

GLENDALE ELEMENTARY SCHOOL DISTRICT NO. 40

Trust Board Regular Meeting

January 28, 2015, 4:30 p.m.

Public Notice - Meeting Agenda

Notice of this meeting has been posted consistent with the requirements of A.R.S. §38-431.02. The meeting's location is the Board Room in the District Office, 7301 N. 58th Avenue, Glendale.

The Board reserves the right to change the order of items on the agenda, with the exception of public hearings, which are scheduled for a specific time. Board members may participate via telephone conference call if necessary. At the chair's discretion, the Board may carry over consideration of any business not concluded by 6:00 p.m. to the next regular meeting's agenda.

1. Call to Order

Acknowledge conference call participants

2. Visitor Comments

3. Approval of Agenda

4. Board and Staff Introductions

5. Informational Items

- a. Claims Experience Review - Medical
- b. Claims Experience Review - Dental
- c. Financial Review
- d. Overview on Investments and Administrative Cost
- e. Wellness Update

6. Action Items

a. Approval of Minutes

The minutes of the November 19, 2014 Regular Trust Board Meeting are submitted for approval.

7. Adjournment

Next Trust Board Meeting -

February 25, 2015

GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD
INFORMATIONAL AGENDA ITEM

Reports, presentations and other similar items are submitted to the Trust Board
as information and do not require action.

AGENDA NO: 5.a TOPIC: Claims Experience Review - Medical

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

The Trust Board will be presented with the following claim reports:

GESD incurred \$666,252 in medical expenses for December and a loss ratio of 102%. In December of 2014, GESD incurred \$775,938 and a loss ratio of 122%. When comparing last year to this year we have spent \$109,686 less and reduced our loss ratio by 20%.

We have four claims over \$75,000 and GESD will get reimbursed for any expenses over \$150,000. Based on December's information, we would be receiving a reimbursement of \$502,542.

Based on our current trend, we could incur medical expenses of \$7,047,528* by June 30 and if the trend holds we would end the year with a positive surplus.

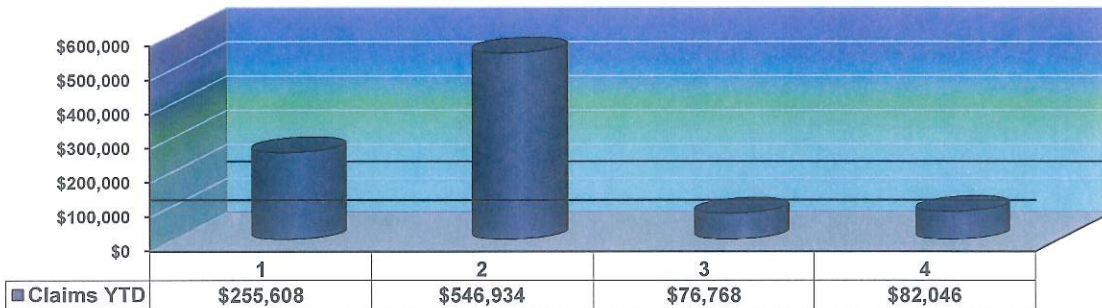
*Projection is based on \$3,523,764 year to date expenses + (\$587,294 average monthly expense x six months) = \$7,047,528.



**Glendale Elementary School District
Paid Claims Greater Than \$75,000 by Claimant
Large Claims by Plan
(7/1/2014 through 6/30/2015)**



Large Claimants Over \$75,000



Claimant	Choice Plus	SL Level	SL Level Remaining	Expected Refunds	Claimant	HSA2500	SL Level	SL Level Remaining	Expected Refunds
1	\$255,608	\$150,000	\$0	\$105,608	4	\$82,046	\$150,000	\$67,954	\$0
2	\$546,934	\$150,000	\$0	\$396,934					
3	\$76,768	\$150,000	\$0	\$0					
Total	\$879,310			\$502,542	Total	\$82,046			\$0



Glendale Elementary School District
 Paid Claims Greater Than \$75,000 by Claimant
 Monthly Financial Reporting
 (7/1/2014 through 6/30/2015)



