



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
LINCOLN CITY HALL, LINCOLN, CA
MARCH 14, 2013**

MEMBERS PRESENT

Karin Helvey, City of Gridley
John Lee, City of Lincoln
Liz Ehrenstrom, City of Oroville
Catrina Olson, City of Nevada City
Gina Will, Town of Paradise
Russell Hildebrand, City of Rocklin
Tim Sailsbery, City of Willows

GUESTS & CONSULTANTS

Sheila Vanzandt, City of Lincoln
Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Jim Marta, James Marta & Company
Marcus Beverly, York Risk Services
Mike Harrington, Bickmore
Henri Castro, Bickmore
Jeff Johnston, Bickmore

MEMBERS ABSENT

Andy Heath, City of Auburn
Paula Islas, City of Galt

A. CALL TO ORDER

The meeting was called to order at 10:37 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: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED**

D. CONSENT CALENDAR

1. Draft Minutes of the Executive Committee Web-Meeting – January 9, 2013
2. Investment Reports
 - a. LAIF as of December 31, 2012
 - b. Chandler Asset Management – Short/Long Term as of February 28, 2013
3. Treasurer's Report as of December 31, 2012

A motion was made to approve the Consent Calendar.

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



E. COMMITTEE REPORTS

1. Draft Minutes – Board of Directors Meeting – January 24, 2013
2. Draft Minutes – Risk Management Committee Meeting – January 24, 2013

There were no discussions on these items as they are provided as information only.

G. ADMINISTRATIVE REPORTS

G1. President's Report

Ms. Liz Ehrenstrom advised that she did not have any items to report on.

G2. Program Administrator's Report

Ms. Susan Adams asked the Committee for input on the next location of the upcoming April 25, 2013 Board of Directors meeting. Upon further discussion the Committee suggested having future meetings at Lincoln's City Hall with approval by John Lee, City of Lincoln. Ms. Adams also advised that the CAJPA flyer will be included in the upcoming Board of Directors meeting agenda and that members should book their hotel reservations in advance.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for Period Ending December 31, 2012

Mr. Jim Marta gave a report on the Quarterly Financials for Period Ending December 31, 2012 which reflect the six months prior. He advised that the Liability Shared Risk Program is currently in a deficit and reflects the adjustments in the unfavorable claims and Jim Marta's adjustments of the IBNR. Mr. Marcus Beverly advised that NCCSIF just had a liability claim settle at around \$720,000 less than originally reserved.

The Workers' Compensation banking layer and shared risk layers remains consistent over the prior year. Mr. Marta reminded members that the Workers' Compensation claims take longer to develop.

A motion was made to approve the Quarterly Financial Report for Period Ending December 31, 2012

MOTION: Russell Hildebrand

SECOND: John Lee

MOTION CARRIED



F2. Budget to Actual Report as of December 31, 2012

Mr. Marta explained that the Budget to Actual as of December 31, 2012 shows the six months prior and the only item that stands out is a Liability Claims Audit that was not budgeted for last year. Mr. Marcus Beverly explained that it seems an invoice for MPN Services was allocated to liability which is incorrect as this is a Workers' Compensation service. Mr. Marta will review and correct accordingly. Mr. Marta also advised that the Shared Layer Expenses Claims Paid line item is currently showing a negative but should be showing a positive. Ms. Adams also advised that the Risk Management Committee and Board of Directors meeting expenses may have been lumped into each other and Program Administration will look to correct going forward.

G. JPA BUSINESS

G1. Introduction of the 2013 Executive Committee and Review of their Responsibilities

Ms. Adams advised that Ms. Liz Ehrenstrom, City of Oroville has offered to continue as NCCSIF President. Mr. Andy Heath, City of Auburn, will serve as the Vice President. Ms. Gina Will, Town of Paradise, will remain the NCCSIF Secretary and Mr. Tim Sailsbery, City of Willows, will continue as the Treasurer. Ms. Karin Helvey, City of Gridley, will also remain on the Executive Committee and the new members joining the Committee are Ms. Catrina Olson, City of Nevada City, Mr. John Lee, City of Lincoln, and Mr. Russell Hildebrand, City of Rocklin. She then advised that the Executive Committee will be responsible for the day to day business for NCCSIF and will make recommendations to the Board of Directors.

