



VALLEY SCHOOLS MANAGEMENT GROUP
MINUTES OF THE MEETING OF DECEMBER 18, 2024

1. Tom Boone, Chairman, called the meeting to order at 11:35 a.m.

2. **Board Members Present:**

- Tom Boone, Chairman/CEO
- Mike Barragan, Vice-Chairman
- Bill Maas, Treasurer
- Jim Migliorino, Secretary
- Jill Barragan, Member (arrived at 11:56 a.m.)
- Jim DiCello, Member
- Ken Hicks, Member

Board Members Absent

- Michelle Myers, Member

Staff Present:

- Lisa Dessenberger, Executive Assistant
- Tom Elliott, Executive Director Member Services
- Laura Felten, Chief Financial Officer
- Jodi Jerich, General Counsel
- Leigh Steele, Director Marketing and Communications
- Kendall Taylor, Executive Director of Health and Wellness Services

Guest Present:

- Gretchen Jacobs, Lobbyist – Arizona Governmental Affairs

3. Approval of the VSMG Board meeting minutes held on October 23, 2024.

MOTION: Jim DiCello

SECOND: Ken Hicks

VOTE: 6-0-0-2

Tom Boone – yes

Mike Barragan – yes

Jill Barragan – absent

Jim DiCello – yes

Ken Hicks – yes

Bill Maas – yes

Jim Migliorino – yes

Michelle Myers – absent

4. Approval of the VSMG Executive Session meeting minutes held on October 23, 2024.

MOTION: Bill Maas

SECOND: Jim DiCello

VOTE: 6-0-0-2

Tom Boone – yes

Mike Barragan – yes

Jill Barragan – absent

Jim DiCello – yes

Ken Hicks – yes

Bill Maas – yes

Jim Migliorino – yes

Michelle Myers – absent

5. Legislative update – Mike Barragan/Gretchen Jacobs.

Mike Barragan introduced Gretchen Jacobs, Lobbyist for Arizona Governmental Affairs. He provided information on the changes to our legislative updates and how they will be presented going forward. He also discussed some meetings with pertinent legislative people that have taken place regarding specific bills, and reviewed information about other bills of interest that are being monitored, noting as information becomes available, he will regularly update the Board.

Gretchen Jacobs provided an update about what is happening at the State Legislature and the political balance of the House and Senate. She shared details on the House and Senate Leadership position race and informed the Board of which politicians were voted into those positions. She discussed several educational issues noting it has been very busy at the Capital. Some Board Members had questions, so a short discussion took place.

6. Approval of the Valley Schools Insurance Group ("VSIG"), Valley Schools Workers' Group ("VSWCG"), Valley Schools Employee Benefits Group ("VSEBG"), and Valley Schools Management Group ("VSMG") financial statements for the months of October 2024 and November 2024 – Laura Felten.

VSIG—Laura Felten reviewed the VSIG financial statements in detail. She discussed a small change in net position. She noted that interest earnings continue to be strong. She also stated the inverted yield curve has flattened, adding Sage stated this is called "normalized." Expenditures are steady.

VSWCG – Laura Felten reviewed the VSWCG financial statements in detail.

VSEBG—Laura Felten reviewed the VSEBG financial statements in detail. The ending net position changed very little. Claims are currently up in comparison to the beginning of the year, although December has been a good month. Jim DiCello stated there was an offset

because we are making 1M a month in interest earnings. Ken Hicks asked about Stop Loss reimbursements, and a short discussion took place. Tom Boone asked for clarification regarding reimbursements, and Ms. Felten explained.

VSMG—Laura Felten reviewed the VSMG financial statements in detail. She stated that these financials were up almost 8% since the last financial statements. She noted that there were larger expenses at the beginning of the year; however, these have now leveled off.

MOTION: Jim DiCello

SECOND: Ken Hicks

VOTE: 7-0-0-1

Tom Boone – yes

Mike Barragan – yes

Jill Barragan – yes

Jim DiCello – yes

Ken Hicks – yes

Bill Maas – yes

Jim Migliorino – yes

Michelle Myers – absent

7. Discuss/review Valley Schools Insurance Group, Valley Schools Workers' Compensation Group, Valley Schools Employee Benefits Group, Sage Annual Report, and Valley School Management Group Audit Reports for year-end June 30, 2024 – Jim DiCello/Laura Felten.

It was noted that the audits discussed below were all unmodified/unqualified audits.

VSIG—Jim DiCello met with the new audit partner at REDW, and everything went well. No changes took place, there were no issues with internal control, and there was no disagreement with Management. He noted that VSIG is the shining star of this year and reviewed the audit report with the Board. He stated that it was a tremendous year overall for VSIG.

