



**MINUTES OF THE  
NCCSIF EXECUTIVE COMMITTEE MEETING  
LINCOLN CITY HALL, LINCOLN, CA 95993  
MARCH 19, 2015**

**MEMBERS PRESENT**

Michelle Pellegrino, City of Dixon  
Bruce Cline, City of Folsom  
Dave Andres, City of Ione

Dave Warren, City of Placerville  
Tim Chapa, City of Rio Vista  
Russell Hildebrand, City of Rocklin

**MEMBERS ABSENT**

Brad Koehn, City of Elk Grove  
Paula Islas, City of Galt

Michael Daly, City of Jackson  
Tim Sailsbery, City of Willows

**GUESTS & CONSULTANTS**

Michael Simmons, Alliant Insurance Services, Inc.  
Marcus Beverly, Alliant Insurance Services, Inc.  
Michelle Minnick, Alliant Insurance Services, Inc.  
Mike Harrington, Bickmore

Jennifer Nogosek, York Risk Services  
Ben Burg, York Risk Services  
Dori Zumwalt, York Risk Services  
Alana Theiss, James Marta & Company

**A. CALL TO ORDER**

The meeting was called to order at 10:36 am.

**B. PUBLIC COMMENTS**

There were no public comments made.

**C. APPROVAL OF AGENDA AS POSTED**

*A motion was made to accept the Agenda as presented.*

**MOTION:** Dave Warren

**SECOND:** Bruce Cline

**MOTION CARRIED  
UNANIMOUSLY**

**ABSENT:** Dave Andres

**D. CONSENT CALENDAR**

1. Executive Committee Meeting Minutes – November 13, 2014
2. Investment Reports
  - a. Chandler Asset Management Short/Long Term – February 2015
  - b. LAIF Report as of December 31, 2014
3. Check Register at December 31, 2014



*A motion was made to accept the Consent Calendar as presented.*

**MOTION:** Dave Warren

**SECOND:** Bruce Cline

**MOTION CARRIED  
UNANIMOUSLY**

**ABSENT:** Dave Andres

## **E. COMMITTEE REPORTS**

1. Police Risk Management Committee Meeting Minutes – February 5, 2015 (Draft)
2. Training Day/Board of Directors Meeting Minutes – January 8, 2015 (Draft)

There was no discussion on this item.

## **F. FINANCIAL REPORTS**

### **F1. Quarterly Financial Report for Period Ending December 31, 2014**

Alana Theiss presented the highlights of the Quarterly Financial Report for Period Ending December 31, 2014. Alana noted that the Liability Program Shared Layer is in a deficit and the CJPRMA refunds which NCCSIF has been receiving and applying to the deficit reduction are expected to decline. In the Liability Program Banking Layer there are only 4 members with a negative net position at December 31, 2014.

On the combined statement of the Workers' Compensation program the Banking Layer shows amounts that are outstanding for the Safety Grants and the net position is positive in the Administrative Layer and Shared Layers. Within the Workers' Compensation program Banking Layer there are 5 members with a negative net position. Alana noted that NCCSIF took on the City of Elk Grove in 2013, and that addition is what caused the jump in WC claims at that time, not poor loss experience.

### **F2. Budget to Actual as of December 31, 2014 Update**

Alana Theiss noted that the Administrative Layer is budgeted to be in a loss. It was also asked that all members who have outstanding grant funds should submit the billing so that they may be reimbursed.

## **G. JPA BUSINESS**

### **G1a. Actuarial Study of the Self-Insured Workers' Compensation Program**

Mike Harrington, Bickmore, presented the 2015 Actuarial Study of the WC program. He reminded the Committee that the actuarial analysis consists of two main components. The first being a review of the estimates of the ultimate liabilities as of December 31, 2014, and the second component is a loss forecasting analysis to determine the rates for the 2015/16 program year.



Mike noted that the reserves on claims are being set adequately which is helping contain claims costs. Ben Burg stated that examiner turnover is down which means they know the cases well, are reserving appropriately, and there is more buy-in with the cities. Dori Zumwalt from York has noticed that there are a lot more Medical Only claims, which are traditionally lower cost and paid more quickly.

Mike Harrington also recommended that NCCSIF use a confidence level of 75% or higher to fund upcoming program years.

