



**MINUTES OF THE  
NCCSIF EXECUTIVE COMMITTEE MEETING  
ROCKLIN EVENT CENTER, ROCKLIN, CA  
MARCH 23, 2017**

**COMMITTEE MEMBERS PRESENT**

Liz Cottrell, City of Anderson  
Toni Benson, City of Colusa  
Corey Shaver, City of Nevada City  
Liz Ehrenstrom, City of Oroville

Dave Warren, City of Placerville (**Chair**)  
Sandy Ryan, City of Red Bluff  
Tim Sailsbery, City of Willows

**COMMITTEE MEMBERS ABSENT**

Kristina Miller, City of Corning  
Satwant Takhar, City of Marysville

Natalie Springer, City of Yuba City

**OTHER MEMBERS PRESENT**

Tom Watson, City of Corning

Astrida Trupovnieks, City of Lincoln

**CONSULTANTS & GUESTS**

Marcus Beverly, Alliant Insurance Services  
Michael Simmons, Alliant Insurance Services  
Raychelle Maranan, Alliant Insurance Services

James Marta, James Marta & Company  
Dori Zumwalt, York Risk Services  
Steven Scott, York Risk Services

**A. CALL TO ORDER**

Chair Dave Warren called the meeting to order at 10:02 a.m.

**B. INTRODUCTIONS**

Introductions were made and the above-mentioned members were present constituting a quorum.

**C. APPROVAL OF AGENDA AS POSTED**

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

**Motion:** Liz Ehrenstrom                      **Second:** Corey Shaver  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan

**Motion Carried**



## **D. PUBLIC COMMENTS**

There were no public comments.

## **E. CONSENT CALENDAR**

1. Executive Committee Meeting Minutes - September 29, 2016
2. Check Register from November 1, 2016 to February 28, 2017
3. Investment Reports
  - a. Chandler Asset Management Short/Long Term - November 2016 to February 2017
  - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2016
  - c. Treasurer's Report as of December 31, 2016

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

**Motion:** Liz Ehrenstrom

**Second:** Corey Shaver

**Motion Carried**

**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan

## **F. ADMINISTRATION REPORTS**

### **F1. President's Report**

Chair Warren recognized Paula Islas' many accomplishments as the HR Administrator for the City of Galt and an active Member of the NCCSIF Board of Directors. Ms. Islas served the Board for fourteen years in many capacities including past President and as the CJPRMA Representative. Chair Warren indicated that AlliantConnect portal for NCCSIF was launched in January and thanked the Program Administrators for providing another platform for members to access documents on the go, and he particularly likes the automatic notification from the system as new documents are posted to the portal.

### **F2. Program Administrator's Report**

Mr. Beverly noted the coverage renewals are not included in the agenda as there are no updates to report other than members are in the application submission process. Mr. Beverly reported that the pool will continue to cover transit risk coverage for the City of Auburn, City of Dixon and City of Folsom from each member's respective banking layer attachment up to \$250,000, which is different than what was previously discussed. A more detailed report will be provided at the April Board meeting.

*Michael Simmons arrived at 10:08 a.m.*



**G. JPA BUSINESS**

**G1. Actuarial Studies of the Self Insured Programs**

**G1a. FY 17/18 Workers' Compensation Program**

Mr. Beverly noted that Mike Harrington will present the Actuarial Reports to the full Board at the April meeting.

Mr. Beverly presented the draft FY 17/18 Actuarial Study of the Workers' Compensation program. Overall, the rates have decreased 3.6% from \$4.434 to 4.275, with a 5% decrease in the Banking Layer and a 1.5% decrease for the Shared Layer.

*Tim Sailsbery arrived at 10:14 a.m.*

Mr. Beverly noted that there is one correction on the report in that the Confidence Level (CL) for FY 16/17 is 70%, and not 67.5% as reflected on the report. The FY 17/18 rate at the 75% CL \$4.434, is the same as the current 70% CL rate, and this is a good opportunity to increase the funding confidence level.

