



**MINUTES OF THE
NCCSIF BOARD OF DIRECTORS MEETING
LINCOLN CITY HALL, LINCOLN, CA
APRIL 25, 2013**

MEMBERS PRESENT

Jeff Kiser, City of Anderson
Andy Heath, City of Auburn
John Brewer, City of Corning
Steve Johnson, City of Dixon
Bruce Cline, City of Folsom
Paula Islas, City of Galt
Karin Helvey, City of Gridley
Ed Pattison, City of Ione
Michael Daly, City of Jackson
Catrina Olson, City of Nevada City
Liz Ehrenstrom, City of Oroville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Tim Sailsbery, City of Willows
Steve Kroeger, City of Willows
Crystal Peters, Town of Paradise

MEMBERS ABSENT

Shelly Kittle, City of Colusa
John Lee, City of Lincoln
Matt Michaelis, City of Marysville
Dave Warren, City of Placerville
Marni Rittburg, City of Rio Vista

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services, Inc.
Susan Adams, Alliant Insurance Services, Inc.
Johnny Yang, Alliant Insurance Services, Inc.
James Marta, James Marta & Company
Tom Baber, York Risk Services
Mike Harrington, Bickmore



A. CALL TO ORDER

The meeting was called to order at 12:00 p.m.

PRESENTATION

Ms. Karen Rueben and Ms. Alison Viebrock gave the Board a presentation on the EAP and Wellness services provided by ACI Specialty.

B. PUBLIC COMMENTS

There were no public comments.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Michael Daly **SECOND:** Steve Kroeger **MOTION CARRIED**

D. CONSENT CALENDAR

1. Draft Minutes of the Board of Directors Meeting January 24, 2013
2. Check Register at March 31, 2013
3. Chandler Asset Management Investment Reports
 - a. January, 2013 – Short/Long Term
 - b. February, 2013 – Short/Long Term
 - c. March, 2013 Short/Long Term

Ms. Sandy Ryan requested the Draft Minutes of the Board of Directors Meeting on January 24, 2013 be pulled from the Consent Calendar for further clarification.

A motion was made to approve the remaining items on the consent calendar.

MOTION: Russell Hildebrand **SECOND:** Andy Heath **MOTION CARRIED**

D1. Draft Minutes of the Board of Directors Meeting January 24, 2013.

Ms. Sandy Ryan requested the minutes be corrected to show the City of Red Bluff in attendance as it currently shows the City of Red Bluff as absent.

A motion was made to approve the Drat Minutes of the Board of Directors Meeting January 24, 2013 with above correction.

MOTION: Tim Sailsbery **SECOND:** Sandy Ryan **MOTION CARRIED**



E. MINUTES AND REPORTS

1. Summary of Executive Committee Meeting held March 9, 2013
2. Draft Minutes – Executive Committee Meeting March 9, 2013
3. Draft Minutes – Risk Management Committee Meeting – January 24, 2013
4. Draft Minute – Police Risk Management Committee Meeting January 10, 2013
5. Risk Management Meeting April 25, 2013 – Verbal Report

F. ADMINISTRATION REPORTS

F1. President's Report

Ms. Liz Ehrenstrom advised that Bickmore gave the Risk Management Committee an update of the services provided to NCCSIF. Ms. Adams advised that an IIPP video was presented to the Committee which can be utilized by member cities for New Employee Orientation and Annual Reviews.

F2. Program Administrator's Report

Program Administration had no items to discuss.

G. FINANCIAL REPORTS

G1. Quarterly Financial Report for the Period Ending March 31, 2013

Mr. James Marta presented NCCSIF's Quarterly Financial Report for Period Ending March 31, 2013. Mr. Marta explained that the Liability Shared Risk Layer has equity of -\$800,000 which has precipitate over time due to a few factors to consider. One is an increase of SIR to \$1,000,000. Others are the 60% Confidence Level funding and 3% Discounting Rate. Another has been the large loss development in the recent years.

A motion was made to approve the Quarterly Financial Report for Period Ending March 31, 2013.

MOTION: Steve Kroeger **SECOND:** Dave Warren **MOTION CARRIED**

G2. Budget to Actual Report as of March 31, 2013

Ms. Adams advised that members have asked the Budget to Actual Report be discussed as a separate item from the Consent Calendar. The Property Appraisal amount is allocated among members who are part of the PEPPI and will be calculated according to number of buildings appraised.



Ms. Liz Ehrenstrom reminded members that the ACI Wellness Service is available to all members and members should be push the service out to their employee.

G3. Chandler Asset Management – Report from Investment Manager

Mr. Ted Piorkowski provided the Board with a presentation on NCCSIF's investment portfolio and specific economic factors that have had a direct impact on the rate of return.

