



Alameda County Schools Insurance Group (ACSIG)
5776 Stoneridge Mall Rd., Suite 130 Pleasanton, CA 94588

MINUTES
Executive Committee

Date: Thursday, May 9, 2019
Time: 9:30 AM
Location: Alameda County Office of Education
 313 W. Winton Ave.
 Hayward, CA 94544

I. Annette Heldman called the meeting to order at 9:31am

II. Roll call

Executive Committee Members

Annette Heldman	President	New Haven USD
Susan Kinder	Vice President	Livermore USD
Raul Parungao	Secretary	Alameda COE
Jackie Kim	Board Member	Albany USD
Suzi Chan	Board Member	Castro Valley USD
Dr. Kevin Collins	Board Member	San Leandro USD

Kimberly Dennis	Executive Director	Alameda County Schools Insurance
Celina Flotte	Executive Assistant	Alameda County Schools Insurance

Ron Martin	Guest	Keenan & Associates
Tara Cooper-Salaiz	Guest	Keenan & Associates
Patrice Grant	Guest	Keenan & Associates
Dave Kundert	Guest	Keenan & Associates
Michael Clark	Guest	Keenan & Associates
Laurena Grabert	Guest	SETECH
Cary Allison	Guest	Morgan Stanley

III. Acceptance of the Agenda

It was moved by Suzi Chan and seconded by Susan Kinder to approve the agenda as presented.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

IV. Public Comment on Closed Session Agenda Items

No public present to comment.

Closed Session

Closed session began at 9:32am

A. Settlement Notification

- Claim Numbers:

457988 Castellanos

534762 Morales

459280 Castellanos

547613 Dominguez

497153 Weatherton

554192 Gallegos

497602 Cervantes

555389 Upsprung

523290 Amajioyi

557107 Cano

531781 Rodriguez Sparks

2203697 Sarmiento

B. Settlement Authorization

- Claims Numbers: None

C. Executive Director Contract

The Executive Committee discussed and approved the Executive Directors contract.

D. CastlePoint Memo

Ron Martin from Keenan and Associates discussed the CastlePoint Memo and Loss Run with the Executive Committee.

Open Session

Open session began at 9:55am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

The Executive Committee approved the Executive Directors contract.

VII. Approval of Minutes

It was moved by Susan Kinder and seconded by Suzi Chan to approve the February 7, 2019 and April 15, 2019 Executive Committee Meeting minutes.

Ayes: Heldman, Kinder, Parungao, Kim, Chan, Collins

Nays: None

Abstain: None

General

VIII. Investment Custodian

Cary Allison from Morgan Stanley presented the new contracts for Benefit Trust and Morgan Stanley.

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval of the new Investment Custodian.

Ayes: Heldman, Kinder, Parungao, Kim, Chan, Collins

Nays: None

Abstain: None

IX. Third Quarter Investment Report

Cary Allison of Morgan Stanley reviewed the 2018/19 third quarter investment report with the Executive Committee.

Time Weighted Performance Summary (Net of fees) – March 31, 2019

Total Ending Value	\$16,523,348.91
<i>Rolling Periods</i>	
Quarter to Date	1.11%
Year to Date	1.11%
Last 12 Months	2.62%
Last 3 Years	0.77%
Last 5 Years	1.06%
Since 7/12/10 Inception (annualized %)	1.17%
<i>Calendar Years</i>	
2019 ytd	1.11%
2018	1.01%
2017	0.59%
2016	0.99%
2015	0.87%
2014	1.01%
2013	-0.03%
2012	2.44%
2011	1.91%
2010 (partial year)	0.29%
<i>Fiscal Years</i>	
2018-19	2.43%
2017-18	-0.42%
2016-17	-0.35%
2015-16	2.13%
2014-15	1.09%
2013-14	1.32%
2012-13	0.48%
2011-12	1.75%

It was moved by Susan Kinder and seconded by Kevin Collins to recommend approval of the third quarter investment report as presented to the Full Board.

Ayes: Heldman, Kinder, Parungao, Kim, Chan, Collins

Nays: None

Abstain: None

X. Third Quarter Financial Report

Laurena Grabert from SETECH presented the 2018/2019 third quarter financials report.

Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2018 and 03/31/2019

	Audited As of 06/30/2018	Activity 07/01/2018 - 03/31/2019	As of 03/31/2019
Assets:			
Current Assets			
Workers Compensation	\$ 18,534,707	8,797,738	\$ 27,332,445
Dental	3,284,669	1,514,483	4,799,152
Vision	1,323,726	129,653	1,453,379
Property and Liability Operations	1,317,946	378,262	1,696,208
	101,261	133,078	234,339
Cash and Cash Equivalents	<u>\$ 24,562,309</u>	<u>10,953,214</u>	<u>\$ 35,515,523</u>
Investments Morgan Stanley - current	2,639,124	1,101,255	3,740,379
Accounts Receivable	8,024,200	(4,686,864)	3,337,336
Prepaid Expense	7,685	60,396	68,081
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	<u>35,233,319</u>	<u>7,428,001</u>	<u>42,661,319</u>
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	13,351,978	(854,446)	12,497,532
Capital - Equipment, net of depreciation	2,371	(592)	1,779
	13,354,349	(855,038)	12,499,311
Total Assets	<u>\$ 48,587,668</u>	<u>\$ 6,572,962</u>	<u>\$ 55,160,629</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	546,377	--	546,377
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 3,446,836	\$ (3,108,231)	\$ 338,605
Prefunding deposits (2)	4,030,577	--	4,030,577
Advance Contributions	--	3,491,779	3,491,779
Other Claim Liabilities - Castlepoint Reinsurance Insolvency	908,036	86,719	994,755
Current Portion of claims and claim adjustment	3,993,786	(366,555)	3,627,231
Subtotal Current Liabilities	<u>12,379,235</u>	<u>103,712</u>	<u>12,482,947</u>
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	12,806,919	(1,795,588)	11,011,331
Unallocated Loss Adjustment Expense (ULAE)	1,377,838	(133,964)	1,243,874
Subtotal Noncurrent Claim Liabilities	<u>14,184,757</u>	<u>(1,929,552)</u>	<u>12,255,205</u>
Net Pension Liability (NPL)	732,827	45,443	778,270
Total Liabilities	<u>\$ 27,296,819</u>	<u>\$ (1,780,397)</u>	<u>\$ 25,516,423</u>
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	65,612	--	65,612
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	21,769,243	8,353,949	30,123,192
Designated - Capital Assets	2,371	(592)	1,779
Total Net Position	<u>\$ 21,771,614</u>	<u>\$ 8,353,357</u>	<u>\$ 30,124,971</u>
Total Liabilities, Deferred Pension, and Ending Net Position	<u>\$ 48,587,668</u>	<u>\$ 6,572,960</u>	<u>\$ 55,160,629</u>

Footnote:

- (1) Interfund transfers net to zero on consolidated financial statements. This is an internal function used to transfer or allocate expense and income from one program to another without transfer of cash.
- (2) Estimated six weeks of dental claims funded by each member to maintain positive cash flow.
- (3) Morgan Stanley Smith Barney Investment shown at Fair Market Value, accrued interest shown as accounts receivable.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval of the third quarter financial report as presented to the Full Board.
Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None
 Abstain: None

XI. Budget 2019/2020

The Executive Director reviewed the 2019/20 Budget with the Executive Committee.

Alameda County Schools Insurance Group (ACSIG)

