

**CSAC EXCESS INSURANCE AUTHORITY**

**EXECUTIVE COMMITTEE**

**FINAL AGENDA**

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CSAC Excess Insurance Authority	Thursday, April 27, 2017
Web Conference/Telephonic Meeting	10:00 a.m.
http://csac-eia.webex.com	Fourth Meeting – 2017
Teleconference Number: 866-469-3239	
Meeting Number: 808 391 383	

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As to each agenda item, the Committee may take action and/or receive informational reports as appropriate.

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**ROLL CALL/INTRODUCTIONS**

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- 1.A. Establishment of Quorum/Introductions .....4
- 1.B. WebEx Protocol

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**CONSIDERATION OF OFF AGENDA ITEMS**

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Pursuant to Government Code Section 54954.2(b), except as provided in this paragraph, no action or discussion shall be taken at a regular meeting on any item which does not appear on the posted Final Agenda. Pursuant to Government Code Section 54954.2 (b)(2) an item may be added to the Final Agenda after the Final Agenda has been posted upon a determination by a two-thirds vote of the Committee (or an unanimous vote if less than two-thirds of the Committee is present); the vote shall be on a motion stating that there is a need to take immediate action and that the need for action came to the attention of the Committee subsequent to the Final Agenda being posted. Any such motion shall be accompanied by distribution of a written statement on a form provided by the office of the Chief Executive Officer/Secretary of the Board, to be included in the record, stating the facts upon which it can be determined that the need to take action arose after the Final Agenda was posted. In addition, action may be taken on an item not on the posted Final Agenda under the circumstances stated in Government Code Section 54954.2 (b)(1) [emergency] and 54954.2 (b)(3) [continued regular meetings].

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**GENERAL BUSINESS**

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- 2.A. SANDPIPA Merger (Mike F.).....5  
*An action to approve the Resolution of Intent to merge with SANDPIPA.*

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**PUBLIC COMMENT**

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This portion of the agenda is reserved for members of the general public to address the Committee on any matter not on this agenda that is under the jurisdiction of the Committee.

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## **FUTURE MEETINGS**

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The next regularly scheduled meeting will be held on **Thursday, May 4, 2017**, at **10:00 a.m.**, at the **EIA office in Folsom**.

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## **ADJOURNMENT**

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*Disability Access: All posted locations for this meeting are wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact the Meeting Planner at (916) 850-7300 or (916) 850-7800 (fax). Requests for such modifications or accommodations must be made at least two full business days before the start of the meeting.*

# CSAC EXCESS INSURANCE AUTHORITY

## EXECUTIVE COMMITTEE

### TELEPHONIC ADDRESS LIST

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Thursday, April 27, 2017  
10:00 a.m.  
Fourth Meeting – 2017

<b>CSAC Excess Insurance Authority</b>		75 Iron Point Circle, #200 Folsom, CA 95630	(916) 850-7300
<b>ACCEL (City of Ontario)</b>	Ann Richey	303 E. B Street Ontario, CA 91764	(909) 395-2438
<b>Glenn County</b>	John Viegas	525 West Sycamore Street, Ste B1 Willows, CA 95988	(530) 934-6400
<b>Lassen County</b>	Richard Egan	221 S. Roop Street, Suite 4 Susanville, CA 96130	(530) 251-8221
<b>Merced County</b>	James Brown	2222 M Street Merced, CA 95340	(209) 385-7595
<b>Napa County</b>	Kerry John Whitney	1195 3 <sup>rd</sup> Street, Room 310 Napa, CA 94559	(707)253-4821
<b>Plumas County</b>	Roberta Allen	520 Main Street, Room 205 Quincy, CA 95971	(530) 283-6248
<b>City of Richmond</b>	Kim Greer	450 Civic Center Plaza Richmond, CA 94804	(510) 620-6605
<b>San Bernardino County</b>	Ken Hernandez	222 West Hospitality Lane 3 <sup>rd</sup> Floor San Bernardino, CA 92415	(919) 386-8633
<b>Santa Clara County</b>	Lance Sposito	2310 N. First Street, Suite 203 San Jose, CA 95131	(408) 441-4342

**Establishment of Quorum/Introductions**  
**Quorum: 7 to start the meeting, 6 to vote**

**President:**

James Brown, Merced County

**Vice President:**

Vacant

**Committee Members:**

Ann Richey, ACCEL/City of Ontario  
Scott Schimke, Glenn County  
John Viegas, Glenn County  
Richard Egan, Lassen County  
Kerry John Whitney, Napa County  
Roberta Allen, Plumas County  
Kimberly Greer, City of Richmond  
Ken Hernandez, San Bernardino County  
Lance Sposito, Santa Clara County

**Legal Counsel:**

Stephen Underwood, EIA Legal Counsel

**SUBJECT:** SANDPIPA Merger

**ACTION FOR CONSIDERATION:**

Approve the CalPERS "RESOLUTION OF INTENTION TO APPROVE AN AMENDMENT TO CONTRACT BETWEEN THE BOARD OF ADMINISTRATION CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND THE BOARD OF DIRECTORS CSAC EXCESS INSURANCE AUTHORITY" (ROI), and authorize the President to execute the ROI.

