

**MINUTES OF THE
NCCSIF BOARD OF DIRECTORS MEETING
THOMI 'S CAFÉ & BAKERY, JACKSON CALIFORNIA
DECEMBER 15, 2010**

MEMBERS PRESENT

Andy Heath, City of Auburn
Beth Penner, City of Colusa (arrived at 10:45 a.m.)
Steve Kimbrough, City of Corning
Bruce Cline, City of Folsom
Kim Staile, City of Dixon
Paula Islas, City of Galt
Kimberly Kerr, City of Ione
Michael Daly, City of Jackson
John Lee, City of Lincoln
Dixon Coulter, City of Marysville
Liz Ehrenstrom, City of Oroville
Martin Nichols, City of Red Bluff
Judy LaPorte, City of Rocklin
Gina Will, Town of Paradise (arrived at 11:00 a.m.)
Tim Sailsbery, City of Willows
Steve Kroeger, City of Yuba City

MEMBERS ABSENT

Dana Shigley, City of Anderson
Karin Helvey, City of Gridley
Catrina Andes, City of Nevada City
Dave Warren, City of Placerville
Hector De LaRosa, City of Rio Vista

GUESTS & CONSULTANTS

Susan Adams, Alliant Insurance Services
Marylin Kelley, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Stacey Weeks, Alliant Insurance Services
Martin Cassell, Chandler Asset Management
Jim Marta, James Marta & Company
Tom Baber, York Insurance Services
Ben Berg, York Insurance Services
Jack Kastorff, York Insurance Services
Kelli Vitale-Carlson, York Insurance Services

A. CALL TO ORDER

The meeting was called to order at 10:35 a.m.

B. PUBLIC COMMENTS

There were no public comments. The members and guests introduced themselves. The Chair, Mike Daly announced the lunchtime presenter Ruth Zeigler from Meyers Nave.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the meeting agenda as posted.

MOTION: John Lee **SECOND:** Steve Kimbrough **MOTION CARRIED**

D. CONSENT CALENDAR

- D1. Board of Directors Meeting Draft Minutes – October 21, 2010**
- D2. Shared Risk Closing Reports at September 2010**
- D3. Check Register at September 30, 2010**
- D4. Quarterly Investment Reports**
 - a. NCCSIF – November 30, 2010**
 - b. CJPRMA – September 30, 2010**
 - c. CSAC – September 30, 2010**

A motion was made to approve the consent calendar.

MOTION: Martin Nichols **SECOND:** Judy LaPorte **MOTION CARRIED**

E. COMMITTEE REPORTS

- E1. Executive Committee Draft Minutes – November 18, 2010**

Martin Nichols requested to revise Tessa Pritchard from the City of Oroville to the City of Red Bluff. Marilyn Kelley requested the revision of Tessa from a Board member to a guest. Tessa was not appointed as an Alternate member until after the last Board of Directors meeting.

- E2. CJPRMA Board of Directors Meeting Summary – October 28, 2010**

Dixon Coulter reported that CJPRMA Committee members will be discussing a refund to the membership at its meeting tomorrow (December 16th) refund will be \$502,233. The CJPRMA Committee will also discuss next year's rates. The proposed rate is a 1.6% increase. CJPRMA changed Broker's from Marsh to AON with a significant decrease in fees.

F. FINANCIAL REPORTS

- F1. Approval of NCCSIF Quarterly Financial Report - September 30, 2010**

Jim Marta noted that the first quarterly financial report is on an accrual basis which means that even though the liability premium was paid for the entire year, only one fourth of that premium has been accrued. This provides a more accurate viewpoint of how the pool is doing. Profit / surplus is as expected through year end. The report shows combined total liabilities (both banking and shared layers). Total expenses at \$2.4 million. The pool remains on track and is performing very well.

A motion was made to approve the NCCSIF Quarterly Financial Report for the period ending September 30, 2010.

MOTION: Tim Sailsbery **SECOND:** Steve Kroeger **MOTION CARRIED**

F2. Chandler Asset Management Status Report on NCCSIF Investments – Time Certain (11:30 a.m.)

