



MINUTES
EXECUTIVE COMMITTEE MEETING / COMMITTEE OF THE WHOLE
Friday, April 24, 2020 8:30 am – Zoom Meeting

Executive Committee Members Present:

David Flores	Shasta Union HSD
Adam Hillman	Shasta COE
Greg Smith	Shasta College
Cindy Trujillo	Redding/Igo-Ono-Platina
Melanie Holmes	Trinity COE
Peggy Canale	So. Trinity Jt. USD
Heather Brown	Grant ESD
Robert Fellingner	Shasta Union SD

Board Members/Alternates Present:

Tina Card	Gateway Unified SD
Jodie VanOrnum	Shasta COE
Amy Westlund	Shasta College
Gretchen Deichler	Trinity COE

Others Present:

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

Bickmore: Mike Harrington and Greg Beaulieu
EPIC: David Wiesner and Eric Small

CALL TO ORDER

David Flores called the meeting to order at 8:36 am. Announced there is a quorum.

- 1. Consent Agenda: Approve minutes for January 31, 2020 and February 24, 2020 Executive Committee Meetings**
- 2. Consent Agenda: Expenditures from December 1, 2019 to February 29, 2020**

Greg Smith moved to approve the consent agenda as presented. Robert Fellingner seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

Question was asked regarding the credit card detail. The check amounts should match the expenditure reports. Brooks will follow-up with Mari to confirm this is being done.

Item #6 is moved up to #3 to allow Mike Harrington to present his reports early

3. Workers' Compensation Actuarial Report

The meeting material included Bickmore's June 30, 2020 Actuarial Review Summary. Mike Harrington presented his findings.

Mike explained the "New Program" had a better than expected Incurred Losses by \$150K. Also, the outstanding liabilities were down by \$500K from last year. He explained the "Old Program" (1994-95 and prior) had outstanding liabilities down \$70K from last year.

Mike also reported that the frequency trend continues to decrease, and the severity trend has increased. He felt the loss rate showed a flat trend.

He recommends a confidence level between 80%-85%. Which results in a 20-21 base rate of \$2.30.

Melanie Holmes moved to approve the actuarial report as presented. Adam Hillman seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

4. STSIG Board Chair Report

David Flores took this opportunity to thank all involved in the coordination of last week's workers' compensation and finance meetings and a special thanks to Brooks for his continued involvement since beginning his new position with SIA.

5. Redding School of the Arts Letter of Intent to join the Health Benefits Program

Redding School of the Arts submitted a letter requesting admission into STSIG's health program beginning July 1, 2020 for 34 FTE certified and classified units. Sponsoring district is Columbia ESD. It was explained that due to their size there wouldn't be a way to access claims history.

Adam Hillman moved to approve accepting Redding School of the Arts into the STSIG health benefits pool. Greg Smith seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

6. Mountain Valley Special Education JPA Intent to join the Workers' Compensation and Health Benefits programs.

Mountain Valley Special Education JPA submitted a letter requesting admission into STSIG's health and workers' compensation programs beginning July 1, 2020 for 30 employees.

Adam Hillman moved to approve accepting Mountain Valley Special Education JPA into the STSIG health benefits and workers' compensation pools. Melanie Holmes seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

7. Workers' Compensation Financial Review

Meeting materials included information explaining the program and its history. The reports show that the revenues over the 90% confidence level is \$22.5M which has increased dramatically since joining SIA.

Brooks explained that the program is doing well, and that SIA has been successful in reducing the old claims and continues to manage open claims efficiently resulting in increasing the program revenue above the stabilization goal .

The number of claims, average cost per claim, and required claim reserves all continue to decline while the revenue increases while decreasing rates. The effects of the current Covid-19 situation is unknown at this time but stop loss and excess insurance premiums could be affected in the future depending on claims.

The minimum target continues to be a 90% confidence level. The long-term plan is to continue to build the surplus while maintaining the 90% confidence level for the next several years, then stop future rate adjustments while maintaining the revenue at a level that will absorb fluctuations in the market.

