



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
MAY 29, 2014**

MEMBERS PRESENT

Russell Hildebrand, City of Rocklin
Elizabeth Ehrenstrom, City of Oroville
John Lee, City of Lincoln
Paula Islas, City of Galt
Tim Sailsbery, City of Willows
Tim Chapa, City of Rio Vista
Corey Shaver, City of Nevada City

MEMBERS ABSENT

Jim Lindley, City of Dixon

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Alana Theiss, James Marta & Company

A. CALL TO ORDER

The meeting was called to order at 10:32 a.m.

B. PUBLIC COMMENTS

There were no public comments made.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Corey Shaver **SECOND:** John Lee **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley



D. CONSENT CALENDAR

1. Executive Committee Meeting Minutes – March 13, 2014
2. Executive Committee Meeting Minutes – April 3, 2014
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term – April 2104
 - b. Treasurer's Report as of March 31, 2014

A motion was made to approve the Consent Calendar.

MOTION: Corey Shaver **SECOND:** Tim Chapa **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley

E. COMMITTEE REPORTS

1. Police Risk Management Committee Meeting Minutes – May 8, 2014 (Draft)
2. Risk Management Committee Meeting Minutes – April 24, 2014 (Draft)
3. Board of Directors Meeting Minutes – April 24, 2014 (Draft)

There was no discussion on these items.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for Period Ending March 31, 2014

Ms. Alana Theiss provided the Committee with a brief report on the Quarterly Financials ending March 31, 2014. She explained that the new actuarial report is incorporated into the Financial Report advising that operating expenses has dropped due to the correction of 4850 losses. Ms. Theiss also advised that she will be including a Safety Fund Utilization sheet along with the Budget to Actual Report going forward.

A motion was made to receive and file the Quarterly Financial Report for Period Ending March 31, 2014.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley

F2. Budget to Actual as of March 31, 2014

Ms. Theiss explained that the Budget to Actual reflects $\frac{3}{4}$ of the actual revenue vs. annual budgeted revenue and that a summary sheet is included with a few explanations from the accountant.



G. JPA BUSINESS

G1. Administrative Surplus Budget

Mr. Marcus Beverly explained that over time the budget for Administration of the NCCSIF programs develops a surplus as a result of expenses less than projected. As of June 30, 2013, the administrative budget had a surplus of \$223,959 in the liability program and \$564,121 in the Workers' Compensation program. He explained that historically this surplus has been used to offset administrative costs but have not been done since around 2010.

Mr. Beverly noted that at the December 12, 2013 Board meeting, members approved using a total of \$238,763 of the surplus as a credit toward the 2014/15 administrative budget. This year the Program Administrator has rounded up the amount to \$120,000 for each program which has been included the budget and deposit calculations to be discussed later on this agenda. Mr. Beverly recommends the development of a policy for treating surplus that accrues in the administrative budgets for the coverage programs, to include a contingency fund of at least 150% of the largest member's contribution. He also recommends developing and maintaining budget documents that will more clearly track for the accumulation and distribution of surplus in the future specifically the Safety Grant funds as they are currently being included in the Workers' Compensation Administration budget.

Mr. Beverly advised that this idea would help keep members' administrative expenses from increasing the first year in the event of a member leaving the organization. He explained that the City of Folsom is currently the largest member and their admin expense this year is roughly \$90,000 - \$98,000 in either program. Mr. Simmons provided a couple instances with other pools that have had this problem which prompted the Program Administrator's recommendation.

There was concern from the Committee regarding the amount of funding that should be incorporated into the policy and if using a percentage would be ideal as it would present a moving target that needs to be calculated on an annual basis depending on the largest members' administrative expense. Upon further discussion the Committee suggested a contingency of fund of \$100,000 in each program.

Mr. Sailsbery expressed that he would not like to see any increases in administrative surplus to help get to the recommended contingency reserve amount. Currently the administrative surplus amount does not require additional funding to meet the suggested amount.

