

**LAKE HAVASU UNIFIED SCHOOL DISTRICT #1  
EMPLOYEE BENEFIT TRUST  
BOARD OF TRUSTEES MEETING – OCTOBER 30, 2017**

**TRUST MEMBERS PARTICIPATING**

Kari Thompson, Hal Christiansen & Marcia Cox

**OTHERS PARTICIPATING**

Mike Murray, Bonnie Breazeal, Kelly Morrison, Cheri Tropple & Mary Heronema – LHUSD #1  
Erin Collins, Elena Lacy & Jaime Schulenberg - Erin P. Collins & Associates  
Marcus Ambrozy & Holly Snider (by telephone) - Hodges Mace  
Patrick Kohnen - Claremont Capital Management

**OTHERS ATTENDING (PER SIGN IN SHEET):**

Kathy Cox - LHUSD#1 Governing Board

Meeting called to order at 1:32 p.m.. Roll call was taken. Pledge to the flag followed. Mrs. Cox made a motion to accept the agenda for this meeting. Motion seconded by Mr. Christiansen. Approved unanimously.

**LHUSD#1 Employee Benefit Trust Financial Account Manager** - Mr. Collins referred to a recent letter from the current manager of LHUSD#1 EBT funds, Morgan Stanley. That firm gave notice that they intend to close the LHUSD#1 EBT accounts in late October, however Mr. Murray was able to negotiate an extension to November 30, 2017. Since this is a quick deadline, Mr. Collins contacted a firm they have worked with in the past, that also has experience working with public entities, Claremont Capital Management. The current EBT investment policy was forwarded to Claremont for review and Mr. Kohnen said he has reviewed it and has noted some deficiencies he feels need to be corrected. His recommendation to the trustees is to initially approve an investment advisory agreement between the EBT and Claremont Capital and then work on an updated investment policy. Claremont has a relationship with Wells Fargo and Mr. Kohnen said the goal would be to get an operational account, to handle day-to-day deposits and payments, opened as soon as possible.

Mr. Collins said the plan would then be to work on the investment policy and to open an investment account, which is basically what is currently in place with Morgan Stanley. Mrs. Cox verified that funds would be transferred directly from Morgan Stanley to Wells Fargo. Mr. Kohnen said that would be the intention. Mrs. Thompson asked if deposits from the District would be made into the operating account and Mr. Murray said that is the current process. Mr. Christiansen said it may make more sense to deposit into the interest account and then transfer funds, as needed, into the operational account. Mr. Collins said it may take some time to determine what amount of funds need to be maintained in the operational account to ensure payments can be made on a timely basis.

Mr. Kohnen said a draft investment policy would be provided to the trustees for review prior to the next EBT meeting on November 15, 2017. Until then an account will be established to handle deposits from the district. Mrs. Cox asked about Mr. Kohnen's comment about the current investment policy and the "deficiencies" he mentioned. Mr. Kohnen said there are statutes covering investment of public entity funds and the current policy is really addressed more towards non-public sector organizations. Mr. Kohnen said legal counsel should probably review the policy as well. He stated that the way Morgan Stanley invested EBT funds was done within statute. Mr. Collins said investment policies are typically reviewed annually.

Mr. Christiansen said laddering CD's probably make the most sense for this group because there is some risk with bonds. Mr. Kohnen said Claremont would start out with very conservative investments.

Mr. Christiansen made a motion to authorize the Lake Havasu Unified School District #1 Employee Benefit Trust (EBT) chairperson to execute the investment advisory agreement between the EBT and Claremont Capital Management, LLC and to authorize Claremont to facilitate the transfer of funds from Morgan Stanley to Wells Fargo. The motion was seconded by Mrs. Cox. Approved unanimously.

Mr. Kohnen asked Mrs. Heronema to send him a list of individuals authorized to make decisions/act as signers on the accounts, along with their home addresses.

