

AGENDA
REMIF BOARD OF DIRECTORS MEETING

Friday, January 31, 2020 – 9:00 a.m.
Harvest Inn – Phone: (707) 963-9463
1 Main Street, St. Helena, CA 94574

CALL TO ORDER
ROLL CALL

PUBLIC COMMENT

TIME RESERVED FOR THE PUBLIC TO OFFER COMMENTS REGARDING CONSENT CALENDAR OR BOARD BUSINESS NOT LISTED ON THE AGENDA. THE PUBLIC COMMENT PERIOD IS LIMITED TO FIVE MINUTES PER SPEAKER UNLESS ADDITIONAL TIME HAS BEEN ALLOWED BY THE CHAIRPERSON. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

COMMUNICATIONS - None
PRESENTATIONS – None

CONSENT CALENDAR (I) Information Item (A) Action Item

1. Approval of Minutes of the REMIF Board Meeting on September 26, 2019 (A)
2. Minutes from the REMIF Executive Committee Meetings on August 29, 2019, and December 16, 2020 (I)
3. Minutes from the REMIF Self-Insured Health Committee Meetings on September 12, October 10, October 24, and November 11, 2019 (I)
4. Approval of REMIF check register (A), Update on Treasurer's Report (I), and REMIF Financials (including budget to actuals) (I)
5. Report Out After Closed Session (I)
6. General Manager's Communication and Activities (I)

ACTION (A) AND INFORMATION (I) CALENDAR

7. Financial Audit FY 18-19 (A)
8. New REMIF Board Policies/Updates to Existing Policies (I and A)
9. Strategic Partnership Between REMIF and PARSAC (A)
10. Preliminary Estimated Contributions (Premiums) for FY 20-21 (I)
11. OPEB actuarial report (A)
12. Update on Self-Insured Health Plan (A)
13. REMIF Safety Program (I)
14. Update on Workers' Compensation Program (A)
15. Future Meeting Dates & Locations for Board of Directors Meetings (A)
16. Host for Annual Membership Meeting (I)
17. Allocation Plan for Unfunded PERS Liability (AB 1912) (I)
18. Off Duty Peace Officers (AB 1749) (I)

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact REMIF at (707) 938-2388 ext. 100, 24 hours in advance of this meeting.

PUBLIC COMMENT

TIME RESERVED FOR THE PUBLIC TO OFFER COMMENTS REGARDING CLOSED SESSION ITEMS. THE PUBLIC COMMENT PERIOD IS LIMITED TO FIVE MINUTES PER SPEAKER UNLESS ADDITIONAL TIME HAS BEEN ALLOWED BY THE CHAIRPERSON. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

ADJOURN INTO CLOSED SESSION

Government Code Section 54956.95 – Conference regarding a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers' agency or a local agency member of the joint powers' agency.

Claimant: Freeman/Payne

Agency claimed against: City of Rohnert Park

Government Code Section 54957(b) – Evaluation of Performance of General Manager

REPORT OUT OF CLOSED SESSION

ADJOURNMENT OF REGULAR MEETING

I, Amy Northam, General Manager for REMIF, certify that this agenda has been posted at the REMIF office at 414 W. Napa Street, Sonoma, CA 95476, according to the California Government Code.

/s/ Amy Northam

Amy Northam, General Manager

All meetings listed below are tentatively scheduled and subject to change; please review the REMIF website for possible changes to Board meetings.

Future REMIF Board Meeting Dates:

April 23, 2020, 10:30 a.m., Ukiah

June 18, 2020, 10:30 a.m., Ukiah



REMIF
REDWOOD
EMPIRE
MUNICIPAL
INSURANCE
FUND

414 W. Napa St. • 2nd Floor, Suite C • Sonoma, CA 95476 • 707.938.2388 • Fax 707.938.0374

Members: Arcata Cloverdale Cotati Eureka Fort Bragg Fortuna Healdsburg Lakeport

Rohnert Park St. Helena Sebastopol Sonoma Ukiah Willits Windsor

ITEM 1.0

DRAFT MINUTES

REMIF BOARD OF DIRECTORS'

September 26, 2019 – 10:30 a.m.

200 South School Street, Ukiah, CA 95482

Additional Location of Audio/Video Teleconference:

City of Sonoma, City Hall 2nd floor, No. 1 The Plaza, Sonoma, CA 95476

CALL TO ORDER

President McLaughlin called the meeting to order at 10:34 a.m.

Prior to roll call, General Manager Northam stated that at least a portion of this REMIF Board of Directors' meeting is being conducted pursuant to California Government Code Section 54953, in that Director Sue Casey and Director Cathy Lanning is at the City of Sonoma City Hall. Both Director Casey and Director Lanning are participating by speaker phone and by GoToMeeting. In accordance with the Ralph M. Brown Act, each teleconference location has been identified in the notice and agenda for this meeting. All REMIF Board of Directors have indicated that they were able to clearly hear either Director Casey or Director Lanning and that no Board of Director has expressed doubt that Directors Casey and Lanning are the parties participating by teleconference with the REMIF Board Members present here.

ROLL CALL

PRESENT

1. Danette Demello, *Arcata*
2. Susie Holmes, *Cloverdale*
3. John Moore, *Cotati*
4. Pam Powell, *Eureka*
5. Tabatha Miller, *Fort Bragg*
6. Heather Ippoliti, *Healdsburg*
7. Margaret Silveira, *Lakeport*
8. Darrin Jenkins, *Rohnert Park*
9. Larry McLaughlin, *Sebastopol*
10. Sue Casey, *Sonoma*;
11. Kathy Robinson, *St. Helena*
12. Sheri Mannion, *Ukiah*
13. Stephanie Garrabrant-Sierra, *Willits*

ABSENT –

Siana Emmons, *Fortuna*
James Leon, *Windsor*

OTHERS PRESENT

14. Will Folger, *Eureka*
15. Kelly Buendia, *Lakeport*
16. Cathy Lanning, *Sonoma*
17. Anna Santos, *REMIF*
18. Amy Northam, *REMIF*
19. Heather McGroarty, *REMIF*
20. Carmela Beckman-Spector, *REMIF*
21. Ritesh Sharma, *REMIF Finance Director*

OTHERS PRESENT continued...

- | | |
|-------------------------------------|--------------------------------------|
| 22. Carol Reid, <i>RealCare</i> | 25. Erike Young, <i>PARSAC</i> |
| 23. Pat O'Brien, <i>RealCare</i> | 26. Kin Ong, <i>PARSAC</i> |
| 24. Carlos Oblites, <i>Chandler</i> | 27. Mike Harrington, <i>Bickmore</i> |
| | 28. Greg Fox, Attorney <i>BFESF</i> |

PUBLIC COMMENT

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COMMUNICATIONS – REMIF Staffing/Retirement

GM Northam announced the retirement of REMIF Administrative Assistant, Anna Santos, at the end of this December. President Larry McLaughlin thanked Anna for all her hard work during her time with REMIF, especially during the months of the transition. Anna thanked the REMIF Board for all their support and stated she was looking forward to this new chapter in her life. This is the last Board meeting that Anna will be in attendance.

PRESENTATIONS – None

CONSENT CALENDAR (I) Information Item (A) Action Item

1. Approval of Minutes of the REMIF Board Meeting on June 20th and August 14, 2019 (A)
2. Minutes from the REMIF Self-Insured Health Committee Meetings on May 23rd, June 13th, July 11th, July 25th and August 8, 2019 (I)
3. City of Eureka's Board Representation Change (A)
4. City of St. Helena's Board Representation Change (A)
5. Approval of REMIF check register (June, July, August 2019) (A)
6. Approval of REMIF Treasurer's Quarterly report (as of June 30, 2019) (A)
7. Report out of Closed Session (I)
8. General Manager's Activities (I)

Director Robinson requested consent item #4 be pulled from the consent calendar.

- A motion was made by Director Silveira, seconded by Director Powell to approve all Consent Calendar items #1-8, except item #4 that was pulled from the calendar. The motion carried by the following voice vote:
- Aye: Directors: Demello, Holmes, Moore, Powell, Miller, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, Mannion and Garra-brant-Sierra
- No: None
- Absent: Directors: Emmons and Alternate Director Leon

ACTION (A) AND INFORMATION (I) CALENDAR

9. Review of REMIF Assets/Investments (Chandler) (I)

Carlos Oblites, Chandler Asset Management, discussed the status of the REMIF investments as of August 31, 2019.

Currently, the economy is slowing down, and with the added volatility due to trade talks and recent stock market activity, the interest rates have fallen. However, on a positive note, unemployment numbers are good, there is wage growth and consumer sentiment is positive. He indicated REMIF investments show strong numbers and the last 12 months showed a rate of return of 4.85%. OPEB investments performed well and the next valuation of OPEB will be given at the January 2020 board meeting. He briefly reviewed the recommended changes to the investment policy and the Board discussed the recommendations and offered alternative changes.

- A motion was made by Director Jenkins, seconded by Director Moore to move up the approval of the investment policy under agenda item #15 and discuss the draft/proposed changes at this time. The motion carried by the following voice vote:
- Aye: Directors: Demello, Holmes, Moore, Powell, Miller, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, Mannion and Garra-brant-Sierra
- No: None
- Absent: Directors: Emmons and Alternate Director Leon

The Board asked that the following items highlighted in “yellow” to be changed/corrected on the investment policy:

1) **Money market mutual funds** that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940:

a. Provided that such funds meet either of the following criteria:

- Attained the highest ranking or the highest letter and numerical rating provided by not less than two ~~nationally recognized statistical rating organizations~~ NRSROs; or,
- Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through ~~jk~~) and with assets under management in excess of \$500 million.

~~b.~~ purchases of securities authorized by this subdivision may not exceed 20% of the ~~portfolio~~. Correct spelling to “portfolio”

2) Asset-Backed, Mortgage-Backed, Mortgage Passthrough securities, and collateralized Mortgage Obligations From Issuers Not Defined in Sections 1 and 2 of the Permitted Investments Section of this Policy, provided that:

- The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
- No more ~~than 20%~~ 10% of the total portfolio may be invested in these securities
- No more than ~~5%~~ 2% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer
- The maximum legal final maturity does not exceed five (5) years

3) Supranationals, provided that:

- Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.
- ~~No more than 20% of the total portfolio may be invested in these securities.~~ (remove this item b)
- No more than ~~30%~~ 10% of the total portfolio may be invested in these securities.
- No more than ~~10%~~ 2% of the portfolio may be invested in any

single issuer.

e. The maximum maturity does not exceed five (5) years.

B. Investment Pools (add a statement to clarify the intent of this section below)

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

- A motion was made by Director Jenkins, seconded by Director Ippoliti to adopt the investment policy that includes the Board's changes. The motion carried by the following voice vote:
- Aye: Directors: Demello, Holmes, Moore, Powell, Miller, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, Mannion and Garrabrant-Sierra
- No: None
- Absent: Directors: Emmons and Alternate Director Leon

After a brief lunch break, the Board decided not to follow the agenda order and item #11 was the next item discussed.

11. Strategic Partnership between REMIF and PARSAC (A)

Both General Managers from REMIF and PARSAC gave brief presentations regarding their respective agencies. They discussed the pros and cons of creating a partnership between the two agencies. Mike Harrington, an actuary from Bickmore, gave brief presentation on the actuarial analysis completed for the workers' compensation program, asking the question: "is it worth combining both programs into one"?

In Mike's discussion he touched upon the following items:

- Cost compatibility
- Membership compatibility
- Total cost: all costs, administrative costs, stability of costs
- Better spread of risk, loss control or other services

Erike Young, PARSAC's Risk Manager, also gave a brief presentation on PARSAC's Risk Management program. The Board members discussed the pros and cons of the partnership and the numbers presented in the actuarial report.

- A motion was made by Director Moore, seconded by Director Ippoliti to have both REMIF and PARSAC Executive Committees meet and research what a potential full merger would look like between both agencies and REMIF would not be absorbed by PARSAC. The Board would like a report at the January 2020 Board meeting. The motion carried by the following voice vote:
- Aye: Directors: Demello, Holmes, Moore, Powell, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, and Mannion.
- No: None
- Absent: Directors: Emmons, Miller, Garrabrant-Sierra and Alternate Director Leon

At 2:48 p.m., and in the interest of time, the Board adjourned into closed session.

PUBLIC COMMENT

TIME RESERVED FOR THE PUBLIC TO OFFER COMMENTS REGARDING CLOSED SESSION ITEMS THE PUBLIC COMMENT PERIOD IS LIMITED TO FIVE MINUTES PER SPEAKER UNLESS ADDITIONAL TIME HAS BEEN ALLOWED BY THE CHAIRPERSON. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.
NONE

ADJOURN INTO CLOSED SESSION –

Government Code Section 54956.95 – Conference regarding a claim for the payment of tort liability losses, public liability losses, or workers’ compensation liability incurred by the joint powers’ agency or a local agency member of the joint powers’ agency.

Claimant: Flatten

Agency claimed against: City of Rohnert Park

Closed Session ended at 3:12 p.m., and the Board reconvened to full session at 3:13 p.m. The Board decided they will just address the following action items for the remainder of the meeting:

- #10. Update on Self-Insured Health Plan
- #12. Draft Actuarial Report for Automobile/General Liability Program FY 18-19
- #13. Draft Actuarial Report for WC Program FY 18-19 and
- #18. Updates to Cost Allocation Plan (CAP)

The remaining action/information items will be carried forward to the next REMIF Board meeting in January 2020:

- #14. Update on WC Program
- #15. New REMIF Board Policies
- #16. REMIF Safety Program
- #17. Allocation Plan for Unfunded PERS Liability (AB 1912)
- #19. Off Duty Peace Officers (AB 1749)

10. Update on Self-Insured Health Plan (A)

GM Northam gave a brief summary of the following items that are recommended for approval by the Health Care Committee and require the Board of Directors to:

1. Approve the renewal of Transamerica and Express Scripts for 2020;
2. Select Fidello as the vendor to help complete an employee benefits survey;
3. Extend the contract with RealCare for three years to pricing as outlined in the agenda summary report;
4. Approve BMI as the vendor to complete the medical claims audit at an estimated cost of \$22,800.
5. Continue the current copays for LiveHealth Online as-is and absorb the additional cost of visits effective January 1, 2020.

- A motion was made by Director Moore, seconded by Director Holmes to:
 - Approve the renewal of Transamerica and Express Scripts for 2020;
 - Select Fidello as the vendor to help complete an employee benefits survey;
 - Extend the contract with RealCare for three years to pricing as outlined in the agenda summary report;
 - Approve BMI as the vendor to complete the medical claims audit at an estimated cost of \$22,800.
 - Continue the current copays for LiveHealth Online as-is and absorb the additional cost of visits effective January 1, 2020.
 The motion carried by the following voice vote:
 - Aye: Directors: Demello, Holmes, Moore, Powell, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, and Mannion.
 - No: None
 - Absent: Directors: Emmons, Miller, Garrabrant-Sierra and Alternate Director Leon

12. Draft Actuarial Report for Automobile/General Liability Program FY 18-19 (A)

13. Draft Actuarial Report for WC Program FY 18-19 (A)

GM Northam gave a brief summary of both actuarial reports for Automobile/General Liability and the Workers' Compensation program FY 18-19. Staff recommends the approval of both reports to allow staff to book the outstanding financial liability on the financial statement for FY 18-19, outstanding liability as of 6/30/19.

Motion for Automobile/General Liability actuarial report:

- A motion was made by Director Silveira, seconded by Director Demello to approve the automobile and general liability actuarial report and allow staff to book the outstanding financial liability on the financial statement (for 18/19 fiscal year, outstanding liability as of 06/30/19) an amount of \$5,465,259. The motion carried by the following voice vote:
 - Aye: Directors: Demello, Holmes, Moore, Powell, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, and Mannion.
 - No: None
 - Absent: Directors: Emmons, Miller, Garrabrant-Sierra and Alternate Director Leon

Motion for Workers' Compensation actuarial report:

- A motion was made by Director Silveira, seconded by Director Demello to approve the workers' compensation actuarial report and allow staff to book the outstanding financial liability on the financial statement (for 18/19 fiscal year, outstanding liability as of 06/30/19) an amount of \$18,747,591. The motion carried by the following voice vote:
 - Aye: Directors: Demello, Holmes, Moore, Powell, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, and Mannion.
 - No: None
 - Absent: Directors: Emmons, Miller, Garrabrant-Sierra and Alternate Director Leon

18. Updates to Cost Allocation Plan (CAP)

The Cost Allocation plan was completed by MGR consulting and adopted by the Board at the October 2017 Board of Directors' meeting. Staff is recommending that the methodology for the allocation of the general and administrative costs to various REMIF programs be updated based on the changes in REMIF Staffing. The proposal to update the CAP from MGR consulting was included in the agenda packet. After a brief discussion, the Board decided to direct staff to explore changes to the cost allocation outside of a cost allocation plan.

- A motion was made by Director Moore, seconded by Director Ippoliti to authorize GM Northam to explore changes to the cost allocation outside of a cost allocation plan and enter into an agreement not to exceed \$10K. The motion carried by the following voice vote:
 - Aye: Directors: Demello, Holmes, Moore, Powell, Ippoliti, Silveira, Jenkins, McLaughlin, Casey, Robinson, and Mannion.
 - No: None
 - Absent: Directors: Emmons, Miller, Garrabrant-Sierra and Alternate Director Leon

ADJOURNMENT

The Board meeting adjourned at: 3:28 p.m.

Respectfully Submitted by:

/s/ Anna Santos

Anna Santos, REMIF Administrative Assistant

ITEM 2.0

MINUTES

REMIF EXECUTIVE COMMITTEE MEETING

Thursday, August 29, 2019 – 1:00 P.M.

Embassy Suites, 100 Capitol Mall, Sacramento, CA 95811

CALL TO ORDER

The meeting was called to order at 1:03 p.m.

ROLL CALL

PRESENT:

Larry McLaughlin, City of Sebastopol

Darrin Jenkins, City of Rohnert Park

Margaret Silveira, City of Lakeport

Pam Powell, City of Eureka

Damien O'Bid, City of Cotati

ABSENT: None.

OTHERS PRESENT: Heather Ippoliti, REMIF Treasurer, Amy Northam, REMIF General Manager, Kin Ong, PARSAC General Manager, Ericke Young, PARSAC Risk Manager, Mike Harrington, Actuary with Bickmore, PARSAC Executive Committee

PUBLIC COMMENT – there were no public comments.

CONSENT CALENDAR *(I) Information Item (A) Action Item* –

None

STAFF REPORTS *(I) Information item (A) Action item* –

1. Strategic Partnership between REMIF and PARSAC (A)

Staff was directed to prepare presentation for REMIF Board of Directors to determine next steps.

PUBLIC COMMENT – there were no public comments.

ADJOURN INTO CLOSED SESSION – adjourned at 4:05 p.m.

Government Code Section 54956.95 – Conference regarding a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers' agency or a local agency member of the joint powers' agency.

Claimant: M. Tuma

Agency claimed against: City of Cloverdale

REPORT OUT OF CLOSED SESSION

Staff will proceed as directed

ADJOURNMENT – the meeting was adjourned at 4:09 p.m.

ITEM 2.1

DRAFT MINUTES

REMIF EXECUTIVE COMMITTEE MEETING

Monday, December 16, 2019 – 9:00 a.m.

Yountville Community Center, 6516 Washington Street, Yountville, CA 94599

CALL TO ORDER

The meeting was called to order at 9:13 a.m.

ROLL CALL

PRESENT:

Larry McLaughlin, City of Sebastopol
Darrin Jenkins, City of Rohnert Park
Margaret Silveira, City of Lakeport
Pam Powell, City of Eureka
Damien O’Bid, City of Cotati

ABSENT: None

OTHERS PRESENT: Amy Northam, REMIF, Anna Santos, REMIF, Carmela Beckman Spector, REMIF, Kin Ong, PARSAC, Erike Young, PARSAC, Yahaira Martinez, PARSAC, Tracey Smith-Reed, PARSAC, PARSAC Executive Committee, and Mike Harrington, Actuary with Bickmore

PUBLIC COMMENT – No public comments.

CONSENT CALENDAR (I) Information Item (A) Action Item – None

STAFF REPORTS (I) Information item (A) Action item –

1. Strategic Partnership between REMIF and PARSAC (A)

Workers’ Compensation (WC) Program – Funding

Mike Harrington, Actuary from Bickmore, presented a brief educational session on experience modification (ex-mod) formulas and different formula options. There are four (4) key plan parameters to consider when developing ex-mod formulas:

- a. Years of experience – how many years and which ones?
- b. Loss limiting – how much of each loss do you include?
- c. Weight to member experience (credibility) – how much weight should be given to member’s losses?
- d. Complement – what do we give the remaining weight to in absence of member data? Look at pool average, prior x-mod, other factors?

The ex-mod calculation helps determine how to spread out the cost of the premium to each member. The Actuary plans to return in March 2020 with blended ex-mod formulas for the workers’ compensation program.

Both General Managers, Amy Northam (REMIF) and Kin Ong (PARSAC) reviewed the following items for their agency:

- a. Summary of the WC program
- b. WC Third Party Administrator
- c. Governance
- d. Annual meetings
- e. Summary of Liability program
- f. Property program

The group discussed the different merger options and the timelines associated with those options.

Option 1: Merge WC program only, establish new JPA (7/1/20)

Option 2: Merge WC program only, REMIF joins PARSAC just for first FY (7/1/20) – other programs/services to follow

Option 3: Merge WC program only, establish new JPA (7/1/21) – other programs/services to follow

Option 4: Merge all programs, establish new JPA (7/1/22)

Erike Young, PARSAC, discussed the loss control/risk management programs available to REMIF members if the merger took place on 7/1/20. PARSAC would perform 5 risk assessments for REMIF members to be completed before the end of this fiscal year 19-20. The 5 REMIF members would include: Arcata, Cloverdale, Eureka, Sonoma and Ukiah. The remaining REMIF members' assessments would be completed before June 2022.

The REMIF Executive Committee chose Option 3: Merge WC program only and establish new JPA effective 7/1/21; with the possibility of adding property and liability programs. The Committee felt the effective date of 7/1/21 would give their own staff enough time to prepare documents for Council approval.

Next steps for Transition Committee:

1. Have General Council review draft JPA and Bylaws and bring to March 2020 meeting; with final approval of JPA and Bylaws by May 2020.
2. Have ex-mods and calculations from Actuary done by March 2020.

Next meeting: Monday, March 2, 2020 at 10:00 a.m. at the Yountville Community Center, 6516 Washington Street, Yountville, CA 94599.

REMIF Staff was directed to prepare a presentation for REMIF Board of Directors at the January 2020 Annual Meeting to discuss why the merger?

PUBLIC COMMENT – No public comment.

ADJOURN INTO CLOSED SESSION – No closed session items.

REPORT OUT OF CLOSED SESSION - None

ADJOURNMENT – the meeting was adjourned at 1:24 p.m.

REMIF Self-Insurance Committee Minutes

Date: September 12, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:04 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Kelly Buendia, Lakeport
- iv. Sheri Mannion, Ukiah

B. Also in attendance:

- i. Carol Reid, RealCare
- ii. Pat O'Brien, RealCare
- iii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES

A. Meeting of August 8, 2019

James Leon, Windsor, motions to approve; Sherri Mannion, Ukiah, seconds. Motion carries.

III. ITEMS FOR DISCUSSION

A. Transamerica/Express Scripts Retiree Medical Renewal 1/1/20 – **Action Item**

- i. The Transamerica/Express Scripts plans renew each January 1st because they are tied to Medicare.
- ii. Renewals range from 3.99% to 4.24% depending on prescription drug plan chosen.
- iii. AmWINS, the General Agent for the plans, did an informal marketing analysis to see if there might be something more competitively priced. All carriers shopped were significantly higher in cost and/or could not match the benefits.

Sheri Mannion moves to recommend to the Board that the Transamerica/ESI renewals be accepted; James Leon, Windsor, seconds. Motion carries.

