



**MINUTES OF THE
NCCSIF EXECUTIVE COMMITTEE MEETING
ROCKLIN COMMUNITY CENTER, ROCKLIN, CA
MARCH 31, 2016**

MEMBERS PRESENT

Michael Daly, City of Jackson - *left at 1:35 p.m.*
Satwant Takhar, City of Marysville
Dave Warren, City of Placerville
Tim Sailsbery, City of Willows
Natalie Springer, City of Yuba City

MEMBERS ABSENT

Toni Benson, City of Colusa
Jim Francis, City of Folsom
Paula Islas, City of Galt
Jon Hanken, City of Ione
Corey Shaver, City of Nevada City

GUESTS & CONSULTANTS

Marcus Beverly, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Raychelle Maranan, Alliant Insurance Services
Alana Theiss, James Marta & Company - *left at 1:35 p.m.*
Dori Zumwalt, York Risk Services - *left at 1:35 p.m.*
Cameron Dewey, York Risk Services - *left at 1:35 p.m.*
Lela Casey, York Risk Services - *left at 1:35 p.m.*
Mike Harrington, Bickmore - *left at 1:15 p.m.*

A. CALL TO ORDER

Mr. Dave Warren called the meeting to order at 11:33 a.m.

B. INTRODUCTIONS

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

Motion: Michael Daly **Second:** Natalie Springer **Motion Carried**
Ayes: Takhar, Warren

D. PUBLIC COMMENTS

There were no public comments.



E. CONSENT CALENDAR

1. Executive Committee Meeting Minutes - September 24, 2015
2. Check Register from November 1, 2015 to February 29, 2016
3. Investment Reports
 - a. Chandler Asset Management Short/Long Term - November 2015 to February 2016
 - b. Local Agency Investment Fund (LAIF) Report as of December 31, 2015

The September 24, 2015 Executive Committee Meeting Minutes was pulled from the Consent Calendar as correction was noted that Tim Sailsbery was credited with seconding a motion, but he is a non-voting member on the Committee.

A motion was made to approve the Consent Calendar, except for item 1 as correction needs to be made.

Motion: Satwant Takhar
Ayes: Warren, Springer

Second: Michael Daly

Motion Carried

F. ADMINISTRATION REPORTS

F1. Interim President's Report

Mr. Dave Warren acknowledged Russell Hildebrand from City of Rocklin and Bruce Cline from City of Folsom for their many years of service on the NCCSIF Board.

F2. Program Administrator's Report

Mr. Marcus Beverly had no items to report.

G. FINANCIAL REPORTS

G1. Quarterly Financial Report for Period Ending December 31, 2015

Ms. Alana Theiss reviewed the Quarterly Financial Report for Period Ending December 31, 2015. Ms. Theiss presented the highlights of the report. The Liability Program Shared Layer is in a deficit and the CJPRMA refunds which NCCSIF has been receiving and applying to the deficit reduction are expected to decline. In the Liability Program Banking Layer there are five members with a negative net position at December 31, 2015.

On the combined statement of the Workers' Compensation (WC) program the Banking Layer shows amounts that are outstanding for the Safety Grants, and all layers - Administration, Shared and Banking, are in positive position. Within the WC program Banking Layer, there are three members with a negative position. Ms. Theiss noted City of Elk Grove made an extra payment in hopes to bring their Banking layer in a better position.



Ms. Theiss proceeded and reviewed the Budget-to Actual.

A motion was made to receive and file the Quarterly Financial Report for the period ending December 31, 2015.

Motion: Satwant Takhar
Ayes: Warren, Springer

Second: Michael Daly

Motion Carried

G2. Budget-to-Actual as of December 31, 2015

The Budget-to-Actual was reviewed under item G1.

