



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

Minutes
 Executive Committee

Date: Thursday, October 30, 2014
Time: 9:00AM
Location: Alameda County Office of Education
 313 W. Winton Ave.
 Hayward, CA 94544

I. Susan Kinder called the meeting to order at 9:10am, with a quorum of members present.

II. Members in attendance

Susan Kinder	President	Livermore Valley Joint USD
Dr Candi Clark	Secretary	Castro Valley USD
Mark Bonnett	Board Member	Emery USD
Raul Parungao	Board Member	Fremont USD
Akur Varadarajan	Board Member	New Haven USD
Kimberly Dennis	Executive Director	Alameda County Schools Insurance
Desiree Endert	Admin Assistant	Alameda County Schools Insurance
Tara Cooper-Salaiz	Guest	Keenan & Associates
Patrice Grant	Guest	Keenan & Associates
Ron Martin	Guest	Keenan & Associates
Arcenio Reyes	Guest	Keenan & Associates
Chris Stout	Guest	Keenan & Associates
Kyle McKibbin	Guest	Keenan & Associates
Hesam Fayaz	Guest	SETECH

III. Acceptance of the Agenda

IV. Public Comment on Closed Session Agenda Items
 No public present to comment.

Closed Session

Closed session began at 9:13am.

Open Session

Open session began at 9:29am.

V. Public Comment on Open Session Agenda Items

No public present to comment.

VI. Report of Action Taken in Closed Session

Susan Kinder reported that the Committee gave the Executive Director, Kimberly Dennis, an excellent yearly review, which extends her contract for another year.

It was moved by Candi Clark and seconded by Mark Bonnett to approve settlement authorizations and notifications listed below.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

Settlement Authorization

Claim Numbers: 2201704; 2203580; 2204320; 2205640; 2502023; 2509076

Settlement Notification

**Claim Numbers: 407334; 412333; 422509; 423417; 428974; 434676;
436784; 440528; 445663; 448599; 449235; 449524; 453489; 454755;
458284; 458311; 458365; 460369; 460652; 460739; 463008; 464264;
467917; 472883; 474334; 475141; 477327; 477474; 479065; 479940;
481615; 483618; 484231; 487175; 487371; 490611; 491830; 2202689;
2203370; 2204533; 2206040; 2206375; 2206618; 2507096**

VII. Approval of Minutes

The Executive Committee reviewed the Executive Committee Meeting Minutes from May 15, 2014, the Strategic Planning Minutes from July 21, 2014 and the Full Board Minutes from May 22, 2014.

It was moved by Raul Parungao and seconded by Akur Varadarajan to approve the Executive Committee Meeting Minutes from May 15, 2014, the Strategic Planning Minutes from July 21, 2014 and the Full Board Minutes from May 22, 2014.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

General Business

VIII. 2013/14 Fourth Quarter Financials

Hesam Fayaz from SETECH presented the 2013/14 fourth quarter financials.

Alameda County Schools Insurance Group (ACSIG)
Consolidated
Statement of Revenues, Expenditures and Changes in Net Position
For The Fiscal Year Ended 06/30/2014

