

Joint Powers Board Meeting
 Wednesday, October 9, 2019
 Agenda



Breakfast: 8:30am
 Meeting: 9:00am
 SIG Board Room – 550 High Street, Auburn, Ca

Theme: The Power of Pooling

A. ADMINISTRATION

- 1. Roll Call** – Quorum
- 2. Public Comments**
 This time is scheduled for comments from members of the public concerning subjects that do not specifically appear as items elsewhere on the Agenda.
- 3. Let's BURST!**

B. CONSENT AGENDA

- 1. Approval of Minutes:** Joint Powers Board meetings April 3, 2019 and August 19, 2019
- 2. Safety Credits 2019-2020**
- 3. Meeting Schedule 2019-2020**

C. ACTION ITEMS

- 1. 2019-2020 Actuarial Reports**
Attachment: 2019-2020 Workers Compensation and Property/Liability Actuarial Report Executive Summaries
Recommendation: Review and approve the 2019-2020 Workers Compensation and Property/Liability Actuarial Reports.
- 2. Investment Review**
Attachments: SIG Investment Policy #0018; PFM Investment report as of 6/30/19
Recommendation: Review and ratify the SIG Investment Policy #0018 and approve the annual investment report.
- 3. 2020 Retiree (65+) Health Plan Renewal**
Attachments: 2020 Retiree Benefits (65+) Renewal Presentation
Recommendation: Approve the 2020 UnitedHealthcare Medical Advantage PPO Takeover Proposal
- 4. 2019-2020 Budgets and Financial overview**
Attachments: 2019-2020 Revised budgets and benchmarks
Recommendation: Approve the 2019-2020 budget revisions.

5. 2019-2020 Executive Committee members

Attachments: Policy #0019 – Nomination and Election of Executive Committee Members, Executive Committee/Officer Terms and Dates

Recommendation: Elect members to the Executive Committee for 2019-2020

6. 2019-2020 Officers

Attachments: Policy #0011 – Nomination and Election of Officers

Recommendation: Elect Joint Powers Board officers for 2019-2020

7. SIG Bylaws revision

Attachments: SIG Bylaws (redline draft)

Recommendation: Approve the revised SIG Bylaws.

8. Policy Revisions

Attachments: Policy #0011 – Nomination and Election of Officers; #0019 – Nomination and Election of Executive Committee Members; #0116 – Uniform Public Construction Cost and Accounting Procedures and Informal Bidding

Recommendation: Review and approve the revisions to Policies #0011 and #0019, and adopt new Policy #0116.

9. California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance (CUPCCAA) Resolution

Attachments: Resolution #0116 – Adoption of the California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance (CUPCCAA)

Recommendation: Adopt Resolution #0116

D. PRESENTATIONS

- 1. Legislation Overview** (presentation by Faith Borges, CAJPA Legislative Advocate)
- 2. Large Liability Loss Study** (presentation by Lois Gormley, SELF)
- 3. State of SIG** (presentation by Cindy Wilkerson, SIG Executive Director)

E. CLOSING REMARKS AND ADJOURNMENT

Joint Powers Board Meeting

October 9, 2019

B. CONSENT AGENDA

1. Approval of Minutes

- a. April 3, 2019 Joint Powers Board
- b. August 19, 2019 Joint Powers Board

2. Safety Credits 2019-2020

- a. Safety Credit Criteria
- b. Safety Credit Funding 2019-2020

3. Meeting Schedule 2019-2020

- a. Executive Committee and Joint Powers Board meeting schedule



Joint Powers Board Meeting April 3, 2019

SIG Conference Room, 550 High Street, Auburn, Ca
ADMINISTRATION

Jt. Powers Board Members and Alternates Present:

21 voting districts and 0 non-voting district

Kelly Graham and Shelly Saunders from Ackerman Charter School District; Jessica Shelton from Alta-Dutch Flat School District; Scott Bentley from Auburn Union School District; Shelly King from Black Oak Mine Unified School District; Katie Hohler and Anne Padget from Chicago Park School District; Dan Zeisler and Jennifer Scarbrough from Clear Creek School District; Teri Lettich from Colfax Elementary School District; Brad Tooker and Roger Van Putten from Dry Creek Jt. Elementary School District; Melody Glaspey, Melissa Mercado and Tom Janis from Eureka Union School District; Don Ogden from Folsom-Cordova Unified School District; Cindy Uptain from Foresthill School District; Jodi LaCosse from Grass Valley School District; Janet Sutton from Harvest Ridge Cooperative Charter; Dana Lincoln from Lake Tahoe Unified School District; Rosalinda Ledesma from Loomis Union School District; Michael Hodson from Marysville Joint Unified School District; Cassandra Peterson from Mid-Placer; Paige Moore from Nevada City School District; Scott Lay from NCSOS; Raenel Toste from Newcastle Elementary School District; Martin Fregoso and Colleen Slattery from PCOE; Jill Gotland from Placer Academy; Mary Reome from Placer Hills Union School District; Sandra Russo from Placer Union High School District; Rusty Clark from Pleasant Ridge Union School District; Barbara Patterson from Rocklin Unified School District; Dennis Snelling from Roseville City School District; Joe Landon from Roseville Joint Union High School District; Todd Rivera from Tahoe-Truckee Unified School District; James Berardi from Twin Ridges School District; David Curry from Union Hill School District; and Audrey Kilpatrick from Western Placer Unified School District.

Staff Present:

Cindy Wilkerson, Executive Director; Melissa Gianopulos, Benefit Eligibility Coordinator; Kelley Henry, Accounting/Benefit Eligibility Technician; Nancy Mosier, Chief Fiscal Officer; Jaxine Anderson, Return To Work Coordinator; Amy Gonnella, Member Services and Wellness Manager and Gabrielle Daniel, Director, Claims and Loss Prevention

Consultants Present:

Colleen Crowe and Carol Fling representing EBRC
Dominic Russo, Tricia Baker and Kim Silas from AIMS; Carol Wells from AmWins; Daphne Lewis from Blue Shield; Ryan Neese from Delta Dental; Vinny Catalano and Jessica Athanacio from A.J. Gallagher & Co.; Jim O'Gara from Kaiser Permanente; Jill Kelley from Sutter Health Plus; Christina Williams from VSP; Lauren Bayha and Chris Jordan from Western Health Advantage; Gail Blagg and Bernard Sarmiento from Woodruff Sawyer & Co.

The President, Brad Tooker, called the meeting to order at 9:06 am.

Administration

1. Roll Call – Quorum
2. Approval of Minutes

Motion: Approve the minutes from the October 10, 2018 Joint Powers Board Meeting as presented. Rusty Clark and seconded

by Audrey Kilpatrick.

Yes: Unanimous

No: 0

Final Resolution: Motion carried

3. Public Comments

No public comments

A. ACTION ITEMS

1. Employee Benefits Program New Member: Placer Academy

Motion: Add Placer Academy Schools to Schools Insurance Group for Employee Benefits – Barbara Patterson as presented and seconded by James Berardi

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

2. Property/Liability Program Costs for 2019-2020

Motion: Approve Property/Liability Program Costs for 2019-2020 as presented. – Rusty Clark as presented and seconded by Audrey Kilpatrick

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

3. Workers Compensation Base Rate and Rate Modification for 2019-2020

Motion: Approve Workers Compensation base rate and rate modification Program Costs for 2019-2020 as presented. – Martin Fregoso as presented and seconded by Scott Lay

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

4. Medical Plan Rates for 2019-2020

Motion: Approve Medical Plan Rates for 2019-2020 as presented. – Scott Bentley as presented and seconded by Barbara Patterson

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

5. Self-Insured Dental and Vision Rates for 2019-2020

Motion: Approve the self-insured Delta Dental Plan and VSP Plan for 2019-2020 as presented. – Audrey Kilpatrick as presented and seconded by Kelly Graham

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

6. Hartford Life Insurance Rates for 2019-2020

Motion: Approve the Hartford Life Insurance rates for 2019-2020 as presented. – Dave Curry as presented and seconded by Kelly Graham

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

7. SIG Program Document Revisions

Motion: Approve revisions to the SIG Joint Powers Agreement, Workers Compensation Program Plan Document, Administrative Regulation 3010, and SIG Policies #1011 Workers Compensation Settlement Authority, and #2080 Property/Casualty Claims Settlement Authority. Approve the new Administrative Regulation 3009 – Scott Lay as presented and seconded by Scott Bentley

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

8. SIG Preliminary Budgets for 2019-2020

Motion: Approve the SIG preliminary budgets (Employee Benefit Trust, Workers Compensation Fund, Property Liability Fund, and Building Fund) for 2019-2020 as presented. – Audrey Kilpatrick as presented and seconded by Mary Reome

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

9. Schools Excess Liability Fund (SELF) Joint Powers Agreement

Motion: Approve the revised SELF Joint Powers Agreement on behalf of all SIG Property/Liability Program members. – Scott Lay as presented and seconded by Audrey Kilpatrick

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

10. SIG Vision/Mission/Values and Strategic Action Plan

Motion: Approve the SIG Vision/Mission/Values and Strategic Action Plan for 2018-2021. – Barbara Patterson as presented and seconded by Dave Curry

Yes: Unanimous

No: 0

Final Resolution: Motion carried.

B. Information / Discussion Items

(No action will be taken on any of these items. They are for discussion purpose only.)

1. **Legislative Update** (presentation by Cindy Wilkerson)
2. **10 Things To Do To Avoid Big Claims** (presented by Gail Blagg, Woodruff Sawyer)
3. **Employee Benefits Landscape** (presented by Vinny Catalano, Arthur J. Gallagher Co.)

C. Reports

1. **Executive Director's Report** (Cindy Wilkerson)
2. **EBRC Report** (Colleen Crowe)
3. **President's Report** (Brad Tooker)

D. ADJOURNMENT

Time of Adjournment- 11:19am

Respectfully submitted,

**Joint Powers Board Meeting
August 19, 2019
Minutes**



Joint Powers Board Special Meeting Monday, August 19, 2019
1:00 PM - 2:00 PM PDT

Please join our meeting from your computer, tablet or smartphone.
<https://global.gotomeeting.com/join/635623733>

Or participate via conference call:
(877) 268-3880, Guest Code 55095603#

"This meeting is being conducted by webinar or teleconference at the following locations. Each location listed below is open to the public and any member of the public has an opportunity to address the Joint Powers Board from any of these locations in the same manner as if that person attended the regular meeting location. The Joint Powers Board will control the conduct of the meeting and determine the appropriate order and time limitations on public comments from webinar or teleconference locations."

Joint Powers Board Members and locations:

- Brad Tooker: 8849 Cook Riolo Road, Roseville, Ca 95747
- Barbara Patterson: 2615 Sierra Meadows Drive, Rocklin, Ca 95667
- Scott Lay: 380 Crown Point Circle, Grass Valley, Ca 95945
- Joe Landon: 1750 Cirby Way, Roseville, Ca 95661
- Rusty Clark: 22580 Kinston Lane, Grass Valley, Ca 95949
- Martin Fregoso: 360 Nevada Street, Auburn, Ca 95603
- Audrey Kilpatrick: 600 Sixth St, Suite 400, Lincoln, Ca 95648
- Scott Bentley: 255 Epperle Lane, Auburn, Ca 95603
- Dennis Snelling: 1050 Main Street, Roseville, Ca 95678
- Michael Wells: 34050 Alta Bonnybrook Rd, Alta, Ca
- Raenel Toste: 645 Kentucky Greens Way, Newcastle, Ca
- Sid Albaugh: 6540 Wentworth Springs Road, Georgetown, Ca 95634
- Tori England: 17328 Penn Valley Drive, Penn Valley, Ca 95946
- Jodi LaCosse: 10840 Gilmore Way, Grass Valley, Ca 95945
- Todd Rivera: 11603 Donner Pass Rd, Truckee, Ca 96161
- John Baggett: 24825 Ben Taylor Road, Colfax, Ca 95713
- Rosalinda Ledesma: 3290 Humphrey Road, Loomis, Ca 95650
- David Curry: 10879 Bartlett Drive, Grass Valley, Ca 95949

- Non-Voting Attendees:**
- Tara Dipietro: Bowman Charter School
 - Mary Reome: Placer Hills Union School District
 - Jack Kraemer: Foresthill Union School District

SIG Staff and location:

- Cindy Wilkerson, Nancy Mosier: 601 Center Drive, Grand Rapids, MI
- Cecilia Williams: 550 High Street, Auburn, CA 95603

A. ADMINISTRATION

- 1. Roll Call** – 18 voting districts at 1:00pm (Roll call taken by Cecilia Williams)

B. ACTION ITEMS

1. Property / Liability Program Revised Costs for 2019-2020

Motion: Approve the Executive Committee's recommendation to pass the rate increase through to members for the Property / Liability Program revised cost for 2019-2020.

1st: David Curry

2nd: Scott Lay

Roll Call vote:

Yes: 18

No: 0

Motion Carried

Adjournment: 1:24pm by Mike Wells and Brad Tooker



Schools Insurance Group

Safety Credit Program

2019-20

The Safety Credit amounts are calculated by district based on the following formula:

\$.03 per hundred of the Workers' Compensation projected 2018-19 payroll + 2% of the District's contribution to the Deductible Fund.

Category	Activities (Proof must be submitted to SIG no later than June 1, 2020)	Points Allowed
Property, Liability	<p>Scheduling two Woodruff Sawyer activities will satisfy this requirement</p> <ul style="list-style-type: none"> • Woodruff Sawyer Workshop with Leadership or Classified staff, Coaches or Teachers • Playground safety inspections • IIPP Development 	40
SAM Loss Prevention	<p>Implement an Incident Reporting mechanism: Implement an abuse/bullying/violence reporting app to confidentially provide knowledge of potentially harmful situations to enable early intervention. SIG has contracted with StopIT for its members. No additional costs required by District</p>	20
Workers Compensation, HR and FEHA Liability Issues	<p>District must have appropriate management employee attend at least two of Patti Eyres webinars to satisfy this requirement</p> <p>Each month, Ms. Patti Eyres presents a 90-minute webinar on timely issues and preventative measures for SIG members in the areas of Human Resources, FEHA Liability and Workers Compensation.</p>	20
Property, Liability and Work Comp	<p>District must provide four online trainings for mandated subjects and safety.</p> <p>Each year, member Districts are required to provide training in many areas by law, including safety training for all employees. This area is one of the most common areas of penalties resulting from OSHA inspections.</p> <p>An online training printout from PublicSchool WORKS or other online safety training vendor, or proof of District provided training by agenda or sign-up sheets is required.</p>	20
Total points available		100

	DISTRICT	Workers' Comp		Property/Liability		Total
		19-20 Projectd Payroll	Safety Credit Amt	Deductible Fund	Safety Credit Amt	Safety Credit
1	Ackerman	\$ 3,267,219	980	15,068	301	1,282
2	Alta-Dutch	\$ 767,522	230	2,797	56	286
3	Auburn Union	\$ 11,946,177	3,584	48,706	974	4,558
4	Black Oak Mine	\$ 6,963,169	2,089	30,699	614	2,703
5	Chicago Park	\$ 1,044,217	313	4,584	92	405
6	Clear Creek	\$ 927,170	278	3,961	79	357
7	Colfax	\$ 1,804,199	541	8,855	177	718
8	Dry Creek	\$ 41,225,511	12,368	150,526	3,011	15,378
9	Eureka Union	\$ 20,685,725	6,206	83,876	1,678	7,883
10	Foresthill	\$ 2,401,370	720	9,801	196	916
11	Folsom Cordova	\$ 124,715,291	37,415		0	37,415
12	Grass Valley	\$ 12,743,335	3,823	41,937	839	4,662
13	Lake Tahoe Un.	\$ 28,415,663	8,525	94,989	1,900	10,424
14	Loomis	\$ 16,107,058	4,832	72,223	1,444	6,277
15	Marysville	\$ 72,274,087	21,682		0	21,682
16	Mid-Placer	\$ 1,230,138	369	30,120	602	971
17	Nevada City	\$ 4,626,974	1,388	20,609	412	1,800
18	Nevada Co. Supt of Sch.	\$ 4,522,720	1,357	2,487	50	1,407
19	NCSE(Special Ed.)	\$ 2,166,290	650	2,873	57	707
20	NC Bus Agency		0	116	2	2
21	NC Central Kitchen		0	513	10	10
22	Nevada Joint Union	\$ 20,140,929	6,042	65,471	1,309	7,352
23	Newcastle	\$ 3,630,665	1,089	11,745	235	1,324
24	Penn Valley Union ESD	\$ 3,469,374	1,041	14,451	289	1,330
25	Placer Co. Office	\$ 26,354,289	7,906	63,487	1,270	9,176
26	Placer Hills	\$ 4,614,156	1,384	18,518	370	1,755
27	Placer Union High	\$ 28,576,214	8,573	116,403	2,328	10,901
28	Pleasant Ridge	\$ 6,384,389	1,915	28,146	563	2,478
29	Rocklin	\$ 73,153,441	21,946	292,190	5,844	27,790
30	Roseville City	\$ 67,972,736	20,392	237,965	4,759	25,151
31	Roseville High	\$ 73,013,924	21,904	219,214	4,384	26,288
32	SIG	\$ 644,098	193	341	7	200
33	Tahoe-Truckee	\$ 38,596,470	11,579	97,379	1,948	13,527
34	Twin Ridges	\$ 843,899	253	2,444	49	302
35	Union Hill	\$ 4,431,360	1,329	17,212	344	1,674
36	Western Placer	\$ 43,016,606	12,905	170,902	3,418	16,323
	TOTAL PREMIUMS	752,676,385	225,803	1,980,608	39,612	265,415
			85.075%		14.925%	



2019-2020

550 High Street, Suite 201, Auburn CA 95603

Executive Committee &
Joint Powers Board Meeting Dates

MEETING CALENDAR			
No Meeting in July			
August 21, 2019	Executive Committee	9:00 AM	SIG Conference Room
September 18, 2019	Executive Committee	9:00 AM	SIG Conference Room
October 9, 2019	Jt. Powers Board	9:00 AM	SIG Conference Room
November 13, 2019	Executive Committee	9:00 AM	SIG Conference Room
December 11, 2019	Executive Committee	9:00 AM	SIG Conference Room
January 15, 2020	Executive Committee	9:00 AM	SIG Conference Room
February 19, 2020	Executive Committee	9:00 AM	SIG Conference Room
March 18, 2020	Executive Committee	9:00 AM	SIG Conference Room
April 1, 2020	Jt. Powers Board	9:00 AM	SIG Conference Room
No Meeting in May			
June 17, 2020	Executive Committee	9:00 AM	SIG Conference Room

Executive Committee meetings are held at the SIG Conference

Room 550 High Street, Auburn

9:00am to Noon

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.1. 2019-2020 Actuarial Reports

Attachment: 2019-2020 WC and P/L Actuarial Report Executive Summaries

SIG commissions actuarial studies annually for the self-funded Workers Compensation and Property/Liability programs. The actuary looks backward to recommend how much to set aside to pay liabilities that are known as well as those that may not be known yet (incurred but not reported, IBNR). In addition, the actuary projects the value of liabilities based upon SIG's historical trends and recommends a range of rates to consider for the upcoming program year.

For Workers Compensation, SIG is self-insured for the first \$1,000,000 of any loss. The report indicates an increase in the value of liabilities from prior years, and a slight increase in the value of IBNR projections. Over the past year, however, development in more recent claims is more favorable. Projections for the 2019-20 year are good.

For Liability, SIG is self-insured for the first \$1,000,000 of any loss. The report shows an increase in the value of claims, although the value of IBNR has remained stable from the previous year. This reflects more certainty in the reserves. Looking forward, loss projections are higher for the following reasons:

- Adverse claims development for SIG's losses
- Possible legislation relative to childhood sexual assault
- Increased litigation in the general liability environment

For Property, SIG is self-insured for the first \$100,000 of any loss. The report reflects an increase in the value of claims within this layer. Looking forward, loss projections are stable for this layer because the frequency of losses within the first \$100,000 has not increased. However, because coverage is transferred to excess insurers for losses above \$100,000, and because the excess marketplace is reacting to national and global catastrophic losses, increases are expected for 2020-2021.

Fiscal impact: Further evaluation is needed

Timeline: Increased reserve recommendations impact 2019-2020 budgets

Strategic Plan: Initiative 2.1 – Strengthen Reserve Policy

Recommendation: Review and approve the 2019-2020 Workers Compensation and Property/Liability actuarial reports



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Bickmore

Actuarial

Actuarial Review of the Self-Insured Workers' Compensation Program

Outstanding Liabilities as of June 30, 2019
Forecast for Program Years 2019-20

Presented to
Schools Insurance Group

September 10, 2019 - DRAFT





Tuesday, September 10, 2019

Ms. Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603-4712

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Ms. Wilkerson:

As you requested, we have completed our review of Schools Insurance Group's self-insured workers' compensation program. Assuming an SIR of \$1,000,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$8,730,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. This amount does not include ULAE, which is the cost to administer claims to final settlement, which may be years in the future (e.g. claims adjusters' salaries, taxes). ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). The discount for investment income is calculated based on the likely payout pattern of the Group's claims, assuming a 3.0% return on investments per year. For budgeting purposes, the expected cost of 2019-20 claims translates to a rate of \$1.16 per \$100 of payroll.

In addition, we estimate the program's liability for outstanding claims to be \$28,858,000 as of June 30, 2019, again including ALAE and discounted for anticipated investment income. Given estimated program assets of \$64,906,000 as of June 30, 2019 (net of undiscounted administration expense reserve) the program was funded above the 90% confidence level.

The \$28,858,000 estimate is the minimum liability to be booked by the Group at June 30, 2019 for its workers' compensation program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires the Group to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The Group estimates the liability for outstanding ULAE separately as 5% of the liability for outstanding loss and ALAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding the Group's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2019 are summarized in the table below.

Schools Insurance Group
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2019

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$33,391,000					
Investment Income Offset	<u>(4,533,000)</u>					
Discounted Loss and ALAE	\$28,858,000	\$31,195,000	\$32,119,000	\$33,216,000	\$34,514,000	\$36,246,000
Assets	<u>64,906,000</u>					
Surplus or (Deficit)	\$36,048,000	\$33,711,000	\$32,787,000	\$31,690,000	\$30,392,000	\$28,660,000

The estimated liability for unpaid loss and ALAE in the tables above assumes a 3.0% discount rate. We provide factors to use for various interest assumptions in the following table. For example, the estimated liability for unpaid loss and ALAE using a 4.0% interest assumption at the expected confidence level as of June 30, 2019 is the discounted loss and ALAE amount of \$28,858,000 times the 0.958 factor.

