



**MINUTES**  
**BOARD OF DIRECTORS MEETING / COMMITTEE OF THE WHOLE**  
**Friday, April 24, 2015, 9:30am**  
**Best Western Hilltop Inn**

**Board Members/Alternates Present:**

Adam Hillman	Shasta COE		
Phil Brown	Enterprise ESD		
Laura Cyphers Benson	Shasta-Tehama-Trinity Jt. Community College		
Bettina Blackwell	Trinity COE/Burnt Ranch ESD		
Cindy Trujillo	Redding/Igo-Ono-Platina/Shasta UESD		
Peggy Canale	Southern Trinity Jt. Unified		
Donna Heller	Columbia/Black Butte		
Robert Fellingner	Redding SD		
Bobbie Wion	Redding SD	Linda Drenon	Fall River Joint USD
David Flores	Shasta Union HSD	Ken Hood	Mt. Union ESD
Brenda Palmer	Shasta COE	Mike Freeman	Grant ESD
Linda Barneby	Whitmore Union ESD		
Laura Merrick	Cottonwood Union ESD		
Gretchen Deichler	Burnt Ranch ESD, Trinity Center ESD, and Trinity COE		

**Others Present:**

Brooks Rice, STSIG	Mari Moore, STSIG
Leah Grant, STSIG	Kurt Walling, STSIG
Mike Harrington, Bickmore	
Dave Wiesner, Epic	
Chris Carmona, Anderson HSD	
Andy Zappettini, Junction ESD	

**CALL TO ORDER**

Adam Hillman called the meeting to order at 12:15 am.

There is a quorum of the Board of Directors.

**GENERAL BUSINESS**

**1. Approve minutes for October 10, 2014 Board of Directors Meeting.**

Gretchen Deichler moved to approve the minutes for the October 10, 2014 Board of Directors Meeting. Phil Brown Seconded.

Approved: Adam Hillman, Bettina Blackwell, Cindy Trujillo, Phil Brown, Laura Benson, Peggy Canale, Donna Heller, David Flores, Laura Merrick, Linda Drenon, Ken Hood, Mike Freeman, and Linda Barneby. Opposed: None.

Motion carried. Unanimous.

## **CONSENT AGENDA**

The consent agenda items 2 through 18 were reviewed at the earlier Executive Committee /Committee of the Whole meetings on April 24, 2015.

Gretchen Deichler moved to approve the consent agenda including any modification taken in the Executive Committee meeting. Phil Brown Seconded.

Approved: Adam Hillman, Bettina Blackwell, Cindy Trujillo, Phil Brown, Laura Benson, Peggy Canale, Donna Heller, David Flores, Laura Merrick, Linda Drenon, Ken Hood, Mike Freeman, and Linda Barneby. Opposed: None.

Motion carried. Unanimous.

### **2. Delegation of Authority of STSIG Treasurer to Invest**

CAJPA best practices require that STSIG delegate authority to invest to the Treasurer.

### **3. Treasurer's Report of Investments**

CAJPA best practices require that STSIG change the investment format which includes the STSIG Treasurer's signature.

### **4. Year-to-Date Financial Reports**

The 2014-15 financial reports through February 28, 2015 were included in the meeting materials for the committee's review. Overall a good finish to the year.

### **5. Expenditures**

Expenditures from January 1, 2015 to February 28, 2015 were presented. Clarifications: admin fees include JPA salaries, rent, and other office overhead. It is requested that the casual expenses be quantified with a policy of acceptable expenditures to be presented in the future.

### **6. 2015-16 Proposed Budget**

The 2015-16 proposed budget was presented. Clarification: The admin budget is increasing due to actual expenditures not reflected in past budgets and for increased legal fees.

### **7. Loss Ratios**

Loss ratios through February 28, 2015 were presented. Typically, January and February are higher months due to end of year tailing claims. All programs are doing well.

### **8. Bylaw Amendments**

An ad-hoc committee was formed to review and approve the two bylaw amendments. The volunteers were: Donna Heller, Adam Hillman, Mike Freeman, Cindy Trujillo, and Phil Brown.

### **9. Medical Claims Audit**

The Policy & Procedures require a medical claims audit every 3 years. Aon Hewitt is the suggested vendor.

### **10. STSIG Employee Handbook**

STSIG employee handbook was presented.

### **11. Policy & Procedure Update – Conflict of Interest Code**

The current conflict of interest code is outdated. An updated code has been submitted to the FPPC and we are awaiting approval from them.

