



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

MINUTES Executive Committee

Date: Thursday, February 16, 2017
Time: 9:00AM
Location: Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544

Conference call dial-in 510-670-7776

I. Call to order 9:00 AM

II. Roll call

Executive Committee Members Present

Dr. Candi Clark	President	Castro Valley USD
Raul Parungao	Vice President	Fremont USD
Susan Kinder	Secretary	Livermore USD
Allan Garde	Board Member	Albany USD
Annette Heldman	Board Member	San Lorenzo USD
Bryan Richards	Board Member	Newark USD
Akur Varadarajan	Board Member	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
Laurena Grabert	Guest	SETECH
Cary Allison	Guest	Morgan Stanley

III. Acceptance of the Agenda

It was moved by Raul Parungao and seconded by Bryan Richards to approve the agenda as presented.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

Nays: None

Abstain: None

IV. Public Comment on Closed Session Agenda Items

No public present to comment.

Closed Session

Closed session began at 9:36am.

A. Settlement Authorization

- **Claim Numbers: N/A**

B. Settlement Notification

- **Claim Numbers:**

Weber 449928	Kauzlarich 502616	Slack 517746
Loeser 450037	Gupta 503348	Malaca 518437
Crosby-Hogg 454362	Peters 503413	Allen 521678
Strother 455473	Reavis 505097	English 523903
Meyer 467418	Scott 510832	Klein-Horejsi 2202027
Balatayo 476898	Oliveira 511229	Lavin 2203289
Williams 477145	Cuenca 512378	Raley 2506815
Williams 481674	Gordon 517314	Sanders 2509076

C. Executive Director Evaluation

Open Session

Open session began at 9:48am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

The Committee delivered the Executive Director Evaluation.

VII. Approval of Minutes

It was moved by Raul Parungao and seconded by Bryan Richards to approve the November 3, 2016 Executive Committee and November 9, 2016 Full Board Meetings.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

Nays: None

Abstain: None

Workers Compensation

VIII. Loss Portfolio Transfer Report

Ron Martin of Keenan presented the Loss Portfolio Transfer Report to the Executive Committee. It was decided to bring this discussion back to the Executive Committee after next years actuarial study for further review.

IX. Keenan TPA Contract

The Executive Director presented the Keenan TPA Contract.

It was moved by Dr. Candi Clark and seconded by Bryan Richards to approve the Keenan TPA Contract with an exception of one clerical correction on Exhibit B on page 12.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

Nays: None

Abstain: None

X. CastlePoint/ Reinsurance Update

Ron Martin of Keenan updated the Committee on CastlePoint Reinsurance receivership and the potential exposure to the pool on 2 open claims.

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. Positive risk management procedures will not have an immediate effect due to the numbers being based on a 3 year average, but will show positively in the future.

MEMBER	NEW EX-MOD 12/31/16	OLD EX-MOD 12/31/15
ACOE	0.750	0.750
ALAMEDA	1.188	1.009
ALBANY	0.989	1.206
CASTRO VALLEY	1.078	0.998
DUBLIN	0.768	0.864
EDEN ROP	0.750	0.983
EMERY	0.750	0.750
FREMONT	0.917	0.988
LIVERMORE	1.092	1.114
MISSION ROP	0.750	0.750
MT. HOUSE	1.250	1.250
NEWARK	1.000	1.250
NEW HAVEN	1.076	0.938
PIEDMONT	0.750	0.750
PLEASANTON	0.920	0.750
SAN LEANDRO	1.115	1.197
SAN LORENZO	1.250	1.250
SUNOL GLEN	0.750	0.782
TRI VALLEY ROP	0.750	1.085

It was moved by Bryan Richards and seconded by Raul Parungao to approve the Actuarial Study Ex-Mods.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

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 \$18,514,000 on December 31, 2016 and project that it will be \$17,109,000 on June 30, 2017. The corresponding discounted values (at 1.5% interest) are \$16,403,000 and \$15,738,000.

