



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

MINUTES Executive Committee

Date: Thursday, May 19, 2016
Time: 9:00 AM
Location: Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544

I. Susan Kinder called the meeting to order at 9:08am, 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
Annette Heldman	Board Member	San Lorenzo USD
Akur Varadarajan	Board Member	New Haven 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
Michael Clark	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 Akur Varadarajan to approve the agenda as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

IV. Public Comment on Closed Session Agenda Items

No public present to comment.

Closed Session

Closed session began at 9:20am.

A. Settlement Authorization

- **Claim Numbers:** None

B. Settlement Notification

- **Claims Number:** 439197 Tomaryn; 448686 Duque; 457008 Kaye; 457276 Anastassiou; 458091 Hintze; 464418 Ortega; 472776 Promes; 473905 Perez; 476692 Vong; 480853 Hintze; 481012 Anastassiou; 481475 Miramontes; 482303 Supnet; 487730 Fregoso; 490109 Grasseschi-Robertson; 492283 Klindt; 498780 Martinez; 502042 Anastassiou; 502315 Shooter-Bilodeau; 507874 Matsumoto-Kim; 510601 Alexander; 516946 Costa; 2201229 Reichhoff; 2201862 Hazlett; 2205557 Cabanas

C. Executive Director Evaluation

Open Session

Open session began at 9:33am.

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 Raul Parungao and seconded by Akur Varadarajan to approve the March 3, 2016 Executive Committee Meeting minutes with the corrections to name spellings.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

Workers Compensation

VIII. Result of Wells Fargo Independent Audit

The Executive Director presented the results of the Wells Fargo Independent Audit.

It was moved by Akur Varadarajan and seconded by Annette Heldman to approve the Wells Fargo Independent Audit as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

Dental

IX. Dental Rates 2016/2017

The Executive Director presented the 2016/2017 Dental rate recommendations to the Executive Committee. The program has been performing exceptionally well and efficiently. The past two years have seen flat rates and rebates in this program. The program operated at a very slight decrease in 2015/16. ACSIG has recognized a downward trend by keeping rates flat from year to year. This approach is continuing in 2016/17, however, no rebate is recommended.

It was moved by Akur Varadarajan and seconded by Raul Parungao to approve Dental Rates.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

Vision

X. Vision Rates 2016/2017

The Executive Director presented the 2016/17 Vision rate recommendations to the committee. The underwriting model shows a slight decrease in claim development within the past several years. In 2014/15 ACSIG reduced rates by 5.2%. The experience within 2015/16 continues to be positive with a flat renewal in 15/16. The fund is trending well and we are recommending a rate pass for 2016/17. It was moved by Raul Parungao and seconded by Akur Varadarajan to approve the Vision rates as presented with no increase.
 Ayes: Clark, Kinder, Parungao, and Varadarajan
 Nays: None
 Abstain: None

Property & Liability

XI. Property & Liability Rates 2016/2017

The Executive Director presented the 2016/17 Property and Liability rates. ACSIG has 5 members in the Property & Liability pool, which attaches to NCR at the \$25,000 SIR. ACSIG's current ex-mod is 1.29 within NCR. NCR rates have increased significantly. The rates for ACSIG are currently showing a 19.5% increase. Additionally, ACSIG needs to fund a \$100,000 loss fund to pay our SIR for 2 claims in Property and 2 claims in Liability along with the \$12,446 safety inspection.

It was moved by Akur Varadarajan and seconded by Annette Heldman to approve the Vision rates as presented with no increase.

Ayes: Clark, Kinder, and Parungao, Varadarajan

Nays: None

Abstain: None

2016/2017 Property & Liability Program Rates

	Property	Liability	Total
ACSIG			
ACOE	\$29,284	\$33,778	\$63,062
Albany	\$72,033	\$194,523	\$266,556
Dublin	\$215,406	\$475,282	\$690,688
Emery	\$56,289	\$36,062	\$92,351
Piedmont	\$70,620	\$143,467	\$214,086
ACSIG TOTAL	\$443,632	\$883,112	\$1,326,743

\$50,000 loss fund funding included for Property
 \$50,000 loss funding included for Liability
 Safety Inspection fee of \$12, 446 Included

XII. PLCA Fee Amendment

The Executive Director presented a fee amendment to the PLCA contract. It was recommended for approval.

Recommendation: For action

General

XIII. Third Quarter Financial Report

Laurena Grabert from SETECH presented the 2015/2016 third quarter financials report.