B. RealCare Contract Renewal – Action Item

- i. There was an audit done by the interim GM and the Board gave Amy Northam, REMIF, permission to prioritize the tasks. Seeking RFP's for the benefits broker was on low priority list.
- ii. Because RealCare's contract is up for renewal on 1-1-20, Amy Northam requested bids from several brokers. She asked USI, Marsh and RealCare to submit proposals. RealCare is the only broker who submitted a proposal.
- iii. RealCare provided a 3 year contract proposal. Increase would be on the PEPM portion. The proposed cost will be \$22.00 PEPM for Year 1; \$22.50 PEPM for Year 2 and \$23.00 for Year 3. No other increases in other fees on other lines of coverage.
- iv. Amy Northam, REMIF, recommends REMIF renew with RealCare.
 1. Sheri Mannion, Ukiah, is satisfied with the modest increase.

Kelly Buendia, Lakeport, motions that the Committee recommend to the Board that the proposed RealCare compensation increase be accepted for the 3 year term; Sheri Manion, Ukiah, seconds; James Leon, Windsor, makes it unanimous. Motion carries.

C. Benefit Satisfaction Survey – Action Item

- i. The point of an Employee survey for those on the REMIF plan is to find out what employees like, don't like, want to change, etc.
- ii. Solicited bids from 5 different companies.
- iii. 2 lower end surveys are generic in nature (Beyond Feedback- \$5,000 and Fidello - \$2,500).
- iv. 2 companies quoted on the higher end.
 1. NBRI (\$19,475) has psychological approach to survey. They favor having a different range on their scale when one answers questions. If you have a scale of 1-5, people automatically pick the mid range of 3. If the range is either 4 or 6, there is no automatic mid range and employees tend to be more candid. NBRI has more back end services: data analyzed, provide take aways to see what kind of action is needed based on survey, etc.
 2. REMESH (\$11,300) is more of a tech savy company. They use a Focus group and traditional survey. Focus group of certain employees that interact with Remesh on a real time call. Question is asked; employees responds. We would need to come up with questions.
- v. NFP (\$14,220) came in at the mid-range.
- vi. Committee feels going with one of the lower end providers for the first survey is more cost effective to see how the survey is received. If successful, we might go with a vendor with more services the next time
- vii. Sherri Mannion, Ukiah, suggested we do in-house survey first. Ukiah uses Survey Monkey for their in-house surveys. However, when this was first suggested by a Committee member, having a neutral 3rd party was preferred.
- viii. James likes the idea of a 3rd party vendor. Employees don't always trust that Survey Monkey is anonymous.

- ix. We need an option for text messages; URL; and paper versions.
 - x. If Fidello has text message, URL and paper capabilities, leaning toward Fidello.
- After much discussion, it was decided to eliminate the top end vendors. Committee wants to look at the lower end vendors. (Fidello and Beyond Feedback). Fidello provided sample questions that seemed to be quite comprehensive.

Sheri Mannion, Ukiah, motions to recommend to the Board that we use Fidello as long as they have text, URL and paper capabilities; James Leon, Windsor, seconds. Motion carried.

- D. Policies and Procedures project – Informational
 - i. Amy reports we are continuing the project and are making progress.
- E. Monthly/quarterly communications to promote services – Informational
 - i. Idea of having a calendar with key things to give out to employees.
 - ii. Planning to have a draft by next committee meeting.
- F. Income and Expense – Informational
 - i. Year end
 - ii. FY 19/20 to date

Income and Expense report is not an audited report. RealCare is expecting more money to be returned to the fund by the Stop Loss carrier. RealCare will update the report if the refund comes in before the Board meeting.

Next meeting: October 10, 2019; 2:00 p.m.

Meeting adjourned: 2:45 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion – City of Ukiah – 300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits – 111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

ITEM 3.1

Date: October 10, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:05 pm

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Sheri Mannion, Ukiah

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Kelly Buendia, Lakeport
- iii. Stephanie Garrabrant-Sierra

II. APPROVAL OF MINUTES

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

No quorum, move to next meeting

III. ITEMS FOR DISCUSSION

A. Request to pay claim outside of contract – **Action Item**

No quorum, move to next meeting

B. Domestic Partners - SB30 – **Discussion**

- i. Under SB30, in order to be considered a domestic partner, one must be registered with the Secretary of State.
- ii. Do we need to eliminate domestic partners from eligibility since same sex partners can now be legally married?
- iii. Move this item to the next meeting so that it can be discussed and a recommendation can be made to the Board.
- iv. Make this an **Action Item**

- C. Policies and Procedures project – Informational
 - i. Amy Northam reports that this project is proceeding and is being worked on.
- D. Monthly/quarterly communications to promote services – Informational
 - i. Pat O’Brien reports that RealCare is close to sending out a Guide for the agencies
- E. Benefit Satisfaction Survey – Informational
 - i. Fidello was the chosen vendor.
 - ii. Amy Northam reports that due to the PG&E Public Safety Power Shutdown, the introductory conference call had to be rescheduled.
- F. REMIF/Kaiser/Sutter Participation – Informational
 - i. Annual report to the Committee on participation. We need to keep track to see if the participation shows any trends (negative or positive) that would indicate we need to make any policy changes on participation.
 - ii. Participation will become important if the REMIF plans are expanded to other outside agencies.
 - iii. Currently, there are no participation requirements for the REMIF plan with regard to other health plans (Kaiser, Sutter Health Plan, Operating Engineers, PERS, etc.)
 - iv. RealCare did not see any trends this year that were alarming. Enrollment seems to be consistent.

Next meeting: Thursday, October 24, 2019; 2:00 p.m.

Meeting adjourned: 2:39 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion—City of Ukiah—300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits—111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

Date: October 24, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:03 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Kelly Buendia, Lakeport

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Sheri Mannion, Ukiah
- iii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES

No quorum, move to next meeting

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

B. Meeting of October 10, 2019

III. ITEMS FOR DISCUSSION –

A. Domestic Partners. SB30 – **Action Item**

No Quorum, move to next meeting

B. Request to pay claim outside contract – Informational

- i. This has resolved without paying outside the contract. Patient was able to borrow the equipment.

C. Policies and Procedures project – Informational

- i. Have a Draft MOU that is still under review. Once review is complete, we will send to the attorney for feedback. Will also ask that he review the Participation Agreement.

D. Benefit Satisfaction Survey – Informational

- i. Had call with Fidello. Came up with a time table for survey. Will be in early January. They are putting together questions for us to review and we will present to the Committee.

E. Income and Expense – Informational

- i. Plan continues to run well. No stop loss claims yet for this policy year.

Next meeting: November 14, 2019; 2:00 p.m.

Meeting adjourned: 2:15 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion—City of Ukiah—300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits—111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

ITEM 3.3

Date: November 14, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:04 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Danette Demello, Arcata
- iv. Kelly Buendia, Lakeport

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Sheri Mannion, Ukiah
- ii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES – **ACTION ITEM**

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

B. Meeting of October 10, 2019

C. Meeting of October 24, 2019

Kelly Buendia, Lakeport, motions to approve the minutes from all three meetings; James Leon, Windsor, seconds motion. Motion carries.

III. ITEMS FOR DISCUSSION

A. Domestic Partners. SB30 – **ACTION ITEM**

- i. The law takes effect 1-1-20. Removes the age requirement (one needs to be age 62) for opposite sex couples. Same sex and opposite sex couples are now considered domestic partners if legally registered with the State of California.
- ii. Opposite sex partners can now be covered if legally registered
- iii. Imputed income would be assessed to all registered domestic partners.

Kelly Buendia, Lakeport, motions to make a recommendation to the Board to offer domestic partnership coverage to anyone who registers with the State of California. This eliminates the age restriction. Will be following CA Family Code. James Leon, Windsor, seconds the motion. Motion carries.

B. Medical Claims Audit – Informational

- i. Amy Northam and RealCare had a conference call with BMI. BMI is communicating with HealthComp. The claims audit is underway. The audit won't be finished until well into the new year. Will report back on the results of the audit.

C. Policies and Procedures project – Informational

- i. The draft document was sent to attorney to review. He is reviewing and will also put together a Participation Agreement. The documents will be presented to the Health Care Committee.

Next meeting: December 12, 2019; 2:00 pm.

Meeting adjourned: 2:49 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion – City of Ukiah – 300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits – 111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

Redwood Empire Municipal Insurance Fund
Check Register Sep. -Dec. 2019

Date	Vendor	Doc #	Amount
0157 - Bank of America			
9/4/2019	VEN-109--Delta Dental of California	EFT	25,725.30
9/9/2019	VEN-181--Health Comp-Admin Fee	EFT	191,637.59
9/10/2019	VEN-107--Athens Insurance Services, Inc.	17462	48,330.08
9/10/2019	VEN-117--Vision Service Plan	17464	15,014.96
9/11/2019	VEN-109--Delta Dental of California	EFT	19,865.65
9/12/2019	VEN-105--Sonoma County Tax Collector	17463	145.94
9/12/2019	VEN-142--AT&T Mobility	17461	51.67
9/16/2019	VEN-208--Health and Human Resource Center, Inc.	17472	4,606.48
9/16/2019	VEN-229--KBA Document Solutions, LLC	17473	474.37
9/16/2019	VEN-119--AT&T	17466	19.95
9/16/2019	VEN-112--Office Information Systems	17474	200.00
9/16/2019	VEN-127--DKF Solutions Group, LLC	17471	4,900.00
9/16/2019	VEN-222--York Risk Services Group, Inc.	17479	7,875.00
9/16/2019	VEN-154--Pitney Bowes Global	17475	251.99
9/16/2019	VEN-103--City of Sonoma-Water	17468	99.21
9/16/2019	VEN-121--Sonoma Garbage Collectors, Inc	17476	201.64
9/16/2019	VEN-118--Comcast	17469	348.33
9/16/2019	VEN-131--Vista Landscape	17478	330.00
9/16/2019	VEN-117--Vision Service Plan	17477	2,688.84
9/16/2019	VEN-137--AT&T Teleconference Services	17467	237.02
9/16/2019	VEN-106--Comprehensive Drug Testing, Inc	17470	1,391.00
9/16/2019	VEN-138--Acceptable Risk	17465	672.00
9/18/2019	VEN-109--Delta Dental of California	EFT	23,044.75
9/19/2019	VEN-126--AmWINS	17486	6,739.98
9/19/2019	VEN-128--Business Card	17487	1,558.15
9/19/2019	VEN-159--City of Lakeport	17489	1,195.99
9/19/2019	VEN-201--Susie Holmes	17490	1,053.24
9/19/2019	VEN-184--City of Cloverdale	17488	484.78
9/19/2019	VEN-153--Pacific Gas & Electric	17485	463.68
9/19/2019	VEN-189--City of Sonoma	17484	750.00
9/19/2019	VEN-151--Amy Northam	17482	374.79
9/19/2019	VEN-220--AAA Business Supplies & Interiors	17480	126.04
9/25/2019	VEN-109--Delta Dental of California	EFT	19,611.41
9/25/2019	VEN-102--Shred-It USA	17498	57.97
9/25/2019	VEN-124--Comcast Business	17495	329.65

Redwood Empire Municipal Insurance Fund
Check Register Sep. -Dec. 2019

Date	Vendor	Doc #	Amount
9/25/2019	VEN-220--AAA Business Supplies & Interiors	17491	57.85
9/25/2019	VEN-228--California Sinus Centers LLC	17493	8,367.40
9/25/2019	VEN-108--Alhambra	17492	80.45
9/25/2019	VEN-162--Sheri Mannion	17497	324.51
9/25/2019	VEN-161--City of Ukiah	17494	992.82
9/25/2019	VEN-146--George Hills	17496	10,291.67
10/2/2019	VEN-109--Delta Dental of California	EFT	23,867.80
10/2/2019	VEN-109--Delta Dental of California	EFT	13,432.45
10/4/2019	VEN-181--Health Comp-Admin Fee	EFT	189,203.14
10/4/2019	VEN-208--Health and Human Resource Center, Inc.	17504	4,612.16
10/4/2019	VEN-222--York Risk Services Group, Inc.	17509	7,875.00
10/4/2019	VEN-127--DKF Solutions Group, LLC	17503	4,900.00
10/4/2019	VEN-112--Office Information Systems	17506	200.00
10/4/2019	VEN-107--Athens Insurance Services, Inc.	17500	48,330.08
10/4/2019	VEN-118--Comcast	17502	309.33
10/4/2019	VEN-138--Acceptable Risk	17499	1,016.40
10/4/2019	VEN-120--City of Rohnert Park	17501	37,454.48
10/4/2019	VEN-132--Ukiah Valley Conference Center	17507	540.00
10/4/2019	VEN-117--Vision Service Plan	17508	12,361.60
10/4/2019	VEN-110--NFP-National Account Services	17505	546.58
10/9/2019	VEN-109--Delta Dental of California	EFT	26,923.45
10/15/2019	VEN-119--AT&T	17512	19.95
10/15/2019	VEN-125--California Joint Powers Risk Mgmt Authority	17513	1,167.00
10/15/2019	VEN-226--Architectural Signs & Associates	17511	6,390.00
10/15/2019	VEN-229--KBA Document Solutions, LLC	17517	315.37
10/15/2019	VEN-231--Cathy Moorhead	17514	341.13
10/15/2019	VEN-230--Harvest INN	17516	17,314.87
10/15/2019	VEN-140--Antonio Machuca	17510	120.00
10/15/2019	VEN-117--Vision Service Plan	17518	2,693.88
10/15/2019	VEN-106--Comprehensive Drug Testing, Inc	17515	588.00
10/16/2019	VEN-109--Delta Dental of California	EFT	32,223.85
10/18/2019	VEN-128--Business Card	17528	2,209.98
10/18/2019	VEN-144--Alliant Insurance Services, Inc	17527	193,500.00
10/18/2019	VEN-126--AmWINS	17519	6,739.98
10/18/2019	VEN-141--Murphy, Campbell, Alliston & Quinn	17523	562.50
10/18/2019	VEN-103--City of Sonoma-Water	17522	92.84
10/18/2019	VEN-143--BMI Audit Services	17521	10,000.00

Redwood Empire Municipal Insurance Fund
Check Register Sep. -Dec. 2019

Date	Vendor	Doc #	Amount
10/18/2019	VEN-153--Pacific Gas & Electric	17524	370.28
10/18/2019	VEN-131--Vista Landscape	17526	330.00
10/18/2019	VEN-121--Sonoma Garbage Collectors, Inc	17525	201.64
10/18/2019	VEN-137--AT&T Teleconference Services	17520	108.48
10/23/2019	VEN-109--Delta Dental of California	EFT	19,363.50
10/25/2019	VEN-107--Athens Insurance Services, Inc.	17530	48,330.08
10/25/2019	VEN-194--MacLeod Watts Inc	17533	1,800.00
10/25/2019	VEN-124--Comcast Business	17531	329.81
10/25/2019	VEN-108--Alhambra	17529	51.72
10/25/2019	VEN-146--George Hills	17532	10,291.60
10/30/2019	VEN-109--Delta Dental of California	EFT	27,741.85
10/30/2019	VEN-109--Delta Dental of California	EFT	13,490.10
10/31/2019	VEN-181--Health Comp-Admin Fee	EFT	195,395.23
10/31/2019	VEN-105--Sonoma County Tax Collector	17540	2,536.80
10/31/2019	VEN-208--Health and Human Resource Center, Inc.	17537	4,632.04
10/31/2019	VEN-102--Shred-It USA	17539	280.64
10/31/2019	VEN-110--NFP-National Account Services	17538	546.58
10/31/2019	VEN-136--Boden Plumbing Heating and Air Inc	17534	1,046.47
11/1/2019	VEN-222--York Risk Services Group, Inc.	17542	7,875.00
11/1/2019	VEN-117--Vision Service Plan	17541	12,971.23
11/1/2019	VEN-127--DKF Solutions Group, LLC	17536	4,900.00
11/1/2019	VEN-118--Comcast	17535	299.40
11/6/2019	VEN-109--Delta Dental of California	EFT	25,271.90
11/13/2019	VEN-109--Delta Dental of California	EFT	10,269.40
11/15/2019	VEN-173--SAGE INTACCT	17546	9,072.00
11/15/2019	VEN-120--City of Rohnert Park	17543	37,323.92
11/15/2019	VEN-121--Sonoma Garbage Collectors, Inc	17547	219.86
11/15/2019	VEN-229--KBA Document Solutions, LLC	17545	334.79
11/15/2019	VEN-131--Vista Landscape	17550	755.00
11/15/2019	VEN-123--WM Cleaning of Sonoma	17551	450.00
11/15/2019	VEN-117--Vision Service Plan	17549	2,726.64
11/15/2019	VEN-106--Comprehensive Drug Testing, Inc	17544	634.00
11/15/2019	VEN-133--Stanley Security Solutions, Inc	17548	1,547.34
11/18/2019	VEN-128--Business Card	17553	1,088.90
11/18/2019	VEN-137--AT&T Teleconference Services	17552	203.67
11/20/2019	VEN-109--Delta Dental of California	EFT	30,760.00
11/22/2019	VEN-108--Alhambra	17554	27.99

Redwood Empire Municipal Insurance Fund
Check Register Sep. -Dec. 2019

Date	Vendor	Doc #	Amount
11/22/2019	VEN-233--Gibbons & Conley	17560	224.40
11/22/2019	VEN-103--City of Sonoma-Water	17558	99.21
11/22/2019	VEN-141--Murphy, Campbell, Alliston & Quinn	17561	2,047.50
11/22/2019	VEN-126--AmWINS	17555	6,739.98
11/22/2019	VEN-146--George Hills	17559	10,291.67
11/22/2019	VEN-234--Caltrans	17557	492.00
11/22/2019	VEN-136--Boden Plumbing Heating and Air Inc	17556	267.00
11/27/2019	VEN-109--Delta Dental of California	EFT	25,793.60
11/27/2019	VEN-109--Delta Dental of California	EFT	13,536.22
12/5/2019	VEN-109--Delta Dental of California	EFT	22,997.80
12/5/2019	VEN-181--Health Comp-Admin Fee	EFT	197,182.23
12/6/2019	VEN-112--Office Information Systems	17570	200.00
12/6/2019	VEN-222--York Risk Services Group, Inc.	17577	7,875.00
12/6/2019	VEN-127--DKF Solutions Group, LLC	17567	4,900.00
12/6/2019	VEN-154--Pitney Bowes Global	17572	252.91
12/6/2019	VEN-102--Shred-It USA	17573	338.95
12/6/2019	VEN-118--Comcast	17565	321.91
12/6/2019	VEN-229--KBA Document Solutions, LLC	17568	345.32
12/6/2019	VEN-124--Comcast Business	17566	329.81
12/6/2019	VEN-131--Vista Landscape	17575	330.00
12/6/2019	VEN-220--AAA Business Supplies & Interiors	17562	93.99
12/6/2019	VEN-112--Office Information Systems	17571	200.00
12/6/2019	VEN-107--Athens Insurance Services, Inc.	17564	48,330.08
12/6/2019	VEN-138--Acceptable Risk	17563	150.00
12/6/2019	VEN-117--Vision Service Plan	17574	12,936.28
12/6/2019	VEN-110--NFP-National Account Services	17569	546.58
12/6/2019	VEN-123--WM Cleaning of Sonoma	17576	450.00
12/11/2019	VEN-109--Delta Dental of California	EFT	16,618.05
12/12/2019	VEN-189--City of Sonoma	17578	100.00
12/12/2019	VEN-161--City of Ukiah	17579	1,342.04
12/12/2019	VEN-235--Tim Mitchell	17580	361.67
12/13/2019	VEN-208--Health and Human Resource Center, Inc.	17586	4,654.76
12/13/2019	VEN-172--Department Of Industrial Relations	17585	230,788.32
12/13/2019	VEN-119--AT&T	17581	39.90
12/13/2019	VEN-153--Pacific Gas & Electric	17587	155.35
12/13/2019	VEN-121--Sonoma Garbage Collectors, Inc	17588	171.15
12/13/2019	VEN-136--Boden Plumbing Heating and Air Inc	17583	244.60

Redwood Empire Municipal Insurance Fund
Check Register Sep. -Dec. 2019

Date	Vendor	Doc #	Amount
12/13/2019	VEN-137--AT&T Teleconference Services	17582	62.51
12/13/2019	VEN-106--Comprehensive Drug Testing, Inc	17584	1,076.00
12/18/2019	VEN-109--Delta Dental of California	EFT	17,692.05
12/20/2019	VEN-128--Business Card	EFT	537.75
12/20/2019	VEN-126--AmWINS	17590	7,009.08
12/20/2019	VEN-103--City of Sonoma-Water	17594	92.84
12/20/2019	VEN-141--Murphy, Campbell, Alliston & Quinn	17595	832.50
12/20/2019	VEN-120--City of Rohnert Park	17592	36,215.05
12/20/2019	VEN-220--AAA Business Supplies & Interiors	17589	54.07
12/20/2019	VEN-197--Town of Windsor	17599	1,900.07
12/20/2019	VEN-189--City of Sonoma	17593	691.44
12/20/2019	VEN-237--Theresa Hardeman	17598	206.48
12/20/2019	VEN-236--Susan Casey	17597	138.04
12/20/2019	VEN-159--City of Lakeport	17591	1,623.71
12/20/2019	VEN-112--Office Information Systems	17596	99.94
12/26/2019	VEN-187--CalPERS	EFT	6,096.62
12/27/2019	VEN-109--Delta Dental of California	EFT	18,277.15
12/30/2019	VEN-102--Shred-It USA	17611	58.99
12/30/2019	VEN-124--Comcast Business	17606	329.81
12/30/2019	VEN-132--Ukiah Valley Conference Center	17613	1,104.00
12/30/2019	VEN-188--Cathy Lanning	17600	287.50
12/30/2019	VEN-189--City of Sonoma	17605	2,018.37
12/30/2019	VEN-159--City of Lakeport	17603	1,852.84
12/30/2019	VEN-146--George Hills	17608	10,291.67
12/31/2019	VEN-127--DKF Solutions Group, LLC	17607	4,900.00
12/31/2019	VEN-117--Vision Service Plan	17614	8,606.32
12/31/2019	VEN-110--NFP-National Account Services	17610	497.04
12/31/2019	VEN-159--City of Lakeport	17602	1,820.73
12/31/2019	VEN-197--Town of Windsor	17612	1,932.32
12/31/2019	VEN-196--Khristine McCaffrey	17609	205.32
12/31/2019	VEN-210--City of Fortuna	17601	250.00
12/31/2019	VEN-120--City of Rohnert Park	17604	37,419.47
			\$ 2,296,329.79

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
Treasurer's Report
As of September 30, 2019

<u>INSTITUTION</u>	<u>COST VALUE</u>	<u>MARKET VALUE</u>	<u>% of Total</u>	<u>Effective Yield</u>
Local Agency Investment Fund (LAIF)	\$ 409,458	\$ 410,131	1.93%	2.28%
Sonoma County Trust Fund	239,192	239,192	1.12%	2.21%
Chandler Asset Management - REMIF Account	12,004,473	12,161,645	57.10%	2.08%
Chandler Asset Management - OPEB Trust	2,291,987	2,900,246	13.62%	2.47%
Total Investments	14,945,110	15,711,214		
Total Cash with Banks*	5,587,665	5,587,665	26.23%	
Petty Cash	503	503	0.00%	
TOTAL INVESTMENT & CASH EQUIVALENTS	\$ 20,533,279	\$ 21,299,382	100.00%	

Attached are the Chandler Asset Management, LAIF and Sonoma County Trust Fund statement detailing all investment transactions and balances.

*Cash with Bank is shown based upon reconciled book balance.

This report accurately reflects all cash and investments and is in conformity with California Government Code Section 53646 and REMIF's investment policy. The investment program show herein is sufficient to meet REMIF's expenditure requirement over the next six months.

Respectfully submitted,



Ritesh Sharma
Finance Director

Accepted,



Heather Ippoliti
Treasurer



BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name REDWOOD EMPIRE INSURANCE FUND
Account Number 35-49-001

As of 10/15/2018, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2018.