Name: Valley Schools Employee Benefits Trust District: Glendale Elementary School District Funding: Self-Funded			
Date	Plan Name	Claimant Relationship	Paid Amount
2014-07	Choice Plus	Subscriber	\$13,729.31
2014-08	Choice Plus	Subscriber	\$204,578.40
2014-09	Choice Plus	Subscriber	\$7,716.53
2014-10	Choice Plus	Subscriber	\$23,199.20
2014-11	Choice Plus	Subscriber	\$224.67
2014-12	Choice Plus	Subscriber	\$6,160.09
		Total for Claimant	\$255,608.20
2014-07	Choice Plus	Subscriber	\$84,625.35
2014-08	Choice Plus	Subscriber	\$53,212.27
2014-08	Choice Plus	Subscriber	\$4,650.32
2014-09	Choice Plus	Subscriber	\$306,775.52
2014-09	Choice Plus	Subscriber	\$6,219.63
2014-10	Choice Plus	Subscriber	\$228.42
2014-10	Choice Plus	Subscriber	\$17,516.92
2014-11	Choice Plus	Subscriber	\$41,273.39
2014-12	Choice Plus	Subscriber	\$32,431.98
		Total for Claimant	\$546,933.80
2014-07	Choice Plus	Subscriber	\$4,646.86
2014-08	Choice Plus	Subscriber	\$65,206.98
2014-09	Choice Plus	Subscriber	\$2,909.19
2014-10	Choice Plus	Subscriber	\$1,963.11
2014-11	Choice Plus	Subscriber	\$1,157.34
2014-12	Choice Plus	Subscriber	\$884.43
		Total for Claimant	\$76,767.91



Glendale Elementary School District
Paid Claims Greater Than \$75,000 by Claimant
Monthly Financial Reporting
(7/1/2014 through 6/30/2015)



Name: Valley Schools Employee Benefits Trust District: Glendale Elementary School District Funding: Self-Funded			
Date	Plan Name	Claimant Relationship	Paid Amount
2014-07	HSA2500	Subscriber	\$2,903.43
2014-08	HSA2500	Subscriber	\$2,707.36
2014-08	HSA2500	Subscriber	\$958.89
2014-09	HSA2500	Subscriber	\$2,771.55
2014-10	HSA2500	Subscriber	\$6,281.42
2014-11	HSA2500	Subscriber	\$1,726.36
2014-12	HSA2500	Subscriber	\$64,696.70
		Total for Claimant	\$82,045.71
TOTAL		Total	\$961,355.62

GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD
INFORMATIONAL AGENDA ITEM

Reports, presentations and other similar items are submitted to the Trust Board
as information and do not require action.

AGENDA NO: 5.b TOPIC: Claims Experience Review - Dental

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

The Trust Board will be presented with the following claim reports:

GESD incurred \$31,938 in dental expenses for December and a loss ratio of 79%. In December of 2014, GESD incurred \$31,049 and a loss ratio of 63.2%. When comparing last year to this year, we have spent \$889 more and increased our loss ratio by 18.5%.

Based on our current trend, we could incur dental expenses of \$397,487* by June 30 and if the trend holds, we would end the year with a positive surplus and would be spending less than the \$537,768 we spent last year.

*Projection is based on \$198,743 year to date expenses + (\$33,124 average monthly expense x six months) = \$397,487.



Monthly Experience Report

Glendale Elementary School District

Dates: (7/1/2014-6/30/2015)



Name: Valley Schools Employee Benefits Trust

Plan: All

Funding: Self Funded

a	b	c	d	e	f	g	h	i
Date	Employees	Paid Dental Claims	Fixed Expenses	Total Incurred Claims & Expenses	Contributions	Surplus/ (Deficit)	Total Cost Loss Ratio	Total Cost PEPM
2014-07	973	\$ 16,235	\$ 3,030	\$ 19,265	\$ 37,348	\$ 18,083	52%	\$ 20
2014-08	958	\$ 41,937	\$ 3,023	\$ 44,960	\$ 37,207	\$ (7,753)	121%	\$ 47
2014-09	1,050	\$ 26,244	\$ 3,301	\$ 29,545	\$ 40,401	\$ 10,856	73%	\$ 28
2014-10	1,066	\$ 42,414	\$ 3,341	\$ 45,755	\$ 40,705	\$ (5,050)	112%	\$ 43
2014-11	1,061	\$ 23,969	\$ 3,311	\$ 27,280	\$ 40,659	\$ 13,379	67%	\$ 26
2014-12	1,058	\$ 28,637	\$ 3,301	\$ 31,938	\$ 40,354	\$ 8,416	79%	\$ 30
2015-01	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2015-02	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2015-03	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2015-04	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2015-05	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
2015-06	-	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Total	6,166	\$ 179,436	\$ 19,307	\$ 198,743	\$ 236,674	\$ 37,931	84%	\$ 32
Mo. Avg.	1,028	\$ 29,906	\$ 3,218	\$ 33,124	\$ 39,446	\$ 6,322		\$ 32



Monthly Experience Report

Glendale Elementary School District

Dates: (7/1/2014-6/30/2015)



