



**MINUTES OF THE
NCCSIF BOARD OF DIRECTORS MEETING
PEACH TREE GOLF AND COUNTRY CLUB, MARYSVILLE, CA
JANUARY 24, 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
Karin Helvey, City of Gridley
Ed Pattison, City of Ione
Michael Daly, City of Jackson
John Lee, City of Lincoln
Matt Michaelis, City of Marysville
Catrina Olson, City of Nevada City
Liz Ehrenstrom, City of Oroville
Dave Warren, City of Placerville
Tim Sailsbery, City of Willows
Steve Kroeger, City of Yuba City
Gina Will, Town of Paradise

MEMBERS ABSENT

Shelly Kittle, City of Colusa
Paula Islas, City of Galt
Cheryl Smith, City of Red Buff
Marni Rittburg, City of Rio Vista
Russell Hildebrand, City of Rocklin

GUESTS & CONSULTANTS

George Silva, City of Dixon
Sheila VanZandt, City of Lincoln
Michael Simmons, Alliant Insurance Services, Inc.
Susan Adams, Alliant Insurance Services, Inc.
Johnny Yang, Alliant Insurance Services, Inc.
Marcus Beverley, York Risk Services
Kelli Vitale-Carson, York Risk Services
James Marta, James Marta & Company



A. CALL TO ORDER

The meeting was called to order at 12:38 p.m.

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: Andy Heath **SECOND:** Tim Sailsbery **MOTION CARRIED**

D. CONSENT CALENDAR

1. Draft minutes of the Board of Directors Meeting October 18, 2012
2. Check Register at December 31, 2012
3. Investment Reports
 - a. Chandler Asset Management Report October, November, December 2012 - Short/Long Term
4. Budget to Actual Report as of December 31, 2012

Mr. Kroeger advised that at the October 18, 2012 meeting staff was directed to have the Budget to Actual Report be pulled from the Consent Calendar as a separate item for separate discussion.

A motion was made to approve the Consent Calendar and for the Budget to Actual Report be pulled from the Consent Calendar and discussed as a separate item going forward. This will give staff an opportunity to discuss any budget related items as needed.

MOTION: Karin Helvey **SECOND:** Steve Kroeger **MOTION CARRIED**

E. ACTION TAKEN BY THE EXECUTIVE COMMITTEE

1. 2013 Executive Committee Rotation Schedule
2. 2013 Nominating Committee and Nomination of Officers
3. Resolution 13-01 Authorizing Investment of Monies in LAIF
4. Long Range Planning Session
5. January Executive Committee Meeting

There were no discussions on these items.



F. MINUTES AND REPORTS

F1. Risk Management Meeting January 24, 2013 – Verbal Report

Ms. Liz Ehrenstrom gave a verbal report regarding the Risk Management Committee meeting. She advised that Ms. Henri Castro of Bickmore provided an update regarding the Hazard & Risk Assessments and there are 5 members remaining who have yet to have the Assessment completed. She then mentioned that risk management training videos are available on Bickmore's website and that staff was directed to develop a training calendar that will be available on NCCSIF's website.

Ms. Adams explained that Bickmore's contract will be reviewed and re-written to encompass the extra services being provided by Bickmore and an Ad Hoc Committee will be created to review the contract revision. She also mentioned that members will receive an email blast for all training sessions hosted by a member city. Mr. David Patzer will be hosting a Wastewater and Sewer Training in Redding and Yuba City for both NCCSIF and SCORE members.

F2. Draft Minutes – Executive Committee Meeting January 9, 2013

There was no discussion on this item.

F3. Draft Minutes – Police Risk Management Committee Meeting January 10, 2013

Ms. Adams explained that the Police Risk Management Committee meetings are going well. Mr. Tom Kline is heading these meetings and addressing claims as providing training to the NCCSIF Police Chiefs.

Mr. Steve Kroeger noted that the Draft Minutes show the City of Yuba City as being both present and absent. Ms. Adams explained that the Yuba City's police chief was not in attendance and the minutes will be updated accordingly.