	Cash Activity		Change in Accruals	Balance Year to Date	2013/2014 Budget	Variance	Percentage of Budget
	07/01/2013	06/30/2014					
Audited - Beginning Net Position, as of 07/01/2013					\$ (4,999,807)		
Beginning Cash	\$ 29,311,374				\$ (4,999,807)		
Operating Revenue:							
Premiums Paid by Members	\$ 134,985,630	\$ (48,956)	\$ 19,363	\$ 135,004,993	\$ 132,561,418	\$ 2,443,575	101.84 %
Total Operating Revenue	134,985,630	(48,956)	19,363	135,004,993	132,561,418	2,443,575	101.84
Operating Expenditures:							
Classified Salaries	182,819	--	1,106	183,925	212,107	(28,182)	86.71
Statutory Benefits	70,477	--	(4,871)	65,606	51,695	13,911	126.91
Health & Welfare	23,955	--	(726)	23,229	27,246	(4,017)	85.26
Employer Tax Expense	56,530	--	--	56,530	63,834	(7,304)	88.56
Telephone & Internet	8,207	--	603	8,810	12,000	(3,190)	73.42
Supplies Office	9,670	--	(220)	9,450	7,000	2,450	135.00
Supplies - Other	2,144	--	--	2,144	3,000	(856)	71.47
Eligibility Processing	179,976	--	--	179,976	195,000	(15,024)	92.30
Brokerage Fees-Dental-ACSIG	258,675	--	(483)	258,192	270,000	(11,808)	95.63
Brokerage Fees-Dental-MD	271,493	--	--	271,493	410,000	(138,507)	66.22
Travel and Conferences	12,332	--	106	12,438	12,000	438	103.65
Mileage	6,458	--	--	6,458	9,740	(3,282)	66.30
Dues & Memberships	385	--	--	385	5,000	(4,615)	7.70
Postage & Meter	4,769	--	--	4,769	7,000	(2,231)	68.13
Insurance Expense-PIPS&NCR	17,779,554	--	--	17,779,554	17,875,770	(96,216)	99.46
Insurance Expense-PIPS Adj	148,569	--	--	148,569	--	148,569	--
Utility - Operating-Rent	81,234	(48,956)	711	32,989	101,640	(68,651)	32.46
Advertising	--	--	--	--	2,000	(2,000)	--
Contract Services	12,850	--	--	12,850	29,500	(16,650)	43.56
Contract Services -PL-Investigation	--	--	--	--	5,000	(5,000)	--
CAJPA Dues/Accreditation	5,750	--	--	5,750	--	5,750	--
Audit Fees	12,500	15,750	--	28,250	56,900	(28,650)	49.65
Other Services/Operating Expenses	15,859	(593)	(15,000)	267	6,000	(5,733)	4.45
Capital Equipment/Depreciation	11,372	--	592	11,964	24,000	(12,036)	49.85
Repairs & Maintenance	--	--	--	--	2,000	(2,000)	--
Legal	--	--	--	--	2,000	(2,000)	--
Accounting Services	9,750	--	3,250	13,000	13,000	--	100.00
County Courier	2,241	--	--	2,241	3,400	(1,159)	65.91
Shredding	1,106	--	123	1,229	1,500	(271)	81.93
Copier & Scanner	11,878	--	--	11,878	20,000	(8,122)	59.39
Claims Administration Services	195,527	--	(1,722)	193,805	193,429	376	100.19
Self-Insurance Fee	234,866	--	--	234,866	285,760	(50,894)	82.19
Claims Paid-WC	3,188,912	--	(209,824)	2,979,088	5,000,000	(2,020,912)	59.58
Claims Paid-PL	96,106	--	39,790	135,896	75,000	60,896	181.19
Physical Abilities Testing	4,751	--	(490)	4,261	5,000	(739)	85.22
Training	2,067	--	(2,067)	--	10,000	(10,000)	--
First-Aid Program	11,219	--	(493)	10,726	15,000	(4,274)	71.51
Food Service Training	--	--	--	--	10,000	(10,000)	--
Special Ed Training	--	--	--	--	30,000	(30,000)	--
Bank Charge & WC Penalty Reimb	11,065	--	--	11,065	--	11,065	--
Cobra Premiums	189,367	--	--	189,367	316,000	(126,633)	59.93
Dental Insurance Premiums	113,088,006	--	(4,362,681)	108,725,325	108,952,000	(226,675)	99.79
Vision Insurance Premiums	2,205,492	--	32,684	2,238,176	1,950,000	288,176	114.78
Claim Development Expense	--	--	(3,414,856)	(3,414,856)	(3,009,800)	(405,056)	113.46
ACA Fees	14,640	--	--	14,640	--	14,640	--
Total Operating Expenditures	138,422,571	(33,799)	(7,934,468)	130,454,305	133,260,721	(2,806,416)	97.89 %
Net Increase/(Decrease) from Operations	(3,436,941)	(15,157)	7,953,831	4,550,688	(699,303)	5,249,991	%
Non Operating Income/(Expense)							
Interest Income	389,249	--	(38,527)	350,724	381,750	(31,026)	91.87
Net Increase/(Decrease) in Fair Value	(164,296)	--	--	(164,296)	--	(164,296)	--
Realized Gain/(Loss) on Investments	70,021	--	--	70,021	--	70,021	--
Net, Interfund Transfer	1,448,445	--	(1,448,445)	--	--	--	--
Total Non Operating Income/(Expense)	1,743,419	--	(1,486,972)	256,449	381,750	(125,301)	67.18 %
Ending Cash	\$ 27,617,852	(15,157)					
Net Increase/(Decrease) in Net Position		\$ (15,157)	\$ 6,466,859	4,807,137	\$ (317,553)	\$ 5,124,690	%
Audited - Ending Net Position, as of 06/30/2014				\$ (192,670)	\$ (5,317,360)	\$ 5,124,690	

It was moved by Akur Varadarajan and seconded by Candi Clark to approve the 2013/14 Fourth Quarter Financial Report to the Full Board consent calendar.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

IX. 2013/14 Audit

The Executive Director reviewed the 2013/14 Audit with the Executive Committee. This was the second year with Christy White Associates and the audit went very smoothly with no findings. A representative from Christy White Associates will be present at the Full Board Meeting on November 6 to answer any questions that the Board may have.

