MINUTES
BOARD OF DIRECTORS MEETING / COMMITTEE OF THE WHOLE
Friday, April 24, 2015, 9:30 am
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
Bobbie Wion           Redding SD
Linda Drenon          Fall River Joint USD
Bobbi Wion            Redding SD
David Flores          Shasta Union HSD
Brenda Palmer         Shasta COE
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.

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).
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 1st 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 1st for a short 9 month plan year then begin on their plan year next October 1st.

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 competed 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.