*A motion was made to have the Actuarial Studies of the Self Insured Program Workers' Compensation Program presented to the Board of Directors.*

**MOTION:** Bruce Cline

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**

#### **G1b. Actuarial Study of the Self-Insured Liability Program**

Mike Harrington, Bickmore, also presented the 2015 Actuarial Study of the Liability Program to the Committee. Mike Harrington again reminded the Committee that the actuarial analysis consists of two main components. The first being a review of the estimates of the ultimate liabilities as of December 31, 2014, and the second component is a loss forecasting analysis to determine the rates for the 2015/16 program year. Mike reviewed the report and noted the following:

- Outstanding Liabilities have increased 10% from last year;
- Outstanding Liabilities in the Shared Layer have increased by 12% from last year;
- The Shared Layer is in a deficit and needs some work;
- It was also recommended that funding at a confidence level of 80% or above be considered;

Mike Harrington noted that this has been a steady year for both the Liability and the Workers' Compensation programs and both are well-funded overall. The Workers' Compensation program rates are flat and the Liability has an increase which was expected due to inflation.

*A motion was made to request the Actuarial Studies be finalized and presented to the Board of Directors.*

**MOTION:** Bruce Cline

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**



**G2. Annual Banking Plan Adjustments**

**G2a. Annual Banking Plan Adjustments Workers' Compensation Program**

Alana Theiss presented the financial information for the Workers' Compensation Banking Layer and noted that there are refunds available to members who are in a positive position. Marcus Beverly reminded the Committee that the Board had discussed raising the assessment amount from 20% of the deficit to perhaps as high as 35% (as 20% has not been effective in getting some members who are in a deficit into a positive position). Any change would go into effect during the next policy year (FY 16/17). It was requested by Russell Hildebrand that the discussion about changing the assessment amount should be presented to the entire Board of Directors during the summer of 2015 as it affects all members of NCCSIF.

**\*NOTE:** At this time the Executive Committee requested that a discussion regarding the Workers' Compensation Shared Layer (G.3.a.) be completed prior to making a motion on the Workers' Compensation Banking Layer.

*After a review and discussion of Item G.3.a. a motion was made to approve a 35% Banking Layer refund from the Workers' Compensation program for members that are eligible and in the Shared Layer the refund amount will be capped at 50% of the refund amount available from the Workers' Compensation program. \*NOTE: The Executive Committee voted on Item G.2.a. and Item G.3.a. in the same motion.*

**MOTION:** Bruce Cline

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**

**G3a. Annual Shared Risk Plan Adjustments Workers' Compensation Program**

Alana Theiss noted that total funding for the Shared Layer is above the benchmark of 90% CL and both the Banking and Shared Layers are healthy. Marcus Beverly recommended that the Shared Layer refund be limited to 50% of what is available in a conservative effort to keep a safety margin. Members who are eligible for a refund in the Workers' Compensation program Shared Layer but are in a deficit position in the Banking Layer (or another program that is in a deficit) will be required to use the approved refund amount to help combat their own deficit position. It was also requested that Alliant research the Policy and Procedures regarding a member who is eligible for a refund in one layer but also in a deficit position in another layer.

Marcus Beverly also recommended that members should be required to place a portion of the 50% refund into the Risk Management Grant Funds. At this time Alliant was requested to research the policy and Procedures regarding how the Risk Management Grant Funds have been calculated and funded in the past. It was noted that a review of the language in the Policy and Procedures is necessary to ensure that no one member should receive a refund if they are in a deficit position in another layer or program.

**\*NOTE:** The Executive Committee voted on Item G.2.a. and Item G.3.a. in the same motion. See action above in Item G.2.a.



**\*NOTE:** At this time the Executive Committee requested that we review the Property Renewal Update

#### **G6. Property Renewal Update**

The Executive Committee was informed that members have been provided their current property schedules and members have been asked to review the property schedule for accuracy and notify Alliant of any discrepancies in an effort to confirm member records are accurate and to ensure each member's premiums are calculated correctly.