**Demonstration of Hodges-Mace/Smart Ben Enrollment Portal** - Mrs. Cox asked if Mr. Murray had inquired into compatibility between this system and the new financial software that will be utilized by the District, effective July 1, 2018. Mr. Murray said he will be having conversations with representatives from Tyler Technologies (Visions) in the near future.

Mr. Ambrozy started the Smart Ben presentation by identifying three areas: Technology, White Glove Services and Compliance. The group identified the district's open enrollment for benefits normally takes place in May each year. Mrs. Cox asked which documents the group would file on behalf of the District and Mr. Ambrozy said the 1095C's. Mrs. Breazeal said a representative from Tyler Technologies told her the District would be responsible for filing that paperwork once the transfer to Visions takes place.

Mrs. Cox asked about potential cost sharing between the District and the EBT for purchase of the benefit enrollment software.

Ms. Snider demonstrated what EBT members would see when they enter the Smart Ben portal. Mrs. Thompson asked if the system would recognize whether a member was a current employee or a retiree when they logged in. Ms. Snider said Hodges Mace would work with the District to get each individual's demographic information pre-loaded.

Mrs. Thompson said that Gilsbar, the EBT third party administrator, has a system in place for couples who are both employed by the district, i.e. one is in the system as an employee and the other as a covered spouse. Mr. Ambrozy said this is not unusual and the system would work with this and would catch duplication.

With regards to members adding dependents, Mrs. Thompson asked if the system would require proof from members. Ms. Snider said the system has the ability to allow members to upload documents, however the verification would be the responsibility of the District.

Upcoming events and calendars can be posted on the home page of the employee portal. Hodges Mace would help the District set up the site, however the District would be able to add and delete items after that. District personnel would receive the training they need to manage the site. A data specialist and a platform specialist would be available to answer questions on a day-to-day basis. Mr. Ambrozy said there will be eligibility groups and members will see information for only their group.

Mr. Ambrozy said to plan on approximately 10-12 weeks to set up the system before going live. He said eight vendor feeds are available. Mrs. Tropple in the District's payroll department currently enters information for individual vendors manually. Mrs. Thompson asked about AFLAC and was told that information is normally handled separately, i.e. the member deals directly with AFLAC and the payroll deduction is put into place. Mr. Ambrozy said that setting up more than eight vendors would cost \$1,000/vendor. Mrs. Tropple said that COBRA is handled through Gilsbar and the District currently handles FLEX.

Members who have a qualifying event during the year would go on-line to change their benefits, just like open enrollment and new employee registration.

Mrs. Morrison asked about Affordable Care Act tracking, which has been difficult for the District in the past. Hodges Mace said they are experienced with this and could work with the District to complete the appropriate paperwork. Mr. Collins said he would highly recommend including the White Glove capability as part of the package because reporting for the Affordable Care Act is very cumbersome. He said it would be his recommendation to do a twelve month look back.

The next part of the presentation dealt with the employer side of Smart Ben. The system has many reports available for use by the EBT and the District. The reports can be exported into Excel.

Mr. Murray said he would like to see a reduction in the duplication of effort that is currently required to administer employee benefits. Mrs. Thompson said she would also like to see a good employee education process and wondered if that should happen digitally or via live meetings. Mr. Collins said their firm can conduct multiple meetings and would have a Power Point presentation available. Mr. Collins mentioned that members can also call Hodges Mace, if they do not access to a computer, and someone will walk them through the enrollment process over the phone.

Mr. Collins told the group they are gathering information provided by the District and by Gilsbar and reconstructing financial records to evaluate premiums, expenses, etc. Gilsbar told ECA that no actuarial reports were done by their firm, however Mrs. Thompson said the group has presented actuarial reports to the EBT trustees for the last several years.

Mr. Christiansen made a motion to adjourn at 4:02 p.m. The motion was seconded by Mrs. Cox. Approved unanimously.

Respectfully submitted,

Kari Thompson, Chairman, LHUSD #1 Employee Benefit Trust