



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
MARCH 13, 2014**

MEMBERS PRESENT

John Lee, City of Lincoln
Liz Ehrenstrom, City of Oroville
Corey Shaver, City of Nevada City
Russell Hildebrand, City of Rocklin
Tim Chapa, City of Rio Vista
Tim Sailsbery, City of Willows

MEMBERS ABSENT

Steve Johnson, City of Dixon
Paula Islas, City of Galt

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services
Marylin Kelley, Alliant Insurance Services (arrived at 11:00 a.m.)
Marcus Beverly, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
James Marta, James Marta & Company
Ben Burg, York Risk Services
Lela Casey, York Risk Services
Sara Ramirez, York Risk Services
Jennifer Nogosek, York Risk Services

A. CALL TO ORDER

The meeting was called to order at 10:34 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: Corey Shaver **SECOND:** John Lee

**MOTION CARRIED
UNANIMOUSLY**



D. CONSENT CALENDAR

1. Executive Committee Meeting Minutes – November 14, 2013
2. Executive Committee Teleconference Meeting Minutes – February 18, 2014
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term – February 2014
 - b. LAIF Report as of December 31, 2013

A motion was made to approve the Consent Calendar.

MOTION: John Lee **SECOND:** Tim Chapa **MOTION CARRIED
UNANIMOUSLY**

E. COMMITTEE REPORTS

1. Training Day/Board of Directors Meeting Minutes – December 12, 2013 (Draft)
2. Risk Management Committee Meeting Minutes – January 16, 2014 (Draft)

There was no discussion on the Committee Reports.

F. FINANCIAL REPORTS

F1. Quarterly Financial Report for Period Ending December 31, 2013

Mr. James Marta provided the Executive Committee with presentation on the Quarterly Financial Report for Period Ending December 31, 2013.

MOTION: Russell Hildebrand **SECOND:** John Lee **MOTION CARRIED
UNANIMOUSLY**

A motion was made to receive and file the Quarterly Financial Report for Period Ending December 31, 2013 and the Financial Reports provided by James Marta & Company.

F2. Budget to Actual as of December 31, 2013 Update

Mr. Marta explained that these are provided to show that Budget to Actual is provided at the end of the Quarterly Financial Reports. He noted that there will always be expenses that will not add up and advised that at the end of the Budget to Actual a “Highlights” section has been included.

G. JPA BUSINESS

Mr. Marcus Beverly requested to address items G.9. through G.13. first and come back to G.1. afterwards.



G1. FY 2014/15 Actuarial Studies – Draft financial pages only

G1a. FY 2014/15 Liability Actuarial Studies

Mr. Mike Simmons explained that staff has just received the actuarial studies shortly prior to sending out the Executive Committee Agenda and apologizes for any discrepancies that may be found in the Agenda Items.

Ms. Marilyn Kelley advised that Mr. Mike Harrington is currently updating the Outstanding Liabilities pages and the Total Assets per the Quarterly Financial Report. She explained that with respects to Liability the actuary estimates that NCCSIF will have combined assets of \$9,474,000 as of June 30, 2014. Actual Assets from the financial audit were \$10,237,879. The estimated combined outstanding liabilities are at \$10,274,000 at the 90% Confidence Level which results in an \$800,000 deficit in anticipated assets below the 90% Confidence Level.

Mr. Marta then explained that the actuary's estimate came out more favorable than Quarterly Financial Report as of December 31, 2013.

No action was taken on this item and will be brought to an Executive Committee meeting scheduled on April 3, 2014.

G1b. FY 2014/15 Workers' Compensation Actuarial Studies

Mr. Beverly explained that the 2014/15 estimated combined funding rate is \$4.092 which is the same rate as last year. However, last year's rate included the 4850 TD benefits. In addition, due to bad data in the loss run used for last year's funding, the rate should have been \$4.623. The apples-to-apples comparison using the corrected rate for 2013-14 is \$4.623 to \$4.541, 2% lower than the corrected rate but 11% higher than the rate used.

Mr. Marta noted that the claims are developing a little better in the banking layer and even better in the shared layer.

No action was taken on this item and will be brought to an Executive Committee meeting scheduled on April 3, 2014.

G2. 4850 Compensation Options Discussion

Mr. Simmons advised that this item will be brought to the Board of Directors for direction in September or October as the Executive Committee expressed that they did not want to address this item at this time. Mr. Beverly recommended that NCCSIF find a place in the governing documents to cover how the pool handles 4850 benefits. Ms. Kelley explained that the confusion was brought about by what portion of the 4850 benefits is excluded. Mr. Simmons then gave a brief history on how 4850 benefits originated and how it is currently handled by NCCSIF.



G3. Review and Approval of the 2013 Banking Plan Adjustment Calculation Sheets

Mr. Marta explained how the Banking Plan Fund Adjustments are calculated. He then advised that the banking layer, as a whole, is in a deficit position above the 90% Confidence and 10 times the Self Insured Retention. Mr. Marta noted that there are some members in a deficit and some members who are funded above the benchmark. He then proposed assessing the Liability Banking Layer as a whole which would include a total assessment of \$369,774. With respects to the Workers' Compensation program the total proposed assessment is \$508,779. Mr. Tim Sailsbery confirmed that assessing the banking layer as a whole would mean that even members whose banking layer is well funded are also receiving an assessment due to those members are in a deficit position.

Ms. Kelley explained that Mar. Marta is proposing two options to help fund the banking layer needed for working capital in the event of a severe event. The first is that no member is allowed to take a refund and an assessment is approved and applied to the total deposit. The second is to assess only those members in a deficit position. Or as an alternative, the JPA can increase their Confidence Level Funding.

