



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

MINUTES  
Executive Committee

**Date:** Thursday, May 11, 2017  
**Time:** 9:00 AM  
**Location:** Alameda County Office of Education  
 313 W. Winton Ave.  
 Hayward, CA 94544

**I. Dr. Candi Clark called the meeting to order at 9:03am**

**II. Roll call**

**Executive Committee Members**

Dr. Candi Clark	President	Castro Valley USD
Raul Parungao	Vice President	Fremont USD
Susan Kinder	Secretary	Livermore USD
Annette Heldman	Board Member	San Lorenzo USD
Akur Varadarajan	Board Member	New Haven USD
Bryan Richards	Board Member	Newark 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
Bill Poland	Guest	Keenan & Associates
Hesam Fayaz	Guest	SETECH
Cary Allison	Guest	Morgan Stanley

### III. Acceptance of the Agenda

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

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

Nays: None

Abstain: None

### IV. Public Comment on Closed Session Agenda Items

No public present to comment.

#### Closed Session

Closed session began at 9:06am

#### A. Settlement Authorization

- Claim Numbers: none

#### B. Settlement Notification

- Claims Numbers:

VanDenburg, Diana L	428895	He Wu, Xingmei	492720	Eldridge, Helen	506931
Dailey, Thomas D	431755	Su, Louis	493766	Angoco, Anthony	507133
Carey, Michael	445375	Saunders, James	495310	Cohlman, James	509238
Merlin, Denise Nina	449478	He Wu, Xingmei	495488	Nese-Forte, Carol	509323
VanDenburg, Diana L	452199	Spitzack, Rhett	496690	Rodriguez, Cynthia	512820
Merlin, Denise Nina	453030	Tomasic, Sue E	496691	Davila, Gary	513157
Mendoza, Daria	465082	Uribe, Armando	497557	Mirts, Tina	515922
Daniello, Kathleen	471869	Arnold, Peggy	499299	Chacon, Nancy	518021
Holm, James	472916	Youngs, Daniel	499538	Grasseschi, Paul B.	518802
He Wu, Xingmei	473771	Demarest, Heather	499688	Burns, Patricia K	519085
Hounshell, Lynda E	479922	Salcedo, Rocio	500633	Waste, Marta	524849
Chacon, Nancy	482321	Badie, Sonya K	501509	Cosgrove, Michelle	525159
Torrez, Kathleen S	482532	Pence, Marc	503237	Kirk, Cynthia	525561
Spitzack, Rhett	483293	Coldani, Michelle	504161	Baldrige, Brenda	529833
Fulford, Gloria	489924	Schenker, Tammy	504553	Mirts, Tina	536059
Chacon, Nancy	491259	Schenker, Tammy	504610		

#### Open Session

Open session began at 9:10am.

**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 Bryan Richards to approve the February 16, 2017 Executive Committee Meeting minutes.

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

Nays: None

Abstain: None

**Workers Compensation**

**VIII. Loss Portfolio Transfer Report**

Bill Poland of Keenan presented a Loss Portfolio Transfer Discussion to the Executive Committee. It was decided by the Executive Committee to hold off on pursuing the opportunity at this time.

**Dental**

**IX. Dental Rates 2017/2018**

The Executive Director presented the 2017/2018 Dental Rate recommendations to the Executive Committee. 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 2016/2017 and we are recommending a 2% decrease in rates for 2017/2018.

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

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

Nays: None

Abstain: None

**X. Dental Actuarial Study**

The Executive Director will present the dental study. The Executive Committee will be asked to recommend approval to the Full Board.

***Recommendation: For action***

## Vision

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

The Executive Director presented the 2017/18 Vision rate recommendations to the Executive Committee. 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 2017/2018. It was moved by Raul Parungao and seconded by Bryan Richards to approve the Vision rates as presented with no increase.

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

Nays: None

Abstain: None

### **XII. Vision Actuarial Study**

The Executive Director will present the vision study. The Executive Committee will be asked to recommend approval to the Full Board.

***Recommendation: For action***

## Property & Liability

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

The Executive Director presented the 2017/18 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 very little change in 2017/2018. Due to positive claims experience, ACSIG has seen a decrease in both its Property and Liability experience modification factors programs.

It was moved by Raul Parungao and seconded by Akur Varadarajan to approve the Property & Liability rates as presented.

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

Nays: None

Abstain: None

# DRAFT

## 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

#### XIV. PLCA Amendment

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 2015-2016 and has been in effect for 3 subsequent years.

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

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

Nays: None

Abstain: None

#### XV. P&L Actuarial Study

The Executive Director will present the P&L study. The Executive Committee will be asked to recommend approval to the Full Board.

**Recommendation: For action**

### General

#### XVI. Third Quarter Financial Report

Hesam Fayaz from SETECH presented the 2016/2017 third quarter financials report.

