



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

MINUTES Executive Committee

Date: Thursday, February 6, 2020

Time: 9:30AM

Location: Video Meeting
Join Zoom Meeting

<https://us02web.zoom.us/j/7358807014?pwd=OWtmZkdmZmVwT0hCZklsNXA4RURXUT09>

Meeting ID: 735 880 7014

Passcode: acsig20

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
Jackie Kim	Board Member	Albany USD
Marcus Battle	Board Member	Fremont USD
Kevin Collins	Board Member	San Leandro USD
Madeline Gabel	Board Member	San Lorenzo USD

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

Cary Allison	Guest	Morgan Stanley
Laurena Grabert	Guest	SETECH

III. Acceptance of the Agenda

It was moved by Susan Kinder and seconded by Kevin Collins to approve the agenda as presented.

Ayes: Heldman, Kinder, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

IV. Approval of Minutes

The Executive Committee reviewed the meeting minutes from the November 6, 2020 Executive Committee Meeting and November 12, 2020 Full Board Meeting.

It was moved by Madeline Gabel and seconded by Jackie Kim to approve the meeting minutes.

Ayes: Heldman, Kinder, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

V. Second Quarter Financial Report

Laurena Grabert from SETECH presented the 2020/2021 Second Quarter Financial Report.

Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2020 and 12/31/2020

	Audited As of 06/30/2020	Activity 07/01/2020 - 12/31/2020	As of 12/31/2020
Assets:			
Current Assets			
Workers Compensation	\$ 23,150,875	(7,711,245)	\$ 15,439,630
Dental	5,139,851	818,562	5,958,413
Vision	2,421,563	40,176	2,461,739
Property and Liability	1,466,118	285,869	1,751,987
Operations	80,677	46,165	126,842
Cash and Cash Equivalents	<u>\$ 32,259,084</u>	<u>(6,520,473)</u>	<u>\$ 25,738,611</u>
Investments Morgan Stanley - current	2,936,365	(940,109)	1,996,256
Accounts Receivable	7,862,677	7,146,340	15,009,017
Prepaid Expense	--	961,902	961,902
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	<u>43,058,126</u>	<u>647,660</u>	<u>43,705,786</u>
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	19,523,229	1,162,976	20,686,205
Capital - Equipment, net of depreciation	1,187	(592)	595
	<u>19,524,416</u>	<u>1,162,384</u>	<u>20,686,800</u>
Total Assets	<u>\$ 62,582,542</u>	<u>\$ 1,810,044</u>	<u>\$ 64,392,586</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	146,854	--	146,854
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 342,458	\$ (13,485)	\$ 328,973
Prefunding deposits (2)	4,132,048	--	4,132,048
Advance Contributions	--	--	--
Other Claim Liabilities - Castlepoint Reinsurance Insolvency	671,995	--	671,995
Current Portion of claims and claim adjustment	3,582,964	(291,087)	3,291,877
Subtotal Current Liabilities	<u>8,729,465</u>	<u>(304,572)</u>	<u>8,424,893</u>
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	7,559,199	(214,228)	7,344,971
Unallocated Loss Adjustment Expense (ULAE)	907,745	(135,049)	772,696
Subtotal Noncurrent Claim Liabilities	<u>8,466,944</u>	<u>(349,277)</u>	<u>8,117,667</u>
Net Pension Liability (NPL)	734,426	43,024	777,450
Total Liabilities	<u>\$ 17,930,835</u>	<u>\$ (610,825)</u>	<u>\$ 17,320,010</u>
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	87,683	--	87,683
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	44,709,691	2,421,461	47,131,152
Designated - Capital Assets	1,187	(592)	595
Total Net Position	<u>\$ 44,710,878</u>	<u>\$ 2,420,869</u>	<u>\$ 47,131,747</u>
Total Liabilities, Deferred Pension, and Ending Net Position	<u>\$ 62,582,542</u>	<u>\$ 1,810,044</u>	<u>\$ 64,392,586</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.

