



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

MINUTES Executive Committee

Date: Thursday, March 3, 2016
Time: 10:00AM
Location: Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544

I. Dr. Candi Clark called the meeting to order at 10:05am, with a quorum of members present.

II. Roll call

Executive Committee Members

Dr. Candi Clark	President	Castro Valley USD
Raul Parungao	Vice President	Fremont USD
Susan Kinder	Secretary	Livermore USD
Allan Garde	Board Member	Albany USD (Joined this meeting at 10:35am)
Annette Heldman	Board Member	San Lorenzo 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
Kyle McGibbin	Guest	Keenan & Associates
Michael Clark	Guest	Keenan & Associates

Laurena Grabert Guest
Cary Allison Guest

SETECH
Morgan Stanley

III. Acceptance of the Agenda

It was moved by Susan Kinder and seconded by Raul Parungao to approve the agenda as presented.

Ayes: Clark, Kinder, Parungao, Heldman

Nays: None

Abstain: None

IV. Public Comment on Closed Session Agenda Items

No public present to comment.

Closed Session

Closed session began at 10:06am.

Open Session

Open session began at 10:10am.

The claims notifications were reviewed in closed session but no action was taken.

V. Public comment on Open Session Agenda Items

No public present to comment.

VI. Approval of Minutes

It was moved by Raul Parangao and seconded by Annette Heldman to approve the November 5, 2015 Executive Committee and Full Board Meeting minutes as presented.

Ayes: Clark, Parangao, Kinder, Heldman

Nays: None

Abstain: None

Workers Compensation

VII. Introduction of New Service Team Members

The Executive Director introduced the new Risk Management Analyst, Michael Clark & Loss Control Consultant, Dave Kundert.

VIII. Results of PARS Audit

The Executive Director presented the results of the State Workers Compensation PARS Audit, with the Keenan/ ACSIG claims team receiving an outstanding score.

Recommendation: For discussion

IX. Forms Issue (DWC-1 Form Oversight)

The Executive Director has informed the Executive Committee of the new form change that has taken effect January 1, 2016.

X. 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 12/31/15	OLD EX-MOD 12/31/14
ACOE	0.750	0.750
ALAMEDA	1.009	0.993
ALBANY	1.206	0.901
CASTRO VALLEY	0.998	0.826
DUBLIN	0.864	0.858
EDEN ROP	0.983	1.018
EMERY	0.750	0.750
FREMONT	0.988	1.139
LIVERMORE	1.114	1.174
MISSION ROP	0.750	0.815
MT. HOUSE	1.250	1.239
NEWARK	1.250	1.250
NEW HAVEN	0.938	0.901
PIEDMONT	0.750	0.750
PLEASANTON	0.750	0.750
SAN LEANDRO	1.197	1.065
SAN LORENZO	1.250	1.133
SUNOL GLEN	0.782	0.763
TRI VALLEY ROP	1.085	1.250

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

Ayes: Clark, Kinder, Parungao, Heldman

Nays: None

Abstain: None

XI. 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 \$21,053,000 on December 31, 2015 and project that it will be \$20,109,000 on June 30, 2016. The corresponding discounted values (at 1.5% interest) are \$18,590,000 and \$17,758,000. Last year it was estimated that the 12/31/14 liability would be \$25.808 million. The new estimate of the 12/31/15 liability is \$21.053 million.

XII. Preliminary 2016-2017 Workers' Compensation Rates

The Executive Director reviewed the changes proposed to the base rate. 2016-2017 base rate uses a calculation of PIPS rate + Administrative Costs + Self Insurance Fee + an Adjustment of \$1,500,000 + \$0.35 for the deficit. The adjustment is for the payroll adjustment to accommodate the variance between payroll numbers used for ACSIG billing (2014-2015 audited payroll) versus the amount paid to PIPS (2016-2017 actual payroll). This payroll adjustment resulted in a 7.24% increase to the Worker's Comp rate.

