## MINUTES

### Committee Members Present:
- Dr. Mark Stegeman
- Amber Fernandez
- Mark Mansfield
- Robert Harbour

### Committee Members Absent:
- Dr. Neil West

### Others Present:
- John Povinelli – Segal
- Alice Amator – Segal

<table>
<thead>
<tr>
<th>ITEM</th>
<th>ACTION</th>
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<tr>
<td>MEETING CALLED TO ORDER</td>
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<td>Mark Mansfield called the meeting to order at 5:09 p.m.</td>
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<td>CALL TO THE AUDIENCE</td>
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<td>No one requested to speak.</td>
<td>No action required.</td>
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<td>INFORMATION / ACTION ITEMS</td>
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<td>1. The Board affirmed that a quorum was present</td>
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<td>2. Minutes for 5/16/11 were approved.</td>
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3. Old Business
   A. Review Additional Trust Agreement Changes

   Much discussion of the need for flexibility at TUSD in the funding language due to state funding issues that arise each year. Several points were made: Section 6.06 provides flexibility.

   Mark Mansfield added that language is needed to ensure a reserve policy is in place. Yousef agreed, with a preliminary percentage.

   Dr. Stegeman commented Governing Board could not approve and Trust Board needs to be informed if/when contributions are made or not.

   John Povinelli added that he has seen language of using a lag.

   Some discussion of section 6.01 and replacing “Trust Board” with “Governing Board.”

   Bob Harbour commented that there should be an annual commitment given to the Trust Board.

   Dr. Stegeman added that the Governing Board receives the negotiated benefits and is told what has to be paid.

   Mark Mansfield added that it is acceptable to have the authority to be the group that sets the rates and get feedback from TUSD.

   Yousef Awwad commented that he feels the Trustees would recommend, but not make the determination.

   More discussion on the Trust agreement as it relates to cash flow, pre-funding, and monitoring the balance. Action will be required if the reserve level is hit.

   Mr. Harbour provided his own recommendations/changes to the Trust Agreement and all recommended updates were marked up on the copy he provided, for Janet to update.

   This issue provided a segway to procurement and the Board expressed its desire to be involved in RFPs. Amber Fernandez told the group that the RFPs are scored by an RFP committee and it was decided that perhaps Leon George, Director of Purchasing, could be invited to a later meeting when the Trust Agreement is on the agenda again.

   Dr. Stegeman wants to understand better the limits between the Trust Board and state procurement laws and abide by state law. Also review “Stop Loss” in the Trust Agreement and Janet provided a definition of “specific” versus “aggregate.” Stop Loss can be re-visited later now that actual claims data is available.

   Janet Underwood will make all agreed upon changes to the Trust Agreement for Legal Review again.
### B. Review Plan Issue Summary
Discussion of various issues listed and need to always ensure compliance with Section 125 rules. The issue log will be reviewed by the Trust Board on a periodic basis.

### C. HIPAA Update
Janet Underwood reported that a compliance plan has been developed and there is support for the work that needs to be done (physical requirements, electronic security, etc.). We will schedule a make-up training session for individuals that were unable to attend the initial training.

### 4. Financials Discussion

#### A. TUSD April Financials and discussion
1. Yousef reported on the financials. $20m unrestricted and 2010’s $14m prepaid is ‘deferred revenue’ since was done prior to inception of the trust. The auditors are reviewing the term ‘deferred’ to validate its use, and TUSD will know next month. Currently, the trust is positive $1.3M plus $14m pre-funded.

#### B. Review Segal’s Financials
1. The EPO and HDHP plans are operating favorably. Plans operating non-favorably are the PPO and COBRA. Cautioned of PHI in the report (stop loss). TUSD has seen huge discounts using the BCBS network.

2. Review of Renewals
   A full renewal report was provided.
   COBRA – Ceridian – has a 3% increase in one component BCBS – while rate may seem high, it is a competitive arrangement and is delivering a 64% discount ($19M savings). The AmeriBen / BCBS arrangement was deemed to be the most cost effective combination during the procurement process.
   Mark Mansfield made a motion that the renewals go to the next Board Meeting and Dr. West seconded the motion.

3. Reserve Policy
   Mark Mansfield commented that he would like to see Yousef Awwad and Amber Fernandez deems the $14M prefunding as the reserve monies. The trust needs a sufficient reserve and Segal provided TUSD with a draft Reserve Policy. There are two (2) critical components: IBNR (45-90 days) of $14% and the reserve policy of perhaps 15%. This margin of 15% could be $6M, and with IBNR of $5M, we could be in the range of $11-12M. John Povinelli added that the reserve policy he provided was intended to provide the Trust Board and TUSD with information, to be decided at a later date, and recommends that we have a minimum or target percentage from the Reserve Policy, and with review by Yousef Awwad, the CFO.

Janet to clarify if 30 day coverage for newborns is required for self-insured plans.

Janet will ask Cliff Wadhams to clarify what “EBT Health Insurance” line item refers to.
5. New Business
   A. Introduction of new CFO, Yousef Awwad

   B. Medical Plan Renewal and Timeline

       The timeline is still not specific. Rates will be reviewed by the Trust Board who can make a recommendation to the Governing Board, on 7/12/11. Funding level will be based on the rates and Segal committed to having the rates by the 7/11/11 so that CFO can approve them with regard to the Budget, and can be reviewed by the Trust Board.

       There was discussion on the Open Enrollment communication pieces and the timing, and the Trust Board is specifically interested in the medical-related pieces.

       Discussion of perhaps meeting on 7/18 and go to Governing Board on 7/26/11, leaving decision of OE dates to TUSD. Ultimately, it was decided the Trust Board will meet on 7/11/11.

6. Annual Audit – the audit should follow the fiscal year.

7. Introduction of Trust Board to Governing Board – TBD

8. Next Meeting
   A. Monday, July 11, 2011 @ 5:00pm.

MEETING ADJOURNED   8:35  p.m.

Approved this 11th day of July 2011.

TUSD EMPLOYEE BENEFITS TRUST BOARD

By ____________________________

Dr. Neil R. West, EBT Board Chair

JLU