

**MINUTES OF THE SELF-INSURANCE TRUST BOARD MEETING  
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48  
Ed Center, Room - Old Main, 7575 E. Main, Scottsdale, AZ 85251  
January 20, 2022 at 3:00 PM**

The meeting was called to order at **3:01** pm on January 20, 2022.

- I. Call to Order – Melinda Gulick, Chairperson called the meeting to order.

Due to the COVID-19 (aka Coronavirus) emergency, Centers for Disease Control and Prevention guidelines, and pursuant to guidelines from the Arizona Attorney General regarding compliance with the Open Meeting Law during this national emergency, this meeting was conducted in person with masks on, online, or via phone.

II. Roll Call-

Board Trustees in attendance were (telephonically and via Teams video), Patty Beckman, Governing Board Member, Shannon Crosier, Trust Board Administrator, Melinda Gulick, Trust Chairperson, Eloy Yndigoyen, Trustee, Valerie Shannon, Trustee.

**INFORMATION/DISCUSSION AND POSSIBLE ACTION**

- A. Approval of SUSD Self-Insurance Trust Minutes from October 28, 2021 meeting. - Action  
No discussion Minutes stand as submitted.

Valerie Shannon Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of October 28, 2021. Patty Beckman Seconded the motion. The motion was approved with a vote of 5 – 0.

- B. Property/Casualty/Workers Comp Claims Report (ARRT) – Information

Ryan Cole and Jessica Schuler from the Trust presented Financial reports concerning Property/Casualty and Worker’s Compensation.

21/22 Property and Liability Premium:	\$2,008,533
21/22 Workers’ Compensation Premium:	\$927,441 (Est)
21/22 Health Benefits Premium:	\$16,051,022 (Est)

Trust Claims have been trending down since 2017/2018 through 12/31/2021.

- Total number of claims processed as of 12/31/2021: 34
- Total incurred as of 12/31/2021: \$547,126

Pre-Paid Legal

- 2020/2021 = Over \$200,000
- 2021-2022 = As of 12/31/2021 = over \$50,000

2022/2023 Renewal: Dates

- 11/1: Trust Values Collection released
- 12/17: Cyber Values Collection released
- 2/15: Alliance Values Collection released

- 3/15: 22/23 contribution estimates sent to members
- 6/30: 22/23 renewal forms due to the Trust

#### Cyber

- Cyber values collection
- Deductible condition requirements
  - Phishing campaigns
  - Air gap backup solution
- Multi-factor authentication

#### Alliance Rating Retrospective Plan

- Scottsdale joined retro plan effective July 1, 2019
- Designed for members with a higher appetite for risk
- Member pays for losses and various expenses (admin, excess insurance, tax, contribution to surplus)

#### Alliance Rating Retrospective Plan

- 2021/2022 Retrospective Rating Program Contribution as of 12/31/2021
  - Incurred Losses\* \$665,157
  - Unallocated Loss Adjustment Expense\* \$112,559
  - Administrative Expense \$ 75,500
  - Excess Insurance and Tax Expense \$ 56,997
  - Contribution to Net Position \$ 17,228
  - **Total** **\$927,441**
  - \*Loss rated at 90%

#### Prepaid Account/TIP Balances for the District as of 12/31/2021:

- Trust Prepaid Account Balance as of 12/31/2021= \$138,907
- Trust Investment Pool Balance as of 12/31/2021= \$ 40,638

#### Alliance Rating Retrospective Plan

- As of 12/31/2021, the district is trending at 71% of estimates.
- Alliance staff will continue to provide quarterly updates on Scottsdale's performance.
- A final adjustment based on actual losses and payroll will be conducted in July 2022.

