



VALLEY SCHOOLS WORKERS'  
COMPENSATION GROUP

VALLEY SCHOOLS  
INSURANCE GROUP

VALLEY SCHOOLS  
EMPLOYEE BENEFITS GROUP

Management Board:

Tom Boone, Chairman/CEO

Laura Felten, Vice-Chairman

Bill Maas, Secretary-Treasurer

Mike Barragan, Member

Ted Carpenter, Member

Jim DiCello, Member

Jim Migliorino, Jr., Member

Michelle Myers, Member

VALLEY SCHOOLS MANAGEMENT GROUP

MINUTES OF THE MEETING OF OCTOBER 30, 2019

1. The meeting was called to order by Tom Boone, Chairman, at 11:38 a.m.
2. **Board Members Present:**  
Tom Boone, Chairman/CEO  
Laura Felten, Vice-Chairman  
Bill Maas, Secretary-Treasurer  
Mike Barragan, Member  
Ted Carpenter, Member (attended telephonically)  
Jim DiCello, Member  
Jim Migliorino, Jr., Member  
Michelle Myers, Member  
  
**Staff Present:**  
Dan Davison, Chief Financial Officer  
Lisa Dessenberger, Executive Assistant  
Tom Elliott, Executive Director Member Services  
Sheri Gilbert, Marketing Director  
Kendall Taylor, Wellness Director  
Jodi Jerich, General Counsel  
  
**Guests Present:**  
Paul Charlton, Partner/Attorney, Dentons  
Mikaela Copley, Account Executive, On Advertising  
Ryann Haenel, Account Executive, On Advertising  
Ron Merritt, Owner/Partner, On Advertising
3. Approval of the minutes of the VSMG Regular Board meeting and VSMG Annual Board meeting held on June 6, 2019.

MOTION: Jim DiCello

SECOND: Jim Migliorino

VOTE: 7-0-1-0

Tom Boone – yes

Laura Felten – yes

Bill Maas – yes

Mike Barragan – yes

Ted Carpenter – yes

Jim DiCello – yes

Jim Migliorino, Jr. - yes

Michelle Myers - abstained

4. Approval of the minutes of the VSMG Executive Sessions held on June 6, 2019.

MOTION: Mike Barragan SECOND: Laura Felten VOTE: 6-0-2-0

Tom Boone – <u>yes</u>	Mike Barragan – <u>yes</u>	Jim Migliorino, Jr. - <u>yes</u>
Laura Felten – <u>yes</u>	Ted Carpenter – <u>yes</u>	Michelle Myers - <u>abstained</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>abstained</u>	

Mike Barragan stepped out of the meeting at 11:42 a.m.

5. Motion to convene Executive Session, pursuant to A.R.S. §38-431.03 (A)(1) - Discussion or consideration of employment, assignment, appointment, promotion, demotion, dismissal, salaries, disciplining or resignation of a public officer, appointee or employee of any public body; for the purpose of filling board vacancies and officer positions.

MOTION: Jim DiCello SECOND: Bill Maas VOTE: 7-0-1-0

Tom Boone – <u>yes</u>	Mike Barragan – <u>abstained</u>	Jim Migliorino, Jr. - <u>yes</u>
Laura Felten – <u>yes</u>	Ted Carpenter – <u>yes</u>	Michelle Myers - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	

Executive Session convened at 11:42 a.m.

Executive Session ended at 11:57 a.m.

Return to Regular Session at 11:57 a.m. Mike Barragan rejoined the meeting.

Board action.

The following motion was made:

"I move that the Board, pursuant to Article III, Sections 2 and 4 of the VSMG Bylaws, reappoint Mike Barragan to a two year term as a Term Director and that pursuant to A.R.S. §10-3805(E), it is the intent of the Board to avoid the creation of a vacancy and to allow Mike Barragan to continue to remain in the position of Term Director past the expiration of this Term until the Board elects this Term Director's successor, reappoints Mike Barragan as Term Director, or elects to decrease the number of Term Directors.