It was moved by Raul Parungao and seconded by Annette Heldman to approve the third quarter financial report rates as presented.

Ayes: Clark, Kinder, and Parungao, Varadarajan

Nays: None

Abstain: None

Alameda County Schools Insurance Group (ACSIG)

Consolidated

Statement of Revenues, Expenditures and Changes in Net Position

For The Nine Months Ended 03/31/2016

	Cash Activity 07/01/2015 03/31/2016	Allocations	Change in Accruals	Balance Year to Date	2015/2016 Budget	Variance	Percentage of Budget
Audited - Beginning Net Position, as of 07/01/2015				\$ 1,257,232			
Beginning Cash	\$ 26,320,724				\$ 1,257,232		
Operating Revenue:							
Premiums Paid by Members	\$ 117,378,222	\$ (25,257)	\$ (6,171,638)	\$ 111,206,584	\$ 136,126,495	\$ (24,919,911)	81.69 %
Total Operating Revenue	117,378,222	(25,257)	(6,171,638)	111,206,584	136,126,495	(24,919,911)	81.69
Operating Expenditures:							
Classified Salaries	76,067	100,988	(557)	176,498	227,675	(51,177)	77.52
Statutory Benefits	31,525	18,437	(3,869)	46,093	81,308	(35,215)	56.69
Health & Welfare	9,916	5,869	--	15,785	39,000	(23,215)	40.47
Employer Tax Expense	--	2,549	--	2,549	69,977	(67,428)	3.64
Telephone & Internet	4,291	--	(75)	4,216	10,500	(6,284)	40.15
Supplies Office	1,528	--	(430)	1,098	10,500	(9,402)	10.46
Supplies - Other	793	--	--	793	10,500	(9,707)	7.55
Eligibility Processing	144,455	--	--	144,455	181,200	(36,745)	79.72
Brokerage Fees-Dental-ACSIG	175,192	--	--	175,192	284,000	(108,808)	61.69
Brokerage Fees-Dental-MD	241,763	--	--	241,763	276,000	(34,237)	87.60
Travel and Conferences	12,275	4,923	(790)	16,408	19,500	(3,092)	84.14
Mileage	5,923	--	--	5,923	7,350	(1,427)	80.59
Dues & Memberships	835	--	--	835	1,300	(465)	64.23
Postage & Meter	4,554	--	--	4,554	2,750	1,804	165.60
Insurance Expense-PIPS&NCR	14,773,827	--	--	14,773,827	21,125,746	(6,351,919)	69.93
Insurance Expense-PIPS Adj	1,578,491	--	--	1,578,491	500,000	1,078,491	--
Utility - Operating-Rent	65,850	(36,081)	--	29,769	32,255	(2,486)	92.29
Advertising	--	--	--	--	2,100	(2,100)	--
Contract Services	8,025	--	--	8,025	19,025	(11,000)	42.18
Contract Services -PI-Investigation	--	--	--	--	--	--	--
Contract Services	--	--	--	--	10,000	(10,000)	--
Audit Fees	13,000	--	--	13,000	16,350	(3,350)	79.51
Other Services/Operating Expenses	756	--	--	756	7,125	(6,369)	10.61
Capital Equipment/Depreciation	--	--	--	--	5,250	(5,250)	--
Repairs & Maintenance	--	--	--	--	5,250	(5,250)	--
Legal	--	--	--	--	5,250	(5,250)	--
Accounting Services	7,140	--	--	7,140	15,750	(8,610)	45.33
County Courier	--	--	--	--	3,675	(3,675)	--
Shredding	596	97	(210)	483	2,100	(1,617)	--
Copier & Scanner	8,811	193	(728)	8,276	14,999	(6,723)	55.18
Claims Administration Services	175,577	--	(290)	175,287	193,429	(18,142)	90.62
Self-Insurance Fee	224,764	--	--	224,764	246,610	(21,846)	91.14
Claims Paid-WC	1,843,381	--	(141,092)	1,702,289	4,000,000	(2,297,711)	42.56
Claims Paid-PL	7,746	--	--	7,746	100,000	(92,254)	7.75
Physical Abilities Testing	4,410	--	1,225	5,635	22,500	(16,865)	25.04
Training	--	--	--	--	5,000	(5,000)	--
First-Aid Program	2,227	--	1,590	3,816	25,000	(21,184)	15.26
Food Service Training	--	--	--	--	10,000	(10,000)	--
Special Ed Training	--	--	--	--	10,000	(10,000)	--
Bank Charge & WC Penalty Reimb	8,889	--	--	8,889	--	8,889	--
Cobra Premiums	--	--	--	--	235,000	(235,000)	--
Dental Insurance Premiums	87,181,102	--	1,400,000	88,581,102	106,652,000	(18,070,898)	83.06
Vision Insurance Premiums	2,481,351	--	(213,567)	2,267,784	2,550,000	(282,216)	88.93
Claim Development Expense	--	--	(3,330,860)	(3,330,860)	(3,050,000)	(280,860)	109.21
ACA Fees	--	--	--	--	--	--	--
Total Operating Expenditures	109,095,059	96,974	(2,289,653)	106,902,380	133,985,974	(27,083,594)	79.79 %
Net Increase/(Decrease) from Operations	8,283,163	(122,231)	(3,881,985)	4,304,204	2,140,521	2,163,683	%
Non Operating Income/(Expense)							
Interest Income	213,160	(4,298)	(12,717)	196,145	218,250	(22,105)	89.87
Net Increase/(Decrease) in Fair Value	48,700	--	--	48,700	--	48,700	--
Realized Gain/(Loss) on Investments	13,901	--	--	13,901	--	13,901	--
Interfund Trans, Other Inc/Exp	(127,138)	265	122,230	(4,643)	--	(4,643)	--
Total Non Operating Income/(Expense)	148,623	(4,033)	109,513	254,103	218,250	35,853	116.43 %
Ending Cash	\$ 34,752,510	(126,264)					
Net Increase/(Decrease) in Net Position	\$ (126,264)	\$ (3,772,472)		4,558,307	\$ 2,358,771	\$ 2,199,536	%