Earnings Ratio		.00005909460836489
Interest Rate		2.16%
Dollar Day Total	\$	37,646,923.88
Quarter End Principal Balance	\$	409,457.92
Quarterly Interest Earned	\$	2,224.73

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SONOMA COUNTY

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FUND SUMMARY

09/01/19 THROUGH 09/30/19

FUND NUMBER	FUND NAME	BEGINNING BALANCE	TOTAL DEBITS	TOTAL CREDITS	ENDING BALANCE
082270 80160100	Welfare Restrictions TR	16,073.56	40.77	.00	16,114.33
082275 80160200	PA/PG/PC Trust	1,882,905.88	.00	.00	1,882,905.88
082285 80270100	NBCLS Equip. Replacemnt	.00	.00	.00	.00
082290 80270200	NBCLS Employee Benefits	.00	.00	.00	.00
082295 80270300	NBCLS Member Libraries	.00	.00	.00	.00
082300 80270400	Office of Communication	166.30	.00	.00	166.30
082305 80270500	Rohnert Park CDA	.00	.00	.00	.00
082310 80270600	Rohnert Park Investment	33,839,239.39	.00	.00	33,839,239.39
082320 80270800	Cloverdale Investment	206,926.68	.00	.00	206,926.68
082325 80270900	REMIF-Cities Ins Invest	239,192.22	.00	.00	239,192.22
082330 80271000	Cotati Investment Trust	411,410.70	.00	.00	411,410.70
082335 80271100	Healdsburg Investment	.00	.00	.00	.00
082340 80271200	Vly Of The Moon Wtr Inv	4,010,106.48	.00	.00	4,010,106.48
082345 80271300	Forestville Wtr Invest	721,985.94	.00	.00	721,985.94
082350 80271400	FVL WD SSZ Conn Fee Inv	192,254.84	.00	.00	192,254.84
082355 80271500	Day of Caring Trust	4,529.00	.00	.00	4,529.00
082360 80271600	ABAG/Cities Trust	2,038.93	.00	.00	2,038.93
082365 80271700	Cloverdale ST DWR Reserv	162,756.82	.00	.00	162,756.82
082370 80271800	Roseland 2003 COP-Const	.00	.00	.00	.00
082375 80271900	Roseland 2003 COP - Res	.00	.00	.00	.00
082380 80170100	Permitting Trust	858,383.90	13,894.36	.00	872,278.26
082385 80170200	Strong Motion Instr Clr	48,773.62	3,113.84	.00	51,887.46
082390 80170300	State Bldg Standard Admn	12,170.40	1,061.25	.00	13,231.65
082400 80180200	Probation Officer Trust	241,625.96	-474.51	.00	241,151.45
082405 80180300	Probation Restitution TR	373,631.19	14,432.69	.00	388,063.88
082410 80200100	Regional Parks Foundati	2,077,039.40	37,392.72	.00	2,114,432.12
082415 80200200	Sonoma Cty Park Land Acq	132,556.75	.00	.00	132,556.75
082420 80210100	SRJC Dorm Rev Trust	295,090.24	-4,147.60	.00	290,942.64
082425 80210200	SRJC Dorm I&R Trust	.00	.00	.00	.00
082430 80210300	SRJC Repair/Replace TR	.00	.00	.00	.00
082435 80210400	SRJC Self Insurance TR	129,993.32	4,261,422.23	1,328,825.00	3,062,590.55
082440 80250200	NEWRA Trust	1,134,791.82	-31,714.69	.00	1,103,077.13
082445 80220100	Inmates Welfare Trust	1,456,873.64	12,070.84	.00	1,468,944.48
082450 80220200	Jail Stores Trust	162,480.31	50,648.43	.00	213,128.74
082455 80220300	Sheriff's Trust	571,424.07	-255.11	.00	571,168.96
082460 80220400	Seized Property Trust	3,393,734.86	11,201.25	.00	3,404,936.11
082465 80220500	Asset Forfeiture (AB114)	509,495.92	.00	.00	509,495.92
082470 80260100	Incorporated Cities TR	1,559.74	49,185.14	.00	50,744.88
082475 80260200	Local Crime Prevention	174,536.35	9,666.36	.00	184,202.71
082480 80170400	Environmental Doc Fees	.00	.00	.00	.00
082485 80272600	Sonoma Clean Power Auth	15,489,074.37	.00	.00	15,489,074.37
082490 80272700	Palm Dr HCD Invstmt Trst	11,131.11	.00	.00	11,131.11
082496 64140500	Russian River FPD Oper	250,046.17	.00	.00	250,046.17
082505 80190100	PSR - Local Comm Correct	.00	.00	.00	.00



Redwood Empire Municipal Insurance Fund (REMIF) - Account #10140

MONTHLY ACCOUNT STATEMENT

SEPTEMBER 1, 2019 THROUGH SEPTEMBER 30, 2019

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.

Portfolio Summary

As of September 30, 2019



PORTFOLIO CHARACTERISTICS

Average Modified Duration	2.37
Average Coupon	2.07%
Average Purchase YTM	2.08%
Average Market YTM	1.77%
Average S&P/Moody Rating	AA/Aa1
Average Final Maturity	2.50 yrs
Average Life	2.48 yrs

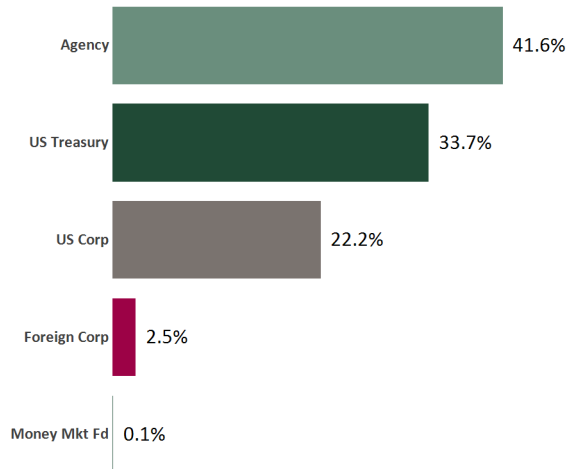
ACCOUNT SUMMARY

	Beg. Values as of 8/31/19	End Values as of 9/30/19
Market Value	12,173,256	12,161,645
Accrued Interest	60,121	53,131
Total Market Value	12,233,377	12,214,776
Income Earned	20,289	20,520
Cont/WD		-1,217
Par	11,985,244	12,000,608
Book Value	11,977,721	12,004,473
Cost Value	11,977,721	12,004,473

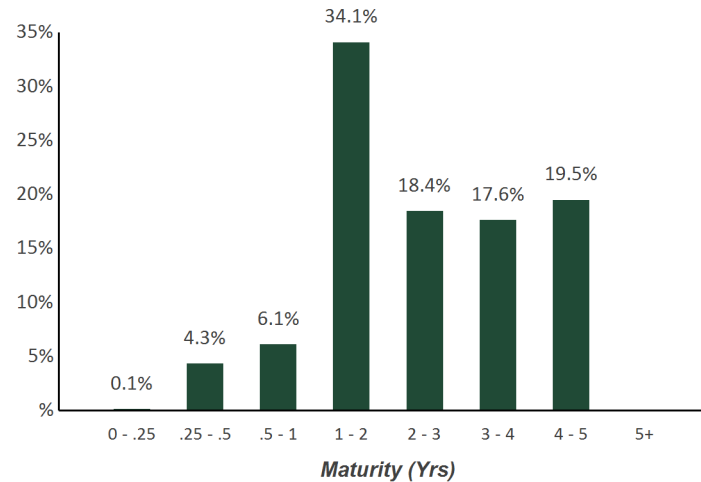
TOP ISSUERS

Government of United States	33.7%
Federal National Mortgage Assoc	19.7%
Federal Home Loan Bank	14.1%
Federal Home Loan Mortgage Corp	7.8%
Paccar Financial	1.4%
Wells Fargo Corp	1.4%
Honda Motor Corporation	1.4%
Microsoft	1.4%
Total	80.8%

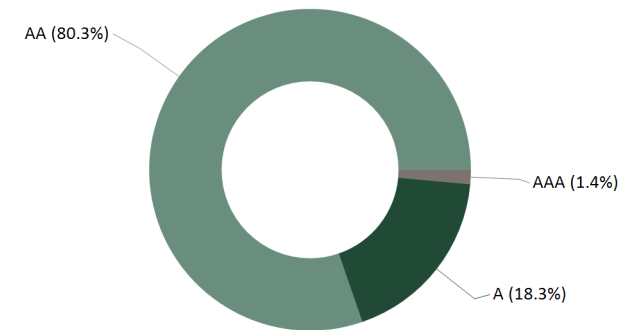
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	12/31/2010
Redwood Empire Municipal Insurance Fund (REMIF)	-0.14%	0.85%	3.98%	5.46%	2.55%	1.84%	1.87%	N/A	1.83%
ICE BAML 1-5 Yr US Treasury/Agency Index	-0.24%	0.75%	3.82%	5.59%	2.47%	1.63%	1.71%	N/A	1.52%

Statement of Compliance

As of September 30, 2019



Redwood Empire Municipal Insurance Fund - REMIF

Assets managed by Chandler Asset Management are in full compliance with state law and with the investment policy.

Category	Standard	Comment
Treasury Issues	No Limitation	Complies
Agency Issues	No Limitation	Complies
Local Agency Bonds	California local agencies and national state obligations	Complies
Banker's Acceptances	40% maximum; <180 days maturity	Complies
Time Deposits	5 years maximum maturity	Complies
Negotiable Certificates of Deposit	30% maximum; 5 years maximum maturity	Complies
Commercial Paper	25% maximum; <270 days maturity; A-1/P-1/F-1, minimum of two ratings	Complies
Medium Term Notes	30% maximum; 5 years maximum maturity; A-rated or better by 2 NRSROs	Complies
Money Market Mutual Funds	20% maximum; "AAA" rated or SEC-registered with \$500M in assets	Complies
Sonoma County Pool	Currently not used by investment adviser	Complies
Local Agency Investment Fund - L.A.I.F.	Currently not used by investment adviser	Complies
Prohibited Securities	Inverse floaters; Ranges notes, Interest-only strips from mortgaged backed securities; Zero interest accrual securities	Complies
Callable Securities	15% maximum	Complies
Maximum maturity	5 years	Complies

Reconciliation Summary

As of September 30, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$11,977,721.42
<u>Acquisition</u>		
+ Security Purchases	\$210,338.00	
+ Money Market Fund Purchases	\$26,645.36	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$236,983.36
<u>Dispositions</u>		
- Security Sales	\$179,407.81	
- Money Market Fund Sales	\$30,064.45	
- MMF Withdrawals	\$1,217.11	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$210,689.37
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$0.00	
		\$0.00
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$457.99	
		\$457.99
ENDING BOOK VALUE		\$12,004,473.40

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$15,244.15
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$179,407.81	
Accrued Interest Received	\$913.66	
Interest Received	\$26,608.39	
Dividend Received	\$36.97	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$206,966.83	
<u>Dispositions</u>		
Withdrawals	\$1,217.11	
Security Purchase	\$210,338.00	
Accrued Interest Paid	\$47.92	
Total Dispositions	\$211,603.03	
ENDING BOOK VALUE		\$10,607.95

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3137EAE5	FHLMC Note 1.5% Due 1/17/2020	250,000.00	03/28/2017 1.57%	249,512.50 249,512.50	99.88 1.91%	249,694.50 770.83	2.05% 182.00	Aaa / AA+ AAA	0.30 0.30
3135G0D75	FNMA Note 1.5% Due 6/22/2020	230,000.00	09/29/2015 1.49%	230,124.20 230,124.20	99.72 1.89%	229,358.99 948.75	1.89% (765.21)	Aaa / AA+ AAA	0.73 0.72
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	250,000.00	11/21/2017 1.96%	249,352.21 249,352.21	100.10 1.78%	250,258.00 1,744.79	2.06% 905.79	Aaa / AA+ AAA	1.13 1.11
3135G0F73	FNMA Note 1.5% Due 11/30/2020	230,000.00	12/16/2015 1.90%	225,653.00 225,653.00	99.65 1.81%	229,186.72 1,159.58	1.89% 3,533.72	Aaa / AA+ AAA	1.17 1.15
3130A7CV5	FHLB Note 1.375% Due 2/18/2021	245,000.00	Various 1.39%	244,764.70 244,764.70	99.48 1.76%	243,718.41 402.38	2.00% (1,046.29)	Aaa / AA+ AAA	1.39 1.36
3135G0J20	FNMA Note 1.375% Due 2/26/2021	230,000.00	03/30/2016 1.43%	229,374.86 229,374.86	99.46 1.76%	228,759.61 307.47	1.88% (615.25)	Aaa / AA+ AAA	1.41 1.38
3135G0K69	FNMA Note 1.25% Due 5/6/2021	255,000.00	06/29/2016 1.18%	255,867.00 255,867.00	99.24 1.73%	253,063.02 1,283.85	2.08% (2,803.98)	Aaa / AA+ AAA	1.60 1.57
313379RB7	FHLB Note 1.875% Due 6/11/2021	70,000.00	10/17/2017 1.88%	69,993.00 69,993.00	100.22 1.74%	70,155.68 401.04	0.58% 162.68	Aaa / AA+ AAA	1.70 1.66
3135G0U35	FNMA Note 2.75% Due 6/22/2021	160,000.00	06/28/2018 2.70%	160,236.80 160,236.80	101.77 1.70%	162,836.48 1,210.00	1.34% 2,599.68	Aaa / AA+ AAA	1.73 1.67
3130A8QS5	FHLB Note 1.125% Due 7/14/2021	230,000.00	10/04/2016 1.33%	227,874.80 227,874.80	99.03 1.68%	227,770.61 553.44	1.87% (104.19)	Aaa / AA+ AAA	1.79 1.76
3137EAEK9	FHLMC Note 1.125% Due 8/12/2021	215,000.00	Various 1.29%	213,356.40 213,356.40	98.97 1.69%	212,776.26 329.22	1.74% (580.14)	Aaa / AA+ AAA	1.87 1.83
3135G0N82	FNMA Note 1.25% Due 8/17/2021	190,000.00	10/04/2016 1.37%	188,972.67 188,972.67	99.25 1.66%	188,577.47 290.28	1.55% (395.20)	Aaa / AA+ AAA	1.88 1.85
3135G0Q89	FNMA Note 1.375% Due 10/7/2021	60,000.00	10/27/2016 1.50%	59,634.60 59,634.60	99.43 1.66%	59,660.04 398.75	0.49% 25.44	Aaa / AA+ AAA	2.02 1.97
3135G0S38	FNMA Note 2% Due 1/5/2022	225,000.00	Various 1.96%	225,389.25 225,389.25	100.72 1.68%	226,609.88 1,075.00	1.86% 1,220.63	Aaa / AA+ AAA	2.27 2.20
3135G0T45	FNMA Note 1.875% Due 4/5/2022	235,000.00	06/19/2017 1.88%	234,964.52 234,964.52	100.68 1.60%	236,600.35 2,154.17	1.95% 1,635.83	Aaa / AA+ AAA	2.52 2.43
3135G0T78	FNMA Note 2% Due 10/5/2022	235,000.00	10/17/2017 2.04%	234,530.00 234,530.00	101.02 1.65%	237,386.90 2,297.78	1.96% 2,856.90	Aaa / AA+ AAA	3.02 2.89

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
AGENCY									
3135G0T94	FNMA Note 2.375% Due 1/19/2023	100,000.00	04/11/2018 2.71%	98,526.00 98,526.00	102.49 1.60%	102,485.40 475.00	0.84% 3,959.40	Aaa / AA+ AAA	3.31 3.16
3137EAEN5	FHLMC Note 2.75% Due 6/19/2023	225,000.00	07/20/2018 2.86%	223,870.50 223,870.50	104.04 1.63%	234,096.30 1,753.13	1.93% 10,225.80	Aaa / AA+ AAA	3.72 3.51
313383YJ4	FHLB Note 3.375% Due 9/8/2023	215,000.00	10/29/2018 3.08%	217,822.95 217,822.95	106.59 1.64%	229,161.19 463.59	1.88% 11,338.24	Aaa / AA+ NR	3.94 3.69
3135G0U43	FNMA Note 2.875% Due 9/12/2023	230,000.00	09/12/2018 2.96%	229,057.00 229,057.00	104.80 1.62%	241,038.62 348.99	1.98% 11,981.62	Aaa / AA+ AAA	3.95 3.73
3130A0F70	FHLB Note 3.375% Due 12/8/2023	225,000.00	Various 2.75%	231,460.50 231,460.50	106.99 1.64%	240,732.68 2,383.59	1.99% 9,272.18	Aaa / AA+ AAA	4.19 3.88
3130A0XE5	FHLB Note 3.25% Due 3/8/2024	200,000.00	03/28/2019 2.27%	209,082.00 209,082.00	107.14 1.58%	214,274.40 415.28	1.76% 5,192.40	Aaa / AA+ NR	4.44 4.14
3130AB3H7	FHLB Note 2.375% Due 3/8/2024	35,000.00	04/29/2019 2.37%	35,002.45 35,002.45	103.31 1.60%	36,157.24 53.11	0.30% 1,154.79	Aaa / AA+ NR	4.44 4.20
3130A1XJ2	FHLB Note 2.875% Due 6/14/2024	225,000.00	06/18/2019 1.96%	234,733.55 234,733.55	105.58 1.64%	237,559.50 1,922.66	1.96% 2,825.95	Aaa / AA+ NR	4.71 4.37
3130A2UW4	FHLB Note 2.875% Due 9/13/2024	200,000.00	09/13/2019 1.79%	210,338.00 210,338.00	105.72 1.67%	211,442.20 287.50	1.73% 1,104.20	Aaa / AA+ AAA	4.96 4.62
Total Agency		4,965,000.00	1.96%	4,989,493.46 4,989,493.46	1.70%	5,053,360.45 23,430.18	41.56% 63,866.99	Aaa / AA+ AAA	2.52 2.40
FOREIGN CORPORATE									
78012KKU0	Royal Bank of Canada Note 2.5% Due 1/19/2021	150,000.00	12/11/2017 2.37%	150,568.50 150,568.50	100.67 1.98%	150,997.80 750.00	1.24% 429.30	Aa2 / AA- AA	1.31 1.27
89114QCB2	Toronto Dominion Bank Note 3.25% Due 3/11/2024	145,000.00	03/26/2019 2.97%	146,835.70 146,835.70	104.51 2.18%	151,537.18 261.81	1.24% 4,701.48	Aa3 / A AA-	4.45 4.13
Total Foreign Corporate		295,000.00	2.67%	297,404.20 297,404.20	2.08%	302,534.98 1,011.81	2.49% 5,130.78	Aa3 / A+ AA-	2.88 2.70

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund Class Y	10,607.95	Various 1.57%	10,607.95 10,607.95	1.00 1.57%	10,607.95 0.00	0.09% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		10,607.95	1.57%	10,607.95 10,607.95	1.57%	10,607.95 0.00	0.09% 0.00	Aaa / AAA AAA	0.00 0.00
US CORPORATE									
94974BGF1	Wells Fargo Corp Note 2.15% Due 1/30/2020	170,000.00	01/26/2015 2.17%	169,816.40 169,816.40	99.97 2.23%	169,948.66 619.32	1.40% 132.26	A2 / A- A+	0.33 0.33
22160KAG0	Costco Wholesale Corp Note 1.75% Due 2/15/2020	105,000.00	02/05/2015 1.77%	104,889.75 104,889.75	99.90 2.02%	104,892.06 234.79	0.86% 2.31	Aa3 / A+ NR	0.38 0.37
747525AD5	Qualcomm Inc Note 2.25% Due 5/20/2020	150,000.00	06/11/2015 2.49%	148,338.75 148,338.75	100.04 2.18%	150,062.56 1,228.12	1.24% 1,723.81	A2 / A- NR	0.64 0.63
594918BG8	Microsoft Callable Note Cont. 10/3/2020 2% Due 11/3/2020	60,000.00	10/29/2015 2.02%	59,952.00 59,952.00	100.17 1.83%	60,099.60 493.33	0.50% 147.60	Aaa / AAA AA+	1.10 0.99
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	150,000.00	05/16/2016 1.84%	152,629.50 152,629.50	100.52 1.85%	150,785.70 277.75	1.24% (1,843.80)	Aaa / AA+ NR	1.42 1.39
369550BE7	General Dynamics Corp Note 3% Due 5/11/2021	150,000.00	Various 3.25%	148,947.10 148,947.10	101.75 1.89%	152,626.66 1,750.00	1.26% 3,679.56	A2 / A+ NR	1.61 1.56
857477AV5	State Street Bank Note 1.95% Due 5/19/2021	80,000.00	05/16/2016 1.96%	79,958.40 79,958.40	100.01 1.94%	80,008.88 572.00	0.66% 50.48	A1 / A AA-	1.64 1.59
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.55% Due 8/8/2021	105,000.00	Various 1.57%	104,875.35 104,875.35	99.58 1.78%	104,560.16 239.61	0.86% (315.19)	Aaa / AAA AA+	1.86 1.82
69371RN44	Paccar Financial Corp Note 1.65% Due 8/11/2021	145,000.00	05/23/2018 3.15%	138,421.35 138,421.35	99.41 1.98%	144,139.28 332.29	1.18% 5,717.93	A1 / A+ NR	1.87 1.82
68389XBK0	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 9/15/2021	145,000.00	11/29/2016 2.40%	141,753.45 141,753.45	99.88 1.96%	144,829.05 122.44	1.19% 3,075.60	A1 / A+ A	1.96 1.91

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US CORPORATE									
24422ETL3	John Deere Capital Corp Note 2.65% Due 1/6/2022	160,000.00	01/03/2017 2.66%	159,955.20 159,955.20	101.57 1.94%	162,514.08 1,001.11	1.34% 2,558.88	A2 / A A	2.27 2.18
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	145,000.00	03/14/2018 3.04%	142,711.98 142,711.98	101.58 1.89%	147,294.63 837.78	1.21% 4,582.65	Aa3 / AA- A+	2.28 2.20
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	70,000.00	01/19/2017 2.66%	69,879.60 69,879.60	101.23 2.06%	70,858.55 341.98	0.58% 978.95	A1 / A+ AA-	2.32 2.15
44932HAC7	IBM Credit Corp Note 2.2% Due 9/8/2022	150,000.00	11/29/2017 2.58%	147,462.00 147,462.00	100.46 2.04%	150,690.15 210.83	1.24% 3,228.15	A2 / A NR	2.94 2.83
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	125,000.00	02/09/2018 3.19%	123,793.75 123,793.75	101.81 2.16%	127,261.50 784.28	1.05% 3,467.75	A2 / A- AA-	3.30 2.20
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	100,000.00	11/26/2018 3.51%	97,009.00 97,009.00	102.51 1.96%	102,513.00 122.22	0.84% 5,504.00	Aa2 / AA A+	3.46 3.14
037833AK6	Apple Inc Note 2.4% Due 5/3/2023	60,000.00	11/28/2018 3.54%	57,227.40 57,227.40	101.65 1.92%	60,988.14 592.00	0.50% 3,760.74	Aa1 / AA+ NR	3.59 3.40
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	110,000.00	02/13/2019 2.98%	105,112.70 105,112.70	99.14 2.12%	109,051.47 607.29	0.90% 3,938.77	A2 / A A	3.71 3.54
02665WCJ8	American Honda Finance Note 3.45% Due 7/14/2023	45,000.00	07/11/2018 3.49%	44,922.15 44,922.15	104.88 2.10%	47,198.12 332.06	0.39% 2,275.97	A2 / A NR	3.79 3.53
06406RAJ6	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	150,000.00	05/16/2019 2.79%	153,945.00 153,945.00	104.85 2.14%	157,273.65 718.75	1.29% 3,328.65	A1 / A AA-	3.87 3.60
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	110,000.00	10/03/2018 3.64%	109,909.80 109,909.80	105.90 2.09%	116,487.91 1,894.06	0.97% 6,578.11	A2 / A NR	4.03 3.69
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	145,000.00	03/06/2019 3.37%	145,594.50 145,594.50	103.93 2.35%	150,693.28 371.76	1.24% 5,098.78	A2 / A- A+	4.43 3.22
69371RQ25	Paccar Financial Corp Note 2.15% Due 8/15/2024	30,000.00	08/08/2019 2.20%	29,933.70 29,933.70	99.98 2.16%	29,992.68 82.42	0.25% 58.98	A1 / A+ NR	4.88 4.59
Total US Corporate		2,660,000.00	2.70%	2,637,038.83 2,637,038.83	2.03%	2,694,769.77 13,766.19	22.17% 57,730.94	A1 / A+ A+	2.37 2.15

