

**NEW MEXICO PUBLIC SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES**

**Cooperative Educational Services
4216 Balloon Park Road, NE.
Albuquerque, NM 87109
(505) 344-5470**

Thursday, February 7, 2019

1. CALL TO ORDER

Ms. Mary Parr-Sanchez, called the NMPSIA Board Meeting to order at 9:04 a.m. on Thursday, February 7, 2019.

2. ROLL CALL

Ms. Pamela Vigil called roll.

Present:

Mary Parr-Sanchez, President
Lowell Irby, Vice-President
Chris Parrino, Secretary
Tim Crone- arrived after roll-call
David Martinez Jr.
Alfred Park
Trish Ruiz- arrived after roll-call
Dave Willden
Ricky Williams

Absent:

None

Staff Members Present:

Ernestine Chavez, Executive Director
Richard Valerio, Deputy Director
Patrick Sandoval, Chief Financial Officer
Katherine Chavez, Benefits/Wellness Operations Manager
Pamela Vigil, Management Analyst/Chief Procurement Officer

Audience:

Martha Quintana	Erisa	JoLou Ottino	Delta Dental
Cathy Fenner	Davis Vision	Kathy Payanes	Erisa
Sam Garcia	Davis Vision	Harris Zeyae	ESI
Greg Ramirez	CCMSI	Nura Patani	Segal
Jerry Mayo	CCMSI	Gary Petersen	Segal
Kevin Sovereign	CCMSI	Rich Cangiolosi	CCMSI
Jessica M. Armijo	Integrion Group Inc.	Steve Valdez	Presbyterian
Jeanine Patterson	BCBSNM	Larry Vigil	Poms
Maureen Sergel	BCBSNM	James Vautier	Poms
Stephanie Crouch	Standard	Louise Carpenter	CCMSI

3. INTRODUCTION OF GUESTS

Ms. Ernestine Chavez, NMPSIA Executive Director asked Ms. JoLou Ottino, Delta Dental, to introduce herself.

Mr. Willden stated that there was another guest present, Ms. Jessica M. Armijo, Integrion Group Inc.

4. CITIZENS TO ADDRESS THE BOARD (five- minute time limit)

There were no citizens to address the Board.

5. APPROVAL OF THE AGENDA (Action Item)

Ms. E. Chavez requested that item 10.D.2, Segal Benchmark Report, under the Benefits Advisory Committee be removed from the agenda. She stated that this will be provided at a later date.

A motion was made to approve the agenda as amended.

MOTION: C. Parrino

SECONDED: T. Ruiz

VOTE: Vote carried unanimously.

6. APPROVAL OF DECEMBER 6, 2018 MINUTES- (Action Item)

A motion was made to approve the December 6, 2018 minutes as presented.

MOTION: C. Parrino

SECONDED: T. Ruiz

VOTE: Vote carried.

7. ADMINISTRATIVE MATTERS

7. A Legislative Update

Ms. E. Chavez reported on several bills introduced that could affect the benefits fund if they are approved. She discussed Senate Bill 112, House Bill 322 and Senate Bill 411. Ms. E. Chavez stated that these bills may require that NMPSIA discontinue the Saveon Program that has saved NMPSIA approximately \$2 million dollars per year. She stated that some of these bills would require that specialty mail order services be an open to any willing pharmacy and NMPSIA would no longer be able to require all specialty drugs to be filled through the Accredo pharmacy. One of the bills would also prevent mid-year formulary changes.

Ms. E. Chavez stated that Senate Bill 411 has also been introduced, which is related to chiropractic cost sharing limits. She stated that in December the Board looked considering the chiropractic co-pay amounts to match primary care co-pays. Ms. E. Chavez stated that if this bill is enacted, then chiropractic co-pays would have to be reduced to mirror the primary care co-pays. She stated that Segal estimated that could cost NMPSIA approximately \$454,000 annually.

Ms. E. Chavez stated that there is also the Interagency Pharmaceutical Purchasing Council bill, Senate Bill 131. She stated that this bill did not go through last year. Ms. E. Chavez stated that if this bill were to go through, it would create a council comprised of certain state agencies to study and possibly handle prescription drugs purchasing. The council would be comprised of agency heads of these state agencies, and NMPSIA would have a seat on the council.

Ms. E. Chavez stated that if Senate Bill 405, Medicaid Buy-in Act, goes through, it is unpredictable how many of NMPSIA's members would drop NMPSIA coverage to move into the Medicaid buy-in-plan.

Ms. E. Chavez asked Mr. Cangiolosi if there are any bills on the workers' compensation side that could affect NMPSIA.

Mr. Cangiolosi stated that there are no bills related to workers' compensation.

Ms. E. Chavez stated that House Bill 129 regarding school security personnel and deadly weapons has been introduced.