2016/2017 Workers' Compensation Rates

	2013/2014 Actual Payroll	2014/2015 Actual Payroll	Base Rate	Ex Mod	Rate per \$100 Payroll	2016/2017 PREMIUM
ACOE	\$24,636,551	\$24,650,909	3.11	0.7500	2.33	\$574,982
ALAMEDA	\$61,967,305	\$63,724,582	3.11	1.0090	3.14	\$1,999,671
ALBANY	\$24,982,608	\$26,634,210	3.11	1.2060	3.75	\$998,959
CASTRO VALLEY	\$53,460,195	\$57,098,359	3.11	0.9980	3.10	\$1,772,207
DUBLIN	\$49,742,372	\$57,362,013	3.11	0.8640	2.69	\$1,541,340
EDEN ROP	\$3,146,268	\$3,457,372	3.11	0.9830	3.06	\$105,696
EMERY	\$6,144,058	\$5,862,048	3.11	0.7500	2.33	\$136,732
FREMONT	\$197,019,408	\$216,697,574	3.11	0.9880	3.07	\$6,658,423
LIVERMORE	\$71,551,054	\$74,245,093	3.11	1.1140	3.46	\$2,572,251
MISSION ROP	\$4,077,930	\$3,864,371	3.11	0.7500	2.33	\$90,136
MT. HOUSE	\$207,725	\$235,401	3.11	1.2500	3.89	\$9,151
NEWARK	\$39,066,489	\$40,748,743	3.11	1.2500	3.89	\$1,584,107
NEW HAVEN	\$76,911,670	\$80,611,552	3.11	0.9380	2.92	\$2,351,584
PIEDMONT	\$21,060,384	\$22,993,262	3.11	0.7500	2.33	\$536,318
PLEASANTON *	\$90,406,310	\$94,213,075	3.11	0.7500	2.33	\$2,197,520
SAN LEANDRO	\$54,476,887	\$57,484,959	3.11	1.1970	3.72	\$2,139,975
SAN LORENZO	\$65,949,277	\$73,608,462	3.11	1.2500	3.89	\$2,861,529
SUNOL GLEN	\$1,562,931	\$1,807,540	3.11	0.7820	2.43	\$43,960
TRI VALLEY ROP	\$2,552,972	\$2,659,030	3.11	1.0850	3.37	\$89,725
TOTAL PREMIUMS	\$848,922,394	\$907,958,555				\$28,264,268

Average Ex Mod 1.00000

Payrolls based upon 2014/2015 Unaudited Actuals Reports provided by ACOE

* includes apprentice program

Rate Build UP

	PIPS K-12 Rate	2.53155 (assumes a 5% increase and 2% change to ex-mod)		
	ACSIG Ex-mod	0.919428	2.327577953	\$ 22,758,486.25
	Claims Admin	176,000		\$ 176,000.00
	Deficit	0.35		\$ 3,422,214.14
(assumes 5% inc)	ACSIG Admin	\$ 165,243.75		\$ 165,243.75
	Self-Insurance Fee	\$ 245,000.00		\$ 245,000.00
	PIPS Adj	\$ 1,500,000.00		\$ 1,500,000.00
				\$ 28,266,944.14
	est. 16/17 payroll	\$ 977,775,469.00		
percentage due to growth in payroll		6.95%		
overall increase in costs		7.24%		

It was moved by Annette Heldman and seconded by Susan Kinder to approve the Preliminary 2016-2017 Worker's Compensation Rates.

Ayes: Clark, Kinder, Parungao, Heldman

Nays: None

Abstain: None

XIII. Claims Audit Proposal

The Executive Director reviewed a proposal from Wells Fargo for completion of an independent claims audit. In Spring 2016, ACSIG is requesting to contract with Wells Fargo to complete an independent claims audit of the ACSIG Worker's Compensation claim operation.

It was moved by Raul Parungao and seconded by Annette Heldman to approve the Claims Audit Proposal.

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

General

XIV. Financial Audit Proposal

The Executive Director reviewed a proposal from Christy White Associates for 2016/17. ACSIG changed audit firms from Crowe Horwath (previously Perry=-Smith) to Christy White & Associates. They have successfully completed our audit for the past 2 years. The audit fee for fiscal year ending June 30, 2016 is \$13,250.

It was moved by Raul Parungao and seconded by Allan Garde to approve the Financial Audit Proposal.

