



**MINUTES OF THE  
NCCSIF BOARD OF DIRECTORS MEETING  
ROCKLIN EVENT CENTER, ROCKLIN, CA  
OCTOBER 27, 2016**

**BOARD OF DIRECTORS PRESENT**

Liz Cottrell, City of Anderson (Alternate)  
Toni Benson, City of Colusa  
Kristina Miller, City of Corning  
Michelle Pellegrino, City of Dixon  
Brad Koehn, City of Elk Grove  
Kristine Haile, City of Folsom (Alternate)  
Paula Islas, City of Galt  
Michael Daly, City of Jackson

Astrida Trupovnieks, City of Lincoln  
Corey Shaver, City of Nevada City  
Liz Ehrenstrom, City of Oroville  
Gina Will, Town of Paradise  
Dave Warren, City of Placerville (Chair)  
Kimberly Sarkovich, City of Rocklin  
Tim Sailsbery, City of Willows

**OTHER MEMBERS PRESENT**

Kim Stalie, City of Dixon  
Jim Ramsey, City of Elk Grove  
Dalacie Blankenship, City of Jackson

Michael Green, City of Rocklin  
Spencer Morrison, City of Yuba City

**BOARD OF DIRECTORS ABSENT**

Jeff Kiser, City of Anderson  
Nita Wracker, City of Auburn  
Jim Francis, City of Folsom  
Matt Michaelis, City of Gridley  
Jon Hanken, City of Ione

Satwant Takhar, City of Marysville  
Sandy Ryan, City of Red Bluff  
Robert Hickey, City of Rio Vista  
Natalie Springer, City of Yuba City

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services  
Michael Simmons, Alliant Insurance Services  
Raychelle Maranan, Alliant Insurance Services  
James Marta, James Marta & Company  
Arthur Ngo, Crowe Horwath LLP

Dori Zumwalt, York Risk Services  
Cameron Dewey, York Risk Services  
Alex Davis, York Risk Services  
Kathryn Mullis, ACI Specialty Benefits

**A. CALL TO ORDER**

Mr. Dave Warren, Chair, called the meeting to order at 1:04 p.m.

**B. INTRODUCTIONS**

The above-mentioned members were present constituting a quorum.



**C. APPROVAL OF AGENDA AS POSTED**

Mr. Warren requested to move item J.5. (Change in Members Transit Coverage Structure) after item I.1. (FY 15/16 Financial Audit).

**A motion was made to approve the Agenda as amended.**

**Motion:** Tim Sailsbery                      **Second:** Michael Daly                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

**D. PUBLIC COMMENTS**

There were no public comments.

**E. CONSENT CALENDAR**

1. Board of Directors Meeting Minutes - June 9, 2016
2. Check Register from May 1, 2016 to August 31, 2016
3. Investment Reports
  - a. Chandler Asset Management Short/Long Term - May 2016 to August 2016
  - b. Local Agency Investment Fund (LAIF) Report as of June 30, 2016
  - c. Treasurer's Report as of June 30, 2016
4. Quarterly Financial Report for Period Ending June 30, 2016
5. Engagement Letter with Farley Consulting for the 2016 Workers' Compensation Claims Audit Services
6. Alliant Commission Disclosure Letter and Retail vs. Wholesale Commissions

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

**Motion:** Corey Shaver                      **Second:** Michael Daly                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

*Kim Stalie left the meeting at 1:07 p.m.*

**F. Summary of the September 29, 2016 Executive Committee Meeting**

Mr. Marcus Beverly indicated the summary report listed the action items taken by the Executive Committee most of which are recommendations to the Board at this meeting. The Board had no questions.

Information only.





## **G. ADMINISTRATION REPORTS**

### **G1. President's Report**

Mr. Warren indicated that James Marta & Company has completed the transition to the new accounting system, Intacct. This is a web-based financial accounting software that the Board approved at the April meeting. Mr. Warren stated the system is intuitive and it makes the check approval a seamless process.

