

**MINUTES OF THE
NCCSIF BOARD OF DIRECTORS MEETING
BONANZA INN HOTEL, YUBA CITY, CALIFORNIA
APRIL 14, 2011**

MEMBERS PRESENT

Andy Heath, City of Auburn
Steve Kimbrough, City of Corning
Kim Stalie, City of Dixon
Kristine Wilfong, City of Folsom
Paula Islas, City of Galt
Michael Daly, City of Jackson
John Lee, City of Lincoln
Dixon Coulter, City of Marysville
Catrina Andes, City of Nevada City
Liz Ehrenstrom, City of Oroville
Gina Will, Town of Paradise
Martin Nichols, City of Red Bluff
Judy LaPorte, City of Rocklin
Tim Sailsbery, City of Willows
Steve Kroeger, City of Yuba City

MEMBERS ABSENT

Dana Shigley, City of Anderson
Beth Penner, City of Colusa
Karin Helvey, City of Gridley
Kimberly Kerr, City of Ione
Dave Warren, City of Placerville
Hector De La Rosa, City of Rio Vista

GUESTS & CONSULTANTS

Susan Adams, Alliant Insurance Services
Stacey Weeks, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Mike Harrington, Bickmore Risk Services
Jim Marta, James Marta & Company
Ben Berg, York Insurance Services
Marcus Beverly, York Insurance Services
Kelli Vitale Carson, York Insurance Services
Jack Kastorff, York Insurance Services
Craig Wheaton, York Insurance Services
Byrne Conley, Gibbons & Conley

A. CALL TO ORDER

The meeting was called to order at 10:40 a.m. by the President, Steve Kroeger

B. PUBLIC COMMENTS

There were no public comments. Steve Kroeger asked that all participants introduce themselves. Steve reported that Mike Simmons, Alliant Insurance Services is the lunchtime presenter and he will present the “Scale, Scope and Insurance and Reinsurance Markets in the Aftermath of the Earthquakes.

C. APPROVAL OF AGENDA AS POSTED

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

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

D. CONSENT CALENDAR

- D1. Board of Directors Meeting: Draft Minutes – December 15, 2010**
- D2. Check Register at December 31, 2010**
- D3. Quarterly Investment Reports as of December 31, 2010**
 - a. Chandler – Short/Long Term (through February 28, 2011)**
 - b. LAIF**
 - c. CSAC**

Martin Nichols asked that the NCCSIF Check Register be removed from the Consent Calendar for discussion. Martin asked for clarification on the two York Insurance payments. One payment is for the Risk Control Training and the second payment is for consulting fees, per the agreement with NCCSIF.

A motion was made to approve the consent calendar.

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

E. COMMITTEE REPORTS

- E1. Executive Committee Draft Minutes – March 24, 2011**
- E2. Claims Committee Meeting Minutes – March 24, 2011**
- E3. Risk Management Committee Meeting Minutes – March 3, 2011**
- E4. Police Risk Management committee Meeting Minutes – February 10, 2011**

Susan Adams reported that these items are provided as information items to the Board. Judy LaPorte requested the following revisions be made:

- Risk Management Committee meeting – location was the City of Lincoln
- Risk Management Committee meeting E2. CSAC EIA – discusses Team Trainers rather than CSAC EIA
- Risk Management Committee meeting –G1. Nomination and Selection of Committee Chair – The minutes erroneously stated that Yuba City is not part of Committee when in fact they are.
- Police Risk Management Committee – Start time for meeting was not stated on the minutes.

- Martin Nichols – Executive Committee meeting minutes – York Insurance Services was directed to draft a policy to have the Risk Management Committee review the recommendations from risk assessments York performed for a member city prior to final review by the Board. Jack Kastorff reported he would address this issue at the Risk Management Committee meeting today.
- Steve Kroeger – Executive Committee meeting minutes – the travel expense agenda item, there was no “motion” or “second” for this item shown in the minutes.

The Board discussed whether to keep draft meeting minutes in the Board and Committee meeting agendas as information items. The draft meeting minutes will continue to be an agenda item in future Board and Committee meeting agendas. Staff will distribute draft meeting minutes to the Board and Committee chairs respectively, for review prior to providing to the Board and Committee members.

F. ACTION TAKEN BY THE EXECUTIVE COMMITTEE

F1. Selection of 2011/12 Claims Committee

Steve Kroeger reported that the Chair, Vice Chair and Secretary sit on the Claims Committee. Martin Nichols and Tim Sailsbery were selected to serve on the Claims Committee along with Steve Kroeger, Steve Kimbrough and Dixon Coulter. Steve Kimbrough, will serve as the Chair of the Claims Committee.