Ms. E. Chavez stated that NMPSIA attended the hearing for House Bill 129 and supported the bill because it defines school security personnel, which has not been defined in the past. She stated that it also includes required training and excludes individuals who have another primary duty at the school.

Ms. E. Chavez stated that Mr. James Vautier, Poms & Associates, was very instrumental in helpful with this bill because of his background in law enforcement. She thanked Mr. Vautier

and Mr. Vigil from Poms & Associates for their assistance. Ms. E. Chavez stated that Ms. Rika Martinez did a tremendous job meeting with the representative and arranging additional meetings to assist with NMPSIA's position on this bill.

Mr. Vigil reported on other bills that Poms & Associates is following in the Legislature. He stated that some of the more prominent ones such as background checks, firearm sales, extreme risk protection order act and some of the bills in the past that have created some potential exposures. Mr. Vigil also commented on HB129, school security personnel and deadly weapons. He stated that this bill was heard by the House Judiciary Committee yesterday and was sent back for some minor revisions and will be sent back.

Mr. Vigil stated that House Bill 330 is another bill that is being followed closely and supported. He stated that this bill requires training law enforcement for school resources. He stated that this bill will create additional resources for schools to use to train employees that are identified as school resource officers.

Mr. Vigil also reported on House Bill 230, duty to report child abuse. House Bill 352 would create a misdemeanor for any occurrence of hazing. He also reported on Senate Bill 125, which will require a person to file an action for child abuse within three years from the date the person knew or had reason to know about the abuse resulting in an injury. Mr. Vigil reported on Senate Bill 146, creating crime of school threat and Senate Bill 147, school safety requirement.

Ms. Ruiz stated Hobbs Schools is doing the ALICE Training Certification and a couple of weeks ago staff participated in the second half of the training. She stated that staff participated in an active shooter training and it was very intense.

Mr. Vigil reported on Senate Bill 148 and Senate Bill 156. He stated that Senate Bill 156 will require that buses purchased after 2020 to have seatbelts.

Ms. Chavez commended Mr. Vigil and Mr. Vautier on the work that their assistance during this legislative session. She stated that their expertise is greatly appreciated.

Ms. E. Chavez stated that Attorney General Hector Balderas invited her to attend a floor session where he acknowledged governmental entities and other programs trying to improve school safety. She stated that NMPSIA was recognized and it was a great honor to receive this recognition.

Ms. E. Chavez stated that there was a HAFC Hearing on January 22, 2019. She stated that the audience was told that the lowest recommendation would be approved for all agencies. Ms. E. Chavez reviewed the LFC and DFA recommendations.

Ms. E. Chavez stated the Legislative Finance Committee has given the impression that NMPSIA would have the same BAR language as approved last year. She stated that NMPSIA will be able to use the BAR Authority if needed.

Ms. E. Chavez stated that NMPSIA met last August with the Public Education Department and made them aware of the potential premium increases for Benefits and Risk so they could ask for an appropriation to cover those costs. She indicated the PED included NMPSIA's recommendation in its budget request. She stated that it is her understanding that the DFA and LFC recommendations are lower than the amount the PED requested.

Ms. E. Chavez stated that the Superintendents Association or ASBO may want to contact legislators regarding the PED funding. Ms. E. Chavez stated that she wasn't sure if the Board has a position on how it would like NMPSIA to proceed. She stated that often it is not welcome when one state agency interferes with another state agency's funding request. She stated that Mr. Stan Rounds has been at the Legislature and she is sure he is aware of this. She asked the Board if they would like NMPSIA to send an email or letter advising about the appropriation request PED needs for to cover NMPSIA employer contribution increases to benefits and risk. Ms. Parr-Sanchez stated it would be a good idea to communicate with Mr. Rounds.

Mr. Tim Crone stated that the atmosphere at PED has gotten much friendlier.

Mr. Richard Valerio, NMPSIA Deputy Director, stated that Ms. E. Chavez and himself have educated the LFC and LESC on how funding for NMPSIA's premiums flows through Public School Support.

7. B August 2019 Meeting Location (Action Item)

Mr. Valerio reported that there are two options to consider that have availability for NMPSIA's August Meeting dates. He stated that the Blake in Taos still has NMPSIA blocked off if the Board decides to hold the meeting there. He stated that they are offering NMPSIA a discounted room rate of \$105.00 per night plus tax. They have newly remodeled meeting rooms with state-of-the-art sound equipment. He stated that there is no charge for the meeting rooms. Ms. Vigil stated that the meeting rooms at the Blake are on site.

Mr. Valerio stated that at the request of the Board, he researched a couple of locations down south. He stated that he called the MCM Elegante in Ruidoso and that venue was not available for those dates. He stated that he also investigated the Lodge in Cloudcroft and that venue was available with proposed room rates of \$125.00 a night plus tax. He stated that the Lodge would charge NMPSIA approximately \$600.00 for the meeting room space. Mr. Valerio also stated that this property is a historical building so accessibility may be an issue. There are no elevators or staff to assist with luggage.