**A motion was made to accept the Draft Actuarial Studies of the Self Insured Workers' Compensation Program and to finalize the report for presentation to the Board of Directors.**

**Motion:** Liz Ehrenstrom                      **Second:** Corey Shaver                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

**G1b. FY 17/18 Liability Program**

Mr. Beverly presented the draft FY 17/18 Actuarial Study of the Liability program. The total recommended funding for banking and shared risk layer is \$3,625,000 at the current 70% CL, almost \$200,000 below the funding of \$3,823,000 for FY 16/17. The rate at the 70% CL is \$2.225 per \$100 of payroll, compared to \$2.370 last year, a decrease of 5.7%

Mr. Beverly noted the FY 17/18 rate at the 75% CL is \$2.38, just \$0.01 above the current rate at the 70% CL. Although it is much improved, due to the continued deficit at the 90% CL the Shared Layer assessment will also continue.

**A motion was made to accept the Draft Actuarial Studies of the Self Insured Liability Program and to finalize the report for presentation to the Board of Directors.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery



## **G2. Workers' Compensation Program**

### **G2a. Annual Banking Plan Adjustments - James Marta & Company**

Mr. James Marta presented the financial information for the Workers' Compensation Banking Layer and noted that there are refunds available to the members who are in a positive position. The Net Equity above the pool is ten times the \$100,000 Self Insured Retention (SIR) and 90% confidence level in excess of the outstanding liabilities. The total dividend is \$1,684,823 which represents 35% of the available net position, and the total assessments is \$215,275 which represents 20% of the amount for those members who fell below the required funding.

**After review and discussion, a motion was made to approve the 35% Banking Layer refund from the Workers' Compensation program for eligible members and 20% assessment to those members who fell below the required funding per the P&P A-1.**

**Motion:** Tim Sailsbery

**Second:** Liz Ehrenstrom

**Motion Carried**

**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

### **G2b. Annual Shared Risk Plan Adjustments - Alliant Insurance Services**

Mr. Beverly noted that the outstanding liability in the actuarial report was not updated in the calculation spreadsheet and therefore, a correction was noted and that the available refund is \$498,000 instead of \$353,000 per the report included in the agenda.

Mr. Beverly recommended that the Shared Layer refund be limited to 50% of what is available in an effort to keep the safety margin on a conservative side. 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.

**After review and discussion, a motion was made to approve the refund from Shared Risk Layer from the Workers' Compensation program at 50% as amended.**

**Motion:** Tim Sailsbery

**Second:** Liz Ehrenstrom

**Motion Carried**

**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

### **G2c. Preliminary FY 17/18 Deposit Premium Calculations**

Mr. Beverly reported 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 the 70% Confidence Level (CL) for FY 17/18 is estimated at \$11,215,966 compared to \$10,570,741 for FY 16/17, an increase of 6.10%. Given the rate has decreased, the overall increase is due to increase in payroll of 7.7% and an increase of 23% in excess coverage.



*Astrida Trupovnieks arrived at 11:03 a.m.*

Mr. Beverly noted that capping is not applicable this year, with the largest member increase at almost 30% at the 70% CL and 33% at the 75% CL. The overall average rate increase per member at 75% confidence level is 3%. Mr. Beverly made a recommendation to increase funding from 70% CL to 75% CL to strengthen the funding.

**A motion was made to present the preliminary FY 17/18 deposit premium calculations for the Workers' Compensation program at the 75% confidence level to the Board of Directors.**

**Motion:** Liz Ehrenstrom                      **Second:** Liz Cottrell                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

**G3. Liability Program**

**G3a. Annual Banking Plan Adjustments - James Marta & Company**

Mr. James Marta presented the financial information for the Liability Banking Layer and noted that there are refunds available to members who are in a positive position. The Net Equity above the pool is ten times the \$50,000 SIR and 90% confidence level in excess of the outstanding liabilities. The total dividend is \$607,256 which represents 35% of the available net position, and the total assessments is \$34,369 which represents 20% of the amount for those members who fell below the required funding. Any deficit at \$10,000 or less will be assessed 100%.

