

## MINUTES 2/25/20

### SELF-INSURANCE PROGRAM BOARD MEETING

A meeting of the Self-Insurance Program Board of Trustees was called to order at 2:00 p.m., Tuesday, February 25, 2020, in Personnel Conference Room #2 at 20 E. Main Street, Suite 130, Mesa, AZ 85201.

#### MEMBERS PRESENT

Board Chair Kevin Thompson  
Linee Ferguson  
Courtney Guinn  
Michael Kennington, CFO

#### MEMBERS ABSENT

Kelly Vorseth

#### OTHERS PRESENT

Tracy Hurt, Board Secretary  
Teri Overbey, HR Director  
Janice Ashley, Emp. Benefits Administrator  
Nitra Hawkins, Safety Administrator  
Jason Reed, Deputy City Attorney  
Lisa Lorts, Risk Mgmt Claims Analyst  
Candace Cannistraro, Ofc of Mgmt & Bdgt Dir  
Marcus Steele, Sr Budget Analyst, OMB  
Samuel Schultz, Budget Coordinator, OMB  
Alicia White, City Council Assistant

#### **Citizens Present**

None

The meeting was called to order by Board Chairperson, Councilmember Kevin Thompson at 2:05p.m.

Board Chair Thompson opened the meeting with rollcall of members present. One member, Kelly Vorseth was absent. Board Chair Thompson asked if there were any citizens present. There were no citizens present.

The next order of business was to hear presentations and budget recommendations for the Public Property and Public Liability Trust Fund, the Worker's Compensation Trust Fund and the Employee Benefits Trust Fund.

Jason Reed, Deputy City Attorney, reviewed the presentation document "Self-Insurance Trust Fund Board Report – Property and Public Liability Trust Fund" (attachment) and highlighted the following:

The PPL Trust Fund is designed to address the City's liabilities whether they come in as claims or a lawsuit, this fund is the money the City sets aside to address those claims, resolve potential exposure and liability of those items.

The past fiscal year was a successful year for the PPL fund. We were able to resolve one of our high exposure cases. The City recently settled the claims associated with the 2014 flood. The storm was historic according to our experts, and a claim was brought against the City alleging that we were negligent in handling that flood. We were able to resolve that for a payment of \$1.6M which not only addresses the City's liability and exposure, but also helps citizens recover a portion of loss.

A high number of other claims were also able to be resolved. Typically our office sees anywhere from 300 claims and at any particular time we can be handling 45–50 lawsuits. That's a pretty heavy load. The litigation team are currently comprised of 3 attorneys who are devoted to litigation, two paralegals, two legal assistants, and one risk manager. We are able to keep a lot of the cases in-house, which typically generates a lot of cost savings for the City. We were able to come in under budget for our claims this year and that's money that can go forward to the next year and reduce the contribution that's needed from the City this year.

Some of the challenges that the fund will face:

Growth of the City will result in more claims. This is consistent with trends nationally that government entities (cities, states, etc.) are getting sued more often. There are services that municipalities provide that are high-risk such as police and fire for example.

Litigation is also becoming more expensive – cases sent to outside counsel due to conflicts, specialties and high exposure claims that can erode the City's SIR. Those costs are becoming more expensive with things such as expert witness fees, technological requirements. We had 2 trials last year in federal district court and both of those required computer software and videos that needed to be broken down to ensure that the jury could understand our perspective and the challenges that our officers have to deal with. We want to make sure that the jury has the opportunity to consider the facts as the officer had to consider them.

Linee asked for the definition of SIR. Jason explained that SIR is similar conceptually to an insurance deductible and the City is required to pay up to that amount. Courtney inquired if the SIR amount is "per claim" and Jason confirmed it is.

The City has \$50M in excess insurance for liability claims which is typical for a city of our size. National trends such as more claims being made against police departments, or property claims as a result of natural disasters such as fires; since a lot of cities use the same insurers, a loss by one city necessarily affects our premiums. In this past year, specifically in regard to the wildfires in California, we did recognize a significant increase to insurance.

