



SUSD SELF-INSURANCE TRUST BOARD MEETING JANUARY 20, 2022

SHANNON CROSIER, ADMINISTRATOR
SCOTTSDALE UNIFIED DISTRICT
7575 E. Main Street



**Thursday, January 20, 2022
Scottsdale USD Self-Insurance Trust Board**

**SELF-INSURANCE TRUST BOARD MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Ed. Center 7575 E. Main Street, Room Old Main, Scottsdale, Arizona 85251
3:00 PM**

PURSUANT TO A.R.S. Section 38-431.02, notice is hereby given to the general public that the Self Insurance Trust Board will hold a Special Meeting at 3:00 pm, Ed Center, 7575 E. Main Street, Room Old Main, Scottsdale, AZ 85251.

One or more members of the SUSD Self-Insurance Trust Board may participate in the meeting by telephonic communication. Persons with a disability may request reasonable accommodations by contacting Ms. Jill Olivas, Senior Executive Assistant to the Chief Financial Officer, at 480-484-6147. Accommodations should be requested two working days prior to the meeting to allow time for the District to arrange for the accommodation.

Due to the COVID-19 (aka Coronavirus) emergency, Center for Disease Control guidelines, and pursuant to guidance from the Arizona Attorney General regarding compliance with the Open Meeting Law during this national emergency (see opinion at: https://www.azag.gov/sites/default/files/2020-03/Covid-OML_202003131526.pdf): THIS MEETING WILL BE CONDUCTED ONLINE OR VIA TELEPHONE.

1. MEETING NOTICES

A. Please Note: PURSUANT TO A.R.S. §38-431.03(A)(3), THE SELF INSURANCE TRUST BOARD MAY VOTE TO CONVENE IN EXECUTIVE SESSION, WHICH WILL NOT BE OPEN TO THE PUBLIC, FOR DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE GOVERNING BOARD'S ATTORNEY ON AN ITEM THAT IS LISTED ON THIS AGENDA.

B. BOARD PACKET MATERIAL AVAILABLE TWENTY-FOUR (24) HOURS IN ADVANCE OF THE MEETING, AT THE SCOTTSDALE UNIFIED SCHOOL DISTRICT, ED CENTER, 7575 E. MAIN STREET, SCOTTSDALE, AZ 85251.

2. OPENING OF MEETING

A. Call to Order

B. Roll Call

3. BUSINESS OF THE MEETING

A. Approval of Minutes from October 28, 2021 Meeting - ACTION

B. Property/Casualty/Workers Comp Claims Report (ARRT) - INFORMATION

C. Medical Claims/Financial Reports - INFORMATION

D. Trust Financial Update - INFORMATION

E. Proposed Minimum and Maximum Balances for Self-Insurance Trust - INFORMATION

F. Future Agenda Items

G. Adjournment

NOTICE AND AGENDA:
SELF-INSURANCE TRUST BOARD MEETING SCOTTSDALE
UNIFIED SCHOOL DISTRICT NO. 48

Ed Center, Room - Old Main, 7575 E. Main, Scottsdale, AZ 85251
January 20, 2022 at 3:00 PM

PURSUANT TO A.R.S. §38-431.02, notice is hereby given to the general public that the Self Insurance Retention Trust Board will hold a Special Meeting on **Thursday, January 20, 2022, at 3:00 pm, Ed Center, 7575 E. Main Street, Room Old Main, Scottsdale, AZ 85251**. One or more members of the SUSD Self-Insurance Trust Board may participate in the **meeting in-person, by telephonic communication, video, or internet conferencing**. Persons with a disability may request reasonable accommodations by contacting Ms. Jill Olivas, Senior Executive Assistant to the Chief Financial Officer, at 480-484-6147. Accommodations should be requested two working days prior to the meeting to allow time for the District to arrange for the accommodation. **This meeting will be conducted ONLINE ONLY.**

- A. Call to Order
- B. Roll Call

INFORMATION/DISCUSSION AND POSSIBLE ACTION

- A. Approval of Trust Minutes from October 28, 2021 Meeting – Action
- B. Property/Casualty/Workers Comp Claims Report (ARRT) – Information
- C. Medical Claims/Financial Reports – Information
- D. SUSD Trust Financial Update – Information
- E. Proposed Minimum and Maximum Balances for Self-Insurance Trust - Information
- F. Future Agenda Items
- G. Adjournment

PURSUANT TO A.R.S. §38-431.03(A)(3), THE SELF INSURANCE TRUST BOARD MAY VOTE TO CONVENE IN EXECUTIVE SESSION, WHICH WILL NOT BE OPEN TO THE PUBLIC, FOR DISCUSSION OR CONSULTATION FOR LEGAL ADVICE WITH THE GOVERNING BOARD'S ATTORNEY ON AN ITEM THAT IS LISTED ON THIS AGENDA.

BOARD PACKET MATERIAL AVAILABLE TWENTY-FOUR (24) HOURS IN ADVANCE OF THE MEETING, AT THE SCOTTSDALE UNIFIED SCHOOL DISTRICT, ED CENTER, 7575 E. MAIN STREET, SCOTTSDALE, AZ 85251.

Date Posted: January 14, 2022

Action:

Approval of Self-Insurance Trust Meeting Minutes of October 28, 2021

Submitted by:

Shannon Crosier, Administrator

RECOMMENDATION:

It is recommended that the Self-Insurance Trust Board approve the Self-Insurance Trust Meeting Minutes of October 28, 2021.

BACKGROUND:

Minutes were taken at the October 28, 2021 Self-Insurance Trust Board meeting.

**MINUTES OF THE SELF-INSURANCE TRUST BOARD MEETING
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48
Ed Center, Room - Old Main, 7575 E. Main, Scottsdale, AZ 85251
October 28, 2021 at 3:00 PM**

The meeting was called to order at **3:10** pm on October 28, 2021.

- I. Call to Order – Ms. Shannon Crosier called the meeting to order.

Due to the COVID-19 (aka Coronavirus) emergency, Centers for Disease Control and Prevention guidelines, and pursuant to guidelines from the Arizona Attorney General regarding compliance with the Open Meeting Law during this national emergency, this meeting was conducted in person with masks, online, or via phone.

II. Roll Call-

Board Trustees in attendance were in-person with masks, telephonically and via Teams video, Patty Beckman, Governing Board Member (online), Shannon Crosier, Trust Board Administrator, Melinda Gulick, Trustee (Chairperson newly elected), Eloy Yndigoyen, Trustee, Valerie Shannon, Trustee.

- III. Introduction of Trustees, Staff, and Visitors – All were introduced for the first meeting of 2021-2022 school year. Visitors: Tanya Edwards, Jeremy Larson, Jennifer Sherman (Kairos), Kendra Callaghan (In for Ryan Cole), Tyler Tayrien (Wells Fargo - online).

INFORMATION/DISCUSSION AND POSSIBLE ACTION

A. Selection of Chairperson (Trust Document 3.4) – Action

The Board has chosen Melinda Gulick to serve as the Chairperson for the 2021-2022 school year.

Valerie Shannon Moved to Approve Melinda Gulick Chairperson for the Self-Insurance Trust 2021-2022. Eloy Yndigoyen Seconded the motion. The motion was approved with a vote of 5 – 0.

B. Approval of SUSD Self-Insurance Trust Minutes from June 17, 2021, meeting. - Action

No discussion of the Minutes.

Patty Beckman Moved to Approve the Scottsdale USD Self-Insurance Trust Meeting Minutes of June 17, 2021. Melinda Gulick Seconded the motion. The motion was approved with a vote of 5 – 0.

C. Property/Casualty/Workers Comp Claims Report (ARRT) – Information

Kendra Callaghan (filling in for Ryan Cole), from the Trust, presented Financial reports concerning Property/Casualty and Worker's Compensation.

21/22 Property and Liability Premium:	\$2,008,533
21/22 Workers' Compensation Premium:	\$927,441 (Est)
21/22 Health Benefits Premium:	\$16,051,022 (Est)

Trust Claims have been trending down since 2017/2018 through 09/30/2021.

- Total number of claims processed as of 9/30/2021: 14
- Total incurred as of 9/30/2021: \$73,323

Trust Loyalty Credit: District History

Year	Amount Earned
2020/2021	\$191,030
2019/2020	\$72,236
2018/2019	\$77,481
2017/2018	\$102,262
2016/2017	\$93,137
5-Year Total	\$536,146

Trust Loyalty Credit: 2021/2022

- Opportunity to earn 5% back
 - Tier 1: 2%
 - Tier 2: 3%
- Prerequisites:
 - Participate in core coverages
 - Membership for 3 consecutive years
 - Timely payment of annual contribution
 - Continued membership for 2022/2023
- Tier 1: 2%
 - 3-Year loss ratio of 80% or less
- Tier 2: 3%
 - Viewing of Vector Solutions, K12 edition by 20% of district's full-time equivalent employees
 - Attending transportation Leadership in Training
 - Submission of the district's emergency operations plan for review and follow-up
 - Attending one of the Risk Management Summit events
 - Conducting a cyber-phishing and training campaign
 - Providing proof of an air gap backup (to protect against ransomware)
 - Attending all the Trust property-related webinars
 - Participating in either the June 2021 or October 2021 Trust Leadership Academy

Alliance Rating Retrospective Plan

- Scottsdale joined retro plan effective July 1, 2019
- Designed for members with a higher appetite for risk
- Member pays for losses and various expenses (admin, excess insurance, tax, contribution to surplus)

Alliance Contribution History

Year	Rating Model	Contribution
2021/2022	Retrospectively Rated	*\$927,441
2020/2021	Retrospectively Rated	*\$648,060
2019/2020	Retrospectively Rated	*\$437,563
2018/2019	Guaranteed Cost	\$958,573
2017/2018	Guaranteed Cost	\$877,064
2016/2017	Guaranteed Cost	\$873,457

*Estimated contribution. Loss elements are adjusted for 5 years

Alliance Rating Retrospective Plan

- 2021/2022 Retrospective Rating Program Contribution
 - Incurred Losses* \$665,157
 - Unallocated Loss Adjustment Expense* \$112,559
 - Administrative Expense \$75,500
 - Excess Insurance and Tax Expense \$56,997
 - Contribution to Net Position \$17,228
 - **Total** **\$927,441**
 - *Loss rated at 90%
- 2021/2022 adjusted elements as of 09/30/2021:
 - Incurred Losses \$174,454 (budgeted \$665,157)
 - ULAE \$ 29,521 (budgeted \$112,559)
- Alliance staff will continue to provide quarterly updates on Scottsdale's performance.
- A final adjustment based on actual losses and payroll will be conducted in July 2022.

