



**ST. LOUIS AREA INSURANCE TRUST
BOARD OF DIRECTORS' MEETING**

MINUTES

January 5, 2023

- I. A meeting of the Board of Directors of the St. Louis Area Insurance Trust was held on Thursday, January 5, 2023, at the Brentwood Community Center. The meeting was called to order at 10:05 a.m. by Chairperson, Bola Akande.

Attendance was as follows:

<u>Board Member</u>	<u>Attending</u>	<u>City</u>
Eric Sterman	Y	City of Ballwin
Bola Akande	Y	City of Brentwood
Mike Geisel	Y	City of Chesterfield
Mark Perkins	Y	City of Creve Coeur
Doug Harms	Y	City of Des Peres
Robert Shelton	Y	City of Town & Country
Matt Zimmerman	Y	City of Hazelwood
Amy Hamilton	Y	City of Richmond Heights
Barbara Sondag	N	City of Olivette
Matt Conley	Y	City of St. Ann
Gregory Rose	Y	City of University City
Kevin Bookout	Y	City of Bridgeton
Steve Wicker	Y	Steve Wicker, LLC
Becky Redfering	Y	Thomas McGee Group
Mike Hanson	Y	Daniel and Henry Company
John Charpie	Y	Thomas McGee Group
Jeff Cox	Y	Thomas McGee Group
Ben Fuchs	Y	Thomas McGee Group
Martin Buckley	Y	Buckley & Buckley, LLC



II. Approval of Minutes from September 1, 2022 Meeting

Bola Akande asked for any additions or corrections to the Minutes from the September 1, 2022 Board Meeting. There being none, a motion was made by Gregory Rose and seconded by Matt Zimmerman to approve the Minutes of the September 1, 2022 meeting as presented. The motion passed.

III. Financial Audit for Year Ended June 30, 2022

Victor Hieken & Victoria DeBeir from UHY were in attendance to present the financial audit. Victor noted that the audited financial statement includes the results of the payroll audits, so they will differ slightly from the unaudited statements. The current year included \$1.6 million in prepaid expenses, while last year's audited statement included \$0. This is simply a timing issue relative to the payment of excess insurance premiums. Victor also pointed out that the excess receivable was approximately \$2 million vs \$648k last year. The fund balance increased to \$4.5 million from \$943k last year.

Victor noted that there were no changes in policies from the previous year. He finally pointed out that there were no restricted assets this year as opposed to \$1 million last year. The reason for this development was the inclusion of aggregate insurance on the excess worker compensation policy.

There were no questions. Matt Zimmerman made the motion to approve the audit as presented and Mike Geisel seconded the motion. The motion passed

IV. Closed Session

Matt Zimmerman made a motion to go into closed session for the purpose of consulting with legal counsel and Mike Geisel seconded the motion. A roll call vote was taken: Eric Serman – Yes, Mike Geisel – Yes, Mark Perkins – Yes, Doug Harms – Yes, Bob Shelton – Yes, Matt Zimmerman – Yes, Amy Hamilton – Yes, Matt Conley, - Yes, Gregory Rose – Yes, Kevin Bookout – Yes, Bola Akande – Yes. The Board proceeded into closed session.

V. Financial Report

A. Review of Financial Statement as of 9/30/22

Jeff Cox reviewed the statement and noted there was an increase in fund balance from \$5.3 million to \$5.5 million from 6/30/22 to 9/30/22. The fund balance at 9/30/21 was



\$1.8 million. The excess reinsurance receivables increased from \$12 million to \$27 million due to increasing reserves in the class actions claims and a more than \$8.5 million increase in one large workers compensation claim. Jeff also noted that valuations in the bond portfolio were less this year than last as the rising interest rates have a negative impact on them.

A motion to approve the financial statement was made by Amy Hamilton and seconded by Mark Perkins. The motion passed.

B. Approval of Bills

John Charpie presented the bills for approval and noted bills were since the September meeting. Most bills were typical monthly or quarterly installments, but there were also payroll audit return premium payments included. A motion to approve the invoices as listed was made by Gregory Rose and seconded by Mike Geisel. The motion passed.

C. Payroll Audit Results

John Charpie reported that all but one member payroll audit was complete. The combined audit resulted in additional premium of \$117,512. The checks for return premiums are scheduled to go out the week of January 9th.

VI. Claims Administration Report

John Charpie informed that the number of large workers compensation claims continues to decrease. There are currently 43 open claims with an incurred value of \$100,000 or greater, while at the same time last year there were 55 claims with the same criteria. There are 2 new large claims that were reported in the 4th quarter 2022.

VI. Loss Control

In Travis Bennett's absence John Charpie reported on the loss control activities for September to December. The loss control team conducted safety surveys at Town & Country, Richmond Heights, Des Peres, and Webster Groves.. They also provided quarterly dashboard reports to all members. Winter Safety training was completed at City of Chesterfield and they attended safety committee meeting at City of Richmond Heights. Additionally, an OSHA 10 Hour will be conducted on January 24th & 25th.

There was additional discussion regarding safety initiatives at city parks as we've had costly claims in the past. John responded that parks were part of typical loss control inspections, but Travis would look into the Parks/playground certification program that was mentioned.