Interest Rate Assumption	Factor for June 30, 2019 Estimate
2.00%	1.047
2.25%	1.035
2.50%	1.023
2.75%	1.011
3.00%	1.000
3.25%	0.989
3.50%	0.978
3.75%	0.968
4.00%	0.958

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on the Group's financial statements.

Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Schools Insurance Group for the 2019-20 fiscal year.

**Schools Insurance Group
Self-Insured Workers' Compensation Program
Funding Guidelines for 2019-20
Self-Insured Retention (SIR) of \$1,000,000**

	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$9,905,000					
Investment Income Offset	(1,175,000)					
Discounted Loss and ALAE	\$8,730,000	\$9,620,000	\$9,970,000	\$10,380,000	\$10,886,000	\$11,559,000
Non-Claims Related Expenses	2,724,000	2,724,000	2,724,000	2,724,000	2,724,000	2,724,000
Indicated Funding	\$11,454,000	\$12,344,000	\$12,694,000	\$13,104,000	\$13,610,000	\$14,283,000
Rate per \$100 of 2019-20 Payroll	\$1.52	\$1.64	\$1.69	\$1.74	\$1.81	\$1.90

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019.

The non-claims related expenses shown above include the following expenses:

- Fees to Outside Claim Administrator: \$898,000
- Excess Insurance: \$599,000
- Other Expenses: \$1,227,000

The loss and ALAE funding guidelines in the table above assumes a 3.0% discounted rate. We provide factors to use for the calculation of loss and ALAE funding at various interest assumptions in the following table. For example, the estimated projected loss and ALAE using a 4% interest assumption at the discounted expected confidence level for 2019-20 is the loss and ALAE amount of \$8,730,000 times the 0.965 factor.

Interest Rate Assumption	Factors for 2019-20 Loss & ALAE Funding Guideline	Interest Rate Assumption	Factors for 2019-20 Loss & ALAE Funding Guideline
2.00%	1.039	3.25%	0.991
2.25%	1.029	3.50%	0.982
2.50%	1.019	3.75%	0.973
2.75%	1.009	4.00%	0.965
3.00%	1.000		

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB. The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the Group's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Schools Insurance Group in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, Greg Beaulieu at (916) 290-4632 or James Kim at (916) 290-4644 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Greg Beaulieu, FCAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries



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Bickmore

Actuarial

Actuarial Review of the Self-Insured Liability-Property Program

Outstanding Liabilities as of June 30, 2019
Forecast for Program Years 2019-20

Presented to
Schools Insurance Group

September 10, 2019 - DRAFT





Tuesday, September 10, 2019

Ms. Cindy Wilkerson
Executive Director
Schools Insurance Group
550 High Street, Suite 201
Auburn, CA 95603-4712

Re: Actuarial Review of the Self-Insured Liability-Property Program

Dear Ms. Wilkerson:

As you requested, we have completed our review of Schools Insurance Group's self-insured liability-property program. Assuming an SIR of \$1,000,000 per occurrence for liability and \$100,000 for property, we estimate the ultimate cost of claims and expenses for claims incurred during the 2019-20 program year to be \$2,274,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The discount for investment income is calculated based on the likely payout pattern of the Group's claims, assuming a 2% return on investments per year.

In addition, we estimate the program's liability for outstanding claims to be \$5,584,000 as of June 30, 2019, again including ALAE and discounted for anticipated investment income. Given estimated program assets of \$19,110,000 (net of undiscounted administration expense reserve) as of June 30, 2019, the program was funded above the 90% confidence level.

The \$5,584,000 estimate is the minimum liability to be booked by the Group at June 30, 2019 for its liability-property program, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires the Group to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The Group estimates the liability for outstanding ULAE separately as 5% of the liability for outstanding loss and ALAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding the Group's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2019 are summarized in the table below.

Schools Insurance Group
Self-Insured Liability-Property Program
Estimated Liability for Unpaid Loss and ALAE at June 30, 2019

Liability						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,600,000					
Investment Income Offset	<u>(239,000)</u>					
Discounted Loss and ALAE	\$5,361,000	\$6,026,000	\$6,326,000	\$6,674,000	\$7,114,000	\$7,698,000
Property						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$226,000					
Investment Income Offset	<u>(3,000)</u>					
Discounted Loss and ALAE	\$223,000	\$273,000	\$296,000	\$325,000	\$360,000	\$407,000
Combined						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$5,826,000					
Investment Income Offset	<u>(242,000)</u>					
Discounted Loss and ALAE	\$5,584,000	\$6,299,000	\$6,622,000	\$6,999,000	\$7,474,000	\$8,105,000
Assets	<u>19,110,000</u>					
Surplus or (Deficit)	\$13,526,000	\$12,811,000	\$12,488,000	\$12,111,000	\$11,636,000	\$11,005,000

GASB #10 does not address an actual asset requirement for the program, but only speaks to the liability to be recorded on the Group's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a risk margin for contingencies. Generally, the amount should be sufficient to fund assets to the 75% to 85% confidence level for primary programs. We consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Schools Insurance Group for the 2019-20 fiscal year.

Schools Insurance Group Self-Insured Liability-Property Program Funding Guidelines for 2019-20 Liability - Self-Insured Retention (SIR) of \$1,000,000						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,009,000					
Investment Income Offset	(131,000)					
Discounted Loss and ALAE	\$1,878,000	\$2,229,000	\$2,409,000	\$2,624,000	\$2,892,000	\$3,253,000
Rate per 2019-20 ADA	\$23.29	\$27.64	\$29.87	\$32.54	\$35.86	\$40.34
Property - Self-Insured Retention (SIR) of \$100,000						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$400,000					
Investment Income Offset	(4,000)					
Discounted Loss and ALAE	\$396,000	\$474,000	\$512,000	\$557,000	\$613,000	\$688,000
Rate per \$100,000 of 2019-20 TIV	\$15.85	\$18.98	\$20.50	\$22.30	\$24.54	\$27.54
Combined						
	Expected	Marginally Acceptable 70% CL	Recommended Range			Conservative 90% CL
			Low 75% CL	Target 80% CL	High 85% CL	
Loss and ALAE	\$2,409,000					
Investment Income Offset	(135,000)					
Discounted Loss and ALAE	\$2,274,000	\$2,703,000	\$2,921,000	\$3,181,000	\$3,505,000	\$3,941,000

The funding recommendations shown in the table above do not include any recognition of the existing funding margin (surplus or deficit) at June 30, 2019. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for the Group's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Schools Insurance Group in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162, Greg Beaulieu at (916) 290-4632 or James Kim at (916) 290-4644 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Mike Harrington, FCAS, MAAA
President and Principal, Bickmore Actuarial
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Greg Beaulieu, FCAS, MAAA
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James Kim, ACAS, MAAA
Senior Analyst, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.2. Investment Review

Attachment: SIG Investment Policy #0018; PFM investment report as of 6/30/19

The SIG Investment Policy #0018 requires reporting investment results to the Executive Committee quarterly and the Joint Powers Board annually. The policy also requires the Joint Powers Board to review and approve the investment policy annually.

PFM will present the annual report to the Joint Powers Board, including an overview of the SIG Investment Policy.

Fiscal impact: Total investment revenue is expected to be approximately \$1.2M for 2019-2020.

Timeline: 2019-2020 program year

Strategic Plan: Initiative 2.1: Strengthen Reserve Policy

Recommendation: Review and ratify SIG Investment Policy #0018 and approve the annual investment report.

INVESTMENT POLICY

I. Introduction

The purpose of this document is to identify various policies and procedures that enhance opportunities for a prudent and systematic Investment Policy and to organize and formalize investment-related activities.

The investment policies and practices of School Risk and Insurance Management Group (“the Group”) are based on state law and prudent money management.

II. Scope

It is intended that this Policy cover all funds (except retirement funds) and investment activities under the direction of the Group.

III. Prudence

The standard of prudence to be used by investment officials shall be the “prudent investor” standard and shall be applied in the context of managing an overall portfolio. The prudent investor standard states that:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

The primary objectives, in priority order, of the investment activities of the Group shall be:

- 1) **Safety.** Safety of principal is the foremost objective of the investment program. Investments of the Group shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) **Liquidity.** The investment portfolio of the Group will remain sufficiently liquid to enable the Group to meet its cash flow requirements.
- 3) **Return on Investment.** The investment portfolio of the Group shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

V. Delegation of Authority

The management responsibility for the investment program is hereby delegated to the Executive Director who shall monitor and review all investments for consistency with this Investment Policy. No person may engage in an investment transaction except as provided under the limits of this Policy. The Group may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the Policy and such other written instructions as are provided.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. Permitted Investment Instruments

With the exception of 1, 2, 5, and 17 below and pooled investments such as the Placer County Treasurer's Investment Portfolio and money market funds, no more than 5% par value of the portfolio should be invested in any one issuer regardless of sector.

1. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that the obligations are rated at least "A" for long-term or "A-1" for short-term securities or its equivalent by a nationally recognized statistical-rating organization. Obligations issued by SIG member districts are prohibited.
4. Registered treasury notes or bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California, provided that the obligations are rated at least "A" for long-term or "A-1" for short-term securities or its equivalent by a nationally recognized statistical-rating organization.
5. Repurchase Agreements used solely as short-term investments not to exceed 30 days.

The Group may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in VII. 1 and 2 will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Group's custodian

bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed 102 percent of the total dollar value of the money invested by the Group for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in Repurchase Agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

Market value must be calculated each time there is a substitution of collateral.

The Group or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Group will have properly executed a PSA agreement with each counter party with which it enters into Repurchase Agreements.

6. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a nationally recognized statistical-rating organization.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the Group's investments under management.

7. Commercial Paper of prime quality rated in the highest short-term rating category, as provided by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

(1) The entity meets the following criteria: (A) is organized and operating in the United States as a general corporation, (B) has total assets in excess of five hundred million dollars (\$500,000,000), and (C) has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization.

(2) The entity meets the following criteria: (A) is organized within the United States as a special purpose corporation, trust, or limited liability company, (B) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (C) has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 25 percent of the Group's investments under management may be invested in eligible commercial paper and the Group may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better, by a nationally recognized statistical-

rating organization.

Purchase of medium-term corporate notes may not exceed 30 percent of the Group's investments under management.

9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code section 53561, either at 150 percent by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110 percent by eligible marketable securities listed in subsections (a) through (l) and (n) and (o) of the government code.
10. Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally- or state-licensed branch of a foreign bank with a minimum rating of "A" for long-term or "A-1" for short-term or its equivalent or better by a nationally recognized statistical-rating organization.

The Group's Executive Committee and the Executive Director or other officials of the Group having legal custody of the Group's money are prohibited from investing the Group's funds, or funds in the custody of the Group, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Executive Committee or any person with investment decision making authority in the Executive Director's office of the Group also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee, or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the Group's investments under management.

11. Placer County Treasurer's Investment Portfolio

Investment in the Placer County Treasury shall never be less than 30 percent of the projected cash balance for the end of the current fiscal year. It is SRIMG's objective to keep 40 percent to 50 percent of the projected cash balance in the Placer County Treasury.

12. State of California Local Agency Investment Fund

The State of California offers a pool investment fund for California local agencies. This fund may be utilized in the future.

13. Insured savings account or bank money market account. In accordance with California Government Code Section 53635.2 to be eligible to receive local agency deposits a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.
14. Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (o) of Government Code Section 53601, inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint

powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria: (1) the adviser is registered or exempt from registration with the Securities and Exchange Commission, (2) the adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (o) Government Code Section 53601, inclusive, and (3) the adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

15. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000.

The purchase price of shares shall not exceed 20 percent of the Group's investments under management.

16. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond excluding those issued by a U.S. Federal Agency or Government Sponsored Enterprise, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five-year's maturity. Eligible securities must be rated "AA" or higher by a nationally recognized statistical-rating organization, and the issuer of the security must have an "A" or higher rating for its debt as provided by a nationally recognized statistical-rating organization. No more than 10 percent of the Group's investments under management may be invested in this type of security.
17. Beginning January 1, 2015, United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated at least "AA" by a NRSRO. Purchases of these securities shall not exceed 30 percent of the Group's portfolio.

Credit criteria and percentage limitations listed in Section VII are applied at the time the security is purchased. The Group may from time to time be invested in a security whose rating is downgraded. In the event a rating drops below "A," the Executive Director shall immediately notify the Executive Committee and will report to the Committee, at their next regularly scheduled meeting, both the downgrade and the action that has been taken.

VIII. Ineligible Investments

Investments not expressly permitted in Section VII are not permitted.

IX. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Group to meet all projected obligations.

The maximum maturity will be no more than five years from purchase date to maturity date unless the Joint Powers Board gives permission at least 90 days in advance of investment.

X. Reporting Requirements

The Executive Director shall render to the Executive Committee a list of monthly investment transactions.

The Executive Director shall annually render to the Executive Committee a statement of Investment Policy, which the Board must consider at a public meeting. Any changes to the Policy shall also be considered by the Executive Committee at a public meeting.

The Executive Director shall render a quarterly investment report to the Executive Committee and an annual report to the Joint Powers Board. The report shall include the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Maturity date
- Purchase price
- Par value
- Current market value and the source of the valuation

The quarterly report shall also (i) state compliance of the portfolio to the statement of Investment Policy or manner in which the portfolio is not in compliance, (ii) include a description of any of the Group's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of the Group to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

This quarterly report shall be submitted within 30 days following the end of the quarter covered by the report.

XI. Safekeeping and Custody

The assets of the Group shall be secured through the third-party custody and safekeeping procedures. Bearer instruments shall be held only through third-party institutions. Collateralized securities such as repurchase agreements shall be purchased using the delivery vs. payment procedure.



SCHOOLS INSURANCE GROUP

Investment Performance Review For the Quarter Ended June 30, 2019

Client Management Team

Sarah Meacham, Managing Director
Allison Kaune, Senior Managing Consultant

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Market Update

QUARTERLY MARKET SUMMARY

SUMMARY

- The second quarter saw plunging interest rates, surging equity prices, mixed economic data, and increasing global growth concerns. While few economists expect the decade-long U.S. expansion to end soon, the Federal Reserve's (Fed) cautionary tone set the stage for rate cuts in the second half of the year.
- U.S. economic conditions are characterized by: (1) solid gross domestic product (GDP) growth in Q1 but more tempered expectations for Q2; (2) strong job growth with a low unemployment rate of 3.7%; (3) softening inflation pressures; and (4) increased downside risks, including a slowdown in manufacturing, weaker business investments, and protracted trade wars.
- At its June meeting, the Federal Open Market Committee (FOMC) maintained the overnight fed funds rate at a target range of 2.25% – 2.50% but acknowledged soft business investment, declining market-based inflation measures, and increased uncertainty to the outlook. In their latest assessment of monetary policy, nearly half of respondents viewed two rate cuts as appropriate by year-end. In subsequent communications, Fed chair Jerome Powell all but assured a first preemptive rate cut will occur at the Fed's next meeting on July 30 – 31.
- Equity investors seemed to rejoice in the Fed's more dovish stance. By quarter-end, domestic equity markets had reversed losses from May and reached new record highs. The S&P 500 returned 4.3% for the quarter and is now up 17.3% for the year—the best first half of a year since 1997.

ECONOMIC SNAPSHOT

- U.S. GDP grew 3.1% in Q1, up from 2.2% in Q4. Growth was driven by an unexpected improvement in net exports and outsized growth in inventories, factors that are not likely to be sustained. But consumer spending, which makes up more than two thirds of total economic output, increased at a slower pace relative to prior quarters. Forecasts for Q2 are substantially lower—generally in the 1.5% to 2.0% range.
- The U.S. labor market remained strong, with average job growth of 172,000 per month in 2019 compared with average gains of 223,000 in 2018. The unemployment rate stood at 3.7% in June, near a 49-year low, as the economy remains at what is considered “full employment.” Wages also rose but at a modest 3.1% growth rate over the past year.
- Inflation continued to be tame. The Consumer Price Index (CPI) rose 1.6% over the past year while the Fed's preferred inflation gauge, the Core Personal Consumption Expenditure (PCE) Price Index, excluding food and energy prices, also rose 1.6% over the past year, below the Fed's target of 2%.
- Recent manufacturing data weakened in the face of slowing global demand. The most recent Institute for Supply Management (ISM) manufacturing survey fell to a 30-month low while new orders for manufactured goods have fallen in three of the past four months. Conversely, consumer confidence remains near all-time highs while retail sales rebounded from weakness in Q1.

INTEREST RATES

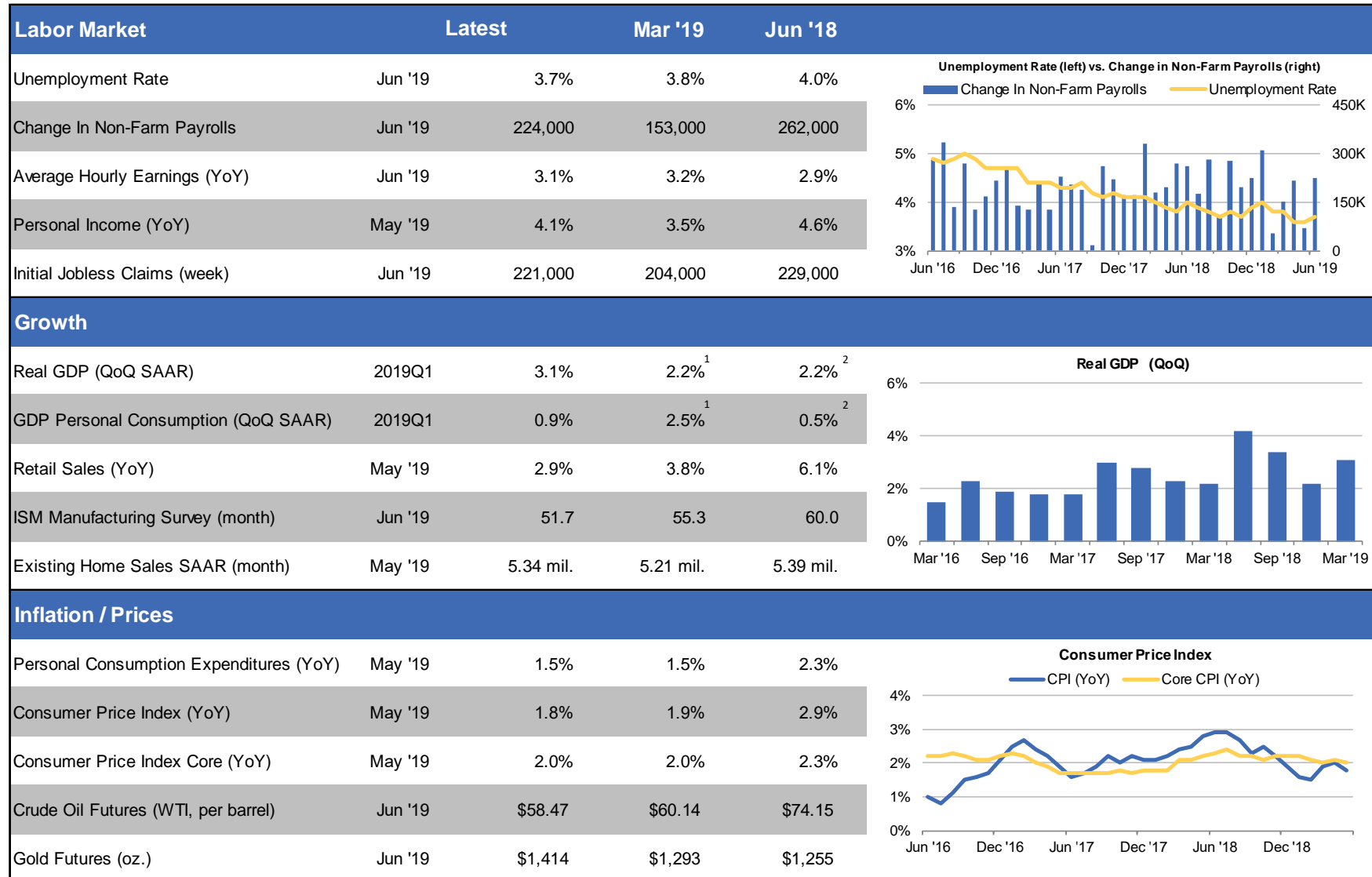
- U.S. Treasury yields fell for a third consecutive quarter, with maturities beyond one year falling 40 to 50 basis points (bps). The yield on most longer Treasury maturities are now near 18-month lows. At quarter-end, the yield on a 3-month Treasury bill stood at 2.09%, the 2-year note was 1.76%, the 5-year was 1.77%, and the 10-year yielded 2.01%.
- The yield curve reached its greatest level of inversion since 2007, as the spread between the 10-year and 3-month Treasuries reached -28 bps, although it finished the quarter narrower as short-term rates trended lower in expectation of rate cuts.
- Money market yield curves for Treasury bills and commercial paper are also now inverted, reflecting the market's expectation for lower Fed policy rates in the term. However, yields on short-term commercial paper and bank certificates of deposit remain attractive versus short-term government securities, despite the inverted curve.

SECTOR PERFORMANCE

- Absolute returns were very strong in Q2 as lower yields pushed prices higher. Treasury benchmarks posted some of their strongest quarterly returns in three years. The increasing yield curve inversion further boosted the returns of longer-duration instruments, outperforming shorter-maturity counterparts. For example, the 3-month Treasury bill index returned 0.64% for the quarter, while 5-year and 10-year Treasury indices returned 2.81% and 4.23%, respectively.
- Federal agency returns underperformed similar-duration Treasury securities for the quarter as agency yield spreads continued to trade at very narrow levels. Callable agencies underperformed non-callable structures by a wider margin as the large downward move in yields increased the likelihood of call, limiting price appreciation.
- Modest incremental income on supranational debt compared to federal agencies helped buoy modest positive relative performance over the quarter. Despite the historically tight level of yield spreads, the sector served as a portfolio diversifier and performance enhancer relative to Treasuries and agencies over the past year.
- Following superb performance in Q1, investment-grade corporates continued to be one of the best performing sectors in Q2. Despite intra-quarter spread volatility, the incremental income from the sector-supported positive excess returns—returns in excess of Treasuries adjusted to similar duration. For the second consecutive quarter, lower-quality credits outperformed higher-quality issues as risk appetite held firm.
- AAA-rated asset-backed securities (ABS) were modestly additive to performance for the quarter despite spreads bouncing off 10-year lows in June. Within ABS, fixed-rate dominated floating rate structures and credit card collateral outpaced auto loans.
- The continued drop in rates pressured mortgage-backed securities (MBS) in Q2, resulting in underperformance and strongly negative excess returns. The decline in mortgage rates triggered expected increases in principal prepayments, generally a negative for the sector. On the flip side, agency-backed commercial mortgage-backed securities (CMBS) generated positive excess returns in back-to-back quarters as these structures have less prepayment variability and interest rate sensitivity.