F4. Minutes – Risk Management Committee Meeting October 18, 2012

There was no discussion on this item.

G. ADMINISTRATION REPORTS

G1. President's Report

Ms. Ehrenstrom had no items to report pertaining to matters of NCCSIF.



G2. Program Administrator's Report

Ms. Adams asked for feedback from members regarding the location of the venue for today's meeting.

H. FINANCIAL REPORTS

H1. Quarterly Financial Report for the Period Ending September 30, 2012

Mr. James Marta explained that the Quarterly Financial Report for the Period Ending December 31, 2012 has been completed this morning. He explained that at December 31, 2012 the Liability Shared Layer is in a deficit of \$927,000. This is due to large claims which occurred in 2010 and 2011 developing in 2012. The other programs remain healthy.

A copy of the December 31, 2012 financials and Treasurer's Report will be forwarded to members by Alliant staff.

A motion was made to approve the Quarterly Financial Report for Period Ending September 30, 2012.

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

J. JPA BUSINESS

J1. Review of Items discussed during the Long Range Planning Session

a. Workers' Compensation Program

1. Workers' Compensation Claims Administration

Ms. Adams advised that at the Long Range Planning Session York provided a presentation regarding Workers' Compensation Claims Reporting Best Practices and introduced two new Workers' Compensation Claims Adjusters who will be servicing members going forward. She then explained that the WC Claims Audits have been completed by North Bay Associates and is included in the Agenda Packet. York has written a response to the Claims Audit to CSAC EIA.

2. Workers' Compensation Self Insured Retention (SIR) Analysis

Ms. Adams explained that during the Long Range Planning Session members have decided not to take any action on the current Workers' Compensation Self Insured Retention of \$500,000.



3. Financial Impact of Confidence Levels and Discounting Rates used in Determining Funding of Losses

i. Confidence Levels

ii. Discount Rates

The Board discussed the Financial Impact of Confidence Levels and Discounting Rates used in Determining Funding of Losses in Both Programs as shown below.

4. Excess Pooling Partners

Ms. Adams advised that members are satisfied with CSAC EIA as their Excess Workers' Compensation Pool Partner. Members have requested that the Police Risk Management Committee be trained on the Claims Reporting Process.

5. Retrospective Rating Dividends Program

Ms. Adams explained that members may want to take another look at the Retrospective Rating Dividends Program in April after the calculations have been provided.

b. Liability Program

1. Liability Self Insured Retention (SIR) Analysis

Ms. Adams explained that a notice has been provided to CJPRMA regarding NCCSIF's notice to change Self Insured Retention from \$1,000,000 to \$500,000. CJPRMA has approved NCCSIF joining the \$500,000 layer. Initial indications show that there will be an additional \$365,000 to join the \$500,000 layer.

Staff was also asked to research other SIR options available at the \$500,000 excess \$500,000 layer.

2. Financial Impact of Confidence Levels and Discounting Rates used in Determining Funding of Losses

i. Confidence Levels

ii. Discount Rates

The Board discussed the Financial Impact of Confidence Levels and Discounting Rates used in Determining Funding of Losses in Both Programs as shown below.

3. Excess Pooling Partners

Ms. Adams explained that members are satisfied with CJPRMA as NCCSIF's Excess Liability Pooling Partner.



4. Retrospective Rating Dividends Program

Ms. Adams explained that members may want to take another look at the Retrospective Rating Dividends Program in April after the calculations have been provided.

Financial Impact of Confidence Levels and Discounting Rates used in Determining Funding of Losses.

