



**MINUTES OF THE
2014 PLANNING SESSION & BOARD OF DIRECTORS MEETING
THE HARVEST ROOM, YUBA CITY, CA 95993
JANUARY 8, 2015**

MEMBERS PRESENT

Jeff Kiser, City of Anderson
Liz Cottrell, City of Anderson
Dylan Feik, City of Auburn
John Brewer, City of Corning
Michelle Pellegrino, City of Dixon
Brad Koehn, City of Elk Grove
Bruce Cline, City of Folsom
Matt Michaelis, City of Gridley
John Lee, City of Lincoln

Satwant Takhar, City of Marysville
Corey Shaver, City of Nevada City
Liz Ehrenstrom, City of Oroville
Sandy Ryan, City of Red Bluff
Russell Hildebrand, City of Rocklin
Gina Will, Town of Paradise
Natalie Walter, City of Yuba City
Spencer Morrison, City of Yuba City

MEMBERS ABSENT

Toni Benson, City of Colusa
Paula Islas, City of Galt
Ed Pattison, City of Ione
Michael Daly, City of Jackson

Dave Warren, City of Placerville
Tim Chapa, City of Rio Vista
Tim Sailsbery, City of Willows

GUESTS & CONSULTANTS

Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Henri Castro, Bickmore
Mike Harrington, Bickmore

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

A. CALL TO ORDER

The meeting was called to order at 9:11 am.

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: Bruce Cline

SECOND: Natalie Walter

**MOTION CARRIED
UNANIMOUSLY**



D. 2014 LONG RANGE PLANNING TOPICS

D1. Short History of NCCSIF & Self Insurance Pooling

Michael Simmons provided the Board of Directors with a short history of how NCCSIF was formed and how coverage has grown over the years. He also led a general discussion about Self-insurance pooling for public entities.

D2. Current Financial Position & Target Funding Benchmark

Marcus Beverly presented the Board of Directors with an update on NCCSIF's current financial position and Target Funding Benchmarks. Jim Marta also provided some historical insight regarding the current financial position. Ben Burg from York also provided feedback regarding the Workers' Compensation reform that took place in 2013 which has increased claims cost.

Marcus Beverly noted that the claims that generated the most payments in 2012 were losses that NCCSIF should continue to focus on preventing and reducing, namely sewer losses, wrongful termination and civil rights claims.

D3. How Funding Decisions Have Impacted Our Current Financial Position

Marcus Beverly provided the Board of Directors with an overview of NCCSIF's prior funding decisions and how those have impacted the pool's current shared risk layer financial position. The decisions and results include a decrease in the funding confidence level, increase in the SIR for General Liability, increase in dividends, decrease in investment earnings, and an increase in claims.

Marcus noted that NCCSIF has taken action to address these trends by increasing the confidence level from 60% to 70%, lowering the GL SIR to \$500,000, reducing dividends, and lowering the discount rate to 1.5%. Claims have also declined over the last two years.

D4. Dividend and Assessment Process Overview

Jim Marta led a discussion of the current process used to determine Banking Layer assessments and dividends for all members. Jim indicated that this working layer is increasing in size due to the increased number of claims. Jim also noted a change in the dividend policy that previously allowed members to choose a dividend amount up to 100% of the available funds. This year the Board released 35% of the available amount without an option for more.

Jim Marta also noted that the pool currently has more money going out in dividends than coming back in assessments. A suggestion was made to make the dividend policy more symmetrical with the assessment policy.

Marcus Beverly made a suggestion to allocate the buffer layer to all members, rather than the current practice of allocating only to members with a positive net position above the 90%



Confidence Level (CL). Members who are below the 90% CL would pay a little more while members who are above the threshold would not have to put as much into their banking layer.

Board members discussed the overview provided and gave feedback regarding any proposed changes, with focus on what is most equitable for all members.