**BACKGROUND:**

We have been in talks with SANDPIPA (a JPA of cities in San Diego County) about merging with the EIA. Eight out of 12 cities have been members in our EWC Program for some time. All 12 cities recently joined both the GL1 and Property Programs. SANDPIPA's motivation is to take care of all outstanding liabilities so they can dissolve and return their remaining funds to their membership. The goal is to complete this process in the 2016/17 fiscal year.

Here is a summary of actions taken to date:

- **February 1<sup>st</sup>** – Underwriting Committee reviewed and recommended approval to assume the open claim liabilities at a price of 90% confidence level, discounted at 1.75%, to be evaluated as of May 31, 2017. Also charge \$90k for Unallocated Loss Adjustment Expense (ULAE) to monitor the claims.
- **February 2<sup>nd</sup>** – Executive Committee recommended approval of the UW Committee's recommendation on the open liabilities; and recommended assumption of miscellaneous general administrative tasks at a price of \$10k.
- **February 3<sup>rd</sup>** – Finance Committee recommended merger of SANDPIPA and EIA's CalPERS contracts at a price of \$457,765, after SANDPIPA pays-off their outstanding unfunded CalPERS liability.
- **March 2<sup>nd</sup>** – Executive Committee recommended approval of the merger, as recommended by the Finance Committee.
- **March 3<sup>rd</sup>** – Board of Directors approved the recommendations with respect to the GL1 Program assuming the liability claims tail and ULAE, miscellaneous expenses, and CalPERS merger. The Board adopted Resolution B17-002 outlining these details and delegating authority to the Executive Committee to approve CalPERS's "Resolution of Intent" (ROI). The Board reviewed the CalPERS actuarial report that was produced for the merger.
- **April 6<sup>th</sup>** – SANDPIPA Board of Directors approved Resolution B17-002.

Next actions to take place:

- **April 27<sup>th</sup>** – EIA Executive Committee approval of the ROI
- **May 31<sup>st</sup>** – Final evaluation of claims liabilities
- **June 2<sup>nd</sup>** – EIA Board approval of final resolutions and contract amendments
- **July 1<sup>st</sup>** – Effective date of the merger

**FISCAL IMPACT:**

As outlined in the CalPERS actuarial report, there is an estimated \$1,501,372 change in present value of benefits. Staff believes the agreed payments by SANDPIPA will fully compensate the EIA. There is no change in the employer rate that is paid for normal benefits as a result of this transaction.

**RECOMMENDATION:**

Approval of the ROI is a CalPERS requirement in the process to complete the merger, and staff is recommending approval.

**TYPE OF VOTE REQUIRED:** Majority vote of the Committee (6)

**RESOLUTION OF INTENTION  
TO APPROVE AN AMENDMENT TO CONTRACT  
BETWEEN THE  
BOARD OF ADMINISTRATION  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
AND THE  
BOARD OF DIRECTORS  
CSAC EXCESS INSURANCE AUTHORITY**

WHEREAS, the Public Employees' Retirement Law permits the participation of public agencies and their employees in the Public Employees' Retirement System by the execution of a contract, and sets forth the procedure by which said public agencies may elect to subject themselves and their employees to amendments to said Law; and

WHEREAS, one of the steps in the procedures to amend this contract is the adoption by the governing body of the public agency of a resolution giving notice of its intention to approve an amendment to said contract, which resolution shall contain a summary of the change proposed in said contract; and

WHEREAS, the following is a statement of the proposed change:

To provide for the merger of the contract of San Diego Pooled Insurance Program Authority into CSAC Excess Insurance, pursuant to Government Code Section 20508.

NOW, THEREFORE, BE IT RESOLVED that the governing body of the above agency does hereby give notice of intention to approve an amendment to the contract between said public agency and the Board of Administration of the Public Employees' Retirement System, a copy of said amendment being attached hereto, as an "Exhibit" and by this reference made a part hereof.