#### **G7. Crime Policy Renewal Update**

NCCSIF's Crime policy (Bond) expires on July 1, 2015. The NCCSIF Crime Policy is through National Union Fire Insurance Co. of Pittsburg, and carries an A.M. Best rating of A, XV (\$2 billion or greater). Member costs are allocated based on number of employees. Michael Simmons recommended that all members who are not in the Crime Program should seriously consider joining the program. Marcus Beverly noted that it's a great deal and is better than purchasing an individual Crime Bond.

#### **G8. Employee Assistance Program Renewal Update**

The ACI contract for Employee Assistance Program (EAP) and CORE Wellness services expires July 1, 2015. NCCSIF has received an offer of renewal for FY 2015/16. The rate for the CORE Wellness Program has increased to \$1.00/per employee from the prior rate of \$.93/per employee, but the rates for the EAP program remain the same as the last three years. The Executive Committee was reminded that NCCSIF members pay ACI directly for the EAP program and the Wellness Program is paid through the administrative budget for all members who would like to participate.

*A motion was made to recommend renewal of the ACI contract for FY 2015/16 to the Board of Directors.*

**MOTION:** Bruce Cline

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**

**\*NOTE:** At this time Marcus Beverly requested that we review the CJPRMA Refund Allocation Item G.4. prior to reviewing the Liability Banking and Shared Layer items.

#### **G4. CJPRMA Refund Allocation**

On an annual basis NCCSIF's excess coverage provider, CJPRMA, calculates their assets and liabilities for each Program Year and makes adjustments as needed. This year NCCSIF has received a refund and the Executive Committee was asked to make a recommendation to the Board of Directors regarding how to distribute these funds. It was also noted that the CJPRMA refunds NCCSIF traditionally receives will be diminishing in upcoming years as CJPRMA has changed the calculation for refunds. In the past the CJPRMA refund has been split amongst the



Liability Shared Layer and the Liability Deposits. However, this year Marcus Beverly recommended that the entire CJPRMA refund (\$251,186) be put toward the assessment of the Liability Shared Risk Layer to help minimize the assessment. Alana Theiss also recommended putting the CJPRMA refund amount of \$251,186 toward the Liability Shared Risk Layer special assessment and assess \$600,000 on top of that amount (total \$851,186).

**\*NOTE:** At this time it was requested that a review of the Liability Banking Item G.2.b. and Shared Layer Item G.3.b. prior to making a decision regarding the CJPRMA Refund Allocation Item G.4.

*After a review and discussion of the Liability Banking Item G.2.b. and Shared Layer Item G.3.b. A motion was made to apply the entire CJPRMA refund amount (\$251,186) to the assessment of the Shared Risk Layer.*

**MOTION:** Bruce Cline

**SECOND:** Dave Andres

**MOTION CARRIED  
UNANIMOUSLY**

### **G.2.b. Annual Banking Plan Adjustments Liability Program**

Alana Theiss presented the Executive Committee with the Banking Layer Fund balances for the Liability Program and noted that the Banking Layer as a whole is above the benchmarks but not all members are above their benchmarks. Those members are currently being assessed 20% of the deficit amount per NCCSIF policy. It was recommended that the refund percentage be set at 35% for those members who are above their benchmarks.

**\*NOTE:** At this time it was requested that a review of the Liability Shared Layer Item G.3.b. prior to making a decision regarding the Liability Banking Item G.2.b.

*After a review and discussion of the Liability Shared Layer Item G.3.b. A motion was made to accept a 35% refund from the Banking Layer Liability program for those members who are in a fiscally positive position.*

**MOTION:** Bruce Cline

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**

### **G3b. Annual Shared Risk Plan Adjustments Liability Program**

Each year NCCSIF reviews the financial status of the Shared Risk Layer Fund to determine if refunds or assessments may be declared. The total adjustment is allocated to members based on their pro-rata share of the total Shared contributions. Currently the entire Liability Program is funding at an 80% confidence level but the Shared Risk Layer has been in a deficit for at least two years running. NCCSIF members previously agreed to an assessment of \$600,000 per year for up to five years to reach the goal of a 90% confidence level plus 3-5 times the SIR.

Marcus Beverly recommended that the \$600,000 assessment continue and the entire CJPRMA refund (\$251,186) be put toward the assessment to offset the cost.



