

MINUTES OF THE NCCSIF BOARD OF DIRECTORS MEETING ROCKLIN EVENT CENTER, ROCKLIN, CA OCTOBER 19, 2017

BOARD OF DIRECTORS PRESENT

Liz Cottrell, City of Anderson Nita Wracker, City of Auburn Rachel Ancheta, City of Dixon Brad Koehn, City of Elk Grove Kristine Haile, City of Folsom (Alternate) Cora Hall, City of Galt Elisa Arteaga, City of Gridley (Alternate) Jon Hanken, City of Ione Astrida Trupovnieks, City of Lincoln Loree McCay, City of Nevada City Liz Ehrenstrom, City of Oroville Gina Will, Town of Paradise Dave Warren, City of Placerville (Chair) Steven Rudolph, City of Rocklin Tim Sailsbery, City of Willows Natalie Springer, City of Yuba City

OTHER MEMBERS PRESENT

Julie Rucker, City of Elk Grove Eugene Palazzo, City of Galt Crystal Peters, Town of Paradise

BOARD OF DIRECTORS ABSENT

Toni Benson, City of Colusa Kristina Miller, City of Corning Jim Francis, City of Folsom City of Gridley, (primary Board vacant) Yvonne Kimball, City of Jackson City of Marysville (primary Board vacant) Sandy Ryan, City of Red Bluff City of Rio Vista (primary Board vacant)

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 Arthur Ngo, Crowe Horwath LLP Marty Cassell, Chandler Asset Management Carlos Oblites, Chandler Asset Management

A. CALL TO ORDER

Chair Dave Warren called the meeting to order at 12:34 p.m.

B. INTRODUCTIONS

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: Tim Sailsbery Second: Brad Koehn Motion Carried Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Nays: None

D. PUBLIC COMMENTS

There were no public comments.

E. CONSENT CALENDAR

- 1. Board of Directors Meeting Minutes June 15, 2017
- 2. Check Register from May 1, 2017 to August 31, 2017
- 3. Investment Reports
 - a. Chandler Asset Management Short/Long Term May 2017 to August 2017
 - b. Local Agency Investment Fund (LAIF) Report as of June 30, 2017
 - c. Treasurer's Report as of June 30, 2017
- 4. Quarterly Financial Report for Period Ending June 30, 2017
- 5. Alliant Commission Disclosure Letter and Fact Sheet Retail vs. Wholesale Commissions

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

Motion: Jon Hanken Second: Liz Cottrell Motion Carried Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Nays: None

Crystal Peters left the meeting at 12:36 p.m.

F. SUMMARY OF THE SEPTEMBER 28, 2017 EXECUTIVE COMMITTEE MEETING

Mr. Marcus Beverly reviewed the summary of the September 28, 2017 Executive Committee (EC) meeting to the Board. It was noted the EC suggested changing the EC Rotation structure based on a mix of members' size (Small, Medium, Large) instead of the current geographic structure since the members have settled on Rocklin as a central meeting place. Mr. Beverly noted options for EC rotation structure will be presented in the December meeting.

The EC awarded the contract to Rick Buys, Risky Business Pros, to conduct the FY 17/18 Liability Claims Audit for NCCSIF. Mr. Beverly indicated that Craig Schweikhard left CJPRMA and Rick Buys is filling in as Interim Claims Manager until the position is filled. Discussion ensued whether



Rick's position at CJPRMA could create a conflict of interest for him to conduct the NCCSIF Liability Claims Audit. After discussion, no conflict of interest exists as Rick will be auditing the pool's primary layer and not the excess layer.

G. ADMINISTRATION REPORTS

G.1. President's Report

Chair Warren indicated that Corey Shaver retired from the City of Nevada City after 23 years. Chair Warren gave recognition to Corey's service on the NCCSIF Board as the primary Representative for the city, and most notably as Board Secretary since 2015.

G.2. CJPRMA Update

Mr. Beverly indicated that CJPRMA is developing a Loss Allocation Policy for annual contributions that will factor in an experience modification factor (ex-mod) into the calculation. The proposed contribution formula is based 90% on payroll and 10% on loss history, subject to a cap of no more than a 10% increase from the pure payroll rate for those members with higher exmod. This new methodology could potentially impact NCCSIF's deposit premium if it passed. Program Administrators will closely monitor the development and report to the Board.

Presented as information only.

G.3. Program Administrator's Report

Provided in previous item, G.2.

H. EXECUTIVE COMMITTEE MEMBERS, ROTATION AND BYLAW CHANGES

Mr. Beverly indicated the Executive Committee (EC) proposed a change in the Bylaws to allow some flexibility in the number of EC members, ranging from seven to nine and amending the reference to a quorum from being four members to a majority of the EC members. Additionally, the Program Administrators recommend removing the reference to the term of the immediate Past President as that person has not served on the EC for some time.

