



VALLEY SCHOOLS WORKERS'  
COMPENSATION GROUP

VALLEY SCHOOLS  
INSURANCE GROUP

VALLEY SCHOOLS  
EMPLOYEE BENEFITS GROUP

Management Board:

*Tom Boone, Chairman/CEO*

*Bill Maas, Secretary-Treasurer*

*Mike Barragan, Member*

*Jill Barragan, Member*

*Jim DiCello, Member*

*Ken Hicks, Member*

*Jim Migliorino, Member*

*Michelle Myers, Member*

**VALLEY SCHOOLS MANAGEMENT GROUP**

**MINUTES OF THE MEETING OF MAY 26, 2021**

1. The meeting was called to order by Tom Boone, Chairman, at 11:34 a.m.

2. **Board Members Present:**

Tom Boone, Chairman/CEO

Bill Maas, Secretary-Treasurer

Jill Barragan, Member

Mike Barragan, Member

Jim DiCello, Member

Ken Hicks, Member

Jim Migliorino, Member

Michelle Myers, Member (arrived at 11:41 a.m.)

**Staff Present:**

Dan Davison, Chief Financial Officer

Lisa Dessenberger, Executive Assistant

Tom Elliott, Executive Director Member Services

Laura Felten, Chief Financial Officer

Jodi Jerich, General Counsel (joined via Zoom at 1:10 p.m.)

3. Approval of the minutes of the VSMG Board meeting held on May 26, 2021

MOTION: Jim DiCello

SECOND: Jill Barragan

VOTE: 7-0-0-1

Tom Boone – yes

Bill Maas – yes

Jill Barragan – yes

Mike Barragan – yes

Jim DiCello – yes

Ken Hicks – yes

Jim Migliorino - yes

Michelle Myers - absent

4. Approval of the minutes of the VSMG Executive Session held on April 28, 2021.

MOTION: Jim DiCello                      SECOND: Ken Hicks                      VOTE: 7-0-0-1

Tom Boone – <u>yes</u>	Mike Barragan – <u>yes</u>	Jim Migliorino - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	Michelle Myers - <u>absent</u>
Jill Barragan – <u>yes</u>	Ken Hicks– <u>yes</u>	

5. Review/approve 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 month of April 2021 – Dan Davison/Laura Felten.

VSIG – Dan Davison reviewed the VSIG financial statements in detail, noting the change in market value improved and is below interest income.

VSWCG – Dan Davison reviewed the VSWCG financial statements in detail stating the largest liability is Incurred But Not Reported (“IBNR”). He once again added there is a slight improvement in the market value.

VSEBG – Dan Davison reviewed the VSEBG financial statements in detail. Largest asset is investments at Morgan Stanley and largest liability is unearned pre-paid revenue.

VSMG – Dan Davison reviewed the VSMG financial statements in detail. He said there is a school service payment scheduled to come in and the marketing reimbursement has posted, adding this information will be reflected on the May 2021 financial statements. A short discussion took place.

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

Tom Boone – <u>yes</u>	Mike Barragan – <u>yes</u>	Jim Migliorino - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	Michelle Myers - <u>yes</u>
Jill Barragan – <u>yes</u>	Ken Hicks– <u>yes</u>	

6. Review/approve proposed budget for Fiscal Year 2021-22 – Dan Davison/Laura Felten.

Laura Felten provided an overview of the expenses and noted the budget has been updated to reflect the final numbers for FY 2021-22, adding the budget is on target.

VSIG – Operating revenue has been updated with final information. A discussion took place pertaining to the renewal policies. Cash, Sullivan, and Cross is marketing through one of the largest liability firms in the world, however, there are several moving parts to the renewal, and it is taking extra time. Tom Boone suggested two or three VSMG Board Members form a sub-committee to discuss replacing excess coverage so the situation can be monitored. Jim Migliorino, Jim DiCello, and Jill Barragan were suggested, and all agreed. Ken Hicks stated it is unfortunate so many carriers will not cover school districts, even though their reasoning is unfounded. A discussion took place regarding the renewal situation. Michelle Myers said she has spoken with her Superintendent regarding contributions.

VSWCG – Laura Felten provided an overview of the FY 2021-22 budget for the VSWCG, noting a slight increase took place from last month's information. Bill Maas asked if VSWCG was any closer to marketing Workers' Compensation to other members and a discussion took place. Tom Elliott provided an update on discussions he has had with the ICA, and Mr. Boone provided an update regarding Valley Schools' experience working with a TPA. He pointed out when we made the decision to process our own claims, Valley Schools saved approximately 1/3 the cost the TPA was paid. A short discussion took place.

VSEBG – Laura Felten reviewed the final budget and stated most of the Members are finalized, noting VSEBG has added three members and the budget reflects those additions. Operating expenses are in line; however, Stop Loss has some large claims and several of these are still coming in. There are no recommended changes in the overall non-operating revenue. A discussion took place relating to the Internal Service Fund.

VSMG – Laura Felten reviewed the final version of the VSMG budget adding expenses are increasing. Jim DiCello and Bill Maas asked a few questions pertaining to increases and a short discussion took place.

A final review of the overall summary sheet was discussed.