Name: Valley Schools Employee Benefits Trust
 Plan: Delta Dental-Base Plan
 Funding: Self Funded

a	b	c	d	e	f	g	h	i
Date	Employees	Paid Dental Claims	Fixed Expenses	Total Incurred Claims & Expenses	Contributions	Surplus/ (Deficit)	Total Cost Loss Ratio	Total Cost PEPM
2014-07	873	\$ 13,248	\$ 2,718	\$ 15,966	\$ 30,950	\$ 14,984	52%	\$ 18
2014-08	856	\$ 35,854	\$ 2,705	\$ 38,559	\$ 30,560	\$ (7,999)	126%	\$ 45
2014-09	940	\$ 21,093	\$ 2,955	\$ 24,048	\$ 33,160	\$ 9,112	73%	\$ 26
2014-10	957	\$ 34,946	\$ 2,998	\$ 37,944	\$ 33,605	\$ (4,339)	113%	\$ 40
2014-11	952	\$ 20,256	\$ 2,971	\$ 23,227	\$ 33,518	\$ 10,291	69%	\$ 24
2014-12	949	\$ 24,954	\$ 2,961	\$ 27,915	\$ 33,311	\$ 5,396	84%	\$ 29
2015-01				\$ -	\$ -	\$ -		
2015-02				\$ -	\$ -	\$ -		
2015-03				\$ -	\$ -	\$ -		
2015-04				\$ -	\$ -	\$ -		
2015-05				\$ -	\$ -	\$ -		
2015-06				\$ -	\$ -	\$ -		
Total	5,527	\$ 150,351	\$ 17,308	\$ 167,659	\$ 195,104	\$ 27,445	86%	\$ 30
Mo. Avg.	921	\$ 25,059	\$ 2,885	\$ 27,943	\$ 32,517	\$ 4,574		\$ 30

Monthly Contribution Rates

Premiums	
Employee Only	\$ 26.18
Employee + Spouse	\$ 53.64
Employee + Child(ren)	\$ 61.50
Employee + Family	\$ 91.60



Monthly Experience Report

Glendale Elementary School District

Dates: (7/1/2014-6/30/2015)



Name: Valley Schools Employee Benefits Trust
 Plan: Delta Dental-Buy Up Plan
 Funding: Self Funded

a	b	c	d	e	f	g	h	i
Date	Employees	Paid Dental Claims	Fixed Expenses	Total Incurred Claims & Expenses	Contributions	Surplus/ (Deficit)	Total Cost Loss Ratio	Total Cost PEPM
2014-07	100	\$ 2,987	\$ 312	\$ 3,299	\$ 6,398	\$ 3,099	52%	\$ 33
2014-08	102	\$ 6,083	\$ 318	\$ 6,401	\$ 6,647	\$ 246	96%	\$ 63
2014-09	110	\$ 5,151	\$ 346	\$ 5,497	\$ 7,241	\$ 1,744	76%	\$ 50
2014-10	109	\$ 7,468	\$ 343	\$ 7,811	\$ 7,100	\$ (711)	110%	\$ 72
2014-11	109	\$ 3,713	\$ 340	\$ 4,053	\$ 7,141	\$ 3,088	57%	\$ 37
2014-12	109	\$ 3,683	\$ 340	\$ 4,023	\$ 7,043	\$ 3,020	57%	\$ 37
2015-01				\$ -	\$ -	\$ -		
2015-02				\$ -	\$ -	\$ -		
2015-03				\$ -	\$ -	\$ -		
2015-04				\$ -	\$ -	\$ -		
2015-05				\$ -	\$ -	\$ -		
2015-06				\$ -	\$ -	\$ -		
Total	639	\$ 29,085	\$ 1,999	\$ 31,084	\$ 41,570	\$ 10,486	75%	\$ 49
Mo. Avg.	107	\$ 4,848	\$ 333	\$ 5,181	\$ 6,928	\$ 1,748		\$ 49

Monthly Contribution Rates

Premiums	
Employee Only	\$ 42.56
Employee + Spouse	\$ 76.62
Employee + Child(ren)	\$ 99.28
Employee + Family	\$ 141.06

GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD
INFORMATIONAL AGENDA ITEM

Reports, presentations and other similar items are submitted to the Trust Board
as information and do not require action.

AGENDA NO: 5.c TOPIC: Financial Review

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

The Trust Board will be presented with the Statement of Revenues, Expenses, and Changes in Net Position for October 31, 2014 which reflects an "Ending net position reserved for claims and expenses" of \$4,896,384.

**VALLEY SCHOOLS EMPLOYEE BENEFITS TRUST,
GLENDALE ELEMENTARY SCHOOL DISTRICT TRUST MEMBER**

Statement of Revenues, Expenses and
Changes in Net Position--Cash Basis
with
Accountants' Compilation Report

October 31, 2014

Fester & Chapman P.C.
Certified Public Accountants

Fester & Chapman P.C.