Prepaid Account/TIP Balances for the District as of 09/30/2021:

- Trust Prepaid Account Balance as of 09/30/2021= \$159,847
- Trust Investment Pool Balance as of 09/30/2021= \$ 40,638

D. Medical Claims/Financial Reports – Information – Tanya Edward presented an overview of Kairos, Trust and Alliance

Medical Claims/Financial Reports – Information – Jeremy Larson presented

Jeremy Larson presented financial and health reports from Kairos Health Arizona – High-Cost claimants Overview paid through August 2021.

- High-Cost Claims Total Top 1% = \$ 735,344
- High-Cost Claims Total 2-5% = \$ 476,428
- High-Cost Claims Total 6-10% = \$ 136,711
- High-Cost Claims Total 11-25% = \$ 139,410
- High-Cost Claims Total 26-50% = \$ 54,026
- High-Cost Claims Total 51-100% = \$ 592

Plan Participation:

- PPO = 26% Participants
- HDHP 1500 = 28% Participants
- HDHP 2800 = 39% Participants
- HDHP 5000 = 07% Participants

G. Trust Financial Update – Information

Shannon Crosier presented the Checking and Investments Accounts for Fiscal Year 2021 and 2022 as of September 30, 2021.

- Accounts are growing on average. Total in each of the three accounts are:
 - Medical - \$41,865,921.30
 - Property/Casualty - \$7,984,689.58
 - Workman's Comp - \$7,533,852.17
- Patty Beckman has asked for Shannon to explain these accounts in relation to minimum and maximum amounts. These funds are not flexible to be able to use for teacher salaries.
 - The Property/Casualty account was decided not to be funded for 20/21 or 21/22 to bring down the account totals. SUSD chose Property/Casualty because it is not a health insurance type situation.

Tyler Tayrien from Wells Fargo is presenting the Financial Market Investment Update. Three investment accounts as of 9/30/2021:

- Medical- 53 Securities/Accounts - 29.8 million (.87% Book Yield)
 - Unrealized Gains \$190,000 without accrued Interest.
 - Cash Flow \$17,854,000
- Property and Casualty – 13 Securities/Accounts - 7.8 million Portfolio Size (.72 Book Yield)
 - Unrealized Gains \$22,000 without accrued Interest.
 - Cash Flow \$4,546,000
- Worker's Compensation- 13 Securities/Accounts - 6.7 million (.58 Book Yield)
 - Unrealized Gains \$(2) without accrued Interest.
 - Cash Flow \$4,754,000

H. Future Agenda Items – No future items were added.

I. Adjournment

At 4:35 PM, Eloy Yndigoyen Moved to adjourn the meeting. Melinda Gulick seconded the motion.

The motion was approved with a vote of 4 – 0, Patti Beckman left around 4:00 pm.

Dated this 28th day of October 2021.

Information/Discussion:

Property/Casualty/Worker's Comp Claims Report (ARRT)

Submitted by:

Shannon Crosier, Administrator

BACKGROUND:

Financial reports and presentations concerning Property/Casualty and Worker's Compensation from The Trust – Ryan Cole

Scottsdale Unified School District Trust Board Meeting

Trust and Alliance

January 20, 2022



Note: Approval of membership in the three pools may be granted by the Scottsdale Governing Board.

Scottsdale USD Governing Board

Scottsdale USD Trust



**Property and liability coverage
A.R.S. 11-952.01(A)**

Coverages provided:

- General Liability
- Professional Liability
- Auto Liability
- Excess Liability
- Administrative Practices Liability
- Cyber Liability
- Auto Physical Damage
- All-Risk Property
- Commercial Crime
- Equipment Breakdown
- Storage Tank Liability
- Pre-Paid Legal Services
- Unemployment Insurance
- Pandemic Liability Coverage

21/22 premium: \$2,008,533



**Workers' compensation coverage
A.R.S. 11-952.01(B)**

Coverages provided:

- Workers' Compensation
- Employer's Liability

21/22 premium: \$927,441 (est)



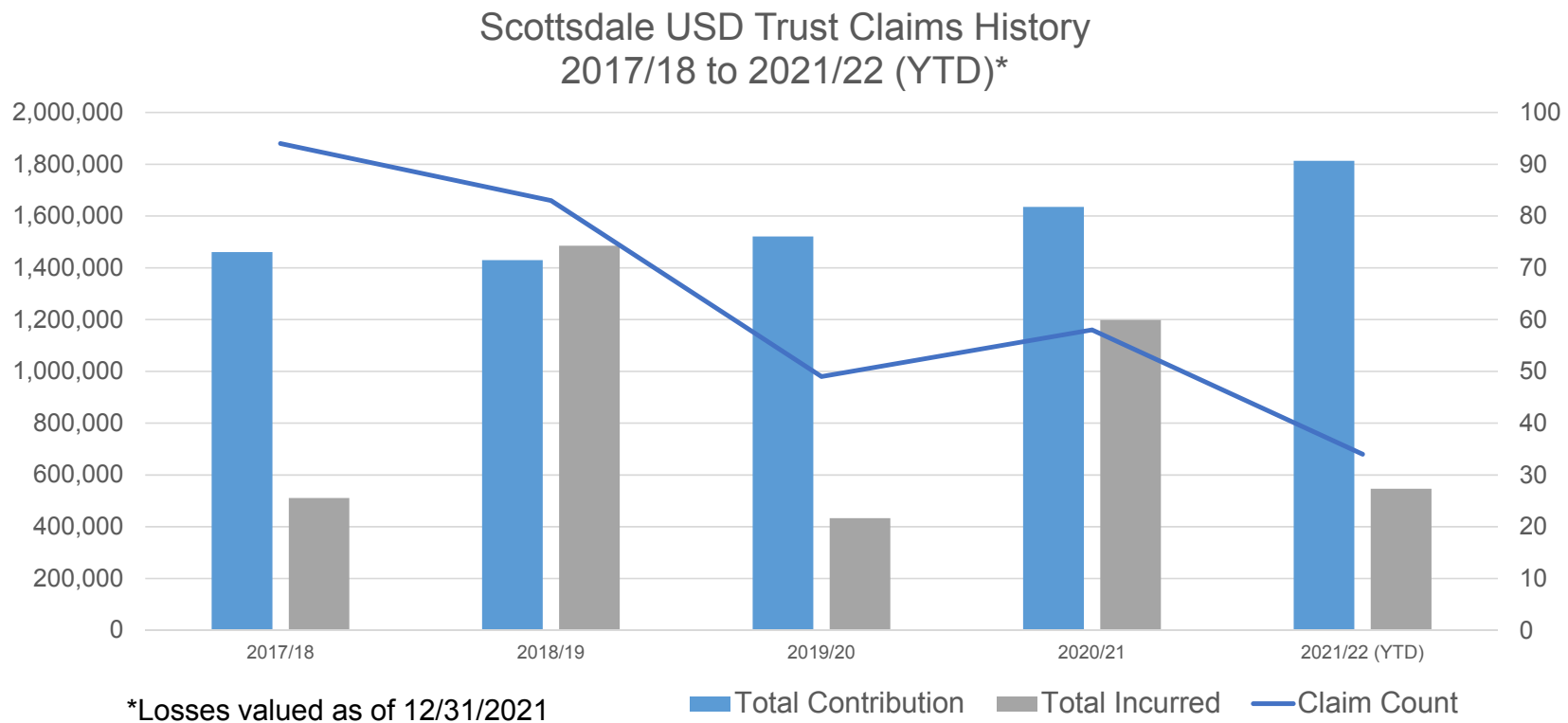
**Health benefits coverage
A.R.S. 11-952.01(C)**

Coverages provided:

- Medical/Pharmacy
- Health Savings Account
- Dental
- Vision
- Basic Life Insurance
- Voluntary Life Insurance
- Accidental Death Insurance
- Short Term Disability
- Accident Insurance
- Hospital Indemnity
- Critical Illness
- Legal Assistance
- Pet Insurance
- Employee Assistance Program
- Cobra Administration
- Flexible Spending Account

21/22 premium: \$16,051,022 (est)

