

To: TASB Supplemental Employee Benefits Participants
From: Chris Szaniszlo, TASB Associate Executive Director
Re: Important Amendment to the TASB Supplemental Employee Benefits Program

Dear Participant:

You are receiving this notice because your entity has signed the Interlocal Agreement for Supplemental Employee Benefits (also known as the TASB Supplemental Employee Benefits Program) and therefore are a party to such agreement. The program offers a number of supplemental employee benefit plans for school district employees and their family members (i.e., group life, group long-term disability, and Section 125 cafeteria plan administration). The program is organized under the Texas Interlocal Cooperation Act, and districts participate in the program by joining the interlocal agreement as a party.

The Texas Association of School Boards, Inc. (TASB) served as the initial administrator of the program and, in April of 2011, assigned the administrator role to First Public, LLC. First Public is a wholly owned subsidiary of TASB and is licensed with the Texas Department of Insurance.

As outlined in the interlocal agreement, the administrator conducts the competitive procurement to select the plan providers on behalf of the participating districts so that districts are not required to procure them on their own. The provider evaluation and selection process is performed with the assistance of representatives from three participating districts; however, the interlocal agreement grants the administrator with final selection authority.

Over the past few years, TASB has evaluated the governance structure of the separate entities and programs it administers in order to further strengthen and honor their independent status. One outcome of this evaluation is that TASB believes it would be beneficial to the participants of the Supplemental Employee Benefits interlocal agreement to create an administrative agency that includes a governing board. This governance structure is similar to the four other administrative agencies TASB helped create under the Texas Interlocal Cooperation Act (Lone Star Investment Pool, TASB Risk Management Fund, TASB Energy Cooperative, and The Local Government Purchasing Cooperative). TASB believes this will enable the participants of the Supplemental Employee Benefits Program to have a more active, flexible, and responsive form of self-governance than currently exists.

As a result, TASB recommends the following changes be made to the Supplemental Employee Benefits interlocal agreement:

- create an administrative agency;

- vest decision-making authority in a Board composed of program participants, rather than the administrator (TASB/First Public);
- have the initial Board composed of five members, each of whom must be either an employee or elected official of an entity that participates in the program: two school board members and three school district employees or officials;
- authorize the TASB President to appoint the initial Board, and thereafter vest appointment authority in the Board of the Supplemental Employee Benefits Program.

Under our current agreement with your district, a majority of program participants must approve of the changes by having their respective Boards approve and execute the enclosed Amended and Restated Interlocal Agreement (“Agreement”). If a majority of participants approve the Agreement, we will provide you with 60 day written notice of such approval prior to the changes becoming effective.

Included with this letter are a sample resolution and a copy of the Amended and Restated Interlocal Agreement.

We kindly request your entity consider approving the program changes outlined above and return the following to us:

1. the executed signature page to the Amended and Restated Interlocal Agreement (p. 5 of the agreement); and
2. a copy of your governing board’s resolution approving this action.

Please send the executed documents to:

TASB
Attn: Chris Szaniszlo
P.O. Box 400
Austin, Texas 78759

If you have any questions or need further clarification, please call me at 800.580.8272.

Sincerely,

Chris Szaniszlo
Associate Executive Director,
Texas Association of School Boards