



SHASTA-TRINITY SCHOOLS
INSURANCE GROUP

Serving Schools Since 1980

Finance Committee Meeting
March 17, 2014 – 1:30 p.m.
Enterprise Board Room
Minutes

Members Present:

Adam Hillman
Gretchen Deichler
Phil Brown
Robert Fellingner
Robert Lowden

Others Present:

Brooks Rice, STSIG
Leah Grant, STSIG
Mari Moore, STSIG (Contracted)
Donna Heller, Columbia

Adam Hillman called the meeting to order at 1:54 pm.

1. Acceptance of previous meeting minutes

Robert Lowden moved to approve minutes for the January 9, 2014 Finance Committee meeting. Robert Fellingner seconded. Approved: Adam Hillman, Phil Brown, Gretchen Deichler. Opposed: none. Motion carried. Unanimous.

2. PFM/CAMP Contract and Presentation

Representatives from the PFM Group presented (via phone) a proposal to renew our participation in CAMP and provide financial investment services which includes updating our investment policies and cash management strategies.

STSIG actively participated in CAMP from November 2005 to April 2009, after which funds were deposited into LAIF. In CAMP, STSIG earned \$1.5M in interest with an average balance of \$11M during the four years. The past five years STSIG has held its money in LAIF earning an average of .65% earning approximately \$500,000, with an average balance of \$18M. STSIG moved funds to LAIF from CAMP because STSIG's portfolio was much smaller resulting in fee increases so LAIF was a better option at the time.

PFM explained that investing in CAMP now that our portfolio is larger, would provide more control over our investments and higher earnings due to longer investment periods resulting in a



more predictable income. Each customer's portfolio is managed individually and the majority of their clients are public agencies. Corporate investments are rigorously screened and performance is monitored.

PFM's services would include:

- Investment policies review, modify policy where needed for compliance with government code
- Attendance at STSIG meetings to review portfolio & investment opportunities
- Portfolios are managed daily
- No commission on trades; annual fee based on total assets invested
- Provide comprehensive reporting & resource for questions.

Robert Lowden moved to approve the PFM/CAMP contract/agreement and recommend to the Board of Directors. Adam Hillman seconded.

Approved: Phil Brown, Gretchen Deichler, Robert Fellingner. Opposed: none. Motion carried. Unanimous.

3. Year to Date Financial Reports

The financial reports were reviewed. Special note to page 30 indicated \$808,789 was added to the bottom line of the health program. Page 33 identifies that there were 2 months with high medical claim in excess of 1.3M, which hasn't been seen in recent years. Stop loss will help offset some of those high claims.

Adam Hillman moved to approve the year to date financial reports and recommend to the Board of Directors. Robert Fellingner seconded.

Approved: Phil Brown, Gretchen Deichler, Robert Lowden. Opposed: none. Motion carried. Unanimous.

4. Loss Ratios

The medical loss ratio is 95.35% up from 81.98%. The increase is partly due to the flat rate increase in 2014. Dental loss ratio is trending down, no issues. Vision is trending a little up as well. All programs are well funded.

No motion needed.

5. Investment Report

The investment report as of December 31, 2013 states we have \$31.5M in total cash with \$22.1M in LAIF receiving a rate of return of .26%. The remaining \$9.4M is split between Bank of America and North Valley Bank. The balance in Bank of America is earning .40% earnings credit which is netted against incurred banking fees. Once the PFM/CAMP contract is in place, they will recommend transfer from LAIF.



Adam Hillman moved to approve the investment report to the Board of Directors. Robert Lowden seconded.

Approved: Phil Brown, Gretchen Deichler, and Robert Fellingner. Opposed: none. Motion carried. Unanimous.

6. Stabilization Goals

The current stabilization goals are as follows:

Medical: two-month reserve which includes claim expense, TPA administration, Mercer consulting, STSIG administrative & miscellaneous charges.

Dental: three week reserve which includes claim expense, TPA administration & STSIG administrative charges.

Vision: three week reserve which includes claim expense, TPA administration & STSIG administrative charges.

New Workers' Compensation: twice the self-insured retention value.

The above goals have been met.

Phil Brown moved to approve the current stabilization goals to the Board of Directors. Adam Hillman seconded.

Approved: Gretchen Deichler, Robert Lowden, and Robert Fellingner. Opposed: none. Motion carried. Unanimous.

7. 2014-15 Preliminary Budget

The preliminary budget was reviewed. No significant concerns were identified. There is an issue with current methodology. The problem arises because the health plan year has changed to a calendar year while fiscal year runs July - June. As a result it is impossible to project a future rate increase for the health programs with only 2 months of claim history. Therefore, in the future the March preliminary budgets will state that the proposed rate increase will be zero.

Robert Fellingner moved to accept the 2014-15 preliminary budgets and the new methodology for reporting propped rate increases to the Board of Directors. Adam Hillman seconded.

Approved: Phil Brown, Gretchen Deichler, Robert Lowden. Opposed: none. Motion carried. Unanimous.

Adjourn at 3:06 pm.



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Adam Hillman moved to adjourn the meeting. Robert Lowden seconded.
Approved: Phil Brown, Gretchen Deichler, Robert Fellingner. Opposed: none. Motion carried.
Unanimous.