G3. James Marta & Company Request to Fund New Accounting System

Ms. Alana Theiss provided an overview of the new accounting system, Intacct software. It is a full-featured software that can do fund accounting. The web based subscription software certainly meet NCCSIF's needs at an economical cost: transparency - dash board for users, remote payment approval, electronic delivery of invoices, enable all approved users to view check registers, budget to actual reports and detail. This system has the ability to process checks electronically and thus it eliminates printing and mailing checks for signature.

Mr. Marcus Beverly indicated the preliminary budget includes \$8,400 for computer programming support in anticipation of implementing this new accounting software including the additional cost for the electronic check signature.

A motion was made to approve the web based Intacct Accounting software as NCCSIF accounting system and the addition of the \$8,400 cost in the budget to implement this new system.

Motion: Michael Daly
Ayes: Takhar, Warren

Second: Natalie Springer

Motion Carried

G4. Chandler Asset Management Contract Amendment

Mr. Marcus Beverly indicated Alliant conducted a benchmark review of the asset management rates and since the inception of Chandler Asset Management contract in 2007 it has since decreased and therefore, Alliant negotiated a lower fees for their services as follows:

- First \$20 million - from .15% to .12%
- Next \$40 million - from .10% to .09%
- Over \$60 million - .06%

The new scheduled fee is expected to decrease approximately \$8,700 per year as a result of this change.



A motion was made to approve Amendment No. 1 to Investment Management Agreement between NCCSIF and Chandler Asset Management, Inc.

Motion: Michael Daly
Ayes: Warren, Springer

Second: Satwant Takhar

Motion Carried

H. JPA BUSINESS

H1. Actuarial Studies of the Self Insured Programs - Mike Harrington, Bickmore **H1a. FY 16/17 Workers' Compensation Program**

Mr. Mike Harrington, Bickmore, presented the FY 16/17 Actuarial Study of the WC program. Mr. Harrington reminded the Committee that the actuarial analysis consists of two main components. The first being a review of the estimates of the ultimate liabilities as of December 31, 2015, and the second component is a loss forecasting analysis to determine the rates for the 16/17 program year.

Mr. Harrington noted the actual incurred development was greater than the expected incurred development since the prior report due to particularly adverse development in the most recent three years: 2012-13, 2013-14 and 2014-15 program years. Mr. Harrington indicated the pool consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

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: Satwant Takhar
Ayes: Warren, Springer

Second: Michael Daly

Motion Carried

H1b. FY 16/17 Liability Program

Mr. Harrington, Bickmore, also presented the FY 16/17 Actuarial Study of the Liability Program to the Committee. Mr. Harrington again reminded the Committee that the actuarial analysis consists of two main components. The first being a review of the estimates of the ultimate liabilities as of December 31, 2015, and the second component is a loss forecasting analysis to determine the rates for the 2016/17 program year. It was noted the Outstanding Liabilities for the Shared Layer is \$686,000 in deficit at the expected level. Mr. Harrington noted volatility is still expected in the next six months. Mr. Harrington indicated the pool consider funding assets to the 70% confidence level to be marginally acceptable and funding assets to the 90% confidence level to be conservative.

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: Michael Daly
Ayes: Takhar, Warren

Second: Natalie Springer

Motion Carried

H2. Annual Banking Plan Adjustments - James Marta & Company
H2a. Workers' Compensation Program

Ms. Alana Theiss presented the financial information for the Workers' Compensation 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 \$100,000 Self Insured Retention (SIR) and 90% confidence level in excess of the outstanding liabilities. The total dividend is \$524,914 which represents 35% of the available net position, and the total assessments is \$357,373 which represents 20% of the amount for those members who fell below the required funding. This is consistent to the Policy and Procedure A-1: Banking Plan Fund Adjustments.

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: Michael Daly
Ayes: Warren, Springer

Second: Satwant Takhar

Motion Carried

H2b. Liability Program

Ms. Alana Theiss 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 \$392,021 which represents 35% of the available net position, and the total assessments is \$110,145 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%. This is consistent to the Policy and Procedure A-1: Banking Plan Fund Adjustments.

