

**CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP
EXECUTIVE COMMITTEE MEETING MINUTES
Thursday, October 26, 2017
Contra Costa County Schools Insurance Group, Conference Room
550 Ellinwood Way, Pleasant Hill, CA**

Present were:

Executive Committee:

Eugene Huff, President
Norma Gonzales, Vice President
Julie Bautista
Jessica Romeo
Liz Robbins

CCC College District
Pittsburg USD
Acalanes Union High SD
Antioch USD
Liberty Union High SD

Staff:

Bridget Moore, Executive Director
Joe Emmett, CFO
Erica Williamson, HR/Communications Mgr.
Karen Hurd, WC Claims Manager

CCCSIG
CCCSIG
CCCSIG
CCCSIG

Guests:

Marc Cohen, Attorney
James Marta, CPA
Monique Spyke, Director
Izac Chou, Sr. Managing Consultant

Cohen & Associates
James Marta & Company LLP
PFM Asset Management LLC
PFM Asset Management LLC

1. CALL TO ORDER

The meeting was called to order at 9:08 a.m. by President Huff.

2. OPENING PROCEDURES

2.1 Roll Call

3. PUBLIC COMMENT

3.1. Items on the Agenda

No public comment items.

3.2. Items of Interest to the Public

No items of interest to the public.

4. AGENDA REVIEW AND ADOPTION

A motion was made by Romeo to approve the agenda as presented with the following changes – move agenda items 7.1 and 7.2 to after agenda review and adoption and move agenda items 8.1 through 8.5 to after the consent calendar; second by Robbins. AYES: Huff, Bautista and Gonzales. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

Agenda moves to presentation items as approved in Agenda Review and Adoption.

7. FINANCIAL ITEMS

7.1 Presentation of PFM Quarter and End of Year Investment Report

Monique Spyke and Izac Chou from PFM presented the annual investment report. CCCSIG's portfolio has performed well, exceeds the benchmark and continues to provide good long-term returns. Information on the current state of the banking industry was provided. CCCSIG's portfolio is well diversified by sector and issuer and continues to fall within the guidelines of CCCSIG's investment policy and all current regulations. Discussion occurred regarding consideration of splitting CCCSIG's investments into two portfolios (one for long term and one for short term investments). It was agreed that this option can be incorporated into the Annual Board Meeting presentation to be discussed further at that time. There was no action necessary for this item.

7.2 Presentation of the 2016/17 Financial Audit

Jim Marta, CCCSIG's financial auditor, presented the year-end financial audit. CCCSIG's audit went well, but there was a material weakness that the auditors felt needed to be disclosed. When the claims reconciliation for the end of the year was prepared, the ultimate liability number recorded from the actuarial report for 2016/17 was actually the 2017/18 ultimate liability. The correction of this resulted in a lowering of the liabilities. The proper controls and systems have been in place for this area, but when auditing the entry, management ended up verifying the errant number. Discussion also took place around current claims trends, the recent changes to the payroll reporting structure and the return of equity/equity growth and how these factors have affected CCCSIG's net position. CCCSIG remains in a strong financial position; with total net assets of \$24.2M at the end of the fiscal year. A motion was made by Bautista to approve the 2016/17 Financial Audit as presented; second by Gonzales. AYES: Huff, Romeo and Robbins. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

Agenda moves to action items as approved in Agenda Review and Adoption.

5. CLOSED SESSION

5.1 Existing Litigation Conference with Counsel. Litigation Formally Initiated, Government Code § 54956.9(a), Padilla vs. Pittsburg USD, WCAB #ADJ7176777

**5.2 Employment of Public Employee
Government Code § 54957 (Executive Director)**

President Huff reported out of closed session that item 5.1 was approved as presented and there were no other items to report.

6. CONSENT CALENDAR

6.1-6.4 Approve Minutes of Executive Committee Meeting Held on August 24, 2017; Ratify Expenditures for August–September 2017; Approve Executive Director's Contract Amendment; Ratify Claims Settlement Mahaney v. Antioch Unified School District WCAB Nos. ADJ10231700; ADJ9079656.

A motion was made by Romeo to approve all items on the consent calendar as presented; second by Gonzales. AYES: Huff, Robbins and Bautista. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

8. GENERAL ADMINISTRATIVE ITEMS

8.1 Consider Renewal of Keenan & Associates Health Benefits Broker Consulting Agreement

The Committee reviewed and discussed the proposed Health Benefit Program Broker Agreement, as well as results of the Health Benefits Program Committee's discussion related to the broker agreement. A motion was made by Robbins to approve the renewal of the Broker Agreement with Keenan & Associates from January 1, 2018 through December 31, 2019 with the same annual service fees; second by Romeo. AYES: Huff, Bautista and Gonzales. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

8.2 Consider Approval of the Executive Committee Terms From the August Executive Committee Appointments

At the August Executive Committee meeting, three Executive Committee members were appointed, but the terms were not specified. A motion was made by Bautista to approve Christopher Mount-Benites, Associate Superintendent, Business Services/WCCUSD to the term ending June 30, 2018, Liz Robbins, CBO/LUHSD to the term ending June 30, 2018 and Audrey Katzman, CBO/WCSD to the term ending June 30, 2020; second by Romeo. AYES: Huff, Robbins and Gonzales. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