Certified
Public
Accountants

4001 North 3rd Street
Suite 275
Phoenix, AZ 85012-2086

Tel: (602) 264-3077
Fax: (602) 265-6241

Accountants' Compilation Report

Board of Directors
Valley Schools Employee Benefits Trust
Phoenix, Arizona

We have compiled the accompanying statement of revenues, expenses and changes in net position--cash basis of Valley Schools Employee Benefits Trust (the Trust), Glendale Elementary School District trust member (the Member), for the four months ended October 31, 2014. We have not audited or reviewed the accompanying financial statement and, accordingly, do not express an opinion or provide any assurance about whether the financial statement is in accordance with the cash basis of accounting. The Member is not a separate Fund of the Trust and does not maintain an undivided interest in the Trust's net position.

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statement.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of a financial statement without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statement.

The Member does not constitute a separate reporting entity as defined by generally accepted accounting principles.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the cash basis of accounting. If the omitted disclosures were included in the financial statement, they might influence the user's conclusions about the Member's results of operations. Accordingly, the financial statement is not designed for those who are not informed about such matters.

This financial statement is intended for the Trust's and the Member's management use only.

We are not independent with respect to Valley Schools Employee Benefits Trust.

Fester & Chapman P.C.

December 18, 2014

**Valley Schools Employee Benefits Trust
Statement of Revenues, Expenses and
Changes in Net Position by District--Cash Basis
For the Four Months Ended October 31, 2014**

	Glendale Elementary
Operating revenues	
Contributions	\$ 3,015,000.00
Total operating revenues	<u>3,015,000.00</u>
Operating expenses	
Paid claims	2,523,036.55
Fixed expense	276,849.93
H.S.A. contributions	133,795.39
Health insurance premiums	0.00
Short term disability premiums	26,398.80
Dental premiums	71,981.22
Vision plan premiums	23,038.62
Flexible spending premums	45,645.74
Life insurance premiums	26,086.98
Prepaid legal premiums	0.00
Insurance premium refunds	0.00
Wellness	378.82
Trust administration & mgmt.	0.00
ACA Fees	1,490.00
Total operating expenses	<u>3,128,702.05</u>
Operating income/(loss)	<u>(113,702.05)</u>
Non-operating revenue	
Interest income	11,496.98
Change in market value	(16,497.86)
Total non-operating revenue	<u>(5,000.88)</u>
Change in net position	<u>(118,702.93)</u>
Beginning net position reserved for claims and expenses	<u>5,015,087.85</u>
Ending net position reserved for claims and expenses	<u>\$ 4,896,384.92</u>

See Accountants' Compilation Report
For Management Use Only

GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD
INFORMATIONAL AGENDA ITEM

Reports, presentations and other similar items are submitted to the Trust Board
as information and do not require action.

AGENDA NO: 5.d TOPIC: Overview on Investments and Administrative Cost

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

Valley Schools will provide an overview on how funds are invested and explain administrative cost.

VALLEY SCHOOLS MANAGEMENT GROUP

INVESTMENT POLICY STATEMENT

SEPTEMBER 28, 2011

VALLEY SCHOOLS MANAGEMENT GROUP INVESTMENT POLICY STATEMENT

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Valley Schools Management Group ("the Trusts/Pools") in order to:

1. Define and assign the responsibilities of involved parties, giving appropriate consideration to the capital and surplus and the business conducted by the Valley Schools Management Group.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of each of the Trusts/Pools assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results.
5. Manage Trusts/Pools assets according to prudent standards as required by the Valley Schools Management Group's Investment Policy Statement.

In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The Valley Schools Management Group is responsible for management of the Trusts/Pools assets. It shall be the responsibility of the Valley Schools Management Group to ensure that Trusts/Pools and overnight assets are invested in accordance with this policy. As such, the Valley Schools Management Group, subject to Valley Schools Management Group approval, is authorized to delegate certain responsibilities to professional experts in various fields such as Investment Managers, Custodians, and additional specialists such as attorneys, auditors and others employed by the Trusts/Pools to assist in administering Trusts/Pools assets prudently.

Investment Manager(s) will be held responsible and accountable to achieve the objectives stated herein. While it is not believed that the limitations will hamper investment managers, each manager should request modifications that it deems appropriate. If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable.

DEFINITIONS

1. "Custodian" shall mean any individual or group of individuals, employed to safeguard the Trusts/Pools assets.
2. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon used for asset allocation purposes for this each Trust & Pool should match the business cycle and reserve utility for the Trusts/Pools.
3. "Valley Schools Management Group" shall mean the individual or group of individuals employed to manage the investment and operational affairs of the Trusts/Pools.
4. "Investment Manager" shall mean any individual or group of individuals, employed to manage the investments of all or part of the Trusts/Pools assets.
5. "Securities" shall refer to the investment securities, which are defined as acceptable in this statement.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Valley Schools Management Group

The Valley Schools Management Group will implement the Trusts/Pools Investment Policy and create such procedures as it deems necessary and shall be responsible for the management of the Trusts/Pools, including the selection of outside Investment Managers.