F2. Selection of the Budget Ad Hoc Task Group

Steve Kroeger reported on his recommendation to appoint a Budget Ad Hoc Committee to review the preliminary budget and make recommendations to the Executive Committee and the Board of Directors. The budget draft is developed in the spring and the budget becomes final and approved at the June Board meeting. The Executive Committee appointed the following to the Budget Ad Hoc Committee:

- Mike Daly
- Dixon Coulter
- Judy LaPorte
- Tim Sailsbery
- Steve Kroeger – Chair

Steve invited anyone from the Board who would like to participate on the Budget Ad Hoc Committee to let him know. Susan Adams reported on the new budget format and how the document will become an “all in one document” to include premium development.

FINANCIAL REPORTS

G1. Approval of NCCSIF Quarterly Financial Report – December 31, 2010

Jim Marta reported on the quarterly Financials where the JPA remains stable and the equity position dropped slightly. The financial report does not reflect the actuary’s position as the report is for the period ending December 31, 2010. The financial report is a snapshot of the liability and workers’ compensation banking and shared risk layers. Jim discussed how the

numbers would change on this report, once the actuary estimates have been incorporated. Jim reported on the good claims experience and how that helps keep costs down.

A motion was made to accept the Quarterly Financial Report as presented at today's meeting.

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

H. ADMINISTRATION REPORTS

H1. President's Report

Steve Kroeger thanked Susan Adams for the suggested agenda item "President's Report" which gives different parties the opportunity to speak and welcomed recommendations to improve this item. Steve reported on the discussion with the Risk Management and Executive Committee to move the Risk Management Committee meetings to the same day as the Board of Directors. Twelve members of the Board are also members of the Risk Management Committee. This will save the members' time in traveling to two separate meetings. The Board discussed having all meetings (Board of Directors; Executive Committee; and Risk Management Committee) at the City of Yuba City. Steve discussed the possibility of having the meetings at the Bonanza Inn Hotel.

H2. NCCSIF Administrator Update

Susan Adams reported that Johnny Yang with Alliant Insurance Services has moved to the Sacramento Alliant office. Johnny will be attending future NCCSIF meetings.

H3. York Risk Control Services Update

Marcus Beverly introduced himself and was present at today's meeting on behalf of Tom Baber who could not be at today's meeting. Marcus reported that Rudy Schroeder left York to become an independent consultant. Jack Kastorff remains with York and will continue to be the primary risk control services contact for NCCSIF. Marcus explained that Rudy would be wrapping up his projects and would be available on an ongoing basis. Other staff at York is available to assist Jack if necessary. Marcus reported that there is no change in the risk management pricing. York Workers' Compensation Claims Service remains with Ben Berg and Kelli Vitale Carson. Marcus reported on the new claims database that will replace iVOS. The conversion will take place over the next six months.

I. JPA BUSINESS

I1. Review and Approval of 2011/12 Actuarial Studies Confidence Levels and Rates for the Liability and Workers' Compensation Programs

I1a. Review and Approval of FY2011/12 Actuarial Studies, Conference Levels and Rates – Liability

I1b. Review and Approval of FY2011/12 Actuarial Studies, Conference Levels and Rates – Workers' Compensation

Susan Adams introduced Mike Harrington with Bickmore Risk Services, the NCCSIF Actuary. Mike discussed the purpose of the actuarial report and reviewed the terminology. Mike reviewed

the actual vs. expected numbers, along with the terms when determining the estimated liability for unpaid loss and ALAE in the Banking and Shared Layers. The outstanding liability combined estimate, includes the distribution of the liability dividend. Mike explained what the confidence level term means and how the 2011/12 rates are determined. Mike discussed NCCSIF's good risk controls methodology and how this has helped to stabilize the estimated rates..

A motion was made to accept the actuarial studies for the Liability and Workers' Compensation actuarial studies.

MOTION: Dixon Coulter **SECOND:** Judy LaPorte **MOTION CARRIED**

LUNCHTIME PRESENTATION

Mike Simmons reported that this topic, Japan's Great Tohoku Earthquake is presented as a matter of interest as to why the recent natural disasters are important as respects how they will affect the global insurance industry and possible in the future the rates/premiums from NCCSIF's excess insurers. Mike explained why Katrina remains by far the significantly largest US disaster compared to 9/11. Mike discussed the difference between self-insured retentions; excess insurance; and reinsurance. Mike explained how insurance carriers anticipate disasters in their premium calculations, and how they do not anticipate three disasters occurring in a short period of time (Japan, New Zealand, Chile earthquakes). Copies of the presentation were distributed to the Board Members.