Unaudited - Ending Net Position, as of 03/31/2016 \$ 5,815,539

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SETTECH - Page 15

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Alameda County Schools Insurance Group (ACSIG)
Treasurer's Report- Statement of Net Position
Consolidated
As of 06/30/2015 and 03/31/2016

	Audited As of 06/30/2015	Activity 07/01/2015 - 03/31/2016	Unaudited As of 03/31/2016
Assets:			
Current Assets			
Workers Compensation	\$ 5,329,735	8,672,630	\$ 14,002,365
Dental	2,596,127	(77,062)	2,519,065
Vision	1,228,583	(373,972)	854,611
Property and Liability	1,135,222	83,986	1,219,208
Operations	289,482	(82,902)	206,580
Cash and Cash Equivalents	\$ 10,579,149	8,222,680	\$ 18,801,829
Investments Morgan Stanley - current	608,107	161,338	769,445
Accounts Receivable	5,582,053	120,649	5,702,702
Prepaid Expense	--	--	--
Interfund Receivable/(payable) (1)	--	--	--
Subtotal Current Assets	16,769,309	8,504,667	25,273,976
Noncurrent Assets			
Investments @ FMV - Morgan Stanley (3)	15,133,468	47,768	15,181,236
Capital - Equipment, net of depreciation	4,147	--	4,147
	15,137,615	47,768	15,185,383
Total Assets	\$ 31,906,924	\$ 8,552,435	\$ 40,459,359
Liabilities:			
Current Liabilities			
Accounts Payable	\$ 2,721,576	\$ 1,176,932	\$ 3,898,508
Prefunding deposits (2)	3,116,431	--	3,116,431
Advance Contributions	--	6,148,056	6,148,056
Current Portion of claims and claim adjustment	3,665,741	(7,466)	3,658,276
Subtotal Current Liabilities	9,503,748	7,317,522	16,821,271
Noncurrent Liabilities			
Unpaid claims and claim adjustment expenses less current	19,586,125	(3,406,394)	16,179,730
Unallocated Loss Adjustment Expense (ULAE)	1,559,819	83,000	1,642,819
Subtotal Claim Liabilities	21,145,944	(3,323,394)	17,822,549
Total Liabilities	\$ 30,649,692	\$ 3,994,128	\$ 34,643,820
Net Position:			
Undesignated Net Position - Net Assets/(Deficit)	1,253,085	4,558,307	5,811,392
Designated - Capital Assets	4,147	--	4,147
Total Net Position	\$ 1,257,232	\$ 4,558,307	\$ 5,815,539
Total Liabilities and Ending Net Position	\$ 31,906,924	\$ 8,552,435	\$ 40,459,359

Footnote:

- (1) Interfund transfers net to zero on consolidated financial statements. This is a 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.

XIV. Third Quarter Investment Report

The Executive Director reviewed the 2015/16 third quarter investment report with the Executive Committee.