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Subject to any limitations in the applicable Investment Management Agreement, each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement and the investment guidelines germane to each individual manager. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, investment performance results.
3. Timely communication of any major changes to economic outlook, investment strategy, or any other factors that affect implementation of the investment process, or the investment objective progress of the Trusts/Pools investment management.
4. Informing the Valley Schools Management Group regarding any qualitative change to investment management organization, including but not limited to changes in portfolio management personnel, ownership structure and investment philosophy.

Responsibility of the Custodian(s)

The Custodian will physically (or through agreement with a Sub-Custodian) maintain possession of securities owned by the Trusts/Pools, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trusts/Pools accounts.

GENERAL INVESTMENT PRINCIPLES

1. Investments of Valley Schools Management Group Account Assets shall be made solely in the interest of the Valley Schools Trusts/Pools.
2. The Account Assets shall be invested with the care, skill, prudence and diligence that a person acting in a fiduciary capacity would use in the investment of a fund of like character and aims.
3. Investments of the Account Assets shall be so diversified as to minimize the risk of principal loss, unless under the circumstances it is clearly prudent not to do so.
4. The Valley Schools Management Group may employ one or more Investment Managers of varying styles and philosophies to attain the Valley Schools Management Group objectives.
5. Investments of the Account Assets will serve as an operating reserve subject to the short, intermediate and long term liquidity requirements of the Valley Schools Management Group.
6. Cash is to be employed productively at all times, by investment in high quality short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital – Consistent with their respective investment styles and philosophies, Investment Managers should make reasonable efforts to balance the Valley Schools Management Group first priority of safety of principal while obtaining the highest possible total rate of return.
2. Maintain Liquidity – Appropriate liquidity will be maintained for short term operating needs as required. To minimize the possibility of principal loss occasioned by the sale of a security forced by the need to meet operating requirements, the Valley Schools Management Group will periodically provide an estimate of expected future cash flows and budgetary requirements. The Valley Schools Management Group will notify the Investment Manager(s) in a timely manner, to allow sufficient time to build up necessary liquid reserves.
3. Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Valley Schools Management Group recognizes that some risk is necessary to produce short-medium term investment results that are sufficient to meet the Valley Schools Management Group objectives. However, the Investment Managers are expected to make reasonable efforts to budget and control risk, and will be evaluated regularly to ensure that investment risk assumed is commensurate with the expected investment risk budget and objectives.

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4. Adherence to Investment Discipline – Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

SPECIFIC INVESTMENT OBJECTIVES

The goal(s) of the Trusts/Pools shall be to:

1. Performance Objective – Meet or exceed the benchmark(s) selected and agreed upon by the Valley Schools Management Group, on a consistent basis over time, net of all costs and fees.

<u>Trust/Pool</u>	<u>Market Index</u>
Valley Schools Insurance Trust	Barclays Aggregate Bond Market Index
Valley Schools Workers Compensation Pool	Barclays Aggregate Bond Market Index
Valley Schools Employees Benefit Trust-Long Term	Barclays Aggregate Bond Market Index
Valley Schools Employees Benefit Trust-Short Term	Merrill Lynch 1-3 Year Treasury Index

2. Risk Objective – The Valley Schools Management Group seeks to minimize the likelihood of experiencing a loss in absolute terms during any calendar year. Investments will be appropriately diversified and will exhibit an overall level of risk that is consistent with the risk associated with each Trust or Pool’s specified benchmark. Risk will be measured by the credit quality distribution, standard deviation of monthly returns and portfolio tracking error.

The Valley Schools Management Group requires that all of the Trusts/Pools assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Trusts/Pools, with minimal impact on market price.

