



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

MINUTES Executive Committee

Date: Thursday, February 8, 2018
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 9:28am

II. Roll call

Executive Committee Members

Annette Heldman	President	New Haven USD
Susan Kinder	Vice President	Livermore USD
Bryan Richards	Secretary	Newark USD
Joe Sorrera	Board Member	Dublin USD
Raul Parungao	Board Member	Fremont USD
Kevin Collins	Board Member	San Leandro USD
Mei Chan	Educator	New Haven 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
Hesam Fayaz	Guest	SETECH

III. Acceptance of the Agenda

It was moved by Kevin Collins and seconded by Bryan Richards to approve the agenda as presented.

Ayes: Heldman, Kinder, Richards, Sorrera Parungao, Collins

Nays: None

Abstain: None

IV. Public Comment on Closed Session Agenda Items

No public present to comment.

Closed Session

Closed session began at 9:30am.

A. Settlement Authorization

- **Claim Numbers:**

2203078 Olson

B. Settlement Notification

- **Claim Numbers:**

428895	VanDenburg	517263	Elliott	527510	Compton
436007	Ulloa	518456	Henry-Ellis	529346	Abuhwaidi
458936	Carrion	519257	Zupo	529439	Stanley
487842	Flores	520623	Friend	530484	Benzien
501334	Cunha	521363	Spranza	531352	North
501349	Sablan	522573	Lockwood w	536343	Abuhwaidi
502269	Navarro	524581	Wagner	539136	Canlas
509544	Samson	525487	Cilibrasi	2509361	Galvan

Open Session

Open session began at 9:42am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

The Committee approved adding an additional \$50,000 to claim number 2203078 for negotiations — making the total settlement amount up to \$200,000.

It was moved by Susan Kinder and seconded by Raul Parungao to approve the new settlement amount.

Ayes: Heldman, Kinder, Richards, Sorrrera, Parungao, Collins

Nays: None

Abstain: None

VII. Approval of Minutes

It was moved by Susan Kinder and Bryan Richards to approve the meeting minutes from the November 2, 2017 Executive Committee and November 9, 2017 Full Board Meetings.

It was moved by Susan Kinder and seconded by Bryan Richards to approve the meeting minutes.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: Sorrrera

Workers Compensation

VIII. USI Consulting Agreement

The Executive Director presented the USI Agreement to the Executive Committee.

It was moved by Raul Parungao and seconded by Susan Kinder to approve the agreement.

Ayes: Heldman, Kinder, Richards, Sorrrera, Parungao, Collins

Nays: None

Abstain: None

IX. Keenan Loss Control Contract

The Executive Director will presented the Loss Control Contract to the Committee.

It was moved by Raul Parungao and seconded by Bryan Richards to approve the contract.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

X. CastlePoint/ Reinsurance Update

Ron Martin of Keenan discussed the CastlePoint update with the Executive Committee. There are 4 claims that have paid amounts over the SIR. There are 2 claims that have been denied with paid amounts within ACSIGS's \$250,000 SIR and that will exceed the SIR.

Additionally there are 3 corresponding claimants that also have open claim files under PIPS for the same body part which could be constructed by CIGA that other coverage exists which may result in denial of coverage. There are 8 claims that are reserved more than the \$250,000 SIR for specific injuries and reimbursement is anticipated if the SIR is exceeded. The Committee suggests that names and claim numbers are removed for the public eye.

XI. Actuarial Study - Ex Mod

The Executive Director presented the Ex-Mods as determined by the Actuary, Jack Joyce. Ex-Mods have a minimum of .75 and a maximum of 1.25. There is not a limit to the amount that a member can change between years. The amounts are averaged to 1.00 and based on a member's experience within the pool.

