



MINUTES
BOARD OF DIRECTORS MEETING
Thursday, June 22, 2023, 10:00 am

Board Members/Alternates Present:

David Flores	Shasta Union HSD/Grant
Adam Hillman	Shasta COE
Peggy Canale	So. Trinity Jt. USD
Melanie Holmes	Trinity COE
Robert Fellingner	Shasta Union ESD
Jennifer Parra	Redding/Igo-Ono-Platina ESD
Laura Merrick	Cottonwood ESD
Jennifer Kiff	Cottonwood ESD (alternate)
Rob Effa	North Cow Creek ESD
Tina Card	Gateway ESD
Cathleen Serna	Columbia/Black Butte/Junction
June Pellegrino	Fall River ESD
Rachel Hoffman	Grant ESD

Others Present:

Brooks Rice, STSIG	Lisa Blakeslee, STSIG
Leah Grant, STSIG	Dave Wiesner, EPIC
Eric Leventhal, EPIC	Mari Moore, STSIG

CALL TO ORDER

David Flores called the meeting to order at 10:00 am. Quorum confirmed.

Consent Agenda:

1. Motion: Approve minutes for December 16, 2023, Board of Director's Meeting
2. Motion: Designate Official Representatives and Alternates to the Board of Directors
3. Motion: Delegation of Authority of STSIG Treasurer to Invest Surplus
4. Motion: Biennial Review of the Conflict-of-Interest Policy
5. Motion: Workers' Compensation rates**
6. Motion: Expenditures** from March 1, 2023, to April 30, 2023, are presented

Robert Fellingner moved to approve the consent agenda as presented. Adam Hillman seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa.

Opposed: None. Motion carried. Unanimous.

7. Executive Report

Brooks Rice went on a trip to Nashville to explore investment opportunities. He reports that our investment returns are at about 5% with 10-year terms. The Rio Medical clinic was purchased by someone Brooks knows from the Bay area and will be hiring two workers' compensation doctors so that will improve our access.

8. Election of Executive Committee Member

One nomination was submitted – Rachel Hoffman. Rachel will replace Laura Merrick in the Elementary 301-900 ADA category.

Cathleen Serna moved to approve the current Executive Committee members and to approve the addition of Rachel Hoffman effective July 1, 2023. Melanie Holmes seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa.

Opposed: None. Motion carried. Unanimous.

9. Election of Board of Director's Officers

No nominations were received for officer's positions and no current officers resigned their positions and agreed to another term.

Peggy Canale moved to approve the current Board of Directors Officers for another term effective July 1, 2023. Cathleen Serna seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa.

Opposed: None. Motion carried. Unanimous.

10. 2022-23 Loss Prevention Incentive Program Design

Kurt Walling is experiencing an increase in in-person safety training. Eleven new district ProAct instructors are trained and servicing their districts. Kurt has been doing workers' compensation reviews with districts using Clear AI and it is becoming popular. Twelve districts completed the incentive requirements resulting in \$38K total incentive cost.

No motion is needed.

11. Investment Report Review / Treasurer's Report**

The investment reports, as of April 30, 2023, were presented and reviewed. Robert Fellingner reviewed and signed the Treasurer's report.

The investment report as of April 30, 2023, states we have \$ 47.7 in total cash with \$3.3M in LAIF receiving a rate of return of 2.07%; \$20.1M in BAIRD with a current yield of 4.88%, and \$437K in Umpqua Bank pending investment. The remaining \$2.0M is split between Umpqua Bank and Accounts with Partners.

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

	Investments	Accrued Interest Receivable	Total
Medical	\$7,307,437	\$19,470	\$7,326,907
Workers' Comp	\$10,239,069	\$27,281	\$10,266,350
Dental	\$1,292,379	\$3,443	\$1,295,379
Vision	\$572,040	\$1,524	\$573,564
Total	\$20,115,262	\$51,719	\$20,166,981

Robert Fellingner moved to approve the investment reports, as presented. Peggy Canale seconded. Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

12. Annual Investment Policy Review and Update**

Summary of updates:

Updates are proposed to the Investment Policy to align with the Authority's decision to self-manage investments and meet CAJPA accreditation requirements.

Summary of changes:

- Section 4.1.7 (3) Strike the sentence "Eligible investments shall be rated "A" for long-term, "A-1" for short-term, their equivalent, or better one or more nationally recognized statistical rating organization.
- Section 4.1.9 Add: In accordance with Government Code Section 53601, The Board of Directors authorizes investments in US Treasury, Government Sponsored Enterprises (Agencies), Municipals, and Negotiable Certificates of Deposits to be thirty years.

Melanie Homes moved to accept the investment policy updates as presented. Adam Hillman seconded. Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

13. Unaudited Financial Reports**

Brooks Rice presented the unaudited financial reports through April 30, 2023.