Trust Claims

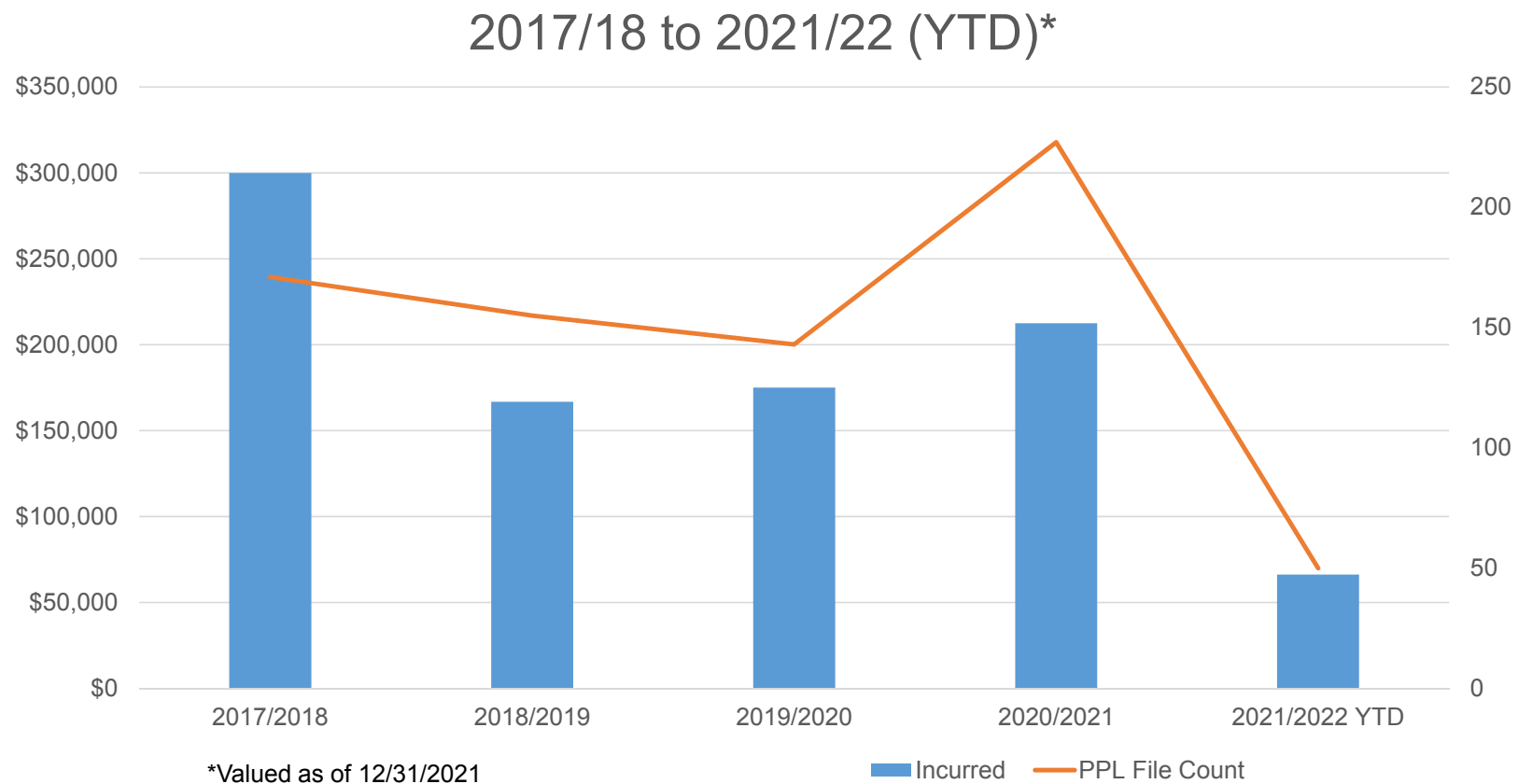


Trust Claims Summary for 2021/2022

- Total number of claims processed as of 12/31/2021: 34
- Total incurred as of 12/31/2021: \$547,126



Trust Pre-Paid Legal Overview



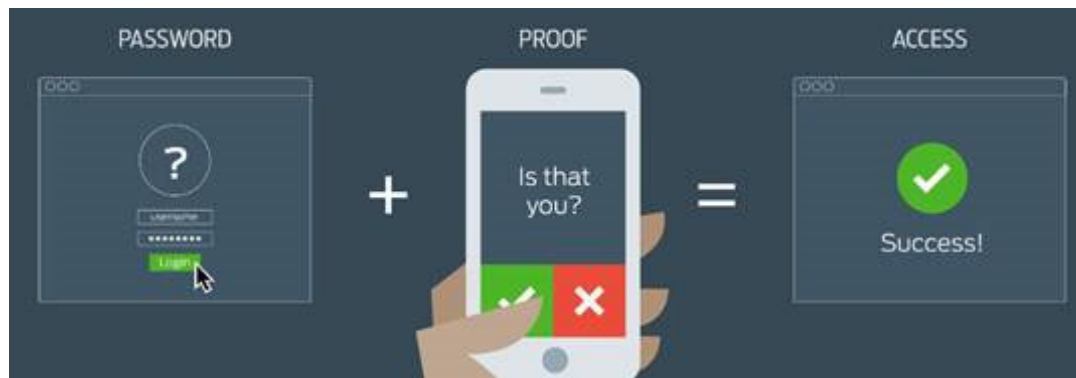
2022/2023 Renewal: Dates

- 11/1: Trust Values Collection released
- 12/17: Cyber Values Collection released
- 2/15: Alliance Values Collection released
- 3/15: 22/23 contribution estimates sent to members
- 6/30: 22/23 renewal forms due to the Trust



Cyber

- Cyber values collection
- Deductible condition requirements
 - Phishing campaigns
 - Air gap backup solution
- Multi-factor authentication



Alliance Rating Retrospective Plan

- Scottsdale joined retro plan effective July 1, 2019
- Designed for members with a higher appetite for risk
- Member pays for losses and various expenses (admin, excess insurance, tax, contribution to surplus)

Alliance Rating Retrospective Plan

2021/2022 retrospective rating program contribution

▪ Incurred Losses*	\$665,157
▪ Unallocated Loss Adjustment Expense*	\$112,559
▪ Administrative Expense	\$75,500
▪ Excess Insurance and Tax Expense	\$56,997
▪ Contribution to Net Position	<u>\$17,228</u>
▪ Total	\$927,441

*Loss rated at 90%



Alliance Rating Retrospective Plan

Rating Element	Estimate	Actual (as of 12/31/2021)
Incurred Losses & ALAE	665,157	437,119
ULAE	112,559	73,970
Admin Expense*	75,500	75,500
Excess Insurance & Tax Expense*	56,997	56,997
Contribution to Net Position*	17,228	17,228
Total	927,441	660,814

*Based on actual payroll, to be reported in July 2022.



Alliance Rating Retrospective Plan

- As of 12/31/2021, the district is trending at 71% of estimates.
- Alliance staff will continue to provide quarterly updates on Scottsdale's performance.
- A final adjustment based on actual losses and payroll will be conducted in July 2022.



Alliance Contribution History

Year	Rating Model	Contribution: Valued as of 12/31/2021	Retro Contribution: Original Estimate
2021/2022	Retrospectively Rated	660,814*	927,441
2020/2021	Retrospectively Rated	626,193*	860,358
2019/2020	Retrospectively Rated	408,788*	839,973
2018/2019	Guaranteed Cost	958,573	N/A
2017/2018	Guaranteed Cost	877,064	N/A
2016/2017	Guaranteed Cost	873,457	N/A

*Estimated contribution. Loss elements are adjusted for 5 years.



PPA/TIP Balances

- Trust Prepaid Account Balance as of 12/31/2021
 - \$138,907
- Trust Investment Pool Balance as of 12/31/2021
 - \$40,639



Upcoming Dates

Date	Training	Location	Keynote Speaker
January 28	Transportation: Train the Trainer and Director/Supervisor	Sunnyside USD	Stephanie Arbaugh, Trust transportation director
February 11	K-12 Risk Management Summit	Desert Willow Conf. Center (virtual available)	David Kaufman, former policy director of FEMA
February 24	Sexual Abuse & Molestation Prevention Summit	Virtual only	Dr. Karla Rhay, sexual misconduct awareness and prevention consultant
February 25	Transportation: Train the Trainer and Director/Supervisor	Phoenix ESD	Stephanie Arbaugh, Trust transportation director
March 25	Transportation: Train the Trainer and Director/Supervisor	Flagstaff USD	Stephanie Arbaugh, Trust transportation director



Contact Information

Jessica Schuler

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Information/Discussion:

Kairos Health of Arizona Report

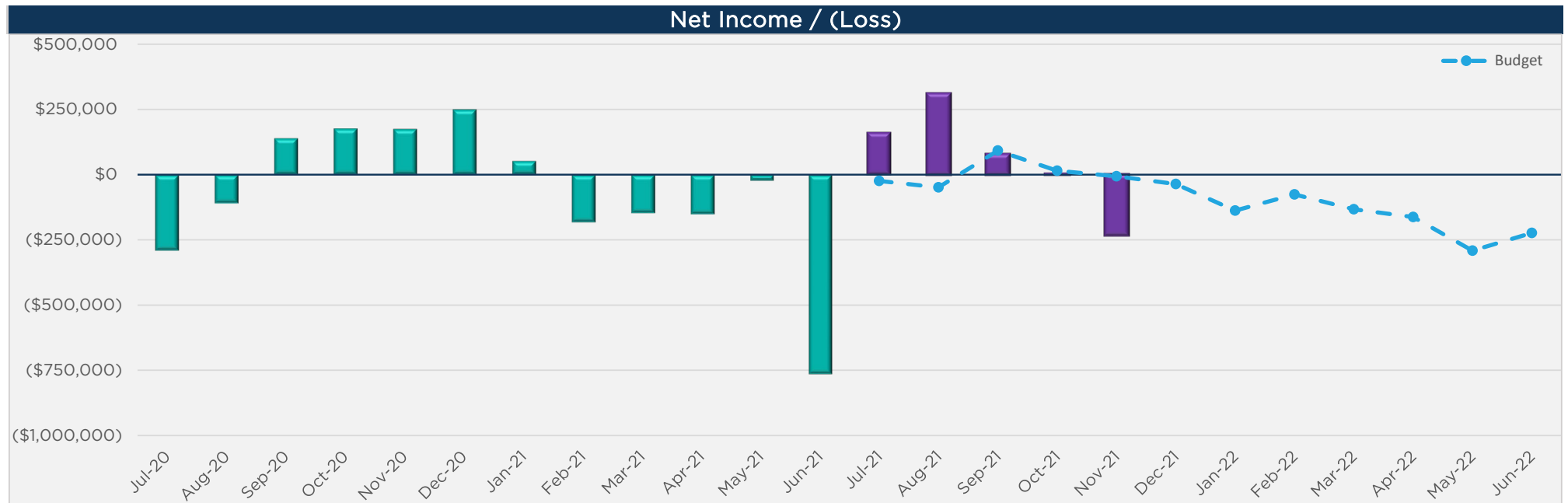
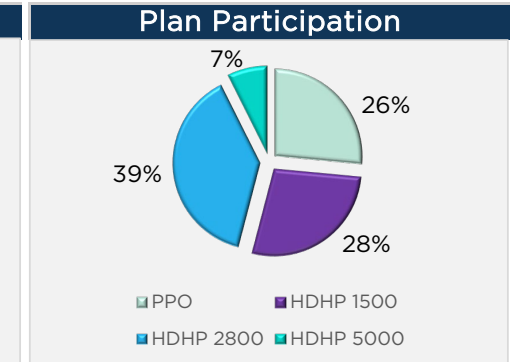
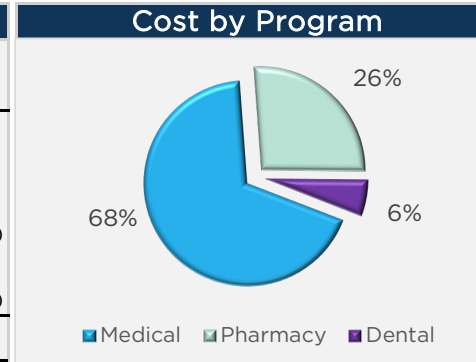
Submitted by:

Shannon Crosier, Administrator

BACKGROUND:

Presentation of financial and health reports from Kairos Health Arizona – Jeremy Larson