## **12. Workers' Compensation Actuarial Report – Bickmore**

Mike Harrington with Bickmore presented the workers' compensation actuarial report. Overall the study showed very favorable information including fewer claims and fewer reserves. Rates have improved based on the new claims management by SIA. The findings include: As a result of closed claims and lower reserves we are in \$3M better than expected position, losses were lower than expected due to the change in claims handling from LWP to SIA, liabilities are reduced by \$2.8M from last year, assets have increased by \$2M, and the overall surplus is almost \$4M. The frequency trend has increased but the claims size is less. The Severity trend has decreased in recent years. There is a 4.9% decrease in rate this year which is conservative because there were so many changes this year with the switch from LWP to SIA.

The old workers' compensation program is in run-off mode with reserves down \$74,000.

## **13. Workers' Compensation Rate and Ex-Mod**

Based on the Bickmore actuarial report, the 2015-16 workers' compensation rates and ex-mods were presented. The rate is \$3.09 which will be favorable for most districts and others will have increases based on their experience rating.

## **14. Health Benefits Consultant Services**

Dave Weisner has moved from Mercer and is now working for Epic Consulting. Dave Weisner is a consultant we have worked with in the past at Mercer and were happy with him. The move from Mercer to Epic was due in part to the reduced services provided by Mercer and their increased attention to selling Mercer products.

## **15. STSIG On-site Health Clinic and Building**

Brooks presented details of three quotes received for an on-site clinic: Vera, Health STAT, and Prestige. The goal is to bend the medical trend line by improving health and directing health care to be more efficient and helpful to our members. Savings will come from motivating members to get free or low cost services and medication at the clinic rather than through the ER and specialists. The financial goal is to break even and to include services for our workers' compensation patients. Quotes vary from \$800K to \$1.2M. Now is a good time to purchase a building for the clinic since commercial real estate is selling for about 50% of the original construction costs. Currently, real estate is a good value.

## **16. Lease renewal**

Due to the possibility of an on-site clinic and the lack of space at the Hartnell Ave. office, the current office lease needs to be negotiated to accommodate a possible move.

## **17. Resolution: Authorization to join Self-Insured Schools of California and execute Joint Powers Agreement**

It was presented that an option to join Self-Insured Schools of California (SISC) would save approximately \$1M in medical costs. This move would mean that we would remain a separate risk pool from SISC, but we would attach to them and use their medical plans, stop loss, medical management, and EAP. The move would lower our ASO fees with Anthem to the lowest possible rate as SISC is the largest pool in California and therefore has the lowest administration fees. This arrangement would be similar to the relationship we currently have with Schools Insurance Authority (workers' compensation) and Alameda County Schools Insurance Group (dental). This

move would also mean that our current wellness program would be eliminated and a new program would need to be created. The health benefits committee would be tasked with deciding which of the 85 possible SISC medical and pharmacy plan to provide to our group and to create a new wellness program if needed. The SISC plan year begins October 1<sup>st</sup> so a new plan year will be created with new dates for our open enrollment. Joining SISC will require each member district to approve and sign a Joint Powers Agreement for the Operation of a Common Risk Management and Insurance Program which is included in the meeting materials. If we join SISC we expect to join them January 1<sup>st</sup> for a short 9 month plan year then begin on their plan year next October 1<sup>st</sup>.

#### **18. Stop Loss Renewal**

Due to the option to join SISC which includes stop loss coverage, STSIG is requesting authorization to negotiate and finalize the current renewal which is not generated yet. The renewal is expected to include a 15%-20% increase. There may need to be an overlap of coverage for tail claims incurred prior to joining SISC.

#### **19. Election of Officers and Executive Committee Members**

Nomination ballots were sent to the Board of Directors requesting nominations for Board Officers and positions on the Executive Committee. Voting was completed and results were announced at the meeting. All nominated incumbents were voted in for another 2-year term beginning July 1, 2015.

#### **20. Adjourn to Closed Session**

Adjourn at 12:25pm. The session was closed for a public employee performance evaluation and labor negotiation for the Executive Director, Brooks Rice.

#### **21. Reconvene and Reportable actions**

Reconvene at 12:42pm. The closed session reported that Brooks Rice received the highest evaluation rating possible and that there was only positive feedback regarding his performance. The following reportable actions were taken regarding Executive Director, Brooks Rice.

1. Increase salary to \$155,000 effective 4-1-15
2. Increase health allowance cap to \$13,500 for family coverage effective 4-1-15
3. Extend employment contract
4. Include CalPERS in benefit package

#### **PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA**

None

#### **ADJOURN**

The meeting was adjourned at 12:44 pm.