



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

MINUTES
Executive Committee

Date: Thursday, February 7, 2019
Time: 9:30AM
Location: Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544

I. Annette Heldman called the meeting to order at 9:33am

II. Roll call

Executive Committee Members

Annette Heldman	President	New Haven USD
Susan Kinder	Vice President	Livermore USD
Jackie Kim	Board Member	Albany USD
Suzy Chan	Board Member	Castro Valley USD
Kevin Collins	Board Member	San Leandro USD
Kimberly Dennis	Executive Director	Alameda County Schools Insurance Group
Celina Flotte	Executive Assistant	Alameda County Schools Insurance Group
Ron Martin	Guest	Keenan & Associates
Tara Cooper-Salaiz	Guest	Keenan & Associates
Patrice Grant	Guest	Keenan & Associates
Michael Clark	Guest	Keenan & Associates
Dave Kundert	Guest	Keenan & Associates

Cary Allison
Mark Payne
Laurena Grabert Guest

Guest
Guest

Morgan Stanley
Morgan Stanley
SETECH

III. Acceptance of the Agenda

It was moved by Kevin Collins 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 9:34am.

A. Settlement Authorization

- **Claim Numbers:**

2205897 Santucci

B. Settlement Notification

- **Claim Numbers:**

421071 Tarin

453533 Barriga

509542 Medeiros

Poominatha

535017 n

539412 Gatewood

541210 Santos

542229 Halol

548896 Havig

551417 Rivas

C. CastlePoint/ Renisurance Update

The Executive Director and a Keenan representative gave committee an update on the open claims affected by the receivership of Castlepoint Reinsurance.

D. Executive Director Contract

The Executive Committee discussed the Executive Director's contract.

Open Session

Open session began at 10:49am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

The Committee approved \$110,000 to claim number 2205897 for expenses.

It was moved by Susan Kinder and seconded by Kevin Collins to approve the requested amount.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

VII. Approval of Minutes

The Executive Committee reviewed the meeting minutes from the November 1, 2018 Executive Committee and November 8, 2018 Full Board Meetings.

It was moved by Kevin Collins and seconded by Suzy Chan to approve the meeting minutes.

Ayes: Heldman, Kinder, Chan, Collins

Nays: None

Abstain: Kim

Workers Compensation**VIII. Actuarial Study - Ex Mod**

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

MEMBER	NEW EX-MOD 12/31/18	OLD EX-MOD 12/31/17
ACOE	0.750	0.750
ALAMEDA	1.250	1.250
ALBANY	0.864	1.003
CASTRO VALLEY	0.756	0.884
DUBLIN	0.750	0.750
EDEN ROP	0.750	0.750
EMERY	0.988	0.750
FREMONT	0.944	0.836
LIVERMORE	1.095	1.109
MISSION ROP	0.909	0.750
MT. HOUSE	0.750	0.750
NEWARK	1.003	0.932
NEW HAVEN	0.993	1.128
PIEDMONT	0.921	0.750
PLEASANTON	1.106	1.134
SAN LEANDRO	1.237	1.250
SAN LORENZO	1.147	1.250
SUNOL GLEN	0.750	0.750
TRI VALLEY ROP	0.751	0.750

IX. Preliminary 2019-2020 Workers' Compensation Rates

The Executive Director reviewed 2019-2020 preliminary worker's compensation rates with the base rate of 2.65. The workers compensation program continues to maintain a positive fund balance, therefore the committee recommends that the base rate be lowered to 2.60.