*After a review and discussion of the Liability Banking Item G.2.b. and Shared Layer Item G.3.b. A motion was made was made to approve the \$600,000 assessment for the Liability Shared Risk Layer.*

**MOTION:** Tim Chapa

**SECOND:** Bruce Cline

**MOTION CARRIED  
UNANIMOUSLY**

**G5. Preliminary FY 15/16 Deposit Premium Calculations**

**G5a. Preliminary FY 15/16 Deposit Premium Calculations Workers' Compensation Program**

Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board. Total funding at a 65% Confidence Level (C.L.) for FY 15/16 is estimated at \$9,652,234, compared to \$8,587,289 for FY 14/15, an increase of 12.4%. The actuary recommended funding at a 70% C.L., which is also the funding goal members have set, is estimated at \$9,916,766; an increase of 15.48%. The total is offset by \$227,027 from administration budget savings. It was noted that individual member increases are capped at 40%. Marcus Beverly made the recommendation that NCCSIF continue to fund the Workers' Compensation Program at a 65% confidence level for the FY 15/16 and use the \$227,027 from the administration budget savings to offset the cost to members. Michael Simmons mentioned that NCCSIF is currently funding the Workers' Compensation program at a 65% confidence level and is doing well but mentioned that 70-75% on a prospective basis traditionally produces healthy dividends and financial stability over time.

A discussion amongst the Executive Committee raised questions about the difference in cost to each member at each confidence level (65% confidence level as compared to the 70% confidence level). Dave Warren noted that the goal is to ultimately reach the 70% confidence level funding and asked about how a 67.5% confidence level could affect members' premiums in an effort to work toward the 70% confidence level without dramatic increases.

*A motion was made to present the preliminary FY 15-16 deposit premium calculations for the Workers' Compensation program at the 65% confidence level and the 67.5% confidence level to the Board of Directors.*

**MOTION:** Dave Andres

**SECOND:** Dave Warren

**MOTION CARRIED  
UNANIMOUSLY**

**ABSENT:** Tim Chapa

**G5b. Preliminary FY 15/16 Deposit Premium Calculations Liability Program**

Each year the Executive Committee reviews the actuary's recommended funding levels for the upcoming fiscal year and recommends a Deposit Premium to the Board. The Executive Committee was presented with the total funding at a 65% Confidence Level (C.L.) for FY 15/16 which is estimated at \$4,490,547, compared to \$4,052,451 for FY 14/15 (an increase of





10.81%). The total is offset by \$110,517 from administration budget savings. Individual member increases are capped at 25%. The members were reminded that the funding goal is to get up to a 70% confidence level. It was also noted that members are capped at 25% and it was mentioned that a discussion should be had about our capping policy. Russell Hildebrand requested a Total Pool Deposit Breakdown which includes: refunds for Liability Banking, Liability Shared, Workers' Compensation Banking, Workers' Compensation Shared, and a net for each program with a comparison to the prior year. There was discussion regarding the accuracy of City of Colusa's numbers as the deposit amount has gone down but they owe money in another program and it was requested that Alliant research further the large reductions in premium for Colusa.

A recommendation was made to present the FY 15-16 Liability program deposit premium calculations at the 65% confidence level and the 67.5% confidence level to the Board of Directors.

#### **G9. Preliminary FY 15/16 NCCSIF Budget**

Marcus Beverly provided an overview of the changes in the preliminary budget for FY 15/16. One of the biggest changes is in the State Funding/Fraud Assessment, anticipated to increase by 6% to 8%. Overall the budget should increase at 3% or less, right now it is estimated to be 2.94%. Marcus Beverly mentioned this number could be subject to change as there is still a need to add the claims audit and also to determine the funding for FY 15-16 Police Risk Management grants (\$50,000 was granted last year in order to purchase body cameras for police).

#### **G10. Round Table Discussion**

Dave Andres from Ione noted that the body cameras have had a positive effect on potential claims.

### **H. INFORMATION ITEMS**

#### **H1. NCCSIF Organizational Chart**

There was no discussion on this item.

#### **H2. NCCSIF Travel Reimbursement Form**

There was no discussion on this item.

#### **H3. NCCSIF Resource Contact Guide**

There was no discussion on this item.

### **I. ADJOURNMENT**

The meeting was adjourned at 1:47 pm.