

**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
BONANZA INN, YUBA CITY CALIFORNIA
SEPTEMBER 15, 2011**

MEMBERS PRESENT

Dana Shigley, City of Anderson
Michael Daly, City of Jackson
Dixon Coulter, City of Marysville
Martin Nichols, City of Red Bluff
Steve Kroeger, City of Yuba City
Tim Sailsbery, City of Willows

MEMBERS ABSENT

Jan McClintock, City of Colusa
Steve Kimbrough, City of Corning

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services
Susan Adams, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Marcus Beverly, York Insurance Services
Craig Wheaton, York Insurance Services

A. CALL TO ORDER

The meeting was called to order at 10:35 a.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: Martin Nichols **SECOND:** Dixon Coulter **MOTION CARRIED**

D. CONSENT CALENDAR

A motion was made to approve the consent calendar with the direction of the Committee.

MOTION: Dixon Coulter **SECOND:** Michael Daly **MOTION CARRIED**

E. COMMITTEE REPORTS

There were no comments regarding Committee Reports.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for the Period Ending March 31, 2011

Mr. Dixon Coulter gave a brief summary to the Executive Committee regarding the Quarterly Financial Report.

A motion was made to approve, receive and file the Quarterly Financial Report for the period ending March 31, 2011.

MOTION: Tim Sailsbery **SECOND:** Michael Daly **MOTION CARRIED**

F2. Update on YE 2011 Financial Audits

Mrs. Susan Adams advised the Committee that the 2011 Financial Audits are currently being processed and there are no surprises to be brought to the Committee attention.

G. JPA BUSINESS

G1. Loss Portfolio Transfer Update

Mr. Michael Simmons gave a verbal report on the Workers' Compensation Loss Portfolio Transfer (LPT) advising the Committee that the Board of Directors directed staff to spend \$15,000 to perform a claims audit and continue exploring the options of the LPT. Michael noted that Safety National will not proceed until a claims audit is performed and Staff does not wish to have a claims audit performed if the quote will change pending the claims audit.

Michael expressed that should members not want to release the available funds that would result from this LPT, this option would not be to the beneficial of the organization since the organization currently gains investment income from these funds.

There was discussion on the final pricing which cannot be determined at this time since the "Cradle to the Grave" option regarding claims administration by York is not being offered.

Mrs. Susan Adams expressed her thoughts of the LPT, noting that in her prior experience with Loss Portfolio Transfers carriers would offer to transfer claims subject to an aggregate limit. Once the aggregate is exceeded, the organization could opt to purchase more coverage from the carrier. As this LPT offers to transfer claims which are not subject to an aggregate limit, the organization no longer has an obligation to the losses transferred. Susan suggested to going forward with spending up \$15,000 to perform a claims audit and go forward with the LPT subject to legal review of the contract.

Steve Kroeger expressed that he would like all items regarding the LPT to be discussed with the Ad hoc committee. Steve also expressed that he would be opposed to instantly returning the available funds to members but agree with going forward with the LPT and looking at the available funds as a savings.

Dixon Coulter noted that JPA's typically under reserve prior claims, establishing a high confidence level to fund the under reserved claims. Michael agreed with respects to Liability claims advising that with Workers' Compensation claims, York reserves funds for what they believe to be the ultimate loss of the claim. Michael also noted that NCCSIF continually performs claims audits which decrease the possibility discrepancies in the claims audits. Michael also included the adjusters' IBNR funds included in the Actuarial Report.

Tim Sailsbery pointed out currently NCCSIF has \$30.4 million in Net Assets and \$21.8 million in Liabilities resulting in approximately \$8.6 million excess funds available to NCCSIF. Tim noted that due to the conservative nature of returning excess funds to members over time assisted in decreased premiums for members. Tim also mentioned that the organization must develop an allocation calculation to return available funds to members.

Mr. Marcus Beverly noted that by transferring the losses the organization also gets rid of the uncertain liabilities that may arise from these liabilities.

Michael Simmons advised that losses be transferred are only the Workers' Compensation pooled layer up to \$500,000. Should claims develop excess of the pooled layer; the claims will then be paid out of the Excess Coverage.

Dixon advised his interest for James Marta to discover a "what's in it for me?" calculation and present to the committee.

Michael Simmons suggests three items that are still need in order to proceed with the LPT: The actuarial peer review; legal documentation, and a "what's in it for me?" calculation.

Mr. Michael Daly pointed out that he would like to see distributions be allocated to members using previous experience factors as this would act as an incentive for members to continue to mitigate their losses.

Staff was directed to move forward as discussed.

G2. Utilization of Safety Grant Funds for FY 2010-11

Susan Adams explained there is still \$200,000+ available in the Safety Grant Funds, noting that three members have recently sent in their requests which were not included in the Utilization information provided at today's meeting.