VSWCG—Jim DiCello stated that operating revenues went down, and the claims reserve went down. VSWCG is showing a strong financial situation. A short discussion took place regarding one specific district's numbers, and Laura Felten stated that an ongoing discussion was currently taking place with them.

VSEBG – Jim DiCello said this was another positive year with an increase in net position. Net income went up, as did investment income. Contributions also went up as a result of adding an additional Member. He noted VSEBG was showing strong financials.

VSMG—Jim DiCello stated that overall, the Management Group also showed strong financials, and the audit had a good result. The net position increased significantly this year compared to last.

8. Discuss/review Sage Annual Report – Laura Felten.

Laura Felten reviewed the data in the Sage Annual Report dated October 2024. She discussed Sage’s data technology and the increase in high-level IT staff they are actively recruiting so they can keep their data closely monitored and secured. She reviewed some VSEBG information and reviewed some comparisons. Inverted yield curve was discussed and she noted we have a good long-term strategy in place. Tom Boone asked if Sage has indicated any assessment on a faster normalization of rates due to the new Administration coming in and discussion took place.

Ms. Felten stated that Sage Investments has offered to come to Arizona to present an in-depth seminar to our Members in November 2025. She added that Sage also extended an invitation to Board Members to tour the Sage Investment headquarters in Austin sometime this year. A short discussion took place, and she noted she would reach out to the Board to determine the best time of year for everyone to attend. Tom Boone encouraged the Board to attend.

9. WellStyles Annual Performance Report – Kendall Taylor.

Kendall Taylor reviewed the WellStyles Annual Performance Report with the Board. She shared new programs that have been offered and implemented and the engagement in these programs along with reviewing current programs already in place. She discussed overall program savings and explained how the calculations were formulated. She noted these savings have increased yearly and anticipates this trend continuing. Targeted outreach was addressed. Jim Migliorino inquired about the term “improving symptoms” and asked for clarification on what this actually means, and Kendall Taylor answered.

There are a lot of great things happening within WellStyles and she added they are always looking for better things to offer members. Ken Hicks asked if there were any concerns from a staffing perspective because of the enormous amount of work it takes to implement these programs. Kendall answered, and a discussion took place. Tom Elliott stated he is experiencing members feeling valued by what we offer and praised Kendall and her staff for the ongoing effort they put forth to make WellStyles consistently better and stronger.

Mike Barragan stated there is an intangible value in what the Wellness Department does, and Jill Barragan added there is no one out there doing what Valley Schools is doing in this area. She believes the name “wellness” does not accurately depict what we do, and calling it wellness is a disservice because we offer and do so much more.

10. Key Performance Indicators (KPIs) for calendar year 2025 – Tom Boone.

Leigh Steele stated the mission goal, talked about the 2025 KPI goals and reviewed the document provided to the Board. She went over the number of members served and lives covered. Tom Boone added that there was a large increase in medical plan lives served. Laura Felten discussed medical trends and investment returns. Tom Elliott stated that there are benchmarks they can compare to; however, goals can't be set until we see where we end in the Fiscal Year.

Mike Barragan left the meeting at 1:36 p.m.

11. Chairman/CEO summary report and update – Tom Boone.

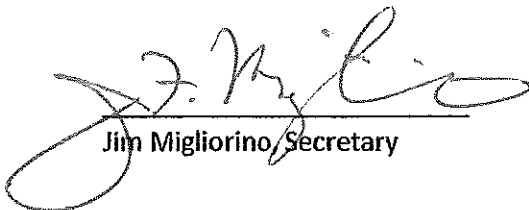
Tom Boone reminded the Board of the next meeting date and the VSMG all-employee holiday luncheon and encouraged them to attend.

12. Board Member Comments.

Mike Barragan attended the ASPAA event in Tucson on behalf of Valley Schools, noting that Jerry Cipriano was formally recognized at that event and presented the "Friends of ASPAA" award. Jill Barragan acknowledged Leigh Steele for the excellent marketing materials being put out by the Marketing Department. Ken Hicks thanked Kendall Taylor for attending the TUHSD 5k and thanked Valley Schools for their support. The ASPAA bowling fundraiser is being held on February 19, 2025, and he encouraged Board Members to attend. Jim DiCello, Jim Migliorino, and Bill Maas thanked staff and wished everyone happy holidays.

13. The meeting adjourned at 1:59 p.m.

Respectfully submitted,



Jim Migliorino, Secretary

JM/lad