

Everett School Employees Benefit Trust
Wednesday, November 14, 2012
Minutes

Attendance

Gregg Elder
Mike Gunn
David Jones
Jared Kink
Susan Lindsey
Molly Ringo

Absent

Also Attending

Gail Buquicchio
Randi Seaberg
Darla Vanduren

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Susan Lindsey at 4:07 p.m.

Adoption of Agenda

A motion was made by Molly Ringo and seconded by David Jones to approve the agenda as written. The motion passed unanimously. It was noted that the agenda order would be adjusted to accommodate Jayson Davidson who was in route from Seattle.

Susan welcomed Gregg Elder to the meeting. Gregg is filling the position vacated by Jennifer Green.

Approval of Minutes

A motion was made by Jared Kink and seconded by Mike Gunn to approve the minutes from the September 19, 2012 meeting as written. The motion passed unanimously.

Financials

Monthly Financials

Darla provided financials for July and August and the Independent Auditor's Report and Financial Statements for the fiscal year ended June 30, 2012. Darla asked for clarification regarding the preference for the monthly financial reports to be provided electronically or by print copies. The Trustees agreed that they would prefer the reports be provided electronically. In the future Darla will provide the electronic copies to Kellee who will attach them with the monthly meeting agenda.

Darla reviewed the year-end report with the group. She noted that since the last time the Trustees reviewed and discussed this information, there have only been minor language changes and the addition of a note regarding subsequent events, which is a requirement of the auditor. At a previous meeting Darla mentioned that the auditor had asked to meet with Susan. A meeting had not yet been arranged, and it was determined that a meeting was not required. Molly commented that it was important for the Trustees to meet with the auditor on a periodic basis, and shared that issues had occurred in the past resulting in this need. Darla said the auditor has mentioned that he is willing to meet with the Trustees. He has also mentioned providing a manager letter for the Trust which he would present. The Trustees agreed it would be beneficial to have the auditor attend a meeting once a year. Darla will work with Susan and Kellee to include the auditor visit on an upcoming agenda.

Darla reviewed with the group things to note from the July and August financials. She will provide the September and October financials as soon as they are ready. She noted the run out will continue through the end of this calendar year and ESI has not sent anything recently. Mike explained for Gregg the reasons behind the planned decrease to the fund balance, and the conscious effort by the Trustees to keep the rates as low as possible and to balance the program design. Molly noted this can be a challenge compounded by the state's current funding allocation for K-12 employee health benefits.

Consultant Report – Jayson Davidson

Jayson provided copies of the November 2012 Portfolio Review for the ESEBT. For the benefit of the new Trustee, Jayson shared an overview of what he and Becker Capital Management do for the Trust. He noted that due to changes in the structure and purpose of the Trust in 2011, revisions made to the Trust's investment policy (IPS) resulted in significant changes in cash flow. As a result, the Trust retains its high credit quality focus but the portfolio's duration was reduced to better match projected cash flow needs and reduce interest rate risk. He reviewed with the group the current policies, assumptions, and permitted investments.

The portfolio's overall allocation, credit quality, duration (interest rate risk) and general portfolio diversification are consistent with the Trust's newly revised investment objectives and policy which are preservation of principal and liquidity. The current IPS guidelines place strict limitations on the credit quality of individual securities that Becker may purchase on behalf of the Trust. The IPS policy stipulated that three months of projected net expenditures be held in Treasury securities which Becker is adhering to. Jayson stressed that with the current interest rate environment and tight credit quality and duration constraints of the portfolio, the return expectations would be modest. Due to lower realized distribution rates leading to the buildup of cash in the portfolio, direction is needed from the Trustees on how the excess cash should be reinvested and whether the Trustees would like the IPS mandate to remain the same.

The group discussed the information presented including adjusting the IPS annually to meet the Trust's needs, extending the duration of investments and lowering the amount of excess cash. Jayson talked about past scenarios and what they are currently seeing in the portfolio now. He asked the Trustees if they would like to consider lowering the amount of cash buildup they currently hold on a monthly basis from \$240,000 to \$90,000. Jayson explained how he arrived at these figures. The group discussed the different calendar years for the ESEBT (January through December) and the WEA (October through September) and the need for the Trust to have available funds to continue to absorb the difference for the last three months of the year. Also discussed were considerations due to the current political landscape and future changes with health care reform. A motion was made by Mike Gunn and seconded by David Jones to direct Becker Capital Management to decrease the amount of the Trust's excess cash from \$240,000 a month to \$120,000 a month, and extend the duration of the Trust's investments out to the end of calendar year 2015. The motion passed unanimously. In addition, there are no suggested changes needed to the investment policy.

Human Resources – Randi Seaberg

Quarterly Employee Assistance Program (EAP) Report

Randi provided and reviewed with the group the quarterly EAP report from Magellan. The program continues to have the same usage as in the last several years. There has been a recent uptick in grief counseling due to the loss of a student. Staff members commented that they were appreciative of this service. Overall satisfaction for the program remains high. Randi explained how staff are notified of the program and will provide new Trustee Elder with a brochure.

Open Enrollment Update

Open enrollment closes tomorrow at 4 p.m. Three support sessions were held that included human resources staff and representatives from Premier and Group Health. Staff participation was reduced from last year; however, last year all staff had to make changes. Most attendees this year were new employees, or employees who wanted to change plans. Trends include employees dropping their spouse's coverage and also voluntary benefits. As of yesterday, 365 employees have made benefit changes in Employee Online. Two staff members enrolled in the high deductible plan. Human resources contacted these employees to be sure they were aware of the possible implications of the high deductible plan. Randi also asked Premier about state trends for the high deductible plans and the noted the numbers are very low.

Some staff were surprised by the change in the flexible spending accounts. Most employees who were enrolled in Plan 1 chose to move to another plan in October. There were only a few who elected to stay in Plan 1 and make the additional contribution. Those few who stayed attended the support sessions. Additional trends include increased enrollment in Group Health and more interest in the easy choice plans.

Wellness Program

Gail provided a November Wellness program report and reviewed it with the group. She shared information on the current Wellness Challenge and plans for the 2013 challenge; the seasonal campaigns, health fairs and flu vaccine clinics; community events; fitness classes; weight watchers at work; stress management courses; and her attendance at the Coordinated School Health Interagency Committee in Olympia. The Trustees thanked Gail for her work in making the Wellness program so successful and a model for other districts in the state. The group discussed Gail's reports possibly being used as a summary requirement for the health care reform act. Gail said she has also been talking with Premera about providing the Trust with the medical claims data for the district. A suggestion was made to send a formal letter of request from the Trustees in the future.

Review of Annual Calendar & Meeting Calendar

The group reviewed the planned November meeting topics. Darla will invite the auditor to the November meeting. Also added was a summary on open enrollment. Approval of the annual trust budget was removed from the annual calendar. It is no longer needed because the Trust is no longer self-insured. The approval of annual investment policy is also not needed at the next meeting because no changes were made to it. The annual calendar will be modified to reflect these changes. Susan brought up a possible conflict with the June meeting date. The current date of June 19 would conflict with the last day of school. Other possible dates in June will be considered and provided at a future meeting.

Adjournment

The meeting was adjourned by Susan Lindsey at 5:31 p.m.

Sincerely,

Molly Ringo
Secretary

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