



**MINUTES OF THE
NCCSIF TRAINING DAY/BOARD OF DIRECTORS MEETING
LINCOLN CITY HALL, LINCOLN, CA
APRIL 24, 2014**

MEMBERS PRESENT

Jeff Kiser, City of Anderson
Jim Lindley, City of Dixon
Brad Koehn, City of Elk Grove
Bruce Cline, City of Folsom
Matt Michaelis, City of Gridley
Ed Pattison, City of Ione
Michael Daly, City of Jackson
Corey Shaver, City of Nevada City
Liz Ehrenstrom, City of Oroville
Dave Warren, City of Placerville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Robin Bertagna, City of Yuba City
Gina Will, Town of Paradise

MEMBERS ABSENT

Shari Conley, City of Auburn
Shelly Kittle, City of Colusa
John Brewer, City of Corning
Paula Islas, City of Galt
John Lee, City of Lincoln
Leigh Keicher, City of Marysville
Tim Chapa, City of Rio Vista
Tim Sailsbery, City of Willows

GUESTS & CONSULTANTS

Michael Green, City of Rocklin
Michael Simmons, Alliant Insurance Services, Inc.
Marcus Beverly, Alliant Insurance Services, Inc.
Marylin Kelley, Alliant Insurance Services, Inc.
Johnny Yang, Alliant Insurance Services, Inc.
Tom Kline, Bickmore
Alana Theiss, James Marta & Company



A. CALL TO ORDER

The meeting was called to order at 11:15 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: Jim Lindley **SECOND:** Russell Hildebrand **MOTION CARRIED UNANIMOUSLY**

D. CONSENT CALENDAR

1. Training Day/Board of Directors Meeting Minutes – December 12, 2013
2. Check Register at March 31, 2014
3. Investment Report
 - a. Treasurer’s Report as of December 31, 2014
 - b. Chandler Asset Management Short/Long Term – March 2014
 - c. LAIF Report as of March 31, 2014
4. Utilization Report for Safety Grant Funds as of February 28, 2014

A motion was made to approve the Consent Calendar.

MOTION: Jim Lindley **SECOND:** Russell Hildebrand **MOTION CARRIED UNANIMOUSLY**

E. MINUTES AND REPORTS

1. Executive Committee Meeting Minutes – March 13, 2014 (Draft)
2. Executive Committee Meeting Minutes – April 10, 2014 (Draft)
3. Risk Management Committee Meeting Minutes – January 16, 2014 (Draft)

F. ADMINISTRATION REPORTS

F1. President’s Report

Ms. Liz Ehrenstrom had no items to report.

F2. Program Administrator’s Report

Ms. Marilyn Kelley provided the Committee with a presentation on a 10 year historical review of NCCSIF to assist in the funding decisions to be discussed later in the agenda.



F3. Executive Committee Reportable Actions

Mr. Marcus Beverly provided the Board with an update of the actions taken at the February 28, 2014, March 13, 2014 and April 10, 2014 Executive Committee meetings. He explained that the City of San Luis Obispo reached out to Alliant and was interested in NCCSIF membership. NCCSIF elected to decline the City of San Luis Obispo's request due to geographical reasons. He advised the NCCSIF will be going out to RFP to select a new Workers' Compensation Claims Auditor. The Executive Committee also approved the Program Administration & Services Agreement Amendment for the addition of the City of Elk Grove as well as the 5 year renewal of the Agreement. The Committee also reviewed and approved the Accounting Services Agreement with James Marta & Company for another three years.

Mike explained that the Program Administration Services Agreement Renewal has been reviewed by Mr. Russell Hildebrand and all the requested changes have been implemented into the agreement. There were no significantly substantive changes from the expiring agreement and the renewing agreement. The agreement has been reviewed by Byrne Conley as well.

G. FINANCIAL REPORTS

G1. NCCSIF Investment Portfolio Review

Mr. Ted Piorkowski provided the Board with a presentation on current economic situations and reviewed NCCSIF's Investment Portfolio.

G2a. FY 2014/15 Actuarial Studies – Workers' Compensation

Mr. Mike Harrington provided the Board of Directors with a presentation on the FY 2014/15 Actuarial Studies for the Workers' Compensation program. He explained the rates remained flat but due to the fact that last year's actuarial studies' losses included 4850, there was truly an increase from the prior year.

G2b. FY 2014/15 Actuarial Studies – Liability

Mr. Harrington provided the Board of Directors with a presentation on the FY 2014/15 Actuarial Studies for the Liability program. He explained that the total recommended funding has increased \$336,374 or 8.3% over the prior year.

A motion was made to approve both the Workers' Compensation and Liability FY 2014/15 Actuarial Studies as presented by Mike Harrington.

