

LAKE HAVASU UNIFIED SCHOOL DISTRICT #1
EMPLOYEE BENEFIT TRUST
BOARD OF TRUSTEES MEETING – JULY 19, 2018

TRUST MEMBERS PARTICIPATING

Dr. Fadi Atassi, Amy Barney, Hal Christiansen, Marcia Cox, Pat Rooney

OTHERS PARTICIPATING

Mike Bonney, GDK
Joyce Perez, Gilsbar
Jaime Schulenberg - Erin P. Collins & Associates

OTHERS ATTENDING (PER SIGN IN SHEET)

Diana Asseier – LHUSD #1
Nichole Cohen
Kathy Cox
Nissa Harris
Andrea Helart
Ann Taffey

Meeting called to order at 5:04 p.m. Roll call was taken. Pledge to the flag followed with moment of silence.

Call to the Public:

None.

Introduction of New Trustees:

Vice Chairperson Marcia Cox announced that the Governing Board had appointed two new Trustees effective July 01, 2018: Amy Barney, a math teacher who has been with the District for 11 years; and Julie Sasseen, Business Development and Physician Relations Director at HRMC. Ms. Sasseen is on vacation and unable to attend the meeting. Vice Chairperson Cox welcomed the new Trustees.

Discussion and Possible Action re Interim Legal Counsel:

Jaime Schulenberg reminded Trustees that during the May 11, 2018 meeting, they had requested that the appointment of interim legal counsel be placed on a future agenda for consideration. Ms. Schulenberg had obtained a proposal and letter of engagement from Michael Hensley at Jones Skelton & Hochuli since Mr. Hensley is familiar with the Trust and able to provide the necessary services. She

reviewed the proposed rates as compared to current legal counsel, Cavanaugh Law Firm, which was \$250/hr. for Mr. Hensley as compared to \$350/hr. for Ms. Sellers.

ECA recommended that the Board approve Jones Skelton & Hochuli as interim legal counsel and authorize the Vice Chairperson to sign the engagement letter on behalf of the Trust.

Member Christiansen asked whether Mr. Hensley charges the Board for travel if he drives down to Lake Havasu City for meetings and Ms. Schulenberg confirmed that was accurate. It was suggested that where possible and practicable, the attorney attend meetings by phone.

Member Christiansen made a motion to approve Jones Skelton & Hochuli as interim legal counsel and authorize the Vice Chairperson to sign the letter of engagement.

Member Atassi seconds the motion.

Member Atassi: YES, Amy Barney: YES, Hal Christiansen: YES, Marcia Cox: YES

Motion unanimously approved by Trustees in attendance.

Update on Legal Request for Proposal:

Ms. Schulenberg reported on the RFP for Legal Services authorized by the Board at the May 11, 2018 meeting. Responses are due August 02, 2018 and were provided to 4 law firms: Cavanaugh, Fennemore Craig, Gust Rosenfield and Jones Skelton & Hochuli, all well-respected firms with a specialty in employee benefits. Once responses are received, ECA will analyze and prepare a report and recommendation to Trustees at a special meeting in August.

Vice Chairperson Cox asked whether the District would be provided with the original responses and Ms. Schulenberg responded that she would provide them with the original RFP and all responses since they are the custodian of records.

Ratification of Reinsurance:

Ms. Schulenberg advised Trustees that the reinsurance had been placed for the 2018-19 plan year with the incumbent carrier at the same specific level of \$130,000. ECA had originally budgeted a 35% increase in premium based on the addition of prescriptions to the contract, however, the actual increase came in at approximately 59% over expiring. The significant increase was due to both the addition of prescription coverage as well as a number of high dollar claims. Ms. Schulenberg also pointed out that the reinsurance included 3 lasers, which she explained is a deductible assigned to a specific person that the carrier has identified as a higher level risk than the other plan members.

ECA recommended that the reinsurance renewal be ratified as of July 01, 2018.

Member Christiansen made a motion to ratify the reinsurance renewal effective July 01, 2018.

Member Atassi second the motion.

Fadi Atassi: YES, Amy Barney: YES, Hal Christiansen: YES, Marcia Cox: YES

Motion unanimously approved by Trustees in attendance.

Approval of Meeting Minutes from February 07, February 21, March 08, April 25, May 11 (as revised), and June 29, 2018:

Member Christiansen made a motion to approve the minutes as revised.

Member Atassi second the motion.

Fadi Atassi: YES, Amy Barney: ABSTAIN, Hal Christiansen: YES, Marcia Cox: YES

Motion approved by majority of Trustees in attendance.

