

**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
September 29, 2022 at 4:00 PM**

Self-Insurance Trust meeting was called to order at **4:00** pm on September 29, 2022.

- I. Call to Order – Shannon Crosier, Administrator called the meeting to order.

- II. Roll Call-
Board Trustees in attendance were, Shannon Crosier, Trust Board Administrator, Melinda Gulick, Trust Chairperson Eloy Yndigoyen, Trustee, Valerie Shannon, Trustee, and Zach Lindsay, Trustee.

- III. Introduction of Trustees, Staff, and Visitors – All were introduced for the first meeting of 2022-2023 school year. Visitors: Tanya Edwards, Jeremy Larson, Jennifer Sherman (Kairos), Jessica Schuler (In for Ryan Cole), Tyler Tayrien

INFORMATION/DISCUSSION AND POSSIBLE ACTION

A. Selection and Approval of Chairperson (Trust Document 3.4) – Action

Discussion of selection for Chairperson took place with Melinda Gulick chosen to continue. Melinda Gulick Moved to Approve the selection of Chairperson for the 2022-2023 school year. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 5 – 0.

B. Approval of SUSD Self-Insurance Trust Minutes from June 16, 2022 meeting. - Action
No discussion, Minutes stand as submitted.

Valerie Shannon Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of June 16, 2022. Zach Lindsay Seconded the motion. The motion was approved with a vote of 5 – 0.

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

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

22/23 Property and Liability Premium:	\$2,147,843
22/23 Workers' Compensation Premium:	\$914,446 (Est)
22/23 Health Benefits Premium:	\$17,701,135 (Est)
• Total number of claims processed as of 8/31/2022:	18
• Total incurred as of 8/31/2022:	\$417,817

Trust Loyalty Credit: 2022/2023

- Opportunity to earn 5% back
 - Tier 1 (2%):
 - Tier 2 (3%):
- Prerequisites:
 - Participate in core coverages
 - Membership for 3 consecutive years
 - Timely payment of annual contribution
 - Continued membership for 2023/2024

- Tier 1: 2%
 - 3-year loss ratio of 80% or less
- Tier 2: 3%
 - Viewing of Vector Solutions, K12 edition, by 20% of district’s full-time equivalent employees
 - Attending at least one quarterly regional emergency preparedness consortium meeting
 - Attending a transportation Leadership in Training course
 - Completing a roof inspection checklist and providing the inspection/corrective action plan to the Trust.
 - Attending one of the Risk Management Summit events
 - Adopting MFA for all employees and all remote access connections
 - Conducting quarterly cyber-phishing and training campaigns
 - Participating in either the June 2022 or October 2023 Trust Leadership Academy

• Trust Loyalty Credit: District History

Year	Amount Earned
2017/2018	\$102,262
2018/2019	\$77,481
2019/2020	\$72,236
2020/2021	\$191,030
2021/2022	\$96,677
5 Year Total	\$539,686

2023/2024 Cyber Conditions

- Communicated to members on September 1, 2022.
- Members have until June 2023 to show proof of compliance.
- Same requirements for basic and enhanced members.
- Help (funding and guidance) available from:
 - The Trust Cybersecurity Team
 - ADE/AZ Department of Homeland Security

Requirement	Trust Resource	ADE/ADHS Resource
Air gap backup (bi-annual testing)	Consulting	N/A
Phishing (quarterly)	Free	Grant
MFA (all employees)	Additional Cost	Grant
Vulnerability scanning (quarterly)	Free	N/A
Endpoint detection and response software	Additional Cost	Grant
Software patches	Consulting	Grant
End-of-life software	Consulting	Grant (inventory)

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	Actual
○ Incurred Losses*	\$597,902
○ Unallocated Loss Adjustment Expense*	\$101,178
○ Administrative Expense	\$ 74,393
○ Excess Insurance and Tax Expense	\$ 56,161
○ Contribution to Net Position	\$ 16,529
○ Total	\$846,609
As of 6/30/2022	

Alliance Contribution History

Year	Rating Model	Contribution
2022/2023	Retrospectively Rated	*914,446
2021/2022	Retrospectively Rated	*846,609
2020/2021	Retrospectively Rated	*657,724
2019/2020	Retrospectively Rated	*413,581
2018/2019	Guaranteed Cost	958,573
2017/2018	Guaranteed Cost	877,064

*Estimated contribution. Loss elements are adjusted for 5 years

PPA/TIP Balances

- Trust Prepaid Account Balance as of 8/31/2022
- \$14,527
- Trust Investment Pool Balance as of 8/31/2022
- \$40,761