**2019/2020
Workers' Compensation Rates**

	2016/2017 Actual Payroll	2017/2018 Actual Payroll	Base Rate	Ex Mod	Rate per \$100 Payroll	2019/2020 PREMIUM
ACOE	\$23,717,493	\$21,779,014	2.65	0.7500	1.99	\$432,858
ALAMEDA	\$70,301,878	\$69,969,982	2.65	1.2500	3.31	\$2,317,756
ALBANY	\$27,858,715	\$28,827,474	2.65	0.8640	2.29	\$660,034
CASTRO VALLEY	\$64,078,083	\$64,201,756	2.65	0.7650	2.03	\$1,301,530
DUBLIN	\$68,658,689	\$74,306,015	2.65	0.7500	1.99	\$1,476,832
EDEN ROP	\$4,583,000	\$4,609,783	2.65	0.7500	1.99	\$91,619
EMERY	\$5,808,634	\$6,174,193	2.65	0.9880	2.62	\$161,653
FREMONT	\$255,927,440	\$263,110,684	2.65	0.9440	2.50	\$6,581,977
LIVERMORE	\$84,264,612	\$91,199,583	2.65	1.0950	2.90	\$2,646,384
MISSION ROP	\$4,351,284	\$4,545,012	2.65	0.9090	2.41	\$109,483
MT. HOUSE	\$183,365	\$213,409	2.65	0.7500	1.99	\$4,242
NEWARK	\$43,509,192	\$42,083,492	2.65	1.0030	2.66	\$1,118,558
NEW HAVEN	\$89,658,169	\$89,417,409	2.65	0.9930	2.63	\$2,352,974
PIEDMONT	\$24,365,158	\$24,624,141	2.65	0.9210	2.44	\$600,989
PLEASANTON *	\$102,590,453	\$105,028,007	2.65	1.1030	2.92	\$3,069,916
SAN LEANDRO	\$63,320,230	\$65,160,985	2.65	1.2370	3.28	\$2,136,010
SAN LORENZO	\$78,240,528	\$77,840,991	2.65	1.1470	3.04	\$2,366,016
SUNOL GLEN	\$2,031,253	\$2,155,623	2.65	0.7500	1.99	\$42,843
TRI VALLEY ROP	\$2,121,140	\$2,430,723	2.65	0.7510	1.99	\$48,375
TOTAL PREMIUMS	\$1,015,569,318	\$1,037,678,275				\$27,520,048

Average Ex Mod	1.00000
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Payrolls based upon 2017/2018 Unaudited Actuals Reports provided by ACOE

* includes apprentice program

It was moved by Kevin Collins and seconded by Suzy Chan to recommend approval of a 2.60 base rate to the board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

X. Information Report for the Fiscal Year End

Laurena Grabert from SETECH presented the Financial Management Information Report Ended June 30, 2018. 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 06/30/2018

		Program Years										Total
		2016/2017				2017/2018						
		Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets			
Members	Sub-Total From Page 12											
Alameda COE	\$ (51,354)	2.03 %	\$ 153,917	1.93 %	\$ 103,728	-- %	\$ --	-- %	\$ --	-- %	\$ --	\$ 206,291
Alameda	(474,040)	7.07	536,055	8.40	451,461	--	--	--	--	--	--	513,476
Albany	(69,101)	3.53	267,649	2.82	151,562	--	--	--	--	--	--	350,110
Castro Valley	(190,866)	6.27	475,399	6.85	368,156	--	--	--	--	--	--	652,689
Dublin	124,516	5.45	413,225	5.26	282,700	--	--	--	--	--	--	820,441
Eden ROP	(141,651)	0.37	28,054	0.30	16,124	--	--	--	--	--	--	(97,473)
Emery	(103,900)	0.48	36,394	0.44	23,648	--	--	--	--	--	--	(43,858)
Fremont	1,145,562	23.56	1,786,346	22.88	1,229,693	--	--	--	--	--	--	4,161,601
Livermore	(71,140)	9.10	689,972	8.87	476,721	--	--	--	--	--	--	1,095,553
Mission ROP	(64,863)	0.32	24,263	0.31	16,661	--	--	--	--	--	--	(23,939)
Mt. House	(4,567)	0.03	2,275	0.02	1,075	--	--	--	--	--	--	(1,217)
Newark	(348,671)	5.60	424,598	4.47	240,242	--	--	--	--	--	--	316,169
New Haven	(659,704)	8.32	630,832	9.13	490,695	--	--	--	--	--	--	461,823
Piedmont	(131,201)	1.90	144,060	1.85	99,429	--	--	--	--	--	--	112,288
Pleasanton	(155,834)	7.77	589,130	9.53	512,193	--	--	--	--	--	--	945,489
San Leandro	88,006	7.57	573,966	6.97	374,605	--	--	--	--	--	--	1,036,577
San Lorenzo	(820,550)	10.12	767,310	9.57	514,343	--	--	--	--	--	--	461,103
Sunol Glen	(13,622)	0.16	12,131	0.15	8,062	--	--	--	--	--	--	6,571
Tri Valley ROP	4,601	0.35	26,538	0.25	13,435	--	--	--	--	--	--	44,574
Pleasanton Apprentice	--	--	--	--	--	--	--	--	--	--	--	--
Totals	(1,938,379)	100.00 %	\$ 7,582,114	100.00 %	\$ 5,374,533	-- %	\$ --	-- %	\$ --	-- %	\$ --	\$ 11,018,268