QUARTERLY MARKET SUMMARY

Economic Snapshot



1. Data as of Fourth Quarter 2018.

2. Data as of First Quarter 2018.

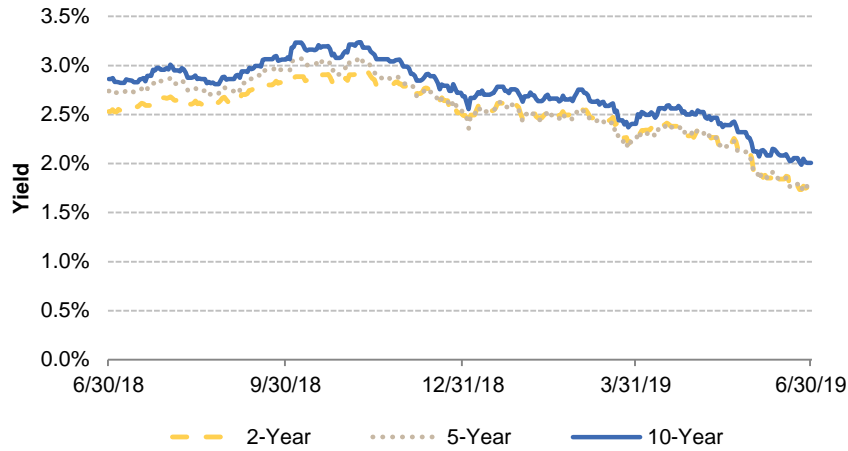
Note: YoY = year-over-year, QoQ = quarter-over-quarter, SAAR = seasonally adjusted annual rate, WTI = West Texas Intermediate crude oil.

Source: Bloomberg.

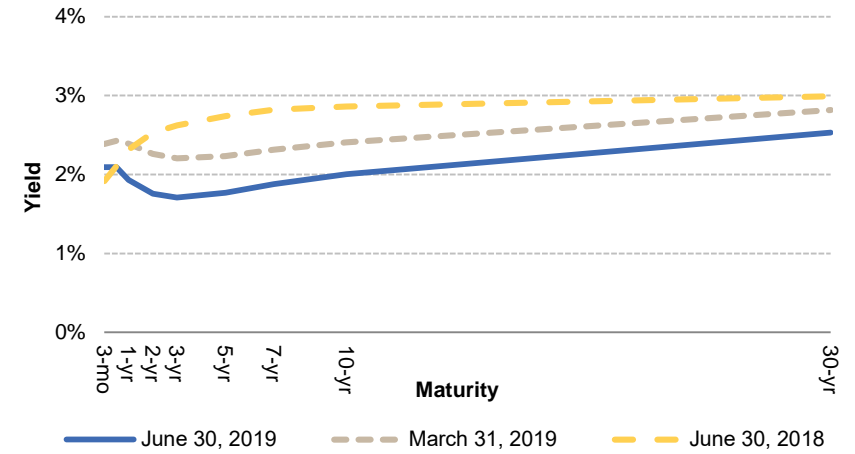
QUARTERLY MARKET SUMMARY

Interest Rate Overview

U.S. Treasury Note Yields



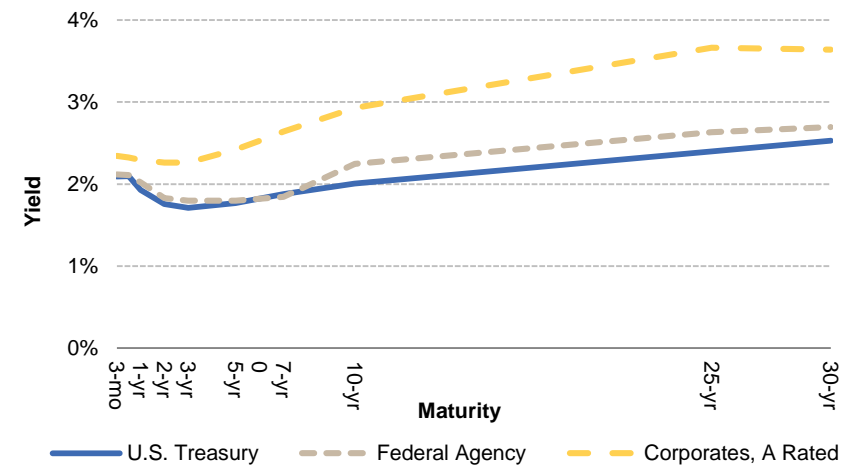
U.S. Treasury Yield Curve



U.S. Treasury Yields

Maturity	Jun '19	Mar '19	Change over Quarter	Jun '18	Change over Year
3-Month	2.09%	2.39%	(0.30%)	1.92%	0.17%
1-Year	1.93%	2.39%	(0.46%)	2.31%	(0.38%)
2-Year	1.76%	2.26%	(0.50%)	2.53%	(0.77%)
5-Year	1.77%	2.23%	(0.46%)	2.74%	(0.97%)
10-Year	2.01%	2.41%	(0.40%)	2.86%	(0.85%)
30-Year	2.53%	2.82%	(0.29%)	2.99%	(0.46%)

Yield Curves as of 6/30/19



Source: Bloomberg.

QUARTERLY MARKET SUMMARY

ICE BofAML Index Returns

June 30, 2019	As of 6/30/19	Yield	Returns for Periods ended 6/30/19		
	Duration		3 Month	1 Year	3 Years
1-3 Year Indices					
U.S. Treasury	1.87	1.80%	1.44%	3.96%	1.29%
Federal Agency	1.54	1.83%	1.30%	3.88%	1.46%
U.S. Corporates, A-AAA rated	1.87	2.30%	1.54%	4.84%	2.13%
Agency MBS (0 to 3 years)	3.57	2.63%	1.59%	5.69%	2.10%
Taxable Municipals	1.77	2.19%	1.52%	4.77%	2.56%
1-5 Year Indices					
U.S. Treasury	2.63	1.77%	1.82%	4.89%	1.31%
Federal Agency	1.83	1.80%	1.44%	4.30%	1.46%
U.S. Corporates, A-AAA rated	2.65	2.36%	2.01%	6.06%	2.34%
Agency MBS (0 to 5 years)	3.18	2.68%	1.86%	5.56%	1.71%
Taxable Municipals	2.22	2.43%	1.38%	5.11%	2.45%
Master Indices (Maturities 1 Year or Greater)					
U.S. Treasury	6.64	1.94%	3.06%	7.33%	1.34%
Federal Agency	4.04	1.98%	2.32%	6.20%	1.89%
U.S. Corporates, A-AAA rated	7.46	2.87%	4.04%	10.11%	3.32%
Agency MBS (0 to 30 years)	3.83	2.75%	2.01%	6.32%	2.10%
Taxable Municipals	10.83	3.34%	4.99%	11.36%	4.38%

Returns for periods greater than one year are annualized.
Source: ICE BofAML Indices.

QUARTERLY MARKET SUMMARY

DISCLOSURES

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Investment Performance Review

Portfolio Recap

- ◆ Interest rates plummeted in the second quarter, with yields on 2- to 5-year Treasury securities falling around 50 basis points (0.50%) to the lowest levels since 2017. Rates fell in response to slowing global growth expectations, weakness in manufacturing due to renewed trade disputes, low inflation, and expectations for multiple Fed rate cuts in the second half of the year. Much of the yield curve remains inverted, where longer-term yields are lower than short-term yields.
- ◆ U.S. equity markets reached new all-time highs in the quarter and credit-sensitive fixed income assets performed well despite elevated geopolitical risks and yield spreads on corporate bonds widening modestly over the quarter.
- ◆ Our strategy throughout the quarter included the following elements:
 - Broad diversification, generally including the widest range of permitted investments, which reduces the overall risk in the portfolio and provides the opportunity for better returns over the long term.
 - We maintained a portfolio duration in line with the benchmark. Maintaining a neutral duration—despite the inverted yield curve—drove strong market-value returns across most fixed-income sectors as market prices on fixed-income securities tend to rise as yields fall.
 - Corporate yield spreads remain tight by historical standards but widened briefly amid trade tensions. Corporates generated excess returns for the second consecutive quarter. We focused allocations on high quality issuers with relatively less exposure to international trade risks. We also had a slight preference for industrials over financials in the quarter.
 - Performance in the agency MBS sector was mixed for the second quarter, with agency commercial MBS outperforming pass-through securities. Within Asset-backed securities (ABS), spreads declined to 10-year lows throughout the first half of the quarter, providing incremental returns relative to Treasuries. By June, ABS spreads began to widen slightly but still remained low by historical standards.
 - Negotiable bank CD yield spreads narrowed in the second quarter, reducing their overall attractiveness. By quarter-end, the money market yield curve was also inverted.

Investment Strategy Outlook

- ◆ While we expect U.S. and global economic growth to moderate in the second half of the year amid elevated risks to the economy, we do not believe a recession is imminent.
- ◆ The Fed has officially shifted its stance on monetary policy from “patient” to “appropriate,” and rates have continued to move lower. As such, our view is to continue to maintain a portfolio duration in line with the benchmark in order to minimize risk and optimize performance relative to the benchmark in the event yields continue to decline. While market-implied probabilities and economist surveys strongly suggest that the Fed will cut rates as early as July, the key questions of “when” and “how much” will drive our strategy over the rest of the year.
- ◆ Our outlook for each of the major investment-grade fixed-income sectors are as follows:
 - Federal agency spreads are very tight and we expect them to remain so. Although callable agency spreads are wider than they have been in a while, the sharp downward move in rates has reduced the likelihood of outperformance.
 - In supranationals, supply constraints have led us to recalibrate our strategy to account for lower allocations. We will still seek to add supranationals to the portfolio as attractive issues become available.
 - As a result of the Fed’s more accommodative stance and our positive view of the corporate sector, we will maintain corporate allocations and seek to modestly extend the duration of our allocations, while remaining diligent in our issuer and security selection process.
 - ABS spreads have recently widened back to levels that offer attractive incremental income compared to government and credit alternatives. We will seek to maintain allocations.
 - The decline in mortgage rates, increase in paydowns, and the Fed’s ongoing reduction in the holdings of agency MBS on their balance sheet are expected to continue. Our focus will be on specific structures, like agency commercial MBS, that offer incremental income and prepayment stability.
 - Historically tight spreads have also reduced the range of high-quality, short-term credit issues that offer adequate incremental income to warrant purchase. Careful maturity selection around Fed meeting expectations will be an important consideration going forward, particularly with both the Treasury and credit yield curves inverted.

Sector Allocation & Compliance

◆ The portfolio is in compliance with the Group's Investment Policy and the California Government Code.

Security Type	Market Value as of 6/30/19	% of Portfolio	Permitted by Policy	In Compliance
U.S. Treasury	\$14,017,998	37.1%	100%	✓
Federal Agency	\$1,768,513	4.7%	100%	✓
Federal Agency CMOs	\$633,593	1.7%	100%	✓
Municipal Obligations	\$431,634	1.1%	100%	✓
Supranationals	\$2,352,195	6.2%	30%	✓
Negotiable CDs	\$4,265,098	11.3%	30%	✓
Corporate Notes	\$11,269,497	29.8%	30%	✓
Asset-Backed Securities	\$2,883,245	7.6%	20%	✓
Securities Sub-Total	\$37,621,774	99.5%		
Accrued Interest	\$215,732			
Securities Total	\$37,837,506			
Money Market Fund	\$200,571	0.5%	20%	✓
Total Investments	\$38,038,077	100.0%		

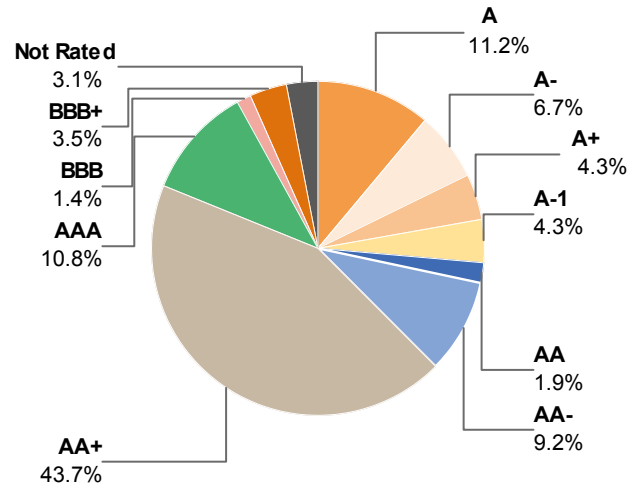
Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of April 2015.

Portfolio Statistics

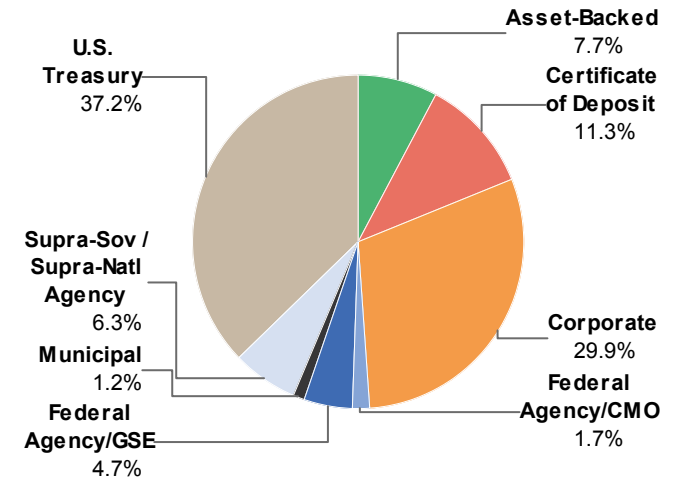
As of June 30, 2019

Par Value:	\$37,258,941
Total Market Value:	\$38,038,077
Security Market Value:	\$37,621,774
Accrued Interest:	\$215,732
Cash:	\$200,571
Amortized Cost:	\$37,050,454
Yield at Market:	2.00%
Yield at Cost:	2.51%
Effective Duration:	2.51 Years
Duration to Worst:	2.54 Years
Average Maturity:	2.80 Years
Average Credit: *	AA

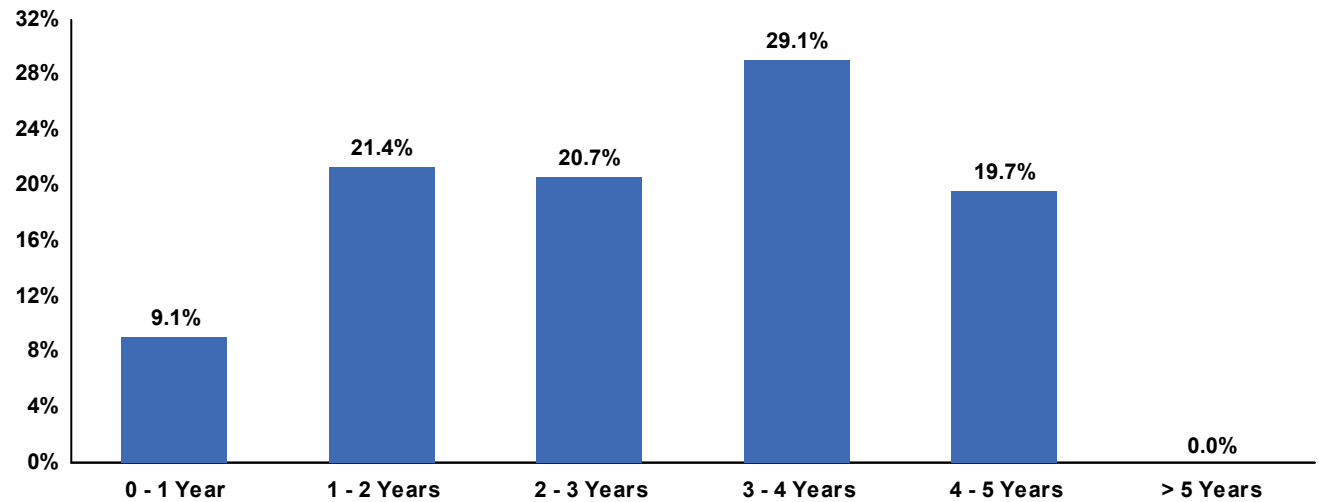
Credit Quality (S&P Ratings)**



Sector Allocation



Maturity Distribution

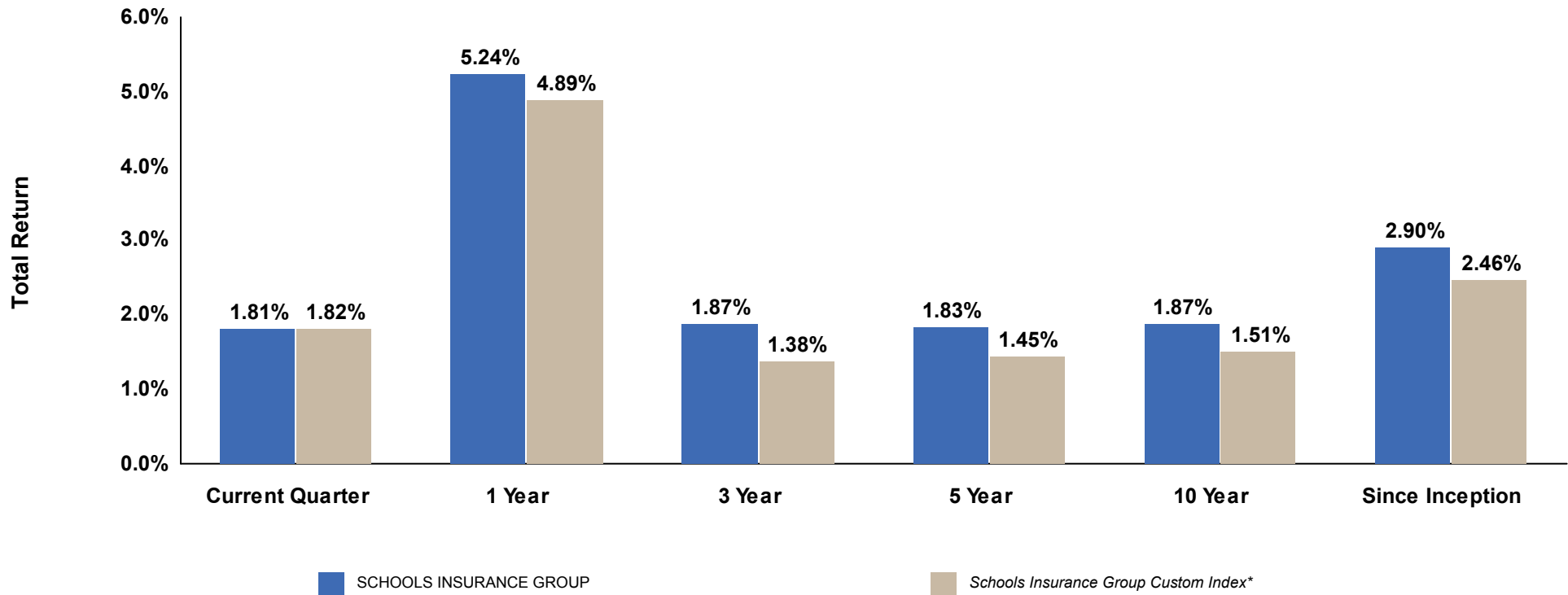


* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

**Securities held in the Group's portfolio are in compliance with California Government Code and the Group's investment policy dated April 2015.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				
			1 Year	3 Year	5 Year	10 Year	Since Inception (03/31/05)
SCHOOLS INSURANCE GROUP	2.51	1.81%	5.24%	1.87%	1.83%	1.87%	2.90%
Schools Insurance Group Custom Index*	2.56	1.82%	4.89%	1.38%	1.45%	1.51%	2.46%
Difference		-0.01%	0.35%	0.49%	0.38%	0.36%	0.44%



Portfolio performance is gross of fees unless otherwise indicated.

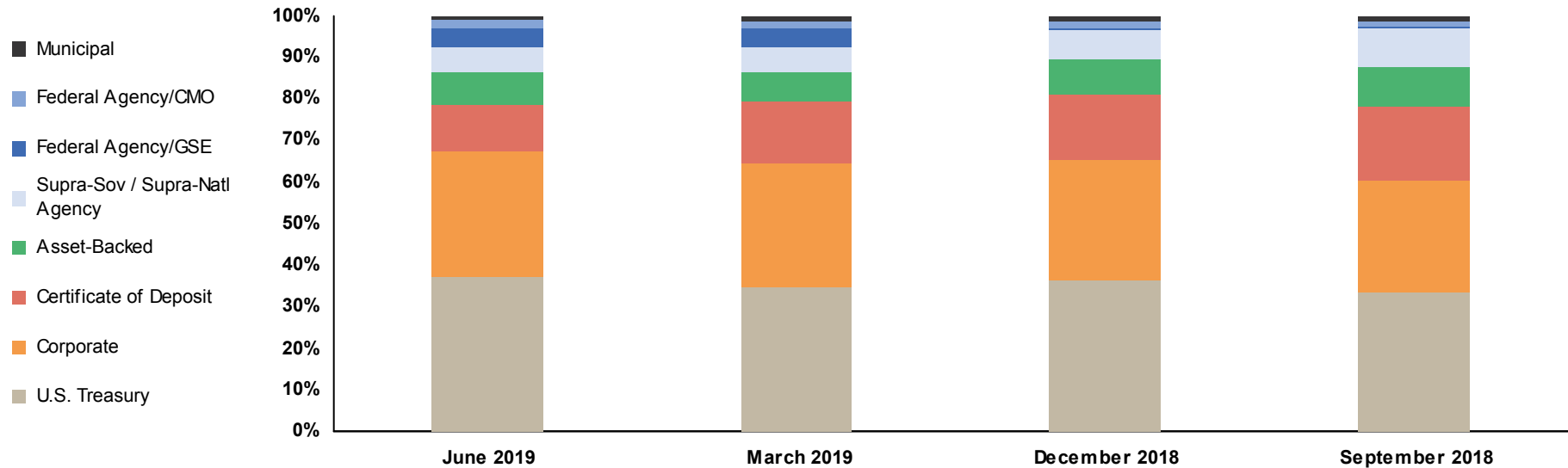
*As of June 30, 2017 the benchmark changed from the ICE BofAML 0-5 Year U.S. Treasury Index to the ICE BofAML 1-5 Year U.S. Treasury Index.