MOTION: Jim DiCello SECOND: Jim Migliorino VOTE: 7-0-1-0

Tom Boone – <u>yes</u>	Mike Barragan – <u>abstained</u>	Jim Migliorino, Jr. - <u>yes</u>
Laura Felten – <u>yes</u>	Ted Carpenter – <u>yes</u>	Michelle Myers - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	

Motion to reconvene Executive Session, pursuant to A.R.S. §38-431.03 (A)(3) – Discussion or consultation for legal advice with counsel; and

A.R.S. §38-431.03 (A)(4) – Discussion or consultation with counsel in order to consider its position and instruct its attorneys regarding Valley Schools' position regarding pending or contemplated litigation or in settlement discussion conducted in order to avoid or resolve litigation, for the purpose of receiving legal advice relating to potential legal actions and/or litigation and for long term planning.

MOTION: Jim DiCello            SECOND: Bill Maas            VOTE: 8-0-0-0

Executive Session reconvened at 11:59 a.m. and ended at 12:37 p.m.

6. Returned to regular session at 12:38 p.m.

7. Possible action from Executive Session.

No action taken after reconvened Executive Session ended.

Tom Boone, Chairman, turned the meeting over to Laura Felten, Vice- Chairman.  
Tom Boone left the meeting at 12:40 p.m.

Due to a scheduling conflict of the Wellness Director, agenda item #12, Valley Schools WellStyles update, was moved up on the agenda.

12. Valley Schools WellStyles update – Kendall Taylor.

Kendall Taylor provided an update on the Valley Schools WellStyles program. She noted Stress management will be a major focus in the coming year and shared information on various companies and new vendors Valley Schools is in the process of bringing on board. She discussed overall member participation statistics. Bill Maas asked how many members have a designated Wellness Champion within their district and inquired if we see more savings for members who have a dedicated Wellness Champion. Kendall Taylor answered in detail and a discussion took place regarding how WellStyles engages the employees. An update was provided regarding new members who recently joined Valley Schools as stand-alone Wellness members. Tom Elliott stated this program sets Valley Schools apart and acknowledged how well Kendall and her team administers and directs the program.

Ted Carpenter left the meeting at 12:55 p.m.

8. Approval of the Valley Schools Insurance Group ("VSIG"), Valley Schools Workers' Compensation Group ("VSWCG"), Valley Schools Employee Benefits Group ("VSEBG"), and Valley Schools Management Group ("VSMG") financial statements for the months of May 2019, June 2019 (year-end final), July 2019, August 2019 and September 2019 – Dan Davison.

VSIG – Dan Davison reviewed the Valley Schools Insurance Group financial statements. He pointed out some specific details pertaining to the IBNR and explained the year-end balance, making note of how the Operating Expenses are summarized. He stated VSIG ended the previous fiscal year with a positive change in market value. Jim Migliorino asked about the rental income, inquiring why the budget showed a higher amount than was collected. Dan Davison stated it was due to tenant changes.

VSWCG – Dan Davison reviewed the Valley Schools Workers' Compensation Group financial statements. He reviewed the Members who prepaid their contributions. Jim Migliorino asked why the paid claims were higher than what was budgeted. Tom Elliott stated this was because of the frequency and higher costs of the claims coming in. Jim DiCello added the change in liability went down, noting there could have been some old claims paid out. Jim Migliorino asked for more information to be provided to him regarding Deer Valley Unified School District claims and Tom Elliott said he will do some research and will send further information to Mr. Migliorino.

VSEBG – Dan Davison reviewed the Valley Schools Employee Benefits Group financial statements, pointing out the largest liability is the paid claims liability. He said Unearned Revenue amount reflects the effect of a large adjustment between REDW and Valley Schools. A short discussion took place on Prepaid Contributions and additional money. Mike Barragan inquired about two specific members and their contributions and Dan Davison provided an update. Bill Maas inquired about some investments made through Morgan Stanley and asked for an explanation regarding what Morgan Stanley role is vs Sage Advisory Services. An explanation was provided.