By: \_\_\_\_\_  
Presiding Officer

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date adopted and approved

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Financial Office | Pension Contract Management  
Services & Prefunding Programs  
P.O. Box 942703 Sacramento, CA 94229-2703  
888 CalPERS (or 888-225-7377)  
TTY: (877) 249-7442 | Fax: (916) 795-4673  
www.calpers.ca.gov

**CERTIFICATION OF GOVERNING BODY'S ACTION**

I hereby certify that the foregoing is a true and correct copy of a Resolution adopted by the

Executive Committee on behalf of the Board of Directors of the  
(governing body)

CSAC Excess Insurance Authority  
(public agency)

on April 27, 2017 .  
(date)

  
Clerk/Secretary

Chief Executive Officer / Secretary  
Title



**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Financial Office | Pension Contract Management

Services & Prefunding Programs

P.O. Box 942703 Sacramento, CA 94229-2703

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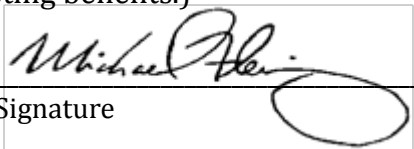
TTY: (877) 249-7442 | Fax: (916) 795-4673

www.calpers.ca.gov

**CERTIFICATION OF COMPLIANCE WITH  
GOVERNMENT CODE SECTION 7507**

By signing below, I hereby certify that in accordance with Section 7507 of the Government Code statements 1, 2, and 3 are true; and that statement 4 is applicable and is true if I have placed my initials beside the statement:

1. Services of an actuary were secured to provide a statement of the actuarial impact upon future annual costs before authorizing changes in retirement plan benefits.
2. The actuary prepared a statement of the actuarial impact of the proposed changes in benefits upon future annual costs, including normal cost and any additional accrued liability. The statement of the actuarial impact for the increase in benefits was made public on March 3, 2017 at a public meeting of the Board of Directors of the CSAC Excess Insurance Authority which is at least two weeks prior to the adoption of the final Resolution / Ordinance.  
(date) (governing body)  
(public agency)
3. Adoption of the retirement benefit increase will not be placed on the consent calendar.
4.      [INITIAL HERE IF THIS STATEMENT APPLIES]  
An actuary was present to provide information as needed at the public meeting at which the adoption of the benefit change was considered. (The presence of an actuary is required if future costs of the benefit changes exceed 1/2 of 1% of the future annual costs of the existing benefits.)



Signature

Michael Fleming

Print Name of Authorized Signer

Chief Executive Officer

Title

Date April 20, 2017



P.O. Box 942709 Sacramento, CA 94229-2709  
888 CalPERS (or 888-225-7377)  
TTY: (877) 249-7442 | Fax: (916) 795-3005  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

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California Public Employees' Retirement System

April 12, 2017

CalPERS ID #3657418172

Mr. Michael Fleming  
Chief Executive Officer  
CSAC Excess Insurance Authority  
75 Iron Point Circle, Ste. 200  
Folsom, CA 95630

Dear Mr. Fleming:

Thank you for contacting CalPERS regarding your retirement contract. Provided in my|CalPERS you will find the Resolution of Intention and Exhibit Amendment to Contract to provide for the merger of the contract of San Diego Pooled Insurance Program Authority into CSAC Excess Insurance Authority, pursuant to Government Code Section 20508.

The indemnification language was added in paragraph 3 of the Amendment to Contract because you have requested a change to existing retirement benefits, provisions or formulas.

Also provided are the following documents:

1. Form CON-12, Certification of Governing Body's Action.
2. Form CON-12AA, Certification of Compliance with Government Code Section 7507.

Any change in the employee or employer contribution rates will become effective as of the effective date of the contract amendment.

Disclosure of the cost of this Contract Amendment

We recommend that the agency disclose the following values identified in the amendment actuarial valuation for the adoption of this plan amendment:

- |  |              |
|--|--------------|
| 1) Change in the Present Value of Benefits | \$ 1,501,372 |
| 2) Change in the Total Employer Rate       | 0%           |

Effective January 1, 2009 Government Code Section 7507 requires the following:

- **Future annual costs** of the proposed contract amendment be made public at a public meeting at least two weeks prior to the adoption of the final Resolution.
- An actuary be present at the public meeting to provide information if future costs exceed  $\frac{1}{2}$  of 1% of the future annual costs of existing benefits.
- A local public agency's chief executive officer acknowledge in writing that he or she understands the current and future cost of the retirement benefit as determined by the actuary.
- Expansion of the definition of the term "future annual costs" to include "normal cost and any change in accrued liability".
- Adoption of the retirement benefit increase or change cannot be placed on the consent calendar.