Financial Performance			
	YTD Actual	YTD Budget	Favorable/ (Unfavorable)
Gross Contributions	\$ 7,234,121	\$ 6,851,635	6%
Less: Cost of Excess Insurance	(382,059)	(383,498)	0%
Less: Cost of Ancillary Insurance	(506,920)	(531,723)	5%
Less: Loss Expense	(5,825,936)	(5,711,793)	(2%)
Less: Administration & Other	(193,282)	(196,510)	2%
Non-Operating Revenue (Loss) ⁴	(749)	-	(100%)
Net Income (Loss) ⁵	\$ 325,175	\$ 28,111	1057%



Loss Ratio ¹	Expense Ratio ²	Combined Ratio ³	YTD Increase in Net Position	Net Position	YTD Net Investment Income (Loss)	Employees	Lives
91.8%	3.1%	94.9%	\$325,175	\$1,171,054	(\$749)	1,875	2,620

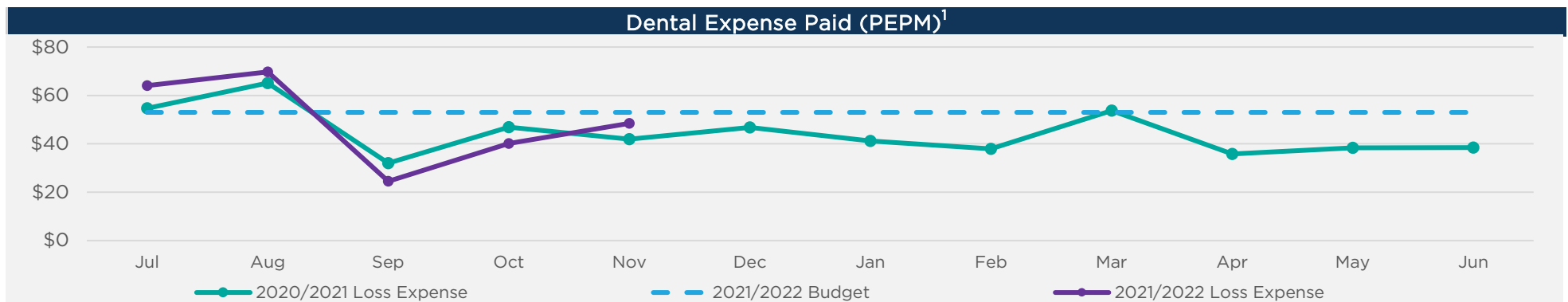
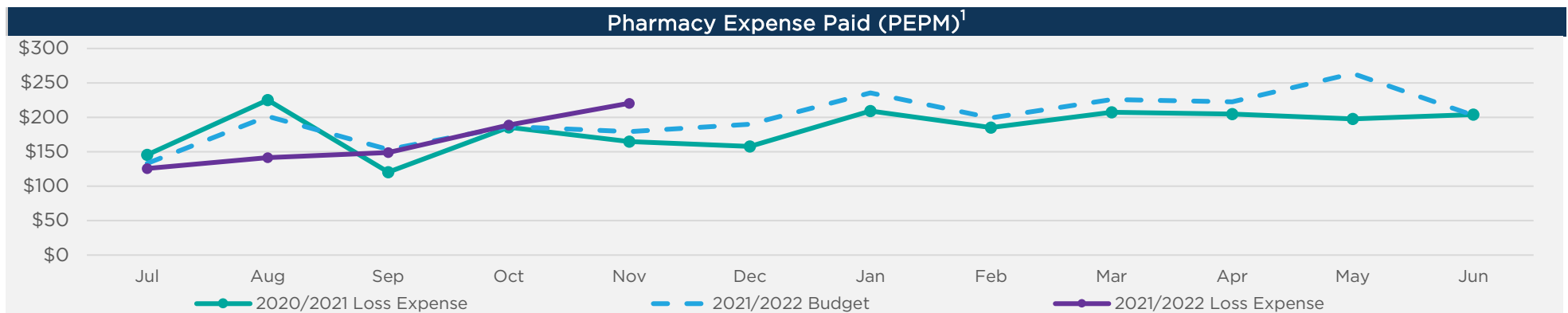
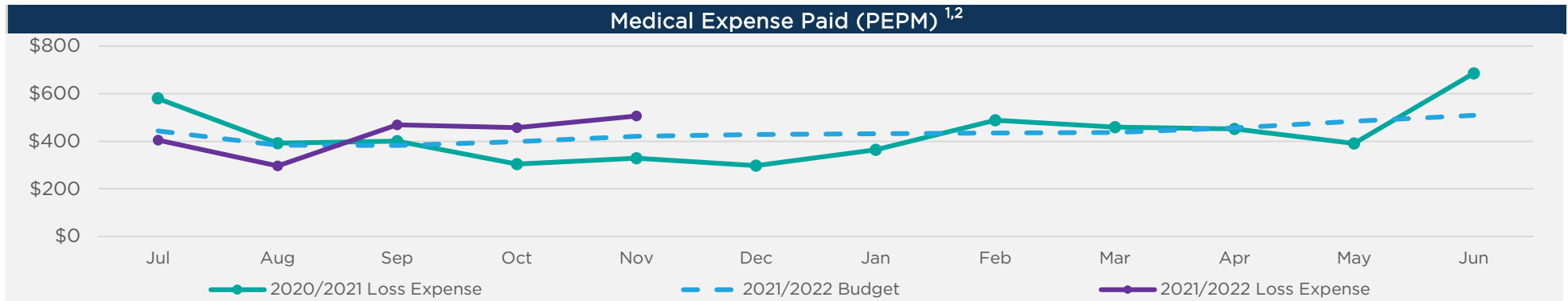
¹ Calculated as (net incurred losses) + (loss adjusted expense) / (net contributions).

² Calculated as (non-loss expenses) / (net contributions). If loss adjusted expense is added to the expense ratio, it would represent a 5% increase to the ratio.

³ Calculated as (loss ratio + expense ratio). Investment Income is not included in the calculation.

⁴ Kairos does not budget for Self-Funded investment income.

⁵ Due to Scottsdale USD holding a large medical trust balance, Scottsdale USD has strategically decided to limit annual rate increases to lower this trust balance.



¹ Loss expense and budget excludes IBNR and Rx rebates.

² Figures do not include stop loss recoveries.

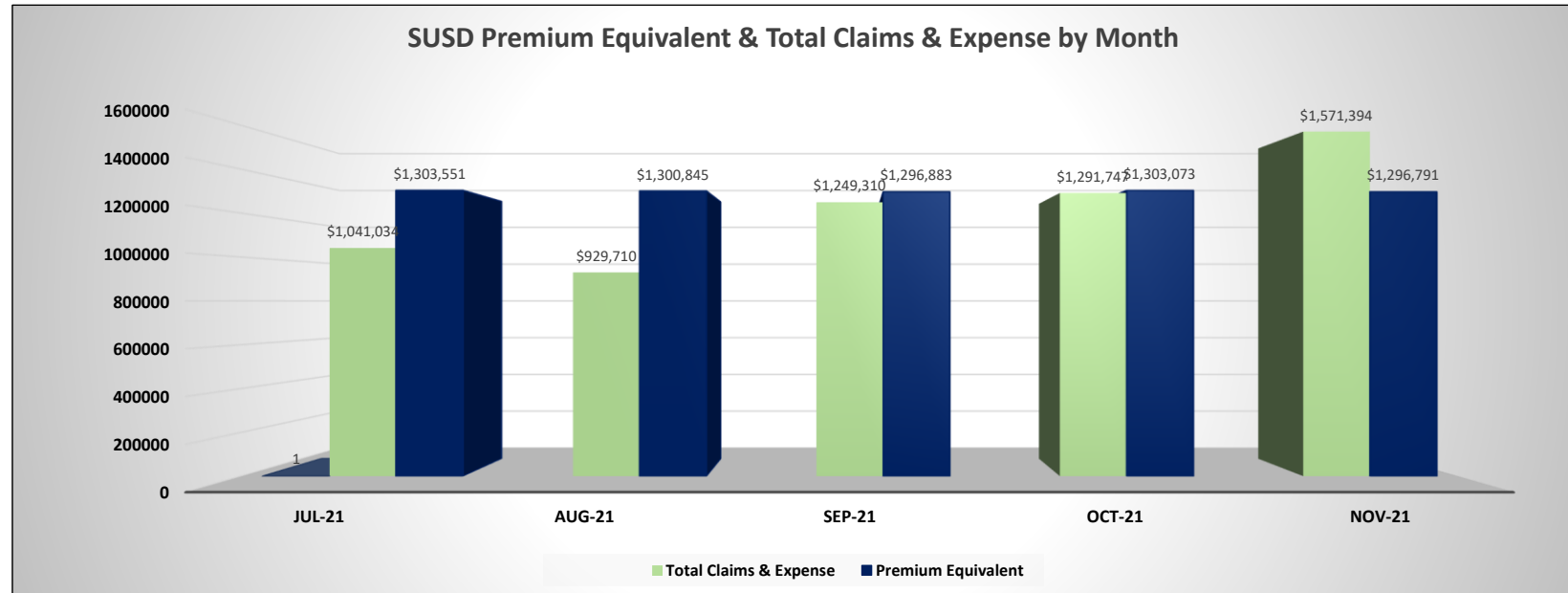
SCOTTSDALE UNIFIED SCHOOL DISTRICT
Paid Claims Report (July 2021 - November 2021)

Month	Employees	Members	Medical Claims	Pharmacy	Stop Loss Recovered 20-21	Stop Loss Recovered 21-22	Admin & Stop Loss Expense	Total Claims & Expense	Total Claims & Expenses PEPM	Premium Equivalent	Medical Expense Loss Ratio	Surplus / Loss
Jul-21	1,897	2,591	\$834,131	\$189,013	-\$108,832	\$0	\$126,722	\$1,041,034	\$548.78	\$1,303,551	79.9%	\$262,517
Aug-21	1,894	2,569	\$532,161	\$268,577	\$0	\$0	\$128,972	\$929,710	\$490.87	\$1,300,845	71.5%	\$371,135
Sep-21	1,923	2,691	\$751,781	\$361,095	\$0	\$0	\$136,434	\$1,249,310	\$649.67	\$1,296,883	96.3%	\$47,573
Oct-21	1,932	2,695	\$820,531	\$311,099	\$49,872	\$0	\$110,245	\$1,291,747	\$668.61	\$1,303,073	99.1%	\$11,326
Nov-21	1,922	2,684	\$953,856	\$448,119	\$0	\$0	\$169,419	\$1,571,394	\$817.58	\$1,296,791	121.2%	-\$274,603

