VSMG
BETTER ADVICE. BETTER BENEFITS

Management Board
Tom Boone, Chairman/CEO
Mike Barragan, Vice-Chairman
Jim DiCello, Secretary
Bill Maas, Treasurer
Jill Barragan, Member
Heather Mock, Member
Dale Ponder, Member
Marcie Rodriguez, Member

VALLEY SCHOOLS MANAGEMENT GROUP

MINUTES OF THE MEETING OF OCTOBER 29, 2025

1. Tom Boone, Chairman, called the meeting to order at 11:43 a.m.

2. **Board Members Present:**
   Tom Boone, Chairman/CEO
   Mike Barragan, Vice-Chairman
   Jim DiCello, Secretary
   Bill Maas, Treasurer
   Jill Barragan, Member
   Heather Mock, Member
   Dale Ponder, Member
   Marcie Rodriguez, Member

   Staff Present:
   Lisa Dessenberger, Executive Assistant
   Ken Hicks, Executive Director Member Services
   Laura Felten, Chief Financial Officer
   Raquel Flores, Administrative Assistant
   Jodi Jerich, General Counsel
   Leigh Steele, Director Marketing and Communications
   Kendall Taylor, Executive Director of Health and Wellness Services
   Elvis Becerra, Director Account Management Services

   Guests Present:
   Meghaen Dell'Artino, Lobbyist, Public Policy Partners

3. Board Member Recognition – Tom Boone.

   Tom Boone recognized and introduced two new VSMG Board Members, Heather Mock from Deer Valley Unified School District, and Marcie Rodriguez from Peoria Unified School District. The Board welcomed them.

4. Approval of the VSMG Board meeting minutes held on May 28, 2025.

MOTION: Jim DiCello	SECOND: Dale Ponder	VOTE: 5-0-3-0
Tom Boone – yes	Mike Barragan – yes	Jill Barragan – yes
Jim DiCello – yes	Bill Maas - abstain	Heather Mock – abstain
Dale Ponder – yes	Marcie Rodriguez–abstain	

5. Approval of the VSMG Executive Session meeting minutes held on May 28, 2025.

MOTION: Jill Barragan	SECOND: Jim DiCello	VOTE: 5-0-3-0
Tom Boone – yes	Mike Barragan – yes	Jill Barragan – yes
Jim DiCello – yes	Bill Maas - abstain	Heather Mock – abstain
Dale Ponder – yes	Marcie Rodriguez–abstain	

6. Legislative update – Mike Barragan/Meghaen Dell'Artino.

   Mike Barragan introduced Meghaen Dell'Artino and invited her to give a legislative update to the Board. She shared details about various issues at the Capitol, noting that there is some chaos in the legislature, and provided some examples. She discussed the House and Senate leadership races and shared information about changes in Committee Chair positions. K-12, the state budget, and the rainy day fund were discussed. She shared information about several upcoming legislative races. Mike Barragan provided additional details. Bill Maas asked about expenditure limit issues, and Ms. Dell'Artino provided relevant information.

7. 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 May 2025, June 2025 (year-end final), July 2025, August 2025, and September 2025 – Laura Felten.

   Laura Felten explained the setup of the documentation inserted within the Board packet for the benefit of the new Board Members, pointing out that these are accrual-based financial statements, not cash-based. She explained liability calculations, minimum reserve policy, interest earnings, and change in market value. She stated that Valley Schools invests for the long term, and there have been strong returns on interest earnings. Our financial advisors anticipate two more rate cuts this year.

VSIG—Laura Felten thoroughly reviewed the VSIG year-end financial statements for June 30, 2025. She stated the figures reflect GASB87 data and unallocated loss adjustments. She explained that an external firm, AON, audits Valley Schools and produces a liability report, and she guided the Board through that summary documentation. Tom Boone added that the adjustments made will be discussed in more detail during the upcoming budget process and explained that the numbers on the AON report were tracked on the financial statements. Marcie Rodriguez requested clarification on the liabilities, and a brief discussion followed. Jim DiCello summarized the year and offered additional explanation. Ms. Felten concluded by reviewing the financial statements through September 2025.

VSWCG – Laura Felten reviewed the VSWCG June 30, 2025, year-end financial statements in detail. She explained some increases in costs and frequencies and provided reasons for these increases. She also discussed the reinsurance for Workers' Compensation and audit expenses. She concluded by reviewing the financial statements through September 2025.

VSEBG—Laura Felten reviewed the VSEBG June 30, 2025, year-end financial statements. She discussed the claims payable calculations and compared the process to how the VSIG and VSWCG calculations were done. Dale Ponder asked how liquid the investments are, and she responded. Tom Boone noted it's about managing cash flow. Marcie Rodriguez asked a question about fixed expenses, and a discussion took place. Dale Ponder requested confirmation regarding prepayments and net position, and Ms. Felten provided information. She concluded by reviewing the financial statements through September 2025.

VSMG—Laura Felten reviewed the VSMG June 30, 2025, year-end financial statements. She pointed out that some growth-related and IT-related office expenses caused overspending; however, she noted that we stayed within budget. Tom Boone mentioned that as an organization, the ending net position will never exceed 25% of revenue. We intentionally keep that low. Ms. Felten concluded by reviewing the September 2025 financial statements.

