



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

MINUTES Executive Committee

Date: Thursday, May 10, 2018
Time: 9:30 AM
Location: Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544

I. Annette Heldman called the meeting to order at 9:30am

II. Roll call

Executive Committee Members

Annette Heldman	President	New Haven USD
Susan Kinder	Vice President	Livermore USD
Bryan Richards	Secretary	Newark USD
Raul Parungao	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
Celina Flotte Executive Assistant Alameda County Schools Insurance

Ron Martin	Guest	Keenan & Associates
Tara Cooper-Salaiz	Guest	Keenan & Associates
Patrice Grant	Guest	Keenan & Associates
Michael Clark	Guest	Keenan & Associates
Laurena Grabert	Guest	SETECH
Cary Allison	Guest	Morgan Stanley

III. Acceptance of the Agenda

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

Ayes: Heldman, Kinder, Richards, 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 9:31am

A. Settlement Notification

- **Claim Numbers:**

401941	Rossman, Michael	484231	Dean, Clinton	504935	Jiran, Steven
407334	Dean, Clinton	487007	Tomcik, Allison	506176	Honda, Martin K
417758	Ellis, April C	487989	Arnold, Peggy	511368	Tafolla, Leticia
426977	Rossman, Michael	496788	Gilroy, Kadie	526520	Alvarez, Roberto
428974	Dean, Clinton	498066	Gozun, Alan P	529769	Ariwoola, Vanessa
447335	Dean, Clinton	498795	Alvarez, Roberto	535832	Sanchez, Loretta
458309	Dean, Clinton	501285	Gholami, Nahid	2204320	Kalany, Hassan
466381	Perez, Leah	502115	Kelley, M'lisa	2206618	Dean, Clinton
471869	Daniello, Kathleen	504685	Neves, Joe H	2206738	Crosetti, Paula

B. Settlement Authorization

- **Claims Numbers: N/A**

C. Executive Director Evaluation

The Executive Committee discussed the Executive Director's Annual Job Performance Review.

D. CastlePoint Memo

Ron Martin from Keenan and Associates discussed the

CastlePoint Memo and Loss Run with the Executive Committee.

Open Session

Open session began at 10:25am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

No action was taken.

VII. Approval of Minutes

It was moved by Bryan Richards and seconded by Kevin Collins to approve the February 8, 2018 Executive Committee Meeting minutes as amended.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

General

VIII. Third Quarter Investment Report

Cary Allison of Morgan Stanley reviewed the 2017/18 third quarter investment report with the Executive Committee.

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

Total Ending Value	\$16,101,608.63
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Rolling Periods

Quarter to Date	-0.47%
Year to Date	-0.47%
Last 12 Months	-0.22%
Last 3 Years	0.37%
Last 5 Years	0.57%
Since Inception (annualized %)	0.98%

Calendar Years

2018 YTD	-0.47%
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	-0.60%
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 Raul Parungao and seconded by Susan Kinder to recommend approval of the third quarter investment report as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

IX. Third Quarter Financial Report

Laurena Grabert from SETECH presented the 2017/2018 third quarter financial report.

Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2017 and 03/31/2018

	Audited As of 06/30/2017	Activity 07/01/2017 - 03/31/2018	As of 03/31/2018
Assets:			
Current Assets			
Workers Compensation	\$ 13,726,737	7,519,898	\$ 21,246,635
Dental	2,073,984	381,945	2,455,929
Vision	1,251,024	120,486	1,371,510
Property and Liability	1,234,912	57,774	1,292,686
Operations	238,251	(129,225)	109,026
Cash and Cash Equivalents	<u>\$ 18,524,908</u>	<u>7,950,878</u>	<u>\$ 26,475,786</u>
Investments Morgan Stanley - current	2,032,238	(1,069,778)	962,460
Accounts Receivable	7,827,985	2,701,156	10,529,141
Prepaid Expense	9,948	11,732	21,680
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	<u>28,395,079</u>	<u>9,593,988</u>	<u>37,989,067</u>
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	14,018,468	776,230	14,794,698
Capital - Equipment, net of depreciation	2,963	--	2,963
	<u>14,021,431</u>	<u>776,230</u>	<u>14,797,661</u>
Total Assets	<u>\$ 42,416,510</u>	<u>\$ 10,370,218</u>	<u>\$ 52,786,728</u>
Deferred Outflow of Resources:			
Deferred outflow of resources - pension	217,668	--	217,668
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 3,053,398	\$ 3,916,423	\$ 6,969,821
Prefunding deposits (2)	3,817,300	--	3,817,300
Advance Contributions	--	3,978,019	3,978,019
Other Claim Liabilities - Castlepoint Reinsurance Insolvency	--	923,183	923,183
Current Portion of claims and claim adjustment	3,832,965	160,875	3,993,841
Subtotal Current Liabilities	<u>10,703,663</u>	<u>8,978,500</u>	<u>19,682,164</u>
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	14,245,110	(1,287,456)	12,957,654
Unallocated Loss Adjustment Expense (ULAE)	1,365,838	12,000	1,377,838
Subtotal Noncurrent Claim Liabilities	<u>15,610,948</u>	<u>(1,275,456)</u>	<u>14,335,492</u>
Net Pension Liability (NPL)	586,196	--	586,196
Total Liabilities	<u>\$ 26,900,807</u>	<u>\$ 7,703,044</u>	<u>\$ 34,603,851</u>
Deferred Inflow of Resources:			
Deferred inflow of resources - pension	128,507	--	128,507
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	15,601,901	2,667,174	18,269,075
Designated - Capital Assets	2,963	--	2,963
Total Net Position	<u>\$ 15,604,864</u>	<u>\$ 2,667,174</u>	<u>\$ 18,272,038</u>
Total Liabilities, Deferred Pension, and Ending Net Position	<u>\$ 42,416,510</u>	<u>\$ 10,370,218</u>	<u>\$ 52,786,728</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.

It was moved by Kevin Collins and seconded by Bryan Richards to recommend approval of the third quarter financial report as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

X. 2018/2019 Budget

The Executive Director reviewed the 2017/18 Budget to the Executive Committee. An amendment was made to make corrections to the workers compensation, property and liability and consolidated reports.

