the 2017-2018 school year. The number of employees that are engaging with a Primary care physician was studied. 62% of members were engaged and was down slightly from last year. Financially – 54% went to inpatient care. 6 conditions are the main cost for claims for the District. Summary of the Financials for the District for the year. The amount of high cost claims decreased and the severity decreased. The top 5 high claims = \$1.7 million.

V. Financial Reports – Tyler Moore presented the Financial reports covering an overview of District Accounts related to the SUSD Trust. There are several checking accounts for the District. We also have Money Market funds and Investment accounts for each of the Property Casualty, Worker's Comp and Medical accounts. These accounts intermingle and we can move money as needed. As of 9/30/2019, we have the Property Casualty Account at \$2,115,569. Workers Compensation Account ending Balance \$213,711. Medical Insurance Account ending balance is \$1,455,635. All three accounts combined are about \$42 million.
Questions: Sandy Kravetz - Do we bill students for malicious damage? Yes we do but we do not have the percentage of how many student damages are actually collected.

VI. Wells Fargo Presentation on Banking Services of Scottsdale USD Property, Casualty and Workers Compensation Portfolio Summaries. Tyler Tayrien and Tom Hedges presented from Wells Fargo concerning the investment accounts for the District. We were not earning the money we should have been for several past years. Property Casualty account was split into an active money management account. Now we transferred that account from Schwab back to Wells Fargo to be managed and we are building gains. Using a US Government Money Market fund.

Questions: Wally Graham – What is the overview of the funds? Page 77 of the agenda are the accounts that Schwab suggested and once they come to maturity, Wells Fargo will recommend other accounts. Worker's Comp account (Page 79). Goal is to eventually have the Trust absorb the rates for the District. The gain is from the securities inception. Medical will have the longer amount of time on claims. Bought it into the Money Market Account. Cash flow is there if needed. Wells Fargo will bring updates at every quarterly meeting. Term securities – if you hold them to term, it will pay full value at maturity. Wally Graham – Do you recommend securities? Yes going forward and as they mature, Wells Fargo will suggest the best way to reinvest. Sandy Kravetz – Are we current with Arizona State Statute? Yes we are current and aligned with Statute.

VII. Outside Counsel Clarifying Email – “With regards to a question on the M&O Budget for the SUSD and the interaction with the Trust amount, any funds that are placed in the Trust do not lapse, and, once placed, are to be used for the Trust insurance purposes. Any funds that are needed for Trust purposes are subject to the District budget requirements and are to be budgeted under the maintenance and operation section of the District budget under ARS 15-382.” “If the Trust has sufficient current balances to meet its needs for the next year (including recommended/required reserves, of course), then the District does not need to budget for or contribute any amounts to the Trust for that year for future years as long as the Trust is fully funded for its needs.” “However, my interpretation of the ARS 15-382 and the Trust, is that the “excess” funds in the Trust remain in the Trust for Trust purposes. Only upon termination of the Trust, does any cash balance remaining (after settlement of all claims), return to the District and

it is required to be used for school district taxes for the budget year.”

- VIII. Selection of 2018-2019 Trust Auditor – Received from firms Heinfeld Meech and Clifton Larson. We are recommending Heinfeld Meech which was the lowest pricing.

Wally Graham moved to approve Heinfeld Meech for the 2018-2019 Trust Audit.
Sandy Kravetz seconded the motion. The motion was approved with a vote of 5 - 0.

- IX. Approval of Investment Guidelines- These guidelines apply to the investment of funds for Scottsdale Unified School district Self-Insurance Trust effective July 1, 2019. Guidelines were discussed.

For money that is deemed to be public funds, Scottsdale will comply with the applicable restrictions found in the Arizona Revised Statutes Title A.R.S. 35-323. To avoid unreasonable risks inherent in over-weighting in certain instruments, individual financial institutions, geographic locations, type of industry or maturities, Scottsdale directs its funds be invested pursuant to the following guidelines:

Money market funds – 100% maximum percent of pool portfolio

U.S. Treasury obligations – 100%

U.S. Government agency securities and instrumentalities of gov. corporations 100%

Certificates of Deposit – 100%

Corporate bonds, rated A3/A or better by Moody’s or Standard & Poor’s and an equivalent by a second NRSRO (1) (2) (4) 40%

Municipal Bonds rated A3/A or better 40%

Question – Sandy Kravetz - How do we avoid the mistake of investing from an out of state firm? We have placed the ARS details in the Guidelines. (We need to attach the ARS statute to these guidelines)

Jeff Gadd moved to approve the Investment Guidelines with the addition of the ARS 35-323 Statute attached. Wally Graham seconded the motion. The motion was approved with a vote of 5-0.

- X. Future Agenda Items- Dates of future meetings are listed on the last page of the agenda

- XI. Adjournment

At **4:35** PM, Sandy Kravetz moved to adjourn the meeting. Megan Burke seconded the motion. The motion was approved with a vote of 5 - 0.

Dated this 31st day of October 2019.

Approved January 23, 2020