Mr. Willden asked what the dates of the meeting were.

Mr. Valerio stated that they are August 7th and 8th.

Mr. Crone asked how the rates compared to Buffalo Thunder.

Mr. Valerio stated that they are similar.

After discussion, the Board agreed to hold the August meetings at the Blake in Taos.

A motion was made to approve the location of the August meetings at the Blake in Taos New Mexico.

MOTION: C. Parrino
VOTE: Vote carried unanimously.

SECONDED: D. Martinez Jr.

8. FINANCIAL MATTERS

8. A NOVEMBER 2018 FINANCIAL REPORTS- (Action Item)

Mr. Patrick Sandoval, NMPSIA Chief Financial Officer, reviewed the statement of revenues and expenditures for the Employee Benefits Fund for the period 11/1/2018 through 11/30/2018. The Benefits Fund had revenues in the amount of \$25,007,415.43; expenditures in the amount of \$23,253,460.91; resulting in a surplus of \$1,753,954.52.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Risk Fund for the period 11/1/2018 through 11/30/2018. The Risk Fund had revenues in the amount of \$6,967,030.71; expenditures in the amount of \$4,551,466.13; resulting in a surplus of \$2,415,564.58

Mr. Sandoval reviewed the statement of revenues and expenditures for the Program Support Fund for the period 11/1/2018 through 11/30/2018. The Program Support Fund had revenues in the amount of \$109,800.00; expenditures in the amount of \$98,686.41; resulting in a surplus of \$11,113.59.

Mr. Sandoval reviewed the balance sheet for the period 11/1/2018 through 11/30/2018. Program Support had assets of \$920,403.14, total liabilities of \$145,881.84, and fund equity of \$774,521.30. Employee Benefits had assets of \$43,821,111.47, ending liabilities of \$28,937,648.19, and fund equity of \$14,883,463.28. Risk had assets of \$123,243,803.04, liabilities of \$122,048,067.56, and fund equity of \$1,195,735.48. Total assets for the agency were \$ 167,985,317.65 and ending liabilities of \$151,131,597.59. Combined fund equity for the agency was \$16,853,720.06.

A motion was made to approve the November 2018 Financial Reports.

MOTION: T. Ruiz
VOTE: Vote carried unanimously.

SECONDED: T. Crone

8. B DECEMBER 2018 FINANCIAL REPORTS (Action Item)

Mr. Sandoval reviewed the statement of revenues and expenditures for the Employee Benefits Fund for the period 12/1/2018 through 12/31/2018. The Benefits Fund had revenues in the amount of \$23,632,317.18; expenditures in the amount of \$21,347,682.39; resulting in a net gain of \$2,284,634.79.

Mr. Sandoval reviewed the statement of revenues and expenditures for the Risk Fund for the period 12/1/2018 through 12/31/2018. The Risk Fund had revenues in the amount of \$6,579,899.15; expenditures in the amount of \$4,236,634.81; resulting in a net gain of \$2,343,264.34

Mr. Sandoval reviewed the statement of revenues and expenditures for the Program Support Fund for the period 12/1/2018 through 12/31/2018. The Program Support Fund had revenues in the amount of \$109,800; expenditures in the amount of \$95,497.64; resulting in a net gain of \$14,302.36.

Mr. Sandoval reviewed the balance sheet for the period 12/1/2018 through 12/31/2018. Program Support had assets of \$936,827.75, total liabilities of \$148,004.09, and fund equity of \$788,823.66. Employee Benefits had assets of \$43,196,802, ending liabilities of \$26,028,703.93, and fund equity of \$17,168,098.07. Risk had assets of \$117,639,269.12, liabilities of \$114,100,269.30, and fund equity of \$3,538,999.82. Total assets for the agency were \$ 161,772,898.87 and ending liabilities of \$140,276,977.32. Combined fund equity for the agency was \$21,495,921.55.

A motion was made to approve the December 2018 Financial Reports.

MOTION: T. Ruiz

SECONDED: D. Martinez Jr.

VOTE: Vote carried unanimously

8. C INVESTMENT PERFORMANCE REVIEW FOR THE QUARTER ENDED DECEMBER 31, 2018.

Ms. Ellen Clark, PFM Asset Management LLC, reported that the stock market and the bond market have been quite volatile lately. She stated that the markets have bounced back within the last few weeks. She directed the Board to turn to page 2.1 behind tab 2 to look at the performance of the Benefits Fund. She stated that as a reminder PFM is restricted to giving advice on the allocation of the investments in the State Investment Council and does its best in allocating the assets between those funds to provide NMPSIA with a diversified portfolio for the long-term investment needs of NMPSIA.