Dental/ Vision

XI. Actuarial Report Contract

The Executive Director presented the actuarial contract with Healthcare Actuaries for both the Dental and Vision programs. It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval of the Board.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None
Abstain: None

General

XII. Election of Officers

The Executive Committee elected officers for the 2018/19 year.

President:	Annette Heldman
Vice President:	Susan Kinder
Secretary:	Raul Parungao

It was moved by Kevin Collins and seconded by Suzy Chan to approve the officers for 2018/19.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XIII. Second Quarter Financial Report

Laurena Grabert from SETECH presented the 2018/2019 Second Quarter Financial Report.

Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2018 and 12/31/2018

	Audited As of 06/30/2018	Activity 07/01/2018 - 12/31/2018	As of 12/31/2018
Assets:			
Current Assets			
Workers Compensation	\$ 18,534,707	1,503,682	\$ 20,038,390
Dental	3,284,669	2,685,769	5,970,438
Vision	1,323,726	95,517	1,419,243
Property and Liability	1,317,946	(656,751)	661,195
Operations	101,261	40,016	141,277
Cash and Cash Equivalents	\$ 24,562,309	3,668,233	\$ 28,230,543
Investments Morgan Stanley - current	2,639,124	389,583	3,028,708
Accounts Receivable	8,024,200	(2,983,808)	5,040,392
Prepaid Expense	7,685	674,013	681,698
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	35,233,319	1,748,021	36,981,340
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	13,351,978	(689,666)	12,662,313
Capital - Equipment, net of depreciation	2,371	(592)	1,779
	13,354,349	(690,258)	12,664,092
Total Assets	\$ 48,587,668	\$ 1,057,764	\$ 49,645,431
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	--	--	--
Other Claim Liabilities - Castlepoint Reinsurance Insolvency	908,036	--	908,036
Current Portion of claims and claim adjustment	3,993,786	15,204	4,008,990
Subtotal Current Liabilities	12,379,235	(3,093,027)	9,286,208
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	12,806,919	(214,993)	12,591,926
Unallocated Loss Adjustment Expense (ULAE)	1,377,838	--	1,377,838
Subtotal Noncurrent Claim Liabilities	14,184,757	(214,993)	13,969,764
Net Pension Liability (NPL)	732,827	28,402	761,229
Total Liabilities	\$ 27,296,819	\$ (3,279,618)	\$ 24,017,202
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	65,612	--	65,612
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	21,769,243	4,337,972	26,107,215
Designated - Capital Assets	2,371	(592)	1,779
Total Net Position	\$ 21,771,614	\$ 4,337,380	\$ 26,108,994
Total Liabilities, Deferred Pension, and Ending Net Position	\$ 48,587,668	\$ 1,057,762	\$ 49,645,431

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 12/31/2018 and For The Six Months Then Ended