Michael asked about multi-year contracts with the insurers as we had discussed in the past, it sounds like they don't fix their premium costs from year to year. Jason explained that in the past we adopted an ordinance through council to say if Traveler's (our first layer of insurance for a number of years) could agree to increase their rates by no more than 2.5% we would not go out to bid again. Unfortunately due to market conditions, they weren't able to come in at that 2.5% cap. Although that didn't happen, there is some benefit we have with that relationship since we went out for bid and Traveler's quote was \$150,000 less than the next competitor. So although there was an increase, if we didn't have that relationship with Traveler's we could have had a six -figure increase going with the next insurer.

Courtney asked when the last time we hit our SIR and Jason stated that it was several years ago (6-7 years) and was a police shooting incident that did impact the SIR. Generally the SIR is like a deductible and the higher the deductible the lower the premium. Our SIR is \$3M and we don't typically hit our SIR. Under the City Code the PPL is to maintain a minimum balance of \$10M so if we were to have a very bad year, we could absorb 2-3 verdicts. If we increased that SIR, we could only absorb one, maybe two. Phoenix is at an SIR of \$7.5M. If we were to adopt a \$7.5M SIR that would be only one case and it doesn't provide the protection that we are looking for. In talking to our broker, increasing our SIR would not result in the savings we would hope for on our premiums.

Courtney asked if citizens filing a claim would have counsel that may view the \$3M SIR as a threshold that they know that they could stay under without the City passing on to the insurance company who may have additional resources to fight the claim. Are we taking more risk by trying to keep claims in house as opposed to passing it on? Jason gave an example of a wrongful death claim what would historically come in asking for upward of \$25 – \$30M. The money is such an important factor for the claimant's attorney and the claimant that whether the insurance company is involved doesn't seem to be an issue. To date we have not seen that.

To ensure we keep the premium increases as low as possible we work with City departments to adopt procedures to reduce liability. We are working to reduce the number of claims as well as the severity of claims. We have had numerous meetings where the departments are very receptive to those types of suggestions and any additional training we are able to provide.

In conclusion, the City has had a successful year in managing the claims and lawsuits filed against the City and its employees. We anticipate coming in under budget this fiscal year. We would recommend budgeting \$5.9 million for next year to maintain adequate funds in the PPL to address those litigation concerns.

Sam Schultz, OMB Budget Coordinator expounded on the recommendation for the \$5.9M to go into the fund this fiscal year (FY 19/20) and the contribution for FY 20/21 will be \$6.6M. Originally for FY 19/20 we were budgeting at \$6.8M as a contribution and now we are projecting down to \$5.9M and that will bring our ending reserve balance to \$13M as we still want to keep some reserve for the exposure on some of the cases that Jason has referred to. Moving to the following year and a contribution of \$6.6M to give us an ending reserve balance of \$12M and then we will continue to bring that down based on when those cases do close.

Michael asked Jason if he could discuss how many other large cases similar to the flood case that are still open. Jason indicated that there may be approximately 3-4 high exposure cases that could have potential for a high dollar verdict. Nothing at present that would exceed the \$50M excess liability that we have.

Marcus Steele, OMB Budget Analyst added that it is not usually the settlement number that will get us to our SIR, but it is the outside legal fees that build toward that SIR so if a case starts to draw out over multiple years, the actual claim on top of that might push us up against the SIR. The SIR is inclusive of the outside litigation fees as well as the payout to the claim.

Jason did confirm that some of the high exposure cases could last at least 3 years. We generally have an erosion of the SIR because we are incurring litigation expenses both internally and potentially from outside counsel and when we reach the end, we do our final analysis to see how much of the remaining SIR we have to pay and how much insurance would have to pay.

Michael referenced the \$10M fund reserve balance and asked if the current \$13M balance target would be because of the current high exposure cases the City currently has. Jason explained that there is a potential for those claims to resolve in the next year and making sure we have some extra funds to resolve those claims and any new claims that may come in the interim is the recommendation of the higher balance at this point. Sam also added that the budget office monitors the fund quarterly and can adjust the contribution based upon consultation with City Attorney's office and where the environment is.