D5. Annual Funding Policies and Procedures

Mike Harrington and Marcus Beverly presented the Board of Directors with a review of the current annual funding formulas. Mr. Harrington's presentation included a number of suggestions for simplifying the funding calculations and making the GL and WC programs more alike in how administrative and excess layers are allocated.

LUNCH SPEAKER Mike Harrington

Mike Harrington provided the Board of Directors with a presentation regarding the first Public Entity Workers' Compensation Self Insured Study conducted by Bickmore Risk Services, including benchmarking data and the impact of SB863 changes.

D6. Impediments to Success

Mike Simmons and Marcus Beverly led a discussion regarding impediments to the success of NCCSIF. The Board of Directors was provided the opportunity to provide feedback and offer suggestions for potential improvement and the following topics were of focus.

Communication

A request was made to create better paths of communication amongst the members. A recommendation was made to create a clearing house email blast to all members when a question is submitted. The creation of a place on the website that would store member questions—that have been sent to Marcus Beverly—so they could be accessed by other members later was also suggested. It was noted that PRIMA and CSAC have something similar to this in the form of a bulletin board which includes previously asked questions and it was suggested that a CSAC representative attend the next board meeting in order to show the members how to use that bulletin board. Henri Castro from Bickmore, Marcus Beverly and Michael Simmons indicated that a Webinar about CSAC would be an alternative to having a CSAC representative attend a meeting. Another suggestion on how to increase communication was the creation of group on the LinkedIn (<https://www.linkedin.com/>) website for interagency communications.

Shared Contracted Services

Russell Hildebrand noted that NCCSIF could use the pool as an economy of scale for contracted services that all members require which could include tree trimming, CPR training, sidewalk inspections, employment investigations and legal services. Members would be charged a preferred rate if they utilize vendors who are contracted with NCCSIF instead of having individual member city contracts at a higher cost. A request was made by Henri Castro from Bickmore for the cities to put together a list of all services that are contracted out by each city and also what services the members would like to contract out (but are unable to as a result of



funding or time restrictions). Henri Castro will also be putting together a survey for the members in order to help identify the needs of the member cities which need to be addressed. Henri Castro from Bickmore, Russell Hildebrand and Michelle Pellegrino have volunteered for an Ad Hoc committee with the intent to identify items the pool needs so that Michael Simmons and Marcus Beverly can be on the lookout for vendors at PARMA.

Attorneys

A request was made to re-examine the policy and procedures regarding the approved attorney list. It was noted that in some cases there are associates working under an approved defense attorney and the question was asked if this is acceptable per the NCCSIF policy and procedures. Marcus Beverly was asked to research and provide the Board of Directors with a recommendation at the next meeting. The Board of Directors was also asked if they would like to make any changes to the approved attorney list and Marcus Beverly noted that he, Jennifer Nogosek, and Ben Burg are in the process of making revisions to the approved attorney lists for both Workers' Compensation and Liability and noted this will be on the next agenda. There was also a request made to find an experienced land use attorney.

Employment practices claims

Currently when a member city has a question or legal concern they contact attorneys who charge an hourly fee for each call and research of the topic in question. Rather than each member city being charged for legal assistance it was proposed that the pool should fund Legal Assistance through preferred attorneys and help the member cities save money. It was recommended that this idea be further developed and be presented to the Executive Committee and if approved should be included in the budget for the next year.

Other emerging risk topics were mentioned and the Board of Directors was provided information as it relates to the general liability program. Drones are a growing concern for all member cities as the public has the ability to purchase a drone (130 pound instruments) that could potentially fall out of the sky. This is of greater concern if the city was the one to issue a permit for the drone to take off and land in a public area. Another concern for all member cities is inverse condemnation which is being applied to more claims, including tree maintenance.

D7. Timeline to Achieve Stated Goals

There was no discussion on this item.

E. CONSENT CALENDAR

1. Board of Directors Meeting Minutes – October 9, 2014
2. Check Register at October 31, 2014
3. Investment Report
 - a. Chandler Asset management Short/Long Term – November 2014
 - b. Treasurer's Report as of September 30, 2014
4. Utilization Report for Safety Grant Funds as of September 30, 2014



Sandra Ryan requested the minutes from the prior meeting be amended to reflect that she was present at the last meeting on October 9, 2014.