Portfolio Earnings*Quarter-Ended June 30, 2019*

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (03/31/2019)	\$36,922,466.03	\$36,803,833.92
Net Purchases/Sales	\$244,893.30	\$244,893.30
Change in Value	\$454,414.30	\$1,726.83
Ending Value (06/30/2019)	\$37,621,773.63	\$37,050,454.05
Interest Earned	\$220,420.48	\$220,420.48
Portfolio Earnings	\$674,834.78	\$222,147.31

Sector Allocation

Sector	June 30, 2019		March 31, 2019		December 31, 2018		September 30, 2018	
	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total	MV (\$MM)	% of Total
U.S. Treasury	14.0	37.2%	12.7	34.5%	13.2	36.1%	12.1	33.4%
Corporate	11.3	29.9%	11.0	29.9%	10.6	29.1%	9.7	26.9%
Certificate of Deposit	4.3	11.3%	5.5	14.8%	5.7	15.6%	6.3	17.6%
Asset-Backed	2.9	7.7%	2.5	6.8%	3.1	8.5%	3.5	9.7%
Supra-Sov / Supra-Natl Agency	2.4	6.3%	2.3	6.3%	2.6	7.0%	3.4	9.4%
Federal Agency/GSE	1.8	4.7%	1.7	4.7%	0.2	0.6%	0.1	0.2%
Federal Agency/CMO	0.6	1.7%	0.6	1.8%	0.7	1.9%	0.6	1.6%
Municipal	0.4	1.2%	0.4	1.2%	0.4	1.2%	0.4	1.2%
Total	\$37.6	100.0%	\$36.9	100.0%	\$36.5	100.0%	\$36.0	100.0%

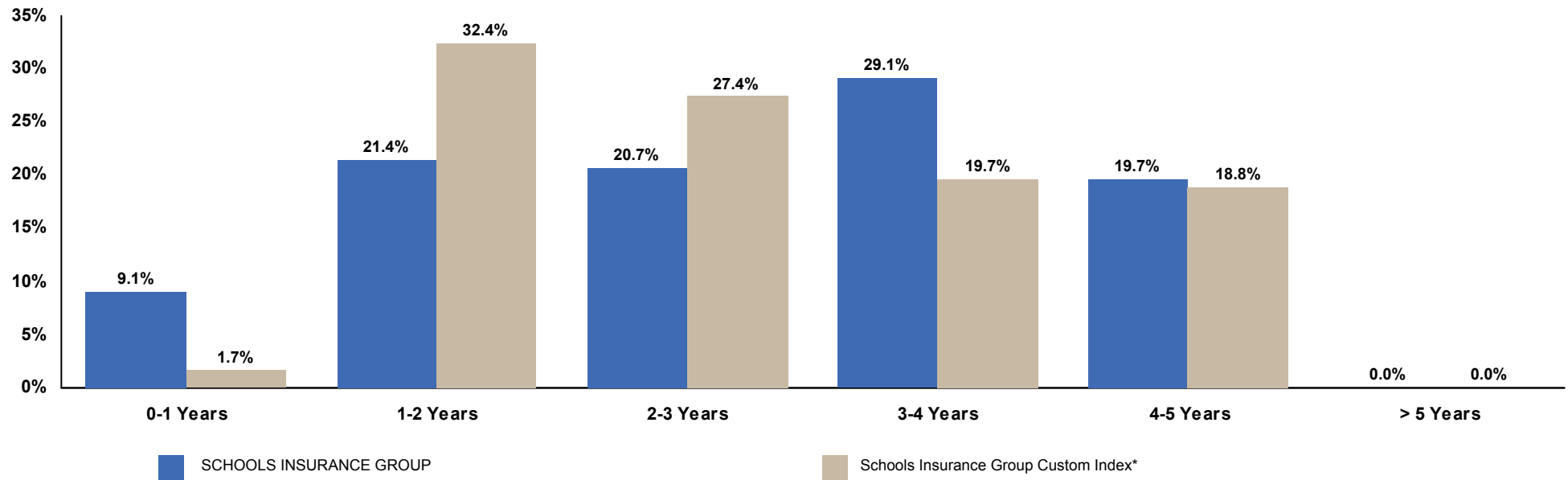


Detail may not add to total due to rounding.

Maturity Distribution

As of June 30, 2019

Portfolio/Benchmark	Yield at Market	Average Maturity	0-1 Years	1-2 Years	2-3 Years	3-4 Years	4-5 Years	>5 Years
SCHOOLS INSURANCE GROUP	2.00%	2.80 yrs	9.1%	21.4%	20.7%	29.1%	19.7%	0.0%
Schools Insurance Group Custom Index*	1.77%	2.75 yrs	1.7%	32.4%	27.4%	19.7%	18.8%	0.0%



* As of June 30, 2017 the benchmark changed from the ICE BofAML 0-5 Year U.S. Treasury Index to the ICE BofAML 1-5 Year U.S. Treasury Index.

Transactions and Account Holdings

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
BUY									
4/2/19	4/4/19	950,000	912828S92	US TREASURY NOTES	1.25%	7/31/23	911,840.08	2.28%	
4/3/19	4/4/19	250,000	22535CDU2	CREDIT AGRICOLE CIB NY CERT DEPOS	2.83%	4/2/21	250,000.00	2.85%	
4/3/19	4/10/19	155,000	44932NAD2	HYUNDAI AUTO RECEIVABLES TRUST	2.66%	6/15/23	154,979.60	2.67%	
4/25/19	4/29/19	200,000	808513AY1	CHARLES SCHWAB CORP NOTES	3.55%	2/1/24	208,685.56	2.76%	
4/30/19	5/8/19	175,000	89239JAD6	TAOT 2019-B A3	2.57%	8/15/23	174,972.09	2.58%	
4/30/19	5/8/19	130,000	31680YAD9	FIFTH THIRD AUTO TRUST	2.64%	12/15/23	129,971.43	2.72%	
5/1/19	5/3/19	500,000	912828W71	US TREASURY N/B	2.12%	3/31/24	497,305.65	2.28%	
5/1/19	5/3/19	340,000	172967GT2	CITIGROUP INC CORP NOTES	3.50%	5/15/23	350,384.73	3.12%	
5/3/19	5/6/19	650,000	912828X70	US TREASURY N/B NOTES	2.00%	4/30/24	639,725.63	2.34%	
5/21/19	5/23/19	360,000	023135AW6	AMAZON.COM INC BONDS	2.40%	2/22/23	358,504.80	2.69%	
5/21/19	5/29/19	145,000	43815MAC0	HAROT 2019-2 A3	2.52%	6/21/23	144,994.59	2.52%	
5/21/19	5/30/19	75,000	14042WAC4	COPAR 2019-1 A3	2.51%	11/15/23	74,984.81	2.52%	
6/3/19	6/5/19	490,000	9128284L1	US TREASURY N/B	2.75%	4/30/23	507,511.18	1.87%	
6/6/19	6/7/19	605,000	912828X70	US TREASURY N/B NOTES	2.00%	4/30/24	608,967.23	1.90%	
Total BUY		5,025,000					5,012,827.38		

INTEREST

4/1/19	4/1/19	425,000	13063DGA0	CA ST TXBL GO BONDS	2.80%	4/1/21	5,950.00		
4/1/19	4/1/19	535,000	05531FAX1	BB&T CORP (CALLABLE) NOTES	2.75%	4/1/22	7,356.25		
4/1/19	4/25/19	7,850	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	10.77		
4/1/19	4/25/19	156,264	3137FKK39	FHMS KP05 A	3.20%	7/1/23	417.10		
4/1/19	4/25/19	1,152	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1.71		
4/1/19	4/25/19	191,818	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	579.31		
4/1/19	4/25/19	280,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	721.00		

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/6/19	4/6/19	190,000	713448DL9	PEPSICO, INC CORP (CALLABLE) NOTES	1.70%	10/6/21	1,615.00		
4/15/19	4/15/19	53,766	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	76.17		
4/15/19	4/15/19	101,209	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	108.80		
4/15/19	4/15/19	44,905	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	44.16		
4/15/19	4/15/19	27,527	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	26.15		
4/15/19	4/15/19	80,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	177.33		
4/15/19	4/15/19	197,161	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	289.17		
4/15/19	4/15/19	175,376	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	244.07		
4/15/19	4/15/19	155,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	412.04		
4/15/19	4/15/19	21,957	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	23.79		
4/15/19	4/15/19	18,736	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	24.36		
4/15/19	4/15/19	355,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	594.63		
4/15/19	4/15/19	150,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	365.00		
4/15/19	4/15/19	275,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	456.04		
4/15/19	4/15/19	297,768	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	441.69		
4/15/19	4/15/19	50,027	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	74.21		
4/15/19	4/15/19	19,312	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	20.12		
4/16/19	4/16/19	175,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	433.13		
4/16/19	4/16/19	525,000	86565BPC9	SUMITOMO MITSUI BANK NY CERT DEPOS	3.39%	10/16/20	8,898.75		
4/16/19	4/16/19	175,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	440.42		
4/18/19	4/18/19	40,304	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	38.96		
4/18/19	4/18/19	288	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	0.29		
4/19/19	4/19/19	30,000	06051GFW4	BANK OF AMERICA CORP NOTE	2.62%	4/19/21	393.75		
4/20/19	4/20/19	115,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	304.75		
4/25/19	4/25/19	355,000	38141GVU5	GOLDMAN SACHS GRP INC CORP NT (CALLABLE)	2.62%	4/25/21	4,659.38		
4/30/19	4/30/19	600,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	5,625.00		
4/30/19	4/30/19	465,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	2,906.25		
5/1/19	5/25/19	5,923	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	8.12		
5/1/19	5/25/19	280,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	721.00		
5/1/19	5/25/19	156,018	3137FKK39	FHMS KP05 A	3.20%	7/1/23	416.44		

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/1/19	5/25/19	188,146	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	567.69		
5/1/19	5/25/19	670	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	1.00		
5/3/19	5/3/19	400,000	06406FAB9	BANK OF NEW YORK MELLON (CALLABLE) NOTES	2.05%	5/3/21	4,100.00		
5/9/19	5/9/19	355,000	4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	2.12%	11/9/20	3,771.88		
5/11/19	5/11/19	210,000	369550BA5	GENERAL DYNAMICS CORP	2.87%	5/11/20	3,018.75		
5/13/19	5/13/19	100,000	69371RN85	PACCAR FINANCIAL CORP NOTES	2.05%	11/13/20	1,025.00		
5/15/19	5/15/19	275,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	456.04		
5/15/19	5/15/19	155,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	412.04		
5/15/19	5/15/19	14,821	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	16.06		
5/15/19	5/15/19	181,991	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	266.92		
5/15/19	5/15/19	1,260,000	912828WE6	US TREASURY NOTES	2.75%	11/15/23	17,325.00		
5/15/19	5/15/19	150,000	427866BA5	HERSHEY COMPANY CORP NOTES	3.10%	5/15/21	2,325.00		
5/15/19	5/15/19	160,502	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	223.37		
5/15/19	5/15/19	150,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	365.00		
5/15/19	5/15/19	22,974	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	21.83		
5/15/19	5/15/19	340,000	172967GT2	CITIGROUP INC CORP NOTES	3.50%	5/15/23	5,950.00		
5/15/19	5/15/19	90,441	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	97.22		
5/15/19	5/15/19	155,000	44932NAD2	HYUNDAI AUTO RECEIVABLES TRUST	2.66%	6/15/23	400.85		
5/15/19	5/15/19	14,833	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	15.45		
5/15/19	5/15/19	271,450	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	402.65		
5/15/19	5/15/19	48,850	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	69.20		
5/15/19	5/15/19	13,777	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	17.91		
5/15/19	5/15/19	45,080	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	66.87		
5/15/19	5/15/19	355,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	594.63		
5/15/19	5/15/19	80,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	177.33		
5/15/19	5/15/19	40,003	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	39.34		
5/16/19	5/16/19	175,000	36256XAD4	GM CAR 2019-1 A3	2.97%	11/16/23	433.13		
5/16/19	5/16/19	175,000	36255JAD6	GM CAR 2018-3 A3	3.02%	5/16/23	440.42		
5/16/19	5/16/19	700,000	87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	2.27%	11/16/20	7,989.14		
5/17/19	5/17/19	350,000	06051GHH5	BANK OF AMERICA CORP NOTES	3.49%	5/17/22	6,123.25		

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
5/18/19	5/18/19	30,538	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	29.52		
5/19/19	5/19/19	185,000	61744YAH1	MORGAN STANLEY CORP NOTES	2.75%	5/19/22	2,543.75		
5/19/19	5/19/19	180,000	61744YAH1	MORGAN STANLEY CORP NOTES	2.75%	5/19/22	2,475.00		
5/19/19	5/19/19	80,000	857477AV5	STATE STREET CORP NOTES	1.95%	5/19/21	780.00		
5/20/19	5/20/19	115,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	304.75		
6/1/19	6/25/19	280,000	3137BM6P6	FHLMC SERIES K721 A2	3.09%	8/25/22	721.00		
6/1/19	6/25/19	5,442	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	7.46		
6/1/19	6/25/19	155,754	3137FKK39	FHMS KP05 A	3.20%	7/1/23	415.73		
6/1/19	6/25/19	185,510	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	551.10		
6/5/19	6/5/19	600,000	06417GU22	BANK OF NOVA SCOTIA HOUSTON CD	3.08%	6/5/20	9,240.00		
6/5/19	6/5/19	180,000	437076BQ4	HOME DEPOT INC CORP NOTES	1.80%	6/5/20	1,620.00		
6/7/19	6/7/19	500,000	78012UEE1	ROYAL BANK OF CANADA NY CD	3.24%	6/7/21	8,100.00		
6/8/19	6/8/19	575,000	3130A0F70	FEDERAL HOME LOAN BANKS NOTES	3.37%	12/8/23	9,703.13		
6/10/19	6/10/19	360,000	02665WCP4	AMERICAN HONDA FINANCE CORP NOTES	3.37%	12/10/21	6,075.00		
6/15/19	6/15/19	715,000	931142EA7	WAL-MART STORES INC CORP NOTE	1.90%	12/15/20	6,792.50		
6/15/19	6/15/19	145,724	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	202.80		
6/15/19	6/15/19	80,559	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	86.60		
6/15/19	6/15/19	80,000	47788CAC6	JDOT 2018-A A3	2.66%	4/15/22	177.33		
6/15/19	6/15/19	175,000	89239JAD6	TAOT 2019-B A3	2.57%	8/15/23	462.24		
6/15/19	6/15/19	246,533	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	365.69		
6/15/19	6/15/19	150,000	02004VAC7	ALLYA 2018-2 A3	2.92%	11/15/22	365.00		
6/15/19	6/15/19	39,562	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	58.68		
6/15/19	6/15/19	355,000	34532AAD5	FORDO 2017-C A3	2.01%	3/15/22	594.63		
6/15/19	6/15/19	9,271	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	12.05		
6/15/19	6/15/19	155,000	34531LAD2	FORDL 2018-B A3	3.19%	12/15/21	412.04		
6/15/19	6/15/19	35,072	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	34.49		
6/15/19	6/15/19	75,000	14042WAC4	COPAR 2019-1 A3	2.51%	11/15/23	78.44		
6/15/19	6/15/19	7,972	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	8.64		
6/15/19	6/15/19	167,998	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	246.40		
6/15/19	6/15/19	130,000	31680YAD9	FIFTH THIRD AUTO TRUST	2.64%	12/15/23	352.73		

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
6/15/19	6/15/19	275,000	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	456.04		
6/15/19	6/15/19	9,402	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	9.79		
6/15/19	6/15/19	18,613	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	17.68		
6/15/19	6/15/19	360,000	458140AM2	INTEL CORP CORP NOTES	2.70%	12/15/22	4,860.00		
6/15/19	6/15/19	155,000	44932NAD2	HYUNDAI AUTO RECEIVABLES TRUST	2.66%	6/15/23	343.58		
6/15/19	6/15/19	43,849	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	62.12		
6/16/19	6/16/19	175,000	36255JAD6	GMCAR 2018-3 A3	3.02%	5/16/23	440.42		
6/16/19	6/16/19	175,000	36256XAD4	GMCAR 2019-1 A3	2.97%	11/16/23	433.13		
6/18/19	6/18/19	21,599	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	20.88		
6/20/19	6/20/19	115,000	36256GAD1	GMALT 2018-3 A3	3.18%	6/20/21	304.75		
6/21/19	6/21/19	145,000	43815MAC0	HAROT 2019-2 A3	2.52%	6/21/23	223.30		
6/30/19	6/30/19	880,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	9,350.00		
6/30/19	6/30/19	240,000	912828XG0	US TREASURY N/B NOTES	2.12%	6/30/22	2,550.00		
6/30/19	6/30/19	1,100,000	912828N30	US TREASURY NOTES	2.12%	12/31/22	11,687.50		
6/30/19	6/30/19	75,000	9128285U0	US TREASURY N/B	2.62%	12/31/23	984.38		
6/30/19	6/30/19	135,000	912828U81	US TREASURY NOTES	2.00%	12/31/21	1,350.00		
Total INTEREST		23,134,300					187,498.35		

PAYDOWNS

4/1/19	4/25/19	1,927	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	1,927.23		0.00
4/1/19	4/25/19	482	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	482.18		0.00
4/1/19	4/25/19	247	3137FKK39	FHMS KP05 A	3.20%	7/1/23	246.59		0.00
4/1/19	4/25/19	3,672	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	3,672.43		0.00
4/15/19	4/15/19	7,136	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	7,135.96		0.00
4/15/19	4/15/19	26,318	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	26,317.99		0.00
4/15/19	4/15/19	4,916	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	4,916.12		0.00
4/15/19	4/15/19	14,874	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	14,873.92		0.00
4/15/19	4/15/19	15,170	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	15,169.70		0.00

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
4/15/19	4/15/19	4,479	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	4,478.66		0.00
4/15/19	4/15/19	4,959	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	4,958.70		0.00
4/15/19	4/15/19	4,553	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	4,553.45		0.00
4/15/19	4/15/19	4,948	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	4,947.63		0.00
4/15/19	4/15/19	10,769	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	10,768.51		0.00
4/15/19	4/15/19	4,903	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	4,902.54		0.00
4/18/19	4/18/19	9,766	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	9,766.08		0.00
4/18/19	4/18/19	288	43814NAC9	HONDA ABS 2016-1 A3	1.22%	12/18/19	288.20		0.00
5/1/19	5/25/19	481	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	480.76		0.00
5/1/19	5/25/19	264	3137FKK39	FHMS KP05 A	3.20%	7/1/23	263.55		0.00
5/1/19	5/25/19	670	3136ASPX8	FNMA SERIES 2016-M9 ASQ2	1.78%	6/1/19	669.63		0.00
5/1/19	5/25/19	2,636	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	2,636.07		0.00
5/15/19	5/15/19	4,361	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	4,361.02		0.00
5/15/19	5/15/19	4,506	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	4,506.25		0.00
5/15/19	5/15/19	9,882	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	9,882.28		0.00
5/15/19	5/15/19	24,918	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	24,917.54		0.00
5/15/19	5/15/19	5,518	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	5,517.72		0.00
5/15/19	5/15/19	6,849	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	6,849.07		0.00
5/15/19	5/15/19	14,778	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	14,778.05		0.00
5/15/19	5/15/19	5,432	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	5,431.55		0.00
5/15/19	5/15/19	4,931	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	4,931.21		0.00
5/15/19	5/15/19	13,993	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	13,993.28		0.00
5/15/19	5/15/19	5,001	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	5,000.97		0.00
5/18/19	5/18/19	8,938	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	8,938.48		0.00
6/1/19	6/25/19	897	3137FKK39	FHMS KP05 A	3.20%	7/1/23	897.48		0.00
6/1/19	6/25/19	5,116	3136AQDQ0	FANNIE MAE SERIES 2015-M13 ASQ2	1.64%	9/1/19	5,115.89		0.00
6/1/19	6/25/19	667	3136B1XP4	FNA 2018-M5 A2	3.56%	9/25/21	667.36		0.00
6/15/19	6/15/19	4,646	02007PAC7	ALLY ABS 2017-1 A3	1.70%	6/15/21	4,645.77		0.00
6/15/19	6/15/19	3,595	47788NAC2	JOHN DEERE ABS 2016-B A3	1.25%	6/15/20	3,595.41		0.00
6/15/19	6/15/19	4,148	89237WAD9	TOYOTA ABS 2016-C A3	1.14%	8/15/20	4,148.20		0.00

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
6/15/19	6/15/19	4,392	44930UAD8	HYUNDAI ABS 2016-A A3	1.56%	9/15/20	4,392.22		0.00
6/15/19	6/15/19	4,368	47787XAC1	JOHN DEERE ABS 2017-A A3	1.78%	4/15/21	4,367.79		0.00
6/15/19	6/15/19	14,071	44931PAD8	HYUNDAI ABS 2017-A A3	1.76%	8/15/21	14,071.31		0.00
6/15/19	6/15/19	23,026	02007HAC5	ALLY ABS 2017-2 A3	1.78%	8/15/21	23,026.38		0.00
6/15/19	6/15/19	9,747	44891EAC3	HYUNDAI ABS 2016-B A3	1.29%	4/15/21	9,746.82		0.00
6/15/19	6/15/19	15,089	02007YAC8	ALLYA 2017-5 A3	1.99%	3/15/22	15,089.36		0.00
6/15/19	6/15/19	6,419	89231UAD9	TOYOTA ABS 2016-B A3	1.30%	4/15/20	6,419.32		0.00
6/15/19	6/15/19	14,537	34531EAD8	FORD ABS 2017-A A3	1.67%	6/15/21	14,537.05		0.00
6/15/19	6/15/19	4,598	65478WAD7	NISSAN ABS 2016-C A3	1.18%	1/15/21	4,598.25		0.00
6/18/19	6/18/19	8,600	438124AC3	HONDA ABS 2016-3 A3	1.16%	5/18/20	8,600.37		0.00
Total PAYDOWNS		356,482					356,482.30		0.00