Ms. Theiss noted correction that the member equity calculation is as of December 31, 2015 and not 2014 as reflected on her report.

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: Satwant Takhar
Ayes: Daly, Warren

Second: Natalie Springer

Motion Carried



H3. Annual Shared Risk Plan Adjustments - Alliant Insurance Services
H3a. Workers' Compensation Program

Mr. Marcus 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%.

Motion: Michael Daly **Second:** Satwant Takhar **Motion Carried**
Ayes: Warren, Springer

H3b. Liability Program

Mr. Marcus 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, 2015, the fund has assets of \$6,380,000. It is \$686,000 below Outstanding Liabilities at the 90% Confidence Level. NCCSIF members previously agreed to an assessment of \$600,000 per year for up to five years to reach the goal of a 90% confidence level plus three to five times the SIR.

Mr. Beverly recommended that the \$600,000 assessment continue and the entire CJPRMA refund of \$274,337 be put toward the assessment to offset the cost.

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.

Motion: Natalie Springer **Second:** Satwant Takhar **Motion Carried**
Ayes: Daly, Warren

H4. CJPRMA Refund Allocation

**Approved under the same motion as Item H3b.*

H5. Preliminary FY 16/17 Deposit Premium Calculations
H5a. Workers' Compensation Program

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 67.5%



Confidence Level (CL) for FY 16/17 is estimated at \$10,931,548 compared to \$9,234,638 for FY 15/16, an increase of 18.38%. The actuary recommended funding at a 70% CL, which is also the funding goal members have set, is estimated at \$11,075,270; an increase of 19.93%. It was noted that individual member increases are capped at 40% for the 67.5% CL and 42% for the 70% CL.

Mr. Marcus Beverly made the recommendation that NCCSIF increase funding from 67.5% CL to 70% CL.

Mr. Michael Simmons noted if more than five members are almost at or above the capped that is a sign to increase the funding level for financial stability over time.

A discussion amongst the Executive Committee raised questions about the difference in cost to each member at the 67.5% and 70% confidence level. Mr. Dave Warren noted that the goal is to ultimately reach the 70% confidence level funding and it would not be dramatic increases.

A motion was made to present the preliminary FY 16/17 deposit premium calculations for the Workers' Compensation program at the 70% confidence level to the Board of Directors.

Motion: Satwant Takhar
Ayes: Warren, Springer

Second: Michael Daly

Motion Carried

H5b. Liability Program

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 67.5% Confidence Level (C.L.) for FY 16/17 which is estimated at \$5,083,606, compared to \$4,590,942 for FY 15/16 (an increase of 10.73%). The actuary recommended funding at a 70% CL, which is also the funding goal members have set, is estimated at \$5,194,606; an increase of 13.15% Individual member increases are capped at 25% for the 67.5% CL and 28% for the 70% CL. The members were reminded that the funding goal is to get up to a 70% confidence level.

A motion was made to present the preliminary FY 16/17 deposit premium calculations for the Liability program at 70% confidence level to the Board of Directors.

Motion: Natalie Springer
Ayes: Takhar, Warren

Second: Satwant Takhar

Motion Carried

H6. FY 16/17 Property Renewal Update

Ms. Raychelle Maranan informed the Committee that members have been provided their current property schedules and members have been asked to review the property schedule for accuracy and notify Alliant of any discrepancies in an effort to confirm member records are accurate and to ensure each member's premiums are calculated correctly.



Information only, no action taken.

H7. FY 16/17 Crime Renewal Update

Ms. Raychelle Maranan indicated NCCSIF's Crime policy expires on July 1, 2016. The NCCSIF Crime Policy is through National Union Fire Insurance Co. of Pittsburg (AIG). Ms. Maranan indicated Alliant is obtaining an alternate quote with Alliant Crime Insurance Program (ACIP). The ACIP program is through AIG and it provides broader coverage than the standalone AIG policy.

Mr. Beverly indicated Alliant will provide coverage comparison at the next meeting.