H. JPA BUSINESS

H1. FY 2013/14 Actuarial Studies – Draft Financial pages only.

Mr. Mike Harrington explained to members that currently NCCSIF's Workers' Compensation program remains healthy while the Liability Program is showing a deficit in its Shared Layer. He also mentioned that with interest rates at a historic low, entities have lowered their discount rate factors to reflect the appropriate rate of interest returns.

H1.a. Workers' Compensation

Mr. Harrington provided members with a presentation on the Draft FY 2013/14 Actuarial Studies for Workers' Compensation at the 60% Confidence Level Funding and a 1.5% discount rate factor.

A motion was made to approve the FY 2013/14 Workers' Compensation Actuarial at the 60% Confidence Level Funding and a 1.5% discount rate factor.

MOTION: Russell Hildebrand **SECOND:** Catrina Olson **MOTION CARRIED**

H1.b. Liability

Mr. Harrington provided members with a presentation on the Draft FY 2013/14 Actuarial Studies for Liability at the 60% Confidence Level Funding and a 1.5% discount rate factor.

A motion was made to approve the FY 2013/14 Liability Actuarial at the 60% Confidence Level Funding and a 1.5% discount rate factor.

MOTION: Tim Sailsbery **SECOND:** Sandy Ryan **MOTION CARRIED**

H2. Approval of the 2012/13 Banking Plan Fund Adjustment Calculations

Ms. Adams explained that the 2012/13 Banking Plan Fund Adjustment Calculations are developed by James Marta and Company and a letter will be sent out to members to request distribution options. Those members who are currently in a deficit in their Banking Layer fund will be assessed 20% of the deficit amount.



Mr. Marta reminded members that these distributions can be used to offset their 13-14 deposits if desired and suggested contemplating a policy to use distributions from a healthy program to offset deficits in a different program.

H2.a. Workers' Compensation

A motion was made to approve the distribution of the 2012/13 Workers' Compensation Banking Layer funds.

MOTION: Steve Kroeger **SECOND:** Russell Hildebrand **MOTION CARRIED**

H2.b. Liability

A motion was made to approve the distribution of the 2012/13 Liability Banking Layer funds.

MOTION: Tim Sailsbery **SECOND:** Russell Hildebrand **MOTION CARRIED**

H3. 2012/13 Shared Risk Layer Plan Fund Adjustment Calculations

H3.a. Workers' Compensation

Ms. Adams explained that based on NCCSIF Shared Risk Layer assets at December 31, 2012, the Workers' Compensation Shared Risk Layer funds meet the 90% confidence level target and the equity to SIR ratio (5 times for WC). This is the fourth time in 13 years that the WC funds have qualified for a refund. The available refund amount is \$2,740,547. Staff recommends that 50% of the allowable refund be approved. This will provide members with a total refund of \$1,370,229.

A motion was made to approve 50% of the 2012/13 Workers' Compensation Shared Risk Layer available distribution totaling \$1,370,229.

MOTION: Russell Hildebrand **SECOND:** Sandy Ryan **MOTION CARRIED**

H3.b. Liability

Ms. Adams advised that since the Liability Shared Risk Layer is currently in a deficit, staff recommends no distribution from the Liability Shared Risk Layer.

A motion was made to approve no distributions from the Liability Shared Risk Layer.

MOTION: Tim Sailsbery **SECOND:** Steve Kroeger **MOTION CARRIED**

H4. 2012/13 Safety Grant Funds Utilization and Consideration of 2013/14 Safety Grant Funds Program Continuation.



Ms. Adams advised staff and the Executive Committee recommends approval of the continuation of the Safety Grant Funds for FY2013/14, including the stipulation that members are allowed to opt out of the grant and receive their full refunds if they so choose.

A motion was made to approve the continuation of the Safety Grant Funds for FY 2013/14, including the stipulation that members are allowed to opt out of the grant and receive their full refunds.

MOTION: Tim Sailsbery **SECOND:** Paula Islas **MOTION CARRIED**

H5. Liability Shared Risk Layer Assessment

Ms. Adams explained that the Liability Shared Risk Layer is in a deficit position due to unfavorable loss development in the recent program years. This year, based on NCCSIF Shared Risk Layer assets at December 31, 2012 the Liability Shared Risk Layer has a negative equity of around \$800,000.

She then advised that Program Administration and the Accountant recommend an Assessment of approximately \$600,000 - \$800,000, per year for a 5 year period to reach the benchmark funding for losses, assuming no major changes in expected losses. Staff recommends an Assessment of \$647,200 for the Liability Shared Risk Layer for the program year and applying half of the CJPRMA refund (\$414,401) in the amount of \$207,200 to the Assessment leaving \$440,000 to be assessed to members.

