



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
ROCKLIN EVENT CENTER, ROCKLIN, CA
MARCH 14, 2019**

COMMITTEE MEMBERS PRESENT

Liz Ehrenstrom, City of Oroville - President (**Chair**)
Kristine Haile, City of Folsom - Vice President
Tim Sailsbery, City of Willows - Treasurer
Gina Will, Town of Paradise - Secretary and CJPRMA Board Representative
Cora Hall, City of Galt
Loree' McCay, City of Nevada City
Jen Lee, City of Rio Vista

OTHER MEMBERS PRESENT

Elisa Arteaga, City of Gridley

COMMITTEE MEMBERS ABSENT

Juan Solis, City of Gridley
Veronica Rodriguez, City of Lincoln

CONSULTANTS & GUESTS

Marcus Beverly, Alliant Insurance Services	James Marta, James Marta & Company
Michael Simmons, Alliant Insurance Services	Dori Zumwalt, York Risk Services
Raychelle Maranan, Alliant Insurance Services	Tom Baber, York Risk Services
	Mike Harrington, Bickmore Actuarial

A. CALL TO ORDER

Chair Liz Ehrenstrom called the meeting to order at 10:07 a.m.

B. INTRODUCTIONS

Introductions were made and the above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.



Motion: Gina Will

Second: Cora Hall

Motion Carried

Ayes: Ehrenstrom, Haile, Salsbery, Will, Hall, McCay, Lee

D. PUBLIC COMMENTS

There were no public comments.

E. CONSENT CALENDAR

1. Executive Committee Meeting Minutes - November 19, 2018 (Draft)
2. Check Register from December 1, 2018 to February 28, 2019
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - December 2018 to February 2019
 - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2018
 - c. Treasurer's Report as of December 31, 2018
4. Brokerage, Risk Management and Program Administration Services Agreement with Alliant Insurance Services
5. Safety and Risk Control Services Agreement with York Risk Services Group, Inc.
6. NCCSIF Conflict of Interest Code Final 2019

A motion was made to approve the Consent Calendar as presented.

Motion: Gina Will

Second: Loree McCay

Motion Carried

Ayes: Ehrenstrom, Haile, Salsbery, Will, Hall, McCay, Lee

F. GENERAL RISK MANAGEMENT ISSUES

Mr. Marcus Beverly indicated that placing the General Risk Management at the beginning of the agenda rather than the usual Roundtable at the end would increase membership participation in discussions. Members can share topics and may find it valuable and worthwhile to attend meetings as opposed to just doing business of the organization.

Mr. Mike Simmons suggested setting a thirty-minute time limit for this agenda item.

The Committee discussed and is fine with having the open discussion at the beginning of the meeting to get members engaged. Chair Ehrenstrom stated that Program Administrators could send a reminder to the members to solicit topics prior to the meeting.

G. ADMINISTRATION REPORTS

G.1. President's Report

Chair Ehrenstrom stated she has nothing new to report at this time.



G.2. Program Administrator's Report

Mr. Beverly indicated that Alliant is working with the members on various renewal applications.

H. JPA BUSINESS

H.1. Actuarial Services

H.1.a. Actuarial Services Transition to "Bickmore Actuarial"

Mr. Mike Harrington discussed the change of services from York Risk Services Group, Inc. to "Bickmore Actuarial" to the Committee. Effective April 1, 2019, the Bickmore Actuarial Group will become a wholly independent entity and will no longer be part of York. Having the actuarial team operate as an independent group will eliminate any perceived conflicts by current and future York clients. The change is transparent, no change in staff, will have a California office, same phone number and the only change is the email address to @bickmoreactuarial.net.

Action taken under Agenda Item H.1.b.

H.1.b. Actuarial Study for Workers' Compensation Program

Mr. Harrington provided a quick review of the draft Actuarial Study of the Workers' Compensation program. A more in depth review will be provided at the April Board meeting. The total recommended funding for banking and shared risk layer is \$10,061,000 at the current 80% Confidence Level (CL). Overall, the rates have decreased 2.9%, from \$4.475 to \$4.346, with a 4% decrease in the Banking Layer and a 1.4% decrease for the Shared Layer.

Mr. Beverly noted correction on the report for FY 17/18 and FY 18/19 CL should be 80% and not 75%.

A motion was made to accept the Draft Actuarial Study of the Self Insured Workers' Compensation Program and Liability Program and to finalize the report for presentation to the Board of Directors as amended.

