

**Minutes from Self-Insurance Retention Trust Board Meeting**  
**January 31, 2019**  
**8500 E Jackrabbit Road, Scottsdale, AZ 85250**  
**Room 105 Conference Room**

The meeting was called to order at 10:12 AM on January 31, 2019.

I. Call to Order

II. Michelle Marshall took roll call. Those present were Jay Rosenthal, Mary-Jeanne Fincher and Sandy Kravetz, Governing Board member. Also present was Jeff Gadd, Acting Chief Financial Officer, Attorney, Christina Noyes from Gust Rosenfeld, Louise Quezada, Paralegal and John Kriekard, Acting Superintendent.

III. A. There was a review of the minutes from the last meeting of May 22, 2018. A few edits were requested to the numerical number format for clarification. Sandy Kravetz inquired if there have been more safety meetings. Michelle Marshall stated that there was follow up with James Dorer with the suggestion that there be at least quarterly meetings and Mr. Dorer is now doing this.

Ms. Kravetz also inquired about the silica testing in the classrooms and if that had continued. Ms. Marshall said she will look into and follow up.

Blake Witten's identity was verified as the former Supervisor of Finance and the Board was advised of Mr. Witten's retirement.

Mrs. Kravetz asked the identity of ICM. Ms. Marshall indicated it is a financial broker in Colorado.

A motion was made to approve the minutes by Mary-Jeanne Fincher; a second was made by Jay Rosenthal and all were in favor. The motion to approve the minutes of May 22, 2018 was passed.

III. B. Jeff Gadd opened the discussion concerning the evaluation by the District of the possible transfer of insurance programs currently handled by the self-insurance trust to a different trust structure, a Voluntary Employee Beneficiary Association ("VEBA"). Mr. Gadd indicated that Gust Rosenfeld attorney, Ms. Christina Noyes, handled these trust structures with other districts and he is recommending SUSD move to this type of structure. Mr. Gadd gave some background on his history with other districts. Currently the self-insurance Trust covers property, casualty and workers compensation, but it does not include medical. Mr. Gadd recommends adding medical. Mr. Gadd stated that the accounts should be in one place and they are not currently. Premiums and renewals are intended to be included and the management of the funds is better conducted with the M & O budget, considering the declining enrollment. Mr. Gadd also advised the Board that Gilbert USD is a district that has transferred into this type of Trust structure and it is working very well there.

Jay Rosenthal provided some background on the self-insurance trust board. He mentioned Mr. Gadd's point about self trust boards and governing boards having conflicts. He stated that historically, it is the governing board, not the self insurance trust board that has had the political conflict. He further stated that the self insurance trust board has been stable through 15 years with a successful run. Jay also stated that the self insurance trust board has been separate from the governing board.

There was a discussion about who votes on this possible change. Mr. Gadd indicated that ultimately the Governing Board would vote, and Ms. Noyes also confirmed that under the statute, the Governing Board decides.

Ms. Noyes noted there must be a Trustee and that the key change is it would change from a board to an institutional trustee and that there would be a detailed agreement.

Mr. Gadd stated that Wells Fargo has a lot of experience with VEBA trusts and they will know where to draw the line if there is a concern about "checks and balances" concerning the funds and investments.

Ms. Kravetz asked if there are other banking institutions that handle VEBA trusts. Mr. Gadd indicated Wells Fargo is the predominant bank for these types of trusts. Chase and Bank of America do not have a strong interest. Ms. Noyes provided two (2) names that work with Wells Fargo 1) Wells Fargo Institutional Asset Advisors and 2) Wells Fargo Institutional Retirement and Trust. Mr. Gadd indicated that the Trust can operate either way, but that his concern is with the management, having one trust for investments in one place, and segregating the workers compensation, self insurance and medical within the consolidation. Mr. Gadd recommends the Governing Board manage it directly. Ms. Noyes advised that Wells Fargo would have as many accounts as needed so all are separately accounted for.

For a plan moving forward, Ms. Noyes indicated that she felt it was the most orderly and considerate to discuss with the self insurance trust board first, then set the meetings with the Governing Board. The self insurance trust board is free to prepare statements or positions to the Governing Board so the Governing Board can make an informed decision.

The Governing Board will consider both sides because this is a big decision. The Governing Board can vote via an Action item to 1) pursue VEBA Trust or 2) retain the self insurance trust board. The medical portion would need to be under the same trust agreement with the trustee. If the Governing Board opts for the VEBA trust, the self insurance trust board would continue to function until all VEBA documents are approved. At that point, the self insurance trust board would disband.

Mr. Gadd indicated he wants to present these options to the Governing Board at the regular March 2019 meeting, however Ms. Noyes and Ms. Marshall would not be able to attend that meeting. Mr. Gadd had no objection to presenting at the next scheduled April

2019 meeting so that legal counsel can be present to answer any questions the Governing Board may have.

Legal will also keep the self insurance trust board abreast of these developments.

Mary-Jeanne Fincher moved to adjourn the meeting. A second was made by Sandy Kravetz with all in favor.

Meeting adjourned at 11:15 am.

DRAFT