A motion was made to approve an Assessment of \$647,200 for the Liability Shared Risk Layer for the program year with half of the CJPRMA Refund in the amount of \$207,200 to be applied to the Assessment leaving \$440,000 to be assessed.

MOTION: Steve Kroeger **SECOND:** Paula Islas **MOTION CARRIED**

H6. Distribution of CJPRMA Refund

Ms. Adams explained that NCCSIF has been a member of CJPRMA since 1993 and has received dividends in the consistent amount of \$350,000 or so since 2007. This year NCCSIF's Distribution is \$414,201. Historically these dividends have been used to help offset members' Total Liability premiums. This year staff is recommending applying half the refund to the 13-14 liability deposits and half to reduce the Liability Shared Risk Layer Assessment.

Mr. Marta explained members have not seen NCCSIF's true liability deposit rate as the CJPRMA refund has been applied to the deposits for the past 6 years. The recommendation will help fix the Liability Shared Program Equity and help prepare members as the CJPRMA refunds are estimated to diminish in the future.

A motion was made to approve staff's recommendation of applying 50% of the CJPRMA refund to the Liability deposits and 50% to the Liability Shared Risk Assessments.



MOTION: Michael Daly

SECOND: Steve Kroeger **MOTION CARRIED**

H7. Liability Shared Risk Layer Retention Analysis - \$500,000 xs \$500,000

Ms. Adams advised that CJPRMA has provided NCCSIF with a 3 year proposal to join their Pool B (\$500,000 xs \$500,000) layer. They have proposed that NCCSIF contribute \$196,469 (\$.127) which is the 2013/14 actuarial rate for this layer for all their members, plus a surcharge of \$116,000 per year due to NCCSIF's adverse loss experience in this layer for a total contribution of \$312,469 (\$.202) for the 2013/2014 program year.

Mr. Adams and Mr. Simmons have sent letters and discussed staff's objections with David Clovis, General Manager of CJPRMA, to this proposal as it would unfairly subject NCCSIF to a greater share of the members in Pool B's losses. Staff has offered a counter proposal that will be brought to their Board on May 15, 2013 for review and approval. Staff has proposed creating a "Corridor Deductible" type program in this layer. NCCSIF would pay the standard contribution at the .127 rate. If NCCSIF incur losses in that layer, NCCSIF would pay the first \$116,000 of NCCSIF's losses [each year] excess of the \$500,000 attachment. Mr. Clovis has agreed with this counter proposal.

Mr. Simmons explained that financially, this proposal is a great financial option for NCCSIF.

A motion was made to approve authority be given to NCCSIF's CJPRMA Representative, Ms. Paula Islas, to join CJPRMA's pool layer B (\$500,000 xs \$500,000) should CJPRMA accept NCCSIF's conditions.

MOTION: Russell Hildebrand

SECOND: Tim Sailsbery

MOTION CARRIED

H8. Preliminary 2013/14 Deposit Calculations

Ms. Adams advised that the Preliminary 2013/14 Deposit Calculations for Workers' Compensation and Liability are provided for information only.

H8.a. Preliminary 2013/14 Deposit Calculations – Workers' Compensation

Ms. Adams explained that staff currently does not have a final Excess Workers' Compensation premium and the calculation is based on a CSAC-EIA estimate.

H8.b. Preliminary 2013/14 Deposit Calculations

Ms. Adams explained that staff currently does not have a final Excess Liability premium and the calculation are based on CJPRMA's preliminary quote which will be addressed at CJPRMA's next Board of Directors meeting in May. CJPRMA will make a decision on accepting NCCSIF in their Pool Layer B at an SIR of \$500,000 xs \$500,000.



H9. 2013/14 Maximum (CAPPED) Deposits

Ms. Adams explained that NCCSIF has policies and procedures in place for NCCSIF members to approve a Maximum or Capped Deposit every year with members sharing the remainder of the deposit amount not collected.

Mr. Marta explained that the amount not collected is taken out of members Banking Layer funds for the program until the claims are paid.

Ms. Adams advised that staff wishes to review new rating plans in the summer to effectively capture the needs of NCCSIF. She then explained that staff recommends a 20% Capped Deposit for Liability and 40% Capped Deposit for Workers' Compensation.

Mr. Tim Sailsbery advised that as preliminary numbers were sent to members prior to the meeting showing at the 20% Capped Deposit amount for Workers' Compensation, members with a larger increase will have difficulty funding the amount of 40% for Workers' Compensation. Members also expressed concern for those who have to share more of the deposit due to a 20% Capped deposit amount.

Upon further discussion, Mr. Simmons suggested approving the 40% Capped Deposit percentage for Workers' Compensation with the option for those that exceed 20% the option of deferring any amount in excess of the 20% prior year increase.