Consolidated

Statement of Revenues, Expenditures and Changes in Net Position

As of 03/31/2019 and For The Nine Months Then Ended

	2017/2018		2018/2019			Percentage of Budget
	Budget	Audited Actuals	Budget	Activity 07/01/2018-03/31/2019	Variance	
Operating Revenue:						
Premiums Paid by Members	\$ 156,427,872	\$ 165,692,065	\$ 158,439,211	\$ 116,922,132	\$ 41,517,079	73.80 %
Return of Premiums	--	(1,145,883)	--	--	--	--
Other Income	--	--	--	--	--	--
Total Operating Revenue	156,427,872	164,546,182	158,439,211	116,922,132	41,517,079	73.80
Operating Expenditures:						
Classified Salaries	251,051	286,178	251,917	186,871	65,046	74.18
Statutory Benefits	56,552	31,954	88,316	19,288	69,028	21.84
Health & Welfare	39,000	47,510	51,190	30,979	20,211	60.52
Employer Tax Expense	3,477	4,443	4,769	3,116	1,653	65.33
Net Pension Expense	39,345	(191,171)	51,788	90,886	(39,098)	175.50
Telephone & Internet	7,350	6,102	7,350	4,712	2,638	64.11
Supplies Office	4,200	1,885	4,200	1,609	2,591	38.32
Supplies - Other	2,625	3,276	4,200	4,635	(435)	110.37
Eligibility Processing	240,000	213,141	246,077	153,082	92,995	62.21
Brokerage Fees-Dental-ACSIG	288,000	293,050	294,000	186,861	107,139	63.56
Brokerage Fees-Dental-MD	350,000	410,333	425,000	345,506	79,494	81.30
Travel and Conferences	23,100	10,458	23,100	8,239	14,861	35.67
Mileage	8,925	6,756	8,925	4,512	4,413	50.55
Dues & Memberships	1,575	1,635	7,350	885	6,465	12.04
Postage & Meter	8,350	3,875	10,000	5,989	4,011	59.89
Insurance Expense-PIPS&NCR	25,192,893	21,028,823	24,950,383	15,791,677	9,158,706	63.29
Insurance Expense-PY Adj	2,000,000	749,186	2,000,000	(233,378)	2,233,378	(11.67)
Utility - Operating-Rent	39,388	36,395	36,461	34,343	2,119	94.19
Advertising	600	--	600	--	600	--
Contract Services	26,275	8,272	31,275	5,000	26,275	15.99
Contract Services -Claim Audit	20,000	15,570	--	--	--	--
Contract Services	6,375	--	6,375	--	6,375	--
Audit Fees	15,540	13,500	16,275	13,750	2,525	84.49
Other Services/Operating Expenses	10,500	5,614	10,500	4,585	5,915	43.67
Capital Equipment/Depreciation	2,625	592	3,900	592	3,308	15.18
Repairs & Maintenance	3,675	--	3,675	--	3,675	--
Legal	2,100	--	2,100	--	2,100	--
Accounting Services	15,750	14,420	15,750	14,850	900	94.29
County Courier	4,200	3,568	4,200	--	4,200	--
Shredding	1,574	851	2,100	615	1,485	29.29
Copier & Scanner	15,000	10,277	15,000	8,171	6,829	54.47
Claims Administration Services	154,000	166,909	174,000	122,538	51,462	70.42
Self-Insurance Fee	290,000	297,811	325,000	337,468	(12,468)	103.84
Claims Paid-WC	2,500,000	1,001,753	1,750,000	492,112	1,257,888	28.12
Claims Paid-PL	50,000	53,650	100,000	62,801	37,199	62.80
Physical Abilities Testing	25,000	14,004	35,000	8,730	26,270	24.94
Training	20,000	--	40,000	--	40,000	--
First-Aid Program	10,000	23,953	30,000	21,382	8,618	71.27
Food Service Training	30,000	--	--	--	--	--
Risk Mgmt Prev Program	--	--	30,000	15,989	14,011	53.30
Incentives	--	28,559	--	--	--	--
Safety Inspections	12,445	12,445	12,446	--	12,446	--
Bank Charge & WC Penalty Reimb	17,200	21,071	41,000	1,497	39,503	3.65
Cobra Premiums	242,000	246,832	250,000	170,763	79,237	68.31
Dental Insurance Premiums	123,000,000	129,945,472	123,120,000	90,040,286	33,079,714	73.13
Vision Insurance Premiums	3,340,000	4,066,932	3,950,000	3,384,710	565,290	85.69
Claim Development Expense	(2,510,000)	(357,335)	(2,000,000)	(2,209,388)	209,388	110.47
ACA Fees	--	--	--	--	--	--
Total Operating Expenditures	155,860,690	158,538,549	156,434,222	109,136,263	47,297,959	69.76 %
Net Increase/(Decrease) from Operations	567,182	6,007,633	2,004,989	7,785,869	(5,780,880)	388.32 %
Non Operating Income/(Expense)						
Interest Income	231,500	499,740	376,500	395,580	(19,080)	105.07
Net Increase/(Decrease) in Fair Value	--	(341,266)	--	171,264	(171,264)	--
Realized Gain/(Loss) on Investments	--	644	--	644	(644)	--
Cumulative effect of GASB 68	--	--	--	--	--	--
Interfund Trans, Other Inc/Exp	--	--	--	--	--	--
Total Non Operating Income/(Expense)	231,500	159,118	376,500	567,488	(190,988)	150.73 %
Net Increase/(Decrease) in Net Position	\$ 798,682	\$ 6,166,751	2,381,489	\$ 8,353,357	\$ (5,971,868)	350.76 %
Beginning Balance Prior Year End	\$ 15,604,864	\$ 15,604,864	21,771,614	\$ 21,771,614	\$ 592	100.00 %
Ending Balance, as of 03/31/2019	\$ 16,403,546	\$ 21,771,614	\$ 24,153,103	\$ 30,124,971	\$ (5,971,276)	

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It was moved by Kevin Collins and seconded by Suzi Chan to recommend approval of the budget to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XII. ACSIG Salaries & Benefits

The Executive Director presented a schedule increase proposal for the ACSIG staff of 2.49% off the salary schedule. The overall cost for this increase would total \$8705.

It was moved by Suzi Chan and seconded by Jackie Kim to approve ACSIG salaries and benefits as presented.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XIII. Security Guard Training Notification

SB1626 requires 24 hours of training for security guards. IMReady course offered June 17th, 18th and 19th in Fremont.