Average/Total	1,914	2,646	\$3,892,460	\$1,577,903	-\$58,960	\$0	\$671,792	\$6,083,195	\$635.79	\$6,501,143	93.6%	\$417,948
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SCOTTSDALE UNIFIED SCHOOL DISTRICT

Paid Claims Report (July 2021 - November 2021)

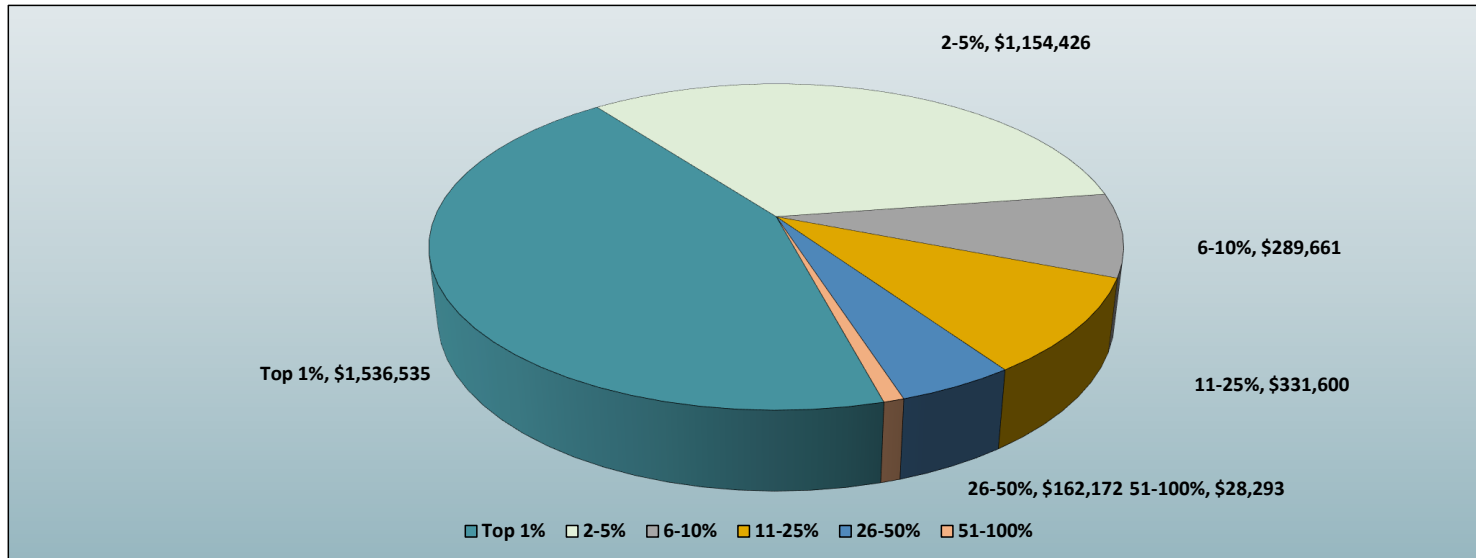


Large Claimant Report
Kairos Health AZ, Inc. - Scottsdale USD Claims Paid Through Month: November 2021
Large Claims Threshold: \$50,000
Current Policy Period - Claims Incurred 7/1/2021 - 6/30/2022

Rel Class	Gender	Age	Current Status	Highest Paid Diagnosis	MARA Risk Score	Medical Paid Amount	Pharmacy Paid Amount	Total Member Paid Amount
Employee	F	41	Active	Cancer	3.57	\$204,925.16	\$156.02	\$205,081.18
Employee	M	63	Active	Infections	28.76	\$1,191.43	\$172,723.80	\$173,915.23
Employee	F	68	Active	Cancer	37.11	\$97,829.96	\$55,208.93	\$153,038.89
Spouse	F	48	Active	Cancer	23.69	\$140,752.51	\$64.78	\$140,817.29
Dependent	M	4	Active	Neurological Disorders	97.17	\$2,838.67	\$129,608.50	\$132,447.17
Employee	F	58	Active	Cancer	30.67	\$112,892.53	\$1,768.54	\$114,661.07
Dependent	M	0	Active	Neurological Disorders	13.38	\$79,644.16	\$34,037.60	\$113,681.76
Employee	F	58	Active	Spine-related Disorders	2.49	\$82,712.17	\$4.90	\$82,717.07
Spouse	M	53	Active	Spine-related Disorders	2.83	\$81,445.09	\$47.40	\$81,492.49
Employee	M	63	Active	Neurological Disorders	3.62	\$76,757.06	\$3,185.25	\$79,942.31
Employee	F	57	Active	Gastrointestinal Disorders	20.42	\$77,610.03	\$1,226.05	\$78,836.08
Employee	F	60	Active	Gastrointestinal Disorders	10.43	\$63,636.53	\$145.96	\$63,782.49
Employee	M	58	Active	Gastrointestinal Disorders	8.80	\$1,308.62	\$59,224.37	\$60,532.99
Employee	M	50	Active	Spine-related Disorders	3.12	\$50,214.46	\$32.48	\$50,246.94
Employee	F	59	Active	Cardiac Disorders	1.98	\$48,909.14	\$1,294.72	\$50,203.86

SCOTTSDALE UNIFIED SCHOOL DISTRICT
High Cost Claimants Overview
Paid through November 2021

High Cost Claimant	Claimants	Claimants %	Paid	Paid %	Paid/Claimant
Top 1%	27	1.0%	\$1,536,535	43.9%	\$56,908.69
2-5%	107	4.0%	\$1,154,426	33.0%	\$10,789.03
6-10%	134	5.0%	\$289,661	8.3%	\$2,161.65
11-25%	403	15.0%	\$331,600	9.5%	\$822.83
26-50%	671	25.0%	\$162,172	4.6%	\$241.69
51-100%	1,342	50.0%	\$28,293	0.8%	\$21.08
Summary	2,697	100.0%	\$2,131,708	100.0%	\$790.40



Information:

Scottsdale Unified SD Trust Financial Update

Submitted by:

Shannon Crosier, Chief Financial Officer/ Trust Administrator

RECOMMENDATION:

Shannon Crosier, Chief Financial Officer/ Trust Administrator will present a review of the investment accounts for Fiscal Year 2021- 2022 (As of December 31, 2021). Wells Fargo will then follow up with a financial market forecast.

Self-Insurance Trust Balances
Fiscal Year 2021-2022
As of December 31, 2021

	Checking			
	Medical Insurance	Property/Casualty	Workmans Comp	Total
Beginning Balance (July 1, 2021)	\$ 2,050,845.18	\$ 189,738.80	\$ 1,547,117.99	\$ 3,787,701.97
Revenue YTD	\$ 14,721,272.80	\$ 1,600,000.00	\$ 415,089.08	\$ 16,736,361.88
Expenditures YTD	\$ 10,061,714.57	\$ 1,707,542.85	\$ 927,441.00	\$ 12,696,698.42
Ending Balance	\$ 6,710,403.41	\$ 82,195.95	\$ 1,034,766.07	\$ 7,827,365.43

	Investment Accounts			
	Medical Insurance	Property/Casualty	Workmans Comp	Total
Beginning Balance (July 1, 2021)	\$ 30,104,127.16	\$ 9,453,991.78	\$ 6,718,620.97	\$ 46,276,739.91
Deposits & Withdraws	\$ (210,478.32)	\$ (1,658,558.76)	\$ (53,074.42)	\$ (1,922,111.50)
Interest	\$ 137,036.08	\$ 43,747.72	\$ 28,562.36	\$ 209,346.16
Mutal Funds Dividends	\$ 141.74	\$ 127.93	\$ 133.69	\$ 403.36
Ending Balance	\$ 30,030,826.66	\$ 7,839,308.67	\$ 6,694,242.60	\$ 44,564,377.93

Total All Accounts	\$ 36,741,230.07	\$ 7,921,504.62	\$ 7,729,008.67	\$ 52,391,743.36
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Year-Over-Year Balance Change	\$ 4,586,257.73	\$ (1,722,225.96)	\$ (536,730.29)	\$ 2,327,301.48
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Scottsdale USD Medical

Analysis Date: 1/6/2022
Portfolio as of: 12/31/2021
Market Data as of: 12/31/2021