Mr. Brad Koehn, City of Elk Grove, indicated based on the current makeup of the EC it will exceed nine members if some EC members do not hold two positions. The Board discussed the maximum number of EC members that is an equitable representation to account for the fluctuating number of members serving at a time. The 30-day notice of the proposed changes will be sent via e-mail to the members after the meeting, the Board will review and approve the changes in the December meeting, and the Board will subsequently hold the election for the Vice President and Secretary, and the Treasurer and CJPRMA representative will also be appointed at the December meeting.



A motion was made to approve the change to the number of Executive Members in the Bylaws ranging from seven to eleven as amended, change number of quorum to majority and remove the reference to Past President.

Motion: Brad Koehn **Second:** Liz Ehrenstrom **Motion Carried**

Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Navs: None

I. FINANCIAL REPORTS

I.1. FY 16/17 Financial Audit

Mr. Arthur Ngo, Crowe Horwath LLP (Crowe), presented an overview of the FY 16/17 financial audit. Mr. Ngo indicated that the financials are free of material misstatements and Crowe issued an unmodified opinion. The total assets increased by just under \$1 million, and total liabilities decreased by just over \$1 million, resulting in an increase in Net Position of almost \$2 million, or 14%, from \$13,999,557 to \$15,996,079. Without dividends of \$2,534,805 the net position would have increased by \$4,531,327.

Mr. James Marta confirmed that Crowe completed the audit timely and met all the deadlines as scheduled.

A motion was made to receive and file the FY 16/17 Financial Audit.

Second: Liz Cottrell **Motion Carried** Motion: Tim Sailsbery

Aves: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Nays: None

Arthur Ngo left the meeting at 12:56 p.m.

I.2. **Investment Policy**

Mr. Marty Cassell, CEO of Chandler Asset Management, indicated the only change to the Investment Policy is adding reference to the Nationally Recognized Statistical Rating Organization as basis for credit rating agency.

Mr. Koehn, City of Elk Grove, inquired about the maximum maturity date of the bond within the policy. Mr. Cassell indicated the standard in code is five years, but the NCCSIF Board approved extending it to ten year maximum duration. As interest rates rise, the value of existing bonds go down.

A motion was made to approve the proposed changes to the Investment Policy as presented.



Motion: Brad Koehn Second: Jon Hanken Motion Carried Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Nays: None

I.3. NCCSIF Investment Portfolio Review

Mr. Carlos Oblites, SVP Portfolio Strategist, from Chandler Asset Management presented the economic factors that had direct impact on the rate of return to NCCSIF's Investment Portfolio. Inflation remains below the Fed's 2.0% target. The payroll decline in September was likely significantly distorted by the hurricanes. The housing market is stronger than expected: up 5.8% year-over-year in July, versus up 5.6% year-over-year in June. Manufacturing sector is expanding.

Mr. Oblites reviewed the NCCSIF investment strategy. The total market value of the Short-Tern Portfolio as of September 30, 2017 is \$25,648,911. The annualized rate of return since inception, December 31, 1997 is 3.98%. The total market value of the Long-Tern Portfolio as of September 30, 2017 is \$52,246,676; and the annualized rate of return since inception, May 31, 2006, is 3.94%. The appropriate risk profile for Government entity is: 1) Safety, 2) Liquidity, and 3) Rate of return.

Information only and no action were taken.

Marty Cassell and Carlos Oblites left the meeting at 1:52 p.m.

I.4. Selection of Accounting Services Consultant

Chair Warren asked James Marta and Dori Zumwalt to step out of the room.

Mr. Beverly provided the sequence of events that took place during the Request for Proposal (RFP) process. NCCSIF issued an RFP in response to an increase in James Marta and Company's annual fee. An Ad Hoc Committee was formed to review the proposals and make a recommendation to the Executive Committee (EC). The Ad Hoc Committee consisted of Dave Warren, City of Placerville; Liz Ehrenstrom, City of Oroville; Tim Sailsbery, City of Willows; Brad Koehn, City of Elk Grove; and Robin Bertagna, City of Yuba City. Three firms responded to the RFP and the Ad Hoc Committee interviewed all firms. After much deliberation the Ad Hoc recommended to the EC that James Marta and Company be selected. The EC voted to approve the Ad Hoc Committee's recommendation and enter into a new contract with James Marta and Company to continue as NCCSIF's accountant and financial consultant. The proposed contract term is for three years, with two optional years, beginning January 1, 2019.

Chair Warren indicated the entire process in negotiating the contract including the RFP process took about seven months, and thanked the members of the Ad Hoc Committee for their time. Chair Warren noted it was not a unanimous decision.

Presented as information only.



James Marta and Dori Zumwalt were asked to rejoin the meeting.

I.5. Resolution 18-01 Authorizing the Treasurer to Invest and Re-invest Funds

Mr. Beverly indicated that the Board must annually approve a resolution authorizing the NCCSIF Treasurer to invest and reinvest funds, including the sale or exchange of securities.

Mr. Tim Sailsbery indicated as a disclaimer he is not involved in the actual investment transactions, and Jim Marta advises him on the liquidity position of the pool.