Courtney asked if a payout by the City is to someone who has homeowner's insurance do we ever look at requesting the homeowner's insurance to cover? Jason explained that tort claims, even if they have insurance we rarely get the benefit of that. For example, in a car accident (our fault) damages are not mitigated by their insurance payout as our obligation as a "wrong doer" we don't get to benefit just because someone had insurance.

Michael asked if there is any lingering liability with the state regarding the flood case we settled. Jason said that the state did not choose to settle and the claimants are moving forward with that lawsuit. Our liability with the lawsuit is fully resolved.

Linee asked if there were lessons learned in a case like the flood? Jason explained that although there wasn't necessarily a problem with the design of the retention basin, but after this incident, we don't want that to happen again so the engineering department ensured that this won't happen again. If that retention basin gets that full again due to rain or otherwise it will spill over into the state's canal. There are always lessons to be learned and the City has a very good track record of responding.

Chair Thompson mentioned that the City Attorney's office has done a phenomenal job defending these cases and introduced Nitra Hawkins, Safety Administrator to present on the Workers' Compensation Trust Fund.

Nitra referred the board to the Worker's Compensation Trust Fund Operations Report (attachment) which gives an overview of the Worker's Compensation program and self-administration of that program. We have two worker's compensation representatives who process the claims and they average 190 claims each at various stages in the claims process. The average of claims over the past five years is 421 claims annually.

A claim can impact the WC Trust Fund in a single fiscal year or over multiple fiscal years. This is evaluated by the composition of the claim:

- Medical Only Claims are receiving medical treatment but are still working full or modified duty and not losing time.
- Time Lost Claims involve time off from work and we are paying them WC due to them not being able to work
- Supportive Care Claims are forecasted into the future due to continuing treatment although this does not include lost time and they are still working and not receiving lost time wages
- Supportive Care/Loss of Earning Capacity Claims are no longer working for the City. AZ law provides lifetime rights of benefits under a worker's compensation claim.
- Denied Claims (determined not to be a work-related injury) are the smallest component of our claims (1%)

Nitra gave an example of a lifetime claim which may be a police officer that was injured on the job and can no longer perform their duties they would need to be paid based on the market value of their prior position. If they get another job, we would be required to pay the difference in salary to bring them to the earning they have lost as a police officer. This would impact the WC Trust Fund each fiscal year for the duration of their life.

Michael asked how receiving the PSPRS medical retirement would affect the WC claim. Nitra explained that they do not offset each other. First responders that medically retire can receive WC as well as their medical retirement benefits.

Michael asked how the 1% denied claims compares with the industry and if that was average. Nitra stated that she would look into what the industry average is and provide that information. She said the Industrial Commission will review those employer's whose denial rate is higher than 10% and gave examples of some very obvious claims that would be deniable such as an employee who left work to go to the emergency room because they were in pain and it was determined that the employee had kidney stones and a work-related injury.

On page two of the WC Program Overview, Nitra referenced the Annual Experience Modification Rate which is a national rate that is assigned to us based on our payroll, how many medical only and lost time claims we have. The current year and three years past is used to calculate our rate. The industry average is 1.00. We never want to be above that, and below is even better. This determines the tax rate and premium rate we will be paying for our WC Insurance. The higher our EMOD rate, the more we would be required to pay. Nitra indicated that based on review of claims and projections she anticipates that our rate will stay the same or increase slightly because we did have some more severe claims in 2018 that are coming to fruition.

The second slide on page two is looking at incidents from safety perspective and the type of incidents that require our employees to have more than first aid. The incident rate chart includes a comparison of other local municipalities. The state average is significantly lower than our rate. Keeping in mind that not all municipalities have a fire department, police department, solid waste, gas or electrical department as we do, This will affect the comparison and so we monitor our performance based on our target of 7.5 which means that out of 100 employees, eight (8) employees would have some type of medical treatment beyond first aid.

Page three shows claim history in more detail by type of incidents such as slips, trips and falls, motor vehicle accidents, over exertion (sprains and strains), etc. and we use those details to focus training

and awareness to departments. Assaults Physical Altercations is predominately PD and there is really nothing that we can do to prevent those. We do try to target our efforts by monitoring incidents and providing additional training.