Information only, no action taken.

H8. FY 16/17 Employee Assistance Program Renewal Update

Ms. Raychelle Maranan indicated the ACI contract for Employee Assistance Program (EAP) and CORE Wellness services expires July 1, 2016. NCCSIF has received an offer of renewal for two year term for FY 16/17 and FY 17/18 for the same rates as the expiring rate.

Mr. Beverly reminded the Committee that NCCSIF members pay ACI directly for the EAP program and the Wellness Program is paid through the administrative budget for all members who would like to participate.

Information only, no action taken.

H9. Preliminary FY 16/17 NCCSIF Budget

Mr. Marcus Beverly provided an overview of the changes in the preliminary budget for FY 16/17. Mr. Beverly noted there was a significant increase in the State Funding/Fraud Assessment in the current year 15/16 of about 20% than what was budgeted for. Mr. Beverly indicated he does not anticipate a significant increase, but noted a 5% increase in the preliminary budget for the State Funding/Fraud Assessment. The other notable change in the budget is the Computer Services for the new accounting software of \$8,400. Overall the budget increase is 2% over last year's budget.

Information only, no action taken.

Mike Harrington left the meeting at 1:15 p.m.

H10. Nomination of NCCSIF President

Mr. Marcus Beverly indicated Russell Hildebrand is no longer with the City of Rocklin and therefore, the President position is currently vacant. Mr. Dave Warren from City of Placerville has expressed his willingness to serve as President.



The Executive Committee nominated Mr. Dave Warren for the President, and appointed an Ad hoc Nominating Committee consisting of Tim Sailsbery and Michael Daly to solicit nominees among the Board members for the Vice President position.

H11. Claims Committee Membership Appointment

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

1. Jon Hanken, City of Ione
2. Michael Daly, City of Jackson
3. Dave Warren, City of Placerville
4. Tim Sailsbery, City of Willows
5. Natalie Springer, City of Yuba City

Motion: Natalie Springer
Ayes: Daly, Takhar

Second: Dave Warren

Motion Carried

H12. Approval of NCCSIF Defense Attorney List for Liability

Mr. Marcus Beverly reported the Claims Committee reviewed this item at its earlier meeting and the Committee recommended the addition of Kevin J. Dehoff and Amie McTavish from Angelo, Kilday & Kilduff law firm to the NCCSIF Liability Counsel Approved List.

A motion was made to approve addition of Kevin J. Dehoff and Amie McTavish from Angelo, Kilday & Kilduff law firm to the Liability Counsel Approved List.

Motion: Michael Daly
Ayes: Takhar, Warren

Second: Natalie Springer

Motion Carried

Michael Daly left the meeting at 1:35 p.m.

Alana Theiss, Dori Zumwalt, Cameron Dewey and Lela Casey were excused from the meeting at 1:35 p.m.

H13. NCCSIF Service Providers Survey Results

After review of the survey results, the Committee felt there is no need to go for an RFP for the Workers' Compensation and Liability Third-Party Claims Administration services. The Committee recommended to the Board to engage to a yearly contract with York Risk Services subject to improvement on services.



H14. Round Table Discussion

The Committee directed staff to schedule a Strategic/Training Day this year at the October Board meeting to go over the pooling fundamentals and Board member responsibilities as there has been so many new Board members.

The Committee felt the need to restructure the Executive Committee Rotation to mix larger and smaller agency as opposed to geographical location.

I. INFORMATION ITEMS

1. NCCSIF Organizational Chart
2. NCCSIF 2016 Meeting Calendar
3. NCCSIF Travel Reimbursement
4. NCCSIF Resource Contact Guide

There was no discussion on these items.

J. ADJOURNMENT

This meeting was adjourned at 2:20 p.m.

NEXT MEETING DATE: May 19, 2016 in Rocklin, CA

Respectfully Submitted,



Corey Shaver, Secretary
5/23/16
Date