Motion: Gina Will

Second: Cora Hall

Motion Carried

Ayes: Ehrenstrom, Haile, Sailsbery, Hall, Solis, McCay, Lee

H.1.c. Actuarial Study for Liability Program

Mr. Harrington provided a quick review of the draft Actuarial Study of the Liability program. A more in depth review will be provided at the April Board meeting. The total recommended funding for banking and shared risk layer is \$4,585,000 at the current 80% CL. Payroll accounts for 7.8% of the increase in total funding, from \$166,878,805 last year to \$179,739,280. The rate at the 80% CL is \$2.551 per \$100 of payroll, compared to \$2.494 last year, an increase of 2.3%.



Mr. Harrington noted that liability claims cost is trending upward and it is the state of new normal. Jury verdicts on claims are a lot higher than in the past, but not uncommon. It was noted the Camp Fire is not yet realized.

Mr. Beverly noted correction on the report for FY 18/19 and FY 19/20 CL should be 80% and not 75%.

A motion was made to accept the Draft Actuarial Study of the Self Insured Liability Program and to finalize the report for presentation to the Board of Directors as amended.

Motion: Loree McCay **Second:** Jen Lee **Motion Carried**
Ayes: Ehrenstrom, Haile, Sailsbery, Hall, Solis, McCay, Lee

Mike Harrington left the meeting at 10:41 a.m.

H.2. Workers' Compensation Program

H.2.a. Annual Banking Plan Adjustments - James Marta & Company

Mr. James Marta reviewed the plan adjustment calculation for the Workers' Compensation Banking Layer and noted that there are refunds available to the members who are in a positive position. The Net Equity above the pool is ten times the \$100,000 Self Insured Retention (SIR) and 90% confidence level in excess of the outstanding liabilities. The total dividend is \$888,546 which represents 35% of the available net position, and the total assessments is \$245,862 which represents 20% of the amount for those members who fell below the required funding. The cities in deficit are: Cities of Auburn, Colusa, Galt, Ione, Marysville, Nevada City, Oroville, Red Bluff and Town of Paradise.

The Committee discussed if members could take out more than 35% refund, but the current policy limits the refund to be safe.

After review and discussion, a motion was made to recommend to the Board a 35% Banking Layer refund from the Workers' Compensation program for eligible members and 20% assessment to those members who fell below the required funding per the Policy and Procedure A-1 Banking Plan Adjustments.

Motion: Kristine Haile **Second:** Gina Will **Motion Carried**
Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

H.2.b. Annual Shared Risk Plan Adjustments - Alliant Insurance Services

Mr. Beverly reviewed the plan adjustment calculation for the Workers' Compensation Shared Risk Layer and noted that the fund has \$1,778,000 in excess of the minimum required assets, defined as the lesser of total assets less outstanding liabilities at the 90% Confidence Level or Net Position



H.3.b. Annual Shared Risk Plan Adjustments - Alliant Insurance Services

Mr. Beverly reviewed the plan adjustment calculation for the Liability Shared Risk Layer. The Fund is estimated to have available assets of \$8,298,000 as of June 30, 2019. This is \$2,924,000 above Outstanding Liabilities at the Expected Confidence Level (CL) and \$694,000 over Liabilities at the 90% CL. This is down from \$993,000 last year but still represents a significant improvement over 2017, when the Fund was (\$1,525,000) *below* the 90% CL and had remained below the benchmark for at least five years. The Fund has also maintained assets above its other target benchmark of Net Position at least 5 times the SIR of \$450,000 (\$2,250,000). The Program Administrator does not recommend a refund or assessment.

After review and discussion, a motion was made to recommend to the Board to not issue refunds or assessments for the Shared Risk Plan Adjustments and to recommend funding at 80% Confidence Level for FY 19/20 Liability program.

Motion: Kristine Haile **Second:** Gina Will **Motion Carried**
Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

H.3.c. FY 19/20 Deposit Premium Calculations

Mr. Beverly reviewed the FY 19/20 Deposit Premium calculation to the Committee. The total funding at the 80% CL is estimated at \$6,510,858, an increase of 10.4% over current funding at the 80% CL. The calculation worksheet has since been updated and three members, Cities of Colusa, Ione and Rio Vista, exceeded the 25% cap, by a total of \$7,412. This is preliminary numbers and is subject to change based on CJPRMA final premium cost. It was noted that a 19% increase is expected from the Excess Liability provider, CJPRMA, at the current \$500,000 SIR (Self Insured Retention). Mr. Beverly noted that CJPRMA is considering a higher SIR, \$750,000, offering but is still under consideration by their Board.

A motion was made to recommend the funding level at 80% Confidence Level for the Liability program to the Board.

Motion: Gina Will **Second:** Cora Hall **Motion Carried**
Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

H.4. Property Renewal Strategy Discussion

Mr. Beverly reported that Alliant was notified by the Underwriter that at least 50% rate increase is expected for NCCSIF member property coverage. The rate increase was primarily attributed to high loss ratio of NCCSIF property program in the past years and the compounding hard insurance market going into the renewal due to adverse loss development from fire devastation statewide.