### **G2. Program Administrator's Report**

Mr. Beverly stated that he attended the CJPRMA October 26, 2016, Strategic Planning Meeting and reported that CJPRMA have had some challenges in members' lack of support in risk management.

## **H. 2017 Officers and Executive Committee**

Mr. Beverly reported that the President position is the only officer position that is up for nomination. Mr. Beverly indicated that Mr. Dave Warren assumed the office of President less than six months ago and is serving the remainder of the prior President's term ending December 31, 2016. The Executive Committee nominated Dave Warren for the President position. The Treasurer and the Representative to the CJPRMA Board of Directors positions are appointed annually. The current Treasurer, Tim Sailsbery, and the current CJPRMA Board Representative, Paula Islas are willing to continue to serve their respective position.

There were no nominations from the floor for the President position.

**A motion was made to approve the 2017 Slate of Officers and Executive Committee as presented.**

**Motion:** Brad Koehn                      **Second:** Paula Islas                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

## **I. FINANCIAL REPORTS**

### **II. FY 15/16 Financial Audit**

Mr. Arthur Ngo, Crowe Horwath, presented an overview of the FY 15/16 financial audit. Mr. Ngo indicated that the financials are free of material misstatements as noted in the Management Discussion and Analysis report. He noted the implementation of GASB 72 as new disclosure. This Statement is an input used to determine the fair value of the investments. NCCSIF investment falls under level 2 category.



Mr. James Marta noted that the Liability Shared Risk Program remains in a deficit. He pointed to the Liability Program Shared Risk Layer Claims Development page in the financial statement and noted that from 2010 to 2013, although the total shows a positive figure it means the opposite. The claims developed higher than what the actuary originally estimated. The total claims paid for those years is over \$5 million which is in excess of liabilities. Mr. Marta indicated the Pool have been working on this deficit plan for the last four years, but have not made any progress due to the claims development. The Shared Risk Layer Deficit Plan will be discussed at the December Board meeting. On the other hand, the Workers' Compensation (WC) Shared Risk Layer Program is in favorable position.

Mr. Beverly noted that the Pool's Net Position is \$4.6 million with significant dividends paid to members at \$1.2 million. Without dividends, the net position would have increased by \$5.7 million. Overall, the pool is doing exceptionally well due in part in closing more claims. The Net Cash decreased as the pool expended more in claims up front and the future liabilities are going down. The WC program has been aggressive in closing claims by Compromise and Release.

**A motion was made to receive and file the FY 15/16 Financial Audit.**

**Motion:** Astrida Trupovnieks      **Second:** Liz Ehrenstrom      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

*Arthur Ngo left the meeting at 1:25 p.m.*

**J5. Change in Members Transit Coverage Structure**

Mr. Beverly indicated that the California Transit Indemnity Pool (CalTIP) is going to consolidate their two program structures into one. Currently, CalTIP allowed some of its members to adjust their own claims and report losses when it could potentially penetrate the CalTIP program. CalTIP will no longer allow that practice as that method provides less control in the management and oversight of claims in the pipeline. With this change, it impacted three NCCSIF members: City of Auburn, City of Dixon and City of Folsom. These cities are member of CalTIP for their transit risk exposures. This poses a dilemma to NCCSIF as these members transit risk exposures are also covered by NCCSIF Banking and Shared Risk Layer program up to \$250,000, but excluded for excess coverage through CJPRMA. The SIR for Auburn and Dixon is \$50,000; and Folsom at \$100,000.

Mr. Simmons indicated that the Executive Committee discussed this matter extensively at the September meeting and the Committee tabled this item pending discussion with the members on effective transition of coverage. There are a number of interrelated issues that complicate an easy transition between the two Pool programs. Mainly, the NCCSIF rating plan is based on payroll and loss experience and CalTIP's rating plan is based on driven miles.