No action needed.

8. Stabilization Goals Annual Review

The annual review of the stabilization goals was performed. The medical, dental, and vision stabilization goals are appropriate. The materials show that STSIG meets the minimum goals. No modifications are recommended.

Cindy Trujillo moved to approve the stabilization goals as presented. Greg Smith seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

9. Workers' Compensation Rate and Ex-Mod Calculation

There is a 10% cap on mod-rates which was approved in a prior year. That means that regardless of experience a district's mod-rate can only move 10% positive or negative. Then it is adjusted by the overall increase or decrease in base rate. Next year a 4.2% decrease is proposed for the base rate.

STSIG is recommending a 4.2% decrease which results in a base rate of \$2.30 which includes STSIG admin cost of \$.15 and SIA costs of \$2.15.

Melanie Holmes moved to accept the decrease of 4.2% with a base rate at \$2.30 for fiscal year 2020-2021. Peggy Canale seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

10. 2019-20 Loss Prevention Program Design

Kurt Walling presented the 2020-21 Loss Incentive program. His goal is to be flexible and make it easy this year for district to complete the incentive requirements since Covid-19 has disrupted trainings and the ability for districts to complete the requirements and spend their incentive funds by the deadline. He suggested a modification may be needed, but he is not recommending any changes to the base program.

Melanie Holmes moved to approve a one-time incentive change to include extending the current year's deadline to October 31, 2021, to allow a one-time incentive reward roll-over, and to allow any incentive activities completed between July 1, 2020 and October 31, 2020 to count for the current year and next year's incentive. Robert Fellingner seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

11. Loss Ratios

Brooks Rice reported on the loss ratios for the health programs through February 29, 2020. February 2020 was not a good month for medical claims, but it is expected to even out in March because employees rushed to get refills of their medication while the shelter-in-place order went into effect. Claims are expected to be affected by the reduction in elective procedures. The year is expected to break-even. 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.

12. AB 1200 Actuarial Study by Total Compensation Systems

The AB 1200 actuarial studies for the health programs were in the meeting materials. Dave Wiesner with EPIC is comfortable with the actuarial studies compared to their findings.

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.

Adam Hillman move to approve the AB 1200 Actuarial Studies as presented. Cindy Trujillo seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

13. 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.

Cindy Trujillo moved to approve the investment reports as presented. Greg Smith seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

14. 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.

Adam Hillman moved to approve the unaudited financial reports as presented. Greg Smith seconded

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

15. EPIC SOW; Health Broker Service Agreement

EPIC's contract expired December 31, 2019. A renewal SOW is presented to extend the agreement to December 31, 2021. Agreement details remain the same.

Adam Hillman moved to approve the renewal of EPIC's agreement as presented. Greg Smith seconded

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

16. Burch Physical Therapy Lease Modification due to Covid-19.

Burch PT approached STSIG to request their lease be delayed for three months due to their business closure.

Adam Hillman moved to delay the lease for April, May, and June 2020 with the approval by David Flores of an acceptable repayment agreement that requires the repayment to be completed before the end of the lease period. Robert Fellingner seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

17. Authority for Brooks Rice to continue STSIG oversight

Brooks has continued to help STSIG during the pandemic. Brooks has offered to continue volunteering if the EC/BOD so desires. Brooks has approval from SIA to continue helping as needed.

Adam Hillman moved to approve Brooks Rice oversight of STSIG. Melanie Holmes seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

18. Motion: Adjourn to Closed Sessions

Closed Session Public Employee Performance Evaluation Pursuant to Government
Code Section 54957(b)(1): Executive Director

David Flores moved to adjourn to closed session. Adam Hillman seconded.

Approved: David Flores, Adam Hillman, Cindy Trujillo, Greg Smith, Melanie Holmes, Peggy Canale, Heather Brown, and Robert Fellingner. Opposed: None. Motion carried. Unanimous.

19. Motion: Reconvene in Open Session/ Call to Order

No reportable actions

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

None public comments.

ADJOURN

The meeting was adjourned at 10:57 am.