A motion was made to approve the Liability (Capped) Deposit at the 20% and the Workers' Compensation Maximum (Capped) Deposit Percentage at the 40%, but allowing Members that exceed 20% the option of deferring any amount in excess of the 20% prior year increase. The amount deferred will be collected over the following 5 years (like NCCSIF treats other Assessments). Through this interim step, Contributions are not to be re-distributed among the remaining Members in their Banking Layer.

MOTION: Russell Hildebrand **SECOND:** Steve Kroeger **MOTION CARRIED**

H10. Preliminary 2013/14 NCCSIF Budget

Ms. Adams explained that on an annual basis the NCCSIF Board of Directors reviews, discusses and approves the NCCSIF Budget at their June Board of Directors meeting. The administrative costs contributing to the Preliminary 2013/14 NCCSIF are as follows:

- The Claims Audits – Staff is including \$7,000 to have a Workers' Compensation claims audit done this year.
- The Financial Audit reflects an increase of \$800 in accordance with the current contract with Perry Smith to a total of \$26,100.



- Legal Services have increased from \$10,000 to \$12,000 to reflect current year expense.
- Actuarial Services remain the same at \$6,000 for the liability and \$4,000 for the WC which includes the \$2,000 credit we received from CSAC EIA for the actuarial study each year.
- Fidelity Bonds are expected to remain the same at \$3,000. This is the bond for the JPA/Treasurer.
- Miscellaneous Consultants remain the same at \$5,000.
- Risk Control Services has been increased from \$115,000 to \$155,260 to reflect the costs proposed by Bickmore regarding their revised contracted services.
- Lexipol Law Enforcement Policy Manual currently remains the same at \$100,000.
- Property Appraisal Budget in the amount of \$70,000 was included to reflect the Property Appraisals being done by AssetWorks for the 13/14 year.
- Safety Services from OccuMed remains the same at \$23,000.
- Online Risk Management Services which is for TargetSolutions remains the same at \$20,000.
- ACI Wellness remains the same at \$12,100.
- State Funding/Fraud Assessment has been increased from \$120,000 to \$135,000 to reflect actual billing increased received in 2012.
- Program Administration costs remain flat.

H11. Bickmore Revised Agreement for Risk Control Services – effective 7/1/13

Ms. Adams explained that staff has asked Bickmore to draft a revised contract that reflects the amount of work being done by Bickmore with respects Risk Control Services for NCCSIF. An Ad Hoc Committee held a teleconference on March 6th to review and discuss the proposed contract. The Committee was comprised of Bruce Cline, City of Folsom, Liz Ehrenstrom, City of Oroville and Board President and Natalie Walter, City of Yuba City. The Committee requested staff contact Bickmore and request additional information as to how the projected hours were determined especially for the Risk Management Committee and Police RMC meetings. They also discussed if 2 days per member is sufficient for the Assessment Follow up. The Committee also discussed the Fee structure and has requested that a detailed summary of services be provided monthly and requested clarification on how the fee is to be billed.

Ms. Adams advised that staff and the Executive Committee recommend approval of the revised Bickmore Contract effective July 1, 2013 and cancelling the current contract effective June 30, 2013.



A motion was made to recommend to the Board of Directors the cancellation of Bickmore's current Risk Control Services Agreement effective June 30, 2013 and approval of Bickmore's Risk Control Services Revised Agreement effective July 1, 2013.

MOTION: Bruce Cline **SECOND:** Russell Hildebrand **MOTION CARRIED**

H12. York Claims Administration Services Contract

H12.a. Workers' Compensation Claims Administration

Mr. Tom Baber advised that there was a discrepancy on the Agenda Item and the proposed Workers' Compensation Claims Administration fees were incorrect on the Item Cover but correct on York's Renewal Letter provided with a 1% increase in their fee, \$432,50 per month, from \$43,250 to \$43,682.50.

A motion was made to recommend that approval of a 1-year renewal of York's Workers' Compensation Claims Administration Services Contract with two 1-year renewal options.

H13.b. Liability Claims Administration

Ms. Adams advised that staff and the Executive Committee recommend approval of a 3-year renewal of York's Liability Claims Administration Services Contract.

A motion was made to recommend the approval of a 3-year renewal of York's Liability Claims Administration Services Contract.

MOTION: Bruce Cline **SECOND:** Russell Hildebrand **MOTION CARRIED**

I. INFORMATION ITEMS

- I1. Annual CAJPA Conference – Sept 10-13, 2013 – South Lake Tahoe**
- I2. NCCSIF Organization Chart**
- I3. NCCSIF Meeting Calendar 2013**
- I4. NCCSIF Travel Reimbursement Form**
- I5. NCCSIF Resource Contact Guide**

J. ADJOURNMENT