MOTION: Matt Michaelis **SECOND:** Gina Will

**MOTION CARRIED
UNANIMOUSLY**



G3. Quarterly Financial Report for Period Ending December 31, 2013

Ms. Alana Theiss provided the Board with the Quarterly Financial Report for Period Ending December 31, 2013.

A motion was made to approve the Quarterly Financial Report Ending December 31, 2013.

MOTION: Russell Hildebrand **SECOND:** Michael Daly **MOTION CARRIED
UNANIMOUSLY**

G4. NCCSIF Budget to Actual Report as of December 31, 2013

Ms. Theiss provided the Board with a Budget to Actual Report as of December 31, 2013. She noted that the State Funding/Fraud Assessment increase substantially from the prior year. Staff does not know how these Assessments are calculated but have seen annual increases.

H. JPA BUSINESS

H1. Distribution of CJPRMA Refund

Mr. Beverly advised that NCCSIF will be receiving a refund of \$399,360. He explained that the CJPRMA refunds will slowly start to decrease going forward. Staff recommends that due to the Liability Shared Risk Layer deficit, this year's refund should be distributed 67% (\$267,571) to the Liability Shared Risk Layer and 33% (\$131,789) to offset the liability deposit calculation.

A motion was made to approve the Distribution of the CJPRMA Refund per staff's recommendation.

MOTION: Jeff Kiser **SECOND:** Gina Will **MOTION CARRIED
UNANIMOUSLY**

H2a. Review and Approval of the 2013/14 Banking Plan Adjustment Calculation Sheets – Workers' Compensation

Mr. Beverly explained that the Banking Plan for the Workers' Compensation program is in a deficit. No funds are eligible for redistribution and staff is recommending an assessment for the Workers' Compensation Banking Layer of \$403,527 according to NCCSIF's Policies and Procedures. Assessments are billed in two installments on September 15th and December 15th. There was also discussion that, historically, members who are in a deficit position tend to come out of the deficit prior to the completion of their 5 year assessment.

A motion was made to approve no refunds this year and the recommended assessments with respects to the Workers' Compensation Banking Plan Adjustment Calculations.

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



H2b. Review and Approval of the 2013/14 Banking Plan Adjustment Calculation Sheets - Liability

Mr. Beverly explained that due to the status of the Liability Banking Layer's Net Equity position at the 90% confidence level, plus the "10 time SIR" contingency, there are some members who are eligible for a refund. The total available refund amount is \$477,512 at 100% at Net Equity and a 10 times negative buffer above the 90% confidence level. Mr. Beverly suggested 35% of the available refund in the amount of \$167,129 be approved for redistribution.

Mr. Cline suggested looking at the policy and procedures to determine members' entitlement to their banking layer dividends. Mr. Hildebrand explained that the Executive Committee determined that the policy states members are entitled to the full amount of their available refund unless otherwise determined by the Board of Directors.

Ms. Kelley advised that with respects to the Liability and Workers' Compensation banking plans, should a member be in a deficit position in one program and a refund available in the other, the available refund will be used to offset the deficit in the other program.

A motion was made to approve refunds in the amount 35% of the available Net Equity position. This results in dividends in the amount of \$167,129. There are also assessments in the amount of \$134,887 for some members.

MOTION: Bruce Cline **SECOND:** Gina Will **MOTION CARRIED UNANIMOUSLY**

H3a. Review and Approval of the 2013/14 Shared Risk Plan Fund Adjustments – Workers' Compensation

Mr. Beverly advised Workers' Compensation has available refunds in the amount of \$2,662,167. Staff recommends that 35% be made available for refund in the amount of \$931,758. Staff also recommends applying \$200,000 of the amount to continue the Risk Management Grant program and \$600,000 to help offset members' equity position in the Workers' Compensation banking layer. Mr. Beverly confirmed that members can choose to fund their Risk Management grant or elect to take their entire refund amount.

A motion was made to approve a 35% refund or \$931,758. Of this amount, NCCSIF will continue to fund the Risk Management Grant Fund in the amount of \$200,000. \$600,000 will also be contributed to the Workers' Compensation Banking Layer to help offset members' equity positions. Members can elect to fund their Risk Management Grant Fund or to take the entire amount in a refund.

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



H3b. Review and Approval of the 2013/14 Shared Risk Plan Fund Adjustments – Liability

Mr. Beverly advised that in the prior year Program Administrators recommended a 5-year assessment plan in the amount \$600,000 to \$800,000 per year to rebuild the Liability Shared Risk Layer Funds. He explained that this is due to large losses in program years 2009, 2010 and 2011. Based on the Shared Risk Layer assets at 12/31/13, NCCSIF has a negative equity at the 80% and 90% confidence levels. The adjustment calculation develops an assessment of \$1,135,000. Mr. Beverly then advised that staff and the Executive Committee are recommending an Assessment of \$600,000 for the Liability Shared Risk Layer. Program Administrators also recommend applying 67% of the CJPRMA refund in the amount of \$267,571 be applied to offset the Assessment leaving a total assessment amount of \$332,429.

