

Everett School Employees Benefit Trust

October 19, 2009

Minutes

Attendance

Molly Ringo
John Morrill
Betsy Selders
Susan Lindsey
David Jones

Absent

Mike Gunn

Also Attending

Darla Van Duren
Randi Seaberg
Gail Buquicchio
Sean White

Recorder

Kellee Newcomb

1. Call to Order

The meeting was called to order by Molly Ringo at 4:04 p.m.

2. Adoption of Agenda

Molly Ringo called for any additions/revisions to the agenda. Consultant Sean White eliminated the Consultant Report. Molly Ringo added an information item on PEBB and the Trust. A motion was made by Betsy Selders and seconded by Susan Lindsey to accept the revisions and approve the agenda. The motion passed unanimously.

3. Approval of Minutes

A motion was made by David Jones and seconded by Betsy Selders to approve the minutes from the September 21, 2009 meeting as written. The motion passed unanimously.

4. Financial Report

Darla distributed a financial report for September 2009. The fund balance for the month decreased to \$299,532 resulting in an overall decrease for the fiscal year of \$140,881. There is a credit balance for consultant fees. Corporate obligations (CDs) sold \$95,000. Government obligations sold \$747,832.16 and \$1,517,226.57 were purchased. Overall assets for this fiscal year total \$14,296,581 compared to \$12,729,125 a year ago.

The Statement of Operations and Fund Balance indicate payments to Magellan for October through December; Sound Health for July and August; the outgoing and incoming recorder; Toyer & Associates for beginning audit work; and Investment Consultant fees for September through November. The \$95.00 paid by the Trust last month to Smith Barney/Morgan Stanley as part of the transfer of assets to Union Bank was refunded. HMA claims were \$246,733 more this September compared to September 2008. Overall, this year's claims are \$107,910 more than a year ago. ESI claims are \$33,506 more this September compared to September 2008. This amount includes the rebate check in the amount of \$16,656.20 for the 4th quarter. The rebate

check in September 2008 was \$17,628.75. Overall claims this year are \$65,437 more than in 2008.

Union Bank Representative – Rebecca Kwan-Leuthold

Darla reported that the representative from Union Bank would not be attending the meeting. She reminded the Trustees that in the move to Union Bank, a trust account had been opened at the Portland branch to hold investments for Becker to access; however, because it was a trust account there was no checkbook. In the process of working with Ms. Kwan-Leuthold at the Seattle branch to obtain a checkbook, a bank depositor agreement was drawn up that would require the Trustees signatures.

As is usual practice, Howard Bye of Stoel Rives reviewed the agreement and made some revisions that he felt were in the best interest of the Trustees. The original agreement required that personal information for each signer (Trustee) be provided which included date of birth, social security number, mother's maiden name, etc. similar to what is required for a personal bank account. Darla explained that banks are now pushing for this information from their customers to comply with the requirements of the Patriot Act. At this time, the bank's legal department and Howard Bye are working together to reach agreement on appropriate language that will meet the needs of the Trust. Ms. Kwan-Leuthold will attend a future meeting once an agreement is reached. In the mean time, a checkbook has been provided and the business of the Trust is being carried out as usual.

Final Audit Report

Darla provided a copy of the auditor's final report and a letter from Toyer & Associates to the Board of Trustees and to the Everett Public Schools Board of Directors. The report was very complimentary. She reported that the auditor plans to do a mid-year audit to begin preliminary work towards next year's audit. Darla will inquire about the fee before the work is started. She stated that so far the fees have been very reasonable.

5. Consultant Report

This item was removed from the agenda by Sean White.

6. Quarterly EAP Report

Randi reported that Magellan continues to provide great service. In the last quarter, 13 employees registered for EAP services. Of the 13, 7 are actively receiving counseling. 30 telephone contacts were made which is average for the quarter. The number accessing online service searches was 71, which is slightly higher than in the past. This may be due to the later start of school. Magellan has provided good

communications on H1N1 in an easy to read format. This information has been passed on to school nurses and will also be added to the district's website.

7. First Quarter Investment Report

Darla reported that she and Molly received an email from Jayson Davidson explaining that he is planning to attend the November Trust meeting. He provided a brief summary of investment activities through September:

- The portfolio returned 0.23% from its inception date (9/3/09) through the end of September. This was almost identical to the return provided by the intermediate treasury and agency market at 0.22%.
- They were notified that they could begin managing this portfolio on September 17. Since this time:
 - There has been one call of \$250,000 Freddie Mac bonds.
 - One bank CD of \$95,000 was called by the FDIC when the bank went into receivership.
 - They purchased \$1,500,000 in treasury notes that are due April 30, 2010.
 - They sold \$498,000 in long-maturity mortgage pass through securities.