#### Alliance Contribution History

Year	Rating Model	Contribution
2021/2022	Retrospectively Rated	*\$660,814
2020/2021	Retrospectively Rated	*\$626,193
2019/2020	Retrospectively Rated	*\$408,788
2018/2019	Guaranteed Cost	\$958,573
2017/2018	Guaranteed Cost	\$877,064
2016/2017	Guaranteed Cost	\$873,457

\*Estimated contribution. Loss elements are adjusted for 5 years

#### 2021/2022 adjusted elements as of 12/31/2021:

- Incurred Losses \$ 437,119 (budgeted \$665,157)
- ULAE \$ 73,970 (budgeted \$112,559)

- C. Medical Claims/Financial Reports – Information – Tanya Edwards presented an overview of Kairos, Trust and Alliance

Medical Claims/Financial Reports – Information – Jeremy Larson and Tanya Edwards presented financial and health reports from Kairos Health Arizona – High-Cost claimants Overview paid through November 2021.

- High-Cost Claims Total Top 1% = \$ 1,536,535                      27 Claimants
- High-Cost Claims Total 2-5% = \$ 1,154,426                      107 Claimants
- High-Cost Claims Total 6-10% = \$ 289,661                      134 Claimants
- High-Cost Claims Total 11-25% = \$ 331,600                      403 Claimants
- High-Cost Claims Total 26-50% = \$ 162,172                      671 Claimants
- High-Cost Claims Total 51-100% = \$ 28,293                      1,342 Claimants

Plan Participation:

- PPO = 26% Participants
- HDHP 1500 = 28% Participants
- HDHP 2800 = 39% Participants
- HDHP 5000 = 07% Participants

D. Trust Financial Update – Information

Shannon Crosier presented the Checking and Investments Accounts for Fiscal Year 2021 and 2022 as of December 31, 2021.

- Accounts are growing on average. Total in each of the three accounts are:
  - Medical - \$36,741,230.07
  - Property/Casualty - \$ 7,921,504.62
  - Workman's Comp - \$ 7,729,008.67

Tyler Tayrien from Wells Fargo is presenting the Financial Market Investment Update. Three investment accounts as of 12/31/2021:

- Medical- 59 Securities/Accounts - 29.970 million (.79% Book Yield)
  - Unrealized Gains \$190,000 without accrued Interest.
  - Cash Flow \$17,854,000
- Property and Casualty – 17 Securities/Accounts - 7.855 million Portfolio Size (.82 Book Yield)
  - Unrealized Loss (10) without accrued Interest.
  - Cash Flow \$3,917,000
- Worker's Compensation- 15 Securities/Accounts - 6.730 million (.57 Book Yield)
  - Unrealized Gains \$(30) without accrued Interest.
  - Cash Flow \$3,766,000

E. Proposed Minimum and Maximum Balances for Self-Insurance Trust - Information

Shannon Crosier presented the min. and max balances for the Self-Insurance Trust accounts.

Medical Insurance Account:

- Current Balance: \$36,539,755.63
- Review of estimated Medical and Pharmacy for next 10 years based on 7.0% yearly inflation. Estimated average cost of \$17,838,721. Current rate \$13,815,006.
- Kairos recommendation was 1/3 of losses for the year. This amount fluctuates by year, 10 year estimated average is \$6,939,316.
- Chandler Unified is working toward 1 year of premiums.
- Considerations: Medical is Self-Insured, so District is responsible for all medical and pharmacy costs.
- **Recommendation: Minimum Balance \$15,000,000. Maximum Balance 1.5 times yearly premium.**

Property/Casualty Account:

- Current Balance: \$9,649,737
- Rate for Fiscal Year 2021-2022 is \$2,013,533
- No contribution from the District for Fiscal Year 2021-2022 or 2022-2023
- **Recommendation: Minimum Balance 1 Year premiums (approximately \$2,000,000).  
Maximum Balance 2 Years premiums (approximately \$4,000,000)**

Workers Compensation:

- Current Balance: 8,139,845.05
- Rate for Fiscal Year 2021-2022 is \$927,441
- **Recommendation: Minimum Balance 1 Year premiums (approximately \$1,000,000).  
Maximum Balance 2 Years premiums (approximately \$2,000,000).**

F. Future Agenda Items – No future items were added.

G. Adjournment

At **4:48** PM, Shannon Crosier Moved to adjourn the meeting. Eloy Yndigoyen seconded the motion.

The motion was approved with a vote of 5 – 0.

Dated this 20th day of January 2022.

Approved March 31, 2022