The Executive Director also wanted to publicly thank Laurena Grabert from SETECH for the excellent work she does with the ACSIG financial records throughout the year.

It was moved by Raul Parungao and seconded by Akur Varadarajan to submit the 2013/14 Audit to the Full Board.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

X. 2014/15 First Quarter Financials

Hesam Fayaz from SETECH presented the 2014/15 first quarter financials.

Alameda County Schools Insurance Group (ACSIG)
Consolidated
Statement of Revenues, Expenditures and Changes in Net Position
For The Three Months Ended 09/30/2014

	Cash Activity		Change in Accruals	Balance Year to Date	2014/2015 Budget	Variance	Percentage of Budget
	07/01/2014	09/30/2014					
Audited - Beginning Net Position, as of 07/01/2014				\$ (192,670)			
Beginning Cash	\$ 27,617,852				\$ (192,670)		
Operating Revenue:							
Premiums Paid by Members	\$ 31,191,536	\$ (15,614)	\$ 2,832,395	\$ 34,023,931	\$ 128,003,769	\$ (93,979,838)	26.58 %
Total Operating Revenue	31,191,536	(15,614)	2,832,395	34,023,931	128,003,769	(93,979,838)	26.58
Operating Expenditures:							
Classified Salaries	43,298	--	(10,843)	32,455	169,000	(136,545)	19.20
Statutory Benefits	16,998	--	--	16,998	58,617	(41,619)	29.00
Health & Welfare	5,975	--	--	5,975	20,992	(15,017)	28.46
Employer Tax Expense	12,965	--	--	12,965	57,561	(44,596)	22.52
Telephone & Internet	1,462	--	(603)	859	8,000	(7,141)	10.74
Supplies Office	712	--	--	712	20,000	(19,288)	3.56
Supplies - Other	363	--	--	363	5,500	(5,137)	6.60
Eligibility Processing	44,891	--	--	44,891	180,000	(135,109)	24.94
Brokerage Fees-Dental-ACSIG	64,514	--	--	64,514	258,000	(193,486)	25.01
Brokerage Fees-Dental-MD	57,605	--	--	57,605	183,600	(125,995)	31.38
Travel and Conferences	7,268	--	(931)	6,337	15,000	(8,663)	42.25
Mileage	1,792	--	--	1,792	7,000	(5,208)	25.60
Dues & Memberships	835	--	--	835	1,000	(165)	83.50
Postage & Meter	680	--	--	680	5,000	(4,320)	13.60
Insurance Expense-PIPS&NCR	5,418,169	--	--	5,418,169	19,323,300	(13,905,131)	28.04
Insurance Expense-PIPS Adj	--	--	--	--	--	--	--
Utility - Operating-Rent	20,290	(15,614)	--	4,677	25,000	(20,324)	18.71
Advertising	--	--	--	--	--	--	--
Contract Services	--	--	--	--	12,500	(12,500)	--
Contract Services -PL-Investigation	--	--	--	--	--	--	--
Contract Services	--	--	--	--	6,000	(6,000)	--
Audit Fees	11,475	--	--	11,475	15,000	(3,525)	76.50
Other Services/Operating Expenses	(948)	--	--	(948)	10,000	(10,948)	(9.48)
Capital Equipment/Depreciation	--	--	--	--	7,500	(7,500)	--
Repairs & Maintenance	--	--	--	--	2,000	(2,000)	--
Legal	--	--	--	--	2,000	(2,000)	--
Accounting Services	3,250	--	(3,250)	--	13,000	(13,000)	--
County Courier	--	--	--	--	2,500	(2,500)	--
Shredding	376	--	(123)	253	1,500	(1,247)	16.87
Copier & Scanner	3,601	--	--	3,601	10,000	(6,399)	36.01
Claims Administration Services	89,696	--	(2,042)	87,654	194,000	(106,346)	45.18
Self-Insurance Fee	--	--	--	--	280,000	(280,000)	--
Claims Paid-WC	474,816	--	(45,060)	429,756	3,100,000	(2,670,244)	13.86
Claims Paid-PL	32,076	--	5,766	37,842	75,000	(37,158)	50.46
Physical Abilities Testing	1,243	--	--	1,243	5,000	(3,757)	24.86
Training	--	--	--	--	10,000	(10,000)	--
First-Aid Program	3,590	--	--	3,590	15,000	(11,410)	23.93
Food Service Training	--	--	--	--	10,000	(10,000)	--
Special Ed Training	--	--	--	--	20,000	(20,000)	--
Bank Charge & WC Penalty Reimb	2,573	--	--	2,573	12,000	(9,427)	21.44
Cobra Premiums	37,270	--	--	37,270	240,000	(202,730)	15.53
Dental Insurance Premiums	24,789,960	--	2,000,000	26,789,960	103,200,000	(76,410,040)	25.96
Vision Insurance Premiums	709,241	--	--	709,241	2,044,000	(1,334,759)	34.70
Claim Development Expense	--	--	(379,407)	(379,407)	(2,810,000)	2,430,593	13.50
ACA Fees	--	--	--	--	--	--	--
Total Operating Expenditures	31,856,036	(15,614)	1,563,507	33,403,930	126,814,570	(93,410,641)	26.34 %
Net Increase/(Decrease) from Operations	(664,500)	--	1,268,888	620,001	1,189,199	(569,197)	%
Non Operating Income/(Expense)							
Interest Income	307,413	--	(264,227)	43,186	265,750	(222,564)	16.25
Net Increase/(Decrease) in Fair Value	(67,070)	--	--	(67,070)	--	(67,070)	--
Realized Gain/(Loss) on Investments	1,796	--	--	1,796	--	1,796	--
Net, Interfund Transfer	--	--	--	--	33,450	(33,450)	--
Total Non Operating Income/(Expense)	242,139	--	(264,227)	(22,088)	299,200	(321,288)	(7.38) %
Ending Cash	\$ 27,195,491	--	--	--	--	--	--
Net Increase/(Decrease) in Net Position	\$ --	\$ --	\$ 1,004,661	597,913	\$ 1,488,399	\$ (890,485)	%
Unaudited - Ending Net Position, as of 09/30/2014	\$ 405,243	--	--	--	\$ 1,295,729	\$ (890,485)	%