**After review and discussion, a motion was made to approve the 35% Banking Layer refund from the Liability program for eligible members and 20% assessment to those members who fell below the required funding per the P&P A-1.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

**G3b. Annual Shared Risk Plan Adjustments - Alliant Insurance Services**

Mr. Beverly indicated 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. As of December 31, 2016, the fund has assets of \$6,746,000. This is \$725,000 above Outstanding Liabilities at the Expected Confidence Level (CL) and, while much improved over last year, well below the two benchmarks used to evaluate Shared Layer adjustments, liabilities at a 90% CL or 5 times the SIR of \$450,000 (\$2,250,000, or \$1,525,000 below that benchmark).



Mr. Beverly indicated that members previously agreed to assess themselves \$600,000 per year up to five year in an effort to increase assets and meet target funding goal. It was noted the FY 17/18 is the fourth year of that assessment. There is no refund available to the members even after applying the full CJPRMA refund of \$231,952.

The Committee discussed in length ways to bring the Liability Program out of deficit including the possibility of allowing members to use their Workers' Compensation Banking layer refunds to offset any assessments in the Liability program.

As the WC program is strong and in order to create stabilization, the Committee directed the Program Administrators to draft a policy to use WC Banking surplus to offset Liability assessment and to present to the Board.

**After review and discussion, a motion was made to continue the \$600,000 assessment and apply the full CJPRMA refund towards the assessment to offset the cost in order to bring the projected assets above liabilities at the expected confidence level and to draft a policy for members to use Workers' Compensation surplus to offset any assessments in the Liability program.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

### **G3c. Preliminary FY 17/18 Deposit Premium Calculations**

Mr. Beverly noted that after the agenda was published the Program Administrators received the CJPRMA premium estimate and therefore, a new handout of the FY 17/18 calculation was distributed that reflects the actual CJPRMA premium.

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 70% Confidence Level (C.L.) for FY 17/18 which is estimated at \$5,261,889, compared to \$5,392,923 for FY 16/17 (a decrease of 2.43%). It was noted that payroll for the liability program increased only by 1%

Mr. Beverly indicated total funding at a 75% CL is estimated at \$5,513,899, an increase of 2.2% over FY 16/17 funding at the 70% CL and \$252,000, or 4.8%, more than total FY 17/18 funding. Mr. Beverly noted that increases do not need to be capped at 25% this year, with the largest increase at 22.5%. Mr. Beverly made a recommendation to increase funding from 70% CL to 75% CL to strengthen the funding.

Mr. Beverly indicated an exhibit will be presented to the Board that illustrates why a member's premium goes up. The Committee requested to add comparison showing changes by payroll versus losses.



**A motion was made to present the preliminary FY 17/18 deposit premium calculations for the Liability program at 75% confidence level to the Board of Directors.**

**Motion:** Liz Ehrenstrom                      **Second:** Tim Sailsbery                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

**G3d. CJPRMA Refund Allocation**

**As discussed under agenda item G3b, a motion was made to apply the full amount of the CJPRMA refund of \$231,952, to the Liability Shared Risk Layer assessment.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

**G4. Preliminary FY 17/18 NCCSIF Budget**

Mr. Marcus Beverly provided an overview of the changes in the preliminary budget for FY 17/18. The Computer Services has been moved to Accounting Services as it is part of James Marta and Company's contract for the Intacct Accounting System. The annual cost allocated for FY 17/18 is \$3,330, of which \$2,580 is for the accounting system and \$750.00 for e-check delivery. James Marta and Company contract for Accounting services and the proposed agreement is expected to increase by 3.5% pending ongoing negotiation. ACI cost for Wellness Services increased significantly to cover all members, but will iron out exactly if members are using this service.

Mr. Beverly noted there was a significant increase in the State Funding/Fraud Assessment by 34%, or 10% from the actual expense for FY 16/17 for the anticipated increase. Mr. Marta noted it is hard to estimate the State Funding/Fraud Assessment bill due to various factors mainly depending on State's budget as well as claim input for indemnity payments.

Mr. Beverly noted that overall the budget increase is 3% over last year's budget.

Information only, no action taken.

**G5. Accounting and Financial Services Agreement**

Mr. Beverly indicated that James Marta & Company contract for financial accounting and consulting services ends on June 30, 2017. Mr. Beverly indicated the terms of the proposed agreement was discussed with Jim Marta including to drop the individual bond currently purchased for James Marta.