It was moved by Raul Parungao and seconded by Bryan Richards to approve the Actuarial Study Ultimate Loss.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

Nays: None

Abstain: None

XIII. Preliminary 2017-2018 Workers' Compensation Rates

The Executive Director reviewed the changes proposed to the base rate. 2017-2018 base rate uses a calculation of PIPS rate + Administrative Costs + Self Insurance Fee + an Adjustment of \$1,500,000. The +\$0.35 has been removed from the calculation due to the surplus. The adjustment is for the payroll adjustment to accommodate the variance between payroll numbers used for ACSIG billing (2015-2016 audited payroll) versus the amount paid to PIPS (2017-2018 actual payroll). This payroll adjustment resulted in a 7.65% increase to the Worker's Comp rate.

2017/2018 Workers' Compensation Rates

	2014/2015 Actual Payroll	2015/2016 Actual Payroll	Base Rate	Ex Mod	Rate per \$100 Payroll	2017/2018 PREMIUM
ACOE	\$24,650,909	\$25,061,341	2.75	0.7500	2.06	\$516,890
ALAMEDA	\$63,724,582	\$68,660,947	2.75	1.1880	3.27	\$2,243,153
ALBANY	\$26,634,210	\$27,672,524	2.75	0.9890	2.72	\$752,623
CASTRO VALLEY	\$57,098,359	\$61,699,837	2.75	1.0780	2.96	\$1,829,092
DUBLIN	\$57,362,013	\$66,582,268	2.75	0.7680	2.11	\$1,406,218
EDEN ROP	\$3,457,372	\$3,885,140	2.75	0.7500	2.06	\$80,131
EMERY	\$5,862,048	\$5,695,727	2.75	0.7500	2.06	\$117,474
FREMONT	\$216,697,574	\$242,522,930	2.75	0.9170	2.52	\$6,115,822
LIVERMORE	\$74,245,093	\$78,864,191	2.75	1.0920	3.00	\$2,368,292
MISSION ROP	\$3,864,371	\$3,996,482	2.75	0.7500	2.06	\$82,427
MT. HOUSE	\$235,401	\$174,844	2.75	1.2500	3.44	\$6,010
NEWARK	\$40,748,743	\$43,428,226	2.75	1.0000	2.75	\$1,194,276
NEW HAVEN	\$80,611,552	\$82,394,985	2.75	1.0760	2.96	\$2,438,068
PIEDMONT	\$22,993,262	\$23,943,792	2.75	0.7500	2.06	\$493,841
PLEASANTON *	\$94,213,075	\$100,602,848	2.75	0.9200	2.53	\$2,545,252
SAN LEANDRO	\$57,484,959	\$60,732,865	2.75	1.1150	3.07	\$1,862,221
SAN LORENZO	\$73,608,462	\$74,342,651	2.75	1.2500	3.44	\$2,555,529
SUNOL GLEN	\$1,807,540	\$1,912,229	2.75	0.7500	2.06	\$39,440
TRI VALLEY ROP	\$2,659,030	\$3,200,723	2.75	0.7500	2.06	\$66,015
TOTAL PREMIUMS	\$907,958,555	\$975,374,549				\$26,712,774

Average Ex Mod 1.00000

Payrolls based upon 2015/2016 Unaudited Actuals Reports provided by ACOE

* includes apprentice program

Rate Build UP

PIPS K-12 Rate	2.610195 (assume 5% increase in rate and 10% ex-mod)		
ACSIG Ex-mod	0.87714	2.2895	\$ 24,040,240.68
Claims Admin	154,000		\$ 154,000.00
ACSIG Admin	\$ 219,150.00		\$ 219,150.00
Self-Insurance Fee	\$ 250,000.00		\$ 250,000.00
PIPS Adj	\$ 2,000,000.00		\$ 2,000,000.00
			\$ 26,663,390.68
est. 17/18 payroll	\$ 1,050,018,477		

percentage due to growth in payroll 7.65%

overall increase in costs -10.61%

It was moved by Raul Parungao and seconded by Bryan Richards to approve the Workers Compensation Rates.