Alameda County Schools Insurance Group (ACSIG)
Workers' Compensation
Statement of Revenues, Expenditures and Changes in Net Fund Assets
As of 12/31/2020 and For The Six Months Then Ended

	2019/2020		2020/2021			
	Budget	Actuals	Budget	Activity 07/01/2020 - 12/31/2020	Variance	Percentage of Budget
Operating Revenue:						
Premiums Paid by Members	\$ 27,959,469	\$ 27,017,696	\$ 26,993,971	\$ 13,496,986	\$ 13,496,985	50.00 %
Return of Premiums	--	--	--	--	--	--
Other Income	--	7,093	--	--	--	--
Total Operating Revenue	27,959,469	27,024,789	26,993,971	13,496,986	13,496,985	50.00
Operating Expenditures:						
Classified Salaries	63,149	76,063	70,140	34,513	35,627	49.21
Statutory Benefits	24,985	7,970	24,985	2,159	22,826	8.64
Health & Welfare	15,800	14,322	15,800	10,037	5,763	63.53
Employer Tax Expense	1,121	1,110	1,121	511	610	45.58
Net Pension Expense	15,104	62,112	20,431	25,814	(5,383)	126.35
Telephone & Internet	1,050	694	793	192	601	24.21
Supplies Office	600	539	300	15	285	5.00
Supplies - Other	600	177	400	36	364	9.00
Eligibility Processing	6,077	--	--	--	--	--
Brokerage Fees-Dental-ACSIG	--	--	--	--	--	--
Brokerage Fees-Dental-MD	--	--	--	--	--	--
Travel and Conferences	3,300	2,065	2,200	1,023	1,177	46.50
Mileage	1,275	1,088	850	533	317	62.66
Dues & Memberships	1,050	1,145	1,200	270	930	22.50
Postage & Meter	300	148	350	61	289	17.43
Insurance Expense-PIPS	23,583,087	20,501,321	23,006,149	11,039,021	11,967,128	47.98
Insurance Expense-PY Adj	2,000,000	476,909	1,000,000	--	1,000,000	--
Utility - Operating-Rent	--	5,711	4,843	4,442	401	91.72
Advertising	300	--	200	--	200	--
Contract Services - Actuarial	10,000	8,570	10,000	--	10,000	--
Contract Services -Claim Audit	--	15,750	20,000	--	20,000	--
Contract Services	--	--	3,125	--	3,125	--
Audit Fees	2,325	2,104	1,500	1,073	427	71.53
Other Services/Operating Expense	1,500	1,462	1,935	180	1,755	9.30
Capital Equipment/Depreciation	300	--	400	--	400	--
Repairs & Maintenance	525	--	350	--	350	--
Legal	300	--	1,000	--	1,000	--
Accounting Services	2,250	2,250	1,550	581	969	37.48
County Courier	600	592	420	--	420	--
Shredding	300	145	108	65	43	60.19
Copier & Scanner	250	396	800	217	583	27.13
Claims Admin/Consult Services	154,000	135,000	135,000	135,000	--	100.00
Self-Insurance Fee	325,000	432,095	431,959	388,794	43,165	90.01
Claims Paid-WC	1,750,000	725,255	1,250,000	448,294	801,706	35.86
Claims Paid-PL	--	--	--	--	--	--
Physical Abilities Testing	35,000	4,165	50,000	245	49,755	0.49
Training	40,000	--	--	--	--	--
First-Aid Program	30,000	8,384	50,000	784	49,216	1.57
Food Service/Sp Ed Training	--	--	--	--	--	--
Risk Mgmt Prevention Prog	30,000	85,115	100,000	--	100,000	--
EPA Program	--	29,602	100,000	54,747	45,253	54.75
Safety Inspections	--	--	--	--	--	--
Bank Charge & WC Penalty Reimb	1,000	--	--	--	--	--
Cobra Premiums	--	--	--	--	--	--
Dental Insurance Premiums	--	--	--	--	--	--
Vision Insurance Premiums	--	--	--	--	--	--
Claim Development Expense	(2,000,000)	(3,472,220)	1,000,000	(639,557)	1,639,557	(63.96)
ACA Fees	--	--	--	--	--	--
Total Operating Expenditures	26,101,148	19,130,039	27,307,909	11,509,049	15,798,860	42.15 %
Net Increase/(Decrease) from Operations	1,858,321	7,894,750	(313,938)	1,987,937	(2,301,875)	(633.23) %
Non Operating Income/(Expense)						
Interest Income	250,000	574,538	400,000	253,181	146,819	63.30
Net Increase/(Decrease) in Fair Value	--	469,365	--	(183,746)	183,746	--
Realized Gain/(Loss) on Investments	--	441	--	22,087	(22,087)	--
Cumulative effect of GASB 68	--	--	--	--	--	--
Interfund Transfer, Other Income	--	--	--	--	--	--
Total Non Operating Income/(Expense)	250,000	1,044,344	400,000	91,522	308,478	22.88 %
Net Increase/(Decrease) in Net Position	2,108,321	8,939,094	86,062	2,079,459	(1,993,397)	2,416.23 %
Beginning Balance Prior Year End	20,412,478	20,412,478	29,351,572	29,351,572	--	100.00 %
Ending Balance, as of 12/31/2020	\$ 22,520,799	\$ 29,351,572	\$ 29,437,634	\$ 31,431,031	\$ (1,993,397)	