Mr. James Marta discussed the terms of the renewal agreement and proposed a three-year renewal with 3.5% increase per year for each of the next three years. Mr. Marta indicated the 3.5% increase is moderate and within the cost of living adjustment (COLA) towards employee increases to retain staff.

The Committee asked Mr. Marta to step out of the room as the Committee discuss his contract further.

**After a substantial discussion, a motion was made to recommend to the Board an increase to \$70,000 for FY 17/18 and increases for subsequent years to be based on the Bay Area CPI with minimum 1% to 4% maximum along with at least 4-5 year renewal term, and for the Program Administrator to continue to negotiate this term to James Marta and Company.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

#### **G6. Independent Financial Audit Services Agreement**

Mr. Beverly indicated that Crowe Horwath, LLP has submitted a proposal to provide financial audit services for the next three fiscal years. Mr. Beverly indicated he negotiated the final terms of the agreement. In addition to adjusting the yearly fee, Arthur Ngo from Crowe confirmed they would be replacing the audit team lead and staff going forward, to provide a fresh set of eyes for the audit.

Mr. Marta expressed some frustration over the scheduling and completion of the latest audit, he would like for the Committee to include additional language in the engagement letter for Crowe to agree to an audit schedule.

**A motion was made to approve the engagement letter with Crowe Horwath, LLP for Independent Financial Services Agreement for three years as amended to include an audit schedule to the scope of services and to go through Request For Proposal in three years.**

**Motion:** Liz Ehrenstrom                      **Second:** Liz Cottrell                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

#### **G7. Claims Committee Membership Appointment**

The Executive Committee appointed the following members to serve on the Claims Committee:

1. Liz Cottrell, City of Anderson
2. Liz Ehrenstrom, City of Oroville
3. Dave Warren, City of Placerville
4. Tim Sailsbery, City of Willows
5. Natalie Springer, City of Yuba City





### **G8. Selection of the CJPRMA Board and Alternate Representatives**

Mr. Beverly indicated with the departure of Paula Islas, current CJPRMA Representative, and Mike Daly, Alternate CJPRMA Representative, these positions are vacant and the NCCSIF must have a representative on the Board of Directors for the group's excess coverage provider, the California Joint Powers Risk Management Authority (CJPRMA).

Mr. Mike Simmons indicated that he and Mr. Beverly usually attend the CJPRMA meetings, but unfortunately CJPRMA would not allow staff on the CJPRMA Board.

The Committee directed the Program Administrators to send an e-mail to all the members to solicit interest. Ms. Liz Ehrenstrom indicated if no one else volunteers that she would serve the position if need be.

### **G9. NCCSIF Workers' Compensation Claims Administration Performance Plan Follow-up Survey Results**

Mr. Beverly indicated that at the June 2016 Board meeting, York Risk Services was put on a Performance Plan for their Management of Workers' Compensation Claims Administration. To gauge the progress made to date by York a follow up survey was sent to the members.

The Committee reviewed the result of the follow-up survey. Chair Warren noted that fifteen members responded and based on the survey result York is on track to the Performance Plan. York representatives were asked to step out of the room while the Committee discuss the anticipated 3% increase in York's contract as scheduled in their current agreement for FY 17/18.

**After discussion, a motion was made to accept and file the WC Performance Plan Follow-up Survey results and to table the contract fee increase to the Board at the April 2017 meeting for determination.**

**Motion:** Tim Sailsbery                      **Second:** Liz Ehrenstrom                      **Motion Carried**  
**Ayes:** Cottrell, Benson, Shaver, Ehrenstrom, Warren, Ryan, Sailsbery

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

None.

## **H. INFORMATION ITEMS**

1. Glossary of Terms
2. NCCSIF Organizational Chart
3. NCCSIF 2017 Meeting Calendar
4. NCCSIF Vendor Services Matrix



5. NCCSIF Resource Contact Guide
6. NCCSIF Travel Reimbursement

There was no discussion on these items.

## **I. ADJOURNMENT**

This meeting was adjourned at 12:17 p.m.

**NEXT MEETING DATE:** May 18, 2017 in Rocklin, CA

Respectfully Submitted,

A handwritten signature in blue ink that reads "Corey Shaver".

Corey Shaver, Secretary

5/18/17

Date