Workers Compensation

XIV. JPA EAP Program

The Executive Director discussed the JPA EAP Program due to the increased psychological component claimed within our Workers Compensation program. ACSIG would like to have some districts volunteer to pilot the program to see if there can be a positive impact on employee morale and psychological claims filed. The cost for the 3-session option is \$1.70/employee/month— which ACSIG has budgeted \$100K to fund.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval of the EAP Program to the Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XV. 5-year Point in Time Comparison

Michael Clark from Keenan and Associates discussed the 5-year workers compensation claim trend. As resources are dedicated to improve frequency and severity of injuries within ACSIG, it is important to review claims data to evaluate the effectiveness of programs. Through analysis, we can identify trends within the districts.

XVI. Update on Service Plan

Tara Cooper-Salaiz reviewed the Service Plan with the Executive Committee. The service team consists of Tara Cooper-Salaiz as Account Manager, Michael Clark as Claims Analyst, Dave Kundert as Loss Control Consultant, Patrice Grant as Claims Manager, and Ron Martin as Account Executive. The Service Plan is a tool to show what the team wants to complete within the upcoming year.

XVII. Run Off Claims Agreement

The Executive Director will reviewed the renewal contract for Run Off Claims Administration with the Executive Committee.

It was moved by Kevin Collins and seconded by Suzi Chan to approve the Run Off Claims Agreement as presented.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XVIII. Actuarial Study - Ultimate Loss

The Executive Director presented Actuarial study of the ultimate loss of the self-insured portion of the ACSIG Workers Compensation program. Bay Actuarial estimates that ACSIG's liability for unpaid losses were \$14.3 on December 31, 2018 and project that it will be \$13.5M on June 30, 2019. The corresponding discounted values (at 2% interest) are \$12.2M and \$11.6M.

It was moved by Kevin Collins and seconded by Susan Kinder to approve the Ultimate Loss Actuarial Study as presented.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

Dental

XIX. Dental Rates 2019/2020

The Executive Director presented the 2019/2020 Dental Rate recommendations to the Executive Committee. The program has been performing well, with a potential 30% growth in the program with the partnership with the FBC in San Diego. The recommendation is for a flat renewal for 2019/20.

It was moved by Kevin Collins and seconded by Jackie Kim to recommend approval of Dental Rates to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XX. Alliant Contract

The Executive Director reviewed the renewal contract with Alliant Insurance Services which includes a 3-year term.

It was moved by Suzi Chan and seconded by Jackie Kim to recommend approval of the Alliant Contract to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXI. Declare Rebate

The Executive Director discussed the rebate within the dental program. The Executive Committee is requesting to declare a surplus of \$1M in the Dental Fund.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval to declare \$1M surplus in the Dental Fund to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXII. Distribute Rebate

The Executive Director discussed the distribution within the dental program. The Executive Committee recommended \$1M distribution back to current members/ per employee from the Dental Fund.

It was moved by Kevin Collins and seconded by Suzi Chan to recommend approval to distribute \$1M surplus from the Dental Fund to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

Vision

XXIII. Vision Rates 2019/2020

The Executive Director presented the 2019/20 Vision rates with a recommendation as a flat renewal.

It was moved by Kevin Collins and seconded by Jackie Kim to recommend approval of the Vision rates as presented with no increase to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

Property & Liability

XXIV. Property & Liability Rates 2019/2020

The Executive Director presented the 2019/20 Property and Liability rates. NCR Property rates and Liability rates showed adverse development in the program. ACSIG has higher

experience than the NCR average. These negative factors have resulted in an increase to the ACSIG PL rates.

It was moved by Kevin Collins and seconded by Jackie Kim to recommend approval of the Property & Liability rates as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XXV. PLCA Amendment

The Executive Director reviewed the amendment for Property and Casualty Claims Administration Services.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval of the PLCA Amendment to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XXVI. P&L Actuarial Study

The Executive Director presented the P&L actuarial study.

It was moved by Susan Kinder and seconded by Kevin Collins to recommend approval of the P&L Actuarial Study to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

Administrative

XXVII. Investment Policy

The Executive Committee conducted the annual review of the written investment policy and found no changes necessary.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval the Investment Policy as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XXVIII. Conflict of Interest Code

The Executive Committee conducted the annual review of the Conflict of Interest policy and found no changes necessary.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval the Conflict of Interest Code as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXIX. Authorization of Signatures

The Executive Committee conducted the annual review of the Authorization of Signatures and found no changes necessary.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval the Authorization of Signatures as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXX. Meeting Calendar

The Executive Committee reviewed the 2019/20 draft calendar.

It was moved by Kevin Collins and seconded by Suzi Chan to recommend approval of the draft meeting calendar as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXXI. Posting and Mailing Address

The Executive Committee conducted the annual review of the Posting and Mailing Address for ACSIG and found no changes necessary.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval the Posting and Mailing address as presented to the Full Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins
Nays: None
Abstain: None

XXXII. Future Planning

XXXIII. This meeting was adjourned at 11:33am.