



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

## MINUTES Full Board

**Date:** Thursday, May 25, 2017

**Time:** 12:00PM

**Location:** Conference Call

*Dial-in instructions: 866-390-5250, access code 3647778*

### **I. The meeting was called to order by Kimberly Dennise at 12:04 PM**

### **II. Roll call**

#### **Board Members**

|                 |              |                                    |
|-----------------|--------------|------------------------------------|
| Susan Kinder    | Secretary    | Livermore Valley Joint USD         |
| Teresa Kapellas | Board Member | Alameda County Office of Education |
| Dani Krueger    | Alternate    | Alameda USD                        |
| Allan Garde     | Board Member | Albany Unified School District     |
| Marites Fermin  | Board Member | Eden Area ROP                      |
| Dora Siu        | Board Member | Emery USD                          |
| Minh Vu         | Alternate    | Fremont USD                        |
| Joyce Veasley   | Board Member | Mission Valley ROP                 |
| Dina Stewart    | Board Member | Mountain House USD                 |
| Bryan Richards  | Board Member | Newark USD                         |
| Annette Heldman | Board Member | San Lorenzo USD                    |
| Julie Duncan    | Board Member | Tri-Valley ROP                     |

|                 |                     |       |
|-----------------|---------------------|-------|
| Kimberly Dennis | Executive Director  | ACSIG |
| Celina Flotte   | Executive Assistant | ACSIG |

|                    |       |                     |
|--------------------|-------|---------------------|
| 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 |

**III. Acceptance of the Agenda**

It was moved by Teresa Kapellas and seconded by Minh Vu to accept the agenda as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

**IV. Public Comment on Open Session Agenda Items**

There was no public present to comment.

**Consent Calendar**

Review Items listed on the consent agenda for any adjustments and adoptions.

- Executive Committee Minutes from February 16, 2017
- Dental Actuarial Study
- Vision Actuarial Study
- P&L Actuarial Study
- PLCA Amendment
- 2<sup>nd</sup> Quarter Financials
- 2<sup>nd</sup> Quarter Investment Report
- Investment Policy
- Conflict of Interest Code
- Authorization of Signatures
- Posting and Mailing Address

It was moved by Bryan Richards and seconded by Annette Heldman to approve the consent calendar as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

**General****V. Third Quarter Financials**

Laurena Grabert from SETECH presented the 2016/17 Third Quarter Financial statements.

**Alameda County Schools Insurance Group (ACSIG)**  
**Treasurer's Report- Statement of Net Position**  
**Consolidated**  
**As of 06/30/2016 and 03/31/2017**

|                                                              | Audited<br>As of<br>06/30/2016 | Activity<br>07/01/2015 -<br>03/31/2017 | As of<br>03/31/2017 |
|--------------------------------------------------------------|--------------------------------|----------------------------------------|---------------------|
| <b>Assets:</b>                                               |                                |                                        |                     |
| Current Assets                                               |                                |                                        |                     |
| Workers Compensation                                         | \$ 8,758,964                   | 8,628,721                              | \$ 17,387,685       |
| Dental                                                       | 3,019,012                      | (985,573)                              | 2,033,439           |
| Vision                                                       | 1,175,897                      | (42,145)                               | 1,133,752           |
| Property and Liability                                       | 1,206,795                      | (547,095)                              | 659,700             |
| Operations                                                   | 169,423                        | 121,512                                | 290,935             |
| Cash and Cash Equivalents                                    | \$ 14,330,091                  | 7,175,420                              | \$ 21,505,511       |
| Investments Morgan Stanley - current                         | 1,701,027                      | 1,228,709                              | 2,929,736           |
| Accounts Receivable                                          | 7,965,408                      | 201,373                                | 8,166,781           |
| Prepaid Expense                                              | -                              | 246,731                                | 246,731             |
| Interfund Receivable/(payable) (1)                           | -                              | -                                      | -                   |
| Subtotal Current Assets                                      | 23,996,526                     | 8,852,233                              | 32,848,758          |
| Noncurrent Assets                                            |                                |                                        |                     |
| Investments @ FMV - Morgan Stanley (3)                       | 14,370,020                     | (1,360,526)                            | 13,009,494          |
| Capital - Equipment, net of depreciation                     | 3,555                          | -                                      | 3,555               |
| Total Assets                                                 | \$ 38,370,101                  | \$ 7,491,706                           | \$ 45,861,807       |
| <b>Deferred Outflow of Resources:</b>                        |                                |                                        |                     |
| Deferred outflow of resources - pension                      | 44,203                         | -                                      | 44,203              |
| <b>Liabilities:</b>                                          |                                |                                        |                     |
| Current Liabilities                                          |                                |                                        |                     |
| Accounts Payable                                             | \$ 5,414,640                   | \$ (1,168,595)                         | \$ 4,246,045        |
| Prefunding deposits (2)                                      | 3,418,159                      | 252,000                                | 3,670,159           |
| Advance Contributions                                        | -                              | 6,330,255                              | 6,330,255           |
| Current Portion of claims and claim adjustment               | 3,542,657                      | 296,705                                | 3,839,361           |
| Subtotal Current Liabilities                                 | 12,375,456                     | 5,710,365                              | 18,085,820          |
| Noncurrent Liabilities                                       |                                |                                        |                     |
| Unpaid claims and claim adjustment expenses less current     | 16,149,791                     | (1,685,667)                            | 14,464,125          |
| Unallocated Loss Adjustment Expense (ULAE)                   | 1,570,819                      | (192,000)                              | 1,378,819           |
| Subtotal Noncurrent Claim Liabilities                        | 17,720,610                     | (1,877,667)                            | 15,842,944          |
| Net Pension Liability (NPL)                                  | 525,511                        | -                                      | 525,511             |
| Total Liabilities                                            | \$ 30,621,577                  | \$ 3,832,698                           | \$ 34,454,275       |
| <b>Deferred Inflow of Resources:</b>                         |                                |                                        |                     |
| Deferred inflow of resources - pension                       | 63,483                         | -                                      | 63,483              |
| <b>Net Position:</b>                                         |                                |                                        |                     |
| Undesignated Net Position - Net Assets/(Deficit)             | 7,725,689                      | 3,659,008                              | 11,384,697          |
| Designated - Capital Assets                                  | 3,555                          | -                                      | 3,555               |
| Total Net Position                                           | \$ 7,729,244                   | \$ 3,659,008                           | \$ 11,388,252       |
| Total Liabilities, Deferred Pension, and Ending Net Position | \$ 38,370,101                  | \$ 7,491,706                           | \$ 45,861,807       |