VSMG – Dan Davison reviewed the Valley Schools Management Group financial statements.

MOTION: Jim DiCello

SECOND: Bill Maas

VOTE: 6-0-0-2

Tom Boone – absent  
Laura Felten – yes  
Bill Maas – yes

Mike Barragan – yes  
Ted Carpenter – absent  
Jim DiCello – yes

Jim Migliorino, Jr. - yes  
Michelle Myers - yes

Due to time constraints, agenda item #11, Valley Schools Marketing update, was moved to the next item on the agenda.

11. Valley Schools Marketing update – Sheri Gilbert/On Advertising.

Sheri Gilbert reviewed the new collateral material with the group. She shared a brief update on new Members who have recently joined Valley Schools and provided the Board with information on prospective Members she is currently working with.

Ron Merritt, from On Advertising, presented and reviewed a PowerPoint presentation with the Board, to discuss past and present projects being worked on. He spoke about specific services On Advertising provides to Valley Schools and expressed other services they are available to offer should the need arise. Social Media strategy was reviewed. Blog and new content strategy was reviewed. Monthly email marketing was covered. An update was given on the progress of video strategy. Print and infographic content was discussed, as was the Website strategy.

Mike Barragan stated he follows the Valley Schools social media and believes the Marketing department is doing a good job.

9. Discuss/Review Valley Schools Workers' Compensation Group and Valley Schools Management Group Audit Reports for year-end June 30, 2019 – Jim DiCello/Dan Davison.

Jim DiCello reviewed the VSMG audit for year-end June 30, 2019. He stated because the audit is cash basis, there is not a two year comparison available. Revenue is up 3% from previous year, however, noted salary increases and compensated absences were part of this increase. Marketing also had increases from the previous year. Overall expenses were up 7%.

Jim DiCello reviewed the VSWCG audit for year-end June 30, 2019. He discussed the summary page and provided a financial highlight recap, stating the net position increase is due to an increase in revenue and decline in expenses and the increase in investment income is due to an increase in interest and an increase in the market.

Jim noted the VSEBG and VSIG audits were in the process of being completed and would be brought to the Board at the December meeting.

10. Executive Director Member Services update – Tom Elliott.

Tom Elliott reviewed the experience reports by member for medical and dental. He discussed contribution increases and talked about the loss ratio. Discussions took place regarding specific members.

Tom Elliott noted the Valley Schools Senior Account Managers have spent a lot of time meeting with leadership in our Member Districts to discuss ancillary products and there has been a positive response. The VSEBG Provider Showcase took place at the end of September and the feedback that's been received has been positive. The VSEBG Annual Study Session took place in Prescott at the beginning of October and excellent feedback from our members has been received for this event also. He noted, Members have also shared how much they liked the lineup of presenters and stated a lengthy discussion took place at the study session on prescription drugs and the increase of costs of medication.

Mike Barragan affirmed he has received good feedback about the Study Session from employees at Glendale Elementary School District and shared some of that feedback.

13. Chairman/CEO report – Tom Boone/Laura Felten.

Laura Felten reviewed the calendar of events.

14. Board Member Comments.

Michelle Myers thanked the group for an informative meeting and acknowledged Laura Felten. Bill Maas stated Valley Schools needs to have a plan/vision for expanding our Property, Liability and Workers Compensation and stated Valley Schools needs to look at what we could do to bring on more members in those areas. He also stated insurance programs for our current employees needs to be addressed, adding Valley Schools needs to work on a policy to address when an employee reaches retirement age and is eligible for Medicaid, how Valley Schools should set this program up. Mike Barragan echoed Bill Maas' concerns and agreed. Tom Elliott and Bill Maas will get together to discuss further. Jim Migliorino recognized the VSEBG staff for the work they've done with the onsite clinics Deer Valley Unified School District has been exploring. Mike Barragan thanked the VSMG Board for reappointing him as a Term Director.

15. The meeting adjourned at 2:24 p.m.

Respectfully submitted,



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Bill Maas, Secretary