

Everett School Employees Benefit Trust
Wednesday, October 16, 2013
Minutes

Attendance

Gregg Elder
Mike Gunn
Jared Kink
Susan Lindsey
Molly Ringo
Kelly Shepherd

Absent

Randi Seaberg

Also Attending

Gail Buquicchio
Melanie Curtice
Darla Vanduren
Sean White

Recorder

Kellee Newcomb

Call to Order

The meeting was called to order by Molly Ringo at 4:03 p.m.

Adoption of Agenda

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

Approval of Minutes

A motion was made by Gregg Elder and seconded by Susan Lindsey to approve the minutes from the September 25, 2013 meeting as written. The motion passed unanimously.

Trust Auditor Bruce Dietrich of Toyer, Dietrich and Associates

The group welcomed auditor Bruce Dietrich and thanked him for attending the meeting. Mr. Dietrich reviewed the final copy of the audit report with the Trustees. He said there were no unanticipated findings and that Darla had done a great job in preparing the information and putting it together for him. The Trust's qualitative aspects of accounting practices passed with flying colors. One item discussed was the note that the Trustees worked on at the September 25, 2013 meeting. The Auditor was in agreement resulting in a clean opinion of the Trust. The Trustees thanked Mr. Dietrich for his work on the audit and they thanked Darla for her work which resulted in the clean audit.

Financials

The Trustees previously received financials for July, August and September 2013. Darla reviewed noteworthy items with the group including that the fiduciary liability insurance with Chubb has not yet been resolved. The Trust has had fiduciary liability insurance with Chubb for a long time but the platform has changed. Darla will continue to work with them and will provide monthly reports until the matter is resolved.

Consultant Report – Jayson Davidson

Jayson provided copies of the Trust's investment portfolio and reviewed the performance of the Trust's investment manager, Becker Capital Management. He talked about the criteria used to invest on behalf of the Trust and the significant changes made to the Trust's investment policy in 2011, which Becker continues to follow. Trust Policy 220, Investment Guidelines and Rules, was provided for the Trustees' review. Jayson said the investment objectives remain the same for Becker and he explained how they make purchases on behalf of the Trust. He talked about the Trust's allowable purchases and liquidity needs, about the bipartisan agreement and the effect it has on the market, interest rates and risks, and the ebb and flow of the stock market related to the government's issues.

Jayson reviewed the third quarter economic data with the group and talked about the low interest rates that pay next to nothing on cash. Becker has done everything the Trust has asked of them and the portfolio has only earned a 1% yield. While the types of securities in the Trust's portfolio are not earning much, there are no concerns regarding credit risks.

Jayson reviewed the portfolio summary and subsequent recommendations with the Trustees. He said the cash flow needs of the Trust and the current investment policy objectives need to be reviewed. Requested action items are to review and establish revised cash flow projections for the Trust, provide the portfolio manager with investment directions consistent with these needs, and review the investment horizon to establish a maximum maturity target for future security purchases. Jayson asked the Trustees for direction regarding their monthly cash flow needs and the 2015 limit. Becker would like to put some of the cash back into securities.

Darla provided a rough dollar estimate of what the available excess cash might be in the next two months. She felt it was safe to allocate the funds for investing. Jayson said there had been no withdrawals since November of last year. The group discussed the information provided and felt Darla could identify liquidity needs so the remainder of the funds could be invested. Darla could also provide monthly cash flow projections. The group discussed extending investment maturity dates beyond 2015 with the option of cashing out if needed. Sean talked about the scenario the Trust selected for 2014 and concerns regarding spending down the reserves. He said if there was \$120,000 coming in every month that would cover the spend-down.

A multi-tiered motion was made by Mike Gunn: 1) to extend the horizon for investments out for three years; 2) to authorize the immediate investment of \$1.2 million from the Trust's current cash equivalents; and 3) to provide direction to the Trust's investment managers and staff to maintain approximately three months of liquid cash reserves to meet the expenses of the Trust. The group discussed the motion and proposed an amendment on the duration for investments to extend out for no more than five years. Each item to the motion was seconded (item 1 by Susan Lindsey; item 2 by Jared Kink; and item 3 by Kelly Shepherd). The motion passed unanimously. The Trustees thanked Jayson for providing the information to the group.