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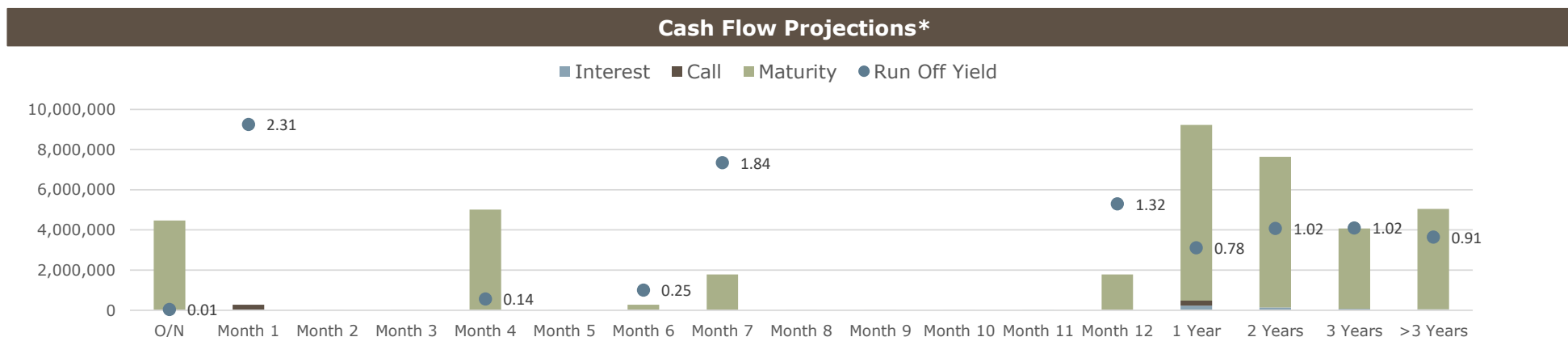
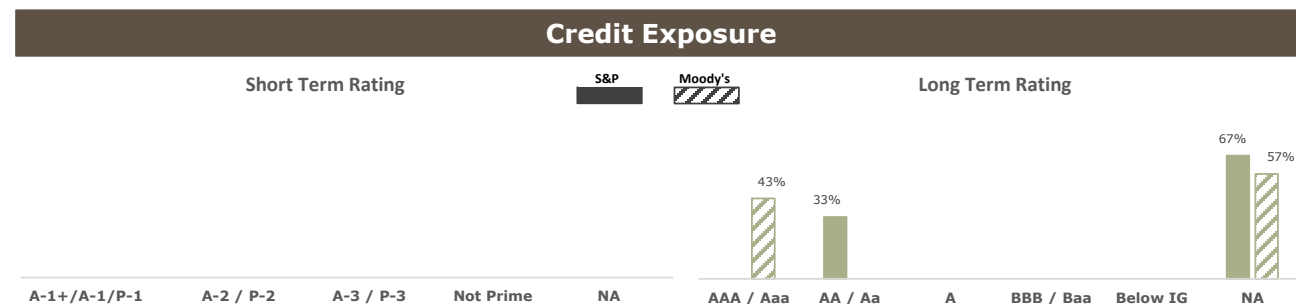
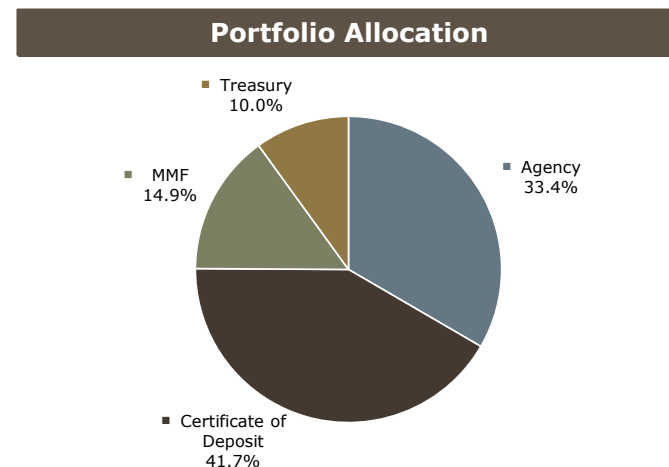
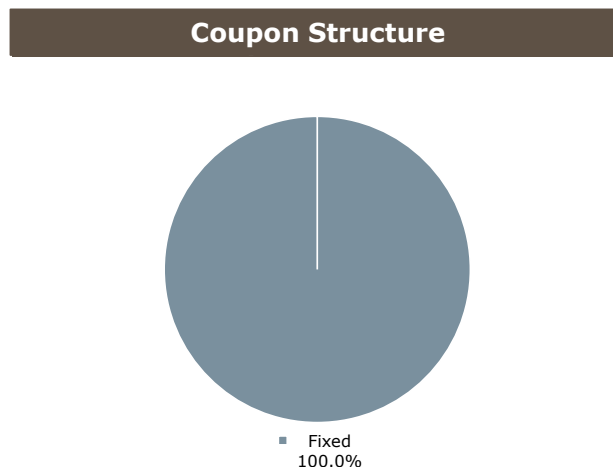


Portfolio Summary

Portfolio Snapshot	
Number of Positions	59
Par (\$000)	29,970
Book Value (\$000)	29,967
Mkt Value w/o Accrd (\$000)	30,031
Unrlzrd Gain / Loss (\$000)	64
Coupon	0.79

Characteristics	
Book Yield	0.79
Market Yield	0.53
Wgt Avg Maturity	1.5
Average Life	1.5
Effective Duration	1.4
Effective Convexity	(0.6)

12M Projected Cash Flow (\$000)	
Overnight Funds Principal	4,472
Overnight Funds Interest	0
Term Securities Principal	9,000
Term Securities Interest	227
Total Cash Flow	13,699



*Cash Flow Projections Chart - 1 Year Cash flow does not include O/N Cash Flow or Run Off Yield

Cash Flow Projections

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
O/N		1	0	4,471,907	0.01	4,471,909	4,471,909
	Jan-22	30,557	250,000	0	2.31	280,557	4,752,465
	Feb-22	12,818	0	0	0.00	12,818	4,765,283
	Mar-22	6,843	0	0	0.00	6,843	4,772,127
	Apr-22	12,031	0	5,000,000	0.14	5,012,031	9,784,158
	May-22	24,252	0	0	0.00	24,252	9,808,410
	Jun-22	28,906	0	250,000	0.25	278,906	10,087,315
	Jul-22	30,093	0	1,750,000	1.84	1,780,093	11,867,409
	Aug-22	12,818	0	0	0.00	12,818	11,880,227
	Sep-22	6,843	0	0	0.00	6,843	11,887,070
	Oct-22	8,531	0	0	0.00	8,531	11,895,601
	Nov-22	24,381	0	0	0.00	24,381	11,919,982
Year 1	Dec-22	28,594	0	1,750,000	1.32	1,778,594	13,698,576
	Jan-23	11,562	0	0	0.00	11,562	13,710,138
	Feb-23	10,662	0	0	0.00	10,662	13,720,800
	Mar-23	4,688	0	500,000	0.65	504,688	14,225,488
	Apr-23	6,031	0	0	0.00	6,031	14,231,519
	May-23	21,881	0	250,000	0.30	271,881	14,503,400
	Jun-23	25,906	0	2,000,000	1.87	2,025,906	16,529,306
	Jul-23	11,156	0	1,000,000	1.01	1,011,156	17,540,462
	Aug-23	10,173	0	1,500,000	0.61	1,510,173	19,050,634
	Sep-23	3,968	0	0	0.00	3,968	19,054,603
	Oct-23	5,843	0	1,000,000	0.56	1,005,843	20,060,446
	Nov-23	21,708	0	500,000	1.59	521,708	20,582,154
Year 2	Dec-23	4,093	0	750,000	0.20	754,093	21,336,247
	Jan-24	7,406	0	0	0.00	7,406	21,343,653
	Feb-24	6,218	0	1,000,000	0.91	1,006,218	22,349,871
	Mar-24	3,104	0	0	0.00	3,104	22,352,975
	Apr-24	3,104	0	0	0.00	3,104	22,356,079
	May-24	20,141	0	0	0.00	20,141	22,376,220
	Jun-24	3,093	0	1,249,000	0.40	1,252,093	23,628,313
	Jul-24	6,625	0	500,000	2.13	506,625	24,134,938
	Aug-24	2,760	0	0	0.00	2,760	24,137,698
	Sep-24	2,263	0	1,249,000	1.25	1,251,263	25,388,962
	Oct-24	750	0	0	0.00	750	25,389,712
	Nov-24	17,788	0	0	0.00	17,788	25,407,499
Year 3	Dec-24	750	0	0	0.00	750	25,408,249

Cash Flow Projections - Continued

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
	Jan-25	1,938	0	0	0.00	1,938	25,410,187
	Feb-25	1,250	0	500,000	0.35	501,250	25,911,437
	Mar-25	688	0	0	0.00	688	25,912,124
	Apr-25	688	0	0	0.00	688	25,912,812
	May-25	17,725	0	2,000,000	1.16	2,017,725	27,930,537
	Jun-25	688	0	0	0.00	688	27,931,224
	Jul-25	1,986	0	250,000	0.55	251,986	28,183,210
	Aug-25	573	0	0	0.00	573	28,183,783
	Sep-25	573	0	0	0.00	573	28,184,356
	Oct-25	573	0	0	0.00	573	28,184,929
	Nov-25	6,000	0	500,000	0.83	506,000	28,690,929
Year 4	Dec-25	417	0	250,000	0.75	250,417	28,941,345
	Jan-26	1,448	0	0	0.00	1,448	28,942,793
	Feb-26	260	0	0	0.00	260	28,943,054
	Mar-26	260	0	250,000	0.50	250,260	29,193,314
	Apr-26	156	0	0	0.00	156	29,193,470
	May-26	4,469	0	0	0.00	4,469	29,197,939
	Jun-26	156	0	0	0.00	156	29,198,095
	Jul-26	1,344	0	500,000	0.85	501,344	29,699,439
	Aug-26	0	0	0	0.00	0	29,699,439
	Sep-26	0	0	0	0.00	0	29,699,439
	Oct-26	0	0	0	0.00	0	29,699,439
	Nov-26	4,313	0	750,000	1.15	754,313	30,453,751
Year 5	Dec-26	0	0	0	0.00	0	30,453,751

Scottsdale USD Property & Casualty

Analysis Date: 1/6/2022
Portfolio as of: 12/31/2021
Market Data as of: 12/31/2021