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It was moved by Mark Bonnett and seconded by Raul Parungao to submit the 2014/15 First Quarter Financial Report to the Full Board.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XI. 2013/14 Fourth Quarter Investment Report

The Executive Director presented the 2013/14 Fourth Quarter Investment Report. Cary Allison will be present at the November 6, 2014 Full Board Meeting.

Portfolio Highlights

Date of Report:	6/30/14
Inception date:	7/12/10
Net Invested Capital:	\$15,000,000.00
Portfolio Appreciation:	\$711,381.44
Total Ending Value:	\$15,711,381.44
Current Month Return	(0.09%)
Current Quarter	0.46%
Current Year	0.73%
Last 12 Months	1.32%
Last 3 Years (annualized %)	1.19%
Year 2010	0.29%
Year 2011	1.91%
Year 2012	2.44%
Year 2013	(0.02%)
Year 2014 YTD	0.73%
Since Inception (annualized %)	1.34%
Corporate bonds as percentage of portfolio:	29.27%
Duration:	2.51 years

It was moved by Mark Bonnett and seconded by Raul Parungao to approve the 2013/14 Fourth Quarter Invest report for the Full Board consent calendar.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XII. 2014/15 First Quarter Investment Report

The Executive Director presented the 2014/15 First Quarter Investment Report. Cary Allison will be present at the November 6, 2014 Full Board Meeting.

The Committee suggested adding the Quarterly Rate from the City Treasurer along with the LAIF Benchmark to future Investment Reports.

Portfolio Highlights

Date of Report:	9/30/14
Inception date:	7/12/10
Net Invested Capital:	\$15,032,875.75
Portfolio Appreciation:	\$698,447.79
Total Ending Value:	\$15,731,323.54
Current Month Return	(0.14%)
Current Quarter	(0.08%)
Current Year	0.65%
Last 12 Months	0.70%
Last 3 Years (annualized %)	1.14%
Year 2010	0.29%
Year 2011	1.91%
Year 2012	2.44%
Year 2013	(0.02%)
Year 2014 YTD	0.65%
Since Inception (annualized %)	1.24%
Corporate bonds as percentage of portfolio:	29.10%
Duration:	2.54 years

It was moved by Mark Bonnett and seconded by Raul Parungao to submit the 2014/15 First Quarter Investment Report to the Full Board.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XIII. Bylaw Revision

The Executive Director presented proposed revisions to the ACSIG Bylaws. When these addendum's to the Bylaws were written, the Dental and Vision programs were very new. Now that we have operated these programs for more than 15 years, equity has built up. In order to give the Board the greatest flexibility with any surplus, the proposed language eliminates the sentences in both Dental and Vision addendum's which says that the Reduction of excess reserves shall only be accomplished by the Board through the reduction of future premiums. No cash rebate shall be made to member districts. By eliminating these two sentences, any undesignated net assets would be distributed according to Board action.