The agency is to certify compliance on the enclosed Certification of Compliance with Government Code Section 7507 (form CON-12AA).

In summary, the following documents must be submitted through my|CalPERS before we can forward the actual contract and final documents necessary to complete the proposed amendment. **PLEASE DO NOT HOLD THESE DOCUMENTS PENDING ADOPTION OF THE FINAL RESOLUTION.**

1. Resolution of Intention, certified copy.
2. Form CON-12, Certification of Governing Body's Action.
3. Form CON-12AA, Certification of Compliance with Government Code Section 7507.

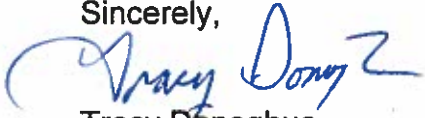
If your agency adopts the Resolution of Intention on April 27, 2017, the earliest date the final Resolution may be adopted is May 17, 2017. There must be a 20 day period between the adoption of the Resolution of Intention and the adoption of the final Resolution pursuant to Government Code Section 20471. There are no exceptions to this law.

The effective date of this amendment cannot be earlier than the first day of a payroll period following the effective date of the final Resolution.

**Please do not retype the Amendment to Contract and/or agreement documents. Only documents provided by this office will be accepted. If you have any questions regarding any documents, please contact this office prior to presenting to your governing body for adoption. Another contract amendment cannot be started until this amendment is completed or cancelled.**

We are here to assist you. If you have any questions or would like additional information, please visit our website [www.calpers.ca.gov](http://www.calpers.ca.gov), or you may contact us toll free at 888 CalPERS or (888-225-7377).

Sincerely,



Tracy Donoghue  
Employer Representative  
Public Agency Contract Services

TD:cf

Enclosures

## Instructions for Uploading Documents in

### my|CalPERS

1. Scan all required documents individually.
2. Save documents to your computer.
3. Log into my|CalPERS.
4. Click on the "**Profile**" tab.
5. Click on the "**Retirement Contract**" tab.
6. In the Contract Event Summary Box, click on the blue link that says "**Amendment**" with the status showing "**Amendment in Progress**".
7. Scroll down to the "**Documents**" Box.
8. You will need to click on each of the corresponding blue links that say "**Provide Document**", hit the browse button, locate the saved document on your computer and upload.

**NOTE:** Please do not "submit" until all the necessary documents have been uploaded to their links.

9. Once all the documents have been uploaded into the links, scroll down to "**Available Actions**" box and click the button to "**Submit Initial Contract Amendment Documents**".
10. Click the "**Submit**" button.

**\*\*Special Note:** Please save this instruction sheet for submitting the Amendment to Contract "**final**" documents packet.



## EXHIBIT

California  
Public Employees' Retirement System



# AMENDMENT TO CONTRACT

Between the  
Board of Administration  
California Public Employees' Retirement System  
and the  
Board of Directors  
CSAC Excess Insurance Authority



The Board of Administration, California Public Employees' Retirement System, hereinafter referred to as Board, and the governing body of the above public agency, hereinafter referred to as Public Agency, having entered into a contract effective January 1, 1983, and witnessed December 3, 1982, and as amended effective February 28, 2002 which provides for participation of Public Agency in said System, Board and Public Agency hereby agree as follows:

- A. Paragraphs 1 through 11 are hereby stricken from said contract as executed effective February 28, 2002, and hereby replaced by the following paragraphs numbered 1 through 14 inclusive:
1. All words and terms used herein which are defined in the Public Employees' Retirement Law shall have the meaning as defined therein unless otherwise specifically provided. "Normal retirement age" shall mean age 55 for classic local miscellaneous members and age 62 for new local miscellaneous members.
  2. Public Agency shall participate in the Public Employees' Retirement System from and after January 1, 1983 making its employees as hereinafter provided, members of said System subject to all provisions of the Public Employees' Retirement Law except such as apply only on election of a contracting agency and are not provided for herein and to all amendments to said Law hereafter enacted except those, which by express provisions thereof, apply only on the election of a contracting agency.