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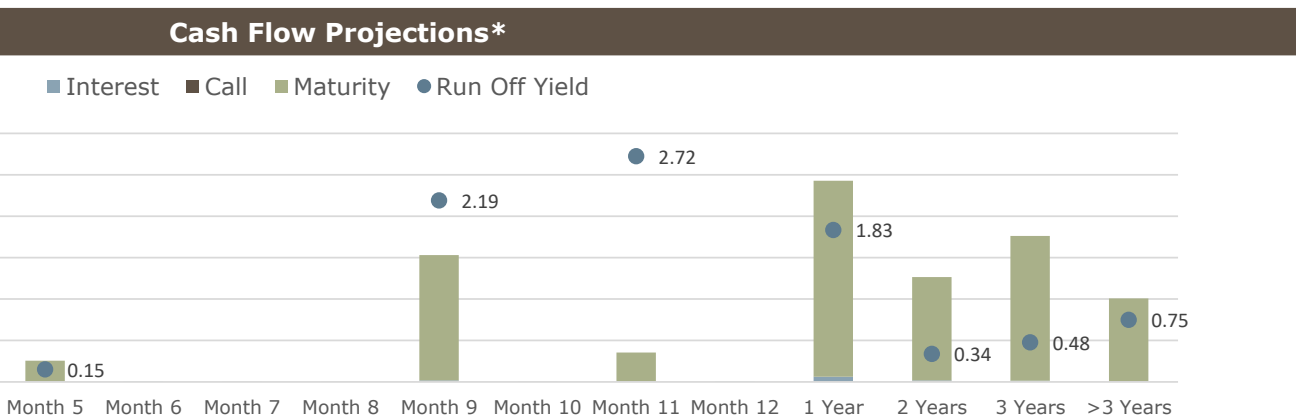
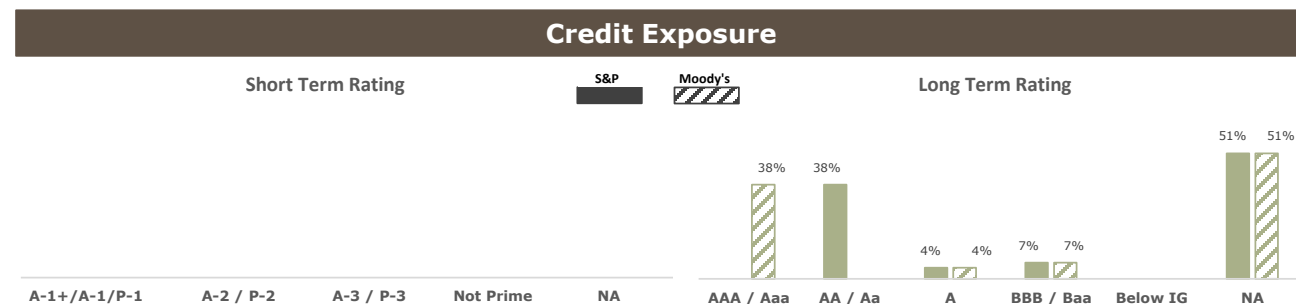
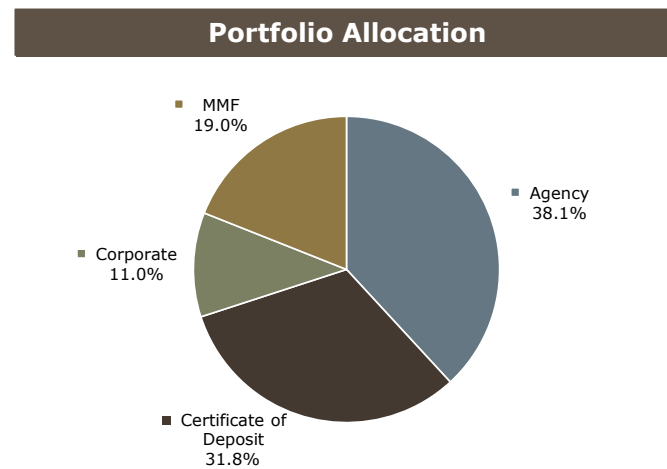
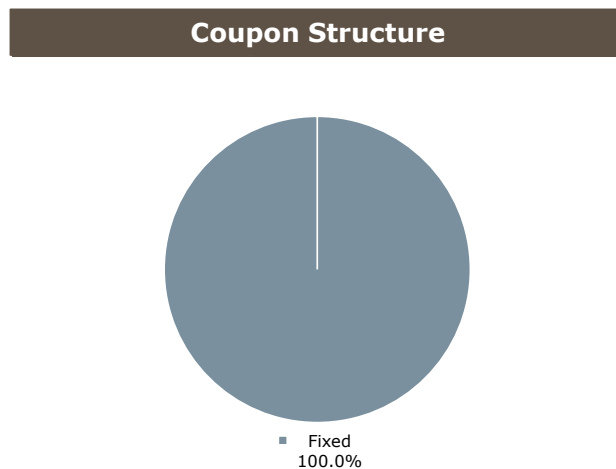


Portfolio Summary

Portfolio Snapshot	
Number of Positions	17
Par (\$000)	7,855
Book Value (\$000)	7,849
Mkt Value w/o Accrd (\$000)	7,839
Unrlzrd Gain / Loss (\$000)	(10)
Coupon	0.79

Characteristics	
Book Yield	0.82
Market Yield	0.53
Wgt Avg Maturity	1.5
Average Life	1.5
Effective Duration	1.5
Effective Convexity	0.0

12M Projected Cash Flow (\$000)	
Overnight Funds Principal	1,490
Overnight Funds Interest	0
Term Securities Principal	2,365
Term Securities Interest	62
Total Cash Flow	3,917



*Cash Flow Projections Chart - 1 Year Cash flow does not include O/N Cash Flow or Run Off Yield

Cash Flow Projections

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
O/N		0	0	1,490,481	0.01	1,490,481	1,490,481
	Jan-22	292	0	0	0.00	292	1,490,773
	Feb-22	2,233	0	250,000	0.12	252,233	1,743,005
	Mar-22	16,903	0	0	0.00	16,903	1,759,908
	Apr-22	1,717	0	0	0.00	1,717	1,761,625
	May-22	5,698	0	250,000	0.15	255,698	2,017,323
	Jun-22	4,042	0	0	0.00	4,042	2,021,364
	Jul-22	292	0	0	0.00	292	2,021,656
	Aug-22	2,154	0	0	0.00	2,154	2,023,810
	Sep-22	16,903	0	1,515,000	2.19	1,531,903	3,555,713
	Oct-22	1,717	0	0	0.00	1,717	3,557,430
	Nov-22	5,510	0	350,000	2.72	355,510	3,912,940
Year 1	Dec-22	4,042	0	0	0.00	4,042	3,916,982
	Jan-23	292	0	0	0.00	292	3,917,273
	Feb-23	2,154	0	250,000	0.30	252,154	4,169,428
	Mar-23	292	0	0	0.00	292	4,169,719
	Apr-23	1,717	0	0	0.00	1,717	4,171,436
	May-23	479	0	0	0.00	479	4,171,915
	Jun-23	4,042	0	0	0.00	4,042	4,175,957
	Jul-23	292	0	0	0.00	292	4,176,248
	Aug-23	1,778	0	1,000,000	0.35	1,001,778	5,178,026
	Sep-23	208	0	0	0.00	208	5,178,235
	Oct-23	1,633	0	0	0.00	1,633	5,179,868
	Nov-23	396	0	0	0.00	396	5,180,264
Year 2	Dec-23	3,958	0	0	0.00	3,958	5,184,222
	Jan-24	208	0	0	0.00	208	5,184,430
	Feb-24	896	0	0	0.00	896	5,185,326
	Mar-24	208	0	0	0.00	208	5,185,535
	Apr-24	1,633	0	0	0.00	1,633	5,187,168
	May-24	396	0	0	0.00	396	5,187,564
	Jun-24	3,958	0	0	0.00	3,958	5,191,522
	Jul-24	213	0	250,000	0.35	250,213	5,441,735
	Aug-24	828	0	750,000	0.35	750,828	6,192,563
	Sep-24	1,188	0	500,000	0.94	501,188	6,693,751
	Oct-24	0	0	0	0.00	0	6,693,751
	Nov-24	188	0	250,000	0.30	250,188	6,943,938
Year 3	Dec-24	3,750	0	0	0.00	3,750	6,947,688

Cash Flow Projections - Continued

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
	Jan-25	0	0	0	0.00	0	6,947,688
	Feb-25	0	0	0	0.00	0	6,947,688
	Mar-25	0	0	0	0.00	0	6,947,688
	Apr-25	0	0	0	0.00	0	6,947,688
	May-25	0	0	0	0.00	0	6,947,688
	Jun-25	3,750	0	0	0.00	3,750	6,951,438
	Jul-25	0	0	0	0.00	0	6,951,438
	Aug-25	0	0	0	0.00	0	6,951,438
	Sep-25	0	0	0	0.00	0	6,951,438
	Oct-25	0	0	0	0.00	0	6,951,438
	Nov-25	3,125	0	1,000,000	0.75	1,003,125	7,954,563
Year 4	Dec-25	0	0	0	0.00	0	7,954,563

Scottsdale USD Workers Compensation

Analysis Date: 1/6/2022
Portfolio as of: 12/31/2021
Market Data as of: 12/31/2021

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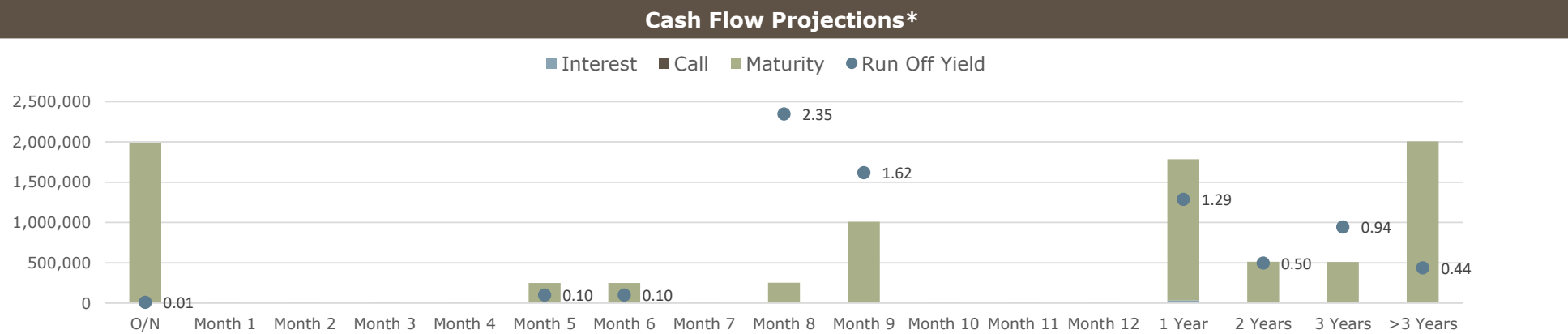
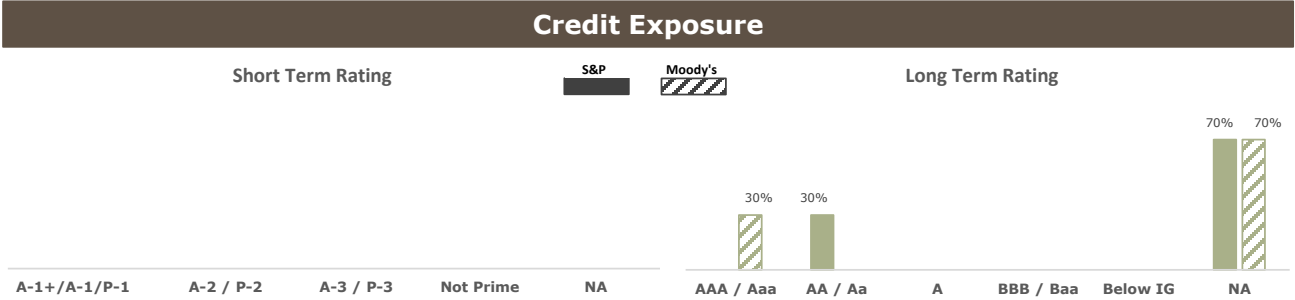
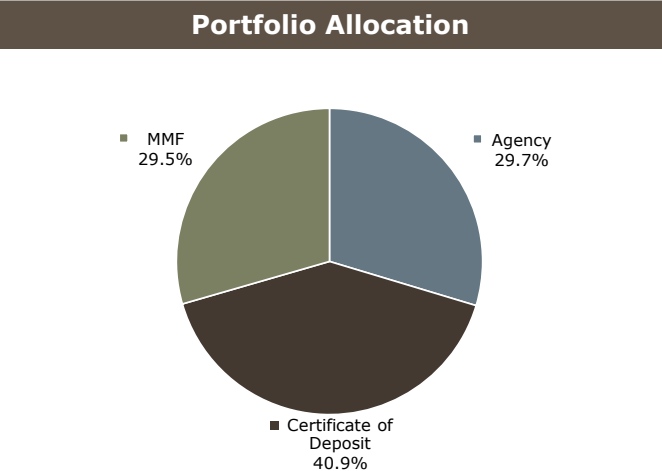
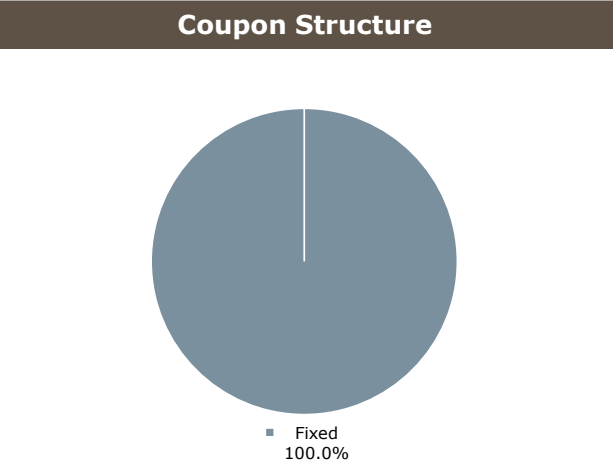


