



NAPEBT

Serving Those Who Serve the Public

NAPEBT Finance Committee Minutes

February 12, 2018, 11:00 am

1. January minutes - **Approved**
2. Monthly Financial Statement Review – **Committee members reviewed the December financial statements electronically and Garrett provided a review of the dashboard.**
3. Reserve policy – **Continued discussion of the policy. Members agreed the intention was to provide flexibility.**
The draft is as follows:

Reserve. The Trustees have the exclusive authority and responsibility to determine the appropriate amount of funds that the Trust should hold in reserve. The Trust records a liability for incurred but not reported claims and maintains aggregate stop loss insurance to protect against unusually large claims. The goal of the reserve policy is to smooth out premium increases and therefore, the Trustees establish the targeted claim reserve in the amount needed to pay 3.5 months’ claims or 29%.

1. The minimum and maximum claim reserve amounts are three (3) months (25%) or four (4) months (33%), respectively.
2. To provide flexibility in adjusting for variances in reserves, the Trustees establish the goal of a three to five-year amortization period to maintain the targeted reserve amount. In other words, a large variance in reserves may require an accelerated adjustment to projected premium increases.

Example 1 - Projected premium increase without amortization

Example 1	FY 1	FY 2	FY 3	FY 4	FY 5
Projected Premium Increase	5%	5%	5%	5%	5%

Example 2 - Projected premium increase with three-year amortization of 10% reserve deficit

Example 2	FY 1	FY 2	FY 3	FY 4	FY 5
Projected Premium Increase	5%	5%	5%	5%	5%
Three-year amortization of reserve deficit of 10%	4%	3%	2%	1%	
Total Premium Increase	9%	8%	7%	6%	5%

Present:
 Ginger Wischmann, FUSD
 Jami Van Ess, CCC
 Siri Mullaney, CCC
 Bonny Lynn, Coconino County
 Lauree Battice, NAIPTA
 Lori Jundt, Ashton Tiffany
 Garrett Mahoney, Ashton Tiffany
 Mike Townsend, Coconino County
 Nura Patani, Segal

Not Present:
 Rick Tadder, City of Flagstaff
 Shannon Anderson, City of Flagstaff
 Scott Walmer, FUSD
 Jeanie Confer, Accommodation
 Amy Girardo, Segal

Example 3 - Projected premium increase with three-year amortization of 3% reserve surplus

Example 3	FY 1	FY 2	FY 3	FY 4	FY 5
Projected Premium Increase	5%	5%	5%	5%	5%
Three-year amortization of reserve surplus of 3%	-1%	-1%	-1%		
Total Premium Increase	4%	4%	4%	5%	5%

4. Check-in on budget – **Nura to verify that changes will be incorporated into the FY 19 Budget that will be adopted by the NAPEBT Board.**
5. Check-in on audit - **No other update on Audit, Mike Townsend will reach out to auditors**
6. Investments – review bylaws & draft policy – **table to next meeting**
7. Calendar - **table**
8. Meeting schedule - **second Monday of the month, next meeting, March 12th, 11:00**