**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.

**Alameda County Schools Insurance Group (ACSIG)**  
Consolidated

**Statement of Revenues, Expenditures and Changes in Net Position**  
**For The Nine Months Ended 03/31/2017**

|                                                           | Cash Activity<br>07/01/2015<br>03/31/2017 | Allocations    | Change in<br>Accruals | Balance<br>Year<br>to Date | 2016/2017<br>Budget | Variance        | Percentage<br>of<br>Budget |
|-----------------------------------------------------------|-------------------------------------------|----------------|-----------------------|----------------------------|---------------------|-----------------|----------------------------|
| <b>Audited - Beginning Net Position, as of 07/01/2016</b> |                                           |                |                       | \$ 7,729,244               |                     |                 |                            |
| Beginning Cash                                            | \$ 30,401,138                             |                |                       |                            | \$ 7,729,244        |                 |                            |
| <b>Operating Revenues:</b>                                |                                           |                |                       |                            |                     |                 |                            |
| Premiums Paid by Members                                  | \$ 125,108,623                            | \$ --          | \$ (5,985,709)        | \$ 119,122,914             | \$ 147,408,159      | \$ (28,285,245) | 80.81 %                    |
| Other Income                                              | 25,925                                    | (25,925)       | --                    | --                         | --                  | --              | --                         |
| Total Operating Revenue                                   | 125,134,548                               | (25,925)       | (5,985,709)           | 119,122,914                | 147,408,159         | (28,285,245)    | 80.81                      |
| <b>Operating Expenditures:</b>                            |                                           |                |                       |                            |                     |                 |                            |
| Classified Salaries                                       | 80,639                                    | 109,559        | (185)                 | 190,014                    | 236,778             | (46,764)        | 80.25                      |
| Statutory Benefits                                        | 11,725                                    | 44,982         | (4,948)               | 51,760                     | 55,498              | (3,738)         | 93.26                      |
| Health & Welfare                                          | 8,160                                     | 5,213          | --                    | 13,373                     | 39,000              | (25,627)        | 34.29                      |
| Employer Tax Expense                                      | --                                        | 2,721          | --                    | 2,721                      | 3,411               | (690)           | 79.77                      |
| Net Pension Expense                                       | --                                        | --             | --                    | --                         | --                  | --              | --                         |
| Telephone & Internet                                      | 3,569                                     | --             | (108)                 | 3,461                      | 5,250               | (1,789)         | 65.92                      |
| Supplies Office                                           | 995                                       | --             | --                    | 995                        | 5,250               | (4,255)         | 18.95                      |
| Supplies - Other                                          | 1,883                                     | --             | (107)                 | 1,776                      | 5,250               | (3,474)         | 33.82                      |
| Eligibility Processing                                    | 180,409                                   | --             | --                    | 180,409                    | 252,000             | (71,591)        | 71.59                      |
| Brokerage Fees-Dental-ACSIG                               | 177,808                                   | --             | --                    | 177,808                    | 276,000             | (98,192)        | 64.42                      |
| Brokerage Fees-Dental-MD                                  | 252,256                                   | --             | --                    | 252,256                    | 300,000             | (47,744)        | 84.09                      |
| Travel and Conferences                                    | 13,717                                    | 5,695          | (430)                 | 18,982                     | 21,000              | (2,018)         | 90.39                      |
| Mileage                                                   | 4,170                                     | --             | --                    | 4,170                      | 8,925               | (4,755)         | 46.72                      |
| Dues & Memberships                                        | 6,635                                     | --             | --                    | 6,635                      | 1,575               | 5,060           | 421.27                     |
| Postage & Meter                                           | 6,320                                     | --             | --                    | 6,320                      | 3,400               | 2,920           | 185.88                     |
| Insurance Expense-PIPS&NCR                                | 15,707,148                                | --             | (246,731)             | 15,460,417                 | 23,989,931          | (8,529,514)     | 64.45                      |
| Insurance Expense-PIPS Adj                                | 2,963,955                                 | --             | --                    | 2,963,955                  | 1,500,000           | 1,463,955       | 197.60                     |
| Utility - Operating-Rent                                  | 61,705                                    | (37,035)       | --                    | 24,670                     | 35,420              | (10,750)        | 69.65                      |
| Advertising                                               | --                                        | --             | --                    | --                         | 2,100               | (2,100)         | --                         |
| Contract Services                                         | 12,650                                    | 5,000          | --                    | 17,650                     | 8,426               | 9,224           | 209.47                     |
| Contract Services -Claim Audit                            | --                                        | --             | --                    | --                         | --                  | --              | --                         |
| Contract Services                                         | --                                        | --             | --                    | --                         | 10,000              | (10,000)        | --                         |
| Audit Fees                                                | 13,250                                    | --             | --                    | 13,250                     | 14,175              | (925)           | 93.47                      |
| Other Services/Operating Expenses                         | 1,281                                     | --             | --                    | 1,281                      | 5,250               | (3,969)         | 24.40                      |
| Capital Equipment/Depreciation                            | --                                        | --             | --                    | --                         | 2,550               | (2,550)         | --                         |