G2. Selection of the 2013 Claims Committee Members

Ms. Adams advised that annually the Claims Committee members are selected from the Executive Committee members. The Vice President of the Executive Committee, Mr. Andy Heath, will serve as the Claims Committee Chair. She asked the Executive Committee if anyone would like to serve on the Claims Committee. Mr. John Lee, Ms. Catrina Olson, Ms. Liz Ehrenstrom and Mr. Russell Hildebrand volunteered to serve on the Claims Committee.

A motion was made to approve the 2013 Claims Committee Members as follows:

Andy Heath, City of Auburn (Claims Committee Chair)
John Lee, City of Lincoln
Catrina Olson, City of Nevada City
Liz Ehrenstrom, City of Oroville
Russell Hildebrand, City of Rocklin

MOTION: Catrina Olson **SECOND:** John Lee **MOTION CARRIED**



G3. Review and Approval of the 2012 Banking Plan Fund Adjustment Calculation Sheets

Mr. Marta explained that NCCSIF's Policy and Procedure for the Banking Plan Fund Adjustments fund at the 90% Confidence Level plus 10 times the Self Insured Retention. NCCSIF currently has \$4,318,794 available in the Workers' Compensation Banking Layer program available for return. The Liability Banking Layer program currently has \$1,356,629 available for return. Ms. Adams advised that members who are in a deficit in their banking layer are assessed 20% of their deficit annually. A letter will be sent out to members requesting direction for their Banking Plan Fund Adjustment refund.

A motion was made to recommend to the Board of Directors the Approval of the 2012 Banking Plan Fund Adjustment Calculation Sheets for both Workers' Compensation and Liability

MOTION: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED**

G4. Review and Approval of the 2012 Shared Risk Layer Plan Fund Adjustments

G4a. 2012 Shared Risk Layer Plan Fund Adjustments – Workers' Compensation

Ms. Adams advised that the Workers' Compensation 2012 Shared Risk Layer Plan Fund Adjustments are calculated using the Total Assets as of December 31, 2012 and the Outstanding Liabilities from the Actuarial Studies. The calculations are determined by subtracting Estimated Outstanding Losses at June 30, 2013 at the 90% Confidence from the Total Assets as of December 31, 2012. The total amount available for refund is \$2,740,457 of which staff recommends approving 50% of the available refund to members. Adjustment Allocations are determined based on members' total contribution to the Shared Risk Layer program since inception. Ms Adams noted that the Annual Safety Grant Funds of \$250,000 are taken from the Workers' Compensation Shared Risk Layer refunds if approved. A letter will be sent out to members requesting direction for their Workers' Compensation Shared Plan Fund Adjustment refund.

A motion was made to approve the 2012 Workers' Compensation Shared Risk Layer Plan Fund Adjustments refund at 50%.

MOTION: Gina Will **SECOND:** Russell Hildebrand **MOTION CARRIED**

G4b. 2012 Shared Risk Layer Plan Fund Adjustments – Liability

Ms. Adams advised that as of December 31, 2012 the Liability Shared Risk Layer is not eligible for a refund due to a negative calculation showing the program is currently in a deficit.



G5. 2012/13 Safety Grant Funds Utilization and Consideration of 2013/14 Safety Grant Funds Program Continuation

Ms. Adams advised that there are still funds available in the Safety Grant Funds to be distributed to members as provided in the Agenda packet. These funds are designated from the Workers' Compensation Shared Risk refunds.

A motion was made to approve recommendation of the Safety Grant Funds Program Continuation to the Board of Directors.

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

G6. FY 2013/14 Actuarial Studies – Draft financial pages only.