- The net effect of purchases and sales has been to reduce the Trust's exposure to interest rates and to provide better liquidity.
 - The principal will now have more of a cushion should interest rates rise, as are expected. If interest rates fall, the portfolio will likely under perform the benchmark indices.
 - They believe a portion of the portfolio should be invested in treasury notes for liquidity purposes. Before their purchase there were no treasury positions in the portfolio.
- The current cash balance is \$597,000 which is slightly above the \$500,000 target.

8. Open Enrollment Update

Randi reports the start of open enrollment begins October 20th. Printed information has been forwarded to schools. With the advice of the district's print shop, some expenses were saved by printing a larger tri-fold flyer. This will be the only paper document provided with open enrollment information. The next communications will be by email, the monthly payroll newsletter and in Newslinks. Randi reports that the word is getting out because calls have increased to the benefits department. Information will also be provided to staff on how to access employee online from work and home. This will allow staff to make changes online. Additional support will be provided for staff (i.e., maintenance, food services, ect.) who do not have district internet access for employee online.

9. Wellness

- Wellness update

Gail reported that the fall fitness campaign WALKTOBER has been a success. She was hoping to initially have 200 participants but has had over 500 and over 100 teams. She reports that staff are doing a great job and are very enthusiastic about the campaign.

Weight Watchers at work meetings currently have 61 participants at 4 locations for a 12 week program. She reports there is a lot of enthusiasm for the fitness classes. There are 25 classes weekly at almost every site with 240 participants. The next session will begin in November with the addition of a self-defense class and a spinning class.

The seasonal flu vaccine clinics were very successful. Gail thanked the Trustees for voting to increase the number of participants beyond 500. Total participation was 535. She commented that she attended every clinic and found that staff were very enthusiastic and appreciative of this opportunity. She stated it will be interesting to see what the data shows regarding absenteeism next year.

Other wellness offerings include healthy cooking/nutrition classes, a webinar on keeping your immune system strong, and an Eight Weeks to Wellness class at Mill Creek Elementary. Gail also provided a copy of the Employee Wellness Program logo design and asked for feedback from the Trustees. She will also survey some staff to get their impressions. Overall the Trustees liked the logo design.

- Update on The Wellness Challenge program design and incentive structure
Gail provided information on proposed revisions to the program design for The Wellness Challenge. She explained the reasons for the proposed revisions which included changes to the program period and the incentive structure. The program period would change from a 12 month program period with two program cycles January 1 through December 31, to a 9 month program beginning January 1 and ending September 30. The continuation of the current rate structure for the 2010 school year complicates the current incentive structure which was \$100 cash for HRA, \$100 cash at the end of second program period (Jul-Dec). The premium differential for participation and/or non-participation is potentially a \$400 increase for non-participation. The proposed revision would offer levels of incentives based on meeting the wellness criteria. Gail reported that the Trust attorneys are currently working with Jeff Moore to reach resolution regarding the cash incentives. She plans for a letter to be distributed to staff the second week of November, and she will go to each building to talk with staff and to engage with wellness teams. She has also talked with Lynn Evans, Randi Seaberg and Carol Stolz regarding presenting the program to the different organizations. The financial payment will be paid out in the 2011 school year which will be important to emphasize in communications with staff. This will take a big commitment in terms of communication but Gail is ready. A motion to vote on the proposed revisions could not be made at this meeting due to the absence of Mike Gunn and the lack of a district quorum. Because Gail needs to begin communicating the information as soon as possible, prior to the next scheduled Trust meeting, it was agreed that a decision regarding the proposed revisions would be accomplished through an electronic vote. Kellee will send out an email on October 20th asking each Trustee to approve or reject the proposed revisions.

10. Other

Molly provided copies of an ESEBT overview that she put together along with help from Sean White and Arlene Vollema-Rich. This information has been provided for the Superintendent as he talks with legislators and area superintendents. Also included is information comparing the ESEBT health and welfare benefits program against the program available through the PEBB. The document is available electronically if needed.

11. Adjournment

The meeting was adjourned at 5:05 p.m.

Sincerely,

Everett School Employees Benefit Trust
October 19, 2009
Minutes – continued

Betsy Selders
Secretary

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