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828VF4	US Treasury Note 1.375% Due 5/31/2020	130,000.00	Various 1.63%	128,488.33 128,488.33	99.66 1.89%	129,558.26 600.72	1.07% 1,069.93	Aaa / AA+ AAA	0.67 0.66
912828L32	US Treasury Note 1.375% Due 8/31/2020	230,000.00	09/29/2015 1.37%	230,072.65 230,072.65	99.57 1.85%	229,011.69 269.33	1.88% (1,060.96)	Aaa / AA+ AAA	0.92 0.91
912828L99	US Treasury Note 1.375% Due 10/31/2020	230,000.00	11/23/2015 1.71%	226,398.04 226,398.04	99.54 1.81%	228,939.93 1,323.44	1.89% 2,541.89	Aaa / AA+ AAA	1.09 1.06
912828N89	US Treasury Note 1.375% Due 1/31/2021	230,000.00	03/09/2016 1.40%	229,776.16 229,776.16	99.48 1.77%	228,796.18 532.81	1.88% (979.98)	Aaa / AA+ AAA	1.34 1.31
912828B90	US Treasury Note 2% Due 2/28/2021	230,000.00	04/26/2016 1.40%	236,460.54 236,460.54	100.35 1.75%	230,808.68 391.76	1.89% (5,651.86)	Aaa / AA+ AAA	1.42 1.39
912828Q37	US Treasury Note 1.25% Due 3/31/2021	240,000.00	Various 1.57%	236,789.86 236,789.86	99.27 1.74%	238,256.16 8.20	1.95% 1,466.30	Aaa / AA+ AAA	1.50 1.48
912828S27	US Treasury Note 1.125% Due 6/30/2021	165,000.00	12/13/2016 1.87%	159,676.72 159,676.72	99.01 1.70%	163,362.87 469.11	1.34% 3,686.15	Aaa / AA+ AAA	1.75 1.72
912828T34	US Treasury Note 1.125% Due 9/30/2021	235,000.00	11/09/2016 1.48%	231,025.99 231,025.99	98.98 1.65%	232,595.01 7.22	1.90% 1,569.02	Aaa / AA+ AAA	2.00 1.97
912828F96	US Treasury Note 2% Due 10/31/2021	245,000.00	08/15/2017 1.73%	247,642.23 247,642.23	100.70 1.66%	246,713.04 2,050.54	2.04% (929.19)	Aaa / AA+ AAA	2.09 2.02
912828G87	US Treasury Note 2.125% Due 12/31/2021	245,000.00	08/15/2017 1.75%	248,809.81 248,809.81	101.09 1.63%	247,670.01 1,315.71	2.04% (1,139.80)	Aaa / AA+ AAA	2.25 2.18
912828J43	US Treasury Note 1.75% Due 2/28/2022	245,000.00	03/13/2017 2.14%	240,569.77 240,569.77	100.32 1.62%	245,775.18 365.14	2.02% 5,205.41	Aaa / AA+ AAA	2.42 2.36
912828XG0	US Treasury Note 2.125% Due 6/30/2022	210,000.00	07/31/2017 1.84%	212,789.77 212,789.77	101.45 1.58%	213,043.32 1,127.75	1.75% 253.55	Aaa / AA+ AAA	2.75 2.65
912828L57	US Treasury Note 1.75% Due 9/30/2022	250,000.00	10/17/2017 1.99%	247,226.56 247,226.56	100.50 1.58%	251,240.25 11.95	2.06% 4,013.69	Aaa / AA+ AAA	3.00 2.91
912828N30	US Treasury Note 2.125% Due 12/31/2022	235,000.00	01/25/2018 2.46%	231,346.48 231,346.48	101.71 1.58%	239,011.45 1,262.01	1.97% 7,664.97	Aaa / AA+ AAA	3.25 3.12
912828T91	US Treasury Note 1.625% Due 10/31/2023	235,000.00	04/29/2019 2.31%	228,161.13 228,161.13	100.21 1.57%	235,504.78 1,598.06	1.94% 7,343.65	Aaa / AA+ AAA	4.09 3.91
912828B66	US Treasury Note 2.75% Due 2/15/2024	235,000.00	04/29/2019 2.31%	239,644.92 239,644.92	104.96 1.57%	246,667.28 825.37	2.03% 7,022.36	Aaa / AA+ AAA	4.38 4.11

Holdings Report
As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
US TREASURY									
912828X70	US Treasury Note 2% Due 4/30/2024	245,000.00	Various 1.58%	249,631.05	101.90	249,660.64	2.06%	Aaa / AA+	4.59
				249,631.05	1.57%	2,050.54	29.59	AAA	4.34
912828D56	US Treasury Note 2.375% Due 8/15/2024	235,000.00	08/29/2019 1.45%	245,418.95	103.73	243,757.51	2.00%	Aaa / AA+	4.88
				245,418.95	1.58%	712.82	(1,661.44)	AAA	4.59
Total US Treasury		4,070,000.00	1.78%	4,069,928.96	1.66%	4,100,372.24	33.69%	Aaa / AA+	2.55
				4,069,928.96		14,922.48	30,443.28	AAA	2.45
				12,004,473.40		12,161,645.39	100.00%	Aa1 / AA	2.50
TOTAL PORTFOLIO		12,000,607.95	2.08%	12,004,473.40	1.77%	53,130.66	157,171.99	AAA	2.37
TOTAL MARKET VALUE PLUS ACCRUED						12,214,776.05			

Transaction Ledger

As of September 30, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	09/01/2019	31846V203	1,666.50	First American Govt Obligation Fund Class Y	1.000	1.71%	1,666.50	0.00	1,666.50	0.00
Purchase	09/03/2019	31846V203	36.97	First American Govt Obligation Fund Class Y	1.000	1.71%	36.97	0.00	36.97	0.00
Purchase	09/05/2019	31846V203	2,573.75	First American Govt Obligation Fund Class Y	1.000	1.71%	2,573.75	0.00	2,573.75	0.00
Purchase	09/08/2019	31846V203	8,943.76	First American Govt Obligation Fund Class Y	1.000	1.71%	8,943.76	0.00	8,943.76	0.00
Purchase	09/11/2019	31846V203	2,356.25	First American Govt Obligation Fund Class Y	1.000	1.71%	2,356.25	0.00	2,356.25	0.00
Purchase	09/12/2019	31846V203	3,306.25	First American Govt Obligation Fund Class Y	1.000	1.71%	3,306.25	0.00	3,306.25	0.00
Purchase	09/15/2019	31846V203	2,752.50	First American Govt Obligation Fund Class Y	1.000	1.71%	2,752.50	0.00	2,752.50	0.00
Purchase	09/16/2019	3130A2UW4	200,000.00	FHLB Note 2.875% Due 9/13/2024	105.169	1.79%	210,338.00	47.92	210,385.92	0.00
Purchase	09/30/2019	31846V203	5,009.38	First American Govt Obligation Fund Class Y	1.000	1.57%	5,009.38	0.00	5,009.38	0.00
Subtotal			226,645.36				236,983.36	47.92	237,031.28	0.00
TOTAL ACQUISITIONS			226,645.36				236,983.36	47.92	237,031.28	0.00
DISPOSITIONS										
Sale	09/16/2019	31846V203	30,064.45	First American Govt Obligation Fund Class Y	1.000	1.71%	30,064.45	0.00	30,064.45	0.00
Sale	09/16/2019	912828J84	80,000.00	US Treasury Note 1.375% Due 3/31/2020	99.719	1.90%	79,775.00	507.92	80,282.92	-303.39
Sale	09/16/2019	912828VF4	100,000.00	US Treasury Note 1.375% Due 5/31/2020	99.633	1.90%	99,632.81	405.74	100,038.55	761.38
Subtotal			210,064.45				209,472.26	913.66	210,385.92	457.99

Transaction Ledger

As of September 30, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Security Withdrawal	09/05/2019	31846V203	1,217.11	First American Govt Obligation Fund Class Y	1.000		1,217.11	0.00	1,217.11	0.00
Subtotal			1,217.11				1,217.11	0.00	1,217.11	0.00
TOTAL DISPOSITIONS			211,281.56				210,689.37	913.66	211,603.03	457.99
OTHER TRANSACTIONS										
Interest	09/01/2019	30231GAV4	150,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.000		1,666.50	0.00	1,666.50	0.00
Interest	09/05/2019	06051GHF9	145,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	0.000		2,573.75	0.00	2,573.75	0.00
Interest	09/08/2019	3130A0XE5	200,000.00	FHLB Note 3.25% Due 3/8/2024	0.000		3,250.00	0.00	3,250.00	0.00
Interest	09/08/2019	3130AB3H7	35,000.00	FHLB Note 2.375% Due 3/8/2024	0.000		415.63	0.00	415.63	0.00
Interest	09/08/2019	313383YJ4	215,000.00	FHLB Note 3.375% Due 9/8/2023	0.000		3,628.13	0.00	3,628.13	0.00
Interest	09/08/2019	44932HAC7	150,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.000		1,650.00	0.00	1,650.00	0.00
Interest	09/11/2019	89114QCB2	145,000.00	Toronto Dominion Bank Note 3.25% Due 3/11/2024	0.000		2,356.25	0.00	2,356.25	0.00
Interest	09/12/2019	3135G0U43	230,000.00	FNMA Note 2.875% Due 9/12/2023	0.000		3,306.25	0.00	3,306.25	0.00
Interest	09/15/2019	084670BR8	100,000.00	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	0.000		1,375.00	0.00	1,375.00	0.00

Transaction Ledger

As of September 30, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	09/15/2019	68389XBK0	145,000.00	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 9/15/2021	0.000		1,377.50	0.00	1,377.50	0.00
Interest	09/30/2019	912828L57	250,000.00	US Treasury Note 1.75% Due 9/30/2022	0.000		2,187.50	0.00	2,187.50	0.00
Interest	09/30/2019	912828Q37	240,000.00	US Treasury Note 1.25% Due 3/31/2021	0.000		1,500.00	0.00	1,500.00	0.00
Interest	09/30/2019	912828T34	235,000.00	US Treasury Note 1.125% Due 9/30/2021	0.000		1,321.88	0.00	1,321.88	0.00
Subtotal			2,240,000.00				26,608.39	0.00	26,608.39	0.00
Dividend	09/03/2019	31846V203	16,910.65	First American Govt Obligation Fund Class Y	0.000		36.97	0.00	36.97	0.00
Subtotal			16,910.65				36.97	0.00	36.97	0.00
TOTAL OTHER TRANSACTIONS			2,256,910.65				26,645.36	0.00	26,645.36	0.00

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
FIXED INCOME						
02665WCJ8	American Honda Finance Note 3.45% Due 07/14/2023	07/11/2018 07/16/2018 45,000.00	44,922.15 0.00 0.00 44,922.15	202.69 0.00 332.06 129.37	0.00 0.00 0.00 129.37	129.37
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	10/03/2018 10/10/2018 110,000.00	109,909.80 0.00 0.00 109,909.80	1,561.77 0.00 1,894.06 332.29	0.00 0.00 0.00 332.29	332.29
037833AK6	Apple Inc Note 2.4% Due 05/03/2023	11/28/2018 11/30/2018 60,000.00	57,227.40 0.00 0.00 57,227.40	472.00 0.00 592.00 120.00	0.00 0.00 0.00 120.00	120.00
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 03/05/2024	03/06/2019 03/08/2019 145,000.00	145,594.50 0.00 0.00 145,594.50	2,516.56 2,573.75 371.76 428.95	0.00 0.00 0.00 428.95	428.95
06406RAJ6	Bank of NY Mellon Corp Note 3.45% Due 08/11/2023	05/16/2019 05/20/2019 150,000.00	153,945.00 0.00 0.00 153,945.00	287.50 0.00 718.75 431.25	0.00 0.00 0.00 431.25	431.25
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 03/15/2023	11/26/2018 11/28/2018 100,000.00	97,009.00 0.00 0.00 97,009.00	1,268.06 1,375.00 122.22 229.16	0.00 0.00 0.00 229.16	229.16
097023BQ7	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 06/15/2023	02/13/2019 02/15/2019 110,000.00	105,112.70 0.00 0.00 105,112.70	435.42 0.00 607.29 171.87	0.00 0.00 0.00 171.87	171.87
22160KAG0	Costco Wholesale Corp Note 1.75% Due 02/15/2020	02/05/2015 02/17/2015 105,000.00	104,889.75 0.00 0.00 104,889.75	81.67 0.00 234.79 153.12	0.00 0.00 0.00 153.12	153.12
24422ETL3	John Deere Capital Corp Note 2.65% Due 01/06/2022	01/03/2017 01/06/2017 160,000.00	159,955.20 0.00 0.00 159,955.20	647.78 0.00 1,001.11 353.33	0.00 0.00 0.00 353.33	353.33

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	05/16/2016 05/19/2016 150,000.00	152,629.50 0.00 0.00 152,629.50	1,666.50 1,666.50 277.75 277.75	0.00 0.00 0.00 277.75	277.75
3130A0F70	FHLB Note 3.375% Due 12/08/2023	Various Various 225,000.00	231,460.50 0.00 0.00 231,460.50	1,750.78 0.00 2,383.59 632.81	0.00 0.00 0.00 632.81	632.81
3130A0XE5	FHLB Note 3.25% Due 03/08/2024	03/28/2019 03/29/2019 200,000.00	209,082.00 0.00 0.00 209,082.00	3,123.61 3,250.00 415.28 541.67	0.00 0.00 0.00 541.67	541.67
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	06/18/2019 06/19/2019 225,000.00	234,733.55 0.00 0.00 234,733.55	1,383.59 0.00 1,922.66 539.07	0.00 0.00 0.00 539.07	539.07
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	09/13/2019 09/16/2019 200,000.00	0.00 210,338.00 0.00 210,338.00	0.00 (47.92) 287.50 239.58	0.00 0.00 0.00 239.58	239.58
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	Various Various 245,000.00	244,764.70 0.00 0.00 244,764.70	121.65 0.00 402.38 280.73	0.00 0.00 0.00 280.73	280.73
3130A8QS5	FHLB Note 1.125% Due 07/14/2021	10/04/2016 10/06/2016 230,000.00	227,874.80 0.00 0.00 227,874.80	337.81 0.00 553.44 215.63	0.00 0.00 0.00 215.63	215.63
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	04/29/2019 04/30/2019 35,000.00	35,002.45 0.00 0.00 35,002.45	399.46 415.63 53.11 69.28	0.00 0.00 0.00 69.28	69.28
313379RB7	FHLB Note 1.875% Due 06/11/2021	10/17/2017 10/18/2017 70,000.00	69,993.00 0.00 0.00 69,993.00	291.67 0.00 401.04 109.37	0.00 0.00 0.00 109.37	109.37

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
313383YJ4	FHLB Note 3.375% Due 09/08/2023	10/29/2018 10/31/2018 215,000.00	217,822.95 0.00 0.00 217,822.95	3,487.03 3,628.13 463.59 604.69	0.00 0.00 0.00 604.69	604.69
3135G0D75	FNMA Note 1.5% Due 06/22/2020	09/29/2015 09/30/2015 230,000.00	230,124.20 0.00 0.00 230,124.20	661.25 0.00 948.75 287.50	0.00 0.00 0.00 287.50	287.50
3135G0F73	FNMA Note 1.5% Due 11/30/2020	12/16/2015 12/17/2015 230,000.00	225,653.00 0.00 0.00 225,653.00	872.08 0.00 1,159.58 287.50	0.00 0.00 0.00 287.50	287.50
3135G0J20	FNMA Note 1.375% Due 02/26/2021	03/30/2016 03/31/2016 230,000.00	229,374.86 0.00 0.00 229,374.86	43.92 0.00 307.47 263.55	0.00 0.00 0.00 263.55	263.55
3135G0K69	FNMA Note 1.25% Due 05/06/2021	06/29/2016 06/30/2016 255,000.00	255,867.00 0.00 0.00 255,867.00	1,018.23 0.00 1,283.85 265.62	0.00 0.00 0.00 265.62	265.62
3135G0N82	FNMA Note 1.25% Due 08/17/2021	10/04/2016 10/06/2016 190,000.00	188,972.67 0.00 0.00 188,972.67	92.36 0.00 290.28 197.92	0.00 0.00 0.00 197.92	197.92
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	10/27/2016 10/28/2016 60,000.00	59,634.60 0.00 0.00 59,634.60	330.00 0.00 398.75 68.75	0.00 0.00 0.00 68.75	68.75
3135G0S38	FNMA Note 2% Due 01/05/2022	Various Various 225,000.00	225,389.25 0.00 0.00 225,389.25	700.00 0.00 1,075.00 375.00	0.00 0.00 0.00 375.00	375.00
3135G0T45	FNMA Note 1.875% Due 04/05/2022	06/19/2017 06/20/2017 235,000.00	234,964.52 0.00 0.00 234,964.52	1,786.98 0.00 2,154.17 367.19	0.00 0.00 0.00 367.19	367.19

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
3135G0T78	FNMA Note 2% Due 10/05/2022	10/17/2017 10/18/2017 235,000.00	234,530.00 0.00 0.00 234,530.00	1,906.11 0.00 2,297.78 391.67	0.00 0.00 0.00 391.67	391.67
3135G0T94	FNMA Note 2.375% Due 01/19/2023	04/11/2018 04/12/2018 100,000.00	98,526.00 0.00 0.00 98,526.00	277.08 0.00 475.00 197.92	0.00 0.00 0.00 197.92	197.92
3135G0U35	FNMA Note 2.75% Due 06/22/2021	06/28/2018 06/29/2018 160,000.00	160,236.80 0.00 0.00 160,236.80	843.33 0.00 1,210.00 366.67	0.00 0.00 0.00 366.67	366.67
3135G0U43	FNMA Note 2.875% Due 09/12/2023	09/12/2018 09/14/2018 230,000.00	229,057.00 0.00 0.00 229,057.00	3,104.20 3,306.25 348.99 551.04	0.00 0.00 0.00 551.04	551.04
3137EAE9	FHLMC Note 1.125% Due 08/12/2021	Various Various 215,000.00	213,356.40 0.00 0.00 213,356.40	127.66 0.00 329.22 201.56	0.00 0.00 0.00 201.56	201.56
3137EAE5	FHLMC Note 1.5% Due 01/17/2020	03/28/2017 03/29/2017 250,000.00	249,512.50 0.00 0.00 249,512.50	458.33 0.00 770.83 312.50	0.00 0.00 0.00 312.50	312.50
3137EAEK1	FHLMC Note 1.875% Due 11/17/2020	11/21/2017 11/22/2017 250,000.00	249,352.21 0.00 0.00 249,352.21	1,354.17 0.00 1,744.79 390.62	0.00 0.00 0.00 390.62	390.62
3137EAE5	FHLMC Note 2.75% Due 06/19/2023	07/20/2018 07/23/2018 225,000.00	223,870.50 0.00 0.00 223,870.50	1,237.50 0.00 1,753.13 515.63	0.00 0.00 0.00 515.63	515.63
369550BE7	General Dynamics Corp Note 3% Due 05/11/2021	Various Various 150,000.00	148,947.10 0.00 0.00 148,947.10	1,375.00 0.00 1,750.00 375.00	0.00 0.00 0.00 375.00	375.00

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
44932HAC7	IBM Credit Corp Note 2.2% Due 09/08/2022	11/29/2017 12/01/2017 150,000.00	147,462.00 0.00 0.00 147,462.00	1,585.83 1,650.00 210.83 275.00	0.00 0.00 0.00 275.00	275.00
48128BAB7	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 01/15/2023	02/09/2018 02/13/2018 125,000.00	123,793.75 0.00 0.00 123,793.75	474.69 0.00 784.28 309.59	0.00 0.00 0.00 309.59	309.59
594918BG8	Microsoft Callable Note Cont. 10/3/2020 2% Due 11/03/2020	10/29/2015 11/03/2015 60,000.00	59,952.00 0.00 0.00 59,952.00	393.33 0.00 493.33 100.00	0.00 0.00 0.00 100.00	100.00
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.55% Due 08/08/2021	Various 08/08/2016 105,000.00	104,875.35 0.00 0.00 104,875.35	103.98 0.00 239.61 135.63	0.00 0.00 0.00 135.63	135.63
68389XBK0	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 09/15/2021	11/29/2016 12/02/2016 145,000.00	141,753.45 0.00 0.00 141,753.45	1,270.36 1,377.50 122.44 229.58	0.00 0.00 0.00 229.58	229.58
69371RN44	Paccar Financial Corp Note 1.65% Due 08/11/2021	05/23/2018 05/25/2018 145,000.00	138,421.35 0.00 0.00 138,421.35	132.92 0.00 332.29 199.37	0.00 0.00 0.00 199.37	199.37
69371RQ25	Paccar Financial Corp Note 2.15% Due 08/15/2024	08/08/2019 08/15/2019 30,000.00	29,933.70 0.00 0.00 29,933.70	28.67 0.00 82.42 53.75	0.00 0.00 0.00 53.75	53.75
747525AD5	Qualcomm Inc Note 2.25% Due 05/20/2020	06/11/2015 06/16/2015 150,000.00	148,338.75 0.00 0.00 148,338.75	946.88 0.00 1,228.12 281.24	0.00 0.00 0.00 281.24	281.24
78012KKU0	Royal Bank of Canada Note 2.5% Due 01/19/2021	12/11/2017 12/13/2017 150,000.00	150,568.50 0.00 0.00 150,568.50	437.50 0.00 750.00 312.50	0.00 0.00 0.00 312.50	312.50

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
857477AV5	State Street Bank Note 1.95% Due 05/19/2021	05/16/2016 05/19/2016 80,000.00	79,958.40 0.00 0.00 79,958.40	442.00 0.00 572.00 130.00	0.00 0.00 0.00 130.00	130.00
89114QCB2	Toronto Dominion Bank Note 3.25% Due 03/11/2024	03/26/2019 03/28/2019 145,000.00	146,835.70 0.00 0.00 146,835.70	2,225.35 2,356.25 261.81 392.71	0.00 0.00 0.00 392.71	392.71
89236TDP7	Toyota Motor Credit Corp Note 2.6% Due 01/11/2022	03/14/2018 03/16/2018 145,000.00	142,711.98 0.00 0.00 142,711.98	523.61 0.00 837.78 314.17	0.00 0.00 0.00 314.17	314.17
91159HHP8	US Bancorp Callable Cont 12/23/2021 2.625% Due 01/24/2022	01/19/2017 01/24/2017 70,000.00	69,879.60 0.00 0.00 69,879.60	188.85 0.00 341.98 153.13	0.00 0.00 0.00 153.13	153.13
912828B66	US Treasury Note 2.75% Due 02/15/2024	04/29/2019 04/30/2019 235,000.00	239,644.92 0.00 0.00 239,644.92	298.54 0.00 825.37 526.83	0.00 0.00 0.00 526.83	526.83
912828B90	US Treasury Note 2% Due 02/28/2021	04/26/2016 04/28/2016 230,000.00	236,460.54 0.00 0.00 236,460.54	12.64 0.00 391.76 379.12	0.00 0.00 0.00 379.12	379.12
912828D56	US Treasury Note 2.375% Due 08/15/2024	08/29/2019 08/30/2019 235,000.00	245,418.95 0.00 0.00 245,418.95	257.83 0.00 712.82 454.99	0.00 0.00 0.00 454.99	454.99
912828F96	US Treasury Note 2% Due 10/31/2021	08/15/2017 08/16/2017 245,000.00	247,642.23 0.00 0.00 247,642.23	1,651.09 0.00 2,050.54 399.45	0.00 0.00 0.00 399.45	399.45
912828G87	US Treasury Note 2.125% Due 12/31/2021	08/15/2017 08/16/2017 245,000.00	248,809.81 0.00 0.00 248,809.81	891.29 0.00 1,315.71 424.42	0.00 0.00 0.00 424.42	424.42