Martin Cassell presented a status report on NCCSIF investments with Chandler Asset Management. He advised that while the economy is very slow, the pool is seeing some improvement. NCCSIF's investments are doing comparatively well given the economic realities and have out performed the benchmark since inception. All of the investments are in compliance with the investment policy of the JPA.

G. ADMINISTRATION REPORTS

G1. Claims Administrator: York – Expedited Jury Trials Act

Tom Baber presented details of the "Expedited Jury Trials Act". AB2284 provides that if the parties agree to an expedited trial that the jury verdict is binding. The trial is subject to a high/low agreement on damages. There are no motions for directed verdict, to set aside the verdict or for a new trial based on inadequate or excessive damages. There is a maximum of eight jurors rather than twelve and with three rather than six alternates. The only grounds where a party may move for a new trial or appeal is due to judicial misconduct that materially affected the substantial rights of a party; misconduct of the jury and corruption, fraud, or other undue means that prevented the party from having a fair trial. The consent of all parties and any insurance carrier is required. The rules of evidence and civil procedure still apply, unless the parties stipulate otherwise. The benefits of expedited jury trials saves time and money; greater predictability because of high/low agreement; and alternative to settlement for cases of no liability and/or minimal damages. This procedure is good for cases under \$100,000 and is effective January 1, 2011 and each court will accommodate to take effect on July 1, 2011. The third party administrator will present the procedure to the Claims Committee and the NCCSIF process will require authority by the Board of Directors. The third party administrator was directed to review the opportunities for this process and bring back to the Board at its next meeting.

G2. Program Administrator: Alliant – Insurance Market Update

Mike Simmons provided an Insurance market update with the Board of Directors.

H. JPA BUSINESS

H1. Approval of 2010 Workers' Compensation Claims Audit & York Response Letter

Marylin Kelley discussed the details of the York Workers' Compensation claims audit completed by Robert Hoyle for the NCCSIF and the City of Napa. The audit is performed in accordance with the claims handling guidelines of the CSAC EIA. The results of the audit are included in the Agenda Packet. York's overall rating continued above 95%, but there were several categories with significant changes in ratings. York explained that the audit conducted by Robert Hoyle

was done in conjunction with the county of Napa and is hard to say what portion relates to NCCSIF. Additionally, the claims audit was limited to 50 files and to activities of the past two years, since the last audit. NCCSIF currently flips every other year conducting a Workers' Compensation audit one year and a Liability audit the next year. The audit had four recommendations addressed in detail in the audit response letter provided by York. The response letter notes that all areas of concern have now been addressed.

A motion was made to accept the audit and the audit response letter as recommended by the Executive Committee.

MOTION: Steve Kimbrough **SECOND:** Liz hrenstrom **MOTION CARRIED**

H2. Approval of the Revised Policy & Procedures as follows:

H2a. Policy & Procedure A-2 – *Service Provider Performance Evaluations*

Marylin Kelley explained that the policy and procedure has been updated to include that every odd numbered year the Board of Directors, at the October Board meeting, will determine if a Service Provider Performance Evaluation should be performed the following Spring. If approved all Board and Committee members will evaluate the services of the primary Service Providers the following Spring. If the Board determines that the Performance Evaluation is not needed, then the Executive Committee will assume responsibility for Service Provider feedback. The Committee discussed keeping the evaluation short and to hand it out at the Board meeting and collect after the meeting, leaving the Executive Committee out of the process. It was noted that is the Board approves the performance of an evaluation that this could be the manner in which it is processed and the changes made to the procedure are only relevant when the Board determines not to go forward with an evaluation.

A motion was made to approve Policy & Procedure A-9 – *Service Performance Evaluations*, as presented at today's meeting.

MOTION: Steve Kimbrough **SECOND:** Dixon Coulter **MOTION CARRIED**

H2b. Policy & Procedure A-6a – *Liability Shared Risk Layer Claims Settlement Authority*

Marylin Kelley explained that this policy and procedure is revised to conform with what is actually being done, to state that the NCCSIF Claim Administrator Supervisor with York is granted authority to deny a Member claim upon approval of the written correspondence from the JPA's counsel prior to forwarding the correspondence denying the claim to the Member. The denial will then be provided to the next Claims Committee meeting for information purposes.