SELL

4/2/19	4/4/19	725,000	83050FXT3	SKANDINAVISKA ENSKILDA BANKEN NY CD	1.84%	8/2/19	725,383.34	2.60%	(1,830.44)
4/3/19	4/4/19	250,000	22532XHT8	CREDIT AGRICOLE CIB NY FLT CERT DEPOS	3.05%	4/10/20	252,735.22	2.97%	837.93
4/3/19	4/8/19	160,000	912828T67	US TREASURY NOTES	1.25%	10/31/21	156,690.95	2.31%	(822.70)
4/25/19	4/29/19	120,000	0258M0EC9	AMERICAN EXPRESS CREDIT (CALLABLE) CORP	1.70%	10/30/19	120,435.93	2.67%	(553.95)
5/1/19	5/3/19	130,000	912828L57	US TREASURY NOTES	1.75%	9/30/22	128,143.40	2.24%	(619.41)
5/1/19	5/3/19	350,000	172967LF6	CITIGROUP INC (CALLABLE) CORP NOTE	2.45%	1/10/20	351,956.60	2.76%	(702.10)
5/1/19	5/3/19	370,000	912828L57	US TREASURY NOTES	1.75%	9/30/22	364,715.84	2.24%	(3,500.58)
5/1/19	5/8/19	325,000	0258M0EE5	AMERICAN EXPRESS CREDIT (CALLABLE) NOTE	2.20%	3/3/20	324,903.22	2.73%	(1,293.25)
5/3/19	5/6/19	30,000	912828L57	US TREASURY NOTES	1.75%	9/30/22	29,509.06	2.31%	(74.91)
5/3/19	5/6/19	470,000	912828L57	US TREASURY NOTES	1.75%	9/30/22	462,308.63	2.31%	(3,298.01)
5/21/19	5/23/19	360,000	912828W9	US TREASURY NOTES	1.87%	9/30/22	357,293.09	2.19%	4,020.84
5/28/19	5/30/19	35,000	912828S92	US TREASURY NOTES	1.25%	7/31/23	33,965.30	2.10%	462.45
6/3/19	6/5/19	500,000	65590ASN7	NORDEA BANK AB NY CD	2.72%	2/20/20	504,576.49	2.54%	609.82
6/6/19	6/7/19	600,000	912828X47	US TREASURY NOTES	1.87%	4/30/22	601,489.81	1.86%	(2,495.82)

SCHOOLS INSURANCE GROUP

Portfolio Activity

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt (\$)	Yield at Market	Realized G/L (BV)
Total SELL		4,425,000					4,414,106.88		-9,260.13

Issuer Distribution

As of June 30, 2019

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	14,017,998	37.3%
INTL BANK OF RECONSTRUCTION AND DEV	1,171,921	3.1%
FEDERAL HOME LOAN BANKS	1,086,221	2.9%
THE BANK OF NEW YORK MELLON CORPORATION	1,005,246	2.7%
FANNIE MAE	871,093	2.3%
INTER-AMERICAN DEVELOPMENT BANK	817,730	2.2%
WAL-MART STORES INC	713,716	1.9%
WELLS FARGO & COMPANY	699,343	1.9%
SWEDBANK AB	697,936	1.9%
ALLY AUTO RECEIVABLES TRUST	672,779	1.8%
WESTPAC BANKING CORP	669,064	1.8%
UBS AG	637,810	1.7%
GENERAL ELECTRIC CO	608,524	1.6%
BANK OF NOVA SCOTIA	605,033	1.6%
BANK OF AMERICA CO	549,701	1.5%
TOYOTA MOTOR CORP	548,466	1.5%
BB&T CORPORATION	541,476	1.4%
SUMITOMO MITSUI FINANCIAL GROUP INC	533,098	1.4%

Top 5 = 48.2%

Top 10 = 57.8%

SCHOOLS INSURANCE GROUP

Portfolio Composition

Issuer	Market Value (\$)	% of Portfolio
CITIGROUP INC	517,778	1.4%
ROYAL BANK OF CANADA	509,882	1.4%
PEPSICO INC	494,091	1.3%
FORD CREDIT AUTO OWNER TRUST	485,224	1.3%
FREDDIE MAC	444,793	1.2%
CALIFORNIA ST	431,634	1.2%
CISCO SYSTEMS INC	427,475	1.1%
HYUNDAI AUTO RECEIVABLES	385,636	1.0%
HOME DEPOT INC	375,460	1.0%
AMERICAN HONDA FINANCE	369,280	1.0%
MORGAN STANLEY	368,829	1.0%
INTEL CORPORATION	366,283	1.0%
CATERPILLAR INC	365,219	1.0%
DEERE & COMPANY	363,989	1.0%
AMAZON.COM INC	363,493	1.0%
INTERNATIONAL FINANCE CORPORATION	362,544	1.0%
CREDIT SUISSE GROUP	360,982	1.0%
JP MORGAN CHASE & CO	360,152	1.0%
COMCAST CORP	360,064	1.0%
GOLDMAN SACHS GROUP INC	356,207	1.0%
GM FINANCIAL SECURITIZED TERM	355,398	0.9%

SCHOOLS INSURANCE GROUP

Portfolio Composition

Issuer	Market Value (\$)	% of Portfolio
IBM CORP	352,782	0.9%
NATIONAL RURAL UTILITIES CO FINANCE CORP	303,552	0.8%
PACCAR FINANCIAL CORP	286,622	0.8%
CREDIT AGRICOLE SA	251,294	0.7%
CHARLES SCHWAB	211,695	0.6%
GENERAL DYNAMICS CORP	211,041	0.6%
HONDA AUTO RECEIVABLES	159,611	0.4%
FORD CREDIT AUTO LEASE TRUST	156,650	0.4%
HERSHEY COMPANY	152,569	0.4%
FIFTH THIRD AUTO TRUST	131,446	0.4%
JOHN DEERE OWNER TRUST	121,291	0.3%
GM FINANCIAL AUTO LEASING TRUST	115,937	0.3%
THE WALT DISNEY CORPORATION	109,710	0.3%
STATE STREET CORPORATION	79,792	0.2%
CAPITAL ONE PRIME AUTO REC TRUST	75,850	0.2%
NISSAN AUTO RECEIVABLES	30,366	0.1%
Grand Total:	37,621,774	100.0%

Sector/Issuer Distribution

As of June 30, 2019

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Asset-Backed			
ALLY AUTO RECEIVABLES TRUST	672,779	23.3%	1.8%
CAPITAL ONE PRIME AUTO REC TRUST	75,850	2.6%	0.2%
FIFTH THIRD AUTO TRUST	131,446	4.6%	0.3%
FORD CREDIT AUTO LEASE TRUST	156,650	5.4%	0.4%
FORD CREDIT AUTO OWNER TRUST	485,224	16.8%	1.3%
GM FINANCIAL AUTO LEASING TRUST	115,937	4.0%	0.3%
GM FINANCIAL SECURITIZED TERM	355,398	12.3%	0.9%
HONDA AUTO RECEIVABLES	159,611	5.5%	0.4%
HYUNDAI AUTO RECEIVABLES	385,636	13.4%	1.0%
JOHN DEERE OWNER TRUST	121,291	4.2%	0.3%
NISSAN AUTO RECEIVABLES	30,366	1.1%	0.1%
TOYOTA MOTOR CORP	193,058	6.7%	0.5%
Sector Total	2,883,245	100.0%	7.7%
Certificate of Deposit			
BANK OF NOVA SCOTIA	605,033	14.2%	1.6%
CREDIT AGRICOLE SA	251,294	5.9%	0.7%
CREDIT SUISSE GROUP	360,982	8.5%	1.0%
ROYAL BANK OF CANADA	509,882	12.0%	1.4%
SUMITOMO MITSUI FINANCIAL GROUP INC	533,098	12.5%	1.4%

SCHOOLS INSURANCE GROUP

Portfolio Composition

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
SWEDBANK AB	697,936	16.4%	1.9%
UBS AG	637,810	15.0%	1.7%
WESTPAC BANKING CORP	669,064	15.7%	1.8%
Sector Total	4,265,098	100.0%	11.3%
Corporate			
AMAZON.COM INC	363,493	3.2%	1.0%
AMERICAN HONDA FINANCE	369,280	3.3%	1.0%
BANK OF AMERICA CO	549,701	4.9%	1.5%
BB&T CORPORATION	541,476	4.8%	1.4%
CATERPILLAR INC	365,219	3.2%	1.0%
CHARLES SCHWAB	211,695	1.9%	0.6%
CISCO SYSTEMS INC	427,475	3.8%	1.1%
CITIGROUP INC	517,778	4.6%	1.4%
COMCAST CORP	360,064	3.2%	1.0%
DEERE & COMPANY	363,989	3.2%	1.0%
GENERAL DYNAMICS CORP	211,041	1.9%	0.6%
GENERAL ELECTRIC CO	608,524	5.4%	1.6%
GOLDMAN SACHS GROUP INC	356,207	3.2%	0.9%
HERSHEY COMPANY	152,569	1.4%	0.4%
HOME DEPOT INC	375,460	3.3%	1.0%
IBM CORP	352,782	3.1%	0.9%
INTEL CORPORATION	366,283	3.3%	1.0%
JP MORGAN CHASE & CO	360,152	3.2%	1.0%
MORGAN STANLEY	368,829	3.3%	1.0%

SCHOOLS INSURANCE GROUP

Portfolio Composition

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
NATIONAL RURAL UTILITIES CO FINANCE CORP	303,552	2.7%	0.8%
PACCAR FINANCIAL CORP	286,622	2.5%	0.8%
PEPSICO INC	494,091	4.4%	1.3%
STATE STREET CORPORATION	79,792	0.7%	0.2%
THE BANK OF NEW YORK MELLON CORPORATION	1,005,246	8.9%	2.7%
THE WALT DISNEY CORPORATION	109,710	1.0%	0.3%
TOYOTA MOTOR CORP	355,409	3.2%	0.9%
WAL-MART STORES INC	713,716	6.3%	1.9%
WELLS FARGO & COMPANY	699,343	6.2%	1.9%
Sector Total	11,269,497	100.0%	30.0%
Federal Agency/CMO			
FANNIE MAE	188,800	29.8%	0.5%
FREDDIE MAC	444,793	70.2%	1.2%
Sector Total	633,593	100.0%	1.7%
Federal Agency/GSE			
FANNIE MAE	682,293	38.6%	1.8%
FEDERAL HOME LOAN BANKS	1,086,221	61.4%	2.9%
Sector Total	1,768,513	100.0%	4.7%
Municipal			
CALIFORNIA ST	431,634	100.0%	1.1%

SCHOOLS INSURANCE GROUP

Portfolio Composition

Sector / Issuer	Market Value (\$)	% of Sector	% of Total Portfolio
Sector Total	431,634	100.0%	1.1%
Supra-Sov / Supra-Natl Agency			
INTER-AMERICAN DEVELOPMENT BANK	817,730	34.8%	2.2%
INTERNATIONAL FINANCE CORPORATION	362,544	15.4%	1.0%
INTL BANK OF RECONSTRUCTION AND DEV	1,171,921	49.8%	3.1%
Sector Total	2,352,195	100.0%	6.3%
U.S. Treasury			
UNITED STATES TREASURY	14,017,998	100.0%	37.3%
Sector Total	14,017,998	100.0%	37.3%
Portfolio Total	37,621,774	100.0%	100.0%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	465,000.00	AA+	Aaa	3/14/2017	3/16/2017	447,707.82	2.10	979.28	456,076.61	459,823.16
US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	135,000.00	AA+	Aaa	7/13/2017	7/14/2017	135,859.57	1.85	7.34	135,490.02	135,907.07
US TREASURY NOTES DTD 02/02/2015 1.500% 01/31/2022	912828H86	1,000,000.00	AA+	Aaa	7/5/2017	7/7/2017	983,554.69	1.88	6,256.91	990,529.35	994,375.00
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	120,000.00	AA+	Aaa	4/21/2017	4/24/2017	120,792.19	1.73	938.54	120,437.58	120,421.92
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	355,000.00	AA+	Aaa	8/17/2017	8/22/2017	357,149.41	1.74	1,673.16	356,304.28	356,566.97
US TREASURY N/B NOTES DTD 06/30/2015 2.125% 06/30/2022	912828XG0	240,000.00	AA+	Aaa	8/30/2017	8/31/2017	244,425.00	1.73	13.86	242,789.73	242,831.28
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	115,000.00	AA+	Aaa	2/27/2018	2/28/2018	111,428.71	2.62	899.43	112,468.47	115,516.58
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	200,000.00	AA+	Aaa	1/2/2018	1/4/2018	197,031.25	2.22	1,564.23	197,967.22	200,898.40
US TREASURY NOTES DTD 07/31/2017 1.875% 07/31/2022	9128282P4	305,000.00	AA+	Aaa	11/1/2017	11/3/2017	302,915.04	2.03	2,385.45	303,624.45	306,370.06
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	400,000.00	AA+	Aaa	6/5/2018	6/7/2018	384,062.50	2.74	1,759.56	387,834.27	400,281.20
US TREASURY NOTES DTD 10/02/2017 1.875% 09/30/2022	9128282W9	845,000.00	AA+	Aaa	4/2/2018	4/4/2018	821,135.35	2.54	3,982.58	827,466.10	849,159.09
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	360,000.00	AA+	Aaa	1/2/2018	1/4/2018	352,293.75	2.23	1,583.61	354,631.82	360,253.08
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	240,000.00	AA+	Aaa	6/4/2018	6/6/2018	230,418.75	2.74	1,055.74	232,690.54	240,168.72
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	1,100,000.00	AA+	Aaa	9/4/2018	9/6/2018	1,070,996.09	2.78	63.52	1,076,247.36	1,114,996.30
US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	880,000.00	AA+	Aaa	8/1/2018	8/3/2018	853,118.75	2.87	50.82	858,405.88	891,997.04

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 02/01/2016 1.750% 01/31/2023	912828P38	360,000.00	AA+	Aaa	11/1/2018	11/6/2018	342,829.69	2.96	2,627.90	345,339.30	360,253.08
US TREASURY NOTES DTD 02/01/2016 1.750% 01/31/2023	912828P38	100,000.00	AA+	Aaa	10/1/2018	10/3/2018	95,156.25	2.95	729.97	95,947.11	100,070.30
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	975,000.00	AA+	Aaa	12/4/2018	12/6/2018	921,908.20	2.85	3,676.23	928,543.19	966,888.00
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828Q29	600,000.00	AA+	Aaa	4/2/2018	4/4/2018	569,953.13	2.58	2,262.30	577,074.36	595,008.00
US TREASURY N/B DTD 04/30/2018 2.750% 04/30/2023	9128284L1	490,000.00	AA+	Aaa	6/3/2019	6/5/2019	506,192.97	1.87	2,270.24	505,910.01	508,375.00
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	950,000.00	AA+	Aaa	4/2/2019	4/4/2019	909,773.44	2.28	4,953.38	911,938.01	931,741.95
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	610,000.00	AA+	Aaa	2/8/2019	2/12/2019	579,476.17	2.44	3,180.59	581,975.71	598,276.41
US TREASURY NOTES DTD 11/15/2013 2.750% 11/15/2023	912828WE6	1,260,000.00	AA+	Aaa	3/6/2019	3/8/2019	1,272,747.66	2.52	4,425.41	1,271,958.00	1,312,959.06
US TREASURY N/B DTD 12/31/2018 2.625% 12/31/2023	9128285U0	75,000.00	AA+	Aaa	1/30/2019	1/31/2019	75,222.66	2.56	5.35	75,205.64	77,824.20
US TREASURY N/B DTD 03/31/2017 2.125% 03/31/2024	912828W71	500,000.00	AA+	Aaa	5/1/2019	5/3/2019	496,347.66	2.28	2,670.77	496,463.16	508,359.50
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	650,000.00	AA+	Aaa	5/3/2019	5/6/2019	639,513.67	2.34	2,190.22	639,817.68	657,083.70
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	605,000.00	AA+	Aaa	6/6/2019	6/7/2019	607,717.77	1.90	2,038.59	607,683.81	611,593.29
Security Type Sub-Total		13,935,000.00					13,629,728.14	2.40	54,244.98	13,690,819.66	14,017,998.36

Supra-National Agency Bond / Note

INTL BANK OF RECON AND DEV GLOBAL NOTES DTD 08/29/2017 1.625% 09/04/2020	459058GA5	355,000.00	AAA	Aaa	8/22/2017	8/29/2017	354,925.45	1.63	1,874.84	354,970.39	353,650.65
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Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Supra-National Agency Bond / Note											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	285,000.00	AAA	Aaa	9/12/2017	9/19/2017	284,316.00	1.64	1,347.01	284,721.21	283,567.31
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	355,000.00	AAA	Aaa	10/2/2017	10/10/2017	358,290.53	1.81	1,089.65	356,471.06	355,880.40
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	360,000.00	AAA	Aaa	3/9/2018	3/16/2018	359,730.00	2.66	2,951.20	359,843.80	362,544.12
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	525,000.00	AAA	Aaa	7/18/2018	7/25/2018	523,771.50	2.83	6,336.46	524,143.14	534,703.05
INTER-AMERICAN DEVEL BANK DTD 09/14/2017 1.750% 09/14/2022	4581X0CZ9	360,000.00	AAA	Aaa	2/21/2018	2/23/2018	344,253.60	2.78	1,872.50	348,735.58	359,467.92
INTER-AMERICAN DEVELOPMENT BANK NOTE DTD 01/18/2018 2.500% 01/18/2023	4581X0DA3	100,000.00	AAA	Aaa	6/4/2018	6/6/2018	98,273.00	2.90	1,131.94	98,654.23	102,381.20
Security Type Sub-Total		2,340,000.00					2,323,560.08	2.32	16,603.60	2,327,539.41	2,352,194.65
Municipal Bond / Note											
CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	425,000.00	AA-	Aa3	4/18/2018	4/25/2018	425,017.00	2.80	2,975.00	425,007.44	431,634.25
Security Type Sub-Total		425,000.00					425,017.00	2.80	2,975.00	425,007.44	431,634.25
Federal Agency Collateralized Mortgage Obligation											
FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AQDQ0	326.28	AA+	Aaa	10/7/2015	10/30/2015	329.55	1.08	0.45	326.28	325.68
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	184,842.54	AA+	Aaa	4/11/2018	4/30/2018	188,519.25	2.27	548.37	187,231.51	188,474.57

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Federal Agency Collateralized Mortgage Obligation											
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	280,000.00	AA+	Aaa	4/4/2018	4/9/2018	282,384.38	2.61	721.00	281,601.82	287,328.64
FHMS KP05 A DTD 12/01/2018 3.203% 07/01/2023	3137FKK39	154,856.65	AA+	Aaa	12/7/2018	12/17/2018	154,856.18	3.11	413.34	154,856.19	157,464.22
Security Type Sub-Total		620,025.47					626,089.36	2.63	1,683.16	624,015.80	633,593.11
Federal Agency Bond / Note											
FEDERAL HOME LOAN BANK NOTES DTD 08/26/2013 3.375% 09/08/2023	313383YJ4	200,000.00	AA+	Aaa	1/7/2019	1/9/2019	206,178.00	2.67	2,118.75	205,583.09	212,704.00
FEDERAL HOME LOAN BANK NOTES DTD 08/26/2013 3.375% 09/08/2023	313383YJ4	125,000.00	AA+	Aaa	12/4/2018	12/6/2018	127,174.50	2.98	1,324.22	126,933.03	132,940.00
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	215,000.00	AA+	Aaa	1/7/2019	1/9/2019	217,405.85	2.62	1,871.55	217,176.80	223,921.00
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	575,000.00	AA+	Aaa	1/30/2019	1/31/2019	591,947.49	2.72	1,239.84	590,589.29	611,725.83
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	445,000.00	AA+	Aaa	2/7/2019	2/8/2019	443,344.60	2.58	4,419.10	443,468.44	458,371.81
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	125,000.00	AA+	Aaa	2/14/2019	2/15/2019	124,557.50	2.58	1,180.56	124,589.00	128,850.75
Security Type Sub-Total		1,685,000.00					1,710,607.94	2.67	12,154.02	1,708,339.65	1,768,513.39
Corporate Note											
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	600,000.00	BBB+	Baa1	3/20/2015	3/25/2015	693,798.00	2.05	15,858.33	610,629.68	608,524.20
WELLS FARGO & CO CORP BONDS DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	700,000.00	A-	A2	10/2/2015	10/6/2015	703,010.00	2.05	6,312.64	700,421.37	699,342.70

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
WALT DISNEY COMPANY CORP NOTES DTD 03/06/2017 1.950% 03/04/2020	25468PDP8	110,000.00	A	A2	3/1/2017	3/6/2017	109,971.40	1.96	697.13	109,993.40	109,710.37
GENERAL DYNAMICS CORP DTD 05/11/2018 2.875% 05/11/2020	369550BA5	210,000.00	A+	A2	5/8/2018	5/11/2018	209,256.60	3.06	838.54	209,674.67	211,041.39
HOME DEPOT INC CORP NOTES DTD 06/05/2017 1.800% 06/05/2020	437076BQ4	180,000.00	A	A2	5/24/2017	6/5/2017	179,895.60	1.82	234.00	179,967.12	179,375.04
CATERPILLAR FINL SERVICE NOTE DTD 09/07/2017 1.850% 09/04/2020	14913Q2A6	265,000.00	A	A3	9/5/2017	9/7/2017	264,777.40	1.88	1,593.31	264,911.05	264,066.67
PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	100,000.00	A+	A1	11/6/2017	11/13/2017	99,991.00	2.05	273.33	99,995.83	99,923.70
WAL-MART STORES INC CORP NOTE DTD 10/20/2017 1.900% 12/15/2020	931142EA7	715,000.00	AA	Aa2	10/11/2017	10/20/2017	713,963.25	1.95	603.78	714,510.28	713,715.86
IBM CREDIT CORP NOTE DTD 09/08/2017 1.800% 01/20/2021	44932HAB9	355,000.00	A	A1	9/5/2017	9/8/2017	354,265.15	1.86	2,857.75	354,654.06	352,781.61
PACCAR FINANCIAL CORP NOTES DTD 02/27/2018 2.800% 03/01/2021	69371RN93	185,000.00	A+	A1	2/22/2018	2/27/2018	184,909.35	2.82	1,726.67	184,948.68	186,698.30
JOHN DEERE CAPITAL CORP NOTES DTD 03/13/2018 2.875% 03/12/2021	24422EUD9	120,000.00	A	A2	3/8/2018	3/13/2018	119,918.40	2.90	1,044.58	119,952.91	121,411.32
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	4/12/2018	4/19/2018	149,365.50	3.05	1,280.83	149,622.50	151,776.00
CATERPILLAR FINANCIAL SERVICES CORP NOTE DTD 03/15/2018 2.900% 03/15/2021	14913Q2G3	100,000.00	A	A3	3/12/2018	3/15/2018	99,946.00	2.92	853.89	99,968.74	101,152.20
NATIONAL RURAL UTIL COOP NOTE DTD 02/26/2018 2.900% 03/15/2021	63743HER9	150,000.00	A	A2	2/21/2018	2/26/2018	149,833.50	2.94	1,280.83	149,904.35	151,776.00
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	30,000.00	A-	A2	8/14/2017	8/17/2017	30,267.00	2.37	157.50	30,133.97	30,186.99
GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	355,000.00	BBB+	A3	10/27/2017	10/31/2017	356,441.30	2.50	1,708.44	355,752.10	356,207.00

