

**CONTRA COSTA COUNTY SCHOOLS INSURANCE GROUP
EXECUTIVE COMMITTEE MEETING MINUTES
Thursday, October 27, 2016
Contra Costa County Schools Insurance Group, Conference Room
550 Ellinwood Way, Pleasant Hill, CA**

Present were:

Executive Committee:

Sheri Gamba, President	West Contra Costa USD
Norma Gonzales, Vice President	Pittsburg USD
Bill Clark, Secretary	CCCOE
Julie Bautista	Acalanes UHSD
Jessica Romeo	Antioch USD
Eugene Huff	CCC College District
Lenee Cadotte	Lafayette SD
Diane Deshler	Martinez USD
Daniela Parasidis	Moraga SD

Staff:

Bridget Moore, Executive Director	CCCSIG
Joe Emmett, Chief Financial Officer	CCCSIG
Heidi Flanagan, Executive Assistant	CCCSIG

Guests:

James Marta, CPA	James Marta & Company LLP
Monique Spyke, Director	PFM Asset Management LLC

1. CALL TO ORDER

The meeting was called to order at 8:10 a.m. by President Gamba.

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 Huff to approve the agenda as presented and with the sequence change; second by Deshler. AYES: Gamba, Gonzales, Bautista, Romeo, Cadotte, Parasidis. ABSENT: Clark.

The sequence of the agenda items was revised due to Committee member schedule. The Ad Hoc Benefit & Compensation Committee Update and Closed Session agenda items to follow the Presentation of PFM Quarter and End of Year Investment Report, in that order.

6. CONSENT CALENDAR

6.1-6.3 Approve Minutes of Executive Committee Meeting Held on August 25, 2016; Ratify Expenditures for August-September 2016; Ratify Claims Settlement Authority Cardinale v. Antioch USD Government Code § 54956.9(a) WCAB # ADJ 10111518

A motion was made by Deshler to approve all items on consent calendar as presented; second by Huff. AYES: Gamba, Gonzales, Clark, Bautista, Romeo, Cadotte, Parasidis. ABSENT: Clark.

7. FINANCIAL ITEMS

7.1 Presentation of the 2015/16 Financial Audit

James Marta presented the results of the financial audit completed for fiscal year 2015/16. CCCSIG has strengthened its financial position this year, using resources to pay-down the pension liability, saving future funding costs.

Management Discussion and Analysis – financial highlights, important trends and the issues CCCSIG is facing:

- Financial results
 - Overall member contributions decreased by \$2.5M (11%)
 - Health Benefits Program revenues decreased by \$2.6k (11%)
 - WC premiums increased by \$179k
 - Investment income increased by \$709,355k (93% - increase in FMV)
 - Expenses decreased by \$4.8M (11%)
 - Claims expense decreased (\$1.4M or 9%)
 - Insurance Premiums decreased (\$2.8M or 11%)
 - Increase in Other G&A expenses (\$73k or 8%, primarily due to increase in State WC assessment fees)
 - Net Income of \$5.13M, compared to \$2.18M in prior year
 - Total Assets of \$105.8M
 - Claims Liability at \$78.7M

A motion was made by Cadotte to accept the 2015/16 Financial Audit prepared by James Marta & Company LLC; second by Gonzales. AYES: Gamba, Clark Bautista, Romeo, Huff, Deshler, Parasidis. ABSENT: None.

An error was noted on page 17 of the Financial Audit presentation. A handout was provided to the Committee members and the corrected page will be replaced in the official posted agenda.

7.2 Presentation of PFM Quarter and End of Year Investment Report

Monique Spyke discussed the current market and the Group's investment portfolio. Major points covered:

- Evolving economic conditions
- Probability of December 2016 rate hike
- Achievements of portfolio to the Group's objectives of Safety, Liquidity, Yield
- Controlling interest rate risk
- Diversification of portfolio
- History of increase in earnings
- Strategy – favoring corporate notes, commercial paper and negotiable CDs; evaluate MBS and ABS sectors; seek opportunities in the Agency sector and keep the maturity distribution of the Group's portfolio generally in line with the distribution of the benchmark.

CCCSIG's portfolio is well-diversified by sector and issuer and continues to fall within the guidelines of CCCSIG's investment policy, which also means it is within all current regulations.

There was no action necessary for this item.

8.3 Ad Hoc Benefit & Compensation Committee Update

The Committee received an update on the research done by the Ad Hoc Benefit & Compensation Committee in regard to review of CCCSIG's benefits and compensation, using a comparative analysis between CCCSIG and another JPA. Based on the statistical analysis by the CFO, a recommendation was made for a 2.58% Market Adjustment for all employees, effective January 1, 2017. A motion was made by Cadotte to approve the Market Adjustment as presented; second by Gonzales. AYES: Gamba, Clark, Bautista, Romeo, Huff, Deshler and Parasidis. ABSENT: None.