A motion was made to approve the Consent Calendar with requested change to the Minutes.

MOTION: Liz Ehrenstrom **SECOND:** Russell Hildebrand **MOTION CARRIED
UNANIMOUSLY**

F. MINUTES AND COMMITTEE REPORTS

1. Executive Committee Meeting Summary - November 13, 2014
2. Claims Committee Meeting Summary – November 13, 2014
3. Risk Management Committee Meeting Summary – October 10, 2014
4. Police Risk Management Committee Meeting Summary – August 15, 2014

There was no discussion on this item.

G. ADMINISTRATION REPORTS

G1. President's Report

Ms. Liz Ehrenstrom had nothing to report.

G2. Program Administrator's Report

Johnny Yang is no longer with Alliant Insurance Services. A Job Description has been posted and Alliant is actively seeking a replacement. Marcus Beverly has also mentioned that he will be visiting each member city over the next calendar year.

G3. CJPRMA Report

Marcus Beverly noted that CJPRMA has already completed their actuarial study. The rates are stable and there have been no big swings over the last several years. However, we should not expect to receive as much in dividends as in prior years.

H. FINANCIAL REPORTS

H1. Quarterly Financial Report for Period Ending September 30, 2014

Jim Marta presented to the Board the Quarterly Financial Report for Period Ending September 30, 2014. Total Net Position decreased by \$431,429 since June 30, from \$10,063,930 to \$9,632,501.



A motion was made to approve the Quarterly Financial Report for Period Ending September 30, 2014.

MOTION: Gina Will

SECOND: Russell Hildebrand

**MOTION CARRIED
UNANIMOUSLY**

I. JPA BUSINESS

11. Shared Risk Layer Plan Fund Adjustment P&P A-12 Revision

Mr. Beverly advised that he has reviewed three NCCSIF policies that guide its funding decisions, including Banking Layer adjustments, Shared Layer adjustments, and Target Funding Benchmarks. Terms used in the policies need to be updated in part due to changes in the accounting terms they refer to.

Regarding the Shared Risk Layer Adjustments, P&P #A-12, Mr. Beverly noted there are minor changes recommended to language that refers to year-by-year accounting when in fact we are looking at all open program years when making adjustments.

Mr. Beverly also recommended adding language regarding how refunds are distributed to the members, to parallel the language already in the Policy regarding how assessments are allocated.

Reference was made by the Board regarding the allocation by total historical contributions and what that means. Mr. Beverly stated that currently we use contributions for all program years. Though the Policy refers to closed years no years in either Program have been closed. However, given the number of old years without activity, particularly in the GL Program, he recommended closing older years and will bring that back to the Board at a later date.

Members also questioned if LAIF was the best measure to use for charging interest on late payments. Consensus was made to change the wording to the amount earned on funds during the quarter in which the payments are late.

Additional changes were made at Member request in number 4. Assessments (added per year of the assessment due) and number 7 (added in another layer or program before being refunded).

A motion was made to approve the recommended revisions to the policies as presented with the additional revisions noted above.

MOTION: Bruce Cline

SECOND: Russell Hildebrand

**MOTION CARRIED
UNANIMOUSLY**

12. Banking Layer Plan Fund Adjustment P&P A-1 Revision

Marcus Beverly presented the recommended changes to the Banking Layer Plan Fund Adjustments. The changes were minor and reflected changes in accounting terms or those



preferred by Jim Marta, namely use of Net Position v. Net Assets and Net Margin v. Gross Assets.

The members also agreed with the recommendation made earlier in the meeting regarding allocating the buffer layer to all members and applying the change to this year's estimates. It was also recommended that the language be amended for the Executive Committee to review and approve the final implemented policy language. Bruce Cline requested a red line copy to show what the changes in the language will be so that the Board may review at the next meeting.