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 05/02/2016 2.050% 05/03/2021	06406FAB9	400,000.00	A	A1	10/3/2016	10/5/2016	402,884.00	1.88	1,321.11	401,157.77	399,192.80
HERSHEY COMPANY CORP NOTES DTD 05/10/2018 3.100% 05/15/2021	427866BA5	150,000.00	A	A1	5/3/2018	5/10/2018	149,896.50	3.12	594.17	149,934.29	152,568.90
STATE STREET CORP NOTES DTD 05/19/2016 1.950% 05/19/2021	857477AV5	80,000.00	A	A1	5/19/2016	5/24/2016	79,697.60	2.03	182.00	79,882.25	79,791.52
CISCO SYSTEMS INC CORP (CALLABLE) NOTES DTD 09/20/2016 1.850% 09/20/2021	17275RBJ0	430,000.00	AA-	A1	2/27/2018	3/1/2018	415,027.40	2.89	2,231.82	420,473.89	427,475.04
PEPSICO, INC CORP (CALLABLE) NOTES DTD 10/06/2016 1.700% 10/06/2021	713448DL9	190,000.00	A+	A1	1/30/2017	1/31/2017	184,668.60	2.34	762.64	187,350.82	188,512.49
AMERICAN HONDA FINANCE CORP NOTES DTD 10/10/2018 3.375% 12/10/2021	02665WCP4	360,000.00	A	A2	10/3/2018	10/10/2018	359,827.20	3.39	708.75	359,856.38	369,280.44
JOHN DEERE CAPITAL CORP NOTES DTD 01/06/2017 2.650% 01/06/2022	24422ETL3	240,000.00	A	A2	3/10/2017	3/15/2017	238,941.60	2.75	3,091.67	239,432.13	242,577.36
BANK OF AMERICA CORP CORP NOTES DTD 01/24/2012 5.700% 01/24/2022	06051GEM7	150,000.00	A-	A2	6/19/2017	6/22/2017	169,683.00	2.64	3,728.75	161,289.72	162,768.90
BANK OF NY MELLON CORP (CALLABLE) NOTES DTD 02/07/2017 2.600% 02/07/2022	06406RAA5	600,000.00	A	A1	2/7/2017	2/10/2017	600,276.00	2.59	6,240.00	600,149.56	606,053.40
HOME DEPOT INC DTD 12/06/2018 3.250% 03/01/2022	437076BV3	190,000.00	A	A2	11/27/2018	12/6/2018	189,479.40	3.34	2,058.33	189,561.89	196,084.75
PEPSICO INC CORP NOTES DTD 03/05/2012 2.750% 03/05/2022	713448BY3	300,000.00	A+	A1	1/7/2019	1/9/2019	297,948.00	2.98	2,658.33	298,252.65	305,578.50
BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	535,000.00	A-	A2	4/3/2017	4/6/2017	539,039.25	2.59	3,678.13	537,262.89	541,476.18

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BANK OF AMERICA CORP NOTES DTD 05/17/2018 3.499% 05/17/2022	06051GHH5	350,000.00	A-	A2	5/14/2018	5/17/2018	350,000.00	3.50	1,496.79	350,000.00	356,745.20
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	185,000.00	BBB+	A3	6/20/2017	6/23/2017	185,259.00	2.72	593.54	185,157.93	186,940.84
MORGAN STANLEY CORP NOTES DTD 05/19/2017 2.750% 05/19/2022	61744YAH1	180,000.00	BBB+	A3	11/9/2017	11/13/2017	180,379.80	2.70	577.50	180,248.03	181,888.38
COMCAST CORPORATION CORP NOTES DTD 07/02/2012 3.125% 07/15/2022	20030NBD2	350,000.00	A-	A3	8/29/2017	9/1/2017	364,906.50	2.20	5,043.40	359,485.92	360,063.55
CITIGROUP INC CORP NOTES DTD 02/08/2013 4.050% 07/30/2022	172967GK1	160,000.00	BBB	Baa2	11/9/2017	11/13/2017	167,830.40	2.93	2,718.00	165,240.94	166,950.08
TOYOTA MOTOR CREDIT CORP NOTES DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	355,000.00	AA-	Aa3	9/8/2017	9/12/2017	354,581.10	2.18	2,395.76	354,727.63	355,408.61
INTEL CORP CORP NOTES DTD 12/11/2012 2.700% 12/15/2022	458140AM2	360,000.00	A+	A1	12/26/2018	12/28/2018	352,965.60	3.23	432.00	353,821.40	366,283.08
JPMORGAN CHASE & CO (CALLABLE) NOTES DTD 12/08/2016 2.972% 01/15/2023	48128BAB7	355,000.00	A-	A2	4/3/2018	4/4/2018	348,599.35	3.38	4,865.00	350,173.05	360,152.12
AMAZON.COM INC BONDS DTD 06/06/2018 2.400% 02/22/2023	023135AW6	360,000.00	AA-	A3	5/21/2019	5/23/2019	356,320.80	2.69	3,096.00	356,422.55	363,492.72
CITIGROUP INC CORP NOTES DTD 05/14/2013 3.500% 05/15/2023	172967GT2	340,000.00	BBB	Baa2	5/1/2019	5/3/2019	344,831.40	3.12	1,520.56	344,651.70	350,827.64
CHARLES SCHWAB CORP NOTES DTD 10/31/2018 3.550% 02/01/2024	808513AY1	200,000.00	A	A2	4/25/2019	4/29/2019	206,950.00	2.76	2,958.33	206,717.45	211,694.80
Security Type Sub-Total		11,145,000.00					11,259,601.95	2.57	90,274.13	11,166,291.55	11,269,496.65

Certificate of Deposit

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	360,000.00	A-1	P-1	2/7/2018	2/8/2018	360,000.00	2.67	13,430.10	360,000.00	360,982.44
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	635,000.00	A-1	P-1	3/2/2018	3/6/2018	635,000.00	2.93	6,087.18	635,000.00	637,809.88
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	600,000.00	A-1	P-1	6/5/2018	6/7/2018	599,772.00	3.10	1,334.67	599,891.89	605,032.80
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	670,000.00	AA-	Aa3	8/3/2017	8/7/2017	670,000.00	2.05	5,494.00	670,000.00	669,064.01
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	525,000.00	A	A1	10/16/2018	10/18/2018	524,286.00	3.46	3,757.25	524,903.09	533,097.60
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	700,000.00	AA-	Aa2	11/16/2017	11/17/2017	700,000.00	2.30	2,030.39	700,000.00	697,936.40
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 04/04/2019 2.830% 04/02/2021	22535CDU2	250,000.00	A+	A1	4/3/2019	4/4/2019	250,000.00	2.85	1,729.44	250,000.00	251,293.75
ROYAL BANK OF CANADA NY CD DTD 06/08/2018 3.240% 06/07/2021	78012UEE1	500,000.00	AA-	Aa2	6/7/2018	6/8/2018	500,000.00	3.24	1,080.00	500,000.00	509,881.50
Security Type Sub-Total		4,240,000.00					4,239,058.00	2.79	34,943.03	4,239,794.98	4,265,098.38
Asset-Backed Security											
TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	1,552.88	AAA	Aaa	5/2/2016	5/11/2016	1,552.80	1.30	0.90	1,552.87	1,551.95
HONDA ABS 2016-3 A3 DTD 08/23/2016 1.160% 05/18/2020	438124AC3	12,999.01	AAA	Aaa	8/15/2016	8/23/2016	12,997.20	1.17	5.45	12,998.55	12,984.51
JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	5,806.39	NR	Aaa	7/19/2016	7/27/2016	5,805.93	1.25	3.23	5,806.30	5,801.08

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security											
TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	14,464.81	AAA	Aaa	8/1/2016	8/10/2016	14,464.42	1.14	7.33	14,464.72	14,439.65
HYUNDAI ABS 2016-A A3 DTD 03/30/2016 1.560% 09/15/2020	44930UAD8	4,878.89	AAA	Aaa	3/22/2016	3/30/2016	4,877.94	1.57	3.38	4,878.68	4,876.84
NISSAN ABS 2016-C A3 DTD 08/10/2016 1.180% 01/15/2021	65478WAD7	30,473.43	NR	Aaa	8/2/2016	8/10/2016	30,470.52	1.18	15.98	30,472.59	30,366.02
HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	70,811.84	AAA	Aaa	9/14/2016	9/21/2016	70,802.31	1.30	40.60	70,808.62	70,572.06
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	35,194.13	NR	Aaa	2/22/2017	3/2/2017	35,189.12	1.79	27.84	35,191.54	35,123.32
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	39,203.13	NR	Aaa	1/24/2017	1/31/2017	39,199.70	1.70	29.62	39,201.70	39,110.79
FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	131,187.04	NR	Aaa	1/18/2017	1/25/2017	131,186.55	1.67	97.37	131,186.86	130,791.96
GMALT 2018-3 A3 DTD 09/26/2018 3.180% 06/20/2021	36256GAD1	115,000.00	AAA	Aaa	9/18/2018	9/26/2018	114,990.92	3.19	111.74	114,993.36	115,936.78
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/15/2021	44931PAD8	153,926.81	AAA	NR	3/22/2017	3/29/2017	153,914.36	1.76	120.40	153,917.97	153,553.08
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	223,506.14	NR	Aaa	3/21/2017	3/29/2017	223,479.79	1.79	176.82	223,494.10	223,052.13
FORDL 2018-B A3 DTD 09/21/2018 3.190% 12/15/2021	34531LAD2	155,000.00	NR	Aaa	9/18/2018	9/21/2018	154,986.90	3.41	219.76	154,989.95	156,649.62
FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	355,000.00	AAA	NR	11/14/2017	11/21/2017	354,935.99	2.02	317.13	354,959.11	354,432.53
ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	259,910.64	AAA	Aaa	11/14/2017	11/22/2017	259,890.47	1.99	229.88	259,897.77	259,527.97
JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	80,000.00	NR	Aaa	2/21/2018	2/28/2018	79,994.25	2.66	94.58	79,995.92	80,366.42
ALLYA 2018-2 A3 DTD 04/30/2018 2.920% 11/15/2022	02004VAC7	150,000.00	NR	Aaa	4/24/2018	4/30/2018	149,972.76	2.93	194.67	149,979.44	151,088.37

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Asset-Backed Security											
GMCAR 2018-3 A3 DTD 07/18/2018 3.020% 05/16/2023	36255JAD6	175,000.00	AAA	NR	7/11/2018	7/18/2018	174,959.19	3.03	220.21	174,966.94	177,691.83
HYUNDAI AUTO RECEIVABLES TRUST DTD 04/10/2019 2.660% 06/15/2023	44932NAD2	155,000.00	AAA	NR	4/3/2019	4/10/2019	154,979.60	2.67	183.24	154,980.77	156,634.09
HAROT 2019-2 A3 DTD 05/29/2019 2.520% 06/21/2023	43815MAC0	145,000.00	NR	Aaa	5/21/2019	5/29/2019	144,994.59	2.52	101.50	144,994.74	146,626.45
TAOT 2019-B A3 DTD 05/08/2019 2.570% 08/15/2023	89239JAD6	175,000.00	AAA	Aaa	4/30/2019	5/8/2019	174,972.09	2.58	199.89	174,973.20	177,066.02
COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	75,000.00	AAA	Aaa	5/21/2019	5/30/2019	74,984.81	2.52	83.67	74,985.00	75,849.68
GMCAR 2019-1 A3 DTD 01/16/2019 2.970% 11/16/2023	36256XAD4	175,000.00	NR	Aaa	1/8/2019	1/16/2019	174,980.63	2.97	216.56	174,982.39	177,705.97
FIFTH THIRD AUTO TRUST DTD 05/08/2019 2.640% 12/15/2023	31680YAD9	130,000.00	AAA	Aaa	4/30/2019	5/8/2019	129,971.43	2.72	152.53	129,972.47	131,445.72
Security Type Sub-Total		2,868,915.14					2,868,554.27	2.37	2,854.28	2,868,645.56	2,883,244.84
Managed Account Sub Total		37,258,940.61					37,082,216.74	2.51	215,732.20	37,050,454.05	37,621,773.63
Securities Sub-Total		\$37,258,940.61					\$37,082,216.74	2.51%	\$215,732.20	\$37,050,454.05	\$37,621,773.63
Accrued Interest											\$215,732.20
Total Investments											\$37,837,505.83

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Interactive Data, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **DURATION TO WORST:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years, computed from cash flows to the maturity date or to the put date, whichever results in the highest yield to the investor.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.

GLOSSARY

- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.
- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.3. 2020 Retiree Benefits (65+) Renewal

Attachments: 2020 Retiree Benefits (65+) Renewal Presentation

The SIG Retiree Benefits (65+) plans follow a calendar year, with renewal on January 1st of each year. This is to coincide with Medicare renewal dates.

The current Medicare Supplement plan through Hartford enables Medicare-eligible retirees to enroll in Medicare and obtain coverage to close gaps. This option is currently utilized by 111 retirees. Members have experienced service challenges with Hartford such as:

- Consistent Medicare claim processing delays
- Delayed renewal information/rates
- Rate differentials between states
- Lack of coverage for disabled Medicare members under age 65

Gallagher marketed the Retiree Benefits plans and identified a way to not only simplify SIG's plans offered to those retirees 65+ and eligible for Medicare, but also to resolve the issues experienced through Hartford. As a result, for the 2020 program year we are recommending consolidating with the UnitedHealthcare PPO at a reduction of \$24 per member per month from the current year. 2020 proposed rates are as follows:

UnitedHealthcare PPO	
Subscriber only	\$397 (flat)
Subscriber + Spouse (over 65, with med)	\$794 (flat)

Fiscal impact: Retirees: \$24 PPM reduction

Timeline: Open Enrollment in November, Plan renewal on January 1, 2020

Strategic Plan: Initiative 5.4: Benefits Programs Specific

Recommendation: Approve the 2020 UnitedHealthcare Medical Advantage PPO Takeover proposal.



Retiree Benefits



Gallagher

Insurance | Risk Management | Consulting

2020 Retiree Renewal

Currently two offerings:

1. Medicare **Advantage** Plan:

- United Health Care PPO
- Known as “Part C” – includes Part A, B, and D
- Premium Increase: \$421/mo. to \$443/mo.

2. Medicare **Supplement** Plan:

- The Hartford with Express Scripts
- Supplement in addition to Original Medicare – Includes Part D
- Renewal not yet available. Currently \$464/mo.

Renewal Options

	Option 1	Option 2
Plan Type	Medicare Advantage PPO	Medicare Advantage PPO
Carrier	United Health Care	United Health Care
Monthly Rate	\$443	\$397
Plan Type	Medicare Supplement	No Supplement Plan Offered
Carrier	United American	
Monthly Rate	\$413	

Original Medicare vs Advantage Plan ⁸⁰

Original Medicare

- Original Medicare includes Medicare Part A (Hospital Insurance) and Part B (Medical Insurance).
- If you want drug coverage, you can join a separate Part D plan.
- To help pay your out-of-pocket costs in Original Medicare (like your 20% coinsurance) you can also shop for and buy supplemental coverage

Medicare Advantage

- Medicare Advantage is an “all in one” alternative to Original Medicare. These “bundled” plans include Part A, Part B, and usually Part D
- Plans may have lower out-of-pocket costs than Original Medicare
- Most plans offer extra benefits that Original Medicare doesn’t cover – like vision, hearing, house calls, podiatry and more

Supplement vs Advantage Plan

	Traditional Approach	Group Medicare Advantage PPO Approach
	\$\$\$	\$\$
Structure of plan	Medicare + Secondary	Single Plan
Claim administration	✓	✓
Quality incentives for health care providers		✓
Coordinated care and support		✓
Proactive closure of gaps in care		✓
Incentives for health and wellness		✓

Note: The example above is for illustration purposes only as plan options may vary. Graphic courtesy of UHC.

Recommendation

Move to total take over UHC Medicare Advantage PPO for a better participant experience:

- No balance billing when going out of network – UHC picks up any excess charges
- One ID card for medical and prescription coverage
- Coverage for hearing aids
- Additional benefits including health and wellness programs, including silver sneakers, chronic care management programs, acute illness and return-to-health programs and specialty programs for advanced illness
- Coordinated care and support
- Quality incentives for health care providers

Implementation Experience

- Implementation manager assigned to work closely with SIG and Gallagher to ensure a smooth transition.
- Welcome letter template for SIG to use that explains the plan, the highlights of an advantage plan, how to enroll or opt out, information on retiree meeting
- Prescriptions would change from Express Scripts to Optum – would need to complete mail order changes

Thank you!

Vinny Catalano
11060 White Rock Rd. #160
Rancho Cordova, CA 95670



Gallagher

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Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.4. 2019-2020 Budgets and Financial overview

Handout: 2019-2020 Revised budgets and benchmarks

The preliminary budgets for the four funds in SIG for the 2019-20 fiscal year were approved by the Joint Powers Board at the April meeting.

The Employee Benefit Trust is projecting an increase to net position of \$749,581. The preliminary budget approved in April projected an increase to net position of \$201,803.

The Workers Compensation Fund is projecting a decrease to net position of \$531,740. The preliminary budget approved in April projected an increase to net position of \$799,055. The shift is mainly due to taking a conservative estimate of investment gains/losses for investments held in our portfolio due to recent market fluctuations as well as conservative reserve/IBNR estimates.

The Property Liability Fund is projecting a decrease to net position of \$1,407,956. The preliminary budget projected an increase to net position of \$229,631. This significant shift is due to budgeting reserve/IBNR levels at the same level as 2018-19 in order to adequately fund unexpected consequences from legislation or other factors beyond our control. Additionally we are taking a conservative approach in our estimates of investment gains/losses for investments held in our portfolio due to recent market fluctuations.

The Building Fund ended 2018-19 with an increase to net position of \$58,099 and is projecting an increase to net position for 2019-20 of \$49,936. Historically the Building Fund has had a small increase in ending balance each year. The building is at 97% occupancy.

The Total Consolidated General Expenditures increased 4.8% from the 2018-19 year. SIG strives to keep its overall general administrative costs to at or below 2% of total contributions. For both 2018-19 and 2019-20 the percentage is 1.9% of total contributions.

Fiscal impact: As indicated in the budgets

Timeline: 2019-2020 Program year

Strategic Plan: Strategic Goal 2: Financial Strength and Stability

Recommendation: Approve the 2019-2020 budget revisions

**Schools Insurance Group
Employee Benefit Trust
2019-20 Revised Budget**

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contribution:

Notes	Contributions	Unaudited Actuals	Revised Budget	Percent
		6/30/2019	2019-20	of Change
1	Kaiser Medical	37,421,070	38,881,078	3.90%
2	Blue Shield /UHC M/C Adv	3,764,186	4,120,799	9.47%
3	Sutter Health Plus	16,867,114	17,949,124	6.41%
4	Western Health Adv. Hartford Supplement	3,469,201 617,949	3,691,568 618,048	6.41% 0.02%
5	Medical Waivers	1,884,600	1,970,400	4.55%
6	Dental	7,644,789	7,745,334	1.32%
7	Vision	988,237	1,012,349	2.44%
	AD&D--Voluntary	5,395	4,500	-16.59%
8	Life Ins--Add'l	311,275	240,609	-22.70%
	Total Contributions	\$72,973,816	\$76,233,809	4.47%

Notes:

All medical plans reflect SIG absorbing 1% administrative fee

- 1 Kaiser contributions reflect an aggregate rate increase of 5.56%.
- 2 Blue Shield contributions reflect an aggregate rate increase of 9.09%.
- 3 Sutter Health Plus contributions reflect an aggregate rate increase of 5.90%.
- 4 Western Health Advantage contributions reflect an aggregate rate increase of 4.16%.

**Schools Insurance Group
Employee Benefit Trust
2019-20 Revised Budget**

- 5 Medical Waivers are projected to increase 4.55%. Waiver dollars are used to offset EBT administrative costs, fund the wellness program, and to help cover any dental program deficits.
- 6 Dental contributions are increasing slightly for the budget year.
- 7 Vision contributions are increasing slightly for the budget year.
- 8 Life Insurance revenues are projected to decrease for the budget year. Rates remained flat at \$0.14 per \$1,000 of coverage.
- 9 The Overall Contributions for medical benefits are projected to increase 4.47% from \$72,973,816 to 76,233,809.

**Schools Insurance Group
Employee Benefit Trust
2019-20 Revised Budget**

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income.

Notes	Expenses	Unaudited Actuals	Revised Budget	Percent of
		6/30/2019	2019-20	Change
	Claims			
1	Dental	7,095,999	7,237,919	2.0%
	Vision	825,912	834,171	1.0%
2	Admin-Third Party	881,322	881,322	0.0%
3	Risk Management Services	237,403	286,720	20.8%
	Premiums:			
4	Kaiser	37,364,924	38,881,078	4.06%
5	Blue Shield /UHC M/C Adv	3,735,679	4,120,799	10.31%
6	Sutter Health Plus	16,828,174	17,949,124	6.66%
7	Western Health Advantage	3,461,993	3,691,568	6.63%
	Hartford	609,752	611,929	0.4%
8	Life Insurance	295,084	240,609	-18.5%
	Other	5,532	4,500	-18.7%
	Reserves/IBNR	34,432	34,432	0.0%
	Total Expenses	71,376,206	74,774,171	4.8%
	Gross Margin:	1,597,610	1,459,638	-8.6%
9	General Admin (salaries, etc.)	921,274	932,231	1.2%
	Other Income			
10	Interest, withdrawal fees, etc.	222,174	222,174	0.0%
	Net Increase	898,510	749,581	-16.6%
	Beginning Net Position, as restated	14,193,257	15,091,767	
	Ending Net Position	\$15,091,767	\$15,841,348	

Notes:

**Schools Insurance Group
Employee Benefit Trust
2019-20 Revised Budget**

- 1 Dental and vision claims are budgeted to increase by 2% and 1% respectively.
 - 2 Admin-Third Party expenses include the administration costs for the dental program (Delta Dental) and vision program (VSP), broker fees for the health program (Gallagher), and Optum HSA fees.
 - 3 Risk Management Services represent the wellness program. 2019-20 is budgeted at full participation.
 - 4 Kaiser Premiums increased an average of 5.56%.
 - 5 Blue Shield premiums increased an average of 9.09%.
 - 6 Sutter Health Plus premiums increased an average of 5.90%.
 - 7 Western Health Advantage premiums increased an average of 4.16%.
 - 8 Life insurance rates remained flat for the 2019-20 year.
- The expenses shown in this line item are typically described as indirect or overhead costs. They represent SIG-wide expenses that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule. For the budget year, these expenses will be 1.9% of contributions.
- 10 Interest income is budgeted at the same level for 2019-20.

Analysis

The Employee Benefit Trust Fund preliminary budget is projecting an increase to net position of approximately \$749,581.

**Schools Insurance Group
Workers Compensation
2019-20 Revised Budget**

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contributions.