I2. Approval of 2010/11 Banking Layer Plan Fund Adjustments – Liability and Workers' Compensation

Jim Marta reported that the handout of the 2010/2011 Banking Layer Plan fund adjustments for the liability and workers' compensation programs include the incorporation of the actuary estimates. Jim explained the formula in calculating the adjustments, and that the adjustments include prior dividends as well as met the target equity requirement of releasing funds in excess of the 90% confidence level and ten times the SIR. Marty Nichols asked Jim to explain the term "positive member" with the Board. Susan Adams reported that once the budget is approved in June letters would be forwarded to the members advising them of dividends available to them. The Board directed staff to include historical information on future adjustment worksheets.

A motion was made to approve the Banking Layer Plan Fund adjustments to the liability and workers' compensation programs.

MOTION: Dixon Coulter **SECOND:** Judy LaPorte **MOTION CARRIED**

I3. Approval of 2010/11 Shared Risk Layer Plan Fund Adjustments – Liability and Workers' Compensation

Susan Adams reported that annually and in accordance with policy and procedure – Shared Risk Layer Plan Fund Adjustments, the Board should review and determine whether to approve the distribution of excess Shared Risk layer funds to the members. Staff recommends the Board

approve the redistribution of \$1,717,933 in Workers' Compensation Shared Risk Layer funds and \$289,830 in Liability Shared Risk Layer funds to the members.

A motion was made to approve the distribution of \$1,717,933 in Workers' Compensation Shared Risk Layer funds and \$289,830 in Liability Shared Risk Layer funds to the members subject to the ADA Grant Funds in the amount of \$250,000 for the JPA. Members may elect to take the Grant funds as a grant which is deducted from the dividend or if they elect not to take Grant funds, thereby taking their entire dividend.

MOTION: Tim Sailsbery **SECOND:** Martin Nichols **MOTION CARRIED**

14. Review of Preliminary 2011/12 Deposits – Liability, Workers' Compensation

Susan Adams reported that the preliminary 2011/12 deposits for the Liability and Workers' Compensation programs use estimates of payroll, property values and auto values, where appropriate to calculate the premiums. The costs are not finalized, and historically, the Board reviews the preliminary calculations at the April Board meeting. This practice allows members to have an indication of costs for their individual budgets and allows the Board to provide direction as to where they would like to expend funds the following year. The final deposits will be presented at the June Board meeting.

15. Review of Preliminary 2011/12 Budget

Susan Adams reported that annually the Board reviews and approves the budget for the next fiscal year and the preliminary budget is reviewed in the spring, with the final budget reviewed and approved at the June Board meeting. Susan reported that the preliminary budget includes the rolling year after year items; claim audits; safety training; Service Provider costs; etc. Steve Kroeger reported that staff is preparing to provide three years of historical information and asked the Board to offer recommendations in the format of budget to the Budget Ad Hoc Task Group. The Board discussed the "State Fraud" budget where last year the budget allowed for \$125,000 and the actual amount was \$75,000. Staff has included \$90,000 in the preliminary budget for this item.

16. Approval of the Revised Policy & Procedure A-15 – *Travel Expense*

Steve Kroeger reported that the Executive Committee discussed the revisions to the policy and procedure and thanked Committee members for their recommendations. The policy and procedure is updated to include the Board and Risk Management Committee members be reimbursed for travel expenses for attending NCCSIF meetings and professional conferences. The policy and procedure is effective for this current fiscal year (July 1, 2010-June 30, 2011). The Board discussed the procedure for reimbursement. The Board discussed the philosophical and political pros and cons for reimbursement to members attending Board and Committee meetings and whether or not the City or the Board member should be reimbursed.

A motion was made to approve the revised Policy & Procedure A-15 – *Travel Expense*, and to revise the effective to state the policy and procedure is effective July 1, 2010, as presented at

today's meeting. Staff was directed to create a one page reimbursement request, which will be available at future meetings for Board members to complete and submit at the end of the meeting.