Marcus asked Nitra to indicate what the WC SIR is and she said it is \$1M SIR over the life of the claim.

Michael asked if the presumptive cancers law would cause a spike in environmental exposures costs and Nitra indicated that it would.

Nitra explained that the Over Exertion (Strain/Sprain) are our most costly claims category and although there are circumstances outside of our control such as firefighters lifting and carrying a citizen when that is the only course of transporting them or a police officer chasing a suspect and pulls his hamstring, we also look at situations where physical training is happening and we monitor that to mitigate those costs for strains and sprains.

Some cost containment programs that we utilize to help reduce the impact to the WC Trust Fund such as:

- Directed-care policy which requires the first visit be to a designated medical facility
- Blue Cross /Blue Shield WC Network
- Specialty Bill Review Service which can negotiate and provide cost savings
- Prescription Program – Pharmacy Benefits Manager (PBM)

Fiscal challenges facing the WC Trust Fund are two pending presumptive cancer statutes:

- SB1160 expanding to include breast and ovarian cancers
- SB1161 expanding to include “all” cancers

If these bills pass they are retroactive for employees up to 15 years from their last date of employment and they must be under age 65. These laws would be irrebuttable and even if there is other compelling evidence as to the origin of the cancers (family history, etc.) that would not be considered. The 15-year retroactive component would cause a significant cost to the WC Trust Fund as firefighters as well as law enforcement would have the option to go back and file a claim.

Courtney asked if this means that any employee who has cancer could file a claim and Nitra clarified that it would be only firefighters and law enforcement.

Sam mentioned that the bills were just introduced and still need to go through the legislative process.

Michael stated that in the past they would need to prove that they were exposed during a work incident.

Nitra said the “irrebuttable statute” as written currently would not allow us to look for work-related correlation. The only exception would be if they are a smoker and would be limited to respiratory cancers.

Courtney asked if we have the ability to look at current benefits usage and determine what percentage may be potentially in the pipeline based on claims data? Jan answered that as far as a “general population” sense we may be able to, but not in an individual sense.

Mike asked if we have any estimate on the impact of these bills. Sam stated that since these bills have just been introduced we are keeping it on a “watch” status. From a financial standpoint the fund is in a stable position and we have projected a higher claim expense for the next fiscal year based on the original cancer claim that came in 2017/18. What we see this year is a projected \$700,000 savings which would pass to next year with our City contribution of \$5.4M to then give an ending fund balance of \$6.3M for FY 20/21.

Michael asked what the impact would be if someone was currently utilizing our benefits for a cancer treatment and we are paying those claims costs, would those costs just move into the worker’s comp fund.

Courtney mentioned that an employee moving from their health benefits to worker's comp would be a loss of the employee's share to the City and also the employee may choose to undergo additional services that they may not if there was a copay.

Nitra explained that the WC Trust Fund would be required to reimburse the Employee Benefits Trust Fund for those prior payments. We are currently working with Jan on a couple of those now. If these statutes do pass, we will need to work with Benefits to determine how we would administratively make it work.

Our insurability may also be affected with these pending legislations. We do have an excellent relationship with Safety National who is our current underwriter and we have been with them for seven years or so. We would hope they would continue to underwrite and must consider that SIR may be increased. We will be going out for renewal in May and we don't know if this legislation will be determined by then.

Courtney asked if we have hit the SIR frequently with WC claims and Nitra stated that we have two and those are lifetime claims.

Chair Thompson asked if there are opportunities for efficiencies when an officer or firefighter must go through the WC side and doing the same on the PSPRS side. Is there opportunity for accepting one or the other so that they are not going through the same trauma over and over again whether it is psychological or physical. Is there a more efficient way of doing things? Nitra explained that she has looked into this and due to the way the PSPRS statute is written, PSPRS must do their own IME's and typically by the time someone goes to the pension board, they have already been through our WC side and even though we have documentation that shows they can no longer do their job, when they do their application on the pension side they still make them go through another IME even though we provide them all of the information. I do not know any other way around that part of it as that was what was communicated to me regarding the PSPRS statute.

