

**Everett School Employees Benefit Trust**  
**Wednesday, April 20, 2016**  
**Minutes**

**Attendance**

Adam Goldstein  
Susan Lindsey  
Molly Ringo  
Kelly Shepherd

**Absent**

Gregg Elder  
Jeff Moore

**Also Attending**

Cris Boskett  
Jayson Davidson  
Aanya Lee  
Rickie Lee Marker-Hoffman  
Keene Satchwell  
Randi Seaberg  
Darla Vanduren  
Sean White

**Recorder**

Kellee Newcomb

**Call to Order**

The meeting was called to order by Kelly Shepherd at 4:03 p.m.

**Adoption of Agenda**

A motion was made by Molly Ringo and seconded by Susan Lindsey to adopt the agenda as written. The motion passed unanimously.

**Approval of Minutes**

A motion was made by Molly Ringo and seconded by Susan Lindsey to approve the minutes from the March 16, 2016 meeting as written. The motion passed unanimously.

**Financials**

Darla reviewed the highlights of the March 2016 financials with the group.

**Investment Consultant Report**

Jayson introduced Keene Satchwell who reviewed the Trust's investment portfolio with the group. The portfolio performed relatively well in the first quarter of 2016. Its return of 1.38% (about 5.6% annualized) beat the BAML Benchmark 0-5 Year Treasury. The duration of the portfolio is 2.56 years which is in compliance with the Trust's investment policy three-year ceiling. Approximately 40% of the portfolio is invested in Treasury bonds, 60% in CDs and less than 1% in legacy GNMA securities. Performance in the short end of the market will continue to be dominated by Federal Reserve policy expectations. This quarter's performance can be attributed to the Fed's change to a more "dovish" stance. This is in response to "global developments" and the extremely accommodative policies of foreign central banks. The group discussed the information provided and whether they should change anything. Jayson suggested that they discuss potential changes at the November meeting.

**Money Market Manager Search**

Jayson provided a Money Market Manager Search Report for the group's review. He reminded the Trustees of the reason for not approving a money market manager at the last meeting. This information will provide analysis of several potential fund candidates in the money market asset class. The candidates selected include management teams that have generally satisfied the following investment policy criteria:

1. Investment track record of no less than five years
2. Five-year returns above peer group median
3. Reasonable portfolio diversification and risk (volatility) characteristics
4. Investment style consistency over evaluation period

Four candidates were provided for review. A summary of current expense ratios for each of the candidates was also provided. Jayson reviewed the performance and expenses with the group. Jayson recommended the Fidelity Retirement Government Money Market version. The Trustees discussed the information provided. They reviewed the candidates, discussed Jayson's recommendation and asked for clarification. A motion was made by Molly Ringo and seconded by Susan Lindsey to accept Jayson's recommendation of the Fidelity Retirement Government Money Market as the Trust's money market manager. The motion passed unanimously. Jayson will work with the bank to make the switch. Darla also shared a recommendation to reduce the amount of cash on hand. She feels comfortable with less and if needed, can access cash from another source.

### **Benefits Consultant Report**

A 2017 renewal planning document was provided and reviewed with the group. Sean said their goal is to provide the Trustees with a clear direction for August. He reviewed the key elements of health care reform for employers and primary updates regarding the affordable care act. He noted that congress has postponed the Cadillac tax until 2020. This decision may signal bipartisan support and momentum toward further amendment or repeal of the tax. Sean advised the Trustees to assume the tax will still be implemented and plan accordingly.

Sean reviewed the primary requirements of ESSB 5940, the current status for the plans offered by the Trust, and potential next steps. The Trustees reviewed the information and discussed potential next steps. Also reviewed were market trends and how the Trust's medical options compare, along with benchmarking analysis of the medical plans offered by the Trust.

Anaya reviewed the plan for renewals and provided a summary of lines of coverage. She noted some savings with MetLife dental if the Trustees wanted to look at the possibility of switching vendors again. She noted that the Trust offers a richer plan in the market than most with dental coverage. The Trustees discussed the changes and what would be different if they carved out of the WEA dental. The group asked how the MetLife network compared to Delta. Mercer can request that information if the Trustees want them to get a bid from MetLife.