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
912828J43	US Treasury Note 1.75% Due 02/28/2022	03/13/2017 03/15/2017 245,000.00	240,569.77 0.00 0.00 240,569.77	11.78 0.00 365.14 353.36	0.00 0.00 0.00 353.36	353.36
912828J84	US Treasury Note Due 03/31/2020	10/23/2015 10/26/2015 0.00	80,078.39 0.00 80,078.39 0.00	462.84 507.92 0.00 45.08	0.00 0.00 0.00 45.08	45.08
912828L32	US Treasury Note 1.375% Due 08/31/2020	09/29/2015 09/30/2015 230,000.00	230,072.65 0.00 0.00 230,072.65	8.69 0.00 269.33 260.64	0.00 0.00 0.00 260.64	260.64
912828L57	US Treasury Note 1.75% Due 09/30/2022	10/17/2017 10/18/2017 250,000.00	247,226.56 0.00 0.00 247,226.56	1,840.85 2,187.50 11.95 358.60	0.00 0.00 0.00 358.60	358.60
912828L99	US Treasury Note 1.375% Due 10/31/2020	11/23/2015 11/24/2015 230,000.00	226,398.04 0.00 0.00 226,398.04	1,065.63 0.00 1,323.44 257.81	0.00 0.00 0.00 257.81	257.81
912828N30	US Treasury Note 2.125% Due 12/31/2022	01/25/2018 01/26/2018 235,000.00	231,346.48 0.00 0.00 231,346.48	854.91 0.00 1,262.01 407.10	0.00 0.00 0.00 407.10	407.10
912828N89	US Treasury Note 1.375% Due 01/31/2021	03/09/2016 03/11/2016 230,000.00	229,776.16 0.00 0.00 229,776.16	275.00 0.00 532.81 257.81	0.00 0.00 0.00 257.81	257.81
912828Q37	US Treasury Note 1.25% Due 03/31/2021	Various Various 240,000.00	236,789.86 0.00 0.00 236,789.86	1,262.30 1,500.00 8.20 245.90	0.00 0.00 0.00 245.90	245.90
912828S27	US Treasury Note 1.125% Due 06/30/2021	12/13/2016 12/14/2016 165,000.00	159,676.72 0.00 0.00 159,676.72	317.78 0.00 469.11 151.33	0.00 0.00 0.00 151.33	151.33

Income Earned

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CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
912828T34	US Treasury Note 1.125% Due 09/30/2021	11/09/2016 11/10/2016 235,000.00	231,025.99 0.00 0.00 231,025.99	1,112.40 1,321.88 7.22 216.70	0.00 0.00 0.00 216.70	216.70
912828T91	US Treasury Note 1.625% Due 10/31/2023	04/29/2019 04/30/2019 235,000.00	228,161.13 0.00 0.00 228,161.13	1,286.75 0.00 1,598.06 311.31	0.00 0.00 0.00 311.31	311.31
912828VF4	US Treasury Note 1.375% Due 05/31/2020	Various Various 130,000.00	227,359.76 0.00 98,871.43 128,488.33	803.59 405.74 600.72 202.87	0.00 0.00 0.00 202.87	202.87
912828X70	US Treasury Note 2% Due 04/30/2024	Various Various 245,000.00	249,631.05 0.00 0.00 249,631.05	1,651.09 0.00 2,050.54 399.45	0.00 0.00 0.00 399.45	399.45
912828XG0	US Treasury Note 2.125% Due 06/30/2022	07/31/2017 07/31/2017 210,000.00	212,789.77 0.00 0.00 212,789.77	763.96 0.00 1,127.75 363.79	0.00 0.00 0.00 363.79	363.79
94974BGF1	Wells Fargo Corp Note 2.15% Due 01/30/2020	01/26/2015 02/02/2015 170,000.00	169,816.40 0.00 0.00 169,816.40	314.74 0.00 619.32 304.58	0.00 0.00 0.00 304.58	304.58
			11,962,477.27	60,121.42	0.00	
			210,338.00	27,474.13	0.00	
			178,949.82	53,130.66	0.00	
Total Fixed Income		11,990,000.00	11,993,865.45	20,483.37	20,483.37	20,483.37

Income Earned

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CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
CASH & EQUIVALENT						
31846V203	First American Govt Obligation Fund Class Y	Various Various 10,607.95	15,244.15 26,645.36 31,281.56 10,607.95	0.00 36.97 0.00 36.97	0.00 0.00 0.00 36.97	36.97
			15,244.15	0.00	0.00	
			26,645.36	36.97	0.00	
			31,281.56	0.00	0.00	
Total Cash & Equivalent		10,607.95	10,607.95	36.97	36.97	36.97
			11,977,721.42	60,121.42	0.00	
			236,983.36	27,511.10	0.00	
			210,231.38	53,130.66	0.00	
TOTAL PORTFOLIO		12,000,607.95	12,004,473.40	20,520.34	20,520.34	20,520.34

Cash Flow Report

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
10/05/2019	Interest	3135G0T45	235,000.00	FNMA Note 1.875% Due 4/5/2022	0.00	2,203.13	2,203.13
10/05/2019	Interest	3135G0T78	235,000.00	FNMA Note 2% Due 10/5/2022	0.00	2,350.00	2,350.00
10/07/2019	Interest	3135G0Q89	60,000.00	FNMA Note 1.375% Due 10/7/2021	0.00	412.50	412.50
10/10/2019	Interest	02665WCQ2	110,000.00	American Honda Finance Note 3.625% Due 10/10/2023	0.00	1,993.75	1,993.75
10/31/2019	Interest	912828T91	235,000.00	US Treasury Note 1.625% Due 10/31/2023	0.00	1,909.38	1,909.38
10/31/2019	Interest	912828F96	245,000.00	US Treasury Note 2% Due 10/31/2021	0.00	2,450.00	2,450.00
10/31/2019	Interest	912828L99	230,000.00	US Treasury Note 1.375% Due 10/31/2020	0.00	1,581.25	1,581.25
10/31/2019	Interest	912828X70	245,000.00	US Treasury Note 2% Due 4/30/2024	0.00	2,450.00	2,450.00
OCT 2019					0.00	15,350.01	15,350.01
11/03/2019	Interest	594918BG8	60,000.00	Microsoft Callable Note Cont. 10/3/2020 2% Due 11/3/2020	0.00	600.00	600.00
11/03/2019	Interest	037833AK6	60,000.00	Apple Inc Note 2.4% Due 5/3/2023	0.00	720.00	720.00
11/06/2019	Interest	3135G0K69	255,000.00	FNMA Note 1.25% Due 5/6/2021	0.00	1,593.75	1,593.75
11/11/2019	Interest	369550BE7	150,000.00	General Dynamics Corp Note 3% Due 5/11/2021	0.00	2,250.00	2,250.00
11/17/2019	Interest	3137EAEK1	250,000.00	FHLMC Note 1.875% Due 11/17/2020	0.00	2,343.75	2,343.75
11/19/2019	Interest	857477AV5	80,000.00	State Street Bank Note 1.95% Due 5/19/2021	0.00	780.00	780.00
11/20/2019	Interest	747525AD5	150,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	0.00	1,687.50	1,687.50
11/30/2019	Interest	912828VF4	130,000.00	US Treasury Note 1.375% Due 5/31/2020	0.00	893.75	893.75

Cash Flow Report

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
11/30/2019	Interest	3135G0F73	230,000.00	FNMA Note 1.5% Due 11/30/2020	0.00	1,725.00	1,725.00
NOV 2019					0.00	12,593.75	12,593.75
12/08/2019	Interest	3130A0F70	225,000.00	FHLB Note 3.375% Due 12/8/2023	0.00	3,796.88	3,796.88
12/11/2019	Interest	313379RB7	70,000.00	FHLB Note 1.875% Due 6/11/2021	0.00	656.25	656.25
12/14/2019	Interest	3130A1XJ2	225,000.00	FHLB Note 2.875% Due 6/14/2024	0.00	3,234.38	3,234.38
12/15/2019	Interest	097023BQ7	110,000.00	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	0.00	1,031.25	1,031.25
12/19/2019	Interest	3137EAEN5	225,000.00	FHLMC Note 2.75% Due 6/19/2023	0.00	3,093.75	3,093.75
12/22/2019	Interest	3135G0D75	230,000.00	FNMA Note 1.5% Due 6/22/2020	0.00	1,725.00	1,725.00
12/22/2019	Interest	3135G0U35	160,000.00	FNMA Note 2.75% Due 6/22/2021	0.00	2,200.00	2,200.00
12/31/2019	Interest	912828G87	245,000.00	US Treasury Note 2.125% Due 12/31/2021	0.00	2,603.13	2,603.13
12/31/2019	Interest	912828S27	165,000.00	US Treasury Note 1.125% Due 6/30/2021	0.00	928.13	928.13
12/31/2019	Interest	912828N30	235,000.00	US Treasury Note 2.125% Due 12/31/2022	0.00	2,496.88	2,496.88
12/31/2019	Interest	912828XG0	210,000.00	US Treasury Note 2.125% Due 6/30/2022	0.00	2,231.25	2,231.25
DEC 2019					0.00	23,996.90	23,996.90
01/05/2020	Interest	3135G0S38	225,000.00	FNMA Note 2% Due 1/5/2022	0.00	2,250.00	2,250.00
01/06/2020	Interest	24422ETL3	160,000.00	John Deere Capital Corp Note 2.65% Due 1/6/2022	0.00	2,120.00	2,120.00
01/11/2020	Interest	89236TDP7	145,000.00	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	0.00	1,885.00	1,885.00

Cash Flow Report

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
01/14/2020	Interest	3130A8QS5	230,000.00	FHLB Note 1.125% Due 7/14/2021	0.00	1,293.75	1,293.75
01/14/2020	Interest	02665WCJ8	45,000.00	American Honda Finance Note 3.45% Due 7/14/2023	0.00	776.25	776.25
01/15/2020	Interest	48128BAB7	125,000.00	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	0.00	1,857.50	1,857.50
01/17/2020	Maturity	3137EAEE5	250,000.00	FHLMC Note 1.5% Due 1/17/2020	250,000.00	1,875.00	251,875.00
01/19/2020	Interest	3135G0T94	100,000.00	FNMA Note 2.375% Due 1/19/2023	0.00	1,187.50	1,187.50
01/19/2020	Interest	78012KKU0	150,000.00	Royal Bank of Canada Note 2.5% Due 1/19/2021	0.00	1,875.00	1,875.00
01/24/2020	Interest	91159HHP8	70,000.00	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	0.00	918.75	918.75
01/30/2020	Maturity	94974BGF1	170,000.00	Wells Fargo Corp Note 2.15% Due 1/30/2020	170,000.00	1,827.50	171,827.50
01/31/2020	Interest	912828N89	230,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,581.25	1,581.25
JAN 2020					420,000.00	19,447.50	439,447.50
02/08/2020	Interest	594918BP8	105,000.00	Microsoft Callable Note Cont 7/8/2021 1.55% Due 8/8/2021	0.00	813.75	813.75
02/11/2020	Interest	69371RN44	145,000.00	Paccar Financial Corp Note 1.65% Due 8/11/2021	0.00	1,196.25	1,196.25
02/11/2020	Interest	06406RAJ6	150,000.00	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	0.00	2,587.50	2,587.50
02/12/2020	Interest	3137EAEC9	215,000.00	FHLMC Note 1.125% Due 8/12/2021	0.00	1,209.38	1,209.38
02/15/2020	Interest	69371RQ25	30,000.00	Paccar Financial Corp Note 2.15% Due 8/15/2024	0.00	322.50	322.50
02/15/2020	Interest	912828D56	235,000.00	US Treasury Note 2.375% Due 8/15/2024	0.00	2,790.63	2,790.63
02/15/2020	Interest	912828B66	235,000.00	US Treasury Note 2.75% Due 2/15/2024	0.00	3,231.25	3,231.25

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
02/15/2020	Maturity	22160KAG0	105,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	105,000.00	918.75	105,918.75
02/17/2020	Interest	3135G0N82	190,000.00	FNMA Note 1.25% Due 8/17/2021	0.00	1,187.50	1,187.50
02/18/2020	Interest	3130A7CV5	245,000.00	FHLB Note 1.375% Due 2/18/2021	0.00	1,684.38	1,684.38
02/26/2020	Interest	3135G0J20	230,000.00	FNMA Note 1.375% Due 2/26/2021	0.00	1,581.25	1,581.25
02/29/2020	Interest	912828J43	245,000.00	US Treasury Note 1.75% Due 2/28/2022	0.00	2,143.75	2,143.75
02/29/2020	Interest	912828L32	230,000.00	US Treasury Note 1.375% Due 8/31/2020	0.00	1,581.25	1,581.25
02/29/2020	Interest	912828B90	230,000.00	US Treasury Note 2% Due 2/28/2021	0.00	2,300.00	2,300.00
FEB 2020					105,000.00	23,548.14	128,548.14
03/01/2020	Interest	30231GAV4	150,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.00	1,666.50	1,666.50
03/05/2020	Interest	06051GHF9	145,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	0.00	2,573.75	2,573.75
03/08/2020	Interest	3130A0XE5	200,000.00	FHLB Note 3.25% Due 3/8/2024	0.00	3,250.00	3,250.00
03/08/2020	Interest	3130AB3H7	35,000.00	FHLB Note 2.375% Due 3/8/2024	0.00	415.63	415.63
03/08/2020	Interest	313383YJ4	215,000.00	FHLB Note 3.375% Due 9/8/2023	0.00	3,628.13	3,628.13
03/08/2020	Interest	44932HAC7	150,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.00	1,650.00	1,650.00
03/11/2020	Interest	89114QCB2	145,000.00	Toronto Dominion Bank Note 3.25% Due 3/11/2024	0.00	2,356.25	2,356.25
03/12/2020	Interest	3135G0U43	230,000.00	FNMA Note 2.875% Due 9/12/2023	0.00	3,306.25	3,306.25
03/13/2020	Interest	3130A2UW4	200,000.00	FHLB Note 2.875% Due 9/13/2024	0.00	2,875.00	2,875.00

Cash Flow Report

As of September 30, 2019



Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
03/15/2020	Interest	084670BR8	100,000.00	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	0.00	1,375.00	1,375.00
03/15/2020	Interest	68389XBK0	145,000.00	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 9/15/2021	0.00	1,377.50	1,377.50
03/31/2020	Interest	912828T34	235,000.00	US Treasury Note 1.125% Due 9/30/2021	0.00	1,321.88	1,321.88
03/31/2020	Interest	912828Q37	240,000.00	US Treasury Note 1.25% Due 3/31/2021	0.00	1,500.00	1,500.00
03/31/2020	Interest	912828L57	250,000.00	US Treasury Note 1.75% Due 9/30/2022	0.00	2,187.50	2,187.50
MAR 2020					0.00	29,483.39	29,483.39
04/05/2020	Interest	3135G0T78	235,000.00	FNMA Note 2% Due 10/5/2022	0.00	2,350.00	2,350.00
04/05/2020	Interest	3135G0T45	235,000.00	FNMA Note 1.875% Due 4/5/2022	0.00	2,203.13	2,203.13
04/07/2020	Interest	3135G0Q89	60,000.00	FNMA Note 1.375% Due 10/7/2021	0.00	412.50	412.50
04/10/2020	Interest	02665WCQ2	110,000.00	American Honda Finance Note 3.625% Due 10/10/2023	0.00	1,993.75	1,993.75
04/30/2020	Interest	912828F96	245,000.00	US Treasury Note 2% Due 10/31/2021	0.00	2,450.00	2,450.00
04/30/2020	Interest	912828L99	230,000.00	US Treasury Note 1.375% Due 10/31/2020	0.00	1,581.25	1,581.25
04/30/2020	Interest	912828T91	235,000.00	US Treasury Note 1.625% Due 10/31/2023	0.00	1,909.38	1,909.38
04/30/2020	Interest	912828X70	245,000.00	US Treasury Note 2% Due 4/30/2024	0.00	2,450.00	2,450.00
APR 2020					0.00	15,350.01	15,350.01
05/03/2020	Interest	594918BG8	60,000.00	Microsoft Callable Note Cont. 10/3/2020 2% Due 11/3/2020	0.00	600.00	600.00
05/03/2020	Interest	037833AK6	60,000.00	Apple Inc Note 2.4% Due 5/3/2023	0.00	720.00	720.00
05/06/2020	Interest	3135G0K69	255,000.00	FNMA Note 1.25% Due 5/6/2021	0.00	1,593.75	1,593.75

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
05/11/2020	Interest	369550BE7	150,000.00	General Dynamics Corp Note 3% Due 5/11/2021	0.00	2,250.00	2,250.00
05/17/2020	Interest	3137EAEK1	250,000.00	FHLMC Note 1.875% Due 11/17/2020	0.00	2,343.75	2,343.75
05/19/2020	Interest	857477AV5	80,000.00	State Street Bank Note 1.95% Due 5/19/2021	0.00	780.00	780.00
05/20/2020	Maturity	747525AD5	150,000.00	Qualcomm Inc Note 2.25% Due 5/20/2020	150,000.00	1,687.50	151,687.50
05/30/2020	Interest	3135G0F73	230,000.00	FNMA Note 1.5% Due 11/30/2020	0.00	1,725.00	1,725.00
05/31/2020	Maturity	912828VF4	130,000.00	US Treasury Note 1.375% Due 5/31/2020	130,000.00	893.75	130,893.75
MAY 2020					280,000.00	12,593.75	292,593.75
06/08/2020	Interest	3130A0F70	225,000.00	FHLB Note 3.375% Due 12/8/2023	0.00	3,796.88	3,796.88
06/11/2020	Interest	313379RB7	70,000.00	FHLB Note 1.875% Due 6/11/2021	0.00	656.25	656.25
06/14/2020	Interest	3130A1XJ2	225,000.00	FHLB Note 2.875% Due 6/14/2024	0.00	3,234.38	3,234.38
06/15/2020	Interest	097023BQ7	110,000.00	Boeing Co Callable Note Cont 4/15/2023 1.875% Due 6/15/2023	0.00	1,031.25	1,031.25
06/19/2020	Interest	3137EAEN5	225,000.00	FHLMC Note 2.75% Due 6/19/2023	0.00	3,093.75	3,093.75
06/22/2020	Interest	3135G0U35	160,000.00	FNMA Note 2.75% Due 6/22/2021	0.00	2,200.00	2,200.00
06/22/2020	Maturity	3135G0D75	230,000.00	FNMA Note 1.5% Due 6/22/2020	230,000.00	1,725.00	231,725.00
06/30/2020	Interest	912828N30	235,000.00	US Treasury Note 2.125% Due 12/31/2022	0.00	2,496.88	2,496.88
06/30/2020	Interest	912828S27	165,000.00	US Treasury Note 1.125% Due 6/30/2021	0.00	928.13	928.13
06/30/2020	Interest	912828G87	245,000.00	US Treasury Note 2.125% Due 12/31/2021	0.00	2,603.13	2,603.13

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
06/30/2020	Interest	912828XG0	210,000.00	US Treasury Note 2.125% Due 6/30/2022	0.00	2,231.25	2,231.25
JUN 2020					230,000.00	23,996.90	253,996.90
07/05/2020	Interest	3135G0S38	225,000.00	FNMA Note 2% Due 1/5/2022	0.00	2,250.00	2,250.00
07/06/2020	Interest	24422ETL3	160,000.00	John Deere Capital Corp Note 2.65% Due 1/6/2022	0.00	2,120.00	2,120.00
07/11/2020	Interest	89236TDP7	145,000.00	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	0.00	1,885.00	1,885.00
07/14/2020	Interest	3130A8QS5	230,000.00	FHLB Note 1.125% Due 7/14/2021	0.00	1,293.75	1,293.75
07/14/2020	Interest	02665WCJ8	45,000.00	American Honda Finance Note 3.45% Due 7/14/2023	0.00	776.25	776.25
07/15/2020	Interest	48128BAB7	125,000.00	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	0.00	1,857.50	1,857.50
07/19/2020	Interest	3135G0T94	100,000.00	FNMA Note 2.375% Due 1/19/2023	0.00	1,187.50	1,187.50
07/19/2020	Interest	78012KKU0	150,000.00	Royal Bank of Canada Note 2.5% Due 1/19/2021	0.00	1,875.00	1,875.00
07/24/2020	Interest	91159HHP8	70,000.00	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	0.00	918.75	918.75
07/31/2020	Interest	912828N89	230,000.00	US Treasury Note 1.375% Due 1/31/2021	0.00	1,581.25	1,581.25
JUL 2020					0.00	15,745.00	15,745.00
08/08/2020	Interest	594918BP8	105,000.00	Microsoft Callable Note Cont 7/8/2021 1.55% Due 8/8/2021	0.00	813.75	813.75
08/11/2020	Interest	69371RN44	145,000.00	Paccar Financial Corp Note 1.65% Due 8/11/2021	0.00	1,196.25	1,196.25
08/11/2020	Interest	06406RAJ6	150,000.00	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	0.00	2,587.50	2,587.50
08/12/2020	Interest	3137EAEC9	215,000.00	FHLMC Note 1.125% Due 8/12/2021	0.00	1,209.38	1,209.38

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
08/15/2020	Interest	912828D56	235,000.00	US Treasury Note 2.375% Due 8/15/2024	0.00	2,790.63	2,790.63
08/15/2020	Interest	912828B66	235,000.00	US Treasury Note 2.75% Due 2/15/2024	0.00	3,231.25	3,231.25
08/15/2020	Interest	69371RQ25	30,000.00	Paccar Financial Corp Note 2.15% Due 8/15/2024	0.00	322.50	322.50
08/17/2020	Interest	3135G0N82	190,000.00	FNMA Note 1.25% Due 8/17/2021	0.00	1,187.50	1,187.50
08/18/2020	Interest	3130A7CV5	245,000.00	FHLB Note 1.375% Due 2/18/2021	0.00	1,684.38	1,684.38
08/26/2020	Interest	3135G0J20	230,000.00	FNMA Note 1.375% Due 2/26/2021	0.00	1,581.25	1,581.25
08/31/2020	Interest	912828J43	245,000.00	US Treasury Note 1.75% Due 2/28/2022	0.00	2,143.75	2,143.75
08/31/2020	Interest	912828B90	230,000.00	US Treasury Note 2% Due 2/28/2021	0.00	2,300.00	2,300.00
08/31/2020	Maturity	912828L32	230,000.00	US Treasury Note 1.375% Due 8/31/2020	230,000.00	1,581.25	231,581.25
AUG 2020					230,000.00	22,629.39	252,629.39
09/01/2020	Interest	30231GAV4	150,000.00	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 3/1/2021	0.00	1,666.50	1,666.50
09/05/2020	Interest	06051GHF9	145,000.00	Bank of America Corp Callable Note 1X 3/5/2023 3.55% Due 3/5/2024	0.00	2,573.75	2,573.75
09/08/2020	Interest	313383YJ4	215,000.00	FHLB Note 3.375% Due 9/8/2023	0.00	3,628.13	3,628.13
09/08/2020	Interest	44932HAC7	150,000.00	IBM Credit Corp Note 2.2% Due 9/8/2022	0.00	1,650.00	1,650.00
09/08/2020	Interest	3130A0XE5	200,000.00	FHLB Note 3.25% Due 3/8/2024	0.00	3,250.00	3,250.00
09/08/2020	Interest	3130AB3H7	35,000.00	FHLB Note 2.375% Due 3/8/2024	0.00	415.63	415.63
09/11/2020	Interest	89114QCB2	145,000.00	Toronto Dominion Bank Note 3.25% Due 3/11/2024	0.00	2,356.25	2,356.25

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Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
09/12/2020	Interest	3135G0U43	230,000.00	FNMA Note 2.875% Due 9/12/2023	0.00	3,306.25	3,306.25
09/13/2020	Interest	3130A2UW4	200,000.00	FHLB Note 2.875% Due 9/13/2024	0.00	2,875.00	2,875.00
09/15/2020	Interest	084670BR8	100,000.00	Berkshire Hathaway Callable Note Cont 1/15/2023 2.75% Due 3/15/2023	0.00	1,375.00	1,375.00
09/15/2020	Interest	68389XBK0	145,000.00	Oracle Corp Callable Note Cont 8/15/2021 1.9% Due 9/15/2021	0.00	1,377.50	1,377.50
SEP 2020					0.00	24,474.01	24,474.01
TOTAL					1,265,000.00	239,208.75	1,504,208.75



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Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.