Alameda County Schools Insurance Group (ACSIG)						
Consolidated						
Statement of Revenues, Expenditures and Changes in Net Position						
For The Nine Months Ended 03/31/2018						
	2016/2017		2017/2018			
	Budget	Audited Actuals	Budget	Actuals 07/01/2017 - 3/31/2018	Variance	Percentage of Budget
Operating Revenue:						
Premiums Paid by Members	\$ 147,391,011	\$ 158,165,112	\$ 156,427,872	\$ 125,816,929	\$ 30,610,943	80.43 %
Return of Premiums	--	--	--	(1,143,270)	--	--
Other Income	--	247	--	--	--	--
Total Operating Revenue	147,391,011	158,165,359	156,427,872	124,673,659	30,610,943	79.70
Operating Expenditures:						
Classified Salaries	236,778	237,143	251,051	198,502	52,549	79.07
Statutory Benefits	55,498	70,823	56,552	18,021	38,531	31.87
Health & Welfare	39,000	47,037	39,000	36,255	2,745	92.96
Employer Tax Expense	3,411	3,915	3,477	3,120	357	89.72
Net Pension Expense	--	(47,757)	39,345	39,127	218	99.45
Telephone & Internet	5,250	6,380	7,350	4,753	2,597	64.67
Supplies Office	5,250	1,675	4,200	1,259	2,941	29.98
Supplies - Other	5,250	1,946	2,625	2,716	(91)	103.47
Eligibility Processing	252,000	208,279	240,000	159,057	80,943	66.27
Brokerage Fees-Dental-ACSIG	276,000	271,257	288,000	218,665	69,335	75.93
Brokerage Fees-Dental-MD	300,000	402,435	350,000	302,569	47,431	86.45
Travel and Conferences	21,000	22,759	23,100	6,517	16,583	28.21
Mileage	8,925	5,370	8,925	5,579	3,346	62.51
Dues & Memberships	1,575	6,635	1,575	835	740	53.02
Postage & Meter	3,400	7,265	8,350	2,847	5,503	34.09
Insurance Expense-PPS&NCR	23,989,931	20,585,426	25,192,893	15,780,951	9,411,942	62.64
Insurance Expense-PY Adj	1,500,000	2,212,707	2,000,000	749,186	1,250,814	37.46
Utility - Operating-Rent	35,420	33,655	39,388	33,435	5,953	84.89
Advertising	2,100	--	600	--	600	--
Contract Services	8,426	17,650	26,275	8,273	18,002	31.49
Contract Services -Claim Audit	--	--	20,000	--	20,000	--
Contract Services	10,000	--	6,375	--	6,375	--
Audit Fees	14,175	13,250	15,540	13,500	2,040	86.87
Other Services/Operating Expenses	5,250	2,499	10,500	2,093	8,407	19.93
Capital Equipment/Depreciation	2,550	592	2,625	--	2,625	--
Repairs & Maintenance	4,800	--	3,675	--	3,675	--
Legal	2,550	--	2,100	--	2,100	--
Accounting Services	15,750	14,000	15,750	10,815	4,935	68.67
Courty Courier	3,675	--	4,200	3,568	632	84.94
Shredding	1,575	782	1,574	557	1,017	35.36
Copier & Scanner	15,000	10,928	15,000	7,464	7,536	49.76
Claims Administration Services	190,000	179,067	154,000	166,911	(12,911)	108.38
Self-Insurance Fee	245,000	261,221	290,000	297,811	(7,811)	102.69
Claims Paid-WC	3,000,000	1,280,507	2,500,000	779,122	1,720,878	31.16
Claims Paid-PL	80,000	27,495	50,000	43,731	6,269	87.46
Physical Abilities Testing	10,000	10,045	25,000	7,940	17,060	31.76
Training	5,000	--	20,000	--	20,000	--
First-Aid Program	10,000	23,945	10,000	14,304	(4,304)	143.04
Food Service Training	10,000	--	5,000	--	5,000	--
Special Ed Training	10,000	--	15,000	--	15,000	--
Incentives	--	--	--	23,726	(23,726)	--
Safety Inspections	12,445	--	12,445	--	12,445	--
Bank Charge & WC Penalty Reimb	15,000	26,826	17,200	16,796	404	97.65
Colors Premiums	250,000	188,075	242,000	186,837	55,163	77.21
Dental Insurance Premiums	113,877,908	122,317,587	123,000,000	99,971,913	23,028,087	81.28
Vision Insurance Premiums	2,758,000	3,677,690	3,340,000	3,142,109	197,891	94.08
Claim Development Expense	(2,430,000)	(1,819,333)	(2,510,000)	(191,398)	(2,318,602)	7.63
ACA Fees	--	--	--	--	--	--
Total Operating Expenditures	144,867,892	150,309,757	155,850,690	122,069,465	33,781,225	78.32 %
Net Increase/(Decrease) from Operations	2,523,119	7,855,602	577,182	2,604,194	(3,170,282)	451.19 %
Non Operating Income/(Expense)						
Interest Income	218,250	338,231	231,500	364,963	(133,463)	157.65
Net Increase/(Decrease) in Fair Value	--	(337,414)	--	(302,554)	302,554	--
Realized Gain/(Loss) on Investments	--	19,201	--	571	(571)	--
Cumulative effect of GASB 68	--	--	--	--	--	--
Interfund Trans, Other Inc/Exp	--	--	--	--	--	--
Total Non Operating Income/(Expense)	218,250	20,018	231,500	62,980	168,518	27.21 %
Net Increase/(Decrease) in Net Position	\$ 2,741,369	\$ 7,875,620	808,682	\$ 2,667,174	\$ (3,001,764)	329.82 %
Beginning Balance Prior Year End	\$ 7,729,244	\$ 7,729,244	15,604,864	\$ 15,604,864	\$ --	100.00 %
Unaudited Ending Balance, as of 03/31/2018	\$ 10,470,613	\$ 15,604,864	\$ 16,413,546	\$ 18,272,038	\$ (3,001,764)	

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval of the budget as amended with changes to the WC, PL and consolidated reports to the Full Board.
Ayes: Heldman, Kinder, Richards, Parungao, Collins
Nays: None
Abstain: None

XI. ACSIG Salaries & Benefits

The Executive Director presented a schedule increase proposal for the ACSIG staff of 2% and a 1% off the salary schedule. The average from 10 settled agencies was 2.01%. The overall cost for this increase would total \$9757.79.

It was moved by Kevin Collins and seconded by Susan Kinder to approve ACSIG salaries and benefits as presented.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XII. Strategic Plan 2018

The Executive Committee will be holding the Strategic Planning meeting on June 28, 2018 at 9:00am at the ACSIG office. They discussed wanting to emphasize/ recognize the strengths of ACSIG at that time.

