

Everett School Employee Benefit Trust

Minutes of
August 15, 2005
Boardroom
2:30 p.m.

Attendance

Trustees

Molly Ringo
Mike Gunn
Sue McCann
John Morrill
Betsy Selders
Kay Nickel

Also Attending

Darla Van Duren
Jill Mehner
Tom Pursley
Melanie Curtice
Arlene Vollema-Rich
Rene Boswell

Recorder

Susan Sacha

I. Call to Order:

The meeting was called to order by Molly Ringo at 2:35 p.m.

II. Adoption of agenda:

The agenda was revised to include the Moss Adams engagement letter.

III. Approval of Minutes:

Minutes from the June 20th and June 29th meetings were approved as written.

IV. A. Policy Manual Review (draft)

Melanie Curtice was present to review the first draft of the policy manual with the Trustees. The document was reviewed page by page and recommendations and revisions were made. Melanie will make the revisions and have the document ready for the August 29th meeting at which time the manual will be adopted section by section.

B. Fiduciary Insurance Liability Update

Melanie checked with Randy Larsen of Marsh to see what the “normal” range was for trust. He said the medium range was 1 million and that the average was 3.4 million. Randy’s recommendation was to get the limit up to near where the assets were. Melanie felt in between would be best and said she wanted to find out why he had recommended going up to the high end. She also indicated that she felt something in writing about ERISA was needed.

V. Investment Management

Discussion continued from the last meeting regarding the need for some oversight of the trust’s investments. Melanie felt it was a good idea but recommended choosing an independent advisor that was not attached to a brokerage house. She will provide a name. Kay reported that John James from Lincoln Financial Advisors would be happy to come to a meeting at no charge. Tom spoke to the potential conflict of interest by using an individual from a brokerage firm and felt it was important to have someone who was unbiased and not connected with a particular firm. He felt the trust’s investment policy should be reviewed. Two important points were made (1) review should be done every two years by an independent consultant to insure that investment management is in compliance with the policy and (2) investment performance is competitive. This item will be added to the agenda for the September 15th meeting. Curt Halverson’s quarterly investment report will be moved to the October 20th meeting.

VI. Financial Report

Darla distributed and reviewed the un-audited June 30th financial reports with the trustees. She also asked for approval to sign the engagement letter with Moss Adams. Darla noted that the cost for services has gone up from \$8,500 to \$9,500 however if incurred fees are less they will charge less. After discussion a motion was made and seconded to accept the engagement letter. The motion carried.

VII. Consultant Report

Tom and Jill presented information regarding benefit plans for the upcoming year. Jill reviewed the consultant report and funding scenarios for the trust's consideration. Highlights include:

- Few changes made last year – none to PPO3
- Mandated mental health parity.
- PCN formulary – using standard
- Stoploss – stayed with Symetra
- High claims trend over last few months
- Costs – claim projections up 27.94% from last year due to more claims which included two large claims
- Trust income better than expenses but not what it was at several months ago. Will need to increase budget going into 2006-07.
- Group Health increase – 19.8%
- Pacific Care increase – 22.9%
- Short Term Disability increase – 16%
- Long Term Disability increase 8.9%

Molly suggested Mercer provide the trustees with a look at the percent increase over the last 5 years to see trends.

Two scenarios were presented. Scenario 1 shows no change to PPO3, Group Health and PacificCare full-time employee contributions. Scenario 1 assumes the district subsidy will end August of 2006. If the district continued to supplement the plans, the deficit would be less. Scenario 2 includes an increase to the employee contributions so that the Trust is in a break-even position.

Jill discussed Total Health Management. This cost of the package is \$4 per employee per month. The plan would need to include a long term strategy and focus on steps that could lead toward changing behavior and living healthier lives. Basically it would focus on prevention and wellness and would require a whole philosophical change in thinking.

Decisions to be made include WEA or PEBB, Part-timers and budgeting (how aggressive). Tom and Jill will look at WEA plan, part-timers and Health Management investment – long term and report back to trustees.

VIII. Annual Calendar Update

The trustees reviewed the calendar. The quarterly investment report was moved to October (see item V. Investment Management).

VI. Other

Engagement letter was added (see item VI. Financial Report)

The time was changed to 1:30 p.m. for August 29th meeting and an. additional meeting was added for September 15th @ 3:30 p.m. in Boardroom.

VII. Adjournment

The meeting was adjourned at 6:10 p.m.

Sincerely,

Betsy Selders
Secretary