	2017 / 2018		2018 / 2019			
	Budget	Audited Actuals	Budget	Activity 07/01/2018-12/31/2018	Variance	Percentage of Budget
Operating Revenue:						
Premiums Paid by Members	\$ 26,712,774	\$ 26,712,774	\$ 27,959,469	\$ 13,979,735	\$ 13,979,734	50.00 %
Return of Premiums	--	--	--	--	--	--
Other Income	--	--	--	--	--	--
Total Operating Revenue	26,712,774	26,712,774	27,959,469	13,979,735	13,979,734	50.00
Operating Expenditures:						
Classified Salaries	61,053	65,608	63,149	26,507	36,642	41.98
Statutory Benefits	14,246	8,266	24,985	1,774	23,211	7.10
Health & Welfare	7,800	14,253	15,800	6,021	9,779	38.11
Employer Tax Expense	876	959	1,121	450	671	40.15
Net Pension Expense	8,547	(44,672)	15,104	17,042	(1,938)	112.83
Telephone & Internet	1,050	915	1,050	375	675	35.71
Supplies Office	600	283	600	140	460	23.33
Supplies - Other	375	491	600	178	422	29.67
Eligibility Processing	--	--	6,077	--	6,077	--
Brokerage Fees-Dental-ACSIG	--	--	--	--	--	--
Brokerage Fees-Dental-MD	--	--	--	--	--	--
Travel and Conferences	3,300	1,569	3,300	807	2,493	24.45
Mileage	1,275	1,013	1,275	453	822	35.52
Dues & Memberships	225	245	1,050	133	917	12.67
Postage & Meter	100	194	300	283	17	94.33
Insurance Expense-PIPS	24,040,241	19,857,950	23,583,087	9,839,864	13,743,223	41.72
Insurance Expense-PY Adj	2,000,000	749,186	2,000,000	(233,378)	2,233,378	(11.67)
Utility - Operating-Rent	5,627	5,459	--	3,819	(3,819)	--
Advertising	300	--	300	--	300	--
Contract Services - Actuarial	10,000	8,272	10,000	--	10,000	--
Contract Services -Claim Audit	20,000	15,570	--	--	--	--
CAJPA Dues / Accreditation	--	--	--	--	--	--
Audit Fees	2,220	2,025	2,325	1,031	1,294	44.34
Other Services /Operating Expense:	1,500	842	1,500	364	1,136	24.27
Capital Equipment/Depreciation	375	--	300	--	300	--
Repairs & Maintenance	525	--	525	--	525	--
Legal	300	--	300	--	300	--
Accounting Services	2,250	2,163	2,250	2,228	22	99.02
County Courier	600	535	600	--	600	--
Shredding	225	128	300	69	231	23.00
Copier & Scanner	250	514	250	282	(32)	112.80
Claims Admin/Consult Services	154,000	154,000	154,000	115,500	38,500	75.00
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	288,708	1,461,292	16.50
Claims Paid-PL	--	--	--	--	--	--
Physical Abilities Testing	25,000	14,004	35,000	6,280	28,720	17.94
Training	20,000	--	40,000	--	40,000	--
First-Aid Program	10,000	23,953	30,000	11,609	18,391	38.70
Food Service/Sp Ed Training	30,000	--	--	--	--	--
Risk Mgmt Prevention Prog	--	--	30,000	--	30,000	--
Incentives	--	28,559	--	1,068	(1,068)	--
Safety Inspections	--	--	--	--	--	--
Bank Charge & WC Penalty Reimb	--	--	1,000	--	1,000	--
Cobra Premiums	--	--	--	--	--	--
Dental Insurance Premiums	--	--	--	--	--	--
Vision Insurance Premiums	--	--	--	--	--	--
Claim Development Expense	(2,500,000)	(378,826)	(2,000,000)	(227,434)	(1,772,566)	11.37
ACA Fees	--	--	--	--	--	--
Total Operating Expenditures	26,712,860	21,833,022	26,101,148	10,201,642	15,899,506	39.09 %
Net Increase/(Decrease) from Operations	(86)	4,879,752	1,858,321	3,778,093	(1,919,772)	203.31 %
Non Operating Income/(Expense)						
Interest Income	150,000	356,625	250,000	153,030	96,970	61.21
Net Increase/(Decrease) in Fair Value	--	(200,752)	--	43,178	(43,178)	--
Realized Gain/(Loss) on Investments	--	379	--	379	(379)	--
Cumulative effect of GASB 68	--	--	--	--	--	--
Interfund Transfer, Other Income	--	--	--	--	--	--
Total Non Operating Income/(Expense)	150,000	156,252	250,000	196,587	53,413	78.63 %
Net Increase/(Decrease) in Net Position	149,914	5,036,004	2,108,321	3,974,680	(1,866,359)	188.52 %
Beginning Balance Prior Year End	5,982,264	5,982,264	11,018,268	11,018,268	--	100.00 %
Ending Balance, as of 12/31/2018	<u>\$ 6,132,178</u>	<u>\$ 11,018,268</u>	<u>\$ 13,126,589</u>	<u>\$ 14,992,948</u>	<u>\$ (1,866,359)</u>	