| Repairs & Maintenance                                     | --                                        | --             | --                    | --                         | 4,800               | (4,800)         | --                         |
| Legal                                                     | --                                        | --             | --                    | --                         | 2,550               | (2,550)         | --                         |
| Accounting Services                                       | 7,350                                     | 3,150          | --                    | 10,500                     | 15,750              | (5,250)         | 66.67                      |
| County Courier                                            | --                                        | --             | --                    | --                         | 3,675               | (3,675)         | --                         |
| Shredding                                                 | 519                                       | 132            | --                    | 651                        | 1,575               | (924)           | 41.33                      |
| Copier & Scanner                                          | 7,790                                     | 150            | (1,455)               | 6,485                      | 15,000              | (8,515)         | 43.23                      |
| Claims Administration Services                            | 129,603                                   | --             | (227)                 | 129,376                    | 190,000             | (60,624)        | 68.09                      |
| Self-Insurance Fee                                        | 261,221                                   | --             | --                    | 261,221                    | 245,000             | 16,221          | 106.62                     |
| Claims Paid-WC                                            | 1,012,801                                 | --             | 130,727               | 1,143,528                  | 3,000,000           | (1,856,472)     | 38.12                      |
| Claims Paid-PL                                            | 20,241                                    | --             | --                    | 20,241                     | 80,000              | (59,759)        | 25.30                      |
| Physical Abilities Testing                                | 6,125                                     | --             | (1,225)               | 4,900                      | 22,445              | (17,545)        | 21.83                      |
| Training                                                  | --                                        | --             | --                    | --                         | 5,000               | (5,000)         | --                         |
| First-Aid Program                                         | 16,334                                    | --             | (555)                 | 15,781                     | 10,000              | 5,781           | 157.81                     |
| Food Service Training                                     | --                                        | --             | --                    | --                         | 10,000              | (10,000)        | --                         |
| Special Ed Training                                       | --                                        | --             | --                    | --                         | 10,000              | (10,000)        | --                         |
| Bank Charge & WC Penalty Reimb                            | 20,209                                    | --             | --                    | 20,209                     | 15,000              | 5,209           | 134.73                     |
| Cobra Premiums                                            | 148,564                                   | --             | --                    | 148,564                    | 250,000             | (101,436)       | 59.43                      |
| Dental Insurance Premiums                                 | 94,152,542                                | --             | (1,162,585)           | 92,989,957                 | 113,877,908         | (20,887,951)    | 81.66                      |
| Vision Insurance Premiums                                 | 2,850,842                                 | --             | 3,230                 | 2,854,072                  | 2,758,000           | 96,072          | 103.48                     |
| Claim Development Expense                                 | --                                        | --             | (1,580,962)           | (1,580,962)                | (2,430,000)         | 849,038         | 65.06                      |
| ACA Fees                                                  | --                                        | --             | --                    | --                         | --                  | --              | --                         |
| Total Operating Expenditures                              | 118,142,416                               | 139,568        | (2,865,560)           | 115,416,424                | 144,867,892         | (29,451,468)    | 79.67 %                    |
| <b>Net Increase/(Decrease)</b>                            |                                           |                |                       |                            |                     |                 |                            |
| from Operations                                           | 6,992,132                                 | (165,493)      | (3,120,149)           | 3,706,490                  | 2,540,267           | 1,166,223       | 145.91 %                   |
| <b>Non Operating Income/(Expense)</b>                     |                                           |                |                       |                            |                     |                 |                            |
| Interest Income                                           | 279,778                                   | (11)           | (12,444)              | 267,322                    | 218,250             | 49,072          | 122.48                     |
| Net Increase/(Decrease) in Fair Value                     | (334,932)                                 | --             | --                    | (334,932)                  | --                  | (334,932)       | --                         |
| Realized Gain/(Loss) on Investments                       | 20,128                                    | --             | --                    | 20,128                     | --                  | 20,128          | --                         |
| Cumulative effect of GASB 68                              | --                                        | --             | --                    | --                         | --                  | --              | --                         |
| Interfund Trans, Other Inc/Exp                            | 86,496                                    | --             | (86,496)              | --                         | --                  | --              | --                         |
| Total Non Operating Income/(Expense)                      | 51,470                                    | (11)           | (98,940)              | (47,482)                   | 218,250             | (265,732)       | (21.76) %                  |
| Ending Cash                                               | \$ 37,444,740                             | (165,504)      |                       |                            |                     |                 |                            |
| <b>Net Increase/(Decrease)</b>                            |                                           |                |                       |                            |                     |                 |                            |
| in Net Position                                           | \$ (165,504)                              | \$ (3,219,089) |                       | 3,659,008                  | \$ 2,758,517        | \$ 900,491      | 132.64 %                   |
| <b>Unaudited - Ending Net Position, as of 03/31/2017</b>  |                                           |                |                       | \$ 11,388,252              | \$ 10,487,761       | \$ 900,491      |                            |