Benchmark Index	Disclosure
ICE BAML 1-5 Yr US Treasury/Agency Index	The ICE BAML 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody’s, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies. (Index: GVA0. Please visit www.mlindex.ml.com for more information)



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	07/01/2019	31846V203	73.23	First American Govt Obligation Fund Class Y	1.000	1.99%	73.23	0.00	73.23	0.00
Purchase	07/05/2019	31846V203	2,250.00	First American Govt Obligation Fund Class Y	1.000	1.99%	2,250.00	0.00	2,250.00	0.00
Purchase	07/06/2019	31846V203	2,120.00	First American Govt Obligation Fund Class Y	1.000	1.99%	2,120.00	0.00	2,120.00	0.00
Purchase	07/11/2019	31846V203	1,885.00	First American Govt Obligation Fund Class Y	1.000	1.99%	1,885.00	0.00	1,885.00	0.00
Purchase	07/14/2019	31846V203	2,070.00	First American Govt Obligation Fund Class Y	1.000	1.99%	2,070.00	0.00	2,070.00	0.00
Purchase	07/15/2019	31846V203	1,857.50	First American Govt Obligation Fund Class Y	1.000	1.99%	1,857.50	0.00	1,857.50	0.00
Purchase	07/17/2019	31846V203	1,875.00	First American Govt Obligation Fund Class Y	1.000	1.99%	1,875.00	0.00	1,875.00	0.00
Purchase	07/19/2019	31846V203	3,062.50	First American Govt Obligation Fund Class Y	1.000	1.99%	3,062.50	0.00	3,062.50	0.00
Purchase	07/24/2019	31846V203	918.75	First American Govt Obligation Fund Class Y	1.000	1.99%	918.75	0.00	918.75	0.00
Purchase	07/30/2019	31846V203	1,827.50	First American Govt Obligation Fund Class Y	1.000	1.99%	1,827.50	0.00	1,827.50	0.00
Purchase	07/31/2019	31846V203	1,581.25	First American Govt Obligation Fund Class Y	1.000	1.93%	1,581.25	0.00	1,581.25	0.00
Subtotal			19,520.73				19,520.73	0.00	19,520.73	0.00
TOTAL ACQUISITIONS			19,520.73				19,520.73	0.00	19,520.73	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Security Withdrawal	07/03/2019	31846V203	1,207.77	First American Govt Obligation Fund Class Y	1.000		1,207.77	0.00	1,207.77	0.00
Subtotal			1,207.77				1,207.77	0.00	1,207.77	0.00
TOTAL DISPOSITIONS			1,207.77				1,207.77	0.00	1,207.77	0.00

OTHER TRANSACTIONS										
Interest	07/05/2019	3135G0S38	225,000.00	FNMA Note 2% Due 1/5/2022	0.000		2,250.00	0.00	2,250.00	0.00
Interest	07/06/2019	24422ETL3	160,000.00	John Deere Capital Corp Note 2.65% Due 1/6/2022	0.000		2,120.00	0.00	2,120.00	0.00
Interest	07/11/2019	89236TDP7	145,000.00	Toyota Motor Credit Corp Note 2.6% Due 1/11/2022	0.000		1,885.00	0.00	1,885.00	0.00
Interest	07/14/2019	02665WCJ8	45,000.00	American Honda Finance Note 3.45% Due 7/14/2023	0.000		776.25	0.00	776.25	0.00
Interest	07/14/2019	3130A8QS5	230,000.00	FHLB Note 1.125% Due 7/14/2021	0.000		1,293.75	0.00	1,293.75	0.00
Interest	07/15/2019	48128BAB7	125,000.00	JP Morgan Chase & Co Callable Note 1X 1/15/2022 2.972% Due 1/15/2023	0.000		1,857.50	0.00	1,857.50	0.00
Interest	07/17/2019	3137EAE5	250,000.00	FHLMC Note 1.5% Due 1/17/2020	0.000		1,875.00	0.00	1,875.00	0.00
Interest	07/19/2019	3135G0T94	100,000.00	FNMA Note 2.375% Due 1/19/2023	0.000		1,187.50	0.00	1,187.50	0.00
Interest	07/19/2019	78012KKU0	150,000.00	Royal Bank of Canada Note 2.5% Due 1/19/2021	0.000		1,875.00	0.00	1,875.00	0.00
Interest	07/24/2019	91159HHP8	70,000.00	US Bancorp Callable Cont 12/23/2021 2.625% Due 1/24/2022	0.000		918.75	0.00	918.75	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	07/30/2019	94974BGF1	170,000.00	Wells Fargo Corp Note 2.15% Due 1/30/2020	0.000		1,827.50	0.00	1,827.50	0.00
Interest	07/31/2019	912828N89	230,000.00	US Treasury Note 1.375% Due 1/31/2021	0.000		1,581.25	0.00	1,581.25	0.00
Subtotal			1,900,000.00				19,447.50	0.00	19,447.50	0.00
Dividend	07/01/2019	31846V203	16,869.80	First American Govt Obligation Fund Class Y	0.000		73.23	0.00	73.23	0.00
Subtotal			16,869.80				73.23	0.00	73.23	0.00
TOTAL OTHER TRANSACTIONS			1,916,869.80				19,520.73	0.00	19,520.73	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	08/01/2019	31846V203	42.42	First American Govt Obligation Fund Class Y	1.000	1.93%	42.42	0.00	42.42	0.00
Purchase	08/08/2019	31846V203	813.75	First American Govt Obligation Fund Class Y	1.000	1.93%	813.75	0.00	813.75	0.00
Purchase	08/11/2019	31846V203	3,783.75	First American Govt Obligation Fund Class Y	1.000	1.93%	3,783.75	0.00	3,783.75	0.00
Purchase	08/12/2019	31846V203	1,209.38	First American Govt Obligation Fund Class Y	1.000	1.93%	1,209.38	0.00	1,209.38	0.00
Purchase	08/15/2019	31846V203	4,150.00	First American Govt Obligation Fund Class Y	1.000	1.93%	4,150.00	0.00	4,150.00	0.00
Purchase	08/15/2019	69371RQ25	30,000.00	Paccar Financial Corp Note 2.15% Due 8/15/2024	99.779	2.20%	29,933.70	0.00	29,933.70	0.00
Purchase	08/17/2019	31846V203	1,187.50	First American Govt Obligation Fund Class Y	1.000	1.93%	1,187.50	0.00	1,187.50	0.00
Purchase	08/18/2019	31846V203	1,684.38	First American Govt Obligation Fund Class Y	1.000	1.93%	1,684.38	0.00	1,684.38	0.00
Purchase	08/26/2019	31846V203	1,581.25	First American Govt Obligation Fund Class Y	1.000	1.93%	1,581.25	0.00	1,581.25	0.00
Purchase	08/30/2019	912828D56	235,000.00	US Treasury Note 2.375% Due 8/15/2024	104.434	1.45%	245,418.95	227.50	245,646.45	0.00
Purchase	08/30/2019	912828X70	150,000.00	US Treasury Note 2% Due 4/30/2024	102.496	1.44%	153,744.14	994.57	154,738.71	0.00
Purchase	08/31/2019	31846V203	6,025.00	First American Govt Obligation Fund Class Y	1.000	1.71%	6,025.00	0.00	6,025.00	0.00
Subtotal			435,477.43				449,574.22	1,222.07	450,796.29	0.00
TOTAL ACQUISITIONS			435,477.43				449,574.22	1,222.07	450,796.29	0.00
DISPOSITIONS										
Sale	08/15/2019	31846V203	29,933.70	First American Govt Obligation Fund Class Y	1.000	1.93%	29,933.70	0.00	29,933.70	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Sale	08/30/2019	3137EADM8	240,000.00	FHLMC Note 1.25% Due 10/2/2019	99.923	2.11%	239,815.20	1,233.33	241,048.53	5,688.00
Sale	08/30/2019	31846V203	8,896.09	First American Govt Obligation Fund Class Y	1.000	1.71%	8,896.09	0.00	8,896.09	0.00
Sale	08/30/2019	912828J84	150,000.00	US Treasury Note 1.375% Due 3/31/2020	99.723	1.85%	149,583.98	856.56	150,440.54	-563.01
Subtotal			428,829.79				428,228.97	2,089.89	430,318.86	5,124.99
Security Withdrawal	08/06/2019	31846V203	1,211.25	First American Govt Obligation Fund Class Y	1.000		1,211.25	0.00	1,211.25	0.00
Security Withdrawal	08/26/2019	31846V203	375.00	First American Govt Obligation Fund Class Y	1.000		375.00	0.00	375.00	0.00
Subtotal			1,586.25				1,586.25	0.00	1,586.25	0.00
TOTAL DISPOSITIONS			430,416.04				429,815.22	2,089.89	431,905.11	5,124.99

OTHER TRANSACTIONS										
Interest	08/08/2019	594918BP8	105,000.00	Microsoft Callable Note Cont 7/8/2021 1.55% Due 8/8/2021	0.000		813.75	0.00	813.75	0.00
Interest	08/11/2019	06406RAJ6	150,000.00	Bank of NY Mellon Corp Note 3.45% Due 8/11/2023	0.000		2,587.50	0.00	2,587.50	0.00
Interest	08/11/2019	69371RN44	145,000.00	Paccar Financial Corp Note 1.65% Due 8/11/2021	0.000		1,196.25	0.00	1,196.25	0.00
Interest	08/12/2019	3137EAEC9	215,000.00	FHLMC Note 1.125% Due 8/12/2021	0.000		1,209.38	0.00	1,209.38	0.00
Interest	08/15/2019	22160KAG0	105,000.00	Costco Wholesale Corp Note 1.75% Due 2/15/2020	0.000		918.75	0.00	918.75	0.00
Interest	08/15/2019	912828B66	235,000.00	US Treasury Note 2.75% Due 2/15/2024	0.000		3,231.25	0.00	3,231.25	0.00
Interest	08/17/2019	3135G0N82	190,000.00	FNMA Note 1.25% Due 8/17/2021	0.000		1,187.50	0.00	1,187.50	0.00
Interest	08/18/2019	3130A7CV5	245,000.00	FHLB Note 1.375% Due 2/18/2021	0.000		1,684.38	0.00	1,684.38	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	08/26/2019	3135G0J20	230,000.00	FNMA Note 1.375% Due 2/26/2021	0.000		1,581.25	0.00	1,581.25	0.00
Interest	08/31/2019	912828B90	230,000.00	US Treasury Note 2% Due 2/28/2021	0.000		2,300.00	0.00	2,300.00	0.00
Interest	08/31/2019	912828J43	245,000.00	US Treasury Note 1.75% Due 2/28/2022	0.000		2,143.75	0.00	2,143.75	0.00
Interest	08/31/2019	912828L32	230,000.00	US Treasury Note 1.375% Due 8/31/2020	0.000		1,581.25	0.00	1,581.25	0.00
Subtotal			2,325,000.00				20,435.01	0.00	20,435.01	0.00
Dividend	08/01/2019	31846V203	35,182.76	First American Govt Obligation Fund Class Y	0.000		42.42	0.00	42.42	0.00
Subtotal			35,182.76				42.42	0.00	42.42	0.00
TOTAL OTHER TRANSACTIONS			2,360,182.76				20,477.43	0.00	20,477.43	0.00



Redwood Empire Municipal Insurance Fund OPEB Trust - Account #10141

MONTHLY ACCOUNT STATEMENT

SEPTEMBER 1, 2019 THROUGH SEPTEMBER 30, 2019

Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact operations@chandlerasset.com

Custodian

US Bank
Christopher Isles
(503) 464-3685

CHANDLER ASSET MANAGEMENT
chandlerasset.com

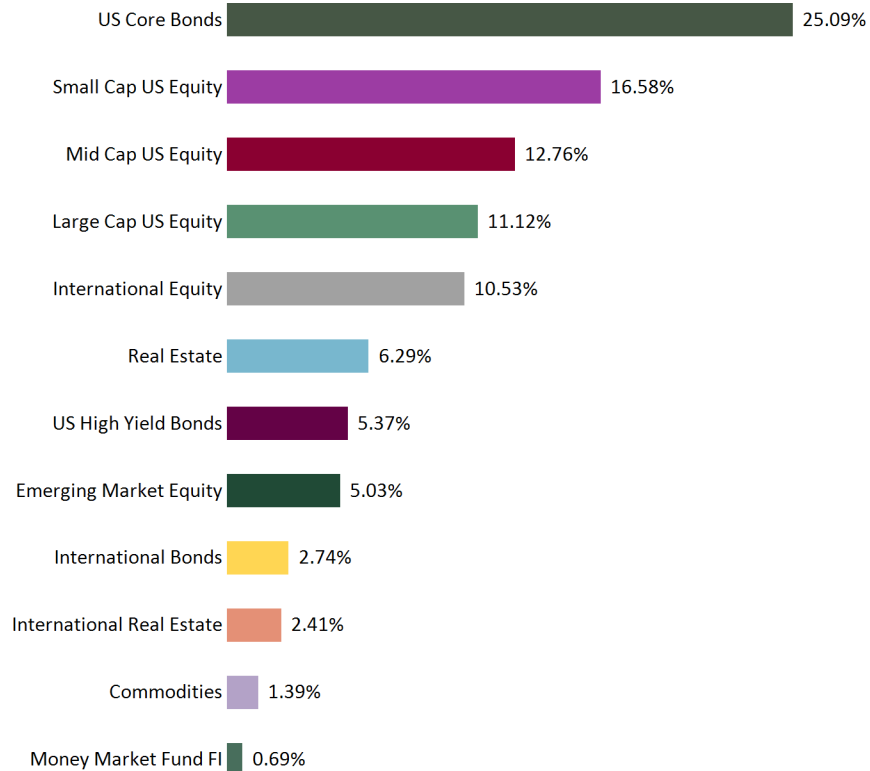
Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Please see Important Disclosures.

Portfolio Summary

As of September 30, 2019



ASSET ALLOCATION



ACCOUNT SUMMARY

	Beg. Values as of 8/31/19	End Values as of 9/30/19
Market Value	2,864,071	2,900,246
Accrued Interest	0	0
Total Market Value	2,864,071	2,900,246
Income Earned	2,503	13,798
Cont/WD		-479
Par	42,175	55,494
Book Value	2,278,668	2,291,987
Cost Value	2,278,668	2,291,987

TOP ISSUERS

Vanguard Total Bond Market	25.1%
Vanguard Small-Cap Market	16.6%
iShare S&P 400 Midcap Market	12.8%
iShares S&P 500 Index Fund	11.1%
Vanguard Europe Pacific Market	10.5%
Vanguard REIT	6.3%
SPDR Barclays Capital High Yiel	5.4%
Vanguard Emerging Markets	5.0%
Total	92.8%

PERFORMANCE REVIEW

TOTAL RATE OF RETURN	1M	3M	YTD	1YR	Annualized				
					2YRS	3YRS	5YRS	10YRS	12/31/2010
Redwood Empire Municipal Insurance Fund OPEB Trust	1.28%	0.79%	14.54%	3.27%	5.39%	7.17%	6.01%	N/A	6.75%
Multi Asset Class Index*	1.13%	1.32%	14.07%	5.73%	6.01%	7.65%	6.18%	N/A	7.17%

*35% Standard & Poors' 500, 25% MSCI EAFE (Europe, Australasia, Israel and the Far East), 40% ICE BAML US Corporate, Govt, Mortgage Index

Reconciliation Summary

As of September 30, 2019



BOOK VALUE RECONCILIATION		
BEGINNING BOOK VALUE		\$2,278,667.67
<u>Acquisition</u>		
+ Security Purchases	\$0.00	
+ Money Market Fund Purchases	\$13,798.40	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$13,798.40
<u>Dispositions</u>		
- Security Sales	\$0.00	
- Money Market Fund Sales	\$0.00	
- MMF Withdrawals	\$479.31	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$0.00	
- Calls	\$0.00	
- Principal Paydowns	\$0.00	
Total Dispositions		\$479.31
<u>Amortization/Accretion</u>		
+/- Net Accretion	\$0.00	
		\$0.00
<u>Gain/Loss on Dispositions</u>		
+/- Realized Gain/Loss	\$0.00	
		\$0.00
ENDING BOOK VALUE		\$2,291,986.76

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$6,816.92
<u>Acquisition</u>		
Contributions	\$0.00	
Security Sale Proceeds	\$0.00	
Accrued Interest Received	\$0.00	
Interest Received	\$0.00	
Dividend Received	\$13,798.40	
Principal on Maturities	\$0.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$0.00	
Total Acquisitions	\$13,798.40	
<u>Dispositions</u>		
Withdrawals	\$479.31	
Security Purchase	\$0.00	
Accrued Interest Paid	\$0.00	
Total Dispositions	\$479.31	
ENDING BOOK VALUE		\$20,136.01

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
COMMODITIES									
46428R107	IShares S&P GSCI Commodity-Indexed Due 9/30/2019	1,225.00	Various 0.00%	40,798.95 40,798.95	15.05 0.00%	18,436.25 0.00	0.64% (22,362.70)	NR / NR NR	0.00 0.00
97718W108	WisdomTree Investments Continuous Commodity Index Due 9/30/2019	1,240.00	01/01/2016 0.00%	37,056.41 37,056.41	17.54 0.00%	21,749.60 0.00	0.75% (15,306.81)	NR / NR NR	0.00 0.00
Total Commodities		2,465.00	N/A	77,855.36 77,855.36	0.00%	40,185.85 0.00	1.39% (37,669.51)	NR / NR NR	0.00 0.00
EMERGING MARKET EQUITY									
922042858	Vanguard FTSE Emerging Markets ETF Due 9/30/2019	3,625.00	Various 0.61%	155,190.43 155,190.43	40.26 0.00%	145,942.50 0.00	5.03% (9,247.93)	NR / NR NR	0.00 0.00
Total Emerging Market Equity		3,625.00	0.61%	155,190.43 155,190.43	0.00%	145,942.50 0.00	5.03% (9,247.93)	NR / NR NR	0.00 0.00
INTERNATIONAL BONDS									
92203J407	Vanguard Total Intl Bond ETF Due 9/30/2019	1,350.00	03/27/2018 2.23%	73,816.79 73,816.79	58.83 0.00%	79,420.50 0.00	2.74% 5,603.71	NR / NR NR	0.00 0.00
Total International Bonds		1,350.00	2.23%	73,816.79 73,816.79	0.00%	79,420.50 0.00	2.74% 5,603.71	NR / NR NR	0.00 0.00
INTERNATIONAL EQUITY									
921943858	Vanguard ETF FTSE Developed Mkts ETF Due 9/30/2019	7,435.00	Various 0.75%	270,354.80 270,354.80	41.08 0.00%	305,429.80 0.00	10.53% 35,075.00	NR / NR NR	0.00 0.00
Total International Equity		7,435.00	0.75%	270,354.80 270,354.80	0.00%	305,429.80 0.00	10.53% 35,075.00	NR / NR NR	0.00 0.00

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
INTERNATIONAL REAL ESTATE									
464288489	ISHARES Intl Developed Real Estate ETF Due 9/30/2019	2,355.00	Various 0.00%	71,461.27 71,461.27	29.67 0.00%	69,872.85 0.00	2.41% (1,588.42)	NR / NR NR	0.00 0.00
Total International Real Estate		2,355.00	N/A	71,461.27 71,461.27	0.00%	69,872.85 0.00	2.41% (1,588.42)	NR / NR NR	0.00 0.00
LARGE CAP US EQUITY									
464287200	ISHARES S&P 500 Index ETF	1,080.00	Various N/A	150,746.84 150,746.84	298.52 N/A	322,401.60 0.00	11.12% 171,654.76	NR / NR NR	0.00 0.00
Total Large Cap US Equity		1,080.00	N/A	150,746.84 150,746.84	N/A	322,401.60 0.00	11.12% 171,654.76	NR / NR NR	0.00 0.00
MID CAP US EQUITY									
464287507	ISHARES S&P Midcap ETF Due 9/30/2019	1,915.00	Various 0.16%	204,856.23 204,856.23	193.23 0.00%	370,035.45 0.00	12.76% 165,179.22	NR / NR NR	0.00 0.00
Total Mid Cap US Equity		1,915.00	0.16%	204,856.23 204,856.23	0.00%	370,035.45 0.00	12.76% 165,179.22	NR / NR NR	0.00 0.00
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund Class Y	20,136.01	Various 1.57%	20,136.01 20,136.01	1.00 1.57%	20,136.01 0.00	0.69% 0.00	Aaa / AAA AAA	0.00 0.00
Total Money Market Fund FI		20,136.01	1.57%	20,136.01 20,136.01	1.57%	20,136.01 0.00	0.69% 0.00	Aaa / AAA AAA	0.00 0.00

Holdings Report

As of September 30, 2019



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
REAL ESTATE									
922908553	Vanguard ETF REIT Due 9/30/2019	1,955.00	Various 1.07%	118,957.18 118,957.18	93.25 0.00%	182,303.75 0.00	6.29% 63,346.57	NR / NR NR	0.00 0.00
Total Real Estate		1,955.00	1.07%	118,957.18 118,957.18	0.00%	182,303.75 0.00	6.29% 63,346.57	NR / NR NR	0.00 0.00
SMALL CAP US EQUITY									
922908751	Vanguard ETF Small Cap Due 9/30/2019	3,125.00	Various 0.63%	277,321.97 277,321.97	153.89 0.00%	480,906.25 0.00	16.58% 203,584.28	NR / NR NR	0.00 0.00
Total Small Cap US Equity		3,125.00	0.63%	277,321.97 277,321.97	0.00%	480,906.25 0.00	16.58% 203,584.28	NR / NR NR	0.00 0.00
US CORE BONDS									
921937835	Vanguard ETF Total Bond Index Due 9/30/2019	8,620.00	Various 1.28%	703,317.24 703,317.24	84.43 0.00%	727,786.60 0.00	25.09% 24,469.36	NR / NR NR	0.00 0.00
Total US Core Bonds		8,620.00	1.28%	703,317.24 703,317.24	0.00%	727,786.60 0.00	25.09% 24,469.36	NR / NR NR	0.00 0.00
US HIGH YIELD BONDS									
78468R622	Barclays Capital High Yield Bond ETF Due 9/30/2019	1,433.00	05/07/2019 0.00%	167,972.64 167,972.64	108.74 0.00%	155,824.41 0.00	5.37% (12,148.23)	NR / NR NR	0.00 0.00
Total US High Yield Bonds		1,433.00	N/A	167,972.64 167,972.64	0.00%	155,824.41 0.00	5.37% (12,148.23)	NR / NR NR	0.00 0.00
TOTAL PORTFOLIO		55,494.01	0.81%	2,291,986.76 2,291,986.76	0.01%	2,900,245.57 0.00	100.00% 608,258.81	Aaa / AAA AAA	0.00 0.00
TOTAL MARKET VALUE PLUS ACCRUED						2,900,245.57			

Transaction Ledger
As of September 30, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	09/03/2019	31846V203	10.04	First American Govt Obligation Fund Class Y	1.000	1.71%	10.04	0.00	10.04	0.00
Purchase	09/06/2019	31846V203	1,622.27	First American Govt Obligation Fund Class Y	1.000	1.71%	1,622.27	0.00	1,622.27	0.00
Purchase	09/06/2019	31846V203	72.09	First American Govt Obligation Fund Class Y	1.000	1.71%	72.09	0.00	72.09	0.00
Purchase	09/09/2019	31846V203	696.26	First American Govt Obligation Fund Class Y	1.000	1.71%	696.26	0.00	696.26	0.00
Purchase	09/19/2019	31846V203	1,408.44	First American Govt Obligation Fund Class Y	1.000	1.71%	1,408.44	0.00	1,408.44	0.00
Purchase	09/27/2019	31846V203	5,382.05	First American Govt Obligation Fund Class Y	1.000	1.57%	5,382.05	0.00	5,382.05	0.00
Purchase	09/30/2019	31846V203	4,607.25	First American Govt Obligation Fund Class Y	1.000	1.57%	4,607.25	0.00	4,607.25	0.00
Subtotal			13,798.40				13,798.40	0.00	13,798.40	0.00
TOTAL ACQUISITIONS			13,798.40				13,798.40	0.00	13,798.40	0.00
DISPOSITIONS										
Security Withdrawal	09/05/2019	31846V203	479.31	First American Govt Obligation Fund Class Y	1.000		479.31	0.00	479.31	0.00
Subtotal			479.31				479.31	0.00	479.31	0.00
TOTAL DISPOSITIONS			479.31				479.31	0.00	479.31	0.00
OTHER TRANSACTIONS										
Dividend	09/03/2019	31846V203	6,816.92	First American Govt Obligation Fund Class Y	0.000		10.04	0.00	10.04	0.00
Dividend	09/06/2019	921937835	8,620.00	Vanguard ETF Total Bond Index	0.000		1,622.27	0.00	1,622.27	0.00
Dividend	09/06/2019	92203J407	1,350.00	Vanguard Total Intl Bond ETF	0.000		72.09	0.00	72.09	0.00
Dividend	09/09/2019	78468R622	1,433.00	Barclays Capital High Yield Bond ETF	0.000		696.26	0.00	696.26	0.00