MEMBER	NEW EX-MOD 12/31/17	OLD EX-MOD 12/31/16
ACOE	0.750	0.750
ALAMEDA	1.250	1.188
ALBANY	1.003	0.989
CASTRO VALLEY	0.884	1.078
DUBLIN	0.750	0.768
EDEN ROP	0.750	0.750
EMERY	0.750	0.750
FREMONT	0.836	0.917
LIVERMORE	1.109	1.092
MISSION ROP	0.750	0.750
MT. HOUSE	0.750	1.250
NEWARK	0.932	1.000
NEW HAVEN	1.128	1.076
PIEDMONT	0.750	0.750
PLEASANTON	1.134	0.920
SAN LEANDRO	1.250	1.115
SAN LORENZO	1.250	1.250
SUNOL GLEN	0.750	0.750
TRI VALLEY ROP	0.750	0.750

It was moved by Raul Parungao and seconded by Bryan Richards to approve the ex-mods.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XII. Actuarial Study - Ultimate Loss

The Executive Director presented the Ultimate Loss report prepared by Jack Joyce of Bay Actuarial. It was estimated that ACSIG's liability for unpaid losses are \$17,088,000 on December 31, 2017 and project that it will be \$16,219,000 on June 30, 2018. The corresponding discounted values (at 1.75% interest) are \$14,850,000 and \$14,090,000.

It was moved by Bryan Richards and seconded by Kevin Collins to approve actuarial study.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XIII. Preliminary 2018-2019 Workers' Compensation Rates

The Executive Director reviewed the changes proposed to the base rate. 2018-2019 base rate uses a calculation of PIPS rate + Administrative Costs + Self Insurance Fee + an Adjustment of \$1,500,000. The Committee recommends that the base rate be changed to 2.65.

This payroll adjustment resulted in a 6.31% increase to the Worker's Comp rate.

2018/2019 Workers' Compensation Rates

	2015/2016 Actual Payroll	2016/2017 Actual Payroll	Base Rate	Ex Mod	Rate per \$100 Payroll	2018/2019 PREMIUM
ACOE	\$25,061,341	\$23,717,493	2.65	0.7500	1.99	\$471,385
ALAMEDA	\$68,660,947	\$70,301,878	2.65	1.2500	3.31	\$2,328,750
ALBANY	\$27,672,524	\$27,858,715	2.65	1.0030	2.66	\$740,471
CASTRO VALLEY	\$61,699,837	\$64,078,083	2.65	0.8840	2.34	\$1,501,093
DUBLIN	\$66,582,268	\$68,658,689	2.65	0.7500	1.99	\$1,364,591
EDEN ROP	\$3,885,140	\$4,583,000	2.65	0.7500	1.99	\$91,087
EMERY	\$5,695,727	\$5,808,634	2.65	0.7500	1.99	\$115,447
FREMONT	\$242,522,930	\$255,927,440	2.65	0.8360	2.22	\$5,669,817
LIVERMORE	\$78,864,191	\$84,264,612	2.65	1.1090	2.94	\$2,476,411
MISSION ROP	\$3,996,482	\$4,351,284	2.65	0.7500	1.99	\$86,482
MT. HOUSE	\$174,844	\$183,365	2.65	0.7500	1.99	\$3,644
NEWARK	\$43,428,226	\$43,509,192	2.65	0.9320	2.47	\$1,074,590
NEW HAVEN	\$82,394,985	\$89,658,169	2.65	1.1280	2.99	\$2,680,062
PIEDMONT	\$23,943,792	\$24,365,158	2.65	0.7500	1.99	\$484,258
PLEASANTON *	\$100,602,848	\$102,590,453	2.65	1.1340	3.01	\$3,082,946
SAN LEANDRO	\$60,732,865	\$63,320,230	2.65	1.2500	3.31	\$2,097,483
SAN LORENZO	\$74,342,651	\$78,240,528	2.65	1.2500	3.31	\$2,591,717
SUNOL GLEN	\$1,912,229	\$2,031,253	2.65	0.7500	1.99	\$40,371
TRI VALLEY ROP	\$3,200,723	\$2,121,140	2.65	0.7500	1.99	\$42,158
TOTAL PREMIUMS	\$975,374,549	\$1,015,569,318				\$26,942,761