It was moved by Annette Heldman and seconded by Susan Kinder to approve the Third Quarter Financials as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

## **VI. Third Quarter Investment Report**

The Executive Director reviewed the 2016/17 Third Quarter Investment Report with the Board.

### ***Investment Summary Dollar Weighted Return % (Net of fees)***

|                                         |                 |
|-----------------------------------------|-----------------|
| Date of Report                          | 03/31/2017      |
| Inception date                          | 07/12/10        |
| Beginning Total Value                   | \$9,999,850.00  |
| Net Contributions/Withdrawals           | \$5,033,025.75  |
| Investment Earnings                     | \$1,104,882.33  |
| Total Ending Value                      | \$16,137,758.08 |
| Current Quarter                         | 0.34%           |
| Fiscal Year to Date                     | -0.72%          |
| Since Inception (annualized % per year) | 1.14%           |

### ***Time Weighted Return % by Period (Net of fees)***

|                                            |        |
|--------------------------------------------|--------|
| Last 3 Years (annualized % per year)       | 0.98%  |
| Last 5 Years (annualized % per year)       | 0.94%  |
| Since Inception (annualized % per year)    | 1.16%  |
| Year 2017 (YTD)                            | 0.34%  |
| 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 | 29.05% |

It was moved by Teresa Kapellas and seconded by Annette Heldman to approve the Third Quarter Investment Report as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

## **VII. 2017/2018 Budget**

The Executive Director presented the 2017/18 Budget to the Board. The budget was developed using year to date 2016/17 data and preliminary estimates for 2017/18 rates and costs. Because all the rates are not firm at this time, estimates were used for this report. Salaries have been distributed to each program based upon a time study.