A motion was made to approve the NCCSIF Resolution 18-01 as presented.

Motion: Jon Hanken Second: Liz Ehrenstrom Motion Carried Aves: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer

Nays: None

J. JPA BUSINESS

J.1. December 2017 Long Range Planning

Mr. Beverly indicated the Long Range Planning (LRP) and Board meeting is scheduled for December 14, 2017. Mr. Beverly briefly reviewed the draft agenda and topics: the morning session is the LRP and Michael Simmons will be the moderator for that portion; and the afternoon session is the Board meeting to conduct the regular business of the JPA. Topics includes: financial stability, program services, growth.

Chair Warren indicated he would like to revamp the NCCSIF logo that represents the Northern California cities. Mr. Beverly encouraged anyone with graphic design skills or who know of a graphic artist they can recommend for this task.

Ms. Liz Ehrenstrom suggested to include a sample training day agenda for the proposed Safety Ambassador Program as discussed during the Risk Management Committee meeting.

J.2. 2018 Meeting Calendar

Mr. Marcus Beverly indicated the Executive Committee (EC) reviewed the Preliminary Meeting Calendar for 2018 at the September 28, 2017 meeting and noted that the EC is recommending approval of the meeting calendar to the Board.

A motion was made to approve the 2018 Meeting Calendar as presented.

Motion: Tim Sailsbery Second: Gina Will Motion Carried

Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, Trupovnieks, McCay,

Ehrenstrom, Will, Warren, Rudolph, Sailsbery, Springer



Nays: None

J.3. 2018 Service Calendar

Mr. Beverly reviewed the Service Calendar to the Board that outlines the timeline of the annual activities to be completed on behalf of NCCSIF. Activities have been highlighted to spot the key items that require participation from members: meetings in blue, requests for information in yellow, and training conferences in gray.

Presented as information only.

Tim Sailsbery left the meeting at 2:17 p.m.

J.4. York Risk Services Workers' Compensation Claims Administration

J.4.a. York Quarterly Report

Ms. Dori Zumwalt from York reviewed the quarterly report to the Board. The report shows the recent activities and progress to date in meeting claims management benchmarks. File reviews are regularly conducted either in person or over the phone. The goal is to close more claims through Compromise & Release settlement. Ms. Zumwalt indicated that York is continually providing Workers' Comp 101 trainings and encouraged members to reach out to her should they need a refresher course. York is planning to launch a Workers' Comp 102 training that provides in depth review a day in the life of a workers' compensation claim adjuster.

Presented as information only.

Steven Rudolph left the meeting at 2:32 p.m. Astrida Trupovnieks left the meeting at 2:33 p.m.

J.4.b. WC Claim TPA Follow-up Survey Result

Mr. Beverly reported that 100% of the members responded to the survey. Overall the results are an improvement from the last survey completed in March 2017 and tend to indicate those who did not respond previously were satisfied with the service. The Executive Committee (EC) reviewed the results and agreed that York was meeting or exceeding goals. The EC asked the Program Administrators to meet with York to review the feedback and to send a follow-up survey in September 2018 to gauge members' satisfaction as a basis for negotiating contract renewal terms or going to RFP prior to the contract expiration in June 2019.

Mr. Beverly noted three members provided additional comments under question 12, should NCCSIF issue an RFP for WC TPA services in the near future. Ms. Ehrenstrom asked if there is a way to know which cities are having problem with York's services. Mr. Beverly indicated it can be tracked and he will address those at his next file review with York.



A motion was made to file and receive the WC Claim TPA Follow-up Survey Result

Motion: Liz Ehrenstrom Second: Jon Hanken **Motion Carried**

Ayes: Cottrell, Wracker, Ancheta, Koehn, Haile, Hall, Arteaga, Hanken, McCay, Ehrenstrom,

Will, Warren, Springer

Nays: None

Julie Rucker left the meeting at 2:41 p.m.

J.5. **Round Table Discussion**

Mr. Michael Simmons indicated that FEMA (Federal Emergency Management Agency) announced the Northern California fires rank fourth on their list of disasters. He noted that due to the recent fires in Northern California most public entities may potentially suffer tax revenue loss when property of others, subject to a property tax or sales tax, is destroyed. The tax interruption coverage could cover this type of loss if the city scheduled that tax revenue source, such as big box store, in their property schedule.

K. **INFORMATION ITEMS**

- 1. CalPELRA 2017 Conference (December 4,-8 2017) in Monterey, CA
- 2. PARMA 2018 Conference (February 14-16, 2018) in Monterey, CA
- 3. Glossary of Terms
- 4. NCCSIF Organizational Chart
- 5. NCCSIF 2017 Meeting Calendar
- 6. NCCSIF Resource Contact Guide
- 7. NCCSIF Travel Reimbursement Form

These items were provided as information only.

L. ADJOURNMENT

The meeting was adjourned at 2:46 p.m.

Next Meeting Date: December 14, 2017 in Rocklin, CA

Respectfully Submitted,

govens MA MBA Astrida Trupovnieks, Secretary