It was moved by Kevin Collins and seconded by Suzy Chan to approve the second quarter financials as amended with a clerical error.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XIV. Second Quarter Investment Report

Cary Allison presented the 2018/19 Second Quarter Investment Report.

Time Weighted Performance Summary (Net of fees) – December 31, 2018

Total Ending Value	\$16,342,539.30		
<i>Rolling Periods</i>			
Quarter to Date	1.05%		
Year to Date	1.01%		
Last 12 Months	1.01%		
Last 3 Years	0.86%		
Last 5 Years	0.89%		
Since 7/12/10 Inception (annualized %)	1.07%		
<i>Calendar Years</i>		<i>Fiscal Years</i>	
2018 YTD	1.01%	2018-19	1.31%
2017	0.59%	2017-18	-0.42%
2016	0.99%	2016-17	-0.35%
2015	0.87%	2015-16	2.13%
2014	1.01%	2014-15	1.09%
2013	-0.03%	2013-14	1.32%
2012	2.44%	2012-13	0.48%
2011	1.91%	2011-12	1.75%
2010 (partial year)	0.29%		

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

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XV. 2019/2020 Budget

The Executive Director reviewed the tentative 2019/20 Budget. The budget was developed using year-to-date 2018/19 data and preliminary estimates for 2019/20 rates and costs. There have been funds allocated to support the release time for regional trainings for Special Education and Food Service staffing as well as Shoes for Crews and County-wide EAP Program.

It was moved by Kevin Collins and seconded by Suzy Chan to approve the budget.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XVI. SETECH Contract Renewal

The Executive Director presented a renewal contract with SETECH.

It was moved by Kevin Collins and seconded by Susan Kinder to approve the contract renewal.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XVII. FBC Partnership

The Executive Director discussed that ACSIG may be expanding our dental coalition into San Diego County, which would include a 30,000 school pool to reduce their administrative fees paid to Delta Dental.

XVIII. Robin Johnson Law Contract

The Executive Director presented a new contract with Robin Johnson Law to the Executive Committee. With potential partnership with FBC Dental Group, it is necessary to secure legal counsel to review documents necessary to create the cooperative. Any costs associated with this contract will be paid from the dental fund only.

It was moved by Kevin Collins and seconded by Susan Kinder to approve the contract.

Ayes: Heldman, Kinder, Kim, Chan, Collins

Nays: None

Abstain: None

XIX. Audit RFP

The Executive Director has acknowledged that ACSIG has maintained two separate 3-year contracts with Christy White & Associates for our claims audit. The Executive Director want to give the opportunity of the committee the option of a new RFP. The committee decided to continue with Christy White and request a proposal for another year and add that as an agenda item to the May meeting.

XX. Strategic Planning Update

The Executive Director presented and reviewed the progress to date of strategies established at the 2018-19 strategic planning meeting held in June 2018. There was a typo error that was corrected – The budgeted amount for the JPA-wide EAP Program is \$100,000 not \$200,000.

XXI. CAJPA Fall Conference 2019

CAJPA Fall Conference will be held in South Lake Tahoe Sept 10- 13, 2019.

XXII. Future Planning

XXIII. This meeting was adjourned at 12:08pm.