Ms. Clark reviewed the portfolio in detail. She stated that as of December 31, 2018, NMPSIA's current net position is strong for Benefits, and better than expected for the Risk, as progress has been made to increase Risk reserves after the State swept funds in 2017. After further discussion PFM recommends the following:

- 1) Considering a slight reduction in the target allocation to 50% stock, 50% fixed income, and if adopted,
- 2) Reviewing the objectives for the Long-Term Fund stated in the NMPSIA Long-Term Funds Investment Policy Statement.

Mr. Parrino stated that the Internal Fiscal Review Committee spent a considerable amount of time reviewing the report.

8. D REVIEW OF LONG-TERM FUNDS INVESTMENT POLICY STATEMENT (Action Item)

Mr. Sandoval reported that the Internal Fiscal Review Committee reviewed the Long-Term Funds Investment Policy Statement and they are not recommending changes at this time.

A motion was made to accept the review of the Long-Term Funds Investment Policy Statement.

MOTION: T. Ruiz

SECONDED: R. Williams

VOTE: Vote carried unanimously

8. E PFM INVESTMENT ADVISOR SERVICES AGREEMENT EXTENSION (Action Item)

Mr. Sandoval presented the PFM Investment Advisor Services Agreement Extension for review and approval. He stated that this would extend the Agreement for July 1, 2019 through June 30, 2020 and there are no changes in fees or maximum compensation.

Mr. Willden stated that the Internal Fiscal Review Committee recommends approval of the Extension.

A motion was made to approve the PFM Investment Advisor Services Agreement Extension.

MOTION: C. Parrino

SECONDED: D. Martinez. Jr.

VOTE: Vote carried unanimously.

8. F FY2018 AUDIT UPDATE

Mr. Sandoval reported that the FY18 Audit has been released by the New Mexico State Auditor. He stated that Mr. Daniel Trujillo, Kubiak, Melton & Associates, could not attend this meeting due to a schedule conflict, but he will be at the March Board meeting. Mr. Sandoval stated that NMPSIA received an unmodified opinion and there were no findings.

9. RISK ADVISORY COMMITTEE REPORT

9. A FY20 RISK PREMIUM RATE SETTING (Action Item)

Mr. Willden reported that the RAC spent a considerable amount of time discussing this.

Mr. Valerio directed the Board to tab seven behind the Risk Advisory Committee Materials. He stated that the five-year plan has been updated from what was approved in April 2018. He stated a 3.9% increase year over year was approved at that time with a goal of achieving \$5 million dollars in fund balance by the end of FY2023. Mr. Valerio stated that Scenario A considers continuing with a 3.9% increase year over year. However, because NMPSIA had a favorable year in FY18, it is projected that there will be \$11.9 million dollars in fund balance at the end of FY2023. He stated that Scenario B considers collecting revenues in FY2020 to match the DFA recommendation that's been approved by H AFC. NMPSIA would be giving a

13.25% premium decrease in FY2020, which would result in a \$12.5 million-dollar deficit at the end of that fiscal year. Mr. Valerio stated that Scenario C is continuing with a 3.9% increase for FY2020, which is what has been announced at legislative hearings and what was requested in the FY2020 request. He stated that if NMPSIA were to do this, a 3.9% increase would be passed on in FY2020, which would result in a projected \$5.5 million-dollar fund balance. This would achieve the goal of obtaining \$5 million dollars in fund balance within one year. Increases would then be passed on to break even in subsequent years. Mr. Valerio reported that Scenario D is essentially Scenario A revised. Being that FY18 was favorable, rather than a 3.9% increase, a 2.45% increase would be passed on. Then, each year after that it would increase to 2.99%, then a 4.46%, and finally a 3.27% to ultimately reach the \$5.5 million-dollar target fund balance. Mr. Valerio stated that it is the recommendation of the Risk Advisory Committee to move forward with Scenario D.

A motion was made to approve Scenario D as presented and recommended by the Risk Advisory Committee.

MOTION: C. Parrino

SECONDED: D. Martinez, Jr.

VOTE: Vote carried unanimously

9. B TPA REPORTS

9. B. 1 PROPERTY & LIABILITY MONTHLY CLAIMS REPORT

Mr. Willden reported that the reports were presented in detail at the Risk Advisory Committee and seemed to be on trend.

9. B. 2 PROPERTY & LIABILITY LARGE LOSSES

Mr. Willden stated that with the recent cold weather there have been several busted pipe claims. He stated that a charter school in Albuquerque experienced significant damage after frozen pipes burst.

Mr. Parrino inquired if there were any letters or notifications sent out to schools reminding the districts to take preventative measures for pipes.

Mr. Vigil stated that there was an article in the Risk Newsletter that went out just before the winter break with wither preparation tips.

Mr. Parrino stated that the email should go directly to the business manager and it should be an email rather than a newsletter.

9. B. 3 WORKERS' COMPENSATION MONTHLY CLAIMS REPORT

Mr. Willden stated that report was discussed in detail at the Risk Advisory Committee and claims are on trend for workers' compensation.