| Alameda County Schools Insurance Group (ACSIG)     |                     |             |                       |                |                     |                     |
|----------------------------------------------------|---------------------|-------------|-----------------------|----------------|---------------------|---------------------|
| Consolidated                                       |                     |             |                       |                |                     |                     |
| 2017/2018 Budget                                   |                     |             |                       |                |                     |                     |
|                                                    | Budget<br>2017/2018 | Allocations | Change in<br>Accruals |                | 2017/2018<br>Budget | 2016/2017<br>Budget |
| Audited - Beginning Net Position, as of 07/01/2017 |                     |             |                       | \$ 29,375,762  |                     |                     |
| Beginning Cash                                     | \$ 29,375,762       |             |                       |                | \$ 29,375,762       | \$ 24,927,031       |
| <b>Operating Revenue:</b>                          |                     |             |                       |                |                     |                     |
| Premiums Paid by Members                           | \$ 156,427,872      | \$ --       | \$ --                 | \$ 156,427,872 | \$ 156,427,872      | \$ 147,408,159      |
| Total Operating Revenue                            | 156,427,872         | --          | --                    | 156,427,872    | 156,427,872         | 147,408,159         |
| <b>Operating Expenditures:</b>                     |                     |             |                       |                |                     |                     |
| Classified Salaries                                | 251,052             | --          | --                    | 251,052        | 251,052             | 236,778             |
| Statutory Benefits                                 | 56,552              | --          | --                    | 56,552         | 56,552              | 55,498              |
| Health & Welfare                                   | 39,000              | --          | --                    | 39,000         | 39,000              | 39,000              |
| Employer Tax Expense                               | 3,476               | --          | --                    | 3,476          | 3,476               | 3,411               |
| Net Pension Expense                                | 39,345              | --          | --                    | 39,345         | 39,345              | --                  |
| Telephone & Internet                               | 7,350               | --          | --                    | 7,350          | 7,350               | 7,500               |
| Supplies Office                                    | 4,200               | --          | --                    | 4,200          | 4,200               | 5,775               |
| Supplies - Other                                   | 2,625               | --          | --                    | 2,625          | 2,625               | 4,725               |
| Eligibility Processing                             | 245,627             | --          | --                    | 245,627        | 245,627             | 257,060             |
| Brokerage Fees-Dental-ACSIG                        | 288,000             | --          | --                    | 288,000        | 288,000             | 276,000             |
| Brokerage Fees-Dental-MD                           | 350,000             | --          | --                    | 350,000        | 350,000             | 300,000             |
| Travel and Conferences                             | 23,100              | --          | --                    | 23,100         | 23,100              | 21,000              |
| Mileage                                            | 8,925               | --          | --                    | 8,925          | 8,925               | 8,925               |
| Dues & Memberships                                 | 1,575               | --          | --                    | 1,575          | 1,575               | 1,575               |
| Postage & Meter                                    | 8,350               | --          | --                    | 8,350          | 8,350               | 3,400               |
| Insurance Expense-PPS&NCR                          | 25,192,893          | --          | --                    | 25,192,893     | 25,192,893          | 23,989,931          |
| PPPS payroll adjustment                            | 2,000,000           | --          | --                    | 2,000,000      | 2,000,000           | 1,500,000           |
| Utility - Operating-Rent                           | 33,761              | --          | --                    | 33,761         | 33,761              | 1,330,360           |
| Advertising                                        | 600                 | --          | --                    | 600            | 600                 | 6,860               |
| Contract Services                                  | 26,275              | --          | --                    | 26,275         | 26,275              | 8,426               |
| Contract Services-PL-Investigation                 | 20,000              | --          | --                    | 20,000         | 20,000              | --                  |
| Contract Services-PL-Legal                         | 6,375               | --          | --                    | 6,375          | 6,375               | 10,000              |
| Audit Fees                                         | 15,540              | --          | --                    | 15,540         | 15,540              | 14,175              |
| Other Services/Operating Expenses                  | 10,500              | --          | --                    | 10,500         | 10,500              | 5,250               |
| Capital Equipment/Depreciation                     | 2,625               | --          | --                    | 2,625          | 2,625               | 2,550               |
| Repairs & Maintenance                              | 3,675               | --          | --                    | 3,675          | 3,675               | 4,800               |
| Legal                                              | 2,100               | --          | --                    | 2,100          | 2,100               | 2,550               |
| Accounting Services                                | 15,750              | --          | --                    | 15,750         | 15,750              | 15,750              |
| County Courier                                     | 4,200               | --          | --                    | 4,200          | 4,200               | 3,675               |
| Shredding                                          | 1,575               | --          | --                    | 1,575          | 1,575               | 1,575               |
| Copier & Scanner                                   | 15,000              | --          | --                    | 15,000         | 15,000              | 15,000              |
| Claims Administration Services                     | 154,000             | --          | --                    | 154,000        | 154,000             | 190,000             |
| Self-Insurance Fee                                 | 290,000             | --          | --                    | 290,000        | 290,000             | 245,000             |
| Claims Paid-WC                                     | 2,500,000           | --          | --                    | 2,500,000      | 2,500,000           | 3,000,000           |
| Claims Paid-PL                                     | 50,000              | --          | --                    | 50,000         | 50,000              | 80,000              |
| Physical Abilities Testing                         | 25,000              | --          | --                    | 25,000         | 25,000              | 10,000              |
| Safety Inspection                                  | 12,445              | --          | --                    | 12,445         | 12,445              | 12,445              |
| Training                                           | 20,000              | --          | --                    | 20,000         | 20,000              | 5,000               |
| First-Aid Program                                  | 10,000              | --          | --                    | 10,000         | 10,000              | 10,000              |
| Food Service Training                              | 5,000               | --          | --                    | 5,000          | 5,000               | 10,000              |
| Special Ed Training                                | 15,000              | --          | --                    | 15,000         | 15,000              | 10,000              |
| Bank Charge & WC Penalty Reimb                     | 17,200              | --          | --                    | 17,200         | 17,200              | 15,000              |
| Cobra Premiums                                     | 242,000             | --          | --                    | 242,000        | 242,000             | 250,000             |
| Dental Insurance Premiums                          | 123,000,000         | --          | --                    | 123,000,000    | 123,000,000         | 113,877,908         |
| Vision Insurance Premiums                          | 3,340,000           | --          | --                    | 3,340,000      | 3,340,000           | 2,550,000           |
| Claim Development Expense                          | (2,510,000)         | --          | --                    | (2,510,000)    | (2,510,000)         | (2,430,000)         |
| Prior Year Adjustment                              | --                  | --          | --                    | --             | --                  | --                  |
| Total Operating Expenditures                       | 155,850,690         | --          | --                    | 155,850,690    | 155,850,690         | 146,166,902         |
| Net Increase/(Decrease) from Operations            | 577,182             | --          | --                    | 577,182        | 577,182             | 1,241,257           |
| <b>Non Operating Income/(Expense)</b>              |                     |             |                       |                |                     |                     |
| Interest Income                                    | 231,500             | --          | --                    | 231,500        | 231,500             | 218,250             |
| Change in FMV                                      | --                  | --          | --                    | --             | --                  | --                  |
| Realized Gain/(Loss)                               | --                  | --          | --                    | --             | --                  | --                  |
| GASB 68                                            | --                  | --          | --                    | --             | --                  | --                  |
| Total Non Operating Income/(Expense)               | 231,500             | --          | --                    | 231,500        | 231,500             | 218,250             |
| Ending Cash                                        | \$ 30,184,444       | --          | --                    |                |                     |                     |
| Net Increase/(Decrease) in Net Position            | \$ --               | \$ --       | \$ --                 | 808,682        | \$ 808,682          | \$ 1,459,507        |