Approval of December 2017 through June 30, 2018 Financial Reports:

Mike Bonney from GDK reviewed the financial reports through June 30, 2018, including the Statement of Activity. He reported that the Trust ended the year with \$1.1M and is solvent with no concerns from an accounting or audit standpoint. He did point out that the contract with GDK had expired on June 30, 2018 and offered to continue to provide services under the existing agreement until such time as a new engagement could be discussed.

Mr. Bonney also recommended that the Board consider moving from a cash to accrual basis of accounting in order to provide a more accurate view of the financial status of the Trust.

Vice Chairperson Cox asked if there was any further information on the unrecognized amount of \$144,000 from the period of time when the bank accounts weren't reconciled and Mr. Bonney indicated there is no way to find that. He did say, however, that he believes it was likely a double entry or something of that nature.

Nichole Cohen asked whether one of the Wells Fargo accounts was considered a "retiree" account and Ms. Schulenberg said that no such account existed but that her recollection was that at one time, the District had an account they labeled as "retiree," however, it was not actually used for the purpose of GASB liability. Ms. Schulenberg also noted that the GASB liability was the District's, not the Trust's and reported the actuary was already working with Mike Murray on the analysis. She anticipates discussion about the results and strategy at a future meeting.

Member Atassi made a motion to approve the financials as presented.

Member Christiansen seconds the motion.

Fadi Atassi: YES, Amy Barney: YES, Hal Christiansen: YES, Marcia Cox: YES

Motion unanimously approved by Trustees present.

Vendor Reports:

Joyce Perez from Gilsbar presented an overview of medical claims through June 30, 2018.

In the absence of Rich Hanna from Ameritas, Ms. Schulenberg gave a brief overview of dental claims through June 30, 2018.

Ms. Schulenberg also advised Trustees that Cerner had provided a report on H&W Center activities through June 30, 2018.

Administrative Update:

Ms. Schulenberg updated Trustees on a number of follow-up items from previous meetings, including:

- Jeff Goss Call to the Public - Mr. Goss was not in attendance so Trustees asked Ms. Schulenberg to contact him personally to provide requested information; and
- Stephanie Holmes Call to the Public – No further action required.

Ms. Schulenberg also noted the following items:

- LabCorp and Gilsbar found a solution to the Clinic billing issue, however, the system corrections will take 6-8 weeks on the LabCorp side. Once those are complete, the Clinic labs will be billed using the BCBSAZ rates.
- The co-pay changes implemented with CVS/Caremark effective July 01, 2018 are not currently effective. CVS contacted ECA the week on July 12, 2018 to notify them that required change documents had not been signed and provided; ECA immediately signed the documents and submitted for processing. ECA takes responsibility for not ensuring these documents had been submitted and has requested a report from CVS of underpaid co-payments and will make the Trust whole. EDITOR'S NOTE: Changes were implemented effective July 23, 2018; once a report has been provided of the underpaid co-payments, ECA will advise Trustees and write a check to the Trust.
- A copy of the final budget was provided to Trustees and Ms. Schulenberg reminded them that the premium rates on the budget were the adopted rates versus what the District was funding. Vice Chairperson Cox suggested adding a column to the budget to show the adopted versus funded for information; Ms. Schulenberg will update and get that out to Trustees.

Election of Officers:

Member Christiansen nominated Marcia Cox as Chairperson.

Member Atassi seconds the motion.

Fadi Atassi: YES, Amy Barney: YES, Hal Christiansen: YES, Marcia Cox: YES

Motion unanimously approved by Trustees present.

Chairperson Cox nominated Hal Christiansen as Vice Chairperson.

Member Atassi seconds the motion.

Fadi Atassi: YES, Amy Barney: YES, Hal Christiansen: YES, Marcia Cox: YES

Motion unanimously approved by Trustees present.

Chairperson Cox appoints ECA as Recording Secretary.

Future Agenda Items:

Jaime Schulenberg stated future agenda items:

- GDK Contract
- Cash v. Accrual Accounting Basis

- Legal Counsel RFP Recommendation

Vice Chairperson Christiansen made a motion to adjourn meeting.

Member Atassi second the motion.

Motion unanimously approved by Trustees in attendance.

Meeting adjourned at 6:44 p.m.

Respectfully Submitted: Jaime Schulenberg, Recording Secretary

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Minutes of the Regular Meeting of the LHUSD #1 Employee Benefit Trust meeting of July 19, 2018 are approved as submitted:



Marcia Cox, Chairperson