A motion was made to approve Policy & Procedure A-6a – *Liability Shared Risk Layer Claims Settlement Authority*, as presented at today's meeting.

MOTION: Martin Nichols **SECOND:** Steve Kimbrough **MOTION CARRIED**

H2c. Policy & Procedure A-9 – *Defense Counsel Selection*

Marylin Kelley explained that this policy and procedure is revised to update the Defense Counsel listing to remove Noah Bean who retired from the firm of Porter, Scott, Weiberg & Delehant.

A motion was made to approve Policy & Procedure A-9 – *Defense Counsel Selection*, as presented at today’s meeting.

MOTION: Tim Sailsbery **SECOND:** Dixon Coulter **MOTION CARRIED**

H2d. Policy & Procedure A-15 – *Travel Expenses*

Marylin Kelley discussed that this policy and procedure is revised to include travel reimbursement for attending meetings and other professional conferences. Lodging expenses are not included in the travel reimbursement for attending meetings, unless meetings are conducted in two consecutive days. The Committee discussed the process for forwarding travel reimbursement reports. No action was taken. Staff was directed to redraft the policy and procedure to include the Risk Management Committee for travel reimbursement for attending meetings, include language for recognized professional conferences dealing with Safety issues for reimbursement and clarify the travel reimbursement payment process. It was decided that the reimbursement will be made to the member.

H3. Consideration of Additional Refund Distributions from the NCCSIF Banking and Shared Risk Layers

At its last meeting, the Board discussed that due to the current economic situation and the impact it has had on NCCSIF members, that NCCSIF consider additional distributions of assets in the Banking and Shared Risk layers. Staff prepared spreadsheets showing and amended Workers’ Compensation Banking Layer Refund and Assessment Calculation; amended Liability Banking Layer Refund and Assessment Calculation; and amended Workers’ Compensation Shared Risk Layer Plan Fund Adjustment Calculation. Should NCCSIF consider approval of an additional distribution of surplus funds, the Banking Layer and the Shared Risk Layer should be considered separately. The Banking Layer funds are individual Member funds to manage and the Shared Risk Layer funds are managed on a group basis. Staff recommends a conservative approach in taking distributions in the Banking Layer and the recommended adjustment in the Shared Risk Layer fund represents 50% of the remaining funds in excess of the 90% confidence level and also five times the \$400,000 for the Shared Risk Layer, plus the liabilities at the expected confidence level. Staff recommends that an additional distribution of 35% of the remaining available funds (\$572,950) be distributed to the members.

The Committee discussed the process regarding the Banking Layer where the individual member has the option available in the Banking layer.

A motion was made to take the additional distribution of \$572,950 from the Workers’ Compensation Shared Risk layer and to allow the individual member the option of whether or not to take a surplus in the Banking Layer, leave it in the Fund, or transfer to the other Banking Layer fund. Each member will be sent a letter outlining the funds available, the options available and providing historical information to assist in their decision process. They will be requested to forward a letter to Alliant staff on or before January 15, 2011. Staff will then prepare a spreadsheet for James Marta and Company for distribution.

MOTION: Tim Sailsbery **SECOND:** Andy Heath **MOTION CARRIED**

LUNCH TIME PRESENTATION:

Ruth Zeigler, an attorney with Meyers Nave discussed Workers' Compensation issues related to the use of medical Marijuana. Items discussed were:

- 1) Rapidly changing area;
- 2) Feds are going to stay out of it;
- 3) State law merely decriminalizes – no right to have medical marijuana;
- 4) THC IS available by prescription;
- 5) Recently growers have tried to disguise themselves as growers of herbs, spices, and as fraternal organizations;
- 6) If cities wish to prohibit the sales of marijuana in their jurisdiction, she recommended that the City pass a ban rather than reliance upon the fact that it is not specifically allowed.
 - a. Areas that can be addressed/restricted by the municipality are:
 - i. Fees
 - ii. Hours of Operation
 - iii. Residency requirements
 - iv. # of Dispensaries allowed and in what specific areas prohibited
 - v. Processing requirements
 - vi. Transportation requirements
 - vii. Record keeping requirements
 - viii. Inspection requirements
 - ix. Ban

H4. Approval of 2011 Revised Meeting Calendar

Marilyn Kelley reported that the revision on the 2011 meeting calendar was in “**bold**” and the yellow highlights indicate the CJPRMA meetings that conflict with NCCSIF meetings. Tom Baber discussed that in the past NCCSIF has held a date at the end of January for a meeting of the Claims Committee in case there is business that cannot wait for the nearly four months to the next meeting on March 24th. Tom requested that a tentative Claims Committee meeting be added at the end of January. The Board and Executive Committee will meet in Yuba City as often as possible due to its geographic location in the middle of the JPA cities territories.