FIXED INCOME INVESTMENT GUIDELINES

Investment Strategy	<ul style="list-style-type: none"> • The investment strategies for the Trusts/Pools portfolio’s are: Core Duration: Valley Schools Insurance Trust; Valley Schools Workers Compensation Pool and Valley Schools Employees Benefit Trust-Long Term Short Duration: Valley Schools Valley Schools Employees Benefit Trust-Short Term
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Eligible Investments	<ul style="list-style-type: none"> • Public or private debt obligations issued or guaranteed by U.S. or foreign issuers, including but not limited to corporations, governments (including their agencies, instrumentalities and sponsored entities), supranational entities, partnerships and trusts. Such obligations may be issued at fixed, variable, adjustable or zero coupon rates or convertible into equity securities • Preferred, hybrid, mortgage or asset-backed securities issued by any of the above-named entities • Common stock may only be held if it is acquired as a result of a financial restructuring, bankruptcy or from an exchange or conversion of a permissible security held in the portfolio • Derivatives specified under “Eligible Derivatives”
Minimum Credit Quality & Duration	<ul style="list-style-type: none"> • All investments rated investment grade (BBB- or higher by Standard and Poor’s, Baa3 or higher by Moody’s, or BBB- or higher by Fitch) as determined at the time of purchase • No more than 20% of the fixed income portfolio at time of purchase shall be invested in securities rated below A-/A3 • All investments at time of purchase will be National Association of Insurance Commissioners Level I or Level II as determined by the Securities Valuation Office • Average credit quality for the Trusts/Pools should be at least A+/A1 • The duration of the Trusts/Pools should not be greater than 125% of the Market Index • Sage may continue to hold securities that are downgraded in quality subsequent to their purchase if, in the opinion of Sage, it would be advantageous to do so, to a limit of 5% of the market value of the portfolio as determined at the time of the downgrade
Split Rated Securities	<ul style="list-style-type: none"> • If the ratings assigned to a security by Standard & Poor’s, Moody’s and/or Fitch are not the same, the lower rating of these rating agencies will be used.
Minimum U.S. Dollar	<ul style="list-style-type: none"> • All Securities must be denominated in U.S. Dollars
Issue Limitation	<ul style="list-style-type: none"> • No security, except securities issued or guaranteed by the

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09/09/09

	U.S. Government, its agencies, or instrumentalities or government sponsored entities will comprise more than 5% of the market value of the portfolio, as determined at the time of purchase
Industry Limitation	<ul style="list-style-type: none"> No industry, as defined by Bloomberg Industry Codes, except securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities or government sponsored entities will comprise more than 25% of the market value of the portfolio, as determined at the time of purchase
Eligible Derivatives	<ul style="list-style-type: none"> Structured notes, including credit and index linked notes
Guideline Cure Period	<ul style="list-style-type: none"> If any of the parameters described above are breached (except those that are to be determined at the time of purchase), as a result of market movements, capital additions or withdrawals or other events not within the control of Sage, Sage shall have a reasonable period of time, not to exceed three months, to bring the portfolio into compliance with the applicable investment guidelines
Conversion	<ul style="list-style-type: none"> Notwithstanding the foregoing, the portfolio may receive instruments not contemplated herein through the conversion, exchange, reorganization or bankruptcy of an otherwise permissible investment. Sage may hold or dispose of these investments at its discretion

Prohibited Transactions

1. Short Selling Transactions
2. Uncovered Mortgage Pass-Thru Security TBA Rolls
3. Margin Transactions and Economic Leverage

SELECTION OF INVESTMENT MANAGERS

A qualifying Investment Manager must be a registered and insured investment advisor under the Investment Advisors Act of 1940. The Valley Schools Management Group requires that each Investment Manager provide, in writing, acknowledgment of fiduciary responsibility to the Trusts/Pools.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Manager(s) shall be compiled at least quarterly and communicated to the Valley Schools Management Group for review. The investment performance of total portfolios will be measured against the specific benchmark designated in the Investment Manager's investment guidelines. Consideration shall be given to the extent to which the investment results are consistent with the investment goals and guidelines as set forth in this statement. The Valley Schools Management Group intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate an Investment Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment Managers will be required to provide to the Valley Schools Management Group the monthly and quarterly reports, including but not limited to:

1. A monthly performance statement for the portfolio (gross and net) and the benchmark.
2. A quarterly risk report, using the Investment Manager's risk system, showing the total risk of the portfolio relative to the investment benchmark.
3. A quarterly variance analysis, indicating sources of performance variances (differences between portfolio and benchmark returns), and an explanation of any material differences.
4. A quarterly review of portfolio and strategy performance including a market outlook.
5. An annual statement of compliance with investment guidelines.