9. B. 4 WORKERS' COMPENSATION LARGE LOSSES

Mr. Willden stated that there were seven large losses over \$50,000. He stated that these losses were surgical procedures.

9. C PINNACLE ACTUARIAL SERVICES AGREEMENT AMENDMENT AND EXTENSION (Action Item)

Mr. Willden stated that there is a proposed 3.5% increase, which is industry standard. He stated that the Risk Advisory Committee is recommending approval of the Pinnacle Actuarial Services Agreement Amendment and Extension from July 1, 2019 through June 30, 2020.

A motion was made to approve the recommendation from the Risk Advisory Committee to approve the Pinnacle Actuarial Services Agreement Amendment and Extension from July 1, 2019 through June 30, 2020.

MOTION: T. Ruiz
VOTE: Vote carried unanimously

SECONDED: R. Williams

9. D POMS & ASSOCIATES ERGONOMIC SERVICES AGREEMENT EXTENSION (Action Item)

Mr. Willden stated that there are no changes to the Poms & Associates Ergonomic Services Agreement Extension from July 1, 2019 through June 30, 2020. He stated that the Risk Advisory Committee is recommending approval of the extension.

A motion was made to approve the Poms & Associates Ergonomic Services Agreement Extension as presented.

MOTION: C. Parrino
VOTE: Vote carried unanimously.

SECONDED: D. Martinez Jr.

9. E CES INTER-GOVERNMENTAL SERVICES AGREEMENT (Action Item)

Mr. Willden reported that the Risk Advisory Committee is recommending approval of the CES Inter-Governmental Services Agreement. He stated that the total amount for this contract is \$230,000, which is the same amount as the previous agreement.

A motion was made to approve the CES Inter-Governmental Services Agreement as presented.

MOTION: C. Parrino
VOTE: Vote carried unanimously.

SECONDED: T. Ruiz

9. F FARLEY CONSULTING AUDITING SERVICES AGREEMENT AMENDMENT AND EXTENSION (Action Item)

Mr. Willden stated that there are no changes to the compensation. He stated that there is an amendment for a corporate name change. The Risk Advisory Committee recommends approval of this amendment and extension.

A motion was made to approve the Farley Consulting Auditing Services Agreement Amendment and Extension as presented.

MOTION: C. Parrino

SECONDED: T. Ruiz

VOTE: Vote carried unanimously

Mr. Lowell asked if this is a service that needs to be replaced every three years.

Mr. Valerio stated that an RFP is issued for this service every four years.

9. G SAMBA DRIVING RECORD INFORMATION, RETRIEVAL AND DISSEMINATION SERVICES AGREEMENT AMENDMENT AND EXTENSION OR REQUEST TO ISSUE RFP (Action Item)

Mr. Willden reported that there have been several discussions with Samba. He directed the Board to tab 13 behind the Risk Advisory Committee Report. He stated that Samba sent a sample contract with many changes to the terms and to the pricing structure. Mr. Willden stated that this does not comply with the New Mexico State Template for contracts. He stated that the Risk Advisory Committee recommends going out for an RFP for Driving Record Information, Retrieval and Dissemination Services.

A motion was made to approve the Risk Advisory Committees recommendation to issue an RFP for Driving Record Information, Retrieval and Dissemination Services.

MOTION: T. Ruiz

SECONDED: C. Parrino

VOTE: Vote carried unanimously

Mr. Park stated that he thinks this is a great idea. He stated that he read the contract and there were several proposed penalties for NMPSIA, and they do not address the fact that they didn't do their job for a long period of time.

Mr. Irby stated that over the years we have not had many people that perform this service.

Mr. Willden stated that when an RFP is issued, a sample contract is provided to vendors and they must agree with it.

Mr. Park asked how the RFP is publicized.

Ms. Vigil stated that there have been other companies that have submitted proposals for this type of service. She stated that RFPs are advertised in the New Mexican and the Albuquerque Journal as well as the NMPSIA website.

9. H REQUEST TO ISSUE RFP FOR STUDENT ATHLETIC AND VOCATIONAL ACCIDENT INSURANCE (Action Item)

Mr. Willden stated that the Risk Advisory Committee recommends approval of the issuance of an RFP for Student Athletic and Vocational Accident Insurance.

A motion was made to approve the recommendation of the Risk Advisory Committee.

MOTION: A. Park

SECONDED: R. Williams

VOTE: Vote carried unanimously.

9. I REQUEST TO ISSUE RFP FOR CAPITAL ASSET VALUATION SERVICES (Action Item)

Mr. Willden stated that the Risk Advisory Committee recommends approval of the issuance of an RFP for Capital Asset Valuation Services.

A motion was made to approve the recommendation of the Risk Advisory Committee.

