

Everett School Employees Benefit Trust
Wednesday, October 15, 2014
Minutes

Attendance

Gregg Elder
Jared Kink
Susan Lindsey
Jeff Moore
Molly Ringo
Kelly Shepherd

Absent

Gail Buquicchio
Randi Seaberg

Also Attending

Jayson Davidson
Bruce Dietrich
Bev Rogers
Darla Vanduren

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Gregg Elder at 4:03 p.m.

Adoption of Agenda

A motion was made by Kelly Shepherd and seconded by Gregg Elder to approve the agenda as written. The motion passed unanimously.

Approval of Minutes

A motion was made by Kelly Shepherd and seconded by Gregg Elder to approve the minutes from the September 30, 2014 meeting as written. The motion passed unanimously.

Financials – Darla Vanduren

Darla said the monthly financials have been tied to the annual audit, but now that the audit is complete she can provide financials at the November meeting.

Approval of Annual Audit

Darla introduced Bruce Dietrich of Toyer, Dietrich and Associates. Mr. Dietrich provided copies of the Trust's annual audit report and reviewed the information with the group. Under significant audit findings, he noted one which related to the Trust's change of accounting practice from cash basis to accrual basis; however, all significant transactions were recognized in the financial statements in the proper period.

An additional finding or issue was discovered during testing of employee benefits and deductions. It was found that one employee that qualified for benefits was not receiving the benefits allowed per policy. During the discovery process into the cause of this exception, it was determined that controls were not sufficient in the case of a part-time employee changing status during the school year from not having sufficient FTE to qualify for benefits to an FTE that should receive benefits. District staff have since reviewed the process and developed controls intended to identify situations where specific employees are not receiving the benefits allowed per policy.

A motion was made by Susan Lindsey and seconded by Gregg Elder to approve the annual audit. The motion passed unanimously.

Consultant Report – Jayson Davidson

Jayson provided copies of the Trust's October 2014 investment portfolio prepared by Becker Capital Management and reviewed the information with the group. Jayson reviewed the Trust's investment policy guidelines and said the policy language could be more specific. He will propose new language for the investment policy and will present it at a future meeting. The group discussed whether moving back to self-insured status changes anything in relation to investments. Jayson said it did not.

Jayson reviewed economic and bond market data with the group. He said the Trust's investments are showing reasonable growth. Becker is following the Trust's instructions and

beating the benchmark. CDs are providing some extra yield. Jayson noted Becker could be more efficient or quick with purchases of securities when cash builds up. He has contacted them regarding this and will continue to monitor it. Jayson noted that the portfolios overall allocation, credit quality, duration (interest rate risk) and general portfolio diversification are consistent with the Trust's investment objectives and policy. He said the current investment policy guidelines place extremely strict limitations on the credit quality of individual securities that Becker may purchase on behalf of the Trust. Based on their review, Becker is adhering to the Trust's investment policy guidelines and credit risk is tightly constrained. With the duration at less than two years, the portfolio has modest interest rate risk. There are no action items at this time.

The Trustees thanked Jayson for his monitoring of their investments and said they were reassured that his role is important in terms of how the Trust's funds are managed.

Other

Open Enrollment & EAP Usage Update: Randi was not able to attend the meeting but provided flyers from Magellan regarding EAP resources for staff. She also provided an open enrollment update. Molly has asked Randi for further clarification related to printing costs.

Executive Session

The regular meeting was adjourned to executive session by Gregg Elder at 5:05 p.m.

Adjournment

The regular meeting was reconvened by Gregg Elder at 5:24 p.m. and immediately adjourned.

Sincerely,

Kelly Shepherd
Secretary

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