Ayes: Clark, Kinder, Parungao, Heldman, Richards
 Nays: None
 Abstain: None

XIV. Information Report for the Fiscal Year End

Laurena Grabert from SETECH presented the Financial Management Information Report Ended June 30, 2016. 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 06/30/2016											
Members	Sub-Total From Page 11	Program Years								Total	
		2012/2013		2013/2014		2014/2015		2015/2016			
		Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets		
Alameda COI	\$ (276,716)	2.00 %	\$ 44,180	2.29 %	\$ 25,525	2.28 %	\$ 48,889	2.18 %	\$ 122,485	\$ (35,637)	
Alameda	(1,159,023)	5.85	129,226	6.71	74,791	6.80	145,809	7.26	407,909	(401,288)	
Albany	(333,428)	2.41	53,237	2.76	30,764	2.78	59,610	2.65	148,893	(40,924)	
Castro Valley	(710,882)	5.31	117,298	4.72	52,610	4.77	102,281	5.21	292,728	(145,965)	
Dublin	(315,399)	3.65	80,628	3.85	42,913	4.68	100,351	5.03	282,615	191,108	
Eden ROP	(177,637)	0.37	8,173	0.28	3,121	0.36	7,719	0.38	21,351	(137,273)	
Emery	(166,542)	0.67	14,800	0.80	8,917	0.54	11,579	0.54	30,340	(100,906)	
Fremont	(1,688,865)	28.86	637,517	29.82	332,381	28.74	616,258	26.46	1,486,678	1,383,969	
Livermore	(1,011,396)	9.10	201,019	9.31	103,772	9.50	203,704	9.91	556,802	53,901	
Mission ROP	(107,141)	0.39	8,615	0.39	4,347	0.40	8,577	0.39	21,912	(63,690)	
Mt. House	(7,849)	0.03	663	0.04	446	0.03	643	0.03	1,686	(4,411)	
Newark	(877,387)	4.36	96,312	4.46	49,712	5.80	124,367	5.76	323,631	(283,365)	
New Haven	(1,520,017)	9.28	204,995	8.18	91,176	7.06	151,384	8.17	459,038	(613,424)	
Piedmont	(325,710)	1.91	42,192	1.90	21,178	1.95	41,813	1.86	104,506	(116,021)	
Pleasanton	(1,044,700)	9.71	214,494	9.50	105,889	8.42	180,546	8.00	449,487	(94,284)	
San Leandro	(543,444)	6.13	135,412	5.15	57,403	6.23	133,587	6.84	384,311	167,269	
San Lorenzo	(1,740,171)	9.42	208,088	9.22	102,768	9.10	195,127	8.81	494,997	(739,191)	
Sunol Glen	(27,834)	0.13	2,872	0.13	1,449	0.13	2,788	0.14	7,866	(12,859)	
Tri Valley ROP	(38,316)	0.42	9,278	0.49	5,463	0.43	9,221	0.38	21,351	6,997	
Pleasanton Apprentice	--	--	--	--	--	--	--	--	--	--	
Totals	(12,072,457)	100.00 %	\$ 2,208,999	100.00 %	\$ 1,114,625	100.00 %	\$ 2,144,253	100.00 %	\$ 5,618,586	\$ (985,994)	

Dental/ Vision

XV. Actuarial Report

The Executive Director presented the actuarial report completed by Healthcare Actuaries for ACSIG Dental and Vision Program.

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

Ayes: Clark, Kinder, Parungao, Heldman, Richards
 Nays: None
 Abstain: None

General

XVI. Second Quarter Financial Report

Laurena Grabert from SETECH presented the 2016/2017 Second Quarter Financial Report.

Alameda County Schools Insurance Group (ACSIG) Treasurer's Report- Statement of Net Position Consolidated As of 06/30/2016 and 12/31/2016			
	Audited As of 06/30/2016	Activity 07/01/2015 - 12/31/2016	As of 12/31/2016
Assets:			
Current Assets			
Workers Compensation	\$ 8,758,964	4,539,146	\$ 13,298,111
Dental	3,019,012	1,735,328	4,754,340
Vision	1,175,897	(70,458)	1,105,439
Property and Liability	1,206,795	(384,794)	822,001
Operations	169,423	(62,155)	107,268
Cash and Cash Equivalents	\$ 14,330,091	5,757,067	\$ 20,087,159
Investments Morgan Stanley - current	1,701,027	(168,865)	1,532,162
Accounts Receivable	7,965,408	34,868	8,000,276
Prepaid Expense	--	542,148	542,148
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	23,996,526	6,165,218	30,161,744
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	14,370,020	48,329	14,418,349
Capital - Equipment, net of depreciation	3,555	--	3,555
	14,373,575	48,329	14,421,904
Total Assets	\$ 38,370,101	\$ 6,213,547	\$ 44,583,648
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	44,203	--	44,203
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 5,414,640	\$ 4,440,360	\$ 9,855,000
Prefunding deposits (2)	3,418,159	252,000	3,670,159
Advance Contributions	--	--	--
Current Portion of claims and claim adjustment	3,542,657	283,861	3,826,518
Subtotal Current Liabilities	12,375,456	4,976,221	17,351,677
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	16,149,791	(1,250,479)	14,899,312
Unallocated Loss Adjustment Expense (ULAE)	1,570,819	(192,000)	1,378,819
Subtotal Noncurrent Claim Liabilities	17,720,610	(1,442,479)	16,278,131
Net Pension Liability (NPL)	525,511	--	525,511
Total Liabilities	\$ 30,621,577	\$ 3,533,742	\$ 34,155,319
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	63,483	--	63,483
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	7,725,689	2,679,805	10,405,494
Designated - Capital Assets	3,555	--	3,555
Total Net Position	\$ 7,729,244	\$ 2,679,805	\$ 10,409,049
Total Liabilities, Deferred Pension, and Ending Net Position	\$ 38,370,101	\$ 6,213,547	\$ 44,583,648

