

MINUTES OF THE SELF-INSURANCE TRUST BOARD MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Ed Center, Room - Old Main, 7575 E. Main St., Scottsdale, AZ 85251
June 16, 2022 at 9:30 AM

Self-Insurance Trust meeting was called to order at **9:32** am on June 16, 2022.

- I. Call to Order – Shannon Crosier, Administrator 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, online, or via phone.

- II. Roll Call-

Board Trustees in attendance were (in person), Shannon Crosier, Trust Board Administrator, Eloy Yndigoyen, Trustee, and Valerie Shannon, Trustee.

Melinda Gulick, Trust Chairperson and Patty Beckman, Governing Board Member were not in attendance.

INFORMATION/DISCUSSION AND POSSIBLE ACTION

- A. Approval of SUSD Self-Insurance Trust Minutes from March 31, 2022 meeting. - Action
No discussion, Minutes stand as submitted.

Valerie Shannon Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of January 20, 2022. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 3 – 0.

- B. Approval of Self-Insurance Trust Board Meeting Dates for FY 22-23. – Action

Valerie Shannon Moved to Approve Self-Insurance Trust Board Meeting Dates for FY2022-2023 as presented with the start time of the meetings at 4:00 pm. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 3 – 0.

- C. Approval of Property and Casualty Insurance Premium July 1, 2022 – June 30, 2023. – Action

The Arizona Risk Retention Trust has provided rates for the Property and Casualty Insurance Premium with three additional Enhanced Cyber options. FY2021/2022 annual premium was \$2,008,533 and the new 2022/2023 premium will be \$2,147,843 with the added \$5 Million Cyber Liability Coverage.

Eloy Yndigoyen Moved to Approve Property and Casualty Insurance Premium for July 1, 2022- June 30, 2023 with the \$5 million Enhanced Cyber option with COVID enhancement and Basic Cyber options taken off the agreement. Valerie Seconded the motion. The motion was approved with a vote of 3 – 0.

- D. Approval of Worker’s Compensation Insurance Premium July 1, 2022 – June 30, 2023.

The Arizona Risk Retention Trust has provided rates for Worker's Compensation Insurance Premium. FY2021/2022 annual premium was \$927,441 and the new 2022/2023 premium will be \$914,446

Eloy Yndigoyen Moved to Approve Worker's Compensation Insurance Premium for July 1, 2022- June 30, 2023. Valerie Shannon Seconded the motion. The motion was approved with a vote of 3 – 0.

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

Ryan Cole 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)

- Total number of claims processed as of 5/31/2022: 85
- Total incurred as of 5/31/2022: \$1,144,627

Pre-Paid Legal

- 2020/2021 = Over \$200,000
- 2021-2022 = As of 5/31/2022 = around \$100,000

2022/2023 Trust Renewal Updates

- 2022/2023 Contribution Estimate: \$2,095,530
- 2021/2022 Contribution: \$2,008,533
- 4.33% Increase
- Trust Loyalty Credit (5%)
 - District will receive approximately \$100,000
 - Tier 1 (2%): 52.94% 3-year loss ratio
 - Tier 2 (3%): 3 of 3 items completed

2022/2023 Renewal Updates:

- Enhanced Cyber Coverage Options
 - \$1M Basic \$ 62,127 – no MFA requirements
 - \$3M Enhanced \$134,755 – MFA requirements
 - \$5M Enhanced \$170,690 – MFA requirements

The enhanced quote is subject to full implementation of MFA for all remote users and any users with privileged access before 7/1/2022. Trust can assist with MFA if needed.

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	Estimate	Actual (As of 5/31/2022)
○ Incurred Losses*	\$665,157	\$ 593,381
○ Unallocated Loss Adjustment Expense*	\$112,559	\$100,413
○ Administrative Expense	\$ 75,500	\$ 75,500
○ Excess Insurance and Tax Expense	\$ 56,997	\$ 56,997
○ Contribution to Net Position	\$ 17,228	\$ 17,228
○ Total	\$927,441	\$843,518

As of 5/31/2022 District is trending at 91% of estimates

Alliance Contribution History

Year	Rating Model	Contribution	Retro Contribution: Original Estimate
2021/2022	Retrospectively Rated	*660,814	927,441
2020/2021	Retrospectively Rated	*626,193	860,358
2019/2020	Retrospectively Rated	*408,788	839,973
2018/2019	Guaranteed Cost	958,573	N/A
2017/2018	Guaranteed Cost	877,064	N/A
2016/2017	Guaranteed Cost	873,457	N/A

*Estimated contribution. Loss elements are adjusted for 5 years

Alliance 2022/2023 Renewal

- Estimated payroll:
- \$148,488,604
- Estimated contribution:
- \$914,416
- 1.4% decrease, subject to final underwriting

PPA/TIP Balances

- Trust Prepaid Account Balance as of 5/31/2022
- \$85,719
- Trust Investment Pool Balance as of 5/31/2022
- \$40,638

Upcoming Dates: 2022/2023 Renewal

- June 30: 22/23 renewal forms due to the Trust
- July 20-22: AASBO Conference

F. Medical Claims/Financial Reports – Information – Jeremy Larson, Chris Marler, and Jennifer Sherman presented financial and health reports from Kairos Health Arizona

- Discussion of Large Claimants (7/1/2021 – 4/30/2022) 43.79% over \$50K
- Plan Overview
 - 1,895 Employees
 - 2,635 Lives
 - 42 Average Age
 - Medical Plan Spend 18.62% increase over 20/21
 - Top 5 Providers: Scottsdale Healthcare Shea, Mayo, Scottsdale Osborn, John C Lincoln, Phoenix Children’s
 - #1 Condition – Cancer at \$1,466,942.25
 - Pharmacy Spend 3.77% decrease over 20/21
 - Specialty is 52.7% of plan spend (4.6% greater than benchmark)

- COVID Reporting
 - Confirmed Diagnosis – Members 468 - \$211,799 (2021) \$119,801 (2022)
 - Testing – Members 1,094 - \$189,663 (2021) \$115,697 (2022)
 - Vaccines – Members 2,212 - \$145,312 (2021) \$20,669 (2022) District Honor Health Clinic not included in these numbers

G. Trust Financial Update – Information

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

- Accounts are growing on average. Total in each of the three accounts are:
 - Medical - \$33,542,749.76
 - Property/Casualty - \$ 9,655,572.03
 - Workman’s Comp - \$ 8,149,013.38

Tyler Tayrien from Wells Fargo is presenting the Financial Market Investment Update. Three investment accounts as of 5/31/2022:

- Worker’s Compensation- 14 Securities/Accounts - 6.748 million (.79 Book Yield)
 - Unrealized Loss \$ (188) without accrued Interest.
 - Cash Flow \$3,773,000
- Property and Casualty – 15 Securities/Accounts - 7.633 million Portfolio Size (.99 Book Yield)
 - Unrealized Loss (179) without accrued Interest.
 - Cash Flow \$3,922,000
- Medical- 58 Securities/Accounts - 30,056 million (.98% Book Yield)
 - Unrealized Loss (\$578) without accrued Interest.
 - Cash Flow 147,259,000

H. Future Agenda Items – No future items

I. Adjournment

At **10:59** am, Eloy Yndigoyen Moved to adjourn the meeting. Valerie Shannon seconded the motion. The motion was approved with a vote of 3 – 0.

Dated this 16th day of June 2022.
Approved September 29, 2022