

Everett School Employees Benefit Trust
Minutes of June 11, 2007
Board Room
3:30 pm

Attendance

Kay Nickel
Betsy Selders
John Morrill

Mike Gunn
Sue McCann
Molly Ringo

Also Attending

Darla Van Duren
Randi Seaberg
Susan Lindsey
(incoming Trustee)

Recorder

Susan Sacha

I. Call to Order

Kay Nickel called the meeting to order at 3:42 pm. To honor Kay as she retired, Mike presented her with a gift and thanked her for her service and dedication to the Everett School Employees Benefit Trust.

II. Adoption of Agenda

The agenda was approved as written.

III. Approval of Minutes

Minutes from the May 14, 2007 meeting were revised and approved.

IV. Financial Report

Darla did not have copies of the financial report to distribute but she reported that there was an increase in the fund balance this month of \$258,942 with an overall increase for the year of \$2,168,253. Five CD's matured and four new CD's were purchased at \$95,000 each. Trust consultants invoicing is still in a credit position with a credit balance of \$35,394. HMA claims are approximately \$140,000 less than last year and ESI claims are about \$19,000 less than a year ago with NMHC. In addition to the claims being less, NMHC issued a rebate of \$47,070 for the second, third and fourth quarter of 2005 and the first quarter of 2006. Overall assets for the fiscal year total \$9,394,770 compared to \$7,084,480 least year.

V. Consultant's Report

(1) Healthcare Industry Trend Update

Sean distributed a booklet of results from the 2006 Mercer Survey of Employer-Sponsored Health Plans and reviewed it with the trustees. The booklet contained information gathered from 1200 employers. The trustees discussed possible ways or incentives to assist members in changing their health behavior. A plan change would need to be done but Sean recommended doing this over a two year period of time. He will provide some information through plan design etc. and the trustees can work on how it could be structured and rolled out over time. Sean felt he would be able to provide information in October so that by the spring the trustees could have a sense of the direction they wanted to go and communications with members could begin.

(2) 2007-08 Budget

See agenda item VI.

(3) Renewals

i. Symetra Stop-Loss

At the direction of the trustees, Mercer requested proposals for Aggregate and Individual Stop-Loss insurance coverage due to the large increase in Symetra's proposed renewal (25.9%). Sean provided a booklet that summarized Mercer's findings. He reported that some competitive bids were received. Of those bids, SunLife had the lowest cost proposal with ING and Starline coming in second and third. Symetra was also invited to bid and they finalized their renewal with a 20.9% increase.

Based on the initial evaluation Sean said Mercer was recommending SunLife as the underwriter for an 18 month contract; retaining the current ISL attachment point of \$175,000 (could be revised for the 1/1/09 renewal), and selecting the 125% aggregate (an increase from the current level of 120%) since SunLife did not quote an option at 120%. Sean said that the increased risk exposure to the increase was not significant since the likelihood of an aggregate claim is less than 1%. A motion was made and seconded to change the Stop-Loss coverage from Symetra to Sunlight for an 18 month period. The motion passed.

ii. PacifiCare/Vision Care

Sean has had a conversation with the PacifiCare rep regarding the vision plan but there is no resolution yet. The concern for Everett was that the vision plan changed mid year. Sean felt the transition to integrate United Health Care and PacifiCare has been pretty poor so far. Molly wondered if something should be sent to employees who have PacifiCare to explain this transition. It was felt that a

proactive approach would be a good idea. Sean and Randi will discuss a process on how this could be accomplished.

iii. Review of voluntary & basic Life, AD&D, STD & LTD maximum benefits

Sean asked what an acceptable amount in Life and Short & Long Term Disabilities annual premium would be. He wanted to know what kind of an increase would be acceptable to the trust. The cost to go out to bid would be about \$20,000 to \$30,000. This item will be addressed during the upcoming renewal process.

VI. Approval of Consultant Engagement/Budget for upcoming fiscal year

Sean said that Mercer's fees for next year are proposed to be \$165,000, which reflects no change from their contracted base fee amount for the current year. Base fees for Mercer so far this year amount to about \$128,000 with a credit remaining of \$35,394 (due to commissions received by Mercer related to work for the Trust. A motion was made and seconded to approve Mercer's proposed consulting base fee amount of \$165,000 for next year. Motion approved.

VII. Approval of Auditor Engagement for annual audit

At the last trust meeting Darla had presented Toyer & Associates proposed audit engagement letter. The cost for the audit was estimated at \$8,495 which was an increase from last year due in part to nine new auditing standards required by the America Institute of Certified Public Accountants, which are out of Toyer's control. Darla felt the increase was reasonable and asked if the trustees wished to engage them for the audit. A motion was made and seconded to engage Toyer & Associates for a full audit next year. The motion passed.

VIII. Review 2007-08 Meeting Calendar

A motion was made and seconded to accept the meeting calendar with the revisions noted.

IX. THM & HMA Update

Randi, Molly, Sean and Darla met a few weeks ago with Hilary and others from HMA to discuss concerns about a letter that had been sent out to district staff without the district's knowledge regarding Club Health. She said the meeting went well and HMA was more than willing to work with the district towards better communications and involvement. Quarterly meetings have been scheduled for the year. Also a phone call on the third Monday of each month will be conducted. The participants will include Randi, Molly, Sean, Hilary, Renee and Arlene and will be used to make sure that everyone is connecting on issues. Randi feels good about expressing concerns and was happy with HMA's response and Molly felt they took the meeting very seriously. Hilary would like a copy of the trust calendar so she could attend a meeting.

Randi also reported that THM reminder letters were being sent to all employees' homes June 18th. The letters provided reminders about the nurse care line and how to access other things over the summer. Towards the end of July a "Did you know?" mailing with helpful facts about staying healthy in the summer will be sent out and Randi will make sure information is available at the new employee orientations.

The "Champions" will reconvene in October. HMA will attend that meeting and share specifics about the program and may encourage input from the champions about ways to promote the program. Sean shared information about the "friendly competition" program that Tacoma uses which will be shared with the

champions. Randi hopes to have a projected timeline for the year out by the next trust meeting.

X. Rotation of Trust Officers

Mike Gunn will serve as chair with John Morrill serving as secretary.

XI. Review of Annual Calendar

Changes to the Annual Calendar included adding/deleting the following:

April

- Add Annual Investment Policy Review and Recommendations from Investment Advisor

May

- Add Review Performance of Investment Advisor
- Add Approve Annual Investment Policy

June

- Delete Annual Investment Policy Review by Trustees
- Delete Renew Stop Loss Insurance

October

- Add Renew Stop-Loss Insurance (N/A in 2007)
- Add Discuss Incentive Options for THM

XII. Other

N/A

XIII. Annual investment policy review by Trustees

Darla presented Curt Halderson's ideas, including a suggestion that the Trust set a slightly more aggressive investment policy (i.e. money market equivalents that reset every seven days). Darla suggested, and the Trustees agreed, that the Trust hold off on making a change in the investment policy for now and reconsider the issue again next year. Smith Barney (Curt Halderson) has been good at making sure the Trust has enough funds readily available for their day-to-day operating expenses.

XIV. Executive Session – Review Compensation for Trust financial services

The executive session was held after the regular meeting was adjourned.

XV. Adjournment

The regular meeting was adjourned at 5:45 p.m.

Sincerely,

Everett School Employees Benefit Trust
Minutes – June 11, 2007 - continued

Mike Gunn
Secretary

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