The scorecard and details were reviewed. The scorecard amounts were before adjustment for IBNR. The Health Benefits Committee will be recommending enhancements to all vision plans to reduce the surplus. STSIG is recommending a 3% decrease in all dental rates to reduce the surplus and medical rates will increase 7.5% due to claim increases.

The Workers' Compensation program continues to reduce outstanding liabilities due to claim management by SIA allowing the base rate to be reduced for 2023-24 to \$1.89.

The building has a positive cash flow, but the depreciation expense shows it as negative.

Cathleen Serna moved to accept the unaudited financial reports as presented. Melanie Homes seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

14. Loss Ratios **

Brooks Rice reported on the loss ratios for the health programs through April 30, 2023. All programs are stable. Ratios are as follows:

Program	Current Year YTD Loss Ratio		Previous Year YTD Loss Ratio	
	Fiscal	Plan	Fiscal	Fiscal
Medical	106.93%	103.85%	Medical	106.93%
Dental	78.70%	79.28%	Dental	78.70%
Vision	71.25%	72.6%	Vision	71.25%

No action is needed.

15. Health Benefits Committee Recommendations

Recommendations from the Health Benefits Committee meeting on May 10, 2023.

- Medical: Eliminate the Anchor Bronze plan for non-qualified employees.
- Dental: Modification to plan #9
- Wellness Incentive Activities: Replace all vaccinations with “One medically recommended vaccination” for one activity credit.
- Wellness Incentive Activities: Resume two dental cleanings as one activity credit.
- Enhancements for the current vision plan were discussed, resulting in three suggestions. As of April 30th, the program is running at a loss ratio of 71.25%. While all suggestions added additional cost to the plan, none of the additions would affect rates, including the adoption of all three recommendations.

Actual plan results thru April 30, 2023	71.25%
Increase the frame & contact lens allowance to \$250.	6.73%
Addition of anti-glare coating	1.42%
Addition of ultraviolet protection	14.84%
Projected loss ratio	94.24%

Adam Hillman moved to approve the committee’s recommendations excluding the frame and contact lens allowance increase. Melanie Homes seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa.

Opposed: None. Motion carried. Unanimous.

16. 2023-24 HSA Contributions, Wellness Program, and Kannact Incentive Funding**

Brooks Rice shared projected funding needs of \$40K and \$53K to continue the HSA and Wellness incentives. The total expected cost for the Kannact incentive is \$8K.

Peggy Canale Fellingner moved to approve funding for the HSA, Wellness program, and Kannact incentives as presented. Adam Hillman seconded.

Approved: Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

17. Health Plan Rates for 2022-23*

David Wiesner and Eric Leventhal presented claims data history and analysis. Due to the low increase with Stop Loss insurance through SISC and the higher number of claims under the \$150K cap, they recommend a medical rate increase of 7.5%. A 3% decrease rate is presented for dental and no rate increase for vision.

Adam Hillman moved to approve the medical rate increase of 7.5%, the dental rate decrease of 3%, and no rate change for vision. Cathleen Serna seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

18. Prestige Contract Renewal

Brooks Rice is recommending extending their contract without changes through June 30, 2024.

Melanie Holmes moved to approve extending Prestige's contract another year. Robert Fellingner seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

19. Apex IT Contract Renewal

Brooks Rice is recommending extending their contract without changes through June 30, 2024.

Adam Hillman moved to approve extending Apex's contract another year. Robert Fellingner seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

20. 2023-24 Proposed Budget**

The proposed budget was presented. Brooks pointed out the following highlights.

- The budget includes a 7.5% increase in medical rates.
- The budget includes a 3% decrease in dental rates.
- The budget includes a one-time expense for a Loss Prevention Manager to replace Kurt upon his retirement in a year. This person will overlap with Kurt for 9-12 months.

Adam Hillman moved to approve the 2023-24 proposed budget as presented. Melanie Holmes seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa. Opposed: None. Motion carried. Unanimous.

21. JPA Management Services Contract with SIA / Brooks Rice

Request extending the STSIG JPA management services agreement to June 30, 2024, with a \$5000 increase.

Peggy Canale moved to extend the contract with SIA for Brooks Rice to provide management services with a \$5000 increase. Adam Hillman seconded.

Approved: David Flores, Adam Hillman, Robert Fellingner, Jennifer Parra, Peggy Canale, Laura Merrick, Tina Card, Melanie Holmes, Cathleen Serna, Rachel Hoffman, June Pellegrino, and Rob Effa.

Opposed: None. Motion carried. Unanimous.

PUBLIC ADDRESSES BOARD ON MATTERS NOT ON THE AGENDA

Brook Rice presented Laura Merrick with a service plaque as a thank-you for her years of service to the STSIG Board of Directors and Committees and everyone wished her well in her move and retirement next week.

*** Indicates this item was reviewed by the Finance Committee on June 22, 2023*

ADJOURN

The meeting was adjourned at 11:23 a.m.