Workers Compensation

XIII. Claims Audit

The Executive Director presented the results of the USI Claims Audit. The overall score given to the Keenan & Associate claims team was 3.5 out of 5. The total score given was lower than the score of 4.0 received in 2016. Corrective action has been taken and a full-time supervisor has been hired to work with Patrice in the Pleasanton office.

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval the USI Claims Audit as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XIV. 5-year Claim Trend by Member

Michael Clark from Keenan and Associates discussed the 5-year workers compensation claim trend. As resources are dedicated to improve frequency and severity of injuries within ACSIG, it is important to review claims data to evaluate the effectiveness of programs. Through analysis, we can identify trends within the districts.

Dental

XV. Dental Rates 2018/2019

The Executive Director presented the 2018/2019 Dental Rate recommendations to the Executive Committee. The program has been performing well, rates decreased last year by 2%. The program as leveled off and we are recommending a flat renewal for 2018/19.

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval of Dental Rates to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XVI. Review Dental Overpayment Reimbursement

The Executive Director discussed the dental overpayment reimbursement to Centinela Valley. Centinela Valley has originally been elected and been underwritten as a 10-pay client. Their annual costs were recalculated over 10 months, and due to an oversight, Centinela Valley paid 12 premiums each year - resulting in an overpayment of more than \$1 million.

Vision

XVII. Vision Rates 2018/2019

The Executive Director presented the 2017/18 Vision rate recommendation as a flat renewal due to the increasing growth within the program.

It was moved by Bryan Richards and seconded by Raul Parungao to recommend approval of the Vision rates as presented with no increase to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

Property & Liability

XVIII. Property & Liability Rates 2018/2019

The Executive Director presented the 2018/19 Property and Liability rates. ACSIG has 5 members in the Property & Liability pool, which attaches to NCR at the \$25,000 SIR. NCR Property rates and Liability rates showed adverse development in the program. ACSIG has higher experience than the NCR average. These negative factors have resulted in an increase to the ACSIG property and liability rates.

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval of the Property & Liability rates as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

2018/2019 Property & Liability Program Rates

ACSIG	Property	Liability	Total
ACOE	\$31,868	\$28,067	\$59,935
Albany	\$78,218	\$207,877	\$286,096
Dublin	\$233,319	\$570,475	\$803,794
Emery	\$62,766	\$38,553	\$101,319
Piedmont	\$76,748	\$151,850	\$228,598
ACSIG TOTAL	\$482,920	\$996,822	\$1,479,742

XIX. PLCA Agreement Renewal

The Executive Director presented the extension of terms with no fee increase for the claim administration services with Keenan & Associates. The contract was approved in 2018-2019 and has been in effect for 3 subsequent years.

It was moved by Raul Parungao and seconded by Susan Kinder to recommend approval the PLCA Renewal as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

Administrative

XX. Investment Policy

The Executive Committee conducted the annual review of the written investment policy and found no changes necessary.

It was moved by Bryan Richards and seconded by Susan Kinder to recommend approval the Investment Policy as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XXI. Conflict of Interest Code

The Executive Committee conducted the annual review of the Conflict of Interest policy and requested a check for any updates.

It was moved by Kevin Collins and seconded by Raul Parungao to recommend approval the Conflict of Interest Code as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XXII. Authorization of Signatures

The Executive Committee conducted the annual review of the Authorization of Signatures and found no changes necessary.

It was moved by Bryan Richards and seconded by Raul Parungao to recommend approval the Authorization of Signatures as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XXIII. Meeting Calendar

The Executive Committee reviewed the 2018/19 draft calendar.

It was moved by Kevin Collins and seconded by Susan Kinder to recommend approval of the draft meeting calendar as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XXIV. Posting and Mailing Address

The Executive Committee conducted the annual review of the Posting and Mailing Address for ACSIG and found no changes necessary.

It was moved by Bryan Richards and seconded by Kevin Collins to recommend approval the Posting and Mailing address as presented to the Full Board.

Ayes: Heldman, Kinder, Richards, Parungao, Collins

Nays: None

Abstain: None

XXV. Future Planning

XXVI. This meeting was adjourned at 11:42am.