Mr. Simmons suggested the Executive Committee schedule another meeting prior to the Board of Directors meeting to allow more time to review and discuss the funding options discussed today.

Upon further discussion the Executive Committee decided to hold an Executive Committee meeting on April 3, 2014 at 10:30 a.m. located at 600 Sixth Street, Lincoln, CA to address the funding items in need of approval. Staff was directed to provide preliminary calculations with all of the proposed assessments and refunds for each member for approval.

G4. Review and Approval of the 2013 Shared Risk Layer Plan Fund Adjustments

This item was not discussed and will be brought to the next EC meeting on April 24, 2014.

G5. 2013/14 Safety Grant Funds Utilization and Consideration of 2014/15 Safety Grant Funds Program Continuation

Ms. Kelley explained that the Shared Risk Workers' Compensation refund available is \$931,758 of which \$600,000 will be moved to the Banking layer. This leaves \$331,758 of which staff recommends retaining \$200,000 for the Safety Grant Funds to continue the Safety Grant Funds Program.

A motion was made to approve the continuation of the 2014/15 Safety Grant Funds Program.

MOTION: John Lee

SECOND: Russell Hildebrand

**MOTION CARRIED
UNANIMOUSLY**



G6. Distribution of CJPRMA Refund

Ms. Kelley advised the NCCSIF has received the CJPRMA refund of \$399,360 of which staff recommends 2/3rd of the refund be applied to the Liability Shared Risk Layer and 1/3rd be applied to the deposit calculation.

A motion was made to approve the Distribution of CJPRMA Refund.

MOTION: John Lee **SECOND:** Russell Hildebrand **MOTION CARRIED UNANIMOUSLY**

G7. Preliminary 2014/15 NCCSIF Budget

This item was not discussed and will be brought to the next EC meeting on April 3, 2014.

G8. Preliminary 2014/15 Deposit Calculations

This item was not discussed and will be brought to the next EC meeting on April 3, 2014.

G9. 2014/15 Property Renewal Update

Mr. Johnny Yang explained that staff is currently working on the 2014/15 Property Renewal for NCCSIF. Property updates have been sent to members for review. Mr. Simmons advised that the property rates are estimated to increase by less than 5% over the past year depending on NCCSIF's losses. Mr. Simmons also reminded members that rates may also increase due to the approval of the appraised values. Mr. Yang explained that Preliminary Property Appraisals will be sent out to members for their review and acceptance.

G10. Property Appraisals Update

Mr. Simmons explained that whenever an appraisal is completed, members usually see an increase in Total Values.

G11. 2014 Workers' Compensation Claims Auditor Selection

Mr. Yang explained that every year NCCSIF conducts a claims audit for either Workers' Compensation or for Liability. This year NCCSIF is due to conduct a Workers' Compensation Claims Audit. The past three Workers' Compensation claims audit were performed by the same auditor. This year the Committee should decide whether to perform a formal RFP or to contact the previous Claims Auditor and request their availability and pricing for performance of the audit this fall for presentation at the December Board of Directors meeting.

A motion was made to perform a formal RFP for the 2014 Workers' Compensation Claims Auditor Selection.

MOTION: Russell Hildebrand **SECOND:** John Lee **MOTION CARRIED UNANIMOUSLY**



G12. NCCSIF JPA Crime Policy Renewal

Mr. Yang advised that Alliant's Crime Insurance Program has decided not to quote NCCSIF's Crime coverage. Staff will attempt to obtain a quote from CSAC-EIA but expect renewing NCCSIF's current crime program provided by AIG at a slight increase if any. There has not been any significant crime losses reported and indications should be received in mid to late May.

Mr. Simmons explained that there has been an increase in Crime related losses recently and provided examples of recent crime losses.

G13. Recommended Hold Harmless Indemnification Clause

Mr. Beverly explained that there have been changes to the insurance policies. He noted that ISO recently made changes to their forms and Alliant has released a new Insurance Requirements in Contracts Manual which provides updated insurance requirements required for contracts. Mr. Beverly explained that Alliant is recommending specific change to language which requires entitlement to entire limits of a contractor's insurance.

Mr. Beverly said that in January of 2013, SB 474 was passed that limits Public Entities contracts with construction contractors. Indemnification of the Public Agency willful or active negligence is not allowed. Similarly the general contractor is likewise limited to the same extent in its indemnity agreement with its sub-contractors.

Mr. Beverly then mentioned suggested terms to include in the insurance requirements section of any contract as follows:

- To the fullest extent allowable by law;
- Any and all liability, claims, losses, damages or expenses, including reasonable attorney's fees;
- Excluding, however, such liability claims losses, damages or expenses arising from City's sole negligence or willful acts;
- If the contractor maintains additional coverage or higher limits than those required within the Insurance Requirements section, then City shall be entitled to additional coverage or higher limits maintained by contractor. (This should also be added to the Insurance Requirements section.)

Mr. Russell Hildebrand advised that he would suggest different verbiage for the additional limits requirements. Mr. Hildebrand was asked to provide his recommendations to staff which will be recommended to the Board of Directors.

G14. Round Table Discussion

Ms. Marilyn Kelley advised that she has received a preliminary quote from Travelers for ID Fraud Coverage for all of the NCCSIF members' employees. This item will be brought back to the next meeting for discussion.



H. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF Travel Reimbursement Form
3. NCCSIF Resource Contact Guide

I. ADJOURNMENT

The meeting was adjourned at 2:15 p.m.