It was moved by Annette Heldman and seconded by Raul Parungao to approve the third quarter investment report as presented.

Ayes: Clark, Kinder, and Parungao, Varadarajan

Nays: None

Abstain: None

<i>Investment Summary Dollar Weighted Return % (Net of fees)</i>	
Date of Report	03/31/16
Inception date	07/12/10
Beginning Total Value	\$9,999,850.00
Net Contributions/Withdrawals	\$5,033,025.75
Investment Earnings	\$1,117,286.68
Total Ending Value	\$16,150,162.43
Current Quarter	1.41%
Year to Date	1.41%
Since Inception (annualized % per year)	1.37%

<i>Time Weighted Return % by Period (Net of fees)</i>	
Last 3 Years (annualized % per year)	0.62%
Last 5 Years (annualized % per year)	1.24%
Since Inception (annualized % per year)	1.18%
Year 2016 (YTD)	1.41%
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	29.11%

XV. 2016/2017 Budget

The Executive Director reviewed the 2015/16 Budget to the Executive Committee.

It was moved by Akur Varadarajan and seconded by Raul Parungao to approve the budget with one correction to the PIPS Payroll Adjustment line and Utility/rent.

Ayes: Clark, Kinder, and Parungao, Varadarajan

Nays: None

Abstain: None

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

	<u>Budget</u> <u>2016/2017</u>	<u>Allocations</u>	<u>Change in</u> <u>Accruals</u>		<u>2016/2017</u> <u>Budget</u>	<u>2015/2016</u> <u>Budget</u>
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	\$ 147,408,159	\$ --	\$ --	\$ 147,391,011	\$ 147,408,159	\$ 136,126,495
Total Operating Revenue	147,408,159	--	--	147,391,011	147,408,159	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	23,989,931	--	--	23,989,931	23,989,931	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-PL	80,000	--	--	80,000	80,000	100,000
Physical Abilities Testing	22,446	--	--	22,446	22,446	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	144,867,892	--	--	144,867,892	144,867,892	133,985,974
Net Increase/(Decrease)						
from Operations	2,540,267	--	--	2,523,119	2,540,267	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	\$ 32,134,279	--	--			
Net Increase/(Decrease) in Net Position		\$ --	\$ --	2,741,370	\$ 2,758,517	\$ 2,358,771

XVI. ACSIG Salaries & Benefits

The Executive Director presented a cost of living increase proposal for the ACSIG staff of 3.5%. The average from 16 settled agencies was 3.71%. The overall cost for this increase would total \$9,055.

It was moved by Akur Varadarajan and seconded by Raul Parungao to approve ACSIG salaries and benefits as presented.

Ayes: Clark, Kinder, and Parungao, Varadarajan

Nays: None

Abstain: None

XVII. Strategic Plan 2016

The Executive Director has initiated some discussion topics for the 2016 Strategic Plan. We will send out dates for early July for this planning session to be organized.

Strategic Planning 2016

Capital Target

Equity Policy

Program Growth

Centralized Services/Service Expansion

Member Outreach

HR Group

Redundant with NCR?

Succession Plan/Board Transition

JPA Value

Member Buy-in

Member Participation

JPA Brand

Service Team

Interest in Education of Board

Trend Analysis & Program Development

Need Joint Effort with Board Member Support

Need Traction

Procedure/Policy Development

Contract Review

Facility Use Handbook

Best Practices Rewards

XVIII. Executive Committee Membership

The Executive Committee discussed possible Board Members for the recruitment to the Executive Committee.

Administrative

XIX. Investment Policy

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

It was moved by Raul Parungao and seconded by Annette Heldman to approve the Investment Policy as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

XX. Conflict of Interest Code

The Executive Committee conducted the annual review of the Conflict of Interest policy and found no changes necessary.

It was moved by Raul Parungao and seconded by Annette Heldman to approve the Conflict of Interest Code as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

XXI. Authorization of Signatures

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

It was moved by Raul Parungao and seconded by Annette Heldman to approve the Authorization of Signatures as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

XXII. Meeting Calendar

The Executive Committee reviewed the 2016/17 draft calendar. The Executive Committee changed the Joint Full Board meeting from May 18, 2017 to May 25, 2017.

XXIII. 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 Annette Heldman and seconded by Raul Parungao to approve the Posting and Mailing address as presented.

Ayes: Clark, Kinder, Parungao, and Varadarajan

Nays: None

Abstain: None

XXIV. Future Planning

XXV. The meeting was adjourned at 10:33 am by Dr. Candi Clark.