It was moved by Susan Kinder and seconded by Kevin Collins to approve the second quarter financial report.

Ayes: Heldman, Kinder, Kim, Battle, Collins, Gabel
 Nays: None
 Abstain: None

VI. Second Quarter Investment Report

Cary Allison presented the 2020/21 Second Quarter Investment Report.

Time Weighted Performance Summary (Net of fees) – December 31, 2020

Total Ending Value	\$22,811,869.36
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Rolling Periods

Quarter to Date	0.16%
Year to Date	3.92%
Last 12 Months	3.92%
Last 3 Years	2.86%
Last 5 Years	2.03%
Last 10 Years	1.63%
Since 7/12/10 Inception (annualized %)	1.58%

Calendar Years

2020 YTD	3.92%
2019	3.69%
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%

Fiscal Years

2020-21 YTD	0.29%
2019-20	4.74%
2018-19	1.31%
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 approve the second quarter investment report.

Ayes: Heldman, Kinder, Kim, Battle, Collins, Gabel
 Nays: None
 Abstain: None

VII. Information Report for the Fiscal Year End

Laurena Grabert from SETECH presented the Financial Management Information Report Ended June 30, 2020. The following numbers reflect each member's portion of the unfunded liability.

Alameda County Schools Insurance Group
Workers' Compensation
Allocation Net Position - Assets/(Deficit) by Member
As of 06/30/2020