A motion was made by President Gamba to enter into Closed Session; second by Huff. AYES: Gonzales, Clark, Bautista, Romeo, Deshler, Parasidis. ABSENT: None.

5. CLOSED SESSION

5.1 Conference with Labor Negotiators, Government Code § 54957.6, Agency Negotiations: Gene Huff and Norma Gonzales, Vice President

President Gamba reported out of Closed Session that the Committee moved to increase Executive Director salary; .47% COLA effective July 1, 2016, 2.58% Market Adjustment effective January 1, 2017 and renewal of contract to June 30, 2020. A motion was made by Clark to approve the salary increases and renew the contract; second by Gonzales. AYES: Gamba, Bautista, Romeo, Huff, Cadotte, Deshler, Parasidis.

7.3 Financial Update as of August 31, 2016

The CFO presented the financial reports and update as of August 31, 2016. Net assets increased by \$5.7M (compared to last year) due to a \$2.7M increase in cash, a \$35k increase in Interest Receivable, a \$100k increase in Prepaid Expense, an \$868k increase in Investments, and a \$2.1M increase in Deferred Outflow on Pensions, which were offset by a \$179k decrease in Net Fixed Assets. The total Cash and Investment balance as of August 31, 2016 was \$107,786,208.

The CFO noted an error in the original agenda item detail referencing Total Current Liabilities increased. The figure should be \$432k v. \$432M. The agenda detail will be corrected and reposted.

There was no action necessary for this item.

8. GENERAL ADMINISTRATIVE ITEMS

8.1 Renewal of AON Broker Agreement for CCCSIG Insurance Services.

The Broker Agreement with AON is due for renewal November 1, 2016. AON agreed to maintain the same annual service fee for CCCSIG's existing insurance renewals of \$49,500 annually for the next three years. A motion was made by Huff to approve the Broker Agreement as presented; second by Deshler. AYES: Gamba, Gonzales, Clark, Bautista, Romeo, Cadotte, Parasidis. ABSENT: None.

8.2 Consider Approval of Amendments to the American Fidelity Plan.

A motion was made by Huff to approve amendment to the plan as presented; second by Deshler. AYES: Gamba, Gonzales, Clark, Bautista, Romeo, Cadotte, Parasidis. ABSENT: None.

8.4 Health & Safety Services Activities Update

From July 1, 2016 to September 30, 2016, Health & Safety Services delivered services to a total of 4,158 employees County-wide. Updates were provided on district Incentive Program deadlines and future New Hire and CPI trainings at CCCSIG. Also covered were the CPI Instructor Certification Training in September for 14 individuals from four districts, year-round wellness programs and new Instructor-led trainings. There was no action necessary for this item.

8.8 Claims Cost Containment Activities Update

Claims Cost Containment from July 1, 2016 to September 30, 2016:
The Group's Future Liabilities were reduced by \$82,497 from Compromise and Release Settlement of medical benefits. Company Nurse received 387 calls County-wide with 173 resulting in non-medical referrals (45%) and Return to Work savings totaled \$199,638. Utilization Review savings - \$23,638, Pharmacy Benefit Program savings - \$24,131, Bill Review savings - \$46,849. Future Liabilities - \$65.5M with 1,398 open claims. There was no action necessary for this item.

8.9 CCCSIG General Administrative Update

The Executive Director provided updates on the Annual District Visits and the Strategic Plan. The CFO presented research done in regard to installing solar panels at the CCCSIG facility and the projected savings. President Gamba asked that research be continued and this be an agenda item for the January Executive Committee meeting. The Executive Director provided an update on ManageWare's claims system. The Executive Director identified two areas of workflow enhancement to be considered for implementation into our existing system, a non-medical provider portal for Service Fees and Utilization Review. Health Benefits Program – no business to be reported; however Moraga SD confirmed they will not leave the program for Plan Year 2017. There was no action necessary for this item.

8.10 Member Comments

President Gamba welcomed the new members of the Executive Committee.

8.11 Future Agenda Items

There were no future agenda items.

9. ADJOURNMENT

There being no further business, a motion was made by Deshler to adjourn the meeting; second by Cadotte. AYES: Gamba, Gonzales, Clark, Bautista, Romeo, Parasidis. ABSENT: Huff.

The meeting was adjourned at 9:40 a.m.

The next Executive Committee Meeting is scheduled for **Thursday, January 26, 2017** at 8:00 a.m.

Respectfully submitted,



Secretary of the Executive Committee
Contra Costa County School Insurance Group