Portfolio Summary

Portfolio Snapshot	
Number of Positions	15
Par (\$000)	6,730
Book Value (\$000)	6,724
Mkt Value w/o Accrd (\$000)	6,694
Unrlzd Gain / Loss (\$000)	(30)
Coupon	0.55

Characteristics	
Book Yield	0.57
Market Yield	0.47
Wgt Avg Maturity	1.6
Average Life	1.6
Effective Duration	1.5
Effective Convexity	0.0

12M Projected Cash Flow (\$000)	
Overnight Funds Principal	1,982
Overnight Funds Interest	0
Term Securities Principal	1,748
Term Securities Interest	36
Total Cash Flow	3,766



*Cash Flow Projections Chart - 1 Year Cash flow does not include O/N Cash Flow or Run Off Yield

Cash Flow Projections

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
O/N		1	0	1,982,030	0.01	1,982,030	1,982,030
	Jan-22	635	0	0	0.00	635	1,982,666
	Feb-22	4,912	0	0	0.00	4,912	1,987,578
	Mar-22	9,135	0	0	0.00	9,135	1,996,713
	Apr-22	2,060	0	0	0.00	2,060	1,998,774
	May-22	761	0	250,000	0.10	250,761	2,249,535
	Jun-22	781	0	250,000	0.10	250,781	2,500,316
	Jul-22	635	0	0	0.00	635	2,500,951
	Aug-22	4,912	0	248,000	2.35	252,912	2,753,863
	Sep-22	9,135	0	1,000,000	1.62	1,009,135	3,762,999
	Oct-22	2,060	0	0	0.00	2,060	3,765,059
	Nov-22	635	0	0	0.00	635	3,765,695
Year 1	Dec-22	635	0	0	0.00	635	3,766,330
	Jan-23	635	0	0	0.00	635	3,766,965
	Feb-23	1,998	0	0	0.00	1,998	3,768,963
	Mar-23	635	0	0	0.00	635	3,769,599
	Apr-23	2,060	0	0	0.00	2,060	3,771,659
	May-23	635	0	0	0.00	635	3,772,295
	Jun-23	635	0	0	0.00	635	3,772,930
	Jul-23	635	0	0	0.00	635	3,773,565
	Aug-23	1,998	0	500,000	0.50	501,998	4,275,563
	Sep-23	635	0	0	0.00	635	4,276,199
	Oct-23	2,060	0	0	0.00	2,060	4,278,259
	Nov-23	635	0	0	0.00	635	4,278,895
Year 2	Dec-23	635	0	0	0.00	635	4,279,530
	Jan-24	635	0	0	0.00	635	4,280,165
	Feb-24	1,198	0	0	0.00	1,198	4,281,363
	Mar-24	635	0	0	0.00	635	4,281,999
	Apr-24	2,060	0	0	0.00	2,060	4,284,059
	May-24	635	0	0	0.00	635	4,284,695
	Jun-24	635	0	0	0.00	635	4,285,330
	Jul-24	635	0	0	0.00	635	4,285,965
	Aug-24	1,198	0	0	0.00	1,198	4,287,163
	Sep-24	1,823	0	500,000	0.94	501,823	4,788,986
	Oct-24	635	0	0	0.00	635	4,789,622
	Nov-24	635	0	0	0.00	635	4,790,257
Year 3	Dec-24	635	0	0	0.00	635	4,790,893

Cash Flow Projections - Continued

Time Period	Date	Interest (\$)	Call (\$)	Maturity (\$)	Run Off Yield (%)	Monthly Total (\$)	Cumulative Total (\$)
	Jan-25	635	0	0	0.00	635	4,791,528
	Feb-25	1,198	0	0	0.00	1,198	4,792,726
	Mar-25	635	0	0	0.00	635	4,793,361
	Apr-25	635	0	0	0.00	635	4,793,997
	May-25	635	0	0	0.00	635	4,794,632
	Jun-25	635	0	0	0.00	635	4,795,268
	Jul-25	635	0	250,000	0.40	250,635	5,045,903
	Aug-25	1,115	0	1,750,000	0.44	1,751,115	6,797,018
	Sep-25	0	0	0	0.00	0	6,797,018
	Oct-25	0	0	0	0.00	0	6,797,018
	Nov-25	0	0	0	0.00	0	6,797,018
Year 4	Dec-25	0	0	0	0.00	0	6,797,018

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Assumptions

1. Calculation engine is ZM for all asset classes except for Money Market Funds. Money Market Fund information is provided by Crane Data.
2. Money Market Funds assume a book price of par (\$100.00).
3. All data provided by Bloomberg LLC., IDC Pricing Service, Crane Data and Wells Fargo Securities.
4. Cash flows are generated by Yield Book, Intex, Bloomberg or ZM depending on sector and structure:
 - **ZM** – Non-prepay bullet structures including municipals, corporates, agencies, SSA, treasuries, CDs and commercial paper.
 - **Yield Book** – Mortgage products, including MBS passthroughs, CMOs, ARMs, agency CMBS and floating rate structures.
 - **Intex** – Structured products, including ABS, CLOs and non-agency RMBS and CMBS.
 - Analysis assumes all scheduled and unscheduled principal cash flows provided directly by Third Party systems (Yield Book) flow into the Maturity bucket on the Cash Flow Projections page.
5. Ratings data are provided by Moody's, S&P and Fitch. Aggregate ratings are based on a proprietary scale.
6. Projected Call Report - Assumes OAS is held constant with market price based yield-to-worst call logic. Sorted by projected calls in the base case scenario. Base Case scenario assumes no rate changes.
7. Client provided market prices are used for the analysis. In the absence of client market data, BVAL and/or IDC pricing is used.
8. Historical Analysis is a combination of previously run Bond Edge Reports and ZM Financial. This page will be updated over time as reports are requested.
9. Yield on tax-exempt municipals are calculated using a 21% tax rate or as directed by client.
10. 12 Month Horizon Analysis assumes 12 month horizon with a reinvestment rate of 1M LIBOR. Rate shocks are gradual over the horizon and parallel shifts to the curve.
11. Prepayment, default and severity assumptions used:
 - Bonds run through Yield Book – Yield Book Long Term Projected CPR
 - GN CMBS – 15 CPJ
 - FN/FH CMBS – 0 CPY
 - Conduit CMBS – 0 CPY, CDR and SEV
 - ABS Student – 6 CPR
 - ABS Card – Historical MPR
 - ABS Auto – 1.3 ABS
 - SBAs & NGNs – 10 CPR
 - Non-agency CMOs – Yield Book if available otherwise 6mo historical VPR, CDR and SEV taken from Bloomberg.
12. Money Market Fund Profiles
 - AUM Flows: Total fund MoM flows
 - Share Class: Total share class MoM flows
13. Yield Curve Shock Scenarios: instantaneous rate shocks to the static curve held constant over the life of the securities, utilizing Intex for structured products (when applicable) and Yield Book for other amortizing securities.
 - Standard scenarios: parallel shifts of -100,-50,-25,0,+25,+50,+100,+200,+300, Bear Flat, Bull Steep, Bull Flat, Bear Steep.
 - Customized scenarios at the request of client or as determined by WFS Portfolio Strategy

Accuracy of Information

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SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

Information/ Discussion:

Proposed Minimum and Maximum Account Balances for Self-Insurance Trust

Submitted by:

Shannon Crosier, Administrator

BACKGROUND:

Shannon Crosier will present information concerning the minimum and maximum account balances for Self-Insurance Trust.

Proposed Minimum and Maximum Balances for Self-Insurance Trust

Medical Insurance Account:

- Current Balance: \$36,539,755.63
- Review of estimated Medical and Pharmacy for next 10 years based on 7.0% yearly inflation. Estimated average cost of \$17,838,721. Current rate \$13,815,006.
- Kairos recommendation was 1/3 of losses for the year. This amount fluctuates by year, 10 year estimated average is \$6,939,316.
- Chandler Unified is working toward 1 year of premiums.
- Considerations: Medical is Self-Insured, so District is responsible for all medical and pharmacy costs.
- **Recommendation: Minimum Balance \$15,000,000. Maximum Balance 1.5 times yearly premium.**

Property/Casualty Account:

- Current Balance: \$9,649,737
- Rate for Fiscal Year 2021-2022 is \$2,013,533
- No contribution from the District for Fiscal Year 2021-2022 or 2022-2023
- **Recommendation: Minimum Balance 1 Year premiums (approximately \$2,000,000). Maximum Balance 2 Years premiums (approximately \$4,000,000)**

Workers Compensation:

- Current Balance: 8,139,845.05
- Rate for Fiscal Year 2021-2022 is \$927,441
- **Recommendation: Minimum Balance 1 Year premiums (approximately \$1,000,000). Maximum Balance 2 Years premiums (approximately \$2,000,000).**