

Finance Committee Meeting
April 17, 2020, 8:30 am
Shasta-Trinity Schools Insurance Group
MINUTES

Members Present:

Robert Fellingner
David Flores
Micah Brownlee
Heather Brown
Adam Hillman
Jill Ault

Others Present:

Brooks Rice, STSIG
Lisa Blakeslee, STSIG
Kurt Walling, STSIG
Leah Grant, STSIG

Robert Fellingner called the meeting to order at 8:30 am. Confirmation of a quorum. This meeting is conducted via Zoom.

GENERAL BUSINESS

1. Approve minutes for the January 21, 2020 Finance Meeting.

Jill Ault moved to approve the minutes from the January 21, 2020, Finance Committee Meeting. David Flores seconded.

Approved by roll call: David Flores, Micah Brownlee, Jill Ault, Robert Fellingner, Heather Brown, and Adam Hillman. Opposed: None. Motion carried. Unanimous.

2. Loss Ratios

Brooks Rice reported on the loss ratios for the health programs through February 29, 2020. All programs are stable. Ratios are as follows:

Program	Current Year YTD Loss Ratio	
	Fiscal	Plan
Medical	101.71%	103.82%
Dental	92.18%	92.98%
Vision	71.64%	67.42%

No action needed.

3. Workers' Compensation Financial Review

The meeting material included information explaining the program and its history.

Brooks explained that the program is doing well and that SIA has been successful in reducing the open claims and continues to manage claims efficiently.

The materials show that the program is well funded at \$22.5M above the 90% confidence level. The number of claims, claim's average costs, and required claim reserves all continue to decline while the surplus increases.

The proposed rate decrease is 4.2%. Last year's base rate was \$2.40, and this year's proposed rate is \$2.30. From the \$2.30 rate, \$2.15 is the SIA requirement, and \$.15 is the STSIG admin cost. The program is stable, the rate continues to decrease, liabilities continue to decrease, and surplus continues to increase over the 90% confidence level while not collecting additional contributions.

The financial effects of the Covid-19 situation is not known. However, stop-loss and excess insurance premiums may be affected depending on claims.

No action needed.

4. Stabilization Goals Annual Review

The annual review of the stabilization goals was performed. The medical, dental, and vision stabilization goals are appropriate.

Micah Brownlee moved to approve the stabilization goals, as presented. Jill Ault seconded. Approved by roll call: David Flores, Micah Brownlee, Jill Ault, Robert Fellingner, and Adam Hillman. Opposed: None. Motion carried. Unanimous.

5. Expenditures

Expenditures from December 1, 2019, to February 29, 2020, were presented and reviewed.

Adam Hillman moved to approve the expenditures as presented. David Flores seconded. Approved by roll call: David Flores, Micah Brownlee, Robert Fellingner, and Adam Hillman. Opposed: None. Motion carried. Unanimous.

6. Investment Report Review / Treasurer's Report

The investment reports as of February 29, 2020, were presented and reviewed. Robert Fellingner signed the Treasurer's report.

The investment report as of February 29, 2020, states we have \$41.9M in total cash with \$3.2M in LAIF, receiving a rate of return of 2.29% and \$19.5M in CAMP earning 2.29%. The remaining \$19.2M is split between Merchants Bank of Commerce and Accounts with Partners.

CAMP activity is accounted for by the accrual method of accounting, which is consistent with PFM's best practices during the year with an annual adjustment to fair market value by the Auditors. The difference between the unaudited financials and the CAMP securities statement is the aggregate FMV adjustments made by the Auditors. The total CAMP assets are reported as cash and accrued interest receivable.

The rate of return is affected by the Covid-19 situation, but not reflected in this reporting period. The next review will be more reflective.

David Flores moved to approve the investment reports as presented. Adam Hillman seconded. Approved by roll call: David Flores, Micah Brownlee, Jill Ault, Robert Fellingner, and Adam Hillman. Opposed: None. Motion carried. Unanimous.

7. Unaudited Year-to-Date Financial Reports

Brooks Rice presented the unaudited financial reports through February 29, 2020. The scorecard and details were reviewed.

The scorecard shows all programs are trending well. Workers' Compensation program continues to show great results.

Jill Ault moved to approve the unaudited financial reports as presented. David Flores seconded. Approved by roll call: David Flores, Micah Brownlee, Jill Ault, Robert Fellingner, and Adam Hillman. Opposed: None. Motion carried. Unanimous.

8. AB-1200 Actuarial Study by Total Compensation Systems

AB1200 covers several different fiscal issues for the districts; the goal is to make sure that districts are finally solvent after the Richmond School District had to file bankruptcy and several other districts were considering doing the same. Section 9 is about self-funded employee benefits. Before a district can start a self-funded plan, they are required to have an actuarial study, and then they need a study every three years.

AB1200 was placed into the California Education Code as section 17566

(9) Under existing law, school districts are authorized to establish a self-insurance fund for various losses, payments, and liabilities, as specified, and for employee health and welfare benefits. Existing law requires a school district, prior to funding health and welfare benefits in that manner, to secure the services of an actuary to evaluate the future annual costs of those benefits.

This bill would direct that, upon commencing the funding of health and welfare benefits pursuant to that authority, a school district secures the services of an actuary to evaluate the annual costs of those benefits every 3 years.

The actuarial study confirms that STSIG has more than enough funds for the health programs and more than required by the law.

Micah Brownlee moved to approve the Actuarial Study by Total Compensation Systems. Adam Hillman seconded.

Approved by roll call: David Flores, Micah Brownlee, Jill Ault, Robert Fellingner, and Adam Hillman.

Opposed: None. Motion carried. Unanimous.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None.

ADJOURN – Robert Fellingner adjourned the meeting at 9:15 am.