

Everett School Employee Benefit Trust

Minutes of
April 25, 2005
Conference Room C3
3:30 p.m.

Attendance

Trustees

Sue McCann
Molly Ringo
Mike Gunn
John Morrill
Betsy Selders
Kay Nickel

Also Attending

Darla Van Duren
Penny Peters
Melanie Curtice

Recorder

Susan Sacha

I. Call to Order:

The meeting was called to order by John Morrill at 3:35 p.m.

II. Adoption of agenda:

The agenda was amended to include an executive session.

III. Approval of Minutes:

Minutes from the March 21st meeting were approved as written.

IV. Financial Report

Darla distributed and reviewed the March 31st financial report. She also provided a revised February report which included a correction to the current year investments (\$6,832 rather than a negative of \$76,168). Darla said that in the month of March a \$95,000 CD purchase was made and a CD was sold in the amount of \$16,000. The new CD will mature in March of 2008.

V. Appointment of HIPAA Security Official

Molly reported that phase two of the HIPPA regulations required that a security official be appointed and she recommended that Ken Toyn, Information Systems Director be appointed to that position. The role of the security official would be to protect the firewall, etc. and would not need to attend Trust meetings. Molly noted that Ken had received HIPPA training. A motion was made, seconded and approved to appoint Ken Toyn as the HIPPA security official. The motion passed.

VI. Retroactivity for Shared Leave

Penny reported that payroll has had a practice of not wanting to apply shared leave retroactively. If this happens an employee going on leave is in an unpaid status resulting in benefit coverage termination. Penny asked the Trustees their opinion about allowing retro to be paid during this time. She said that the impact on the Trust would be low and that they would only be at risk for a month or so. After discussion a motion was made and seconded to authorize benefit coverage for up to two months in instances where shared leave is applied retroactively. The motion passed.

VII. HIPPA Privacy Update and Security Training

Melanie Curtice distributed training manuals to the Trustees and provided a brief training session. The focus of the training was to update Trustees on the mechanisms that support the effort to protect privacy already in place and to provide security training both PHI and ePHI.

VIII. Trustee's Fiduciary Responsibility Training

Melanie reviewed and clarified fiduciary responsibilities with the Trustees. She stated that fiduciary is not a defined term in Revised Code of Washington but that it basically means an individual (person or entity) required to act solely for the benefit of another individual (person or entity) and not for the fiduciary's benefit. In the case of the Trust, a fiduciary exercises any discretionary authority or discretionary control in managing the Everett School Employee Benefit Trust (ESEBT) or exercises any authority or control in managing or disposing of its assets; renders investment advice for a fee or other compensation, with respect to any monies or other property belonging to ESEBT; and has any discretionary authority or responsibility in administering the ESEBT. Trust fiduciaries includes Trustees, investment manager/custodian, claims administrator, insurers/HMOs; person who appoints a fiduciary and district officer or board with discretion over plan investments or administration.

Melanie also discussed fiduciary breaches, consequences and common claims. She said that a good defense is a good offense and stressed the need to establish a good governance system, make sure that the fiduciary liability insurance is adequate and to document plan policies and procedures, document implementation, periodically review and revise policies and procedures and document interpretations of the ESEBT to ensure consistent treatment of participants. With respect to the insurance coverage, Melanie commented that \$1M was probably too low and recommended that the Trust consider increasing it to \$5M. Darla was asked to look into this.

IX. Trust Policy and Procedure Manual Update

Trustees discussed the development of a policy and procedure manual. It was suggested that it might be a good idea to pattern the manual after the Everett Public Schools policies and procedures manual. John expressed the importance of including information relating to appeals so that precedents weren't set. Melanie said the results are not as important as the process and that the Trust would have better protection if the process was followed. Conversation around who would write the manual followed. Melanie suggested that the Trust would be further ahead if they had someone else write the manual. She said her firm could provide some samples and guides but that it wasn't cost effective to have them write the manual. She will have Stoel Rives produce a draft of one or two sections of the manual in order to help the Trust establish the proper format. Molly suggested looking at some different options and costs before making a decision. She asked the Trustees to send any suggestions to Melanie, Mike or her.

X. Finalization of Trust Document

Melanie reviewed the latest revisions to the Trust document. John raised a question about the chair not being able to vote except as a tie breaker. He said he didn't recall that the chair was prohibited from voting normally since he/she would then basically

become a non-voting Trustee. After further discussion it was decided to include the statement "In the event of a deadlock, no decision or action shall be taken by the Trustees." The final Trust document will be added to the May 23rd agenda for action. Melanie will provide the changes made since 1985 along with a cover letter with highlights.

XI. Other

No other business

XII. Agenda items for May 23rd meeting

- Finalization of Trust document
- Smith Barney presentation (Curt Halderson)
- August meeting dates for plan approval

XIII. Adjournment

The meeting was adjourned at 6:15 for an executive session.

Sincerely,

Sue McCann
Secretary