Notes	Income	Unaudited Actuals	Revised Budget	Percent of
		6/30/2019	2019-20	Change
1	W/C Contributions	\$10,953,167	\$11,269,014	2.9%
	Total Contributions	\$10,953,167	\$11,269,014	2.9%

Notes:

- Contributions for the budget year are based on a 2.6% increase in payrolls over 2018-19 estimated payroll (rates are set in April for following year prior to year-end close). Projected payroll for the 2019-20 budget year is \$753 Million. 2019-20 Contributions reflect continuing the temporary \$0.20 reduction in the Base Rate and modifying the x-mod calculation to reflect a .25 point limitation for change and 1.75 maximum effective 7/01/2019.

**Schools Insurance Group
Workers Compensation
2019-20 Revised Budget**

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income.

Notes	Expenses	Unaudited Actuals	Revised Budget	Percent of
		6/30/2019	2019-20	Change
1	Claims	\$8,284,761	\$9,001,392.83	8.7%
2	Admin-Third Party	894,859	897,859	0.3%
3	Risk Mgmt Services	546,755	564,271	3.2%
4	W/C Fraud Assess Fees	143,645	169,501	18.0%
	Premiums:			
5	Excess Insurance	599,756	617,749	3.0%
6	Reserves/ Claims-IBNR	1,467,964	936,600	-36.2%
	Reserves/Investment	0	0	
	Total Program Expenses	11,937,740	12,187,373	2.1%
	Gross Margin	-984,573	-918,359	
7	General Admin (salaries, etc.)	502,430	550,488	9.6%
	Other Income			
8	Interest & Investments gains/losses	2,094,340	937,106	-55.3%
	Net Increase (Decrease)	607,337	-531,740	-187.6%
	Beginning Net Position as Restated	35,504,333	36,111,670	
	Ending Net Position	36,111,670	35,579,930	

Notes:

- 1 Paid claims are projected to increase for the 2019-20 fiscal year due to an increase in the severity of claims in recent years. SIG has budgeted an increase based on a 2-year average.
- 2 Administrative costs are based on actual contract costs with AIMS and Woodruff Sawyer.

Schools Insurance Group Workers Compensation 2019-20 Revised Budget

3 Included in Risk Mgmt Services are the Safety Credit Program, pre-employment physicals, cost of the actuarial study (performed annually), ESM Claims Management Services, and SIG continuing to fund the cost of PublicSchoolWORKS for Member Districts for 2019-20 (cost split between Workers Compensation and Property/Liability). The budget also includes the cost to pilot the RTW/OUR program.

4 Assessment fees are paid to the State for being self-insured. These fees are a percentage of claims. Currently, employers pay 100% of the State's Division of W/C budget. This cost is expected to increase approximately 18% 2019-20.

5 SIG self-insures workers compensation claims up to \$1,000,000. Safety National Insurance Company is our excess insurance carrier with a \$1,000,000 SIR (self-insured retention - comparable to an insurance deductible). The rate for is \$0.0797 per \$100 of payroll and is not increasing for 2019-20.

6 The Reserve/IBNR account is the actuary's calculation for workers comp reserve levels. Claims development has been inconsistent in this program so we used a 5-year average while still taking a conservative approach for the 2019-20 budget for IBNR.

7 General administrative is typically indirect or overhead costs. It represents SIG-wide operations that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule.

8 Interest rates are anticipated to remain flat in our portfolio. Most of these investments are being held for 3 to 5 years. The interest earned in the County Treasury has increased to 2% in the current year. Investment Gains and losses are budgeted on a 5-year average since there has been a significant fluctuation in the past few years.

Analysis

The Workers Compensation Fund is reflecting an increase to net position of \$607,337 in the 2018-19 fiscal year. The revised budget is projecting a net decrease of \$531,740. The greatest impact to the budget are claims and IBNR reserves that fluctuate from year to year and will depend on actual claims for 2019-20 and actuary adjustments to reserve levels as well as fluctuations in gains/loss from investments held in our portfolio due to market conditions.

**Schools Insurance Group
Property Liability Fund
2019-20 Revised Budget**

Contributions:

The budget is structured like a business income statement. SIG's primary revenues are district contributions.

Notes	Contributions	Unaudited Actuals	Revised Budget	Percent of
		6/30/2019	2019-20	Change
	Package	\$2,528,008	\$4,066,262	60.8%
1	Deductible	2,048,440	2,048,440	0.0%
	SELF	487,279	706,569	45.0%
2	Auxiliary Organizations	5,300	5,300	0.0%
3	Cyber Liability	73,754	73,984	0.3%
4	Total Contributions	\$5,142,781	\$6,900,555	34.2%

Notes:

- 1 The Package contributions are projected to increase for 2019-20 (property +161% and general liability flat). The premium increase for SELF (Excess Liability) is increasing by 14.77% for 2019-20, but is being absorbed by SIG for Member Districts for 2019-20. The 45% increase is the 2018-19 rate increase that was absorbed by SIG for 2018-19 but is now included in Member District rates.
- 2 The auxiliary organizations revenues are budgeted to remain constant as most district's auxiliary organizations are renewing for 2019-20.
- 3 Cyber Liability premiums are projected to remain flat for 2019-20.
- 4 The Total Contributions to be received from the districts are projected to increase approximately 34.2% for 2019-20.

Schools Insurance Group
Property Liability Fund
2019-20 Revised Budget

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income (interest, etc.).

Notes	Expenses	Unaudited Actuals	Revised Budget	Percent of
		6/30/2019	2019-20	Change
1	Claims	\$1,207,625	\$1,268,006	5.0%
2	Admin-Third Party	627,000	645,300	2.9%
3	Risk Mgmt Services	303,745	326,690	7.6%
	Premiums:			
4	Package	1,790,649	3,230,863	80.4%
5	SELF	691,581	792,542	14.6%
6	Reserves/IBNR	2,160,195	2,054,000	-4.9%
	Reserves/Investment	0	0	
	Total Expenses	6,780,795	8,317,401	22.7%
	Gross Margin:	-1,638,014	-1,416,846	-13.5%
7	General Admin (salaries, etc.)	230,176	249,423	8.4%
	Other Income			
8	Interest & Investment gain/loss	633,046	258,324	-59.2%
	Net Increase (Decrease)	-1,235,144	-1,407,945	
	Beginning Net Position as Restated	14,723,568	13,488,424	
	Ending Net Position	\$13,488,424	\$12,080,479	

Notes:

1 The Claims expense estimated for 2019-20 is projected to increase 5%. Claims expense has increased recently due to the severity of claims.

2 The budget for Third Party Admin costs will increase by 2.9% per our contract. This represents the fee from Woodruff Sawyer for claims management.

Schools Insurance Group Property Liability Fund 2019-20 Revised Budget

3 Risk management includes the Safety Credits Program, actuarial study, FEHA program through Eyres Law (hot-line), SAM training, and SIG continuing to fund the cost of PublicSchoolWORKS for Member Districts for 2019-20 (cost split between Workers Compensation and Property/Liability). The budget year also includes the cost of site appraisals that have not been completed since 2015 and will be done on a 5-year rolling cycle.

4 SIG is self-insured for property claims up to \$100,000 and liability claims up to \$1,000,000 (district responsibility for general liability/auto liability is \$2,500/\$5,000 deductible depending on ADA <1,000 or >1,000, automobile physical damage \$1,000 for comprehensive and \$1,000 for collision; property deductibles vary by district with no changes). Commercial property insurance (Package) is purchased to cover property losses of \$100,000 to replacement value and liability losses of \$1M - \$5M. Premiums are projected to increase 80.4% for 2019-20 (property +161% and general liability flat).

5 SIG is a member of a state-wide JPA excess liability pool called SELF to cover liability losses of \$5M to \$55M. SELF rates are increasing 14.77% for 2019-20 and SIG is absorbing this rate increase for Member Districts for 2019-20.

6 The Reserve/IBNR account is the actuary's calculation for the property/liability reserve levels. 2019-20 is budgeted at the same level as 2018-19 in order to adequately fund unexpected consequences from legislation or other factors beyond our control.

7 General administrative is typically indirect or overhead costs. It represents SIG-wide operations that do not tie back to any one program. A detail of these expenditures is shown on a separate schedule.

8 Interest rates are anticipated to remain flat in our portfolio. Most of these investments are being held for 3 to 5 years. The interest earned in the County Treasury has increased to 2% in the current year. Investment Gains and losses are budgeted on a 5-year average since there has been a significant fluctuation in the past few years.

Analysis

The Property Liability Fund is reflecting a decrease to net position of \$1,235,144 in the 2018-19 fiscal year. The revised budget is projecting a net decrease of \$1,407,945. The greatest impact to the budget are claims and IBNR reserves that fluctuate from year to year and will depend on actual claims for 2019-20 and actuary adjustments to reserve levels as well as fluctuations in gains/losses in investments held in our portfolio due to market conditions.

Schools Insurance Group
The Building Fund
2019-20 Revised Budget

Contributions

Income	Unaudited Actuals 6/30/2019	Revised Budget 2019-20	Percent of Change
1 Rental Income	\$286,448	\$286,448	0.0%
Total Income	\$286,448	286,448	0.0%

Notes:

- Rental income is budgeted to remain flat for the 2019-20 year.

Expenses and Other Income

This section represents direct program costs, general administrative costs and miscellaneous income (interest, etc.).

Expenses	Unaudited Actuals 6/30/2019	Revised Budget 2019-20	Percent of Change
1 Operating Expenses	\$151,370	\$151,370	0.0%
Professional Services			
Total Expenses	151,370	151,370	0.0%
Gross Margin:	135,078	135,078	0.0%
2 General Admin (deprec)	87,886	96,049	9.3%
Other Income			
3 Interest	10,907	10,907	0.0%
Other Income			
Net Increase (decrease)	58,099	49,936	-14.1%
Beginning Net Position	1,748,367	1,806,466	
Ending Net Position	\$1,806,466	\$1,856,402	

Notes:

- Operating expenses for 2019-20 are projected to be at the same level as 2018-19. Planned projects for 2019-20 are to replace common area furniture, replace the blinds and repaint suite 201 (SIG office).
- This account includes the depreciation on the building, new conference room, and tenant improvements.
- Interest income is budgeted to remain flat.

Analysis

The Building Fund is budgeted to have an increase of \$49,936 to net position for the 2019-20 fiscal year. The building HVAC system will be addressed within the new few years as necessary. The building is at 97% occupancy.

Schools Insurance Group
Consolidated General Expenses
2019-20 Revised Budget

Expenses	Unaudited Actuals 6/30/2019	Revised Budget 2019-20	Percent of Change
1 Salaries	\$736,987	\$802,716	8.9%
2 Employee Benefits	251,505	284,565	13.1%
Payroll Taxes (M/C, SUI)	10,588	12,041	13.7%
Insurance (W/C)	5,478	5,933	8.3%
Pension Expense (GASB 68)	19,526	19,526	0.0%
Rent	61,675	61,675	0.0%
Utilities	10,812	10,920	1.0%
Office Supplies	21,170	21,381	1.0%
Printing	2,479	2,504	1.0%
Postage	4,277	4,320	1.0%
3 Professional Services	68,594	53,594	-21.9%
Audit Fees	27,100	26,800	-1.1%
License & Permits	0	0	0.0%
4 Software Licensing/Business Solver	339,136	342,527	1.0%
Professional Development	3,469	3,503	1.0%
Travel and Conference	30,368	33,405	10.0%
5 SIG Meetings	27,578	15,734	-42.9%
Membership & Subscriptions	6,127	6,188	1.0%
Depreciation	101,900	104,811	2.9%
Bank Fees	10,619	10,725	1.0%
Miscellaneous	1,155	1,167	1.0%
Vehicle Expense	434	439	1.0%
Copier Lease	3,718	3,718	
6 Total G & A Expenses:	\$1,744,694	\$1,828,191	4.8%

Notes:

- 1 2019-20 reflects full year cost of new Director-Claims & Loss Prevention position (18-19 was prorated at 7 months); step increases for 1 staff member and 2% COLA on staff positions.
- 2 Employee Benefits include employer costs of PERS, health benefits, and disability insurance.
- 3 Professional Services include IT services, internet, phone, copier, legal, shredding and other administrative expenditures. 2018-19 includes balance of strategic planning fees, Reg 3010 rewrite, Add'l IT services for Ste 201 conference room/reception area remodel.
- 4 Software includes Business Solver (benefits management software).
- 5 SIG Meetings for 2018-19 includes balance of strategic planning costs.
- 6 General and Administrative Expenses for both 2018-19 and 2019-20 are estimated to be 1.9% of Total Revenues. The Executive Committee's policy goal is 2%.

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.5. 2019-2020 Executive Committee members

Attachment: Policy #0019, Executive Committee/Officer Terms and Dates

Policy #0019 outlines the process to elect Executive Committee members.

The terms of the following Executive Committee members expire this year. These individuals have stated a desire to continue to serve on the Executive Committee:

Brad Tooker, Dry Creek Joint Elementary School District
Barbara Patterson, Rocklin Unified School District
Audrey Kilpatrick, Western Placer Unified School District
Martin Fregoso, Placer County Office of Education

According to Policy #0019, the Executive Committee nominates one person for each of the Executive Committee positions up for election. In addition, members of the Joint Powers Board can make nominations for any open Executive Committee position by completing a nomination form. The nomination form was sent to each Joint Powers Board member and alternate on July 1, 2019, with a deadline for nominations of October 1, 2019.

Nominations from the floor will only be accepted if there are no nominations for any of the open positions.

At this time, each position has an individual nominated. Other than the nominations provided by and certified by the Executive Committee, no other nominations have been put forward.

Fiscal impact: None

Timeline: Term effective November, 2019

Strategic Plan: Strategic Goal 3: Governance

Recommendation: Elect members to the Executive Committee for 2019-2020

Nomination and Election of Executive Committee Members

This process is intended to provide for an open and orderly annual election as required by the Bylaws. At a regularly scheduled meeting of the Executive Committee, at least two months prior to the Joint Powers Board Meeting at which annual elections are scheduled; the Executive Committee shall nominate one individual for each Executive Committee position scheduled for election.

At least 90 days prior to the Joint Powers Board Meeting at which annual elections are scheduled, Staff shall send a nomination form to all members of the Joint Powers Board with the nomination and election instructions proscribed by this policy and with the names of the Executive Committee nominations. Board Members wishing to nominate any additional individual(s) for any Executive Committee position(s) must complete the nomination form and return it to the SRIMG office no later than two weeks before the Joint Powers Board Meeting at which annual elections are scheduled.

If more than one individual is nominated for any one Executive Committee position through the above process, an election shall be held at the Joint Powers Board meeting by roll call vote.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

To be eligible to have a representative serve on the Executive Committee, a District must be a current member of all three SRIMG coverage programs: Employee Benefits, Workers Compensation, and Property/Liability.

SCHOOLS INSURANCE GROUP
Executive Committee and Staff Hire Dates
2019-2020

Administrator-	Member	District	Sub Com	Term Expires	Appt Date	Seniority
VP	Patterson, Barbara	Rocklin	Finance	2019	9/04	1
President	Tooker, Brad	Dry Creek	Admin	2019	5/06	2
Sec/Treas	Lay, Scott	NCSOS	Admin	2020	9/07	3
	Kilpatrick, Audrey	Western Placer	Finance Admin	2019	7/15	4
	Clark, Rusty	Pleasant Ridge	Risk Mgmt	2020	7/16	5
	Fregoso, Martin	PCOE	Finance Risk Mgmt	2019	7/16	6
	Landon, Joe	Roseville Jt UHS	Admin	2020	7/16	7
	Bentley, Scott	Auburn Union	Risk Mgmt	2020	11/16	8
	Curry, David	Union Hill	Risk Mgmt	2020	6/18	9

JPB Sub-Committee Reps:

OPEN	OPEN	Admin
Dennis Snelling	Roseville City	Finance
Greg Motarjeme	Pleasant Ridge	Finance
Don Ogden	Folsom Cordova	Risk Mgmt

SIG Staff Hire Dates

Melissa Gianopulos	October 1999	Benefits Administrator
Kelley Henry	June 2007	Accounting / Benefit Eligibility
Jaxine Anderson	September 2011	Workers Compensation Program Manager
Amy Gonnella	September 2012	Member Services and Wellness Manager
Nancy Mosier	February 2015	Chief Fiscal Officer
Cindy Wilkerson	July 2017	Executive Director
Gabrielle Daniel	November 2018	Director, Claims and Loss Prevention Services
TBD	TBD	Administrative Analyst

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.6. 2019-2020 Officers

Attachment: Policy #0011

According to Policy #0011, nominations for the Joint Powers Board officers must be made by and from Joint Powers Board members. A nomination form was sent July 1, 2019, to the Joint Powers Board members asking for nominations, with a deadline of October 1, 2019.

Nominations made from the floor of the Joint Powers Board meeting on October 9, 2019, will be considered only for open positions for which no other nominations have been previously submitted.

There are presently no open seats without a nomination already submitted.

At this time, no other nominations have been received.

Nominations:

President – Brad Tooker (Incumbent)
Vice President – Barbara Patterson (Incumbent)
Secretary/Treasurer – Scott Lay (Incumbent)

Fiscal impact: None

Timeline: Term effective November, 2019

Strategic Plan: Strategic Goal 3: Governance

Recommendation: Elect Joint Powers Board Officers for 2019-2020

Nomination and Election of Officers

This process is intended to provide for an open and orderly annual election as required by the Bylaws. The officers shall be elected by and from the Jt. Powers Board. The principal officers shall be the President, Vice President and Secretary/Treasurer.

School Risk and Insurance Management Group (SRIMG) will notify all Jt. Powers Board members of scheduled elections at least sixty (60) days prior to the date nominations must be received. SRIMG staff will provide nominating forms to all members. The nomination process will be determined by the Jt. Powers Board.

Nominations for the Executive Committee Officers must be received at the SRIMG office no later than the third Friday in August of each election year. The Executive Committee will certify the results of the nomination process at the September Executive Committee meeting. Nomination results will be forwarded to the Jt. Powers Board at the October meeting for approval. If there is more than one candidate for a position, there shall be a roll call vote at the Joint Powers Board meeting.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.7. SIG Bylaws revision

Attachment: SIG Bylaws (redline draft)

The Executive Committee has requested that term limits be discussed for SIG's officers. There are currently no officer term limits or specific term dates. SIG has followed a process for elections to be held during the fall Joint Powers Board meeting, with terms beginning in November. While this timeline aligns with school district board terms and public election timelines, SIG's need is for officer terms that align with the fiscal and program years instead.

The intent of implementing term limits is to strengthen SIG through participation and education of more individuals in SIG's leadership, specifically in the officer positions. Greater experience and inclusivity leads to better perspective and enhanced decision making.

The SIG Bylaws address officer elections and terms, with specific policies detailing nomination processes and timelines. The SIG Bylaws and related policies will require revision to enable officer term limits.

The suggestion (on page 5 of the Bylaws) is for each officer position to have an annual term beginning with the fiscal year on July 1, with the option for the term to be renewed for one additional term, for an overall service time for one person of two (2) years in any officer position. It would be possible for a person to serve in that officer position again after a one-term break.

At this time, there is no specific progression or succession plan for officer positions recommended. For instance, the revisions do not require the Vice President to move into the President position.

Fiscal impact: None

Timeline: New officer elections in April, 2020, with terms effective July 1, 2020

Strategic Plan: Strategic Goal 3: Governance

Recommendation: Approve the revised SIG Bylaws.

AMENDED AND RESTATED BYLAWS OF THE SCHOOL RISK AND INSURANCE MANAGEMENT GROUP

These are the Amended and Restated Bylaws (the “Bylaws”) for the governance of the **School Risk and Insurance Management Group**, as duly adopted by the **Joint Powers Board** on April 27, 2016.

ARTICLE 1 - DEFINITIONS

The definitions of terms used in these **Bylaws** shall be the same as are contained in the **Joint Powers Agreement** forming the School Risk and Insurance Management Group. In addition to the terms defined in the **Agreement** the following terms shall have the meaning as herein stated unless otherwise required by the context:

- A. **Contribution**: All monies paid by a **Member** to the **Group**.
- B. **Executive Committee**: The nine-member (9) committee elected by the **Joint Powers Board** to provide for the management of the business and affairs of the **Group**.
- C. **Program Plan Document** shall mean a document adopted by the **Joint Powers Board** outlining the policies and procedures for the operations of that **Program**.

ARTICLE 2 – PRINCIPAL OFFICE

The **Group’s** principal office for the transaction of business is located at 550 High Street, Suite 201, Auburn, California 95603. All notices required to be filed with **Group** shall be delivered to the location stated above.

ARTICLE 3 - THE JOINT POWERS BOARD

A. Appointment

All **Voting Members** shall designate one **Representative** as a member of the **Joint Powers Board**, and one alternate to serve in the absence of the **Representative**. Such appointment shall be made pursuant to a resolution adopted by the governing board of the **Voting Member**.

B. Powers Reserved to the Joint Powers Board

Pursuant to the **Agreement**, the **Joint Powers Board** may not delegate its authority to:

- 1) Approve a new **Member** with a two-thirds affirmative vote of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**;

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

- 2) Expel a **Member** with a two-thirds affirmative vote of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**;
- 3) Create or dissolve a **Program** with a two-thirds affirmative vote of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**;
- 4) Amend the **Bylaws**;
- 5) Adopt the annual budget of the **Group**;
- 6) Adopt an investment policy;
- 7) Elect the members of the **Executive Committee**;
- 8) Elect the officers of the **Group**,
- 9) Approve signature authority, by resolution, on bank accounts, treasuries, and other financial transactions; and
- 10) Declare assessments and dividends.

Items 4) through 10) above are actions requiring a majority vote of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**.

Amendments to documents specific to a particular coverage program shall be amended at a regular or special meeting of the **Joint Powers Board** by a majority vote of the **Representatives** or alternates of those **Voting Members** that participate in the program. However, the **Joint Powers Board**, as a whole, shall have the authority to approve budgets, including contributions, dividends, or assessments for any program.

The **Joint Powers Board** may, by resolution, delegate such authority as is necessary for the management of the business and affairs of the **Group** to the **Executive Committee**, unless such delegation is prohibited by law or these Bylaws.

C. Meetings of the Joint Powers Board

1) Regular and Special Meetings

The **Joint Powers Board** shall have at least one (1) regular meeting each year. The **Executive Committee** shall provide notice, by resolution of the date(s) and time for **Joint Powers Board** regular meeting(s). A copy of such resolution shall be distributed to each **Voting Member**. The place of the regular meeting(s) shall be such public building or other place as may be designated by the **Executive Committee**.