Ms. Adams explained that at the Long Range Planning Session staff was directed to provide estimates of Funding at different Confidence Levels and Discount Funding percentages for consideration by the Board at today's meeting. Currently NCCSIF's LAIF rates are at .32%. Chandler Asset Management projects NCCSIF's Investments are earning a rate of 1.25%

Mr. Marta explained that the Board of Directors adopted a Target Equity policy which assists the organization in effectively funding for losses. He advised that these Target Ratios have been met with respects to the Workers' Compensation Program. Currently NCCSIF has \$293,000 extra in the WC program at a 90% Confidence Level. These calculations are as of June 30, 2012. The Target Ratios have not been met with respects to the Liability program.

Mr. Simmons explained that the Workers' Compensation is not sufficient enough to fund the deficit in the Liability program and members should consider increasing liability rates to offset the deficit in the Liability program and meet the Target Equity Ratios adopted.

Mr. Sailsbery recognizes that NCCSIF is in a negative equity position and the organization should take some time to rebuild its equity.

Mr. Marta explained that in order to offset the negative equity in the Liability program, NCCSIF would have to fund an additional \$800,000 annually over 5 years. Mr. Marta estimated the Shared Risk deposit premium would increase by 30%. In the past, members have offset this by using the CJPRMA premium.

Upon further discussion Members requested to see their expected 2013-2014 deposit premium calculations for both programs at a 60% Confidence Level and Discounting Rates of 1.5% and 2.0% including a 5-year assessment for the Liability program.

A motion was made for staff to provide calculations of estimated deposit premiums for both programs at a 60% Confidence Level and Discounting Rates of 1.5% and 2.0%. These calculations are to include assessments for the Liability program by March 1, 2013.

MOTION: Sandy Ryan **SECOND:** Steve Kroeger **MOTION CARRIED**



J2. 2013 Governance

J2.a. 2013 Executive Committee Rotation Schedule

Ms. Adams explained that the Executive Committee members rotate on an annual basis. The members coming off of the Executive Committee are the Cities of Anderson, Corning, Red Bluff and Willows. The Cities of Auburn, Lincoln, Nevada City and Rocklin will be coming on to the Executive Committee as their replacements. Mr. Tim Sailsbery will remain on the Executive Committee as the NCCSIF Treasurer.

A motion was made to approve the 2013 Executive Committee Rotation Schedule.

MOTION: Bruce Cline **SECOND:** Steve Kroeger **MOTION CARRIED**

J2.b. 2013 Slate of Officers

A motion was made to approve the 2013 Nominated Slate of Officers as follows:

President: Liz Ehrenstrom, City of Oroville
Vice President: Andy Heath, City of Auburn
Treasurer: Tim Sailsbery, City of Willows
Secretary: Gina Will, Town of Paradise

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

J3. Resolution 13-01 Authorizing Investments of Monies in LAIF

Ms. Adams explained that on an annual basis, records are updated with the Local Agency Investment Fund (LAIF) to reflect the newly elected officers of NCCSIF.

A motion was made to approve Resolution 13-01 Authorizing Investments of Monies in LAIF.

MOTION: Bruce Cline **SECOND:** Tim Sailsbery **MOTION CARRIED**

J4. 2013/14 Insurance Market Update & Renewal Marketing Plan

Ms. Adams provided the Board of Directors with an Insurance Market Update and relevant recommendations.

With respects to Workers' Compensation, staff recommends to continue purchasing excess coverage through CSAC EIA. The Workers' Compensation program was marketed last year and staff did not find another program to match the advantages of participating in CSAC EIA. CSAC EIA advises to expect an increase of around 15%. Historically, increases have been less than the initial indications.



With respects to Liability, staff recommends renewing coverage with CJPRMA of at least \$1,000,000. Staff will be obtaining quotes for different coverages.

With respects to Property, staff advised members to expect a rate increase of 10-15% due to insurance losses sustained by Hurricane Sandy. Final loss numbers from the Hurricane have not been confirmed.