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

The Chair called for a "hand indication" vote process with the following results:

Nine – Ayes

Four – Opposed

I7. Review of 2010/11 Safety Grant Funds Utilization and consideration of 2011/12 Safety Incentive Grants

Susan Adams explained that in 2009/2010, members had available to them Safety Grant funds that provided a source for funding ADA projects. Of the \$145,238 available funds, \$158,126 has been requested and disbursed. Staff was directed to provide the Board with a matrix of who elected to receive Grant funds for FY 2010/11 and which members have funds available for the fiscal year 2010/2011. The Board discussed directing staff to develop a white paper on an ADA transition plan, which identifies what is required to be ADA compliant. The Board discussed the ADA website available that provides more up-to-date information. Marcus Beverly, York will provide information to Alliant staff for distribution to the members as respects ADA compliance.

A motion was made to approve the continuation of the Safety Grant fund for 2011/12 in the amount of \$250,000, including a stipulation that members are allowed to opt out of the grant and receive their full refunds if they so choose.

MOTION: Judy LaPorte **SECOND:** Tim Sailsbery **MOTION CARRIED**

I8. Approval of 2011 Revised Meeting Calendar

Susan Adams reported that the 2011 Meeting Calendar revisions reflect the Risk Management meeting to follow the Board meetings and to reflect all Board, Executive, and Risk Management Committee meetings will be held in Yuba City and begin at 10:30 a.m.

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

MOTION: Tim Sailsbery **SECOND:** Mike Daly **MOTION CARRIED**

I9. Consideration to Conduct NCCSIF Property Appraisals

Susan Adams advised he Board that the last time property appraisals were done was in 2006. Staff received a proposal for inspection of NCCSIF member locations in the amount of \$60,250. The proposed appraisal amount was not incorporated into the preliminary budget. The proposal includes the appraisal of 73 buildings and 8 Waste Water Treatment plants values between \$1,000,000 and \$5,000,000 per location. The Board discussed the proposal and strongly recommended each member participating in the NCCSIF property program review their property

schedules provided by staff. The Chair directed each Board member to review their property schedules and report their findings at the next Board meeting. No action was taken.

I10. Review and Discussion of the NCCSIF Long Range Action Plan

Susan Adams explained that historically on a quarterly basis, the Board reviews the Long Range Action Plan timeline. The timeline presented was developed at the Board's 2008 Long Range Planning session and the timeline provides for action items for the fiscal year 2008/2009. All items in the timeline are completed. The Board discussed combining the December meeting with their Long Range Planning meeting. The Board is required to discuss items to consider as "strategic planning". The Board discussed the possibility of delegating the Long Range Planning timeline to the Risk Management Committee, who is better in developing strategic long-range action items. The Board agreed that the Long Range Action Plan items should provide for a "big picture" of whether or not the JPA would like to enlist large cities into the JPA; smaller cities; no new members; SIR options; etc. Staff was directed to develop a proposed Long Range Action Planning agenda and bring the agenda to the Board in June 2011.

A motion was made directing staff to develop a proposed Long Range Planning agenda for review by the Board in June 2011, and to research the availability of a facilitator (Michelle Murphey was recommended).

MOTION: Martin Nichols **SECOND:** Tim Sailsbery **MOTION CARRIED**

I11. NCCSIF Staff Time Tracking

Susan Adams explained Alliant's Brokerage, Risk Management Consulting and Program Administration contract requires that Alliant provide the Board with monthly time tracking that for administration work performed. This has been historically reported annually. The table in the agenda provides for a comparison of 2009 vs. 2010 and hours spent by Alliant staff. The Board asked that Alliant continue to provide Staff's time tracking quarterly.

J. CLOSED SESSION

Bryne Conley reported that Richard Crabtree, the City of Red Bluff's attorney was scheduled to attend today's meeting and unfortunately was not able to get a flight out of Susanville. Bryne suggested discussing the "Closed Session" item via teleconference either Tuesday or Wednesday of next week (April 19th or April 20th). A three-day notice of posting the meeting is required. Bryne discussed the purpose of the teleconference would be to discuss the appeal. The Board agreed to schedule the teleconference for Wednesday, April 20, 2011 at 3:00 p.m. Alliant Staff will forward the teleconference information to the Board.

K. INFORMATION ITEMS

- K1. CJPRMA Training**
- K2. York – Certified Pool/Spa Operators (CPO) Course**
- K3. Gordon Graham Seminar**

Susan Adams reported that CJPRMA provides for "Contract as a Tool in Managing Risk" training and the dates and times are in the attached brochure. The Certified Pool/Spa Operator

(CPO) course will be held on May 23 & 24, 2011. The Gordon Graham training is scheduled for June 2nd in Lincoln.

G. ADJOURNMENT

The meeting was adjourned at 2:08 pm

A motion was made to adjourn the meeting.

MOTION: Judy LaPorte **SECOND:** Liz Ehrenstrom **MOTION CARRIED**