There was discussion on the procedure of requesting these funds. Requests are to be directed towards staff which will then have the President sign of prior to sending the request to James Marta to process payment.

G3. Discussion on Liability and Workers' Compensation Claims Audit RFP

Susan Adams reported that at a previous Executive Committee Meeting in November, 2010, the committee decided to have an audit conducted on the Workers' Compensation and Liability claims during the 2011 year.

The prior Liability audit was conducted by Ken Miolini of RMS in November 2009 and the prior Workers' Compensation audits were conducted by North Bay Associated in November 2010 and in 2008. They were contract by CSAC-EIA to perform the audit.

Susan requested a decision to either issue a Request for Proposal for Workers' Compensation and Liability claims audits to be performed or to contact the previous auditors to perform the claims audits.

These audits are performed to fulfill the CAJPA Accreditation requirements.

A motion was made to contact the previous auditors to determine their interest and availability to perform claims audits for Liability and Workers' Compensation.

MOTION: Dixon Coulter **SECOND:** Tim Sailsbery **MOTION CARRIED**

G4. Discussion regarding Loss Control/Risk Management RFP

Susan Adams explained that Marilyn Kelley had put together an RFP for Loss Control/Risk Management Services. Susan advised that a suggestion was made, to Judy LaPorte, to stay with York regarding Loss Control/Risk Management services and budgeting for any additional services offered through CSAC-EIA.

Susan explained that some members were concerned that York was unable to meet the needs of NCCSIF's members and there may be other vendors with other services may be available to do so. The possibility of more than one vendor for Loss Control/Risk Management services was discussed.

A motion was made to approve the issuance of the Loss Control/Risk Management Request for Proposal.

MOTION: Martin Nichols **SECOND:** Michael Daly **MOTION CARRIED**

G5. NCCSIF Budget – Presentation of New Format

Susan Adams provided a presentation of the New Budget Format which includes the Summary by cities, actual expenses and revenues broken down by line item and coverage, administration allocation by program by member, payroll, premium and refunds.

The Budget will also include the historical budget and how premium allocations are calculated.

G6. Risk Management Training Update

Susan Adams gave an update regarding the Risk Management Vendor Matrix showing vendors and what services are available. There was a request to provide each vendor's utilization and the financial aspect, possible cost savings, and recommendations for future utilization from staff.

Staff will send out an updated Risk Management Vendor Matrix which will include the current usage.

G7. Review of Preliminary 2012 Meeting Calendar

Susan Adams advised the 2012 Meeting Calendar is provided as preliminary dates asking for feedback regarding any potential conflicts which may occur.

Michael Daly noted that the City of Jackson sends two separate members to attend the Board of Directors and Risk Management Committee meeting.

Steve Kroeger suggested going forward with the next scheduled meeting and discussing the thoughts afterwards.

G8. Update of Strategic Planning Session – December 13 – 14, 2011

Susan Adams asked the Committee to review the Strategic Planning Timeline and offer any suggestions that may come to mind. There was discussion regarding the length of a President's term and attendance regarding NCCSIF Board Meetings.

Michael Simmons suggested the possibility of shortening the Strategic Planning Session into a half day session prior to the Board of Directors meeting. The Committee agreed to this suggestion advising staff to contact David Clovis, CJPRMA to facilitate a half day Strategic Planning Session prior to the Board of Directors meeting on December 14, 2011.

A few items brought up for the Strategic Planning Session were:

1. Process of the President and Past Presidents (Term Limit)
2. Where do you see yourself in 5 years?
3. Benchmark Accuracy and meeting the needs of the organization.
4. How important is Risk Control?
5. What other JPA's do regarding member assessments.

6. Marylin Kelley to prepare short historical perspective of NCCSIF
7. Remedial Presentation on Liability Insurance Pool.

H. INFORMATION ITEMS

There was discussion on the reason behind going out to RFP for the Risk Management Services provided by York Insurance Group as some members were opposed to the idea. Items of due diligence and staffing changes were discussed by the Board.

H1. Quarterly Time Tracking as of 03/31/11

Susan Adams advised of Alliant's hours worked this quarter of 953 hours and 2710 hours to date for the current policy year.

H2. NCCSIF Meeting Calendar

Steve Kroeger advised staff that the NCCSIF Meeting Calendar should be revised to reflect the correct time of 12:30 p.m. for the Claims Committee.

H3. NCCSIF Resource Contact Guide

This item was presented as information only. Johnny Yang was added to the NCCSIF Resource Contact Guide.

I. ADJOURNMENT

The meeting was adjourned at 12:40 p.m.