

Everett School Employees Benefit Trust
Monday, June 13, 2011
Minutes

Attendance

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

Absent

Randi Seaberg

Also Attending

Gail Buquicchio
Darla Vanduren
Jayson Davidson
Keene Satchwell
Jay Dyer
Sean White
Tom Pursley

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:02 p.m.

Adoption of Agenda

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

Approval of Minutes

The minutes of the May 16, 2011 meeting were presented for approval. Darla Vanduren noted that the name of the Trust's annual auditor was misspelled and asked that the minutes be revised to reflect the correct name of Toyer and Associates. A motion was made by Molly Ringo and seconded by John Morrill to approve the minutes with the correction to the name of the auditor. The motion passed unanimously. Mike Gunn abstained as he was not present at the May 16, 2011 Trust meeting.

Wellness

Gail Buquicchio proposed options to the Trustees for her agenda items. She indicated that she usually provides an end-of-the-year report at the June meeting. Because the end-of-the-year staff survey closes on Wednesday, June 15, 2011, she stated she could postpone this report until August which would allow her to include the survey results and the Wellness budget. The Trustees agreed they would prefer to have something provided, either written or orally, at the June 20, 2011 meeting. An update could be provided at the August Trust meeting. Gail will provide an end-of-the-year report at the June 20, 2011 meeting.

Gail reminded the Trustees that a proposed budget had been provided to them at the May 16, 2011 meeting and asked if there were any questions. Mike Gunn indicated that he had not received a copy of the proposed budget. David Jones asked about the increased cost of the flu vaccines. Gail indicated she is anticipating an increase in the cost of the vaccine, as well as in the numbers of staff requesting the injection. These projections resulted in the increased cost. The Trustees asked Gail for more time to review the budget before voting. This item will be added to next week's agenda. Gail was also asked to provide the budget to the Trustees electronically. The Trustees will vote on the Wellness budget at the June 20, 2011 meeting.

Gail stated she has been looking for ways to stay connected with staff members over the summer break. One way she thought might be effective is the creation of a Wellness Program Facebook page. She is preparing to send out an end-of-the-year message to staff and if the Trustees agreed, she would include information about the Facebook page option. Gail indicated that staff have asked for communication options, such as a blog, in the Wellness survey. She has talked with the Communications Department regarding setting up the page, which she would monitor. If the Trustees agreed, she would move forward with this communication option. This option would be in addition to the current Wellness web page and would not name the Trust. It would be used strictly as a communication tool for staff to interact and connect with each other around wellness.

The Trustees discussed the communication option and agreed it was a good idea and for Gail to move forward.

Investment Report

Jayson Davidson stated it has been about a year since Becker Capital Management has attended a Trust meeting to report on the Trust's investment portfolio. He reintroduced Jay Dyer and Keene Satchwell who would be presenting the report to the Trustees and answering any questions.

Keene explained what was in the investment report through May 31, 2011 and reviewed the information with the Trustees. The account performance indicated the year-to-date portfolio was up about 1 percent. Tom Pursley of Mercer asked about the benchmarks used and the under performance in the portfolio. Keene explained how the CDs worked, reviewed with the group the 10-year rates since the September 3, 2009 inception of the portfolio and explained the variations. He stated there were some missed opportunities. Tom's concerns about the portfolio were possible requirements to liquidate assets due to potential changes from the state. There may be some substantial realized losses with significant rate risks in going long. Keene explained that they are following the direction of the Trust. Jayson indicated the portfolio is short relative to the benchmark. Tom expressed his concerns for the Trust and asked that they be placed in a position of no losses, and that they run a conservative portfolio mindful of budget constraints. Molly explained that the concerns were due to state funding issues and potential changes to the way health care is managed for state employees in the future. Jayson suggested that the policy may need to be revised to include specific management direction. Darla indicated the Portland branch has always had enough funds when she has had to request transfers. To this point they have not had to sell anything in order to have enough cash on hand as needed. The Trustees discussed the need for improved communication on their part regarding the amount of cash needed on hand. They stated it is important that Jayson be aware of this so that the portfolio manager can be instructed accordingly. Keene talked about the assets that could be raised immediately without any losses.

The group discussed concerns regarding the economy and the lack of recovery to this point and the possible need to reevaluate the portfolio. Tom stated the interest rate increases would be an issue if the Trust had to liquidate. The Trustees informed Jayson, Keene and Jay about the possible legislative action regarding the Trust and the possibility that all school employees could be placed under the same insurance plan statewide. This could affect the renewal process and the parameters may need to be adjusted.

Jayson stated he feels the economy will improve which means their prospects will improve when the rates begin to go up. The Trustees may want to follow up as a result of this meeting and change the dynamics of the portfolio. They may also need to revise the policy as Becker is abiding by the current Trust investment policy. This topic can be pursued at a future meeting. Susan indicated the Trust would contact Jayson once more is known about the state budget and possible legislative action.

Consultant Report

Sean provided the Trustees with a Paid Claims Experience Report for their review. He did not review the document with the Trustees. Contact Sean with any questions regarding this report.

Sean provided the Trustees with a preliminary 2012 budget and potential deficit reduction scenarios. Sean reviewed the information with the Trustees. They discussed the proposed options including continuing with the status quo, a redesign of the current plans to match current contribution levels, potentially moving to PEBB, or potentially moving to WEA. The Trustees reviewed the information and discussed the potential impacts to employees. The group discussed the possibility of two year projections rather than one year, and soliciting feedback from employees prior to the end of the school year.

Molly talked about the interest from the SEIU and whether the Trust should send out a survey. Tom stated that in his experience a survey would not hold much value, and that generally the best feedback from staff was the way they select among offered plans. The Trustees discussed sending a letter to benefit eligible employees as an alert to the potential changes to insurance benefits. Molly indicated the different employee groups also should be alerted and asked for their recommendations on communicating this information to employees.

David drafted a letter during the discussion which he read to the Trustees. A copy will be sent to the Trustees for their review and feedback. The group discussed the potential of a letter being included in the Payroll email that would be going out before the end of the school year. This task will be directed to Randi to determine how best to get the word out. It was also suggested that the letter be shared with the President's Council at an upcoming meeting.

The group discussed with Sean the possibility of changing vendors or scaling back plan designs as a way to reduce costs. Sean stated these options would not have a significant value of savings to justify the changes. Sean will bring back more detailed renewal information at the August meeting. He will also provide additional scenarios that would indicate achieving change through plan design and less through cost. Tom suggested the option of maintaining what the Trust currently offers by eliminating other benefit options, such as dental coverage. Sean explained what the Trust would need to do to maintain grandfathered status with the Healthcare Reform. He will email the Trustees with information in advance of the next meeting.

Other

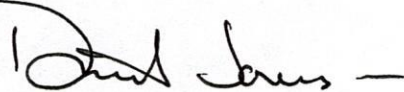
Due to the length of the meeting thus far, a motion was made by John Morrill and seconded by Mike Gunn to postpone the remainder of the agenda items (beginning with the Financial Report) to the meeting on Monday, June 20, 2011. The motion passed unanimously.

Molly recommended a follow up discussion take place with Jayson Davidson. She also wondered if items on the Trust agenda could be provided to the Trustees in advance of the meetings which would allow materials to be previewed, and the work of the Trust to be better performed.

Adjournment

The meeting was adjourned at 6:36 p.m.

Sincerely,



David Jones
Secretary

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