Average Ex Mod

1.00000

Payrolls based upon 2016/2017 Unaudited Actuals Reports provided by ACOE

*** includes apprentice program**

It was moved by Susan Kinder and seconded by Bryan Richards to approve preliminary workers compensation rates.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XIV. Information Report for the Fiscal Year End

Hesam Feyaz from SETECH presented the Financial Management Information Report Ended June 30, 2017. 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 06/30/2017

Members	Sub-Total From Page 12	Program Years								Total
		2016/2017								
		Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	
Alameda COE	\$ (59,906)	2.03 %	\$ 168,226	-- %	\$ --	-- %	\$ --	-- %	\$ --	\$ 108,320
Alameda	(500,101)	7.07	585,891	--	--	--	--	--	--	85,790
Albany	(78,329)	3.53	292,531	--	--	--	--	--	--	214,202
Castro Valley	(209,303)	6.27	519,595	--	--	--	--	--	--	310,292
Dublin	109,914	5.45	451,642	--	--	--	--	--	--	561,556
Eden ROP	(141,731)	0.37	30,662	--	--	--	--	--	--	(111,069)
Emery	(105,976)	0.48	39,778	--	--	--	--	--	--	(66,198)
Fremont	1,031,642	23.56	1,952,418	--	--	--	--	--	--	2,984,060
Livermore	(96,640)	9.10	754,117	--	--	--	--	--	--	657,477
Mission ROP	(66,772)	0.32	26,518	--	--	--	--	--	--	(40,254)
Mt. House	(4,698)	0.03	2,486	--	--	--	--	--	--	(2,212)
Newark	(363,411)	5.60	464,072	--	--	--	--	--	--	100,661
New Haven	(692,289)	8.32	689,479	--	--	--	--	--	--	(2,810)
Piedmont	(137,956)	1.90	157,453	--	--	--	--	--	--	19,497
Pleasanton	(192,168)	7.77	643,900	--	--	--	--	--	--	451,732
San Leandro	64,696	7.57	627,326	--	--	--	--	--	--	692,022
San Lorenzo	(850,125)	10.12	838,645	--	--	--	--	--	--	(11,480)
Sunol Glen	(14,166)	0.16	13,259	--	--	--	--	--	--	(907)
Tri Valley ROP	2,579	0.35	29,006	--	--	--	--	--	--	31,585
Pleasanton Apprentice	--	--	--	--	--	--	--	--	--	--
Totals	\$ (2,304,740)	100.00 %	\$ 8,287,004	-- %	\$ --	-- %	\$ --	-- %	\$ --	\$ 5,982,264

General

XV. Second Quarter Financial Report

Hesam Fayaz from SETECH presented the 2017/2018 Second Quarter Financial Report.

Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2017 and 12/31/2017

	Audited As of 06/30/2017	Activity 07/01/2017 - 12/31/2017	As of 12/31/2017
Assets:			
Current Assets			
Workers Compensation	\$ 13,726,737	1,250,805	\$ 14,977,542
Dental	2,073,984	1,643,707	3,717,691
Vision	1,251,024	45,635	1,296,659
Property and Liability Operations	1,234,912	(547,591)	687,321
	238,251	(35,632)	202,619
Cash and Cash Equivalents	\$ 18,524,908	2,356,924	\$ 20,881,832
Investments Morgan Stanley - current	2,032,238	(1,463,395)	568,843
Accounts Receivable	7,827,985	1,247,705	9,075,690
Prepaid Expense	9,948	3,887,584	3,897,532
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	28,395,079	6,028,818	34,423,897
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	14,018,468	1,315,027	15,333,495
Capital - Equipment, net of depreciation	2,963	--	2,963
	14,021,431	1,315,027	15,336,458
Total Assets	\$ 42,416,510	\$ 7,343,845	\$ 49,760,355
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	217,668	--	217,668
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 3,053,398	\$ 3,522,412	\$ 6,575,810
Prefunding deposits (2)	3,817,300	--	3,817,300
Advance Contributions	--	--	--
Current Portion of claims and claim adjustment	3,832,965	74	3,833,039
Subtotal Current Liabilities	10,703,663	3,522,486	14,226,149
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	14,245,110	(321,661)	13,923,449
Unallocated Loss Adjustment Expense (ULAE)	1,365,838	--	1,365,838
Subtotal Noncurrent Claim Liabilities	15,610,948	(321,661)	15,289,287
Net Pension Liability (NPL)	586,196	--	586,196
Total Liabilities	\$ 26,900,807	\$ 3,200,825	\$ 30,101,632
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	128,507	--	128,507
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	15,601,901	4,143,020	19,744,921
Designated - Capital Assets	2,963	--	2,963
Total Net Position	\$ 15,604,864	\$ 4,143,020	\$ 19,747,884
Total Liabilities, Deferred Pension, and Ending Net Position	\$ 42,416,510	\$ 7,343,845	\$ 49,760,355