Investment Managers will be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

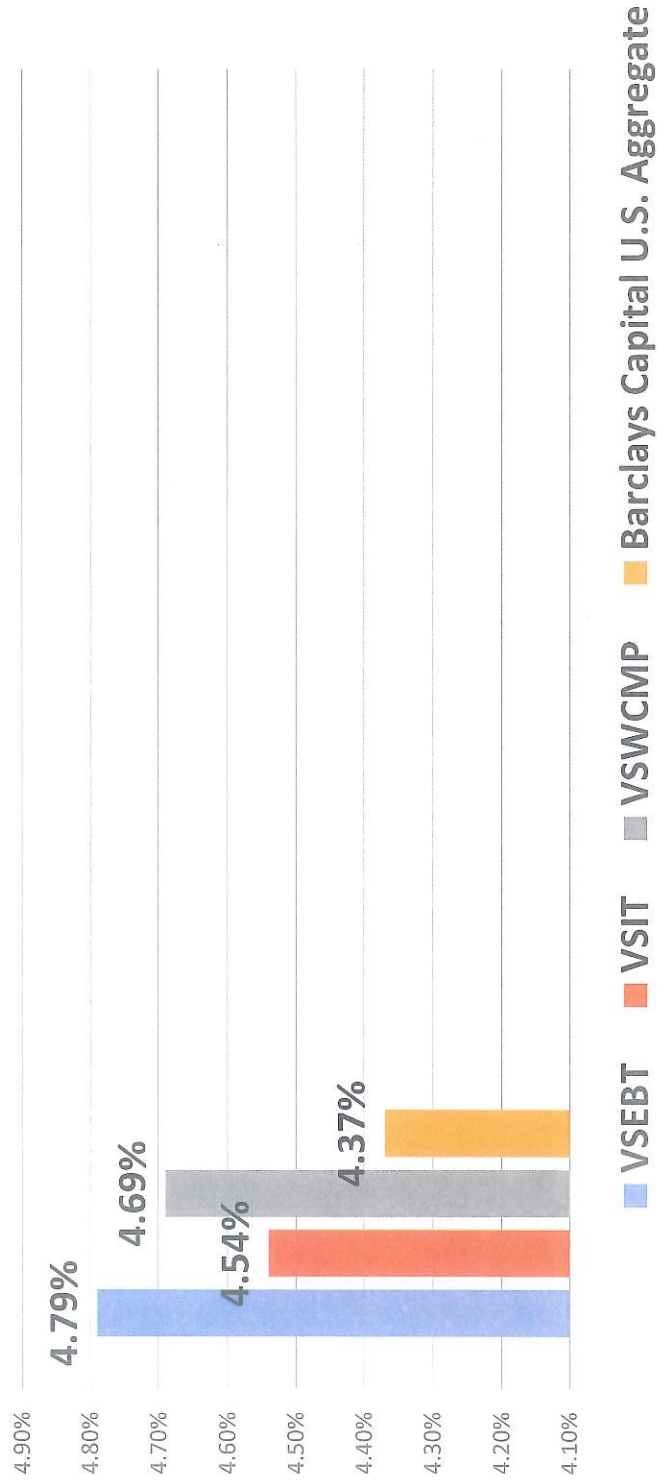
Investment Portfolio Reporting:

The Investment Manager(s) will provide daily electronic investment portfolio reporting via a secure method of communication. Daily portfolio reporting shall include individual security holdings priced daily, all daily security transactions and a review of all daily fund movements within the portfolio. All portfolio transactions and fund movements shall be reconciled at least monthly and preferably daily with the Trusts/Pools investment security custodian(s).



Investment Results

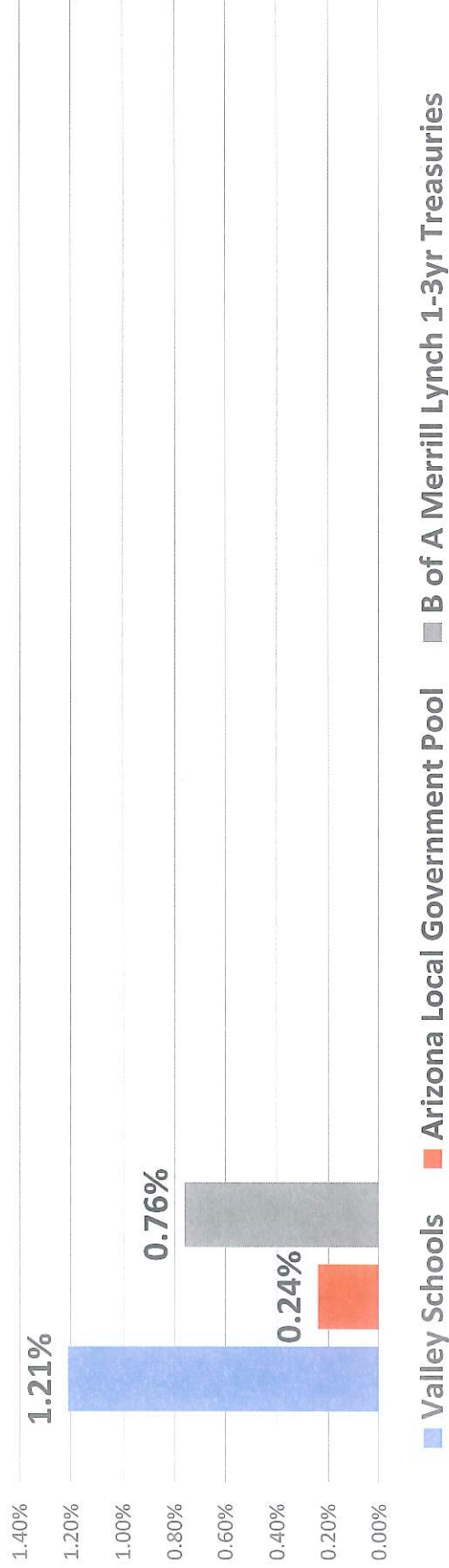
Valley Schools All Trust Long-Term Investment Results Year ending June 30, 2014





Investment Results

Valley Schools Short-Term Investment Results Year Ended June 30, 2014



**Valley Schools Employee Benefits Trust
Administration Cost
January 2015**

Purpose - to present the administrative cost to operate the Valley Schools Employee Benefits Trust (VSEBT).