It was moved by Minh Vu and seconded by Bryan Richards to approve the Budget as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

## **Dental**

### **VIII. Dental Rates 2017/2018**

The Executive Director presented the 2017/18 Dental program proposed rate changes. The program has been performing exceptionally well and efficiently. The past 3 years have seen flat rates and rebates in this program. ACSIG has recognized a downward trend by keeping rates flat from year to year. This positive claims experience has continued in 2016/17 and we are recommending a 2% decrease in rates for 2017/18.

It was moved by Dina Stewart and seconded by Annette Heldman to approve the Dental Rates as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

## **Vision**

### **IX. Vision Rates 2017/2018**

The Executive Director presented the 2017/18 Vision program proposed rate changes. The underwriting model shows a slight decrease in claim development within the past several years. Because of the increasing growth within the program, it is our recommendation that rates remain flat for 2017/18.

It was moved by Annette Heldman and seconded by Marites Fermin to approve the Vision Rates as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

## **Property & Liability**

### **X. Property & Liability Rates 2017/2018**

The Executive Director presented the 2017/18 Property and Liability rates to the Board. ACSIG has 5 members in the Property & Liability pool. NCR rates showed very little change in 2017/18. Due to positive claims experience, ACSIG has seen a decrease in both its Property and Liability experience modification factors programs.