Members		Sub-Total From Page 12		Program Years								Total					
				2016/2017		2017/2018		2018/2019		2019/2020							
				Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets						
Alameda COE	\$	53,121	2.03 %	\$	182,838	1.93 %	\$	109,083	1.75 %	\$	111,773	1.54 %	\$	91,722	\$	548,537	
Alameda		(161,856)	7.07		636,779	8.40		474,765	8.64		551,840	8.39		499,704		2,001,232	
Albany		34,620	3.53		317,939	2.82		159,385	2.75		175,644	3.07		182,848		870,436	
Castro Valley		51,137	6.27		564,725	6.85		387,160	5.57		355,758	4.92		293,033		1,651,813	
Dublin		276,888	5.45		490,870	5.26		297,293	5.06		323,184	5.61		334,129		1,722,364	
Eden ROP		(122,299)	0.37		33,325	0.30		16,956	0.34		21,716	0.33		19,655		(30,647)	
Emery		(71,291)	0.48		43,233	0.44		24,869	0.43		27,464	0.70		41,692		65,967	
Fremont		2,259,396	23.56		2,121,997	22.88		1,293,170	21.03		1,343,194	23.36		1,391,311		8,409,068	
Livermore		262,615	9.10		819,617	8.87		501,329	9.19		586,969	9.55		568,794		2,739,324	
Mission ROP		(39,994)	0.32		28,822	0.31		17,521	0.32		20,439	0.51		30,375		57,163	
Mt. House		(2,718)	0.03		2,702	0.02		1,130	0.01		639	0.02		1,191		2,944	
Newark		(124,299)	5.60		504,380	4.47		252,643	3.99		254,843	4.82		287,077		1,174,644	
New Haven		(208,577)	8.32		749,364	9.13		516,024	9.95		635,510	6.98		415,726		2,108,047	
Piedmont		(40,179)	1.90		171,129	1.85		104,561	1.80		114,967	1.74		103,634		454,112	
Pleasanton		244,224	7.77		699,827	9.53		538,632	11.44		730,677	12.41		739,134		2,952,494	
San Leandro		338,012	7.57		681,813	6.97		393,942	7.78		496,911	8.08		481,241		2,391,919	
San Lorenzo		(416,040)	10.12		911,486	9.57		540,893	9.64		615,710	7.63		454,439		2,106,488	
Sunol Glen		(6,155)	0.16		14,411	0.15		8,478	0.15		9,581	0.17		10,125		36,440	
Tri Valley ROP		23,231	0.35		31,523	0.25		14,132	0.16		10,218	0.17		10,123		89,227	
Pleasanton Apprentice		--	--		--	--		--	--		--	--		--		--	
Totals		\$	2,349,836	100.00 %	\$	9,006,780	100.00 %	\$	5,651,966	100.00 %	\$	6,387,037	100.00 %	\$	5,955,953	\$	29,351,572

VIII. Preliminary Property & Liability Rates 2021/22

The Executive Director reviewed 2021-2022 preliminary property and liability rates with the committee. The rates have been estimated using the latest NCR and SAFER rate estimates. We have included the adjusted property valuations and ADA estimates.

It was moved by Kevin Collins and seconded by Jackie Kim to approve the PL rates.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

IX. Property & Liability Actuarial Study

The Executive Director presents the Property & Liability study with Executive Committee.

It was moved by Kevin Collins and seconded by Marcus Battle to recommend approval to the Full Board.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

X. Budget 2021/22

The Executive Director reviewed the 2021/22 Budget. The budget was developed using year-to-date 2020/21 data and preliminary estimates for 2021/22 rates and costs.

It was moved by Kevin Collins and seconded by Jackie Kim to approve the budget.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

Workers Compensation

XI. Actuarial Study - Ex Mod

The Executive Director presented the Ex-Mods as determined by the Actuarial by Jack Joyce. The assumption that all Ex-Mods will remain between .75 and 1.25 will continue.

MEMBER	NEW EX-MOD 12/31/20	OLD EX-MOD 12/31/19
ACOE	0.750	0.750
ALAMEDA	1.250	1.250
ALBANY	1.250	1.133
CASTRO VALLEY	0.920	0.789
DUBLIN	0.765	0.750
EDEN ROP	0.750	0.750
EMERY	0.788	1.204
FREMONT	0.996	0.913
LIVERMORE	1.042	1.056
MISSION ROP	1.250	1.155
MT. HOUSE	0.750	0.750
NEW HAVEN	0.750	0.882
NEWARK	1.119	1.250
PIEDMONT	0.750	0.750
PLEASANTON	1.169	1.196
SAN LEANDRO	1.178	1.250
SAN LORENZO	0.922	1.033
SUNOL GLEN	0.750	0.750
TRI VALLEY ROP	1.167	0.851

It was moved by Kevin Collins and seconded by Jackie Kim to approve the Ex-Mods as presented.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

XII. 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 \$8.8M on December 31, 2020. Based on this report the claims development has improved by \$621K.