G6a. FY 2013/14 Actuarial Studies – Workers' Compensation

Ms. Adams explained the Workers' Compensation funding rates for 2013/14 are relatively flat from the expiring due to consistent loss results. The total expected undiscounted rate has decreased from \$3.84 to \$3.82. Rates will increase as discount rate decreases to reflect funding at rates more realistic of the actual investment income. Mr. Marta explained that the current expected investment income is much lower than the current discount rate assumption.

Mr. Mike Harrington advised that Workers' Compensation overall loss development was lower than expected. Both the Workers' Compensation Banking and Shared Risk Layers remains well funded over the 90% confidence level with \$24.2 million in expected liabilities and \$39.2 million in expected assets at June 30, 2013.

Mr. Harrington advised that the actuary shows a 1% estimated savings from SB863 which at this point is unknown until future claims development.

Mr. Harrington explained the overall funding rate at a 60% Confidence Level and a 3% discount rate has increased by 1%. As discount rates drop the estimated funding will increase. At a 2.0% discount rate the expected funding increases by \$146,000. At a 1.5% discount rate the expected funding increases by \$223,000.

A motion was made to recommend to the Board of Directors the approval of funding for losses at a 1.5% discount rate and a 60% confidence level.

MOTION: Tim Sailsbery **SECOND:** Karin Helvey **MOTION CARRIED**

G6b. FY 2013/14 Actuarial Studies – Liability

Mr. Harrington explained that Liability losses came in at roughly \$1.2 million higher than expected. The Estimated Ultimate Losses increased by \$1.7 million primarily from the Shared



Risk Layer. Currently the Liability Program has available funding of \$10,190,000. The Total Outstanding Losses are \$7,386,000. The Shared Risk Layer currently has available funding of \$5.6 million with expected losses of \$6 million.

Mr. Marta advised that there were a few factors which contributed to this deficit which are large dividend payouts and large loss development.

A motion was made to recommend to the Board of Directors the approval of funding for losses at a 1.5% discount rate and a 60% confidence level.

MOTION: Karin Helvey **SECOND:** Russell Hildebrand **MOTION CARRIED**

G7. 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 the refund to 13-14 liability deposits and half to reduce the Liability Shared Risk Program Assessments.

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: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED**

G8. Preliminary 2013/14 Deposit Calculations

G8a. Preliminary 2013/14 Deposit Calculations – Workers' Compensation

Ms. Adams explained that the Preliminary Workers' Compensation 2013/14 Deposit Calculations are provided at the 60% Confidence Level and a 1.5% Discounting Factor. The total Workers' Compensation deposits remain estimates as the CSAC-EIA premium has not been provided yet. The Banking and Shared Risk Layer Distributions have not been included in these calculations.

G8b. Preliminary 2013/14 Deposit Calculations – Liability

Ms. Adams explained that the Premium Liability 2013/14 Deposit Calculations are provided at the 60% Confidence Level and a 1.5% Discounting Factor. The total Liability deposits remain



estimates as the CJPRMA premium has not been provided yet and staff has estimated \$800,000. Staff will send out an e-mail to members confirming payroll information.

G9. Liability Shared Risk Layer Rate/Retention Analysis - \$500,000 xs \$500,000

Ms. Adams explained that the cost to transfer risk from the \$500,000 xs \$500,000 layer to CJPRMA is approximately \$50,000 higher than retaining this layer according to the actuarial studies. 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 contributes \$196,469 (\$0.127) which is the 2013/14 actuarial 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 (\$0.202) for the 2013/14 program year.

NCCSIF's actuarial projects at the 60% confidence level using a 1.5% discount rate is \$0.17 which equates to a contribution of \$256,000 using estimated payroll of \$150,499,039.