Mike Barragan acknowledged Laura Felten and stated that he appreciated her thorough presentation of the financial statements, noting that it was a lot of information, but very necessary.

MOTION: Jim DiCello	SECOND: Bill Maas	VOTE: 8-0-0-0
Tom Boone – yes	Mike Barragan – yes	Jill Barragan – yes
Jim DiCello – yes	Bill Maas - yes	Heather Mock – yes
Dale Ponder – yes	Marcie Rodriguez – yes	

8. Presentation on the progress of Key Performance Indicators (KPIs) for the calendar year 2025 – Tom Boone.

   Ken Hicks reviewed the KPI document with the Board. He stated that the primary goal is to retain members. He noted that there has been a significant increase in the number of lives served. Tom Boone said it has been a remarkable year for growth; not only did VSEBG retain all current members, but new members were also added, discussing some specifics. Bill Maas thanked the Marketing Department for their efforts and credited much of our growth to their work. He specifically acknowledged Jerry Cipriano, Executive Director Business Development. Mike Barragan added to the discussion. Marcie Rodriguez inquired about the growth figures, and Ken Hicks responded. Mr. Hicks stated that Valley Schools is continually negotiating to secure the best rates, and our members recognize the value of what is provided. Tom Boone said we searched for data on competitors; however, it was difficult to obtain. Dale Ponder requested a breakdown of the number of lives served by UHC versus Blue Cross Blue Shield, and Ken Hicks provided information.

   Kendall Taylor reviewed the KPI data for WellStyles, noting that Wellness services also increased in the number of lives served. A discussion took place.

   Ken Hicks acknowledged the work Tom Elliott put into tracking this data and recognized the excellent job he did.

   Laura Felten reviewed the KPI data for the return on investments. Bill Maas asked some questions, to which Ms. Felten responded. Mike Barragan added to the discussion and encouraged Board members to engage with others about the advantages and value of interest returns, as well as the strong investment policy. Dale Ponder agreed and shared his thoughts, as did Jill Barragan.

   Ken Hicks concluded by reviewing the Medical Insurance Cost Trend (PMPM). He and Tom Boone explained how the 5-year and 10-year averages were calculated, which prompted a brief discussion. Tom Boone indicated there will be several changes to the KPI in December.

9. Executive Director Member Services update – Ken Hicks.

   Ken Hicks reviewed the June 30, 2025, year-end VSEBG member medical and dental summary reports, as well as the September 2025 member medical and dental summary reports.

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

    Tom Boone reviewed the schedule for the December VSMG Board meeting and the upcoming conferences through the end of the year. He also invited and encouraged the Board members to attend the VSMG holiday luncheon on December 18, 2025.

11. Board Member comments.

    Dale Ponder attended the ASBO International conference and remarked that the recognition of Brian Mee was outstanding, noting that Mr. Mee's family was touched. Jill Barragan thanked the Valley Schools team for all their hard work. Heather Mock said her interactions with the staff have been excellent, and she was honored to be part of the recognition of Brian Mee. Jim DiCello also expressed his gratitude. Marcie Rodriguez thanked the staff for all the information and explanations provided and shared that she looks forward to being part of this organization, appreciating the support it offers its members. Mike Barragan also attended the ASBO International conference, reiterating that Brian Mee's family was very grateful. He recognized Jill Barragan for receiving the Bill Lovett Award at the conference and mentioned that VSMG received the Vendor of the Year award, which he called an acknowledgment of the organization's leadership. He encouraged Board members to participate in conferences on behalf of Valley Schools.

12. Motion to convene Executive Session pursuant to:

    A.R.S. § 38-431.03(A)(1) for the purpose of 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 long-term planning and renewal of the employment contract of the Chairman/CEO, and;

    A.R.S. § 38-431.01(A)(3) for consultation and discussion with legal counsel regarding the fiduciary responsibilities of the Board.

    MOTION: Jill Barragan SECOND: Mike Barragan VOTE: 8-0-0-0

    Tom Boone – yes
    Jim DiCello – yes
    Dale Ponder – yes
    Mike Barragan – yes
    Bill Maas - yes
    Marcie Rodriguez – yes
    Jill Barragan – yes
    Heather Mock – yes

    The Executive Session convened at 2:33 p.m.

13. Returned to Regular Session at 3:25 p.m.

14. Possible action from Executive Session.

The following motion was made:

"I move that the employment contract of the Chairman/CEO be extended through and including June 30, 2029, as discussed in the Executive Session; for Mr. Mike Barragan, Vice-Chairman, to conduct a roll call vote on this motion; and to authorize Mr. Jim DiCello, Secretary, to sign any necessary written agreements."

MOTION: Jim DiCello	SECOND: Mike Barragan	VOTE: 7-0-1-0
Tom Boone –abstain	Mike Barragan – yes	Jill Barragan – yes
Jim DiCello – yes	Bill Maas - yes	Heather Mock – yes
Marcie Rodriguez – yes	Dale Ponder – yes	

15. The meeting adjourned at 3:28 p.m.

Respectfully submitted,

/s/ Jim DiCello

_____

Jim DiCello, Secretary

JD/lad