A motion was made to approve the recommended revisions to the policies as provided.

MOTION: Russell Hildebrand

SECOND: Bruce Cline

**MOTION CARRIED
UNANIMOUSLY**

I3. Deposit Development Plan Revisions

Marcus Beverly presented the recommended changes to the four policies that deal with the annual deposit, WC-1, WC-3, L-1, and L-4. The changes presented in the packet were to condense and clarify the language (reference payroll v. deposit basis and eliminate duplicative references to losses and payroll).

Members also provided feedback regarding Mike Harrington's suggested changes. Members agreed to change the language regarding setting the credibility factor so that the largest member's payroll will generate a maximum credibility factor of 70%.

However, given the number of other suggested changes and the impact they could have on funding members agreed to table any other recommended changes until further analysis can be provided. The recommendation that the funding cap be applied to the rate and not the overall premium will be reviewed at the next EC meeting.

Marcus Beverly provided the suggestion to simplify how we allocate the excess coverage for CSAC and CJPRMA. Since they charge NCCSIF based upon payroll numbers he suggested the excess premium should be allocated based upon payroll

A request was made to have Marcus Beverly show what the difference in premium would be for each member if calculated using the payroll vs the current method in order to make a decision that might affect funding in the 2016/17 Program Year.

Mr. Beverly noted that a new requirement for CAJPA accreditation as of July 1, 2015, requires NCCSIF to develop an Underwriting Policy in order to maintain CAJPA Accreditation with Excellence. Any changes that might be made to the funding formulas will be condensed and included in a new Underwriting Policy.

A motion was made to approve the recommended revisions to the policies as provided.



MOTION: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED
UNANIMOUSLY**

I4. 4850 Benefits & Lade Case

This Item was provided for information only. Discussion was held regarding the potential impact of this decision should members choose to follow it.

I5. 2015 Slate of Officers and Executive Committee Rotation Schedule

Ed Pattison is no longer with the City of Ione and Dave Andres will take his place. Also, Corey Shaver has been nominated as the Secretary but she is rotating off the EC so the Board of Directors was asked to nominate another member to take on the role of Secretary. Michelle Pellegrino from City of Dixon volunteered for the role of Secretary.

A motion was made to approve Michelle Pellegrino from City of Dixon as the Secretary.

MOTION: Corey Shaver **SECOND:** John Lee **MOTION CARRIED
UNANIMOUSLY**

Liz was presented with a parting gift (gavel) and Russell Hildebrand will take over as acting President.

I6. Resolution 15-01 Authorizing Investment of Monies in LAIF

A motion was made to approve the NCCSIF Resolution with the recommended revisions to the officers per the discussion above.

MOTION: Russell Hildebrand **SECOND:** Gina Will **MOTION CARRIED
UNANIMOUSLY**

I7. 2015 NCCSIF Service Calendar

There was no discussion on this item.

A motion was made to approve the recommended revisions to the Service Calendar as provided.

MOTION: Bruce Cline **SECOND:** Jeff Kaiser **MOTION CARRIED
UNANIMOUSLY**

I8. 2015/16 Insurance Market Update and Renewal Marketing Plan



Marcus Beverly provided an update on the expected changes to the insurance market for FY 2015/16 and the marketing plan for the various coverages. Information only.

I9. 2015 NCCSIF Annual Report

Copies of the latest Annual Report were distributed at the meeting. It has also been emailed to members and is available on the website

J. INFORMATION ITEMS

J1. PARMA Conference (February 8 – 11, 2015)

There was no discussion on this item.

J2. NCCSIF Organizational Chart

There was no discussion on this item.

J3. NCCSIF 2015 Meeting Calendar

There was no discussion on this item.

J4. NCCSIF Travel Reimbursement Form

There was no discussion on this item.

J5. NCCSIF Resource Contact Guide

There was no discussion on this item.

K. ADJOURNMENT

The meeting was adjourned at 3:04 pm.

Respectfully submitted,

Michelle Pellegrino
Secretary