Staff currently does not recommend accepting CJPRMA's proposal as offered. Mr. Mike Simmons and Ms. Susan Adams have sent a letter and had discussed with Mr. David Clovis, General Manager of CJPRMA, the details of staff's objections 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 March 23, 2013 for review and approval. Staff proposed creating a "Corridor Deductible" type program in this layer. NCCSIF would pay the "standard" contribution at the .127 rate. If NCCSIF incurs a loss in that layer, NCCSIF would first pay \$348,000 (\$116,000*3) of NCCSIF losses excess of the \$500,000 attachment. No other CJPRMA members would share NCCSIF losses until that Paid Loss amount over three years is contributed. This allows NCCSIF to retain that surcharge until such time it is needed, if any, and NCCSIF's share of CJPRMA losses are based on NCCSIF's equity in the program less the surcharge.

A motion was made to direct staff to continue negotiations with CJPRMA to join their program at a \$500,000 Self Insured Retention.

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

G10. 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.

G11. Bickmore Agreement for Risk Control Services – Revised Contract 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.

Mr. Jeff Johnston advised that on average the two days allocated to Assessment Follow up has been determined to be sufficient according to a service plan developed by Ms. Henri Castro. Ms.



Castro explained that Action Plans have been developed with 2 days in mind. Mr. Jeff Johnston explained that an additional bank of service day has been included in the contract for each member which can be utilized on a first come first serve basis towards the end of the program year according to the number of banked service days available at that time. Phone/E-mail consultation and Coordination of Training were also utilized higher than anticipated.

The Risk Management Committee meetings involved travel, attendance, and meeting preparation. Bickmore feels the contract accurately reflects the amount of hours needed for these meetings. With respects to the Police Risk Management Committee meetings, more hours have been allocated to reflect the time needed for research, loss analysis and coordination of trainers/speakers.

Program Administration recommends 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: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED**

G12. York Claims Administration Services Contract

G12a. York Workers' Compensation Claims Administration Services Contract

Mr. Marcus Beverly advised that York submitted a 3-year renewal proposal at a 1% increase in their fee from \$43,250 to \$43,682.50 per month. He advised that in 2011-12 York recognized the continuing economic challenges and agreed to waive their contracted fee increase and rolled back their fee from \$43,250 to \$41,000 per month. In 2012/13 York's contract allowed for a rate of \$45,750 per month but agreed to the same fees as the 2010-11 fiscal year of \$43,250 per month. They are also proposing two additional years with an increase of 2% or the CPI for the Bay Area Urban Wage Earners, which is less, in each of those two years, 2014-15 and 2015-16. All other terms and fees will remain the same.

Mr. Beverly also mentioned that a part of the Workers' Compensation Claims Administration Service Plan were claims reviews with member cities. Reviews have been completed for a few members and have been very helpful to members.

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.

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



G12b. York Liability Claims Administration Services Contract

Mr. Marcus Beverly advised that York is offering extension of their Liability Claims Administration through June 30, 2016. York agrees to keep their hourly rate for services at \$86.38 for the 2013-14 Fiscal Year. For 2014-15 York is offering an increase of 1.9%, to \$88.00 per hour, with no change in the rate for the third year, 2015-16. York will also reduce their rate for photos from \$2.50 to \$1.00 each.

York is also offering to continue the Property Loss Recovery Services with an increase from \$330 to \$350 per claim for recoveries of \$500 or more and 20% of any recovery of \$500 or less. This would remain the same for the three-year term, with no fee due unless there is a recovery. In addition, York proposes an additional \$150 fee (\$500 total) for any claim where a promissory note is obtained and collected from the claimant over time. The \$150 fee for these claims would be payable at the time the note is signed and is meant to reflect the additional time and expense it takes to process these claims.

Ms. Adams advised that staff recommends the 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: Russell Hildebrand **SECOND:** John Lee **MOTION CARRIED**

H. INFORMATION ITEMS

- H1. NCCSIF Organizational Chart**
- H2. NCCSIF 2013 Meeting Calendar**
- H3. NCCSIF Travel Reimbursement Form**
- H4. NCCSIF Resource Contact Guide**

There was no discussion these items as they are provided as information only.

I. ADJOURNMENT

The meeting was adjourned at 1:25 p.m.