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

XV. SETECH Contract

The Executive Director reviewed the proposed contract for SETECH, extending a 3-year service contract.

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

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

XVI. Information Report for the Fiscal Year End

Laurena Grabert from SETECH presented the Financial Management Information Report Ended June 30, 2015. 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 06/30/2015

		Program Years										Total
		2002/2013		2013/2014		2014/2015						
		Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %	Net Assets	Pro Rata Share %				
Members	Sub-Total From Page 4d											
Alameda COE	\$ (307,696)	2.00 %	\$ 43,798	2.29 %	\$ 25,305	2.28 %	\$ 84,456	-- %	\$ --	\$ (154,137)		
Alameda	(1,251,580)	5.85	128,110	6.71	74,146	6.80	251,886	--	--	(797,438)		
Albany	(365,951)	2.41	52,777	2.76	30,498	2.78	102,977	--	--	(179,699)		
Castro Valley	(783,233)	5.31	116,285	4.72	52,156	4.77	176,691	--	--	(438,101)		
Dublin	(361,819)	3.65	79,932	3.85	42,543	4.68	173,357	--	--	(65,987)		
Eden ROP	(183,062)	0.37	8,103	0.28	3,094	0.36	13,335	--	--	(158,530)		
Emery	(177,015)	0.67	14,672	0.80	8,840	0.54	20,003	--	--	(133,500)		
Fremont	(2,027,921)	28.86	632,010	29.82	329,511	28.74	1,064,589	--	--	(1,811)		
Livermore	(1,104,582)	9.10	199,282	9.31	102,876	9.50	351,900	--	--	(450,524)		
Mission ROP	(115,384)	0.39	8,541	0.39	4,310	0.40	14,817	--	--	(87,716)		
Mt. House	(8,361)	0.03	657	0.04	442	0.03	1,111	--	--	(6,151)		
Newark	(943,094)	4.36	95,480	4.46	49,283	5.80	214,844	--	--	(583,487)		
New Haven	(1,653,919)	9.28	203,224	8.18	90,389	7.06	261,517	--	--	(1,098,789)		
Piedmont	(351,929)	1.91	41,827	1.90	20,995	1.95	72,232	--	--	(216,875)		
Pleasanton	(1,159,828)	9.71	212,641	9.50	104,975	8.42	311,894	--	--	(530,318)		
San Leandro	(615,939)	6.13	134,242	5.15	56,908	6.23	230,772	--	--	(194,017)		
San Lorenzo	(1,861,176)	9.42	206,290	9.22	101,881	9.10	337,083	--	--	(1,215,922)		
Sunol Glen	(30,116)	0.13	2,847	0.13	1,437	0.13	4,815	--	--	(21,017)		
Tri Valley ROP	(44,118)	0.42	9,198	0.49	5,411	0.43	15,928	--	--	(13,581)		
Pleasanton Apprentice	--	--	--	--	--	--	--	--	--	--		
Totals	\$ (13,346,723)	100.00 %	\$ 2,189,916	100.00 %	\$ 1,105,000	100.00 %	\$ 3,704,207	-- %	\$ --	\$ (6,347,600)		

XVII. Second Quarter Financial Report

Laurena Grabert from SETECH presented the 2015/2016 Second Quarter Financial Report.

Alameda County Schools Insurance Group (ACSIG)

