

Everett School Employees Benefit Trust
February 14, 2011
Minutes

Attendance

Mike Gunn
David Jones
Susan Lindsey
John Morrill
Molly Ringo
Betsy Selders

Absent

Also Attending

Gail Buquicchio
Jayson Davidson
Val Hughes
Randi Seaberg
Darla Vanduren

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:03 p.m.

Adoption of Agenda

A motion was made by Betsy Selders and seconded by Mike Gunn to approve the agenda as written. The motion passed unanimously.

Approval of Minutes

A motion was made by John Morrill and seconded by Mike Gunn to approve the minutes from the January 24, 2011 meeting as written. The motion passed unanimously.

Wellness Report

Gail provided a recap of the Wellness Challenge to date. She indicated an increase in enrollment. Gail is communicating with benefit eligible employees who have yet to take the Health Risk Assessment (HRA), as well as those employees who are eligible to enroll in the Wellness Challenge but have not done so yet. She has completed visits to all schools and the Healthy Wise Self-Care books have been distributed to the first 500 participants who took the HRA. Gail reiterated how important it is to have the support of senior leadership which makes a difference in the participation rates of staff. She also mentioned that Dr. Cohn included the Wellness Challenge in a recent budget message stating staying healthy will help to reduce the number of substitute days the district must fund. Other ongoing Wellness campaigns continue and are doing well. Gail reported that she has also been asked to speak again at the upcoming WSPA 2011 Spring Conference.

Gail reminded the group of a topic discussed at the January 24, 2011 meeting regarding the possibility of allowing non benefit eligible employees to join the Wellness Challenge. A chart was provided from Mercer summarizing programs and the member-type who are eligible to participate. Gail or Randi will send a copy of the chart to Melanie Curtice for comparison with the Wellness Challenge IRS requirements. A decision can be made once the Trust hears back from Melanie. The group discussed the potential cost of including non benefit eligible employees.

Randi reported that the Mind and Body program that launched in January currently has 99 enrollees. She reminded the Trustees that they had agreed to cap the program at 100 participants. She stated they have created a way to add potential enrollees over 100 to a wait list. The group discussed the potential additional cost to the Trust if they agreed to include additional enrollees. Randi has asked Mind and Body to encourage non active members to remain active. She will report on the status of the program at the next meeting.

Open Public Meetings Act Training

Val Hughes, Attorney with Perkins Coie, provided the Trustees with training on the Open Public Meetings Act. She provided a PowerPoint presentation and reviewed the information with the group. The group previewed a sample of what the Trust's webpage will look like and provided feedback.

Financial Report

Darla reviewed the financials with the group, as well as an investment summary from Becker Capital Management (which Jayson addressed in his report below) and a memo from Mercer regarding the estimated 12/31/2010 Incurred But Not Paid Reserve. The result of Mercer's analysis was provided with the total liability increasing 6.4% from the last estimate on 12/31/2010. Barring any objections from the Trustees, the increase will appear on the February statements. No objections were noted.

Balance Sheet – The fund balance for the month of January decreased \$(435,327) resulting in an overall decrease for the fiscal year of \$(1,774,081). There was no activity with corporate obligations (CD's). Government obligations pay downs were \$6,700.13. Overall assets for this fiscal year total \$12,338,022 compared to \$14,101,821 a year ago.

The Statement of Operations and Fund Balance – indicates payments to Free and Clear for participant fees for the Mind & Body program in the amount of \$1,511; to Magellan Behavior for the next quarter in the amount of \$14,082; to Carena for another home visit in the amount of \$450.00; and to HealthForce for the Wellness Challenge in the amount of \$5,330. Wellness program expenses for the month were \$15,980 which was offset by fall fit passes and the weight watchers program in the amount of \$4,370. A payment of \$2,074.97 was paid to the State of Washington for the self-insurance program assessment for January through June 2011. Payment was made to Stoel Rives for ongoing legal fees through November in the amount of \$8,861.

Bank fees for the month were \$159.60. Darla reported on how the bank fees are assessed from the Portland branch and the Seattle branch. The Trust is charged for many different things including having the account, web access, deposit of checks, wires, etc. She stated the bottom line for the amount of fees the Trust pays depends on the banking activity. She had a conversation with the Seattle branch in hopes of getting a better rate. She does still feel that some of the fees are high and she is checking into that. Jayson stated he will provide assistance to Darla if needed. The Trustees thanked Darla for her research in this area.

HMA claims are \$29,845 less this month than last January 2010 and overall claims this year are \$1,225,637 more than in 2010. ESI claims are \$35,753 more this month than last January 2010 and overall claims this year are \$345,397 more than in 2010.

Darla noted a refund check was received from Sun Life this month in the amount of \$46,764.03.

Claims Audit Follow-Up

Darla reported that she has been working with Moss Adams to negotiate the three year audit. She provided the potential timeline to the group. The price range is what the Trustees had previously agreed to and will remain the same for the next three years.

Second Quarter Investment Update

Jayson provided the group with a Portfolio Review and reviewed the information with the group. He indicated the Trust's portfolio was low risk and extremely conservative. The portfolio's overall allocation, credit quality, duration (interest rate risk) and general portfolio diversification are consistent with the Trust's current investment objectives and policy. However, the portfolios underperformance relative to its policy index deserves discussion. The review states the Trust's primary risk is interest rate risk and therefore, Becker recommends remaining conservatively invested in the fixed income markets. The group discussed the information provided.

Jayson indicated an action item was needed to update the Trust's investment policy to reflect the new name of the Trust's designated policy index. Trust policy 220 – Investment Guidelines and Rules will be revised to include the change in bank name from Merrill Lynch to Bank of America/Merrill Lynch.

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Review of Annual Calendar & Meeting Calendar

The group reviewed the calendar. The March agenda will include making a decision on whether or not to include non benefit eligible employees in the Wellness Challenge.

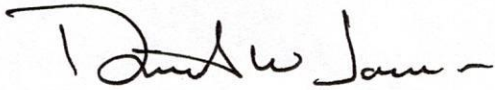
Other

Darla indicated that the attorneys were working on the audit agreements for all parties involved. She will follow-up once the agreements have been confirmed. The claims audit may possibly begin in April.

Adjournment

The meeting was adjourned at 5:34 p.m.

Sincerely,

A handwritten signature in black ink, appearing to read "David Jones", with a stylized flourish at the end.

David Jones
Secretary