Based on discussion with the benefits team, there continue to be issues with United Health Care (UHC). A time will be scheduled with UHC to discuss the areas in which we are continuing to have issues and to work through them to resolution. Even though there have been some service issues, the benefits team is not really looking to change vendors. Overall, there are a few areas that UHC can approve upon but for the most part they are able to work with them. They noted there will be some issues with any carrier. The Trustees discussed this information and provided feedback.

Kelly, Susan and Adam shared some comments about UHC customer service that they have received from staff. They felt that if the Trust doesn't look seriously at staff members' concerns regarding UHC, then the Trust is not being responsive to its members. They said some staff are still asking for the return of the Premera plans. Because of this, they feel Mercer should include Premera, along with other vendors, to provide the best options possible for the least amount of money and so the Trustees can say that they have done their due diligence. Sean commented that from a market standpoint UHC is not worse or better than other vendors. However, he understands and agrees that UHC must improve their customer service.

The group discussed other possible options such as getting dedicated UHC customer service representatives who are knowledgeable of the district's plans, and looking at Group Health PPO plans. The group discussed the Group Health/Kaiser merger and possible implications to coverage. Sean said the plan is for Group Health to become a region of Kaiser in Washington and from a member experience standpoint, this shouldn't represent a lot of change or disruption. However, this possibility always exists.

The group continued to discuss other vendor options. Sean was asked about vendors used by other school districts. He mentioned Aetna but said he would need to do some research on who has more experience with school districts in Washington. He will also make sure that any potential vendors know that quality customer service is a high expectation. In Sean's research, the Trustees suggested that he ask what vendors school districts are currently using, who they have had in the past three years, and the reasons why they switched vendors. Sean will also initiate further conversations with GHC and Kaiser to see how the merger is anticipated to roll out regarding impact to staff. Sean noted that plan designs will not match our current plans. They will be reasonable and/or close but will not be the same.

#### **Affordable Care Act (ACA) Employer Shared Responsibility Liability Assessment Analysis**

Sean reviewed a letter from Mercer to the Trustees summarizing the results of an analysis conducted by Mercer to assess the potential financial exposure of the Everett School District to assessments under the Employer Shared Responsibility of the ACA. There are future options to address the potential liability discussed including maintaining the current structure, adjusting contributions to be affordable for all full time employees, or introducing a new lower value plan that is affordable for all full time employees. The group discussed the analysis that Gayla is conducting and what groups of employees this might affect. Clarification is also needed regarding if this is a district liability or a Trust liability. Sean shared changes for employers over time. The group discussed the information and provided feedback. Sean will add a below cost plan when he goes out for bids.

#### **Benefits Feedback**

Kelly provided for the Trustees' information a summary of staff feedback regarding experiences with UHC. She said specific concerns were referred to the benefits team.

#### **Wellness Program Update**

Rickie Lee shared the monthly Wellness Program report.

#### **Personnel**

In follow up to the last meeting in which the Trustees discussed Rickie Lee leaving the district, Randi shared a proposal that was received from Rickie Lee and Gail Buquicchio. Details of the proposed proposal were reviewed with the group.

The proposed proposal is an enhanced operational structure, one that would provide support to a new Wellness Coordinator, while simultaneously offering an opportunity for collaborative work. This would provide support while ensuring program growth, maintenance of current program offerings in a seamless, cohesive way to district staff year after year. The proposed structure would include Wellness Advisor(s) (Gail/Rickie Lee) who would establish the strategic plan, and contribute to evaluating and monitor programming, offering direction to the Wellness Program Coordinator and Trust for future initiatives. The Wellness Advisor(s) would serve the Trust in supporting the Wellness Coordinator to ensure the program is congruent with its established mission and goals. The Wellness Program Coordinator would execute the yearly program plan and manage daily operations of the program, and would have the opportunity to grow into a position with more responsibility. The group reviewed the objectives of the plan, the proposed budget and program structure sustainability model, the proposed roles and support, and proposed timeline.

Rickie Lee explained how she and Gail began talking about her leaving and developed this proposal. Randi explained what the service contracts might look like. The group asked questions and provided feedback. The Trustees thanked Rickie Lee for bringing the proposal to them and agreed they needed more time to discuss the options. A special meeting was scheduled for Monday, May 2, 2016 to discuss Wellness Program staffing.

**Adjournment**

The meeting was adjourned by Kelly Shepherd at 6:41 p.m.

Sincerely,

Adam Goldstein  
Secretary

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