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
2018/2019 Budget**

	Budget 2018/2019 0	Allocations	Change in Accruals	Balance Year to Date	2018/2019 Budget	2017/2018 Budget	2016/2017 Actuals
Audited - Beginning Net Position, as of 07/01/2017				\$ 21,144,362			
Beginning Cash and Investments	\$ 21,144,362				\$ 21,144,362	\$ 17,321,015	13,726,737
Operating Revenue:							
Premiums Paid by Members	\$ 26,942,761	\$ --	\$ --	\$ 26,942,761	\$ 26,942,761	\$ 26,712,774	28,264,266
PIPS Contribution Adjustment	--	--	--	--	--	--	247
Total Operating Revenue	26,942,761	--	--	26,942,761	26,942,761	26,712,774	28,264,513
Operating Expenditures:							
Classified Salaries	67,417	--	--	67,417	67,417	61,053	61,858
Statutory Benefits	24,985	--	--	24,985	24,985	14,246	23,208
Health & Welfare	15,800	--	--	15,800	15,800	7,800	14,111
Employer Tax Expense	1,121	--	--	1,121	1,121	876	934
Net Pension Expense	15,787	--	--	15,787	15,787	8,547	14,326
Telephone & Internet	1,050	--	--	1,050	1,050	1,050	957
Supplies Office	600	--	--	600	600	600	251
Supplies - Other	375	--	--	375	375	375	292
Utility - Rent	6,077	--	--	6,077	6,077	5,627	5,048
Brokerage Fees-Dental-ACSIG	--	--	--	--	--	--	--
Brokerage Fees-Dental-MD	--	--	--	--	--	--	--
Travel and Conferences	3,300	--	--	3,300	3,300	3,300	3,414
Mileage	1,275	--	--	1,275	1,275	1,275	805
Dues & Memberships	1,050	--	--	1,050	1,050	225	995
Postage & Meter	100	--	--	100	100	100	121
Insurance Expense-PIPS	23,583,087	--	--	23,583,087	23,583,087	24,040,241	19,382,444
PIPS Contribution Adjustment	2,000,000	--	--	2,000,000	2,000,000	2,000,000	2,212,707
Advertising	300	--	--	300	300	300	--
Contract Services - Actuarial	10,000	--	--	10,000	10,000	8,426	8,150
Contract Services -Claims Audit	--	--	--	--	--	--	--
Contract Services-PL-Legal	--	--	--	--	--	--	--
Audit Fees	2,325	--	--	2,325	2,325	2,220	1,988
Other Services/Operating Expenses	1,500	--	--	1,500	1,500	1,500	375
Capital Equipment/Depreciation	600	--	--	600	600	375	--
Repairs & Maintenance	525	--	--	525	525	525	--
Legal	300	--	--	300	300	300	--
Accounting Services	2,250	--	--	2,250	2,250	2,500	2,100
County Courier	600	--	--	600	600	600	--
Shredding	300	--	--	300	300	300	117
Copier & Scanner	250	--	--	250	250	300	183
Claims Administration Services	154,000	--	--	154,000	154,000	154,000	170,000
Self-Insurance Fee	325,000	--	--	325,000	325,000	290,000	261,221
Claims Paid-WC	1,750,000	--	--	1,750,000	1,750,000	2,500,000	1,280,507
Claims Paid-PL	--	--	--	--	--	--	--
Physical Abilities Testing	35,000	--	--	35,000	35,000	25,000	10,045
Training	40,000	--	--	40,000	40,000	40,000	--
First-Aid Program	30,000	--	--	30,000	30,000	10,000	23,945
Risk Management Prevention Program	30,000	--	--	30,000	30,000	--	--
Bank Charge & WC Penalty Reimb	1,000	--	--	1,000	1,000	--	875
Cobra Premiums	--	--	--	--	--	--	--
Dental Insurance Premiums	--	--	--	--	--	--	--
Vision Insurance Premiums	--	--	--	--	--	--	--
Claim Development Expense	(2,000,000)	--	--	(2,000,000)	(2,000,000)	(2,500,000)	2,211,298
Prior Year Adjustment	--	--	--	--	--	--	--
Total Operating Expenditures	26,105,973	--	--	26,105,973	26,105,973	26,681,661	21,267,929
Net Increase/(Decrease) from Operations	836,788	--	--	836,788	836,788	31,113	6,996,584
Non Operating Income/(Expense)							
Interest Income	250,000	--	--	250,000	250,000	150,000	210,784
Change in FMV	--	--	--	--	--	--	279,057
Realized Gain/(Loss)	--	--	--	--	--	--	11,295
GASB 68	--	--	--	--	--	--	--
Interfund Transfer	--	--	--	--	--	--	--
Total Non Operating Income/(Expense)	250,000	\$ --	\$ --	250,000	250,000	150,000	(56,978)
Ending Cash	\$ 22,231,150						
Net Increase/(Decrease) in Net Position				1,086,788	1,086,788	181,113	6,939,606
				-- \$ 22,231,150	\$ 22,231,150	\$ 17,502,128	<u>20,666,343</u>