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

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None
Abstain: None

XIII. Workers Compensation Program 2021/22

The Executive Committee agreed to continue the Shoe Program for the Food Service, Maintenance and Warehouse workers. They would like to have an analysis on the EAP program with Claremont and would like to continue to pilot for another year at the expense of the JPA.

It was moved by Kevin Collins and seconded by Madeline Gabel to recommend approval of the WC programs to the Full Board.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

XIV. Preliminary Workers' Compensation Rates 2021/22

The Executive Director reviewed 2021-2022 preliminary worker's compensation rates with the base rate of 2.38. The workers compensation program continues to maintain a positive fund balance, therefore the committee recommends that the base rate be lowered by .25 to 2.13.

2021/22 Workers' Compensation Rates

	2018/2019 Actual Payroll	2019/2020 Actual Payroll	Base Rate	Ex Mod	Rate per \$100 Payroll	2020/2021 PREMIUM
ACOE	\$21,927,785	\$23,013,025	2.38	0.7500	1.79	\$410,782
ALAMEDA	\$71,889,088	\$73,235,466	2.38	1.2500	2.98	\$2,178,755
ALBANY	\$29,020,550	\$28,970,283	2.38	1.2500	2.98	\$861,866
CASTRO VALLEY	\$66,796,628	\$68,569,271	2.38	0.9200	2.19	\$1,501,393
DUBLIN	\$80,071,839	\$86,662,231	2.38	0.7650	1.82	\$1,577,859
EDEN ROP	\$4,680,262	\$4,674,800	2.38	0.7500	1.79	\$83,445
EMERY	\$6,250,379	\$6,153,910	2.38	0.7880	1.88	\$115,413
FREMONT	\$274,150,988	\$270,385,548	2.38	0.9960	2.37	\$6,409,435
LIVERMORE	\$96,850,089	\$98,354,797	2.38	1.0420	2.48	\$2,439,160
MISSION ROP	\$4,695,419	\$4,654,123	2.38	1.2500	2.98	\$138,460
MT. HOUSE	\$215,538	\$204,965	2.38	0.7500	1.79	\$3,659
NEWARK	\$41,293,776	\$84,015,046	2.38	1.1190	2.66	\$2,237,506
NEW HAVEN	\$84,804,804	\$40,846,774	2.38	0.7500	1.79	\$729,115
PIEDMONT	\$24,797,106	\$25,066,747	2.38	0.7500	1.79	\$447,441
PLEASANTON *	\$111,086,999	\$113,900,632	2.38	1.1690	2.78	\$3,168,966
SAN LEANDRO	\$69,210,267	\$71,450,786	2.38	1.1780	2.80	\$2,003,223
SAN LORENZO	\$79,182,774	\$78,379,049	2.38	0.9220	2.19	\$1,719,918
SUNOL GLEN	\$2,360,507	\$2,449,817	2.38	0.7500	1.79	\$43,729
TRI VALLEY ROP	\$2,192,813	\$2,457,806	2.38	1.1670	2.78	\$68,265
TOTAL PREMIUMS	1,071,477,611	1,083,445,076				\$26,138,390

Average Ex Mod 1.00000

Payrolls based upon 2019/2020 Unaudited Actuals Reports provided by ACOE

* includes apprentice program

It was moved by Marcus Battle and seconded by Jackie Kim to approve the motion of buying down the WC base rate by \$.25.

Ayes: Heldman, Kim, Battle, Collins, Gabel

Nays: None

Abstain: None

XV. Future Planning

Plan to have a Strategic Planning meeting Winter 2021.

XVI. This meeting was adjourned by Annette Heldman at 11:23am.