It was moved by Mark Bonnett and seconded by Raul Parungao to approve the Bylaw Revision as presented.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XIV. Policy & Procedures Manual Revisions

The Executive Director presented revisions to be made to the ACSIG Policy & Procedure Manual.

3.1 Capital target Policy

Given the recent growth in both the dental and vision programs, the existing language is no longer reasonable. Instead, the proposal was to change the language to match industry standards for pools this size of 2% of the most recent unaudited actual revenue.

3.4 Distribution of Surplus Equity

A. the first change is to update all terminology from Surplus Equity to Undesignated Net Assets

B. Adding a Formula for Distribution of any Undesignated Net Assets

C. Adding direction of how any Undesignated Net Assets can be distributed after all other policies are enforced. The 5th step in this process regarding interest distribution was eliminated .

1.12 Records Retention Policy

Policy will be updated due to the outdated use of microfilm.

It was moved by Akur Varadarajan and seconded by Candi Clark to approve the Policy & Procedure Manual Revisions as suggested and adding the removal of Line 5 in Policy 3.4, page 2 of 2.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XV. Annual Report

The Executive Director presented the 2013/14 Annual Report. The report will be presented to the Full Board at the meeting on November 6, 2014.

XVI. Strategic Plan Report

The Executive Director reviewed the Strategic Plan Report with the Committee. The report will be presented to the Full Board at the meeting on November 6, 2014.

XVII. Election of Officers

Although Executive Committee members service a term of 2 years each, an officer's term is only for one year.

It was moved by Candi Clark and Mark Bonnett seconded nominating Susan Kinder as President for the 2014/15 term.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

It was moved by Akur Varadarajan and Mark Bonnett seconded nominating Candi Clark as Vice President for the 2014/15 term.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

It was moved by Raul Parungao and Candi Clark seconded nominating Marie Dela Cruz as Secretary for the 2014/15 term.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XVIII. Accreditation Report

The Executive Director presented the CAJPA Accreditation Report to the Executive Committee. It was noted that ACSIG did not receive Accreditation with excellence due to the deficit.

XIX. Declaration of Rebate from Dental Fund

The Executive Director asked the Executive Committee to declare a \$2.5 million rebate from the Dental Fund to be distributed according to the revised policy to help reduce the deficit of the Workers Comp and Property & Liability funds. The \$2.5 million amount was determined as the most fiscally responsible due to leaving a remaining \$5 million balance in the dental fund after meeting the Capital Target.

It was moved by Raul Parungao and seconded by Mark Bonnett to recommend to the Full Board the Declaration of Rebate from Dental Fund.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

XX. Distribution of Rebate

The Executive Director reviewed the rebate distribution with the Executive Committee. The distribution of the rebate funds will help to reduce a portion of the Workers Compensation and Property & Liability fund deficits.

It was moved by Susan Kinder and seconded by Candi Clark to recommend to the Full Board a rebate distribution of \$50,000 to Property & Liability fund and \$2,450,000 to the Workers Compensation fund.

Ayes: Bonnett, Clark, Kinder, Parungao and Varadarajan.

Nays: None.

Abstain: None.

Workers Compensation

XXI. 2014/15 Service Plan

The Executive Director reviewed the 2014/15 Service Plan with the Executive Committee. The service team consists of Tara Cooper-Salaiz as Account Manager, Arcenio Reyes as Claims Analyst, Chris Stout as Loss Control Consultant, Patrice Grant as Claims Manager, and Ron Martin as Account Executive. The Service Plan is a tool to show what the team wants to complete within the upcoming year. In the past the team has chosen the same 5 target districts, but they have now found that each district has different needs within the services provided. Team members will choose their own five focus districts this year.

XXII. Company Nurse Update

The Executive Director presented the Executive Committee with an update on the Company Nurse program expansion. Fremont has now joined the program and the opportunity is still available to join if a district is interested.

XXIII. Susan Kinder adjourned the meeting at 10:55am.