D. Medical Claims/Financial Reports – Information –

Jeremy Larson, Tanya Edwards, and Jennifer Sherman presented financial and health reports from Kairos Health Arizona

- Financial Performance

	2017-18	2018-19	2019-20	2020-21	2021-22	Total
Contributions	\$12,867,698	\$13,807,147	\$14,630,234	\$15,023,435	\$15,236,204	\$87,228,528
Rate Change	-2.5%	6.0%	6.0%	0.0%	4.5%	2.8%
Contributions at 7.5%	\$12,867,698	\$14,842,683	\$15,955,884	\$17,152,575	\$18,439,018	\$99,079,803
Actual Net Income/Loss	(\$66,487)	\$1,654,018	\$2,363,481	(\$878,393)	(\$2,367,301)	\$705,318

- Plan Overview

- 1,887 Employees
- 2,628 Lives
- 41 Average Age
- Medical Plan Spend 21.73% increase over 20/21

- Top 5 Providers: Scottsdale Healthcare Shea, Mayo, Scottsdale Osborn, John C Lincoln, Phoenix Children’s
 - #1 Condition – Cancer at \$1,875,201
 - Pharmacy Spend 2.31% decrease over 20/21
 - Specialty is 52.7% of plan spend (4.6% greater than benchmark)
- Executive Summary 2017 – 2022
 - SUSD has performed better than industry trend
 - Savings of \$11.8 M over 5 years
 - Employee cost has remained stable
 - Administrative expense is merely 7%
 - Through various pool initiatives returned \$7.3M to SUSD
- Discussion of Large Claimants- Top 10
 - HIV & Cancer \$446,322
 - Stem Cell Transplant \$432,691
 - Aortic Aneurysm \$306,611
 - Cancer \$291,221
 - Breast Cancer \$289,290
 - Cancer \$279,538
 - Cancer \$276,462
 - Spinal Muscular Atrophy \$275,220
 - Pancreatic Cancer \$255,060
 - Sepsis \$248,651
- Other Topics:
 - Prescription Spend – Specialty is 52.7% of plan spend & Traditional 53%
 - Clinical Care Advocacy – Engaged participant count - 68

E. Investment Guidelines – Information

Shannon Crosier presented the Investment Guidelines for the Self-Insurance Trust from 2019.

In 2019, the District amended its Self-Insured Trust to include all insurance programs. When the new Trust was created, the Self-Insured Trust Board approved an investment guideline. The investment guidelines that may be implemented are very limited under Arizona law (A.R.S. § 35-313). The reserves may only be invested in certain investments (bonds, CDs, government investment pools). All reserves are invested with Wells Fargo. More minimal investments are also held by the District’s various insurance programs (Kairos, Alliance, and the Trust). The same restrictions apply to those accounts.

F. Trust Financial Update – Information

Shannon Crosier presented the Checking and Investments Accounts for Fiscal Year 2021 and 2022 as of June 30, 2022, and August 31, 2022.

- Total in each of the three accounts as of June 30, 2022:
 - Medical - \$30,047,130.40
 - Property/Casualty - \$ 7,685,021.45
 - Workman’s Comp - \$ 8,115,812.65
- Total in each of the three accounts as of August 31, 2022:
 - Medical - \$40,245,742.61
 - Property/Casualty - \$ 5,698,894.29

- Workman's Comp - \$ 8,244,548.83

Tyler Tayrien from Wells Fargo is presenting the Financial Market Investment Update. Three investment accounts as of 8/31/2022:

- Medical- 54 Securities/Accounts – 30.159 million (1.43% Book Yield)
 - Unrealized Loss (\$724) without accrued Interest.
 - Cash Flow 19,087,000
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- Worker's Compensation- 12 Securities/Accounts - 6.760 million (1.30 Book Yield)
 - Unrealized Loss \$ (211) without accrued Interest.
 - Cash Flow \$4,282,000
- Property and Casualty – 15 Securities/Accounts – 5.918 million Portfolio Size (1.09 Book Yield)
 - Unrealized Loss (225) without accrued Interest.
 - Cash Flow \$3,208,000

G. Future Agenda Items –

- a. Amended Investment Guidelines
- b. Add Securities for the Wells Fargo Report
- c. Add Call to Public on the next agenda

H. Dates of Upcoming Meetings – January 19, 2023, March 9, 2023, & June 8, 2023

I. Adjournment

At **5:17** 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 29th day of September 2022.

Approved January 19, 2023