Treasurer's Report- Statement of Net Position

Consolidated

As of 06/30/2015 and 12/31/2015

	Audited As of 06/30/2015	Activity 07/01/2015 - 12/31/2015	Unaudited As of 12/31/2015
Assets:			
Current Assets			
Workers Compensation	\$ 5,329,735	3,814,090	\$ 9,143,825
Dental	2,596,127	196,545	2,792,672
Vision	1,228,583	(192,330)	1,036,253
Property and Liability	1,135,222	(485,155)	650,067
Operations	289,482	(43,423)	246,059
Cash and Cash Equivalents	\$ 10,579,149	3,289,727	\$ 13,868,876
Investments Morgan Stanley - current	608,107	89,549	697,656
Accounts Receivable	5,582,053	449,313	6,031,366
Prepaid Expense	--	--	--
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	16,769,309	3,828,589	20,597,898
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	15,133,468	(75,645)	15,057,823
Capital - Equipment, net of depreciation	4,147	--	4,147
	15,137,615	(75,645)	15,061,970
Total Assets	\$ 31,906,924	\$ 3,752,944	\$ 35,659,868
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 2,721,576	\$ 3,354,129	\$ 6,075,705
Prefunding deposits (2)	3,116,431	--	3,116,431
Advance Contributions	--	--	--
Current Portion of claims and claim adjustment	3,665,741	(7,466)	3,658,276
Subtotal Current Liabilities	9,503,748	3,346,663	12,850,412
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	19,586,125	(2,756,988)	16,829,136
Unallocated Loss Adjustment Expense (ULAE)	1,559,819	83,000	1,642,819
Subtotal Claim Liabilities	21,145,944	(2,673,988)	18,471,955
Total Liabilities	\$ 30,649,692	\$ 672,675	\$ 31,322,367
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	1,253,085	3,080,269	4,333,354
Designated - Capital Assets	4,147	--	4,147
Total Net Position	\$ 1,257,232	\$ 3,080,269	\$ 4,337,501
Total Liabilities and Ending Net Position	\$ 31,906,924	\$ 3,752,944	\$ 35,659,868

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 Annette Heldman and seconded by Raul Parungao to approve the Second Quarter Financial Report.

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

XVIII. Second Quarter Investment Report

Cary Allison from Morgan Stanley presented the 2015/16 Second Quarter Investment Report.

Please find attached your most recent portfolio summary. I certify that your portfolio is in compliance with California government code sections 53600 and 53601 as well as your current investment policy statement as of the date of this report.

Investment Summary Dollar Weighted Return % (Net of fees)

Date of Report	12/31/15
Inception date	07/12/10
Beginning Total Value	\$9,999,850.00
Net Contributions/Withdrawals	\$5,033,025.75
Investment Earnings	\$893,207.66
Total Ending Value	\$15,926,083.41
Current Quarter	-0.52%
Year to Date	0.87%
Since Inception (annualized % per year)	1.16%

Time Weighted Return % by Period (Net of fees)

Last 3 Years (annualized % per year)	0.62%
Last 5 Years (annualized % per year)	1.24%
Since Inception (annualized % per year)	1.18%
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	29.12%

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

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

XIX. 2016/2017 Budget

The Executive Director reviewed the tentative 2016/17 Budget. The budget was developed using year-to-date 2015/2016 data and

preliminary estimates for 2016/2017 rates and costs.