A motion was made to approve an assessment amount of \$600,000 for the Liability Shared Risk Layer. 67% of the CJPRMA refund, or \$267,571, will be applied to the Assessment leaving \$331,429 to be assessed to Members.

MOTION: Bruce Cline **SECOND:** Michael Daly **MOTION CARRIED UNANIMOUSLY**

H4. Preliminary 2014/15 NCCSIF Budget

Mr. Beverly explained that the Preliminary 2014/15 NCCSIF Budget remains relatively flat compared to last year. There was a brief discussion on the Lexipol costs which increased by \$10,000 for the addition of the City of Elk Grove.

A motion was made to approve the Preliminary 2014/15 NCCSIF Budget

MOTION: Corey Shaver **SECOND:** Bruce Cline **MOTION CARRIED UNANIMOUSLY**

H5a. Preliminary 2014/15 Deposit Calculations – Workers’ Compensation

Ms. Kelley provided the Board with a presentation on NCCSIF’s Rating Mechanisms and how each member’s deposit calculations are developed.

Mr. Beverly explained that the rate for the Workers’ Compensation program at the 60% confidence level is the same as last year though corrected loss information were used in the actuarial studies. He advised that the Executive Committee recommends funding the Workers’ Compensation program at the 65% confidence level to assist in the banking layer deficit.

Mr. Hildebrand advised that during the Executive Committee meeting the Committee had many discussions on this topic and came to the conclusion that members would only be able to absorb a 65% confidence level funding for this year with hopes to reaching a 70% confidence level in the next year or after. Mr. Beverly suggested that the goal is to fund each program at the 70% or 75% confidence level to have an effective surplus to fund unexpected large losses. Ms.



Ehrenstrom also recommends funding at the 65% confidence level in order to slowly increase the necessary funding for the program.

A motion was made to approve a 65% confidence level funding for the Workers' Compensation Program.

MOTION: Sandy Ryan **SECOND:** Jeff Kiser **MOTION CARRIED
UNANIMOUSLY**

H5b. Preliminary 2014/15 Deposit Calculations – Liability

Mr. Beverly explained that the staff and the Executive Committee recommend funding the Liability Program at a 65% confidence level which would result in a 7.9% increase over the prior year. Members are able to locate their estimated deposits and assessments in the agenda packet. He noted that members are capped at 25% this year and with respects to the Workers' Compensation members are capped at 40%.

A motion was made to approve a 65% confidence level funding for the Workers' Compensation Program.

MOTION: Gina Will **SECOND:** Corey Shaver **MOTION CARRIED
UNANIMOUSLY**

H6. 2014/15 Property Renewal Update

Mr. Yang explained that NCCSIF's application has been submitted to the PEPiP underwriters and he does not expect a large increase over the prior year. No preliminary numbers have been released yet but quotes are expected towards the end of May. There was a question on whether NCCSIF will be looking at other markets for property coverage. Mr. Simmons advised that as PEPiP's rates for NCCSIF remains relatively low and offers so much coverage, staff would not recommend going out to the market. A survey and coverage comparison for other markets was completed two years prior.

H7. Property Appraisals Update

Mr. Yang advised that preliminary property appraisals have been received and will be sent out to members for their review and approval. Members advised that they have not received their preliminary property appraisals and staff was redirected to confirm and resend.

H8. NCCSIF JPA Crime Policy Renewal

Mr. Beverly advised that application have been sent out to members and he does not expect much of an increase over the prior year. Mr. Beverly asked that members complete the application and forward to staff as early as possible.



H9. Recommended Hold Harmless Language and Insurance Requirements

Mr. Beverly advised that Alliant has posted an updated version of the Insurance Requirements in Contract Manual which is available on Alliant's website. He explained that there were a few items which were addressed which were suggested terms for Hold Harmless/Indemnification Clause and the Insurance Requirements section. Mr. Hildebrand suggested a hold harmless language which states "to the full extent and time allowable by law". This would potentially assist in losses arising out of the future. He also recommends using CG 20 38 forms as well.

H10. Round Table Discussion

There was no round table discussion.

I. INFORMATION ITEMS

1. NCCSIF Program Manual (Handout)
2. NCCSIF Organizational Chart
3. NCCSIF 2014 Meeting Calendar
4. NCCSIF Travel Reimbursement Form
5. NCCSIF Resource Contact Guide

This meeting was adjourned at 2:37 p.m.