Chair Thompson asked what the contribution recommendation for the WC Trust Fund would be. Sam stated that the request for City contribution of \$5.4M.

Courtney asked what the contribution was last year and Sam explained that it was budgeted at \$3.9M but due to savings from the prior year we were able to bring that down. We will continue to monitor and if we continue to see savings we will readjust it, but with the current projection of claims at \$3.7M we are looking at \$5.4M for FY 20/21.

Courtney asked if we are able to payout or settle some of these claims and Nitra explained that the state has passed a bill where we can do full and final settlements. I have been talking with Michael regarding some claims that are smaller and with room in the budget we may be able to settle and then the liability for future treatments their responsibility based on that lump sum they receive. We have currently identified 10 claims that we are evaluating for settlement.

Courtney asked if the settlement amount would be lower than what we would pay over the course of the claim and Nitra confirmed.

With no other questions regarding the WC Trust Fund, Chair Thompson introduced Janice Ashley, Employee Benefits Administrator.

Referring to the EBT Program Overview (attachment), Jan gave an overview of Employee Benefits Programs available to City employees, retirees, and eligible dependents which include:

- Medical/Behavioral/Prescription Drug benefits - Cigna and CVS Caremark
- Stop-loss Medical/RX insurance - Matrix Group Benefits/Nationwide Life Insurance Co.
- \$500,000 per claimant per year for Stop-Loss "deductible"
- Dental benefits - Delta Dental of Arizona

- Vision care benefits - Vision Service Plan (VSP) in last year of contract – RFP next year
- EAP program - ComPsych
- Flexible Spending Accounts (FSA) - ConnectYourCare
- Health and Wellness Center - OnSite Care Inc. (employees and dependents enrolled in medical plan)
- Mesa Wellness 360 – programs, incentives/rewards, digital platform provided by Sonic Boom Wellness Inc. Engagement to increase health/wellness and decrease high dollar claims by encouraging wellness and early intervention.
- Other benefit programs including: Life and Accidental Death and Dismemberment Insurance (MetLife), Business Travel Accident/Commuter Travel Accident Insurance (LINA a Cigna company), Short Term Disability Insurance (Unum) and Long-Term Disability Insurance (secondary insurance for full-time sworn officers and elected officials - MetLife)

Linee asked which of the other programs are voluntary. Jan explained that Life Insurance and Accidental Death has a basic component which is City funded and a supplemental component that is voluntary and employee funded. Commuter Business Travel is 100% City funded and the STD is voluntary and funded by the employee. The Long-Term Disability Insurance (secondary insurance for full-time sworn officers and elected officials) is 100% City funded.

EBT funding sources:

- Contributions from City department budgets
- Employee, retiree and COBRA premiums
- State retirement system subsidies (ASRS & PSPRS)
- Medicare Part D Drug subsidy/discount reimbursements (EGWP) – for eligible retirees
- Brand Drug and Specialty Rebates
- Administrative, Wellness and Performance Guarantee (PG) credits from contracted vendors
- Stop-Loss Insurance reimbursements for medical/prescription drug claims over \$500,000 per claimant per year. We have only one claimant at that stop-loss level.
- Trust investment income

Sam mentioned that the contributions from City departments to the fund depend on where that employee works or where they retired from. It crosses various funding sources whether it's the General Fund or Enterprise Fund, etc.

EBT Operational Highlights:

- Benefits Fair event for employees/retirees in October 2019:
  - “Sold out” vendor participation with increased employee attendance
  - Increased health education, wellness focus and improved floor plan flow
  - Classes, wellness points and online enrollments
  - Flu shots (600-700) administered at the Benefits Fair
- Medical Plan cost containment:
  - Increased deductibles and coinsurance for medical plan *out-of-network* services effective January 2020

- “Refresher” and enhanced enforcement on dependent eligibility criteria to identify and remove ineligibles in 2020
- Short Term Disability Insurance coverage expanded to part-time benefit eligible employees (at no cost to the City) effective January 2020
- Vision Care Insurance with VSP – expanded to a third plan option with enhanced benefits (Easy Options) effective January 2020