It was moved by Raul Parungao and seconded by Bryan Richards to approve the Second Quarter Financial Report.

Ayes: Clark, Kinder, Parungao, Heldman, Richards

Nays: None

Abstain: None

Allan Garde joined meeting at 11:00am.

XVII. Second Quarter Investment Report

Cary Allison from Morgan Stanley presented the 2016/17 Second Quarter Investment Report.

<i>Investment Summary Dollar Weighted Return % (Net of fees)</i>	
Date of Report	12/31/16
Inception date	07/12/10
Beginning Total Value	\$9,999,850.00
Net Contributions/Withdrawals	\$5,033,025.75
Investment Earnings	\$1,050,105.12
Total Ending Value	\$16,082,980.87
Current Quarter	-0.97%
Year to Date	0.99%
Since Inception (annualized % per year)	1.13%

<i>Time Weighted Return % by Period (Net of fees)</i>	
Last 3 Years (annualized % per year)	0.95%
Last 5 Years (annualized % per year)	1.05%
Since Inception (annualized % per year)	1.15%
Year 2016	0.99%
Year 2015	0.87%
Year 2014	1.01%
Year 2013	-0.03%
Year 2012	2.44%
Year 2011	1.91%
Year 2010 (partial year)	0.29%
Corporate bonds as percentage of portfolio	28.89%

It was moved by Raul Parungao and seconded by Bryan Richards to approve the Second Quarter Investment Report.

Ayes: Clark, Kinder, Parungao, Heldman, Richards, Garde

Nays: None

XVIII. 2017/2018 Budget

The Executive Director reviewed the tentative 2017/18 Budget. The budget was developed using year-to-date 2016/2017 data and preliminary estimates for 2017/2018 rates and costs. The Executive Committee asks that any operations increase should be written as subject to Board approval.

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

Ayes: Clark, Kinder, Parungao, Heldman, Richards, Garde

Nays: None

XIX. Strategic Planning Update

The Executive Director reviewed the progress to date of the strategies established at the 2016-17 strategic planning session held in October 2016.

XX. CAJPA Fall Conference 2017

The dates for the 2017 CAJPA Fall Conference will be September 12 -15 in Lake Tahoe. All Executive Committee Members/ or Designees and new Board Members are invited to attend.

XXI. Future Planning

XXII. Dr. Candi Clark adjourned the meeting at 11:13AM.



LOCATION CALL- IN SHEET

ALAMEDA COUNTY SCHOOLS INSURANCE GROUP

EXECUTIVE COMMITTEE MEETING

February 16, 2017 9:00 AM

Conference Call Instruction:

1) Enter call-in number 510-670-7776 2) State your name

This meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Members of the public may address the Committee from any teleconference location shown below:

Albany Unified School District

1051 Monroe Street Albany, CA 94706

Castro Valley Unified School District

4400 Alma Avenue Castro Valley, CA 94546

Fremont Unified School District

4210 Technology Drive Fremont, CA 94539

Livermore Unified School District

685 East Jack London Blvd. Livermore, CA 94501

New Haven Unified School District

34200 Alvarado-Niles Rd. Union City, CA 94587

Newark Unified School District

5715 Musick Avenue Newark, CA 94560

San Lorenzo Unified School District

15510 Usher Street San Lorenzo, CA 94580