MOTION: A. Park

SECONDED: C. Parrino

VOTE: Vote carried unanimously.

9. J LOSS PREVENTION UPDATE

9. J. 1 DISCUSS ARTICLE ON PARKLAND AND FLORIDA GUN LEGISLATION

9. J. 2 RIO RANCHO ADDING SCHOOL PERSONNEL

9. J. 3 ARMED SCHOOL PERSONNEL SURVEY UPDATE

9. J. 4 PRESENTATION ON CHANGES TO GUN GUIDANCE FOR SCHOOLS (Action Item)

Mr. Vigil stated that several of the items are interrelated. He stated that items 9.J.1, 9.J.2, 9.J.3 and 9.J.4 go hand in hand with one another. Mr. Vigil reported that over the last couple of months there has been feedback from Legislators regarding the guidelines that were approved by the Board. Mr. Vigil stated that based on the feedback, Poms & Associates has some suggested language with respect to the guidelines. He provided the suggested changes to the Board. Mr. Vigil stated that the language would bring the definition of school security personnel into the guidelines and similar to that of House Bill 129, which is currently making its way through the Legislature. The language talks about the three options that schools use right now to deal with armed security. He stated that he still would like to see school resource officers used whenever possible. Mr. Vigil also reported on language that would enable schools to use a security firm so that liability could be transferred to that firm, and they would be responsible for the training. Mr. Vigil stated that if there is a school security

personnel that is hired by the school district as their armed security, some of the language in the guidelines were changed to more closely resemble House Bill 129 to address licensing concerns. He stated that one of the main concerns from the legislature is that if you are a level three licensed security guard, the school then becomes a private control operator. If a school were to become a private control operator, it would be a conflict of their normal operations. He said that the language was taken out that stated the license is required and was replaced with the training equivalent to holding that license. Mr. Vigil stated another change had to do with duties. A concern that was voiced by the Legislators was having duties that are outside of the scope of security. The legislators would like to see that armed duty be the only duty for that person. This proposed language will more closely mirror House Bill 129.

Mr. Vautier reported that Rio Rancho's guidelines exceeds the NMPSIA guidelines, so language was changed to make that acceptable. He stated that Rio Ranch has 37 employees that are designated to be school security with no other duties. He stated that of the 37, they will designate 17 to be armed by the end of next month. Mr. Vautier stated that they have already started the process. He stated that Rio Rancho was concerned whether premiums would be raised.

Mr. Vautier went on to report that a security survey was done for all public and charter schools across the state in December.

Mr. Willden stated that the RAC had a lengthy discussion on what to do with risk premiums for schools that have their own police forces and take on the added liability. He stated that this should be addressed at some point.

Ms. Parr-Sanchez expressed her concerns about personnel with guns. She stated that this raises the chance that the guns will be used.

Mr. Vautier stated that there is a training element to the recommendations being made by staff.

Ms. Parr-Sanchez stated that there have been resource officers for years, but there had not been a clearly defined role.

Mr. Willden stated that it is the recommendation of the Risk Advisory Committee to approve the proposed language. He stated that the changes line up with the recommendations made by the Legislators.

Ms. E. Chavez pointed out that there is a disclaimer that states this language may change based on legislation. She stated that this is a work in progress.

A motion was made to approve the changes to gun guidance for schools.

MOTION: D. Martinez Jr.

SECONDED: T. Ruiz

VOTE: Vote carried unanimously.

9. J. 5 QUARTERLY UPDATE ON AUDITS AND TRAININGS PERFORMED

Mr. Willden stated the he wanted to circle back to the TPA reports. He stated that Monday was the school personnel officials training annual meeting at the Embassy Suites and staff from CCMSI, Poms and NMPSIA were there with tables with information available. He commended them for their efforts.

Mr. Vigil reported that 97 school audits were performed through the period October through December. He stated that out of the 97, 3 critical hazards were issued. He reported that 60 training sessions were performed during that quarter which amounted to over one thousand individuals.

9. J. 6 SANDY HOOK PROMISE UPDATE

Mr. Vigil stated that the four corners schools have all implemented parts of the Sandy Hook Promise Program along with Los Alamos. He stated that other schools are expressing some interest. Mr. Vigil reported that contact will be made with Sandy Hook directly to the districts this spring to begin the Memorandum of Understanding process and to arrange trainings. He stated that he has contacted the NM Coalition of Charter Schools to meet with charter leaders this spring to introduce the program and encourage their participation.

10. BENEFITS ADVISORY COMMITTEE REPORT

10. A ALBUQUERQUE COLLEGIATE CHARTER SCHOOL BENEFITS PAYMENT PENALTY WAIVER REQUEST (Action Item)

Ms. E. Chavez reported that Albuquerque Collegiate Charter School has requested a second penalty waiver within a twelve-month period. She stated that the circumstances of this charter school being new and trying to get accustomed to the way its bank handles its transactions, she was in support of waiving the school's penalty. Ms. E. Chavez stated that the recommendation of the Benefits Advisory Committee was to recommend to the Board approval of this appeal as a one-time exception.