Chair Thompson asked how the situation for “unexpected” out-of-network providers such as a surgery and the anesthesiologist is not in network although the surgeon is should be handled. Jan explained that this is handled in the plan through “surprise billing and ancillary billing charges” and we have had them for a number of years knowing that this is always a possibility. If you have made the decision with the main provider and facility in network, then all of the ancillary providers will be covered at in-network charges just as if they were in network. The catch is those billers can be aggregis billers and there will still be a balance billing liability that the member might face. If that member brings that to our attention we will go back and ask Cigna to try and renegotiate with that provider, but ultimately if they say no there is nothing we can do and the member does end up with that balance liability. That is the best we can do right now.

Linee asked if there is anything that could be done prior to surgery to address that. Jan said that usually you are in a pre-op environment and during that time the providers come and introduce themselves and this would be a time to ask if they are in your network, will bill in-network or otherwise not have the procedure as there is really nothing else that you can do. Certain hospital systems – Banner, for instance have a general provision that they require them to be in the same network.. That helps to reduce that problem. If it comes to an emergency situation, we have provided that they allowed charges will be the billed charges.

Courtney asked if dependent verification is an annual event or just for new enrollments. Jan stated that we verify during enrollment, but we have thousands of employees who did their validation 5, 10, 15 years ago and we have no way of knowing if that is still a valid dependent. This is not an annual validation; we would take another look in 2-5 years to see if anything has changed.

Linee asked if there is a minimum of hours for the part-time benefitted employees to participate in the STD coverage and Jan explained that our part-time benefitted employee must work a minimum of 20 hours.

### ***Health and Wellness Initiatives***

Jan noted that our health and wellness initiatives (page 5) are doing very well with employee engagement increases from 2018 to 2019.

Mesa Wellness 360 - initiatives, incentives and education programs:

- Mesa Wellness 360 program (with Sonic Boom digital platform)
  - Engage and encourage healthy behaviors for active employees enrolled in City medical plans
  - “Points” opportunities via fitness devices, mobile app, contests, events, screenings, daily challenges
  - Health coaching and other health education tools/classes
  - 1,000 points equals:
    - Cash rewards up to \$200 per person (awarded over \$139,000 in gift cards in 2019)



- \$200 annual medical premium reduction (over 500 employees achieved for 2020)
- 2,250 Mesa Wellness 360 participants as of February 2020 (61% of eligible population – up from 48%)

**Challenges/Opportunities for the Employee Benefits Trust Fund:**

These are some of the reasons why there have been medical plan increases and some dental plan increases. Those increases are continuing and on-going with no end in sight. This is the case on a national basis.

- Medical plan membership increased 2.4% from 2019 to 2020 - over 14,100 covered lives by February 2019:
  - Active: 3,526 (up 3.1%)
  - Retiree: 2,058 (up 2.7%)
  - Total Dependents: 8,520 (up 2%)
- Claims frequency/utilization increases:
  - Claims counts up 5% in CY 2019 to over 163,000
  - Average 1,200 to 1,400 claims per month increase in current fiscal year
- National Specialty drug price cost trend increases:
  - Specialty drug prices up 22.2% annually
  - 45% of City non-Medicare eligible spend is Specialty (for 1.3% of active and retiree population)
  - 25% of City Medicare eligible spend is Specialty (for 2.7% of eligible retirees)
  - Non-specialty generic and brand drug prices up 2.2% annually

Jan explained that specialty drugs are made from biological components and take a great deal of time to come to market and the distribution is for complex or rare conditions. They usually have other drugs that need to be engaged in the treatment of the progression of the disease. While our spend for Specialty drugs is 45% of our non-Medicare eligible spend, the national spend is at 48%.