VII. Health Insurance Report



a. Plan Status as of 12/31

Steve Wicker spoke and reminded the Board that the Health rates were typically presented and approved at the April Board meeting. Through the first 6 months this year, the loss ratio is 93%, which if it continues will result in a \$2 million surplus at the end of the year. Last year, which was a difficult year in the Health program, ended with a loss ratio of 110%.

b. Discussion – 2023/2024 rates

Steve indicated that the rates would be determined on individual members same as in previous year, but he is currently anticipating a 5% overall increase. Some members rate increase would be greater and some would be less. This is less than what he expects the industry increase to be of 11% to 12%.

Mike Hanson offered to provide and discuss any City's individual data if they desired. He noted that several of the high cost claims in the current term were not on going issues, but were one time events.

Mark Perkins asked how our prescription drug program had performed this year. Hanson responded that it has produced \$549,000 in net savings. Hanson went on to report that drug manufactures are beginning to restrict the use of these savings. He indicated the savings would likely be reduced going forward and could potentially go away in the coming years.

c. Retiree Plan Options

Mike Hanson stated that the SLAIT plan currently allows retirees to stay on the plan until age 65, but if they discontinue coverage at any time, they are not allowed to rejoin the plan. A member has asked if a change could be made to allow retirees to rejoin the plan. After checking with Anthem, they indicated they could allow retirees to rejoin only during open enrollment with the criteria that there could be no more than 10% of covered members being retirees.

Mark Perkins stated they have some employees who retire from their City and go to work for another organization and continue to work for a period of time. These retired employees would retain their SLAIT health coverage so they would be eligible for it when they retired for good. Mark's request was that retirees would be eligible to rejoin the SLAIT plan 1 time in the future.

There was discussion of the difficulty of administrating this option for retirees. There was also discussion that this option could be an option to SLAIT members, but each member would decide if their City's plan offered it.



A motion to allow retirees to rejoin the plan one time at open enrollment if an individual City desired to provide this option was made by Mark Perkins. Doug Harms asked if this would increase adverse selection and discussion revolved around the likelihood of it not as there was no increase in allowable age. Mike Geisel asked if the retiree had to choose the same type of coverage they had at time of retirement (ie Single vs Family) and the consensus was that would be an individual City decision. Eric Sterman seconded the motion and the motion passed with Doug Harms opposed and Matt Zimmerman abstaining.

Mike Hanson and his team will communicate this to the membership during open enrollment.

VIII. Administrator/Marketing Report

John Charpie informed the Board that Safety National agreed to increase the liability limit to match the Sovereign Immunity Limit that went up recently. Safety National agreed to do this for no additional premium.

John also stated that Webster Grove had indicated they may do an RFP for their health insurance. After discussion that he and Mike Hanson had with the City they now indicated they would do an RFP for their ancillary benefits, but no other coverages.

X. Old Business

Bola Akande asked for any old business items. There being none, the meeting proceeded to the next agenda item.

XI. New Business

A. Actuary RFP

John Charpie presented the responses from an RFP for the workers compensation and liability actuary report. The request was sent to 4 firms and 3 of them responded (the fourth indicated they were not taking any new business). The current actuary, PWC, quoted \$25,000 for one report and \$12,000 for a subsequent report. Pinnacle Actuaries and Centric Actuaries quoted approximately the same total fee of \$16,000 to \$17,000 for 2 reports. John indicated all respondents seemed qualified. Centric is the firm he's most familiar with and who does the most Trusts in the Midwest, but they also have the same parent organization as Thomas McGee. Pinnacle is larger and also works with Thomas McGee.

Matt Zimmerman indicated he would prefer to have an actuary that did not have common ownership as Thomas McGee and would prefer Pinnacle.



A motion was made to engage Pinnacle to do 2 reports per year by Matt Zimmerman and seconded by Bob Shelton. The motion passed.

B. Retention Policy

John Charpie presented a draft records retention policy. He indicated there were hundreds of boxes that are in storage that contain items going back to the formation of SLAIT and the Trust did not have a retention policy in place. John stated he reached out to the Division of Workers Compensation and they indicated they did not have a requirement for retention. John also stated that he had Martin Buckley review and Martin indicated the proposed policy retains the items he deems necessary. Matt Zimmerman made a motion to adopt the policy as written. Mike Geisel seconded the motion and the motion passed.

C. Strategic Planning Meeting

John Charpie stated that there were numerous opinions on how to structure a planning meeting. He suggested the meeting be planned for a half day and one of the topics be the length and frequency of future meetings. Agenda topics could include investments, rating structures, and both short term and long term planning.

It was decided that John would send out several dates for a half day meeting and the planning meeting would be set prior to the April board meeting.

Mike Geisel requested that the Administration Agreement be discussed during the planning meeting.

D. Next Meeting Date & Location

The next Board Meeting is scheduled for 10:00 a.m. on Thursday, April 6, 2023, at The Brentwood Community Center.

E. Other Business

There being no other business, the meeting adjourned at 12:10 PM.

Submitted by: John Charpie

Approved by: _____