A motion was made to accept the revised 2011 Meeting Calendar as presented at today's meeting with the addition of a tentative meeting on January 27th, if needed.

MOTION: Tim Sailsbery **SECOND:** Dixon Coulter **MOTION CARRIED**

H5. Approval of 2011 Service Calendar

The revised 2011 Service Calendar is provided as a “year at a glance” timeline as respects the events of the JPA.

A motion was made to approve the 2011 Service Calendar as presented at today's meeting.

MOTION: Martin Nichols **SECOND:** Kim Stalie **MOTION CARRIED**

H6. Approval of 2011 Executive Committee Rotation Schedule

Mike Daly reported on the territorial rotation of the Executive Committee, where Anderson, Red Bluff, Corning and Willows will join Colusa, Marysville and Yuba City as members of the Executive Committee.

A motion was made to approve the revised 2011 Executive Committee Rotation Schedule as presented at today's meeting.

MOTION: Tim Sailsbery **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

H7. Approval of 2011 Slate of Officers

Mike Daly reported that the Nominating Committee recommends the following slate:

President:	Steve Kroeger
Vice President:	Steve Kimbrough
Secretary:	Tim Sailsbery
Treasurer:	Dixon Coulter

Mike Daly asked if there were any nominations from the floor. There were none.

A motion was made to approve the recommended Slate of Officers from the NCCSIF Nominating Committee, as presented at today's meeting.

MOTION: Liz Ehrenstrom **SECOND:** Andy Heath **MOTION CARRIED**

H8. Approval of Resolution 11-01 Authorizing Investment of Monies in LAIF

Mike Daly reported that annually, signature records are updated with LAIF and Resolution 11-01 provides notice to LAIF in the change of officers who can conduct business with LAIF on behalf of NCCSIF.

A motion was made to approve Resolution 11-01 Authrozing the Investment of Monies in LAIF as discussed at today's meeting.

MOTION: Steve Kimbrough **SECOND:** Tim Sailsbery **MOTION CARRIED**

H9. Approval of 2011/12 Marketing Update and Renewal Marketing Plan

This item was discussed in the presentation by Mike Simmons and regarding the insurance market. Bottom line is that the industry is extremely well capitalized and financially prepared to pay very large scale losses, if necessary. Marylin Kelley reported that as a result the impact to the JPA would include only slight increases in premium in the event of a major loss driving the insurance industry into hard market conditions. Staff recommends the JPA remains with CSAC and CJPRMA for the fiscal year 2011/2012.

A motion was made to approve the JPA stay with CSAC and CJPRMA 2011/12 and accept the marketing update and renewal marketing plan as presented at today's meeting.

MOTION: Dixon Coulter **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

H10. Review 2010 NCCSIF Annual Report

Marylin Kelley reported that the annual report will be distributed the first part of January 2011.

H11. Review of 2010/11 NCCSIF Program Manual

The 2010/2011 Program Manual CD is available for each member to take with them today. The IRIC manual is included in the CD.

I. INFORMATION ITEMS

- I1. CSAC 2010 Annual Report – *select pages***
- I2. PARMA Conference 2011 and Reimbursement Form**
- I3. NCCSIF Resource Contact Guide**
- I4. NCCSIF Board & alternate Roster**

City of Dixon revise fax number to 707-678-7011.

J. PRESIDENT'S REPORT

Mike Daly presented Marylin Kelley with Resolution 10-3 and thanked her for all her support and assistance with NCCSIF.

A motion was made to approve Resolution 10-3 as presented.

MOTION: Tim Sailsbery **SECOND:** Liz Ehrenstrom **MOTION CARRIED**

K. ADJOURNMENT

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