A motion was made to approve the Albuquerque Collegiate Charter School benefits payment penalty waiver request as presented.

MOTION: C. Parrino

SECONDED: T. Ruiz

VOTE: Vote carried unanimously.

10. B FLOYD MUNINCIPAL SCHOOLS REQUEST TO INCREASE BASIC LIFE FROM \$25,000 TO \$50,000 EFFECTIVE MARCH 1, 2019 (Action Item)

Ms. E. Chavez presented a request from Floyd Municipal Schools to increase Basic Life from \$25,000 to \$50,000, effective March 1, 2019. She stated that NMPSIA is always very pleased when school districts want to increase their benefits for employees. Ms. E. Chavez stated that it was the recommendation of the Benefits Advisory Committee to approve this request.

A motion was made to approve the recommendation from the Benefits Advisory Committee as presented.

MOTION: C. Parrino

SECONDED: D. Martinez Jr.

VOTE: Vote carried unanimously.

10. C EXPRESS SCRIPTS EXTENSION- EFFECTIVE JULY 1, 2019 (Action Item)

Ms. E. Chavez presented the Express Scripts Agreement Extension effective July 1, 2019 through June 30, 2020. She stated that there are no changes and it is the recommendation of the Benefits Advisory Committee to approve the extension.

A motion was made to approve the Express Scripts Extension as presented.

MOTION: T. Ruiz

SECONDED: T. Crone

VOTE: Vote carried unanimously.

10. D SEGAL

10. D. 1 CHANGES TO ACCOUNT TEAM

Mr. Gary Petersen, Segal stated that he had an opportunity to address the Benefits Advisory Committee yesterday. He stated that it has been his pleasure and honor to have worked with the NMPSIA Board for the last 13 years. He stated that he is pleased to report that he is retiring on April 1, 2019. He expressed his gratitude and support to the Board and staff and thanked them for their support over the years. Mr. Petersen stated that Dr. Nura Patani, Segal, will be moving into his role as the account manager.

Dr. Patani stated that she will be moving into Mr. Petersen's role and staff will have expanded duties. She stated that she looks forward to a long relationship serving NMPSIA and the members.

10. D. 2 BENCHMARK REPORT

This item was tabled.

10. D. 3 FY20 RATE SETTING- PROJECTION (FINANCIAL RESULTS AND RATE INCREASE RECOMMENDATIONS) – (Action Item)

Dr. Patani reported on the FY2020 projections for the October 1, 2019 rate setting. She stated that this is an update to the five-year plan that the Board approved in April of 2018. She stated that since then, NMPSIA has seen somewhat more favorable experience. If this were compared to the five-year original plan, there is a slight improvement.

Dr. Patani reported on the five-year plan that was approved in April 2018. She stated that in October 1, 2018 there was a 4% increase to the High Option/EPO, a slight decrease for low

option and no change for Dental. She stated that the five- year plan included a 7.6% blended increase over the remaining years with a 5% increase on the Dental Plan this year. Dr. Patani stated that Scenario D includes the 5% to Dental and the rate increases outlined are exclusively for Medical and Pharmacy, and the total rate increase that is shown is on a blended basis. She stated that for FY2020, on a blended basis, a 5.6% increase and that is keeping the low option at no more than a 3.1% increase in order to assure that the coverage is not considered unaffordable under the ACA Guidelines for the New Mexico residents who are not eligible for Medicaid. Dr. Patani stated that the low option will be held to a 3.1% increase and the High Option/EPO will need to be higher in order to have the blended increase. She stated that the higher amount for High Option/EPO will need to be 5.9% increase. Dr. Patani reviewed targets for each FY during the five-year plan. She stated that the goal of the five-year plan is to get to the target fund balance.

Ms. Parr-Sanchez stated that the Benefits Advisory Committee discussed in detail about the optics of staff getting a 6% salary increase and getting a 6.7% increase to their premium. She stated this is hard information to take back to the members, but the BAC feels like this is the best way to go.

Mr. Parrino stated that part of his concern that Ms. E. Chavez had brought up that the legislative committee keeps going back to GSD and their projections being 5% and his fear is that originally the Board had intended to go with Scenario B, which would be a blended rate of 6%, but and the high option rate would have been 6.4%. Mr. Parrino stated that if they do not want us to pass on increases then there should be a cash infusion, not because of a bailout, but to make sure teachers don't see an increase in their premiums.

Ms. Parr-Sanchez stated that it is the recommendation of the BAC to adopt Scenario D: 5.9% High/EPO, 3.1% Low and a 5% increase in Dental effective October 1, 2019.

MOTION: D. Martinez Jr.

SECONDED: L. Irby

VOTE: Vote carried unanimously.