Alternative options were discussed:

- If coverage remains the same through NCCSIF, this means another York team (CalTIP's TPA is also York Risk Services) is the responsible adjuster for the claims. However, this would not work as well in the Shared Risk Layer and therefore, NCCSIF would need to exclude this coverage entirely in the Shared Risk Layer. From a financial audit standpoint, this is tremendously complex.
- If NCCSIF excludes this coverage in the Shared Risk Layer, consequently these members would have a premium charge at the various self-insured retentions offered by CalTIP. NCCSIF may allow members to pay claims in the Banking layer. The claim cost can be journaled as it occurs in the CalTIP Pool and paid out of the member's Banking Layer. This only works as long as York is the TPA for both Pools.

Mr. Simmons indicated that CalTIP have contacted these three members and are aware of the change. Mr. Beverly stated that he attempted to make contact with these three members to discuss their options, but was unable to make contact with the City of Auburn and City of Folsom. Michelle Pellegrino, City of Dixon, was present at the meeting and she stated that she does not foresee a problem as the City had direct coverage with CalTIP. Ms. Kristine Haile, City of Folsom, indicated that Jim Francis was out all week and she will follow up with him on the matter. No representative from Auburn was at the meeting.

A question was raised of how this affects actuarially if members are allowed to use their Banking Layer to pay claims in the CalTIP pool. Mr. Marta weighed in on the matter and explained that the payment is to the member as other distribution and not as claims expense.

**After a lengthy discussion, a motion was made to approve excluding transit coverage in the NCCSIF program with option for Auburn, Dixon and Folsom to use their Banking Layer to pay CalTIP claims; to authorize Marcus Beverly to discuss the alternatives with these three members and to work with NCCSIF legal counsel to effectively transition coverage on May 1, 2017.**

**Motion:** Liz Ehrenstrom                      **Second:** Tim Sailsbery                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

*Michael Simmons left the meeting at 1:41 p.m.*

## **I2. Investment Policy**

Mr. Beverly explained that the Investment Policy has been reviewed by Chandler Asset Management and James Marta & Company and revisions were recommended. The changes were minor: added introduction about the Pool, added investment pool and money market funds to those



excluded from the 5% cap, and replaced references to the Finance Committee with Treasurer, Program Administrator and/or Accounting Service Provider.

**A motion was made to approve the suggested changes to the Investment Policy as presented.**

**Motion:** Brad Koehn                      **Second:** Michael Daly                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

**I3. Resolution 17-01 Authorizing Signers for the Investment of Monies in the Local Agency Investment Fund (LAIF)**

Mr. Beverly indicated that the Resolution 17-01 gives authority to certain officers to order deposits or withdrawals of monies in the LAIF account.

**A motion was made to approve the Resolution 17-01 as presented.**

**Motion:** Brad Koehn                      **Second:** Michael Daly                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

**I4. Resolution 17-02 Authorizing the Treasurer to Invest and Re-invest Funds**

Mr. Beverly indicated that the Board must annually approve a resolution authorizing the NCCSIF Treasurer to invest and reinvest funds, including the sale or exchange of securities.

**A motion was made to approve the NCCSIF Resolution 17-02 as presented.**

**Motion:** Brad Koehn                      **Second:** Michael Daly                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

**I5. Consideration for Positive Pay Services with Tri Counties Bank**

Mr. Beverly indicated that NCCSIF maintains three checking accounts with Tri Counties Bank, one for each coverage program and a general fund account. None of the accounts currently provide the Positive Pay feature to reduce the potential for fraud, considered to be a best practice for claims administration accounts in particular. Mr. Beverly outlined the difference between the two positive pay accounts to the Board.





After discussion, the Board approved the Positive Pay Analysis account with interest accrual of 0.55% and an estimate cost of \$0.10 fee per check. The fee will be paid from the “soft” interest earned from that account.