Transaction Ledger

As of September 30, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Dividend	09/19/2019	922908751	3,125.00	Vanguard ETF Small Cap	0.000		1,408.44	0.00	1,408.44	0.00
Dividend	09/27/2019	921943858	7,435.00	Vanguard ETF FTSE Developed Mkts ETF	0.000		2,047.60	0.00	2,047.60	0.00
Dividend	09/27/2019	922042858	3,625.00	Vanguard FTSE Emerging Markets ETF	0.000		1,879.93	0.00	1,879.93	0.00
Dividend	09/27/2019	922908553	1,955.00	Vanguard ETF REIT	0.000		1,454.52	0.00	1,454.52	0.00
Dividend	09/30/2019	464287200	1,080.00	ISHARES S&P 500 Index ETF	0.000		1,601.32	0.00	1,601.32	0.00
Dividend	09/30/2019	464287507	1,915.00	ISHARES S&P Midcap ETF	0.000		1,643.55	0.00	1,643.55	0.00
Dividend	09/30/2019	464288489	2,355.00	ISHARES Intl Developed Real Estate ETF	0.000		1,362.38	0.00	1,362.38	0.00
Subtotal			39,709.92				13,798.40	0.00	13,798.40	0.00
TOTAL OTHER TRANSACTIONS			39,709.92				13,798.40	0.00	13,798.40	0.00

Income Earned
As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
EQUITY						
464287200	ISHARES S&P 500 Index ETF	Various Various 1,080.00	150,746.84 0.00 0.00 150,746.84	0.00 1,601.32 0.00 1,601.32	0.00 0.00 0.00 1,601.32	1,601.32
464287507	ISHARES S&P Midcap ETF	Various Various 1,915.00	204,856.23 0.00 0.00 204,856.23	0.00 1,643.55 0.00 1,643.55	0.00 0.00 0.00 1,643.55	1,643.55
464288489	ISHARES Intl Developed Real Estate ETF	Various Various 2,355.00	71,461.27 0.00 0.00 71,461.27	0.00 1,362.38 0.00 1,362.38	0.00 0.00 0.00 1,362.38	1,362.38
46428R107	IShares S&P GSCI Commodity-Indexed	Various Various 1,225.00	40,798.95 0.00 0.00 40,798.95	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00
78468R622	Barclays Capital High Yield Bond ETF	05/07/2019 05/07/2019 1,433.00	167,972.64 0.00 0.00 167,972.64	0.00 696.26 0.00 696.26	0.00 0.00 0.00 696.26	696.26
921937835	Vanguard ETF Total Bond Index	Various Various 8,620.00	703,317.24 0.00 0.00 703,317.24	0.00 1,622.27 0.00 1,622.27	0.00 0.00 0.00 1,622.27	1,622.27
921943858	Vanguard ETF FTSE Developed Mkts ETF	Various Various 7,435.00	270,354.80 0.00 0.00 270,354.80	0.00 2,047.60 0.00 2,047.60	0.00 0.00 0.00 2,047.60	2,047.60
92203J407	Vanguard Total Intl Bond ETF	03/27/2018 03/29/2018 1,350.00	73,816.79 0.00 0.00 73,816.79	0.00 72.09 0.00 72.09	0.00 0.00 0.00 72.09	72.09
922042858	Vanguard FTSE Emerging Markets ETF	Various Various 3,625.00	155,190.43 0.00 0.00 155,190.43	0.00 1,879.93 0.00 1,879.93	0.00 0.00 0.00 1,879.93	1,879.93

Income Earned

As of September 30, 2019



CUSIP	Security Description	Trade Date Settle Date Units	Book Value: Begin Book Value: Acq Book Value: Disp Book Value: End	Prior Accrued Inc. Received Ending Accrued Total Interest	Accr. Of Discount Amort. Of Premium Net Accret/Amort Income Earned	Total Income
922908553	Vanguard ETF REIT	Various Various 1,955.00	118,957.18 0.00 0.00 118,957.18	0.00 1,454.52 0.00 1,454.52	0.00 0.00 0.00 1,454.52	1,454.52
922908751	Vanguard ETF Small Cap	Various Various 3,125.00	277,321.97 0.00 0.00 277,321.97	0.00 1,408.44 0.00 1,408.44	0.00 0.00 0.00 1,408.44	1,408.44
97718W108	WisdomTree Investments Continuous Commodity Index	01/01/2016 01/01/2016 1,240.00	37,056.41 0.00 0.00 37,056.41	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00
			2,271,850.75	0.00	0.00	
			0.00	13,788.36	0.00	
			0.00	0.00	0.00	
Total Equity		35,358.00	2,271,850.75	13,788.36	13,788.36	13,788.36
CASH & EQUIVALENT						
31846V203	First American Govt Obligation Fund Class Y	Various Various 20,136.01	6,816.92 13,798.40 479.31 20,136.01	0.00 10.04 0.00 10.04	0.00 0.00 0.00 10.04	10.04
			6,816.92	0.00	0.00	
			13,798.40	10.04	0.00	
			479.31	0.00	0.00	
Total Cash & Equivalent		20,136.01	20,136.01	10.04	10.04	10.04
			2,278,667.67	0.00	0.00	
			13,798.40	13,798.40	0.00	
			479.31	0.00	0.00	
TOTAL PORTFOLIO		55,494.01	2,291,986.76	13,798.40	13,798.40	13,798.40

Cash Flow Report
As of September 30, 2019



Payment Date	Transaction Type	CUSIP	Quantity	Security Description	Principal Amount	Income	Total Amount
10/07/2019	Dividend	78468R622	1,433.00	Barclays Capital High Yield Bond ETF	0.00	698.59	698.59
OCT 2019					0.00	698.59	698.59
TOTAL					0.00	698.59	698.59



Chandler Asset Management, Inc. ("Chandler") is an SEC registered investment adviser. For additional information about our firm, please see our current disclosures (Form ADV). To obtain a copy of our current disclosures, you may contact your client service representative by calling the number on the front of this statement or you may visit our website at www.chandlerasset.com.

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Custody: Your qualified custodian bank maintains control of all assets reflected in this statement and we urge you to compare this statement to the one you receive from your qualified custodian. Chandler does not have any authority to withdraw or deposit funds from/to the custodian account.

Valuation: Prices are provided by IDC, an independent pricing source. In the event IDC does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance: Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

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Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Ratings: Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.



Benchmark Index	Disclosure
Multi Asset Class Index*	<p>The S&P 500 is a market value weighted index of 500 large capitalization stocks. The 500 companies included in the index capture approximately 80% of available U.S. market capitalization.</p> <p>The MSCI EAFE International Equity Index is a market capitalization weighted index that captures international equity performance of large and mid-cap stocks in the developed stock markets of Europe, Australasia, and the Far East.</p> <p>The ICE BofAML US Corporate, Government & Mortgage Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasuries, quasi-governments, corporates, covered bonds and residential mortgage pass-throughs. Non-residential mortgage collateralized debt such as commercial mortgage backed securities and asset backed securities are excluded from the Index, as are all collateralized mortgage obligations. With the exception of local currency sovereign debt, qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity, at least 18 months to final maturity at point of issuance and a fixed coupon schedule. Qualifying US Treasuries must have a minimum amount outstanding of \$1 billion. Qualifying US agencies, foreign governments, supranationals, corporates and covered bonds must have a minimum amount outstanding of \$250 million. Qualifying residential mortgage pass-through securities include fixed rate securities publicly issued by US agencies. 30- year, 20-year and 15-year fixed rate mortgage pools are included in the Index provided they have at least one year remaining term to final maturity and a minimum amount outstanding of at least \$5 billion per generic coupon and \$250 million per production year within each generic coupon. (Index: D0A0. Please visit www.mlindex.ml.com for more information)</p>

Transaction Ledger

As of July 31, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	07/01/2019	31846V203	65.38	First American Govt Obligation Fund Class Y	1.000	1.99%	65.38	0.00	65.38	0.00
Purchase	07/02/2019	31846V203	3,132.26	First American Govt Obligation Fund Class Y	1.000	1.99%	3,132.26	0.00	3,132.26	0.00
Purchase	07/05/2019	31846V203	73.58	First American Govt Obligation Fund Class Y	1.000	1.99%	73.58	0.00	73.58	0.00
Purchase	07/05/2019	31846V203	1,676.28	First American Govt Obligation Fund Class Y	1.000	1.99%	1,676.28	0.00	1,676.28	0.00
Purchase	07/08/2019	31846V203	715.15	First American Govt Obligation Fund Class Y	1.000	1.99%	715.15	0.00	715.15	0.00
Subtotal			5,662.65				5,662.65	0.00	5,662.65	0.00
TOTAL ACQUISITIONS			5,662.65				5,662.65	0.00	5,662.65	0.00
DISPOSITIONS										
Security Withdrawal	07/03/2019	31846V203	477.21	First American Govt Obligation Fund Class Y	1.000		477.21	0.00	477.21	0.00
Security Withdrawal	07/17/2019	31846V203	46,193.29	First American Govt Obligation Fund Class Y	1.000		46,193.29	0.00	46,193.29	0.00
Subtotal			46,670.50				46,670.50	0.00	46,670.50	0.00
TOTAL DISPOSITIONS			46,670.50				46,670.50	0.00	46,670.50	0.00
OTHER TRANSACTIONS										
Dividend	07/01/2019	31846V203	46,181.48	First American Govt Obligation Fund Class Y	0.000		65.38	0.00	65.38	0.00
Dividend	07/02/2019	922908553	1,955.00	Vanguard ETF REIT	0.000		1,617.57	0.00	1,617.57	0.00
Dividend	07/02/2019	922908751	3,125.00	Vanguard ETF Small Cap	0.000		1,514.69	0.00	1,514.69	0.00
Dividend	07/05/2019	921937835	8,620.00	Vanguard ETF Total Bond Index	0.000		1,676.28	0.00	1,676.28	0.00
Dividend	07/05/2019	92203J407	1,350.00	Vanguard Total Intl Bond ETF	0.000		73.58	0.00	73.58	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Dividend	07/08/2019	78468R622	1,433.00	Barclays Capital High Yield Bond ETF	0.000		715.15	0.00	715.15	0.00
Subtotal			62,664.48				5,662.65	0.00	5,662.65	0.00
TOTAL OTHER TRANSACTIONS			62,664.48				5,662.65	0.00	5,662.65	0.00

Transaction Ledger

As of August 31, 2019



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	08/01/2019	31846V203	48.30	First American Govt Obligation Fund Class Y	1.000	1.93%	48.30	0.00	48.30	0.00
Purchase	08/06/2019	31846V203	1,740.12	First American Govt Obligation Fund Class Y	1.000	1.93%	1,740.12	0.00	1,740.12	0.00
Purchase	08/07/2019	31846V203	714.29	First American Govt Obligation Fund Class Y	1.000	1.93%	714.29	0.00	714.29	0.00
Subtotal			2,502.71				2,502.71	0.00	2,502.71	0.00
TOTAL ACQUISITIONS			2,502.71				2,502.71	0.00	2,502.71	0.00
DISPOSITIONS										
Security Withdrawal	08/06/2019	31846V203	484.42	First American Govt Obligation Fund Class Y	1.000		484.42	0.00	484.42	0.00
Security Withdrawal	08/26/2019	31846V203	375.00	First American Govt Obligation Fund Class Y	1.000		375.00	0.00	375.00	0.00
Subtotal			859.42				859.42	0.00	859.42	0.00
TOTAL DISPOSITIONS			859.42				859.42	0.00	859.42	0.00
OTHER TRANSACTIONS										
Dividend	08/01/2019	31846V203	5,173.63	First American Govt Obligation Fund Class Y	0.000		48.30	0.00	48.30	0.00
Dividend	08/06/2019	921937835	8,620.00	Vanguard ETF Total Bond Index	0.000		1,667.22	0.00	1,667.22	0.00
Dividend	08/06/2019	92203J407	1,350.00	Vanguard Total Intl Bond ETF	0.000		72.90	0.00	72.90	0.00
Dividend	08/07/2019	78468R622	1,433.00	Barclays Capital High Yield Bond ETF	0.000		714.29	0.00	714.29	0.00
Subtotal			16,576.63				2,502.71	0.00	2,502.71	0.00
TOTAL OTHER TRANSACTIONS			16,576.63				2,502.71	0.00	2,502.71	0.00

Redwood Empire Municipal Insurance Fund
Statement of Net Position by Fund
As of June 30, 2019
Unaudited

	Workers' Compensation	Liability	Property	Medical	Dental	Vision	Auto	Post Retirement Benefits	All Programs
ASSETS									
CURRENT ASSETS									
Cash & Cash Equivalents	5,005,938	(1,008,673)	91,051	5,710,137	24,363	29,032	113,626	0	9,965,475
Receivables	5,628,393	2,288,185	65,601	2,521	206	71	381	0	7,985,357
Prepaid Expense	1,389	357	43	29	29	29	43	0	1,920
Deposits	0	254,940	0	0	0	0	0	0	254,940
TOTAL CURRENT ASSETS	10,635,720	1,534,809	156,695	5,712,687	24,598	29,132	114,050	0	18,207,692
NONCURRENT ASSETS									
Investments	5,759,468	2,408,947	447,125	2,105,879	514,713	123,277	696,255	0	12,055,663
Capital Assets, Net of Accumulated Depreciation	373,688	0	0	0	0	0	0	0	373,688
Net Pension Asset	0	0	0	0	0	0	0	552,606	552,606
TOTAL NONCURRENT ASSETS	6,133,156	2,408,947	447,125	2,105,879	514,713	123,277	696,255	552,606	12,981,957
TOTAL ASSETS	16,768,876	3,943,756	603,820	7,818,566	539,311	152,409	810,305	552,606	31,189,649
DEFERRED OUTFLOWS OF RESOURCES									
	659,765	0	0	0	0	0	0	0	659,765
LIABILITIES									
CURRENT LIABILITIES									
Accounts Payable	28,349	7,317	225,877	936,093	13,646	13,953	877	0	1,226,113
Tenant and Other Deposits	10,345	0	0	0	0	0	0	0	10,345
TOTAL CURRENT LIABILITIES	38,694	7,317	225,877	936,093	13,646	13,953	877	0	1,236,458
NONCURRENT LIABILITIES									
Reserve for Losses and Claims	19,684,971	5,738,549	100,000	1,250,000	50,000	14,227	0	0	26,837,747
Net Pension Liability	2,155,338	0	0	0	0	0	0	0	2,155,338
TOTAL NONCURRENT LIABILITIES	21,840,309	5,738,549	100,000	1,250,000	50,000	14,227	0	0	28,993,085
TOTAL LIABILITIES	21,879,003	5,745,866	325,877	2,186,093	63,646	28,180	877	0	30,229,543
DEFERRED INFLOWS OF RESOURCES									
	193,589	0	0	0	0	0	0	22,783	216,372
ENDING NET POSITION									
NET POSITION - ENDING									
Net Position Unrestricted	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499
TOTAL NET POSITION - ENDING	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499
TOTAL ENDING NET POSITION	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499

Redwood Empire Municipal Insurance Fund
Statement of Revenues, Expenses and Changes in Net Position
As of June 30, 2019
Unaudited

	Workers' Compensation Year To Date 06/30/2019 Actual	Liability Year To Date 06/30/2019 Actual	Property Year To Date 06/30/2019 Actual	Medical Year To Date 06/30/2019 Actual	Dental Year To Date 06/30/2019 Actual	Vision Year To Date 06/30/2019 Actual	Auto Year To Date 06/30/2019 Actual	Post Retirement Benefits Year To Date 06/30/2019 Actual	All Programs Year To Date 06/30/2019 Actual
OPERATING INCOME (LOSS)									
OPERATING REVENUE									
Member Contributions	5,479,908	3,782,770	1,331,816	13,436,405	1,255,958	213,008	306,957	0	25,806,822
Fees Earned	43,125	2,000	50	134,510	13,650	12,435	0	0	205,770
TOTAL OPERATING REVENUE	5,523,033	3,784,770	1,331,866	13,570,915	1,269,608	225,443	306,957	0	26,012,592
OPERATING EXPENSES									
Claims Paid, Net	4,227,083	3,742,103	(71,131)	7,164,476	1,085,390	163,145	68,511	0	16,379,577
Claims Adjustment Expense	2,070,420	(55,968)	75,000	0	0	0	0	0	2,089,452
Excess Insurance	354,071	842,465	1,621,434	92,642	0	0	136,295	0	3,046,907
Claims Administration	596,034	140,025	0	1,842,029	157,672	31,389	0	0	2,767,149
Professional Services	114,784	41,221	3,784	31,568	2,551	2,551	3,784	0	200,244
Risk Management Expense	33,124	172,665	1,026	691	691	691	1,026	0	209,913
Salaries, Wages and Benefits	625,166	128,908	14,264	9,615	9,616	9,616	14,264	0	811,450
Administrative Expenses	142,946	46,403	4,348	7,444	2,931	2,932	4,348	0	211,351
Pension Expenses	0	0	0	0	0	0	0	(54,538)	(54,538)
TOTAL OPERATING EXPENSES	8,163,628	5,057,822	1,648,725	9,148,465	1,258,851	210,324	228,228	(54,538)	25,661,505
OPERATING INCOME (LOSS)	(2,640,595)	(1,273,052)	(316,859)	4,422,450	10,757	15,119	78,729	54,538	351,087
NONOPERATING REVENUE (EXPENSE)									
Rental Income	17,730	0	0	0	0	0	0	0	17,730
Investment Income	(40,169)	28,914	4,331	58,297	5,248	1,532	8,891	0	67,044
Unrealized Gains (Losses) on Investments	167,378	40,006	6,559	106,220	8,641	2,573	14,798	0	346,175
TOTAL NONOPERATING REVENUE (EXPENSE)	144,939	68,920	10,890	164,517	13,889	4,105	23,689	0	430,949
CHANGE IN NET POSITION	(2,495,657)	(1,204,132)	(305,969)	4,586,967	24,646	19,224	102,418	54,538	782,036
NET POSITION - BEGINNING	(2,148,295)	(597,979)	583,912	1,045,506	451,019	105,005	707,010	475,285	621,463
NET POSITION - ENDING	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499

Redwood Empire Municipal Insurance Fund

Statement of Cash Flows By Fund

Unaudited

	Workers' Compensation Year To Date 06/30/2019	Liability Year To Date 06/30/2019	Property Year To Date 06/30/2019	Medical Year To Date 06/30/2019	Dental Year To Date 06/30/2019	Vision Year To Date 06/30/2019	Auto Year To Date 06/30/2019	Post Retirement Benefits Year To Date 06/30/2019	All Programs Year To Date 06/30/2019
Net Increase (Decrease) in Cash									
Cash Flows From Operating Activities									
Cash received from members	8,398,389	4,271,333	1,136,712	13,570,906	1,269,597	225,432	341,020	0	29,213,390
Payments for excess insurance	(354,071)	(787,318)	(1,319,205)	(92,641)	0	0	(136,295)	0	(2,689,531)
Payments for claims, claims consultants and claims administration	(4,823,116)	(4,137,068)	71,131	(9,006,505)	(1,243,063)	(194,534)	(68,511)	0	(19,401,665)
Payments to Vendors	(273,113)	(242,998)	216,677	896,361	7,444	7,751	(8,323)	0	603,797
Payments to or on behalf of employees	(447,253)	(128,908)	(14,264)	(9,615)	(9,616)	(9,617)	(14,265)	0	(633,536)
Total Cash Provided (Used) by Operating Activities	2,500,836	(1,024,959)	91,051	5,358,506	24,363	29,032	113,626	0	7,092,455
Cash Flows from Noncapital Financing Activities									
Rents received	25,916	0	0	0	0	0	0	0	25,915
Total Cash Provided (Used) by Noncapital Financing Activities	25,916	0	0	0	0	0	0	0	25,915
Cash Flows from Investing Activities									
Interest received (paid), net of fair value adjustment	109,972	27,777	4,096	55,785	5,053	1,472	8,527	0	212,683
(Purchase) sale of investments	(96,269)	(27,777)	(4,096)	(55,785)	(5,054)	(1,472)	(8,527)	0	(198,979)
Total Cash Provided (Used) by Investing Activities	13,703	0	0	0	0	0	0	0	13,704
Cash Flows from Capital and Related Financing Activities									
Sale (Acquisition) of capital assets	(46,691)	0	0	0	0	0	0	0	(46,691)
Total Cash Provided (Used) by Capital and Related Financing Activities	(46,691)	0	0	0	0	0	0	0	(46,691)
Net Increase (Decrease) in Cash	2,493,764	(1,024,959)	91,051	5,358,506	24,363	29,032	113,626	0	7,085,383
Cash, Beginning of Year	2,512,174	16,286	0	351,632	0	0	0	0	2,880,092
Cash, End of Year	5,005,938	(1,008,673)	91,051	5,710,137	24,363	29,032	113,626	0	9,965,475
Reconciliation of Operating Income to Net Cash Provided (Used) by Ops. Activity									
OPERATING INCOME (LOSS)	(2,640,595)	(1,273,052)	(316,859)	4,422,450	10,757	15,119	78,729	54,538	351,087
Depreciation Expense	4,397	0	0	0	0	0	0	0	4,397
(Increase) Decrease in Receivables	2,875,356	486,563	43,084	(8)	(11)	(11)	34,063	0	3,439,036
(Increase) Decrease in Prepaid Expenses	5,059	65,121	302,186	(29)	(29)	(29)	(43)	0	372,236
(Increase) Decrease in Deposits	0	(254,940)	0	0	0	0	0	0	(254,940)
(Increase) Decrease in Deferred Outflows of Resources	143,587	0	0	0	0	0	0	80,787	224,374
Increase (Decrease) in Accounts Payable	8,285	7,317	225,877	936,093	13,646	13,953	877	0	1,206,049
Increase (Decrease) in Unearned Revenue	0	0	(238,237)	0	0	0	0	0	(238,238)
Increase (Decrease) in Reserve for Losses and Claims	2,070,420	(55,968)	75,000	0	0	0	0	0	2,089,452
Increase (Decrease) in Net Pension Liability	(84,954)	0	0	0	0	0	0	86,496	1,542
Increase (Decrease) in Deferred Inflows of Resources	119,281	0	0	0	0	0	0	(221,821)	(102,540)
Net Cash Provided (Used) by Operating Activities	2,500,836	(1,024,959)	91,051	5,358,506	24,363	29,032	113,626	0	7,092,455