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

A special meeting of the **Joint Powers Board** may be called by the President or the **Executive Committee** with at least twenty-four (24) hours prior notice.

2) **Ralph M. Brown Act**

The **Joint Powers Board** shall adopt rules for conducting its meetings and other business. All meetings of the **Joint Powers Board**, including regular, adjourned and special meetings, shall be called, noticed, held, and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with California Government Code section 54950).

D. Minutes

The Secretary/Treasurer of the **Joint Powers Board** shall cause minutes of all meetings of the **Joint Powers Board** to be kept, and shall, as soon as possible after each meeting cause a copy of the minutes to be forwarded to each **Voting Member** of the **Joint Powers Board**.

E. Votes and Quorum

A majority of the **Representatives** or alternates who are present at the meeting of the **Joint Powers Board** shall constitute a quorum for the transaction of business. If a quorum is present, the affirmative vote of a majority of the **Representatives** or alternates at the meeting and voting on any matter shall be deemed the act of the **Voting Members** unless the vote of a greater number is required by law, the Agreement, or these Bylaws. Each **Voting Member** of the **Joint Powers Board** shall have one vote.

ARTICLE 4 - THE EXECUTIVE COMMITTEE

A. Election

The nine-person (9) **Executive Committee** shall be elected or re-elected by the **Joint Powers Board** as follows:

1. The first five (5) members of the Committee shall be elected for a term of two (2) years.
2. The remaining four (4) members of the Committee shall be elected for a term of one (1) year.
3. Thereafter, **Executive Committee** members will each serve for two (2) years.
4. In order to serve on the **Executive Committee**, each member must be designated as the **Representative** or alternate to the **Joint Powers Board** by its **Voting Member** employer.
5. The **Joint Powers Board** shall, insofar as it is possible, elect the **Members** that represent different types and sizes of **Voting Members** as well as the various geographical areas of the **Voting Members**.
6. When a vacancy occurs on the **Executive Committee** before the end of a

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

member's term, the **Executive Committee** may appoint a replacement to serve until the end of the vacated term. Said appointee shall, insofar as possible, represent the same type and size as the **Voting Member** vacating the position.

7. Three (3) of the nine (9) seats shall be filled by a **Representative** or alternate of **Voting Members** located in Nevada County. Six (6) of the nine (9) seats shall be filled by a **Representative** or alternate of **Voting Members** located in Placer County.

B. Duties and Powers

The **Executive Committee** shall be responsible for the ongoing operations of the **Group** and is hereby empowered to implement and enforce these **Bylaws** and such other rules, regulations, and procedures as the **Joint Powers Board** shall adopt. As appropriate, the **Executive Committee** shall propose such amendments to these **Bylaws** to the **Joint Powers Board**. The **Executive Committee** shall have the powers and authority that are delegated to it by the **Joint Powers Board**.

C. Meetings of the Executive Committee

The **Executive Committee** shall hold at least one (1) regular meeting in each quarter. The dates, time, and place for the regular meetings shall be fixed by the President of the **Joint Powers Board**. Notice of such regular meetings shall be given, and the agenda shall be posted, at least seventy-two (72) hours in advance of such meeting. The place of the regular meetings shall be such public place or other place as may be designated by the President. The **Executive Committee** shall be conducted in accordance with the Ralph M. Brown Act (commencing with California Government Code section 54950)

Special meeting of the **Executive Committee** may be called by the President with at least twenty-four (24) hours notice.

D. Minutes

The Secretary/Treasurer of the **Group** shall cause minutes of regular, adjourned regular and special meetings to be kept. As soon as possible after each meeting, the Secretary/Treasurer shall forward a copy of the minutes to each member of the **Executive Committee**.

E. Quorum

A majority of the members of the **Executive Committee** shall constitute a quorum for the transaction of business.

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

A. Election and Term

The **Joint Powers Board** shall elect a President, Vice President, and Secretary/Treasurer at its first meeting; and, thereafter, at the ~~at first~~spring meeting held in each succeeding fiscal year ~~for a one-year term to begin July 1 of the following fiscal year. No Board member shall serve more than two consecutive years in the same office.~~ –

In the event that the President, Vice President or Secretary/Treasurer so elected ceases to be a **Voting Member**, the resulting vacancy shall be filled at the regular meeting of the **Joint Powers Board** held immediately after such vacancy occurs. Officers so elected shall serve in the same capacity for both the **Executive Committee** and the **Joint Powers Board**. In the absence or inability of the President to act, the Vice President shall act as President. The President, or in his absence the Vice President, shall preside at and conduct all meetings of the **Executive Committee** and the **Joint Powers Board**.

The **Joint Powers Board** shall appoint an Executive Director who shall serve at the pleasure of the **Joint Powers Board**.

B. Duties of the Officers

1) President

The President shall preside over all meetings of the **Joint Powers Board** and the **Executive Committee**, and perform such other duties as the **Joint Powers Board** or **Executive Committee** may specify.

2) Vice President

The Vice President shall act as the President, in the absence of the President, and perform such other duties as the **Joint Powers Board** or **Executive Committee** may specify.

3) Secretary/ Treasurer

The Secretary/Treasurer of the **Group** shall assume the duties described in California Government Code section 6505.5, and shall:

- a) Receive and receipt all moneys of the **Group** and place it in the **Group's** treasury,
- b) Be responsible upon the Secretary/Treasurer's official bond for the safekeeping and disbursement of all **Group's** money so held by the Secretary/Treasurer,
- c) Pay, when due, out of money of the **Group** so held by the Secretary/Treasurer all sums payable by the **Group**,

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

- d) Insure that all minutes, correspondence, and documents are properly executed and that all notices of meeting are posted as required by law, and
 - e) Shall be the custodian of the financial records and property of the **Group**.
- 4) Executive Director
The Executive Director shall act as fiscal agent for the **Group's** budget transactions.

ARTICLE 6 – PROGRAMS

The **Joint Powers Board** shall authorize the creation of **Programs** with the adoption of a set of **Program Plan Documents** that outline the policies and procedures for the implementation and operations of the adopted **Program**.

The **Executive Committee** may adopt supplementary policies and procedures that facilitate the operations of such **Program** and are not inconsistent with the **Program Plan Documents**.

ARTICLE 7 – ACCOUNTS AND RECORDS**A. Funds**

The **Group** shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of law or any resolution of the **Group**. Books and records of the **Group** shall be open to inspection at all reasonable times by representatives of the **Members**. The **Executive Committee** shall, as soon as practical after the close of the fiscal year, provide a copy of the Audited Financial Report for such fiscal year to each of the **Members**.

B. Dividends and Assessments

The **Joint Powers Board** may assess the **Members** of a **Program** as needed in order to adequately fund said **Program** for expected future liabilities and for an appropriate contingency margin as determined by the Committee.

Upon a determination by the **Joint Powers Board** that a **Program** has sufficient funds to pay all expected future liabilities and an adequate contingency margin, the **Joint Powers Board** may elect to return any excess funds to the **Members** as a dividend.

C. Audits

The **Group** shall either conduct an audit or contract with a Certified Public Accountant to make an annual audit of the accounts and records of the **Group**. The minimum requirements of the audit shall be those prescribed by the California State Controller for special districts under California Government Code section 26909 and shall conform to generally-accepted auditing standards. When such an audit of the **Group's** accounts and records is made by a Certified Public Accountant, a

SCHOOL RISK AND INSURANCE MANAGEMENT GROUP BYLAWS

report thereof shall be filed as public record with each of the **Members**, and with the County Auditor of the County of Placer. Such report shall be filed within twelve (12) months of the end of the fiscal year under examination.

Any costs of audits pursuant to this section, including contracts with or employment of Certified Public Accountants, shall be borne by the **Group** and shall be a charge against any unencumbered funds of the **Group** available for this purpose.

ARTICLE 8 – BUDGET

The **Executive Committee** shall recommend to the **Joint Powers Board** a budget that includes the annual contributions of each **Member**, and the **Joint Powers Board** shall adopt the budget as proposed or amended, prior to the beginning of the next fiscal year.

ARTICLE 9 – DISSOLUTION

In the event of the dissolution, complete rescission or other final termination of the **Agreement** by the governing boards of two-thirds of the **Voting Members**, any property interest remaining in the **Group**, following a discharge of all obligations shall be made to the current **Members** in proportion to their respective contributions.

ARTICLE 10 - ADDITIONAL MEMBERS

Any other Public Education Agency within the State of California that desires to join the **Group** shall submit a request to become a party to the **Agreement**. Upon of the two- thirds affirmative vote of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**, a **Public Education Agency**, shall be eligible to become a **Member**, provided it submits a properly executed copy of the **Agreement** to the **Joint Powers Board**.

Such additional parties shall forthwith pay to the **Group** its current **Contribution**, as determined by the **Executive Committee** and as outlined in the **Group**'s policies. Thereafter, such additional party shall be considered a **Member** to the same extent as the original **Members** to the **Agreement** and for all purposes.

ARTICLE 11 - AMENDMENTS

Amendments to these **Bylaws** may be proposed by any **Representative** or alternate to the **Joint Powers Board**. The proposed amendment shall be referred to the **Executive Committee** for its consideration and recommendation to the **Joint Powers Board**. Article 4, Section A.7., which describes the representation by county on the Executive Committee, may be amended with a two-thirds vote of the **Joint Powers Board** at a regular or special **Joint Powers Board** meeting. All other amendments to these **Bylaws** may be made by a **majority** vote of the **Representatives** or alternates at a regular or special meeting of the **Joint Powers Board**.

ARTICLE 12 - INVOLUNTARY TERMINATION

A **Member** shall be involuntarily terminated if it refuses to abide by an amendment which has been approved by two-thirds of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**.

A **Member** may be involuntarily terminated for any reason if such termination is approved by two-thirds of the **Representatives** or alternates voting at a regular or special meeting of the **Joint Powers Board**.

The **Joint Powers Board** shall provide the terminated Member with a minimum of ninety (90) calendar days' written notice, and such involuntary termination shall be effective at the end of that fiscal year, if possible.

ARTICLE 13 – NOTICE

The **Group** shall address notices, billings, and other communications to a **Member** as directed by that **Member**. Each **Member** shall address notice to the **Group** to the Executive Director at the office address set forth in these Bylaws as the principal office.

ARTICLE 14 - ENFORCEMENT

The **Executive Committee** is authorized to enforce these **Bylaws**. If it is necessary to file a lawsuit against a defaulting **Member** to enforce the **Bylaws**, the defaulting **Member** shall pay such reasonable attorney fees to the **Group** as determined by the court.

ARTICLE 15 - EFFECTIVE DATE

These **Bylaws** shall go into effect upon the date specified in the preamble, which is the date that the **Joint Powers Board** adopted them.

SCHOOLS INSURANCE GROUP
Executive Committee and Staff Hire Dates
2019-2020 (As of October, 2019)

Officers	Member	District	Sub Com	EC Term Expires	Officer Term Expires	Appt Date
VP	Patterson, Barbara	Rocklin	Finance	2021	6/20	9/04
President	Tooker, Brad	Dry Creek	Admin	2021	6/20	5/06
Sec/Treas	Lay, Scott	NCSOS	Admin	2020	6/20	9/07
	Kilpatrick, Audrey	Western Placer	Finance Admin	2021	n/a	7/15
	Clark, Rusty	Pleasant Ridge	Risk Mgmt	2020	n/a	7/16
	Fregoso, Martin	PCOE	Finance Risk Mgmt	2021	n/a	7/16
	Landon, Joe	Roseville Jt UHS	Admin	2020	n/a	7/16
	Bentley, Scott	Auburn Union	Risk Mgmt	2020	n/a	11/16
	Curry, David	Union Hill	Risk Mgmt	2020	n/a	6/18

JPB Sub-Committee Reps:

OPEN	TBD	Admin
Dennis Snelling	Roseville City	Finance
Greg Motarjeme	Pleasant Ridge	Finance
Don Ogden	Folsom Cordova	Risk Mgmt

SIG Staff Hire Dates

Melissa Gianopulos	October 1999	Benefits Administrator
Kelley Henry	June 2007	Accounting / Benefit Eligibility
Jaxine Anderson	September 2011	Workers Compensation Program Manager
Amy Gonnella	September 2012	Member Services and Wellness Manager
Nancy Mosier	February 2015	Chief Fiscal Officer
Cindy Wilkerson	July 2017	Executive Director
Gabrielle Daniel	November 2018	Director, Claims and Loss Prevention Services
TBD		Administrative Analyst

Executive Committee Meeting

September 18, 2019

C. ACTION ITEMS

C.8. Policy Revisions

Attachments: Policy #0011 – Nomination and Election of Officers (redline and draft versions), #0019 – Nomination and Election of Executive Committee members (redline version), #0116 – California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance (CUPCCAA)

Policies #0011 and #0019: The addition of officer term limits highlights the need to align the nomination and election processes for both the Executive Committee (Policy #0019) and Officers (Policy #0011). Revisions to these policies to provide for a fiscal year timeline are provided in the revised policies attached.

Both policies contain revisions to outline a nomination process beginning January 1 of each year, incorporating approval by the Executive Committee, and elections 90 days after initial notice, which coincides with the spring Joint Powers meeting.

These revisions can be implemented independent of any change to the SIG Bylaws.

Policy #0116: CUPCCAA is a voluntary program that allows public agencies to perform a greater range of projects without bidding (for projects valued at \$60,000 or less), and to receive bids and award projects valued at \$200,000 or less by certain informal bidding procedures which can facilitate the process of awarding contracts for those projects. Joint Powers authorities may elect to become subject to CUPCCAA and take advantage of these alternative bidding procedures and more efficient processes.

Fiscal impact: #0011 and #0019: None; #0116 possible reduced construction costs and staff time efficiency

Timeline: #0011 and #0019: Nominations in January, elections at the Joint Powers Board in April for the 2020-2021 Executive Committee and Officers; #0116: Effective upon acceptance of CUPCCAA resolution by the California State Controller

Strategic Plan: Strategic Goal 3: Governance

Recommendation: Review and approve the revisions to Policies #0011 and #0019, and adopt new Policy #0116

Nomination and Election of Officers

This process is intended to provide for an open and orderly annual election as required by the Bylaws. The officers shall be elected by and from the Jt. Powers Board. The principal officers shall be the President, Vice President and Secretary/Treasurer.

School Risk and Insurance Management Group (SRIMG) will notify all Jt. Powers Board members of scheduled elections at least ~~sixty-fourty-five (4560)~~ days prior to the date nominations must be received. SRIMG staff will provide nominating forms to all members. The nomination process will be determined by the Jt. Powers Board.

At least 90 days prior to the Joint Powers Board Meeting at which annual elections are scheduled, Staff shall send a nomination form to all members of the Joint Powers Board with the nomination and election instructions proscribed by this policy. Nominations for the Executive Committee Officers must be received at the SRIMG office ~~no later than the third Friday in August of each election year~~ at least forty-five (45) days prior to the Joint Powers Board Meeting at which annual elections are scheduled. The Executive Committee will certify the results of the nomination process at ~~the an September~~ Executive Committee meeting prior to the Joint Powers Board Meeting at which annual elections are scheduled. Nomination results will be forwarded to the Jt. Powers Board at the ~~October next~~ meeting for approval. If there is more than one candidate for a position, there shall be a roll call vote at the Joint Powers Board meeting.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

Nomination and Election of Officers

This process is intended to provide for an open and orderly annual election as required by the Bylaws. The officers shall be elected by and from the Jt. Powers Board. The principal officers shall be the President, Vice President and Secretary/Treasurer.

School Risk and Insurance Management Group (SRIMG) will notify all Jt. Powers Board members of scheduled elections at least forty-five (45) days prior to the date nominations must be received. SRIMG staff will provide nominating forms to all members. The nomination process will be determined by the Jt. Powers Board.

At least 90 days prior to the Joint Powers Board Meeting at which annual elections are scheduled, Staff shall send a nomination form to all members of the Joint Powers Board with the nomination and election instructions proscribed by this policy. Nominations for the Executive Committee Officers must be received at the SRIMG office at least forty-five (45) days prior to the Joint Powers Board Meeting at which annual elections are scheduled,. The Executive Committee will certify the results of the nomination process at an Executive Committee meeting prior to the Joint Powers Board Meeting at which annual elections are scheduled. Nomination results will be forwarded to the Jt. Powers Board at the next meeting for approval. If there is more than one candidate for a position, there shall be a roll call vote at the Joint Powers Board meeting.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

(Adopted: 12/11/91; Revised: 4/27/16)

Nomination and Election of Executive Committee Members

This process is intended to provide for an open and orderly annual election as required by the Bylaws. At a regularly scheduled meeting of the Executive Committee, at least forty-five (45) days prior to the Joint Powers Board Meeting at which annual elections are scheduled; the Executive Committee shall nominate one individual for each Executive Committee position scheduled for election.

At least 90 days prior to the Joint Powers Board Meeting at which annual elections are scheduled, Staff shall send a nomination form to all members of the Joint Powers Board with the nomination and election instructions proscribed by this policy and with the names of the Executive Committee nominations. Board Members wishing to nominate any additional individual(s) for any Executive Committee position(s) must complete the nomination form and return it to the SRIMG office no later than ~~two weeks~~ forty-five (45) days before the Joint Powers Board Meeting at which annual elections are scheduled.

If more than one individual is nominated for any one Executive Committee position through the above process, an election shall be held at the Joint Powers Board meeting by roll call vote.

Nominations shall not be received from the floor unless, for some reason, there is a position for which there is no nomination at the time of the election.

To be eligible to have a representative serve on the Executive Committee, a District must be a current member of all three SRIMG coverage programs: Employee Benefits, Workers Compensation, and Property/Liability.

UNIFORM PUBLIC CONSTRUCTION COST AND ACCOUNTING PROCEDURES AND INFORMAL BIDDING

WHEREAS, in order for the Schools Risk and Insurance Management Group (“SIG”) to be permitted to utilize the alternative bidding procedures set forth in Public Contract Code (“PCC”) section 22032, et seq., the Executive Committee must first elect to adopt uniform public construction cost accounting procedures pursuant to PCC section 22000 et seq., the California Uniform Public Construction Cost Accounting Act (“Act”); and

WHEREAS, PCC section 22034 requires SIG to enact an Informal Bidding Ordinance, as detailed herein, if it elects to utilize an alternative bid procedure for public works projects as described in PCC section 22030 et seq.; and

WHEREAS, it appears to be in the best interest of SIG to enact the Informal Bidding Ordinance pursuant to the alternative procedure for public works bids.

NOW, THEREFORE, the Joint Powers Board of SIG finds, determines, and orders as follows:

1. The foregoing recitals are adopted as true and correct.
2. The Joint Powers Board elects by passing a resolution under Public Contract Code section 22030 to become subject to the uniform construction cost accounting procedures set forth in the Act and to the California Uniform Public Construction Cost Accounting Commission’s policies and procedures manual and cost accounting review procedures, as they may each from time to time be amended.
3. The Joint Powers Board directs the Executive Director or their designee, to mail a certified copy of the Policy resolution Office of State Controller, Division of Accounting and Reporting, Local Government Policies Section, P.O. Box 942850, Sacramento, CA 94250.
4. The Board hereby enacts an Informal Bidding Ordinance (“Ordinance”) as follows:

INFORMAL BIDDING ORDINANCE

1. The Schools Risk and Insurance Management Group (“SIG”) shall maintain a list of qualified contractors, identified according to categories of work. Minimum criteria for development and maintenance of the contractors list shall be as determined by the California Uniform Construction Cost Accounting Commission.
2. Where a public project to be performed is subject to the provisions of this Ordinance, a notice inviting informal bids shall be mailed to all contractors for the category of work to be

bid, as shown on the list developed in accordance with this Ordinance, and to all construction trade journals as specified by the California Uniform Construction Cost Accounting Commission in accordance with Public Contract Code section 22036. Additional contractors and/or construction trade journals may be notified at the discretion of the Executive Director or authorized designee. If the product or service out for bid is proprietary in nature such that it can be obtained only from a certain contractor or contractors, the notice inviting informal bids may be sent exclusively to such contractor or contractors.

3. All mailing of notices to contractors and/or construction trade journals pursuant to subdivision (2) above shall be completed not less than ten (10) calendar days before bids are due.
4. The notice inviting informal bids shall describe the project in general terms, how to obtain more detailed information about the project, and state the time and place for the submission of bids.
5. The Board, to the extent it does not make the award itself, hereby delegates authority to award informal contracts subject to the Ordinance to the Executive Director or authorized designee.
6. If all bids received are in excess of \$200,000, or other limit as then specified in law, the Board may, by a four-fifths vote, award the contract, at \$212,500 or less, or other amount as then specified in law, to the lowest responsible bidder, if it determines that the initial cost estimate was reasonable.
7. The Ordinance is effective on the date approved by Resolution of the Board. As of the effective date of the Ordinance, public works projects of \$60,000 or less, or other limit as specified in law, may be performed by the employees of SIG by force account, by negotiated contract, or by purchase order; public works projects of \$200,000 or less, or other limit as specified in law, may be informally bid, except under the circumstance described in paragraph (6) above, and all public works projects subject to formal bidding shall be subject to the notice procedures contained in Public Contract Code section 22037.
8. The Ordinance may be used in conjunction with, or in place of, to the extent provided by law, other Public Contract Code requirements at the discretion of SIG.
9. The Ordinance shall be amended from time to time by any subsequent amendments or changes to the Act.

Joint Powers Board Meeting

October 9, 2019

C. ACTION ITEMS

C.9. CUPCCAA Resolution

Attachment: CUPCCAA Resolution #0116

The first step in opting into the California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance (CUPCCAA) Act is adopting a resolution electing to become subject to the uniform construction cost accounting procedures and agreeing that the public agency will meet all requirements proscribed in the Manual.

After the Board adopts the appropriate resolution, the Board notifies the State Controller in writing of that election and files a copy of the resolution with the State Controller. (Pub. Contract Code, § 22030.)

Fiscal impact: Potential construction cost savings and staff time efficiencies

Timeline: Effective upon filing the resolution with the California State Controller

Strategic Plan: Strategic Goal 3: Governance

Recommendation: Adopt Resolution #0116

Resolution

Resolution #0116

Adoption of the California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance

Whereas, the Schools Risk and Insurance Management Group (SIG) is a public entity special district within the State of California; and

Whereas, the State of California allows public entities to establish construction cost accounting and informal bid protocol to ensure efficient public processes and use of public funds;

DESIGNATION

NOW, THEREFORE, BE IT RESOLVED that the Joint Powers Board hereby adopts the California Uniform Public Construction Cost Accounting Procedures and Informal Bidding Ordinance

CERTIFICATION

I certify that the Joint Powers Board by resolution on October 9, 2019
has approved this action.

Scott Lay – Secretary to the Governing Board