Michael asked if Jan knew what our medical costs per claims were trending this year and Jan said that it was just under \$900 per member per year. Sam noted that we have seen claim utilization go up in January of 2019 and spiked through first quarter of FY 19/20 so with those claims being on average higher from the 1,200 per month to the 1,400 per month we saw that increased cost per claim on those months leading from January 2019 through September, but recently, October through January, 2020 we have started to see some of that stabilize compared to where we expected to budget and it hasn't been as large of an increase. When you look at the actuals we saw a 15% growth in cost per claims year over year from 17/18 and 18/19 and we are projected about a \$6M increase coming into FY 19/20. A large piece of that fiscal year 19/20 that we are projecting was based upon that first

**Funding Recommendation for Employee Benefits Trust FY 19/20**

Marcus provided the following EBT Financial Update and FY 19/20 Funding Recommendation:

The EBT Fund is projected to end FY 18/19 with a balance of \$44.4 million or 47.7% of year end EBT Fund balance to following year total EBT Fund expenses. This fund balance is consistent with recent EBT Fund balance history and is considered a healthy, but not excessive, year-end balance. The current reserve balance policy sets the reserve minimum at 30% of year-end EBT Fund balance to following year total EBT Fund expenses, however, reserve balances should remain above the minimum of 30%.

The 30% reserve balance has been determined to be the lowest threshold that the fund can tolerate two consecutive years of significant expenditures, while keeping contributions at no more than 8% growth.

Staff recommends a FY 19/20 City contribution of \$72.9 million to the EBT Fund, which equates to a 5% increase in premium contributions for active employees, and 3% increase in premium contributions for retirees in calendar year 2020. Premium contribution amounts will be reviewed end of summer, early fall to determine exact amounts.

Chair Thompson asked if there were any questions and when there were none moved to agenda item three (3) to take action on the staff recommendations for budgeting of the following Trust Funds for FY 19/20:

**Property & Public Liability Trust Fund:** Staff recommends including a \$6.9 million City contribution in the FY19/20 budget to achieve a minimum forecasted ending reserve balance anticipated to be above \$10 million.

Linee motioned to accept the recommendation.

Michael seconded the motion and the votes were:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

**Worker's Compensation Fund:** For FY 19/20, the reserve target is \$6.0 million. Based on the FY 18/19 projected reserve balance and the expenditures forecasted for FY 19/20, a slight increase to the workers' compensation rates from the previous year is recommended for the FY 19/20 budget to reach the targeted reserve. The current estimate for the City contribution for FY 19/20 is \$3.9 million with a fund utilization of \$2.0 million.

Linee motioned to accept the recommendation.

Michael seconded the motion and the votes were:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

**Employee Benefits Trust Fund:** Staff recommends a FY 19/20 City contribution of \$72.9 million to the EBT Fund, which equates to a 5% increase in premium contributions for active employees, and 3% increase in premium contributions for retirees in calendar year 2020. This is \$5.5 million City contribution increase from prior year budget. The FY 19/20 year-end fund balance estimate is \$45.3 million, or 45.3% of fund balance to following year's total expenses. The final budgeted contribution amount may differ slightly as the estimated number of employees/retirees is further refined during the budget process.

Linee motioned to accept the recommendation.

Michael seconded the motion and the votes were:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye

Chair Thompson – aye

Moving to agenda item four, Jim explained the necessity of verifying the insurance broker licenses for each fund. The licenses were submitted to the Board for review as required by statute.

Chair Thompson noted there were different addresses provided on the Buck Global license and Jan indicated they had multiple locations.

Linee made a motion to verify that the licenses were reviewed by members of the Board and Michael seconded the motion. The votes were:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

Moving to Item five on the agenda a motion was made by Linee to authorize approval of the Minutes of the meeting by the Chairperson after they have been circulated to all members and any edits have been finalized. Michael seconded the motion and the votes were:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

Item five (5) on the agenda to authorize the Board Chairperson to approve the minutes after circulation to all Board members was presented by Jim. Linee motioned to authorize. Michael seconded the motion.

Votes were as follows:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

Chair Thompson addressed agenda item six regarding scheduling of future meetings. The next meeting will be approximately one year from current meeting. Jim also advised that if there were any questions, Board members could request a meeting prior to the yearly scheduled meeting.

Linee moved to adjourn. Michael seconded the motion.

Votes were as follows:

Linee Ferguson– aye  
Michael Kennington – aye  
Courtney Guinn - aye  
Chair Thompson – aye

The meeting was adjourned at 12:33p.m.