PLEASE DO NOT SIGN "EXHIBIT ONLY"

3. Public Agency agrees to indemnify, defend and hold harmless the California Public Employees' Retirement System (CalPERS) and its trustees, agents and employees, the CalPERS Board of Administration, and the California Public Employees' Retirement Fund from any claims, demands, actions, losses, liabilities, damages, judgments, expenses and costs, including but not limited to interest, penalties and attorney fees that may arise as a result of any of the following:
  - (a) Public Agency's election to provide retirement benefits, provisions or formulas under this Contract that are different than the retirement benefits, provisions or formulas provided under the Public Agency's prior non-CalPERS retirement program.
  - (b) Any dispute, disagreement, claim, or proceeding (including without limitation arbitration, administrative hearing, or litigation) between Public Agency and its employees (or their representatives) which relates to Public Agency's election to amend this Contract to provide retirement benefits, provisions or formulas that are different than such employees' existing retirement benefits, provisions or formulas.
  - (c) Public Agency's agreement with a third party other than CalPERS to provide retirement benefits, provisions, or formulas that are different than the retirement benefits, provisions or formulas provided under this Contract and provided for under the California Public Employees' Retirement Law.
4. Employees of Public Agency in the following classes shall become members of said Retirement System except such in each such class as are excluded by law or this agreement:
  - a. Employees other than local safety members (herein referred to as local miscellaneous members).
5. In addition to the classes of employees excluded from membership by said Retirement Law, the following classes of employees shall not become members of said Retirement System:
  - a. **ELECTED OFFICIALS.**
6. This contract shall be a continuation of the contract of the San Diego Pooled Insurance Program Authority, hereinafter referred to as "Former Agency". The accumulated contributions, assets and liability for prior and current service under the Former Agency's contract shall be merged pursuant to Section 20508 of the Government Code. Such merger occurred July 1, 2017.

- a. Service performed for the former agency prior to the effective date of the amendment to contract shall be subject to the terms and conditions of the former agency's contract as it was in effect at that time. Service performed on or after the effective date of the amendment to contract shall be subject to the terms and conditions of this contract.
7. The percentage of final compensation to be provided for each year of credited prior and current service as a classic local miscellaneous member shall be determined in accordance with Section 21354 of said Retirement Law (2% at age 55 Full).
8. The percentage of final compensation to be provided for each year of credited prior and current service as a new local miscellaneous member shall be determined in accordance with Section 7522.20 of said Retirement Law (2% at age 62 Full).
9. Public Agency elected and elects to be subject to the following optional provisions:
  - a. Section 20042 (One-Year Final Compensation) for classic members only.
  - b. Section 20965 (Credit for Unused Sick Leave).
  - c. Section 21335 (4% Cost-of-Living Allowance, base year 1983).
  - d. Section 21572 (Increased Level of 1959 Survivor Benefits).
10. Public Agency, in accordance with Government Code Section 20834, shall not be considered an "employer" for purposes of the Public Employees' Retirement Law. Contributions of the Public Agency shall be fixed and determined as provided in Government Code Section 20834, and such contributions hereafter made shall be held by the Board as provided in Government Code Section 20834.
11. Public Agency shall contribute to said Retirement System the contributions determined by actuarial valuations of prior and future service liability with respect to local miscellaneous members of said Retirement System.
12. Public Agency shall also contribute to said Retirement System as follows:
  - a. A reasonable amount, as fixed by the Board, payable in one installment within 60 days of date of contract to cover the costs of administering said System as it affects the employees of Public Agency, not including the costs of special valuations or of the periodic investigation and valuations required by law.



PLEASE DO NOT SIGN "EXHIBIT ONLY"

b. A reasonable amount, as fixed by the Board, payable in one installment as the occasions arise, to cover the costs of special valuations on account of employees of Public Agency, and costs of the periodic investigation and valuations required by law.

13. Contributions required of Public Agency and its employees shall be subject to adjustment by Board on account of amendments to the Public Employees' Retirement Law, and on account of the experience under the Retirement System as determined by the periodic investigation and valuation required by said Retirement Law.

14. Contributions required of Public Agency and its employees shall be paid by Public Agency to the Retirement System within fifteen days after the end of the period to which said contributions refer or as may be prescribed by Board regulation. If more or less than the correct amount of contributions is paid for any period, proper adjustment shall be made in connection with subsequent remittances. Adjustments on account of errors in contributions required of any employee may be made by direct payments between the employee and the Board.

B. This amendment shall be effective on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

BOARD OF ADMINISTRATION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF DIRECTORS  
CSAC EXCESS INSURANCE  
AUTHORITY

BY \_\_\_\_\_  
ARNITA PAIGE, CHIEF  
PENSION CONTRACTS AND PREFUNDING  
PROGRAMS DIVISION  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY \_\_\_\_\_  
PRESIDING OFFICER

\_\_\_\_\_  
Witness Date

Attest:

\_\_\_\_\_  
Clerk

PLEASE DO NOT SIGN "EXHIBIT ONLY"  
PLEASE DO NOT SIGN "EXHIBIT ONLY"