8.3 Consider Increase to Flexible Medical Spending Limit for 2018

The Committee reviewed information on the IRS maximum amount increase for flexible medical spending plans. Motion was made by Romeo to increase the maximum amount for CCCSIG's Flexible Medical Spending plan to \$2,650 and authorize the Executive Director to execute a new Plan Document to include this increase, effective January 1, 2018; second by Gonzales. AYES: Huff, Robbins and Bautista. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

8.4 Consider New Benchmark for CCCSIG COLA

The Committee reviewed information on prior information that was used to determine cost of living adjustments for CCCSIG staff. The CFO presented possible options to consider and the Committee discussed further. A motion was made by Robbins to direct CCCSIG staff to obtain comparisons from prior years for the San Francisco Bay Area Consumer Price Index and the Dartboard information available to school districts and present those comparisons to the Executive Committee at their meeting in January for further review and action; second by Bautista. AYES: Huff, Romeo and Gonzales. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

8.5 Executive Director Recruitment (October 2018)

The Board President reviewed a proposed timeline and plan of action to recruit for a new Executive Director, due to the planned retirement of the current Executive Director in October 2018. The Committee discussed forming ad hoc committees, guidelines for the interview/screening process and how to best utilize an executive search firm in conjunction with CCCSIG's internal resources. A motion was made by Romeo to approve the recruitment timeline as presented, establish a budget of no greater than \$20k for the executive search firm and the formation of three ad hoc committees (Request for Qualification ad hoc committee with Romeo and Robbins as members, Recruitment ad hoc committee with Gonzales and Bautista as members and an Interview/Screening ad hoc committee with Clark and Huff as members); second by Bautista. AYES: Huff, Robbins and Gonzales. ABSENT: Clark, Parasidis, Katzman and Mount-Benites.

Agenda moves to information only items as approved in Agenda Review and Adoption.

7. FINANCIAL ITEMS

7.3 Financial Update as of August 31, 2017

The CFO presented the financial reports and update as of August 31, 2017. Net assets increased by \$1.1M (compared to last year) due to a \$1M increase from FY16 operations and a \$92k increase from the current year's operations, which were offset by a \$10k decrease in Designated for Deferred Maintenance. Group Total Assets and Deferred Outflows increased by \$2.4M (compared to last year) due to a \$10.3M increase in Cash and a \$437k increase in Accounts Receivable, which were offset by a \$63k decrease in Interest Receivable, a \$47k decrease in Prepaid Expense, a \$142k decrease in Net Fixed Assets, a \$6.9M decrease in Investments, and a \$1.2M decrease in Deferred Outflow on Pensions. Total cash and investment balance as of August 31, 2017 was \$111,210,802. There was no action necessary for this item.

8. GENERAL ADMINISTRATIVE ITEMS

8.6 Health & Safety Services Activities Update

From July 1, 2017 to September 30, 2017 Health & Safety Services delivered services to over 2,919 district employees countywide, including 321 views of CCCSIG's on-demand videos. Updates on the following were provided: 2017/18 Incentive Program upcoming deadlines; 24 Hour Fitness discounted gym memberships; upcoming trainings/events at CCCSIG; the "Just Go" Exercise Challenge (9/25/17 - 11/19/17); 2nd Annual CPI Instructor Certification Training at CCCSIG (9/26/17 - 9/29/17); and Safety by Design Services for new school construction/modernization. There was no action necessary for this item.

8.7 Claims Cost Containment Activities Update

Claims Department focus in reducing the Group's future liabilities through various cost containment strategies continues with positive outcomes. As of September 30, 2017, Compromise and Release Settlements of Future Medical Benefits reduced outstanding liabilities by \$214,435; Utilization Review savings were \$26,664; Pharmacy Benefit Management program savings were \$9,566; durable medical equipment service savings were \$41,949; Company Nurse received 387 calls countywide with 173 resulting in non-medical referrals (45%) and "Return to Work" savings totaled \$199,638. Future Liabilities are \$65.6M with 1,398 open claims. There was no action necessary for this item

8.8 CCCSIG General Administrative Update

The Executive Director provided updates on the following: annual district visits (10/31/17 - 12/7/17); Company Nurse Telemedicine Physician visit option through Concentra; claims software system update; website upgrade timeline; equity allocation study currently being finalized; and Health Benefits Program renewals and new carrier options/rates. There was no action necessary for this item.

9. MEMBER COMMENTS

There were no member comments.

10. FUTURE AGENDA ITEMS

There were no future agenda items.

11. ADJOURNMENT

The meeting was adjourned at 11:00 a.m. The next Executive Committee Meeting is scheduled for **Thursday, January 25, 2018** at 9:00 a.m.

Respectfully submitted,

Secretary of the Executive Committee
Contra Costa County School Insurance Group