### 2017/2018 Property & Liability Program Rates

| ACSIG              | Property         | Liability        | Total              |
|--------------------|------------------|------------------|--------------------|
| ACOE               | \$29,199         | \$25,874         | \$55,073           |
| Albany             | \$71,667         | \$183,147        | \$254,814          |
| Dublin             | \$213,777        | \$491,363        | \$705,140          |
| Emery              | \$57,509         | \$35,562         | \$93,071           |
| Piedmont           | \$70,320         | \$136,680        | \$207,000          |
| <b>ACSIG TOTAL</b> | <b>\$442,474</b> | <b>\$872,625</b> | <b>\$1,315,098</b> |

\$50,000 loss fund funding included for Property  
 \$100,000 loss funding included for Liability  
 Safety Inspection fee of \$12, 446 Included

It was moved by Theresa Kapellas and seconded by Minh Vu to approve the Property and Liability Rates as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan

Nays: None

Abstain: None

### Workers Compensation

#### **XI. Actuarial Study - Ultimate Loss**

The Executive Director presented the February 2017 Actuarial study of the ultimate loss of the self-insured portion of the ACSIG Workers Compensation program. Bay Actuarial estimates that ACSIG's liability for unpaid losses were \$18.5M on December 31, 2016 and project that it will be \$17.8M on June 30, 2017. The corresponding discounted values (at 1.5% interest) are \$16.4M and \$15.7M.

*Allan Garde joined the meeting at 12:25pm.*

It was moved by Bryan Richards and seconded by Dora Siu to approve the Ultimate Loss Actuarial Study as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan, Garde

Nays: None

Abstain: None

## XII. Actuarial Study - Ex-Mods

The Executive Director presented the February 2017 Actuarial Study that determines the 2016/17 program year experience modification factor. Experience Modification factor takes a look at ACSIG as a whole and how each member performs within the ACSIG program. As a whole, all numbers should equal 1 due to some members performing above average and some performing below. ACSIG as an entity approved the assumption that member will have an ex-mod below .75 and no member will have an ex-mod 1.25 to help protect one another.

| MEMBER         | NEW<br>EX-MOD<br>12/31/16 | OLD<br>EX-MOD<br>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 Dora Siu to approve the Ex-Mods as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan, Garde

Nays: None

Abstain: None

### XIII. Workers Compensation Rates 2017/2018

The Executive Director presented the 2017/18 Workers Compensation rates to the Board. The base rate dropped from \$3.11 to \$2.75 due to overcoming the deficit.

#### 2017/2018 Workers' Compensation Rates

|                       | 2014/2015<br>Actual Payroll | 2015/2016<br>Actual Payroll | Base<br>Rate | Ex Mod | Rate per \$100<br>Payroll | 2017/2018<br>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             |
| <b>TOTAL PREMIUMS</b> | <b>\$907,958,555</b>        | <b>\$975,374,549</b>        |              |        |                           | <b>\$26,712,774</b>  |

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 Annette Heldman and seconded by Marites Fermin to approve the Workers Compensation rates as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan, Garde

Nays: None

Abstain: None

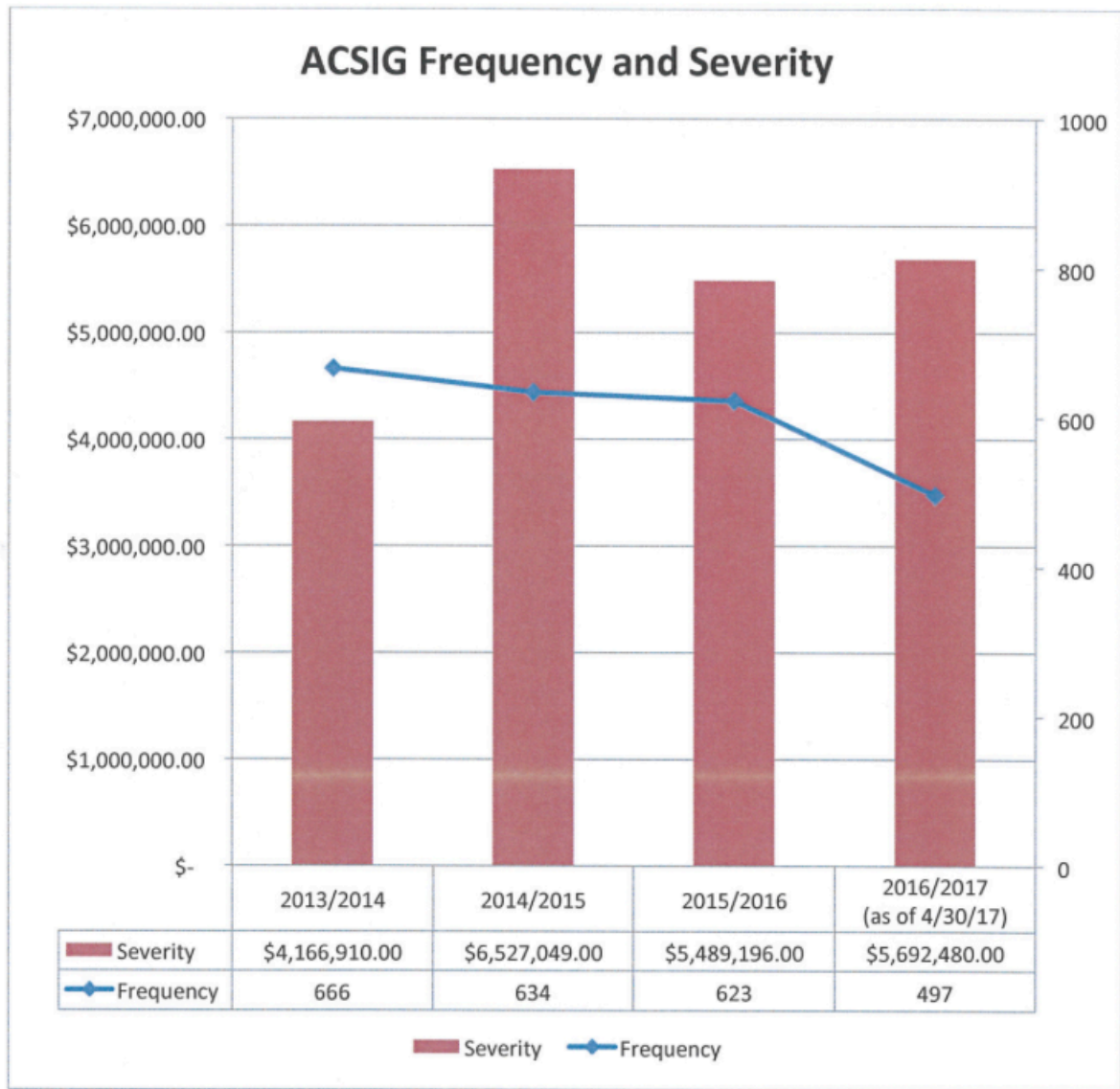
#### XIV. Informational Report for Fiscal Year End