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

	Audited As of 06/30/2016	Activity 07/01/2015 - 03/31/2017	As of 03/31/2017
<b>Assets:</b>			
<b>Current Assets</b>			
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	<u>23,996,526</u>	<u>8,852,233</u>	<u>32,848,758</u>
<b>Noncurrent Assets</b>			
Investments @ FMV - Morgan Stanley (3)	14,370,020	(1,360,526)	13,009,494
Capital - Equipment, net of depreciation	3,555	--	3,555
	<u>14,373,575</u>	<u>(1,360,526)</u>	<u>13,013,049</u>
<b>Total Assets</b>	<b>\$ 38,370,101</b>	<b>\$ 7,491,706</b>	<b>\$ 45,861,807</b>
<b>Deferred Outflow of Resources:</b>			
Deferred outflow of resources - pension	44,203	--	44,203
<b>Liabilities:</b>			
<b>Current Liabilities</b>			
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	<u>12,375,456</u>	<u>5,710,365</u>	<u>18,085,820</u>
<b>Noncurrent Liabilities</b>			
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	<u>17,720,610</u>	<u>(1,877,667)</u>	<u>15,842,944</u>
Net Pension Liability (NPL)	525,511	--	525,511
<b>Total Liabilities</b>	<b>\$ 30,621,577</b>	<b>\$ 3,832,698</b>	<b>\$ 34,454,275</b>
<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
<b>Total Net Position</b>	<u>\$ 7,729,244</u>	<u>\$ 3,659,008</u>	<u>\$ 11,388,252</u>
<b>Total Liabilities, Deferred Pension, and Ending Net Position</b>	<b>\$ 38,370,101</b>	<b>\$ 7,491,706</b>	<b>\$ 45,861,807</b>

**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 Raul Parungao and seconded by Susan Kinder to approve the third quarter financial report as presented.

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

Nays: None

Abstain: None

**XVII. Third Quarter Investment Report**

Cary Allison of Morgan Stanley reviewed the 2016/17 third quarter investment report with the Executive Committee.

<i>Investment Summary Dollar Weighted Return % (Net of fees)</i>	
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%

<i>Time Weighted Return % by Period (Net of fees)</i>	
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%

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

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

Nays: None

Abstain: None

**XVIII. 2017/2018 Budget**

The Executive Director reviewed the 2017/18 Budget to the Executive Committee. An amendment was made to make a change to the Self-Insurance Fee to \$290,000 and the Postage Meter was increased to \$9,000.

It was moved by Akur Varadarajan and seconded by Raul Parungao to approve the budget as amended.



**Alameda County Schools Insurance Group (ACSIG)  
Consolidated  
2017/2018 Budget**

	Budget		Change in Accruals	2017/2018		2016/2017	
	2017/2018	Allocations		2017/2018	Budget	Budget	
<b>Audited - Beginning Net Position, as of 07/01/2017</b>				\$ 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	
<b>Total Operating Revenue</b>	<b>156,427,872</b>	<b>---</b>	<b>---</b>	<b>156,427,872</b>	<b>156,427,872</b>	<b>147,408,159</b>	
<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	5,200			5,200	5,200	3,400	
Insurance Expense-PIPS&NCR	25,192,893			25,192,893	25,192,893	23,989,931	
PIPS payroll adjustment	2,000,000			2,000,000	2,000,000	1,500,000	
Utility - Operating-Rent	33,761			33,761	33,761	1,530,360	
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	250,000			250,000	250,000	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							
<b>Total Operating Expenditures</b>	<b>155,807,540</b>	<b>---</b>	<b>---</b>	<b>155,807,540</b>	<b>155,807,540</b>	<b>146,166,902</b>	
<b>Net Increase/(Decrease) from Operations</b>	<b>620,332</b>	<b>---</b>	<b>---</b>	<b>620,332</b>	<b>620,332</b>	<b>1,241,257</b>	
<b>Non Operating Income/(Expense)</b>							
Interest Income	231,500			231,500	231,500	218,250	
Change in FMV							
Realized Gain/(Loss)							
GASB 68							
<b>Total Non Operating Income/(Expense)</b>	<b>231,500</b>	<b>---</b>	<b>---</b>	<b>231,500</b>	<b>231,500</b>	<b>218,250</b>	
Ending Cash	\$ 30,227,594						
<b>Net Increase/(Decrease) in Net Position</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 851,832</b>	<b>\$ 851,832</b>	<b>\$ 1,459,507</b>	

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



**XIX. 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 for this increase would total \$6,615.

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

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

Nays: None

Abstain: None

**XX. Strategic Plan 2017**

The Executive Committee requested a report of the overall strategic plans. No additional meetings will be held in 2017 but the Committee will report out in at the next Executive Committee meeting.

**Administrative**

**XXI. Investment Policy**

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

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

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

Nays: None

Abstain: None

**XXII. 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 Annette Heldman and seconded by Akur Varadarajan to approve the Conflict of Interest Code as presented.

**XXIII. Authorization of Signatures**

The Executive Committee conducted the annual review of the Authorization of Signatures and motioned to approve authorization of Board President's signature in the event of vacancy/ or incapacitation of Executive Director.

It was moved by Bryan Richards and seconded by Susan Kinder to approve the Authorization of Signatures with a motion to change signature authorization.

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

Nays: None

Abstain: None

**XXIV. Meeting Calendar**

The Executive Committee reviewed the 2017/18 draft calendar.

It was moved by Raul Parungao and seconded by Annette Heldman to approve the draft meeting calendar as presented.

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

Nays: None

Abstain: None

**XXV. 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 Raul Parungao and seconded by Susan Kinder to approve the Posting and Mailing address as presented.

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

Nays: None

Abstain: None

**XXVI. Future Planning**

**XXVII. Adjournment**