MOTION: Jim DiCello

SECOND: Jill Barragan

VOTE: 8-0-0-0

Tom Boone – yes

Mike Barragan – yes

Jim Migliorino - yes

Bill Maas – yes

Jim DiCello – yes

Michelle Myers - yes

Jill Barragan – yes

Ken Hicks– yes

7. Review of 2021 Annual Report and Disclosure Statement filed with the Arizona Corporation Commission – Jodi Jerich/Tom Boone.

Item #7 "Review of 2021 Annual Report and Disclosure Statement filed with the Arizona Corporation Commission" was moved on the agenda to follow "Board Member Comments".

8. Review/approve the VSMG Board meeting dates for Fiscal Year 2021-22 - Tom Boone.

The VSMG Board meeting dates for FY 2021-22 are:

Wednesday, October 27, 2021 – 11:30 a.m.  
Wednesday, December 15, 2021 – 11:30 a.m.  
Wednesday, February 16, 2022 – 11:30 a.m.  
Wednesday, April 20, 2022 – 11:30 a.m.  
Wednesday, May 18, 2022 – 11:30 a.m.

The VSIG, VSWCG and VSEBG Annual meetings will also be held on Wednesday, May 18, 2022.

MOTION: Jim DiCello                      SECOND: Michelle Myers      VOTE: 8-0-0-0

Tom Boone – <u>yes</u>	Mike Barragan – <u>yes</u>	Jim Migliorino - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	Michelle Myers - <u>yes</u>
Jill Barragan – <u>yes</u>	Ken Hicks– <u>yes</u>	

9. Review/approve the VSMG calendar for Fiscal Year 2021-22 – Tom Boone.

MOTION: Ken Hicks                      SECOND: Bill Maas                      VOTE: 8-0-0-0

Tom Boone – <u>yes</u>	Mike Barragan – <u>yes</u>	Jim Migliorino - <u>yes</u>
Bill Maas – <u>yes</u>	Jim DiCello – <u>yes</u>	Michelle Myers - <u>yes</u>
Jill Barragan – <u>yes</u>	Ken Hicks– <u>yes</u>	

10. Executive Director Member Services update – Tom Elliott.

Tom Elliott reviewed the Experience Report Summary for medical, discussing each Member. He also reviewed medical increases and discussed the dental pool, adding loss ratio continues to run well and he lower than last year. He indicated most open enrollments meetings have taken place and went well.

11. Chairman/CEO Summary Report and Update – Tom Boone.

Tom Boone reviewed future conference dates with the Board. He informed them that all future agendas would begin to include a Legislative Report as a regular agenda item, indicating one of the Valley Schools lobbyists would provide this report. Tom Boone acknowledged Dan Davison and recognized his service to the Organization for the last 15 years and congratulated him on his retirement.

12. Board Member comments.

Mike Barragan thanked and acknowledged the work the Finance team put behind finalizing the budget. Each Board Member recognized and expressed their gratitude to Dan Davison, thanking him for his years of service to Valley Schools.

13. Agenda item #7 - Review of 2021 Annual Report and Disclosure Statement filed with the Arizona Corporation Commission – Jodi Jerich/Tom Boone.

Jodi Jerich welcomed and acknowledged Jill Barragan and Ken Hicks as the two newest VSMG Board Members. She then reminded the Board it is a requirement every Corporation file an Annual Report with the AZ Corporation Commission. Tom Boone stated this is not an action item and does not need approval, however, it is important the Board see and review the reports that get filed on behalf of the VSIG, VSWCG, VSEBG and VSMG. He also explained reviewing the Reports does not require an annual meeting, therefore, the agenda item can be added to the regular Board meeting agenda.

13. Motion to convene Executive Session, pursuant to:

A.R.S. § 38-431.03(A)(3) – Discussion and consultation for legal advice with counsel; for the purpose of long-term planning and proposed changes to business models and organization structure, and changes to the Bylaws.

MOTION: Jim DiCello

SECOND: Bill Maas

VOTE: 8-0-0-0

Tom Boone – yes

Mike Barragan – yes

Jim Migliorino - yes

Bill Maas – yes

Jim DiCello – yes

Michelle Myers - yes

Jill Barragan – yes

Ken Hicks– yes

Executive Session convened at 1:21 p.m.

Jim Migliorino left the meeting at 3:05 p.m.

14. Returned to regular session at 3:37 p.m.

15. Possible action from Executive Session:

The following motion was made:

"I move that the Board adopt the FY2021-22 costs (budget) for the corporate entity currently referred to as "NEWCO" on the conditions that:

1. the VSEBG Board of Directors approve a Plan of Division to create NEWCO,
2. that NEWCO be formed as set forth in the Plan of Division,
3. that VSMG be named as NEWCO's Administrator, and
4. as Administrator, the VSMG Board has the authority to set NEWCO's annual costs (budget)."

MOTION: Mike Barragan

SECOND: Jim DiCello

VOTE: 5-2-0-1

Tom Boone – yes

Mike Barragan – yes

Jim Migliorino - absent

Bill Maas – yes

Jim DiCello – yes

Michelle Myers - nay

Jill Barragan – yes

Ken Hicks– nay

16. The meeting adjourned at 3:43 p.m.

Respectfully submitted,



Bill Maas, Secretary-Treasurer