10. E APPROVAL TO INITIATE SAVEON PROGRAM SOLE SOURCE PROCUREMENT PROCESS (Action Item)

Ms. E. Chavez requested approval to initiate the Saveon Program Sole Source. She stated that based on the outcome of legislation, the Saveon Program may be cancelled. She stated that she hopes this will not happen because this program has brought savings of approximately \$2 million annually on the Benefits side. She stated that NMPSIA should plan business as usual, so Ms. Vigil has prepared the documentation to begin the Sole Source Procurement process. She stated that this is done according to the New Mexico State Procurement Code. Ms. E. Chavez stated that it is the recommendation of the Benefits Advisory Committee to approve this request.

Mr. Parrino noted that it was verified that all the steps required by State Purchasing are being followed.

A motion was made to approve the initiation of the Saveon Program Sole Source Procurement.

MOTION: C. Parrino

SECONDED: T. Ruiz

VOTE: Vote carried unanimously.

10. F ACA INFORMATION PROVIDED TO SCHOOLS FOR EMPLOYER REPORTING PURPOSES

Ms. E. Chavez reported that yesterday Ms. Martha Quintana, Erisa, did a great job in explaining why there was a need to change the formatting and the type of information that NMPSIA has been providing to schools through Erisa in order to assist them with ACA reporting.

She stated that early on when staff started working with this they went over and beyond trying to help schools gather all the data for their reporting and had Segal make presentations to school personnel as well as ASBO. She stated it seems that over time there has been a lot of turnover at the schools or not a clear understanding that the data being provided needed to be updated and customized for each employee and school district. She stated that when Ms. Quintana went back to work for Erisa she started auditing all the processes in place and found areas that could cause a great liability for NMPSIA.

She stated that in December she and Ms. Quintana did not notify the schools that there would be a change in the type of information and the formatting because they were trying to come up with solution and the IRS had extended the reporting deadline to the spring. She stated that this was a mistake and she apologized for this. Ms. E. Chavez stated that they will alert the schools in the future before any changes are made, even if no solution is in place. She stated that Ms. Quintana has been assisting schools that need help on a case by case basis. Ms. E. Chavez reported that Ms. Quintana discovered that in some cases Erisa had reported to the IRS for some districts without the approval of NMPSIA. She stated that Erisa's attorney did provide a hold harmless letter to NMPSIA.

10. G. IBAC UPDATE

Ms. E. Chavez stated that the IBAC is currently working on the Life and Disability RFP and will hopefully be coming back in March or April with a recommendation.

11. EXECUTIVE SESSION TO DISCUSS PENDING AND THREATENED LITIGATION PURSUANT TO 10-15-1H (7) NMSA 1978

Ms. Parr-Sanchez entertained a motion to go into Executive Session pursuant to 10-15-1H (7) NMSA 1978, to discuss threatened and pending litigation. She stated that no action would be taken in Executive Session.

MOTION: T. Ruiz

SECONDED: C. Parrino

VOTE: Vote carried unanimously.

Ms. Vigil called roll to enter into Executive Session at 11:20 a.m.

Mary Parr-Sanchez, President – Yes
Mr. Lowell Irby, Vice President- Yes
Mr. Chris Parrino, Secretary – Yes
Tim Crone- Yes
David Martinez Jr. – Yes
Al Park - Yes
Trish Ruiz – Yes
Dave Willden – Yes
Ricky Williams - Yes

A motion was made to come out of Executive Session at 12:34 p.m. Ms. Parr-Sanchez stated that no action was taken in Executive Session and the Board discussed threatened and pending litigation pursuant to 10-15-1H (7) NMSA 1978.

MOTION: D. Willden

SECONDED: L. Irby

VOTE: Vote carried unanimously.

Ms. Vigil called roll:

Mary Parr-Sanchez, President – Yes
Mr. Lowell Irby, Vice President- Yes
Mr. Chris Parrino, Secretary – Yes
Tim Crone- Yes
David Martinez Jr. – Yes
Al Park – Yes
Trish Ruiz – Yes
Dave Willden – Yes
Ricky Williams – Yes

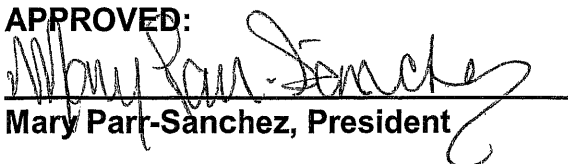
12. NEXT MEETING DATE AND LOCATION

Next Meeting Date and Location Scheduled for 9:00 a.m., Thursday, March 7, 2019-
Cooperative Educational Services, 4216 Balloon Park Road, NE, Albuquerque, NM 87109

13. ADJOURNMENT (Action Item)

The NMPSIA Board Meeting was adjourned at 12:34 p.m.

APPROVED:


Mary Parr-Sanchez, President