A motion was made to recommend approval of the adoption of an administrative surplus policy and procedure to include a contingency fund of at least \$100,000 in each program.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley



G2. 2014/15 NCCSIF Budget

Mr. Johnny Yang explained that the 2014/15 NCCSIF Budget will be approved at the upcoming June 12, 2014 Board of Directors meeting. He noted that Legal Services have decreased from \$15,000 to \$10,000. Actuarial Services are included at \$6,300 for the liability program and \$4,200 for Workers' Compensation which includes the \$2,000 credit received from CSAC for actuarial services each year. Bickmore's services have increased by \$4,960 to reflect the addition of Elk Grove. Lexipol's Law Enforcement Policy Manual was increased from \$100,000 to \$110,000 to reflect the addition of Elk Grove as well. Property Appraisals has been removed from the budget as they have been completed in 12/13 and 13/14. State Funding/Fraud Assessment has been increased from \$135,000 to \$145,000 in anticipation of increased as seen in prior years. Program Administration costs have been increased from \$332,100 to \$351,826 as approved by the Executive Committee. He then noted that this year \$50,000 has been requested by the Police Risk Management Committee for the initial purchase of Body Cameras for participating member agencies which will be reviewed and approved by the Board.

The committee asked that funding for a December meeting be included in the Budget. The Committee then briefly discussed situations with Occu-med noting that there have been issues and delays with respects to pre-employment services provided. With respects to the more complex cases Occu-med has provided great service.

A motion was made to recommend approval of the 2014/15 NCCSIF Budget as presented

MOTION: Paula Islas **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley

G3. 2014/15 Deposit Calculations

G3a. Liability

G3b. Workers' Compensation

Mr. Yang provided the Committee with an updated handout on the 2014/15 Liability and Workers' Compensation Deposit Calculations explaining that there had been updates on the CSAC-EIA premium and how the administrative surplus is applied. The calculations provided are solid pending approval of the Budget at the upcoming June 12, 2014 Board meeting.

A motion was made to recommend approval of the 2014/15 Liability and Workers' Compensation Deposit Calculations as presented.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley



G4. 2014/15 NCCSIF Liability Memorandum of Coverage

Mr. Beverly explained that the NCCSIF Liability Memorandum of Coverage (MOC) is an underlying coverage to the CJPRMA MOC. This year CJPRMA has approved two changes to their coverage that will be effective July 1, 2014.

This first change limits the coverage provided to any additional covered party to the amount specified in the contract. This amount is likely to be in excess of the coverage provided by NCCSIF and therefore NCCSIF should not follow this language.

The second change is with respects to coverage provided for fireworks displays or demonstrations “sponsored or controlled” by a Member. The new language states that in the event of a fireworks loss, any Member of CJPRMA that did not require the fireworks vendor to provide evidence of coverage and additional insured status with a limit of liability of at least \$5,000,000 on a project specific basis will have to pay 150% of their retained limit for that loss. In addition, the retained limit cannot be satisfied by the vendor’s insurance, as would normally be the case. This means that NCCSIF will be subject to a retained limit of \$750,000 in the event of a fireworks loss where the fireworks vendor was NOT required to provide additional insured coverage with a \$5,000,000 limit on a project specific basis. If NCCSIF were to follow this language in its MOC then Member would be subject to a retained or Banking Layer limit of \$75,000, or \$150,000 for Folsom.

Mr. Simmons explained that fireworks vendors will have trouble with this requirement as most carriers do not provide this amount of coverage on a project specific basis and that the Program Administrator recommends that NCCSIF follow the CJPRMA language with respects to fireworks vendors, but only as respects the increase on the Banking Layer. This is due to the fact that NCCSIF will be penalized \$750,000 from the Shared Risk Fund in the event of a firework loss where an NCCSIF Member does not require the property coverage. Having a 50% increase in the Banking Layer could be an incentive to NCCSIF Members to vigorously pursue the higher limits being required by CJPRMA.

The Program Administrator also recommends that NCCSIF does not follow the limitation of coverage provided by NCCSIF to limit coverage to any additional covered party to the amount specified in the contract. This is because almost all contracts require limits in excess of the limits provided by NCCSIF. NCCSIF’s limit of liability is \$500,000 and most contracts require a minimum of \$1,000 or \$2,000. Because NCCSIF has a separate section in the MOC for the NCCSIF Limit of Liability, NCCSIF is not subject to the CJPRMA MOC language and no change is required.