Source - Dollar amounts are from the Valley Schools 2014-15 budget.

VSEBT Operating Expenses 158,656,000

**Valley Schools Management
Group Income from VSEBT** 3,175,000

**VSEBT Administrative Costs as a
Percent of Total VSEBT Expenses.** 2.00%

The \$3,175,000 paid to the Valley Schools Management Group represents the total cost to administer, manage and operate the VSEBT. Valley Schools Management Group pays for contracted services such as accounting, auditing, attorney's, benefits consulting, actuarial services, office expenses, computer & IT expenses, property & liability insurance and salaries and benefits for all employees.

5GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD
INFORMATIONAL AGENDA ITEM

Reports, presentations and other similar items are submitted to the Trust Board
as information and do not require action.

AGENDA NO: 5.e TOPIC: Wellness Program

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

Ms. Davita Solter, Wellness Specialist, will present the Trust Board with an update on the Wellness Program.

GLENDALE ELEMENTARY SCHOOL DISTRICT
TRUST BOARD

ACTION AGENDA ITEM

AGENDA NO: 6.a TOPIC: Approval of Minutes

SUBMITTED BY: Mike Barragan, Assistant Superintendent for Financial & Auxiliary Services

DATE ASSIGNED FOR CONSIDERATION: January 28, 2015

RECOMMENDATION:

The minutes of the November 19, 2014 Regular Meeting are submitted for approval.

The minutes of the November 19, 2014 meeting are attached.

MINUTES OF THE REGULAR TRUST BOARD MEETING
Glendale Elementary School District No. 40 of Maricopa County, Arizona
Executive Conference Room - 4:30 p.m.
November 19, 2014

Present:	<u>Board Members</u>	<u>Other Attendees</u>
	Mr. Lee Peterson	Mr. Mike Barragan
	Ms. Mary Ann Wilson	Mr. Rodney Petricek
	Ms. Bernadette Bolognini	Mr. Mike Saavedra
	Mr. Robert Gonzalo	
Absent:	Ms. Cathey Mayes	

Recorder: Josie Gardea

CALL TO ORDER

A quorum was acknowledged and the meeting was called to order at 4:35 pm

COMMENTS

None

APPROVAL OF AGENDA

Ms. Wilson moved to approve the Agenda as presented and Mr. Gonzalo seconded the motion. In a roll call vote, the motion carried.

BOARD AND STAFF INTRODUCTIONS

None

INFORMATIONAL ITEMS

Claims Experience Review – Medical

Mr. Barragan reported that the October figures were significantly better than last year. The revenues are greater and are where we want them to be. If these numbers hold up, the district will be in a better position than we were last year. The district's monthly loss ratio is 78% compared to 103% from last October.

Claims Experience Review – Dental

Mr. Barragan reported that in October 2014, the district incurred \$37,945 in dental expenses or \$8,467 less when compared to the previous year of \$46,412. Overall, the district spent \$116,516 year-to-date or \$76,746 less when compared to the previous year of \$193,262.

Financial Review

Mr. Barragan reviewed the July 31, 2015 report from Fester & Chapman. Discussion regarding the investments and how earning are generated ensued. Mr. Barragan will provide a report of what the investments are.

Staff Update

Valley Schools provided an information packet. Mr. Barragan will provide Trust Board members with an executive summary of the report.

Mr. Barragan spoke to a flyer regarding a Valley School's Information Session to be held December 10th from 9:30 - 11:30 am and asked that Board members inform Ms. Gardea if they would like to attend. He stated that a quorum would have to be posted if three Board members attended.

Mr. Barragan stated that renewal meetings with United Healthcare and Hays Company will begin in February.

ACTION ITEMS

Approval of Minutes

Ms. Wilson sought approval of the October 29, 2014, Regular Trust Board Meeting; Ms. Wilson moved to approve and seconded by Mr. Gonzalo. The motion passed unanimously.

ADJOURNMENT

Ms. Bolognini made a motion to adjourn; Mr. Gonzalo seconded and the motion passed. Meeting was adjourned at 5:12 p.m.