**A motion was made to approve the Positive Pay Analysis account.**

**Motion:** Kimberly Sarkovich      **Second:** Gina Will      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

## **J. JPA BUSINESS**

### **J1. 2016 Board Training Day Agenda**

Mr. Beverly indicated the Executive Committee recommended conducting a Board Training Day this year in combination with a regular Board meeting on December 8, 2016. Mr. Beverly reviewed the suggested topics for the training session as follows:

- Overview of Funding Formulas
- Liability Shared Risk Layer Deficit Plan
- Drone Coverage
- Best Practices for Workers’ Compensation Claims
- CJPRMA Update and Services
- Investment 101

Mr. Warren suggested that the Legal Marijuana training is a hot topic especially with the passage of Proposition 64 in the November ballot.

### **J2. Workers’ Compensation Claims Administration Performance Plan & Report**

Mr. Beverly indicated that the regular Service Provider Survey conducted recently revealed concerns with the Workers’ Compensation (WC) claims management by York. A subsequent survey and Board discussion regarding the WC claims administration led to a meeting with York and select Executive Committee members to address member concerns and developed the Performance Plan. Mr. Beverly reviewed the Performance Plan to the Board. The objective is to keep member apprised on the status of the claims and an open line of communication with the members.

Ms. Dori Zumwalt from York reviewed the quarterly report to the Board. This report is part of the Performance Plan to keep members informed on trends and claims statistics on a quarterly basis. York is conducting Workers’ Compensation 101 Trainings at member’s locations. The Utilization Review delays the treatment process as most medical providers have lag time in document processing. Ms. Zumwalt indicated that York is now issuing the medical authorization letter to the



doctor's office immediately when a new claim is reported so the doctor can provide immediate and appropriate treatment without delays.

Discussion ensued on the accountability measures of the plan specifically the follow up communication. Mr. Beverly indicated that those are one of the factors that an independent claims auditor reviews as part of the annual claims audit. Mr. Beverly indicated that he also conducts claims review with York.

Mr. Warren acknowledged the assistance of the AdHoc team consisting of Elizabeth Ehrenstrom, Natalie Springer, Paula Islas and Marcus Beverly for their time in developing the Performance Plan. Mr. Warren also acknowledged the York Team on being receptive to address the issues.

Presented as information only.

### **J3. 2017 Service Calendar**

Mr. Beverly reviewed the Service Calendar to the Board that outlines the timeline of the annual activities to be completed on behalf of NCCSIF.

There was no discussion on this item.

**A motion was made to receive and file the 2017 Service Calendar.**

**Motion:** Liz Ehrenstrom                      **Second:** Paula Islas                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

### **J4. 2017 Meeting Calendar**

Mr. Marcus Beverly indicated the Executive Committee reviewed the Preliminary Meeting Calendar for 2017 at the September 29, 2016 meeting and noted that the EC is recommending approval of the meeting calendar to the Board.

**A motion was made to receive and file the 2017 Meeting Calendar.**

**Motion:** Corey Shaver                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Miller, Pellegrino, Koehn, Haile, Islas, Daly, Trupovnieks, Shaver, Ehrenstrom, Will, Warren, Sarkovich, Sailsbery  
**Nays:** None

### **J6. Round Table Discussion**

None.



## K. INFORMATION ITEMS

1. CalPELRA 2016 Conference (November 1-4, 2016) in Monterey, CA
2. PARMA 2017 Conference (February 12-15, 2017) in Anaheim, CA
3. Glossary of Terms
4. NCCSIF Organizational Chart
5. NCCSIF 2016 Meeting Calendar
6. NCCSIF Travel Reimbursement Form
7. NCCSIF Resource Contact Guide

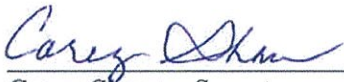
These items were provided as information only.

## L. ADJOURNMENT

The meeting was adjourned at 2:26 p.m.

**Next Meeting Date:** December 8, 2016 in Rocklin, CA

Respectfully Submitted,



Corey Shaver, Secretary

12/21/16  
Date