Laurena Grabert from SETECH presented the 2017/2018 Informational Report for the Fiscal Year 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<br>From<br>Page 11 | Program Years          |               |                        |               |                        |               |                        |               | Total       |  |
|                                                      |                              | 2012/2013              |               | 2013/2014              |               | 2014/2015              |               | 2015/2016              |               |             |  |
|                                                      |                              | Pro Rata<br>Share<br>% | Net<br>Assets | Pro Rata<br>Share<br>% | Net<br>Assets | Pro Rata<br>Share<br>% | Net<br>Assets | Pro Rata<br>Share<br>% | Net<br>Assets |             |  |
| Alameda COE                                          | \$ (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) |  |

#### XV. 3 Year Point in Time Comparison

Michael Clark from Keenan & Associates discussed the top 10% of claim frequency filing districts. The past 3 years have shown some decrease in frequency, but the rate of severity has leveled out. With effective and consistent return to work practices, injured workers can be returned to the work place thus reducing total temporary disability payments. The service team has been working diligently with members to implement positive risk management techniques.



## Administrative

### **XVI. Election of Executive Committee**

Due to Dr. Candi Clark, Raul Parungao, and Akur Varadarajan's terms expiring, we have 3 seats available for rotation on the Executive Committee. All 3 members have agreed to sit for another 2 years.

It was moved by Bryan Richards and seconded by Annette Heldman to approve the Election of Executive Committee as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan, Garde

Nays: None

Abstain: None

## **XVII. ACSIG Salaries & Benefits**

The Executive Director presented a cost of living increase proposal for the ACSIG staff of 2%. The average from 8 settled agencies was 2%. The overall cost of this increase totals \$6,615.

It was moved by Theresa Kapellas and seconded by Minh Vu to approve the ACSIG Salary as presented.

Ayes: Kinder, Kapellas, Krueger, Fermin, Siu, Vu, Veasley, Stewart, Richards, Heldman, Duncan, Garde

Nays: None

Abstain: None

## **XVIII. Meeting Calendar**

The Full Board received the draft 2017/18 Calendar with the following dates.

### **2017/ 2018 Calendar (DRAFT)**

|                   |                                          |                  |
|-------------------|------------------------------------------|------------------|
| November 2, 2017  | Executive Committee                      | 9:00am – 12:00pm |
| November 9, 2017  | Joint Full Board<br>Lunch will be served | 12:00pm – 3:00pm |
| December 14, 2017 | Executive Committee                      | 9:00am – 12:00pm |
| February 15, 2018 | Executive Committee                      | 9:00am – 12:00pm |
| May 10, 2018      | Executive Committee                      | 9:00am – 12:00pm |
| May 17, 2018      | Joint Full Board<br>Lunch will be served | 12:00pm – 3:00pm |

## **XIX. Future Planning**

**XX. This meeting was adjourned at 1:00PM**