Alameda County Schools Insurance Group (ACSIG)
Consolidated
2016/2017 Budget

	Budget 2016/2017	Allocations	Change in Accruals		2016/2017 Budget	2015/2016 Budget
Audited - Beginning Net Position, as of 07/01/2016				\$ 29,375,762		
Beginning Cash	\$ 29,375,762				\$ 29,375,762	\$ 24,927,031
Operating Revenue:						
Premiums Paid by Members	\$ 147,362,498	\$ --	\$ --	\$ 147,362,498	\$ 147,362,498	\$ 136,126,495
Total Operating Revenue	147,362,498	--	--	147,362,498	147,362,498	136,126,495
Operating Expenditures:						
Classified Salaries	236,778	--	--	236,778	236,778	227,675
Statutory Benefits	55,498	--	--	55,498	55,498	81,308
Health & Welfare	39,000	--	--	39,000	39,000	39,000
Employer Tax Expense	3,411	--	--	3,411	3,411	69,977
Telephone & Internet	5,250	--	--	5,250	5,250	10,500
Supplies Office	5,250	--	--	5,250	5,250	10,500
Supplies - Other	5,250	--	--	5,250	5,250	10,500
Eligibility Processing	257,060	--	--	257,060	257,060	185,808
Brokerage Fees-Dental-ACSIG	276,000	--	--	276,000	276,000	284,000
Brokerage Fees-Dental-MD	300,000	--	--	300,000	300,000	276,000
Travel and Conferences	21,000	--	--	21,000	21,000	19,500
Mileage	8,925	--	--	8,925	8,925	7,350
Dues & Memberships	1,575	--	--	1,575	1,575	1,300
Postage & Meter	3,400	--	--	3,400	3,400	2,750
Insurance Expense-PIPS&NCR	23,944,270	--	--	23,944,270	23,944,270	21,125,746
PIPS payroll adjustment	1,500,000	--	--	1,500,000	1,500,000	
Utility - Operating- Rent	30,359	--	--	30,359	30,359	527,647
Advertising	2,100	--	--	2,100	2,100	2,100
Contract Services	8,426	--	--	8,426	8,426	19,025
Contract Services -PL-Investigation	--	--	--	--	--	--
Contract Services-PL-Legal	10,000	--	--	10,000	10,000	10,000
Audit Fees	14,175	--	--	14,175	14,175	16,350
Other Services/Operating Expenses	5,250	--	--	5,250	5,250	7,125
Capital Equipment/Depreciation	2,550	--	--	2,550	2,550	5,250
Repairs & Maintenance	4,800	--	--	4,800	4,800	5,250
Legal	2,550	--	--	2,550	2,550	5,250
Accounting Services	15,750	--	--	15,750	15,750	15,750
County Courier	3,675	--	--	3,675	3,675	3,575
Shredding	1,575	--	--	1,575	1,575	2,200
Copier & Scanner	15,000	--	--	15,000	15,000	14,999
Claims Administration Services	190,000	--	--	190,000	190,000	193,429
Self-Insurance Fee	245,000	--	--	245,000	245,000	246,610
Claims Paid-WC	3,000,000	--	--	3,000,000	3,000,000	4,000,000
Claims Paid-PI	80,000	--	--	80,000	80,000	100,000
Physical Abilities Testing	22,500	--	--	22,500	22,500	22,500
Training	5,000	--	--	5,000	5,000	5,000
First-Aid Program	10,000	--	--	10,000	10,000	25,000
Food Service Training	10,000	--	--	10,000	10,000	10,000
Special Ed Training	10,000	--	--	10,000	10,000	10,000
Bank Charge & WC Penalty Reimb	15,000	--	--	15,000	15,000	--
Cobra Premiums	250,000	--	--	250,000	250,000	235,000
Dental Insurance Premiums	113,877,908	--	--	113,877,908	113,877,908	106,652,000
Vision Insurance Premiums	2,758,000	--	--	2,758,000	2,758,000	2,550,000
Claim Development Expense	(2,430,000)	--	--	(2,430,000)	(2,430,000)	(3,050,000)
Prior Year Adjustment	--	--	--	--	--	--
Total Operating Expenditures	144,822,285	--	--	144,822,285	144,822,285	133,985,974
Net Increase/(Decrease) from Operations	2,540,213	--	--	2,540,213	2,540,213	2,140,521
Non Operating Income/(Expense)						
Interest Income	218,250	--	--	218,251	218,250	218,250
Change in FMV	--	--	--	--	--	--
Realized Gain/(Loss)	--	--	--	--	--	--
Net, Interfund Transfer	--	--	--	--	--	--
Total Non Operating Income/(Expense)	218,250	--	--	218,251	218,250	218,250
Ending Cash	\$ 32,134,225	--	--			
Net Increase/(Decrease) in Net Position		\$ --	\$ --	2,758,464	\$ 2,758,463	\$ 2,358,771

XX. Strategic Planning

The Executive Director reviewed options for 2016/17 strategic planning. We will begin to brainstorm on future planning and program growth.

XXI. CAJPA Fall Conference 2016

The dates for the 2016 CAJPA Fall Conference will be September 13 -16 in Lake Tahoe. All Executive Committee Members and new Board Members are invited to attend.

XXII. Safety Inspection Contract

The Executive Director reviewed the proposal from Keenan & Associates for safety inspections services that extends our term though June 30, 2018.

It was moved by Raul Parungao and seconded by Allan Garde to approve the Safety Inspection Contract.

Ayes: Clark, Kinder, Parungao, Heldman, Garde

Nays: None

Abstain: None

XXIII. Executive Director Quarterly Goals and Objectives

The Executive Director updated the Executive Committee on the progress of her Quarterly Goals and Objectives.

XXIV. Future Planning

XXV. Dr. Candi Clark adjourned the meeting at 11:33AM.