J5. NCCSIF Bylaws Proposed Amendment

Ms. Adams explained that at the January 9, 2013 Executive Committee meeting, the committee reviewed and recommends to the Board of the Directors to approve the proposed amendments to the NCCSIF Bylaws with the following addition to Section 14, Withdrawals as follows:

D. Member Agencies that withdraw from NCCSIF's Liability and or Workers' Compensation plans, agree that any available funds allocated to them in the Shared Risk Layer, will remain with NCCSIF until such time as the "Program Year" is closed. This includes funds allocated to them via the "Shared Risk Plan Layer Adjustment" or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of NCCSIF. Funds available from the Banking Layer to these Members are available for distribution.

If a "Program Year" is not yet closed and the "Participating Member" would otherwise be eligible for a distribution, a Member that has withdrawn from the "Authority" may annually, in writing, request an early release of their funds for consideration by the Board of Directors. This action will require approval of the Board of Directors as specified in the JPA Bylaws, Section 3, paragraph A.

A motion was made to approve the Proposed NCCSIF Bylaws Amendment.

MOTION: John Lee **SECOND:** Bruce Cline **MOTION CARRIED**

J6. NCCSIF Retrospective Rating Program Amendments

J6.a. Policy & Procedure A-1, Plan Fund Adjustments Amendment

Ms. Adams advised that staff recommends one change to P&P A-1, Plan Fund Adjustments, specifying the Subject to reflect Banking Layer Plan Fund Adjustments.

A motion was made to approve the proposed changes to Policy & Procedure A-1, Plan Fund Adjustments.

MOTION: Sheila VanZandt **SECOND:** Sandy Ryan **MOTION CARRIED**



J6.b. Policy & Procedure A-12, Shared Risk Layer Plan Fund Adjustments Amendment

Ms. Adams advised that at the Long Range Planning Session, members requested that staff review and suggest any changes as necessary to the Shared Risk Dividend Calculations. The proposed changes reflect that refunds from positive years will first go to offset negative years in another program before being refunded to Members. It also reflects that if a member withdraws from NCCSIF membership, any available funds allocated to them in the Shared Risk Layer will remain with NCCSIF until such time as the “Program Year” is closed. This includes funds allocated to them via the “Shared Risk Layer Plan Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of NCCSIF. If a “Program Year” is not closed and the “Participating Member” would be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors. This action will require approval of the Board of Directors as specified in the JPA Bylaws, Section 3, paragraph A.

A motion was made to approve the proposed changes to Policy & Procedure A-12, Shared Risk Layer Plan Fund Adjustments.

MOTION: Bruce Cline **SECOND:** Steve Kroeger **MOTION CARRIED**

J7. NCCSIF Target Equity Plan Amendment

Ms. Adams explained that Policy & Procedure A-17, Target Equity Policy Plan, currently shows incorrect Target Ratios and the proposed amendment corrects these ratios.

A motion was made to approve the proposed changes to Policy & Procedure A-17, Target Equity Policy Plan.

MOTION: Dave Warren **SECOND:** Bruce Cline **MOTION CARRIED**

J8. PEPiP Property and Cyber Liability Claims Reporting Best Practices

Ms. Adams explained that Authority was given to the NCCSIF President, Liz Ehrenstrom to sign the APIP Claims Reporting Acknowledgement(s) Receipt Form on behalf of NCCSIF.

J9. 2012/2013 NCCSIF Program Manual

Mr. Johnny Yang advised that the 2012/2013 NCCSIF Program Manual is available via compact disc and will also be posted on the website. Copies were brought to today’s meeting as well.



J10. 2012 NCCSIF Annual Report

Mr. Yang advised that the 2012 NCCSIF Annual Report is available via compact disc and will also be posted on the website. Copies were brought to today's meeting as well.

K. INFORMATION ITEMS

- K1. Annual PARMA Conference – February 3 – 6, 2013 – Rancho Mirage, CA**
- K2. NCCSIF Board Members and Alternates**
- K3. NCCSIF Meeting Calendar 2013**
- K4. NCCSIF Travel Reimbursement Form**
- K5. NCCSIF Resource Contact Guide**

The meeting was adjourned at 2:44 p.m.