It was moved by Raul Parungao and seconded by Susan Kinder to approve second quarter financials.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XVI. Second Quarter Investment Report

The Executive Director presented the 2017/18 Second Quarter Investment Report.

Time Weighted Performance Summary (Net of fees) – December 31, 2017

Total Ending Value	\$16,178,410.09
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Rolling Periods

Quarter to Date	-0.40%
Year to Date	0.59%
Last 12 Months	0.59%
Last 3 Years	0.82%
Last 5 Years	0.69%
Since Inception (annualized %)	1.08%

Calendar Years

2018	-
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

2017-18	-0.12%
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 Kevin Collins and seconded by Raul Parungao to approve second quarter investment report.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XVII. 2018/2019 Budget

The Executive Director reviewed the tentative 2018/19 Budget. The budget was developed using year-to-date 2017/2018 data and preliminary estimates for 2018/2019 rates and costs. There have been funds allocated to support the release time for regional trainings for Special Education and Food Service staffing.

It was moved by Bryan Richards and seconded by Raul Parungao to approve second quarter investment report.

Ayes: Heldman, Kinder, Richards, Sorerra, Parungao, Collins

Nays: None

Abstain: None

XVIII. Strategic Planning Update

The Executive Director asked the Committee to surface ideas for strategic planning. The Committee recommends that there is no need for a facilitator, instead to plan a targeted discussion highlighting strengths and weaknesses. Recapping on goals, focusing on opportunities, and getting district participation for a meeting this end of June 2018.

XIX. CAJPA Fall Conference 2018

The dates for the 2017 CAJPA Fall Conference will be September 11 -14 in Lake Tahoe. All Executive Committee Members/ or Designees and new Board Members are invited to attend.

XX. Future Planning

XXI. This meeting was adjourned at 11:03am.