Recommendations for Modifications to Trust Policies – Melanie Curtice

Melanie reviewed the Trust's policies and procedures and provided the proposed revisions to the group. She noted the discussion with Jayson was helpful and she would make edits based on the discussion. Melanie explained the reasons for the proposed revisions and reviewed them with the group. Based on the motions made regarding the Trust's investments, Melanie will propose revisions to Policy and Procedure 250, Fund Balance and Solvency. Also, Policy and Procedure 480, COBRA Premium Subsidy Under the ARRA, will be deleted because it no longer applies to the Trust since it is no longer self-insured. Melanie noted she is still working on proposed revisions to the HIPPA policy and will bring those to the Trust at a different time. A motion was made and seconded to approve the proposed revisions to each policy.

- Policy 100, General Administration, the motion was made by Kelly Shepherd and seconded by Jared Kink.
- Policy 130, Administrative Authority, the motion was made by Jared Kink and seconded by Gregg Elder.
- Policy 410, Claims and Appeals, the motion was made by Gregg Elder and seconded by Jared Kink.
- Policy 420, Audits, the motion was made by Mike Gunn and seconded by Susan Lindsey.
- Policy 440, Reports, the motion was made by Mike Gunn and seconded by Kelly Shepherd.
- Policy and Procedure 480, COBRA Premium Subsidy Under the ARRA, the motion to delete was made by Kelly Shepherd and seconded by Jared Kink.
- Policy 490, Fees, a motion was made by Jared Kink and seconded by Susan Lindsey.

The motions passed unanimously. The revised policies and procedures will be uploaded to DocuShare. The group thanked Melanie for her work.

Consultant Report – Sean White

Sean reported that plan documents are being finalized as part of the annual process and the benefits team is moving forward with that work.

Wellness Program

Gail reviewed her September/October monthly report with the group. She talked about her approach for wellness teams this year. She has created a scorecard system and is encouraging the sites to create grassroots efforts. She has provided information and reminders regarding flu shot clinics and when and where they will be held. She said almost every clinic has at least 100 people signed up. There is no limit to the number of flu shots; families are invited to attend.

Gail talked about the Wellness Program five years ago with the guiding principle of changing the culture in the district. She talked about what she planned in the beginning, what has gradually been built to change behaviors enough to affect the health of Everett Public Schools employees. She feels the Wellness Program is in place because the employees perceive it as a benefit.

Gail talked about the Wellness Program strategic plan. She noted the end of year survey is the only data source she has and she is seeing improvement every year. She feels that some areas hit the mark and some areas didn't, but there is always room for improvement. She said she would like to see the Wellness Program sustained over time but she understands the Trust is spending \$200,000 a year that could be allocated in other areas. She does feel the program is seen as a benefit and may be used to retain or recruit employees.

Gail talked about changes coming to the Wellness Challenge. This is the last year of the Wellness Challenge because the contract only runs through 2014. There are other options or strategies that could be offered. Sean said he and Gail have talked about possible alternatives for 2014 and will bring those to the Trustees next year. The group talked about the affordable health care act and wellness programs provided by plan sponsors as an expansion.

Mike commented on how much he appreciates Gail's passion and flexibility with the program. It is recognized nationally and he hopes it continues for a long time. Gail asked if she answered Jared's question from the last meeting regarding effectiveness. He said he appreciates the information Gail provided and he understands she doesn't get as much data anymore. He said the district is data driven and he would like to find the proper balance of data vs. anecdotal evidence. He believes there is value in the program and she is a great asset to the district. He wondered about the district valuing the program and possibly providing district funds for it.

Measuring the effectiveness of the program is hard and the challenge is in getting the data. Everyone is scratching their head about how we measure and what would have happened if this program was not in place. The prevalence of wellness programs is increasing year after year. Sean said for whatever reason studies show savings for companies with wellness programs. Gail talked about the survey results and how to gauge the impact for the future in what is happening now. The Trustees thanked Gail for her work and effort toward making them evaluate their health. Gail would also like to see the program integrated with students as a district-wide initiative. The group discussed the addition of student wellness to the district's strategic plan. This may be something to think about in the future. Kelly said the wellness program also bridges gaps between different groups; it is a good culture piece. It is a powerful program that helps to build bridges and noticeable culture shifts.

Quarterly EAP Report

This item was not discussed and will be added to a future agenda.

Review of Annual Meeting Calendar & Annual Calendar

The group reviewed agenda items for the November meeting.

Adjournment

A motion was made by Mike Gunn and seconded by Gregg Elder to adjourn the meeting. The meeting was adjourned at 6:00 p.m.

Sincerely,

Gregg Elder
Secretary

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