Chair Ehrenstrom indicated that the City of Oroville has significantly increased their Total Insured Values (TIV) based on recent appraisals, further increasing premiums not just for her city but for



the rest of the members. Chair Ehrenstrom noted that she does not agree with AssetWorks appraisal methodology.

The Executive Committee discussed options available to help mitigate pending increases as follows:

- agree not to market the program for FY 19/20 due to 1) the lack of other insurance options and, 2) ongoing claim negotiations with current insurer
- work with claims to clean up loss run and negotiate with underwriter to minimize rate increase for the upcoming renewal
- explore higher deductible options - currently at \$5,000 for property; will present range up to \$25,000
- consider use of Member Banking Layer and/or Risk Management Reserves as a temporary source for funding claims between \$5,000 and a higher deductible if chosen by the group
- consider establishing a separate Banking Layer and/or Shared Layer for the property program

Mr. Tim Sailsbery directed the Program Administrator to send a notice to member cities in the property program outlining the renewal strategy as discussed.

A motion was made not to market the property program for FY 19/20 and bring forth option as discussed to minimize the impact of expected rate increase for the members.

Motion: Kristine Haile

Second: Loree McCay

Motion Carried

Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

H.5. FY 19/20 NCCSIF Administration Budget

Mr. Beverly provided an overview of the preliminary FY 19/20 Administration Budget. The budget increases for service providers are based on current contracts. Mr. Beverly noted the State Fund Assessment was miscalculated and the Department of Industrial Relations issued a corrected invoice that resulted to a \$57,000 savings. With this correction, the budgeted increase of 15% from the actual corrected expense for FY 18/19, is essentially flat for next year. Overall, the budget increase is 2.4% over last year's budget.

Information only, no action taken.

H.6. Claims Committee Membership Appointment

The Executive Committee appointed the following members to serve on the Claims Committee for 2019:

1. Kristine Haile, City of Folsom
2. Cora Hall, City of Galt
3. Liz Ehrenstrom, City of Oroville



4. Gina Will, Town of Paradise
5. Tim Sailsbery, City of Willows

Mr. Beverly noted that the Vice President, Kristine Haile, would Chair this Committee.

A motion was made to approve the five Executive Committee members to serve on the 2019 Claims Committee.

Motion: Gina Will

Second: Jen Lee

Motion Carried

Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

H.7. York Risk Services Group, Inc. Claims Agreement Renewals

H.7.a. Workers' Compensation Claims Administration Services

Mr. Beverly indicated that York has offered a three-year contract term keeping the annual fee flat at the current amount of \$638,092 per year. This is longer than the one-year extension planned to stagger the expiration dates of the contracts to provide ample time to conduct a request for proposals if needed. The general consensus of the Committee is to recommend the three-year contract term based on the flat contract pricing.

Action taken under Agenda Item H.7.b.

H.7.b. Liability Claims Administration Services

Mr. Beverly indicated that York has offered a two-year extension which is in line with the contract schedule staggering renewal schedule. The proposed fee structure is changing from an hourly rate for time and expenses to a flat fee of \$247,934 for FY 19/20 and \$254,132 for FY 20/21 with an hourly rate only for scene inspections, plus expenses for those and other outside expenses, for an average cost of \$400,000 a year. Currently, the time and expense are billed to the file and adjusted accordingly by the Accountant.

Ms. Dori Zumwalt confirmed the admin fee is included in the flat fee pricing and six licenses for user access to the Focus Claims system.

The Committee discussed what would be applicable reimbursement from the excess provider, CJPRMA, if the pool move to a flat fee arrangement with York.

Mr. Tom Baber stated that York can provide a time and expense report.

The Committee directed the Program Administrators to confirm with CJPRMA if time and expense report is acceptable form to get credit toward the CJPRMA SIR.



A motion was made to recommend approval of the three-year contract term for the Workers' Compensation Claims Administration Agreement based on the flat renewal pricing to the Board; and to table the Liability Claims Administration Agreement for further discussion at the April Board meeting until Program Administrators confirms with CJPRMA that there are no impediments to switching to flat fee.

Motion: Kristine Haile

Second: Cora Hall

Motion Carried

Ayes: Ehrenstrom, Haile, Sailsbery, Will, Hall, McCay, Lee

J. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF 2019 Meeting Calendar
3. NCCSIF Travel Reimbursement

There was no discussion on these items.

I. ADJOURNMENT

This meeting was adjourned at 12:10 p.m.

NEXT MEETING DATE: May 16, 2019 in Rocklin, CA

EC Approval Date of Minutes: 5/30/2019

Respectfully Submitted,



Gina Will, Secretary

6/13/19

Date