A motion was made to recommend approval of the 2014/15 NCCSIF Liability Memorandum of Coverage as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**

AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver

NAYS: None

ABSENT: Lindley



G5. Documentation of 4850 Benefits

G5a. NCCSIF Workers' Compensation Memorandum of Coverage

Mr. Beverly explained that NCCSIF Members have made the policy decision to not provide coverage for full salary continuation benefits payable under Labor Code 4850. The 4850 benefits are typically divided into two parts: the "regular" Temporary Disability (4850 TD) every employee receives and the amount that makes up the difference between the TD benefit and full salary (4850 Diff). In order to document NCCSIF's decision not to cover either portion of the 4850 benefits changes the Program Administrator recommends changes to the NCCSIF Workers' Compensation Memorandum of Coverage. He explained the recommended changes were made to Section G. Payments You Must Make, 6. "of your obligation to pay salary in lieu of temporary disability benefits are required under Labor Cost Section 4850 , **INCLUDING** to the extent you be responsible for temporary disability benefits if Labor code Section 4850 did not apply." There were a couple other grammatical revisions recommended. A red-line strikeout version of the recommended Workers' Compensation MOC was provided in the agenda packet.

A motion was made to recommend approval of the 2014/15 NCCSIF Workers' Compensation Memorandum of Coverage as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Corey Shaver **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G5b. Policies and Procedures

Mr. Beverly advised that similar to the previous item the issue on 4850 should be addressed in the Workers' Compensation Policies and Procedures to correctly reflect how NCCSIF is currently addressing 4850 benefits. Copies of the recommended changed has been included in the agenda packet for the Committee's review.

A motion was made to recommend approval of the revisions to the NCCSIF Workers' Compensation Policies and Procedures as recommended by the Program Administrator.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G6. 14-15 Property Renewal Update

Mr. Yang provided the Committee with the 2014/15 Property Deposit Calculations and Proposal. He explained that the rates have decreased by 2.12% from the prior year and that Total Insurable Values have increased 2.76% due to various changes throughout the year. The total premium increased .58% over the last year but costs for property appraisals were also included in last



year's premium. This would mean an overall decrease over the prior as property appraisals will not be included in the premium this year. The projected total premium is \$850,362 for NCCSIF's 2014/15 property coverage based on total insured values of \$852,917,151.

G7. 14-15 Crime Renewal Update

Mr. Yang explained that the Program Administrator is currently waiting for a couple of applications from members to obtain a quote from the underwriter. He does not expect much of an increase if any over the prior year and is currently working with the underwriter to obtain the quote to be provided at the upcoming Board meeting for approval.

G8. Vendor Contract Renewals

G8a. Bickmore

Mr. Beverly explained that Bickmore has provided an amendment to reflect the costs associated with the addition of the City of Elk Grove. This will increase the original not-to-exceed fee by \$4,960 for an amended not-to-exceed amount of \$160,220 annually. This revised amount will include mileage and travel expenses.

G8b. Crowe Horwath

Mr. Simmons explained that the Program Administrator has reached out to Crowe Horwath regarding renewal terms for Financial Auditing Services. Crowe has advised that a three year engagement letter for Financial Auditing Services will be provided at a flat fee of \$26,100 per year. The Program Administrator has not received the engagement letter but recommends approval of the three year engagement at no fee increase. A copy of the engagement letter will be provided to the Board for their records.

A motion was made to approve the Amendment to the Risk Control Services Agreement with Bickmore and renewal with Crowe Horwath for Financial Auditing Services.

MOTION: Russell Hildebrand **SECOND:** John Lee **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G9. Identity Fraud Coverage

Mr. Simmons explained that at the last EC meeting the Program Administrator discussed the preliminary quotation to provide Identity Fraud coverage to the employees of NCCSIF Members. The cost for this coverage is \$8,848 at a limit of liability of \$10,000 with a \$0 retention for coverage for ID Theft Resolution services for employees and their families. For a limit of liability of \$25,000 it will cost \$9,853.



A motion was made to recommend approval of the purchase of Identity Fraud Coverage for NCCSIF at the \$25,000 limit.

MOTION: Russell Hildebrand **SECOND:** Paula Islas **MOTION CARRIED**
AYES: Hildebrand, Ehrenstrom, Lee, Islas, Chapa, Shaver
NAYS: None
ABSENT: Lindley

G10. Medical Provider Network Update

Mr. Beverly provided the Committee with an update regarding NCCSIF's new MPN program with WellComp explaining that the Program Administrator and Claims Administrator is aiming for an initial roll out of the MPN program by June 1, 2014.

G11. Round Table Discussion

Ms. Paula Islas asked that a presentation be provided to members regarding the Alliant Property Insurance Program and the coverages offered.

E. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF Travel Reimbursement Form
3. NCCSIF Resource Contact Guide

F. ADJOURNMENT

The meeting was adjourned at 12:21 p.m.