For Internal Use Only

Redwood Empire Municipal Insurance Fund

Budget vs Actual

As of June 30, 2019

	Year Ending 06/30/2019 Annual Budget	Year To Date 06/30/2019 Budget YTD	Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 26,309,804	\$ 26,309,804	\$ 25,806,822	(502,982)	98.09 %
Fees Earned	491,300	491,300	205,770	(285,530)	41.88 %
Rental Income	31,200	31,200	17,730	(13,470)	56.83 %
Investment Income	75,000	75,000	413,218	338,218	550.96 %
Total Revenues	<u>26,907,304</u>	<u>26,907,304</u>	<u>26,443,540</u>	<u>(463,764)</u>	<u>98.28 %</u>
Operating Expenses					
Claims Expense	17,910,050	17,910,050	18,469,028	558,978	103.12 %
Excess Insurance	2,667,206	2,667,206	3,046,907	379,702	114.24 %
Claims Administration	3,012,600	3,012,600	2,767,149	(245,452)	91.85 %
Professional Services	181,500	181,500	200,244	18,745	110.33 %
Risk Management Expense	223,083	223,083	209,913	(13,171)	94.10 %
Total Operating Expenses	<u>23,994,439</u>	<u>23,994,439</u>	<u>24,693,241</u>	<u>698,802</u>	<u>102.91 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	556,992	556,992	811,451	254,459	145.68 %
Administrative Expenses	311,000	311,000	211,350	(99,649)	67.96 %
Pension Expenses	35,000	35,000	(54,538)	(89,538)	(155.82) %
Total General and Administrative Expenses	<u>902,992</u>	<u>902,992</u>	<u>968,263</u>	<u>65,272</u>	<u>107.23 %</u>
Total Net Income (Loss)	<u>2,009,873</u>	<u>2,009,873</u>	<u>782,036</u>	<u>(1,227,837)</u>	<u>38.91 %</u>
NET POSITION - BEGINNING	0	0	621,463	621,463	0.00 %
ENDING NET POSITION	<u>\$ 2,009,873</u>	<u>\$ 2,009,873</u>	<u>\$ 1,403,499</u>	<u>(606,374)</u>	<u>69.83 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Workers' Compensation Year Ending 06/30/2019 Annual Budget	Workers' Compensation Year To Date 06/30/2019 Budget YTD	Workers' Compensation Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 5,470,560	\$ 5,470,560	\$ 5,479,908	9,348	100.17 %
Fees Earned	301,000	301,000	43,125	(257,875)	14.33 %
Rental Income	31,200	31,200	17,730	(13,470)	56.83 %
Investment Income	35,250	35,250	127,209	91,959	360.88 %
Total Revenues	<u>5,838,010</u>	<u>5,838,010</u>	<u>5,667,972</u>	<u>(170,038)</u>	<u>97.09 %</u>
Operating Expenses					
Claims Expense	3,558,800	3,558,800	6,297,503	2,738,702	176.96 %
Excess Insurance	362,501	362,501	354,072	(8,429)	97.67 %
Claims Administration	593,600	593,600	596,033	2,433	100.41 %
Professional Services	135,501	135,501	114,785	(20,716)	84.71 %
Risk Management Expense	5,200	5,200	33,123	27,924	636.99 %
Total Operating Expenses	<u>4,655,602</u>	<u>4,655,602</u>	<u>7,395,516</u>	<u>2,739,914</u>	<u>158.85 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	403,110	403,110	625,167	222,056	155.09 %
Administrative Expenses	225,079	225,079	142,946	(82,133)	63.51 %
Pension Expenses	25,330	25,330	0	(25,330)	0.00 %
Total General and Administrative Expenses	<u>653,519</u>	<u>653,519</u>	<u>768,113</u>	<u>114,593</u>	<u>117.53 %</u>
Total Net Income (Loss)	<u>528,889</u>	<u>528,889</u>	<u>(2,495,657)</u>	<u>(3,024,546)</u>	<u>(471.87) %</u>
NET POSITION - BEGINNING	0	0	(2,148,295)	(2,148,295)	0.00 %
ENDING NET POSITION	<u>\$ 528,889</u>	<u>\$ 528,889</u>	<u>\$ (4,643,951)</u>	<u>(5,172,840)</u>	<u>(878.06) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Liability Year Ending 06/30/2019 Annual Budget	Liability Year To Date 06/30/2019 Budget YTD	Liability Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 3,793,420	\$ 3,793,420	\$ 3,782,770	(10,650)	99.72 %
Fees Earned	5,500	5,500	2,000	(3,500)	36.36 %
Investment Income	17,250	17,250	68,920	51,670	399.54 %
Total Revenues	<u>3,816,170</u>	<u>3,816,170</u>	<u>3,853,690</u>	<u>37,520</u>	<u>100.98 %</u>
Operating Expenses					
Claims Expense	1,936,250	1,936,250	3,686,135	1,749,885	190.37 %
Excess Insurance	860,920	860,920	842,465	(18,455)	97.86 %
Claims Administration	145,000	145,000	140,025	(4,975)	96.57 %
Professional Services	31,006	31,006	41,221	10,215	132.95 %
Risk Management Expense	217,883	217,883	172,665	(45,218)	79.25 %
Total Operating Expenses	<u>3,191,059</u>	<u>3,191,059</u>	<u>4,882,511</u>	<u>1,691,452</u>	<u>153.01 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	103,723	103,723	128,908	25,185	124.28 %
Administrative Expenses	57,915	57,915	46,403	(11,512)	80.12 %
Pension Expenses	6,518	6,518	0	(6,518)	0.00 %
Total General and Administrative Expenses	<u>168,156</u>	<u>168,156</u>	<u>175,311</u>	<u>7,155</u>	<u>104.25 %</u>
Total Net Income (Loss)	<u>456,955</u>	<u>456,955</u>	<u>(1,204,132)</u>	<u>(1,661,087)</u>	<u>(263.51) %</u>
NET POSITION - BEGINNING	0	0	(597,979)	(597,979)	0.00 %
ENDING NET POSITION	<u>\$ 456,955</u>	<u>\$ 456,955</u>	<u>\$ (1,802,111)</u>	<u>(2,259,066)</u>	<u>(394.37) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Property Year Ending 06/30/2019 Annual Budget	Property Year To Date 06/30/2019 Budget YTD	Property Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,334,943	\$ 1,334,943	\$ 1,331,816	(3,127)	99.77 %
Fees Earned	0	0	50	50	0.00 %
Investment Income	3,000	3,000	10,890	7,890	363.00 %
Total Revenues	<u>1,337,943</u>	<u>1,337,943</u>	<u>1,342,756</u>	<u>4,813</u>	<u>100.36 %</u>
Operating Expenses					
Claims Expense	50,000	50,000	3,869	(46,132)	7.74 %
Excess Insurance	1,261,000	1,261,000	1,621,434	360,434	128.58 %
Professional Services	3,727	3,727	3,784	58	101.53 %
Risk Management Expense	0	0	1,026	1,025	0.00 %
Total Operating Expenses	<u>1,314,727</u>	<u>1,314,727</u>	<u>1,630,113</u>	<u>315,385</u>	<u>123.99 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	12,469	12,469	14,264	1,795	114.40 %
Administrative Expenses	6,962	6,962	4,348	(2,614)	62.45 %
Pension Expenses	784	784	0	(784)	0.00 %
Total General and Administrative Expenses	<u>20,215</u>	<u>20,215</u>	<u>18,612</u>	<u>(1,603)</u>	<u>92.07 %</u>
Total Net Income (Loss)	<u>3,001</u>	<u>3,001</u>	<u>(305,969)</u>	<u>(308,970)</u>	<u>(10,195.57) %</u>
NET POSITION - BEGINNING	0	0	583,912	583,912	0.00 %
ENDING NET POSITION	<u>\$ 3,001</u>	<u>\$ 3,001</u>	<u>\$ 277,943</u>	<u>274,942</u>	<u>9,261.67 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Medical Year Ending 06/30/2019 Annual Budget	Medical Year To Date 06/30/2019 Budget YTD	Medical Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 13,853,780	\$ 13,853,780	\$ 13,436,405	(417,375)	96.99 %
Fees Earned	159,600	159,600	134,510	(25,090)	84.28 %
Investment Income	5,850	5,850	164,517	158,667	2,812.26 %
Total Revenues	<u>14,019,230</u>	<u>14,019,230</u>	<u>13,735,432</u>	<u>(283,798)</u>	<u>97.98 %</u>
Operating Expenses					
Claims Expense	10,918,000	10,918,000	7,164,476	(3,753,524)	65.62 %
Excess Insurance	51,780	51,780	92,642	40,861	178.91 %
Claims Administration	2,060,000	2,060,000	1,842,029	(217,971)	89.42 %
Professional Services	2,513	2,513	31,568	29,056	1,256.20 %
Risk Management Expense	0	0	691	691	0.00 %
Total Operating Expenses	<u>13,032,293</u>	<u>13,032,293</u>	<u>9,131,406</u>	<u>(3,900,887)</u>	<u>70.07 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	8,407	8,407	9,615	1,208	114.37 %
Administrative Expenses	4,694	4,694	7,444	2,749	158.57 %
Pension Expenses	528	528	0	(528)	0.00 %
Total General and Administrative Expenses	<u>13,629</u>	<u>13,629</u>	<u>17,059</u>	<u>3,429</u>	<u>125.16 %</u>
Total Net Income (Loss)	<u>973,308</u>	<u>973,308</u>	<u>4,586,967</u>	<u>3,613,659</u>	<u>471.28 %</u>
NET POSITION - BEGINNING	0	0	1,045,506	1,045,506	0.00 %
ENDING NET POSITION	<u>\$ 973,308</u>	<u>\$ 973,308</u>	<u>\$ 5,632,474</u>	<u>4,659,166</u>	<u>578.69 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Dental Year Ending 06/30/2019 Annual Budget	Dental Year To Date 06/30/2019 Budget YTD	Dental Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,300,000	\$ 1,300,000	\$ 1,255,958	(44,042)	96.61 %
Fees Earned	13,200	13,200	13,650	450	103.41 %
Investment Income	5,700	5,700	13,889	8,189	243.67 %
Total Revenues	<u>1,318,900</u>	<u>1,318,900</u>	<u>1,283,497</u>	<u>(35,403)</u>	<u>97.32 %</u>
Operating Expenses					
Claims Expense	1,236,000	1,236,000	1,085,390	(150,611)	87.81 %
Claims Administration	170,000	170,000	157,672	(12,327)	92.75 %
Professional Services	2,513	2,513	2,551	38	101.51 %
Risk Management Expense	0	0	691	691	0.00 %
Total Operating Expenses	<u>1,408,513</u>	<u>1,408,513</u>	<u>1,246,304</u>	<u>(162,209)</u>	<u>88.48 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	8,407	8,407	9,616	1,208	114.37 %
Administrative Expenses	4,694	4,694	2,931	(1,762)	62.44 %
Pension Expenses	528	528	0	(528)	0.00 %
Total General and Administrative Expenses	<u>13,629</u>	<u>13,629</u>	<u>12,547</u>	<u>(1,082)</u>	<u>92.06 %</u>
Total Net Income (Loss)	<u>(103,242)</u>	<u>(103,242)</u>	<u>24,646</u>	<u>127,888</u>	<u>(23.87) %</u>
NET POSITION - BEGINNING	0	0	451,019	451,019	0.00 %
ENDING NET POSITION	<u>\$ (103,242)</u>	<u>\$ (103,242)</u>	<u>\$ 475,665</u>	<u>578,907</u>	<u>(460.73) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Vision Year Ending 06/30/2019 Annual Budget	Vision Year To Date 06/30/2019 Budget YTD	Vision Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 255,000	\$ 255,000	\$ 213,008	(41,992)	83.53 %
Fees Earned	12,000	12,000	12,435	435	103.63 %
Investment Income	5,700	5,700	4,105	(1,595)	72.02 %
Total Revenues	<u>272,700</u>	<u>272,700</u>	<u>229,548</u>	<u>(43,152)</u>	<u>84.18 %</u>
Operating Expenses					
Claims Expense	156,000	156,000	163,145	7,145	104.58 %
Claims Administration	44,000	44,000	31,389	(12,611)	71.34 %
Professional Services	2,513	2,513	2,551	38	101.51 %
Risk Management Expense	0	0	691	691	0.00 %
Total Operating Expenses	<u>202,513</u>	<u>202,513</u>	<u>197,776</u>	<u>(4,737)</u>	<u>97.66 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	8,407	8,407	9,616	1,210	114.39 %
Administrative Expenses	4,694	4,694	2,932	(1,763)	62.44 %
Pension Expenses	528	528	0	(528)	0.00 %
Total General and Administrative Expenses	<u>13,629</u>	<u>13,629</u>	<u>12,548</u>	<u>(1,081)</u>	<u>92.07 %</u>
Total Net Income (Loss)	<u>56,558</u>	<u>56,558</u>	<u>19,224</u>	<u>(37,334)</u>	<u>33.99 %</u>
NET POSITION - BEGINNING	0	0	105,005	105,005	0.00 %
ENDING NET POSITION	<u>\$ 56,558</u>	<u>\$ 56,558</u>	<u>\$ 124,230</u>	<u>67,672</u>	<u>219.65 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of June 30, 2019

	Auto Year Ending 06/30/2019 Annual Budget	Auto Year To Date 06/30/2019 Budget YTD	Auto Year To Date 06/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 302,101	\$ 302,101	\$ 306,957	4,856	101.61 %
Investment Income	2,250	2,250	23,689	21,439	1,052.84 %
Total Revenues	<u>304,351</u>	<u>304,351</u>	<u>330,646</u>	<u>26,295</u>	<u>108.64 %</u>
Operating Expenses					
Claims Expense	55,000	55,000	68,511	13,511	124.57 %
Excess Insurance	131,005	131,005	136,295	5,290	104.04 %
Professional Services	3,727	3,727	3,784	57	101.53 %
Risk Management Expense	0	0	1,026	1,026	0.00 %
Total Operating Expenses	<u>189,732</u>	<u>189,732</u>	<u>209,616</u>	<u>19,884</u>	<u>110.48 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	12,469	12,469	14,264	1,795	114.40 %
Administrative Expenses	6,962	6,962	4,348	(2,614)	62.46 %
Pension Expenses	784	784	0	(784)	0.00 %
Total General and Administrative Expenses	<u>20,215</u>	<u>20,215</u>	<u>18,612</u>	<u>(1,603)</u>	<u>92.07 %</u>
Total Net Income (Loss)	<u>94,404</u>	<u>94,404</u>	<u>102,418</u>	<u>8,014</u>	<u>108.49 %</u>
NET POSITION - BEGINNING	0	0	707,010	707,010	0.00 %
ENDING NET POSITION	<u>\$ 94,404</u>	<u>\$ 94,404</u>	<u>\$ 809,427</u>	<u>715,023</u>	<u>857.41 %</u>

Redwood Empire Municipal Insurance Fund
Statement of Fiduciary Net Position
OPEB Trust Fund

	Year To Date 06/30/2019	Year Ending 06/30/2018
	<u>Current Year Balance</u>	<u>Prior Year</u>
Assets		
Investments	\$ 2,922,246	\$ 2,979,030
Total Assets	<u>2,922,246</u>	<u>2,979,030</u>
Liabilities		
Other Payables	46,193	0
Total Liabilities	<u>46,193</u>	<u>0</u>
Net Position restricted for OPEB - End of year	<u>\$ 2,876,053</u>	<u>\$ 2,979,030</u>

Redwood Empire Municipal Insurance Fund
Statement of Changes in Fiduciary Net Position
OPEB Trust Fund
As of June 30, 2019

	Year To Date 06/30/2019 <u>Actual</u>	Year Ending 06/30/2018 <u>Prior Year</u>
Additions		
Contributions to OPEB Plan	\$ 16,442.00	\$ 115,806.00
Investment Income		
Interest and Dividends	146,442.22	228,814.00
Less: investment expenses	<u>7,157.81</u>	<u>6,819.00</u>
Total Additions	<u>155,726.41</u>	<u>337,801.00</u>
Deductions		
Benefits	<u>258,703.41</u>	<u>115,806.00</u>
Total Deductions	<u>258,703.41</u>	<u>115,806.00</u>
Total Change in net position	<u>(102,977.00)</u>	<u>221,995.00</u>
Net Position restricted for OPEB - Beginning of year	<u>2,979,030.00</u>	<u>2,757,035.00</u>
Total Net Position restricted for OPEB - End of year	<u><u>\$ 2,876,053.00</u></u>	<u><u>\$ 2,979,030.00</u></u>

Redwood Empire Municipal Insurance Fund
Statement of Net Position by Fund
As of September 30, 2019
Unaudited

	Workers' Compensation	Liability	Property	Medical	Dental	Vision	Auto	Post Retirement Benefits	All Programs
ASSETS									
CURRENT ASSETS									
Cash & Cash Equivalents	5,755,545	1,413,324	91,128	5,592,920	127,053	45,063	92,999	0	13,118,032
Receivables	4,620,848	2,583,162	322,446	(696,756)	(74,406)	(12,842)	30,854	0	6,773,306
Prepaid Expense	262,275	775,008	1,466,141	29	29	29	152,890	0	2,656,400
Deposits	0	443,926	(1,761)	0	0	0	0	0	442,165
TOTAL CURRENT ASSETS	10,638,668	5,215,420	1,877,954	4,896,193	52,676	32,250	276,743	0	22,989,903
NONCURRENT ASSETS									
Investments	5,807,586	2,427,231	444,036	2,141,489	517,584	124,071	699,648	0	12,161,645
Capital Assets, Net of Accumulated Depreciation	429,618	14,390	1,731	1,167	1,167	1,167	1,731	0	450,972
Net Pension Asset	0	0	0	0	0	0	0	552,606	552,606
TOTAL NONCURRENT ASSETS	6,237,204	2,441,621	445,767	2,142,656	518,751	125,238	701,379	552,606	13,165,223
TOTAL ASSETS	16,875,872	7,657,041	2,323,721	7,038,849	571,427	157,488	978,122	552,606	36,155,126
DEFERRED OUTFLOWS OF RESOURCES									
	659,765	0	0	0	0	0	0	0	659,765
LIABILITIES									
CURRENT LIABILITIES									
Accounts Payable	56,362	15,541	421,411	5,777	38,476	13,538	2,332	0	553,437
Unearned Revenue	0	3,358,959	1,751,099	0	0	0	161,849	0	5,271,907
Tenant and Other Deposits	10,345	0	0	0	0	0	0	0	10,346
TOTAL CURRENT LIABILITIES	66,707	3,374,500	2,172,510	5,777	38,476	13,538	164,181	0	5,835,690
NONCURRENT LIABILITIES									
Reserve for Losses and Claims	19,203,877	5,963,785	100,000	1,250,000	50,000	14,226	0	0	26,581,888
Net Pension Liability	2,155,338	0	0	0	0	0	0	0	2,155,338
TOTAL NONCURRENT LIABILITIES	21,359,215	5,963,785	100,000	1,250,000	50,000	14,226	0	0	28,737,226
TOTAL LIABILITIES	21,425,922	9,338,285	2,272,510	1,255,777	88,476	27,764	164,181	0	34,572,916
DEFERRED INFLOWS OF RESOURCES									
	193,589	0	0	0	0	0	0	22,783	216,372
ENDING NET POSITION									
NET POSITION - ENDING									
Net Position Unrestricted	(4,083,874)	(1,681,244)	51,210	5,783,073	482,951	129,723	813,940	529,823	2,025,602
TOTAL NET POSITION - ENDING	(4,083,874)	(1,681,244)	51,210	5,783,073	482,951	129,723	813,940	529,823	2,025,602
TOTAL ENDING NET POSITION	(4,083,874)	(1,681,244)	51,210	5,783,073	482,951	129,723	813,940	529,823	2,025,602

Redwood Empire Municipal Insurance Fund
Statement of Revenues, Expenses and Changes in Net Position
As of September 30, 2019
Unaudited

	Workers' Compensation Year To Date 09/30/2019 Actual	Liability Year To Date 09/30/2019 Actual	Property Year To Date 09/30/2019 Actual	Medical Year To Date 09/30/2019 Actual	Dental Year To Date 09/30/2019 Actual	Vision Year To Date 09/30/2019 Actual	Auto Year To Date 09/30/2019 Actual	Post Retirement Benefits Year To Date 09/30/2019 Actual	All Programs Year To Date 09/30/2019 Actual
OPERATING INCOME (LOSS)									
OPERATING REVENUE									
Member Contributions	1,756,902	1,177,483	87,944	3,452,680	349,280	54,284	62,783	0	6,941,356
Fees Earned	37,250	1,750	350	34,194	3,490	3,192	0	0	80,226
TOTAL OPERATING REVENUE	1,794,152	1,179,233	88,294	3,486,874	352,770	57,476	62,783	0	7,021,582
OPERATING EXPENSES									
Claims Paid, Net	1,273,867	387,991	(186,461)	2,778,513	302,203	38,935	0	0	4,595,048
Claims Adjustment Expense	(481,094)	225,236	0	0	0	0	0	0	(255,858)
Excess Insurance	86,961	258,217	489,866	18,236	0	0	52,928	0	906,208
Claims Administration	144,990	31,125	0	562,215	40,240	8,089	0	0	786,659
Professional Services	24,329	6,260	753	508	507	508	753	0	33,617
Risk Management Expense	0	102,332	0	0	0	0	0	0	102,333
Salaries, Wages and Benefits	79,593	20,478	2,463	1,660	1,661	1,661	2,464	0	109,981
Administrative Expenses	22,617	6,438	762	5,049	514	513	761	0	36,653
Pension Expenses	144,269	37,119	4,465	3,010	3,010	3,010	4,466	0	199,349
TOTAL OPERATING EXPENSES	1,295,532	1,075,196	311,848	3,369,191	348,135	52,716	61,372	0	6,513,990
OPERATING INCOME (LOSS)	498,620	104,037	(223,554)	117,683	4,635	4,760	1,411	0	507,592
NONOPERATING REVENUE (EXPENSE)									
Rental Income	11,829	0	0	0	0	0	0	0	11,829
Investment Income	27,981	9,168	(437)	20,278	1,597	441	2,038	0	61,066
Unrealized Gains (Losses) on Investments	21,647	7,662	(2,741)	12,638	1,053	293	1,064	0	41,616
TOTAL NONOPERATING REVENUE (EXPENSE)	61,457	16,830	(3,178)	32,916	2,650	734	3,102	0	114,511
CHANGE IN NET POSITION	560,077	120,867	(226,732)	150,599	7,285	5,494	4,513	0	622,103
NET POSITION - BEGINNING	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499
NET POSITION - ENDING	(4,083,874)	(1,681,244)	51,210	5,783,073	482,951	129,723	813,940	529,823	2,025,602

Redwood Empire Municipal Insurance Fund

Statement of Cash Flows By Fund

Unaudited

	Workers' Compensation Year To Date 09/30/2019	Liability Year To Date 09/30/2019	Property Year To Date 09/30/2019	Medical Year To Date 09/30/2019	Dental Year To Date 09/30/2019	Vision Year To Date 09/30/2019	Auto Year To Date 09/30/2019	All Programs Year To Date 09/30/2019
Net Increase (Decrease) in Cash								
Cash Flows From Operating Activities								
Cash received from members	2,799,211	4,241,759	1,582,460	4,183,456	427,161	70,329	193,868	13,498,244
Payments for excess insurance	(347,846)	(1,032,867)	(1,955,964)	(18,235)	0	0	(205,775)	(3,560,687)
Payments for claims, claims consultants and claims administration	(1,418,857)	(608,102)	188,222	(3,340,729)	(342,443)	(47,024)	0	(5,568,932)
Payments to Vendors	(18,933)	(106,806)	194,020	(935,872)	23,810	(1,437)	(60)	(845,278)
Payments to or on behalf of employees	(223,862)	(57,597)	(6,929)	(4,670)	(4,671)	(4,671)	(6,929)	(309,331)
Total Cash Provided (Used) by Operating Activities	<u>789,713</u>	<u>2,436,387</u>	<u>1,809</u>	<u>(116,050)</u>	<u>103,857</u>	<u>17,197</u>	<u>(18,896)</u>	<u>3,214,016</u>
Cash Flows from Noncapital Financing Activities								
Rents received	11,829	0	0	0	0	0	0	11,829
Total Cash Provided (Used) by Noncapital Financing Activities	<u>11,829</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,829</u>
Cash Flows from Investing Activities								
Interest received (paid), net of fair value adjustment	30,466	10,623	(348)	22,972	1,818	501	2,329	68,362
(Purchase) sale of investments	(26,471)	(10,623)	348	(22,972)	(1,818)	(501)	(2,329)	(64,366)
Total Cash Provided (Used) by Investing Activities	<u>3,995</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,996</u>
Cash Flows from Capital and Related Financing Activities								
Sale (Acquisition) of capital assets	(55,930)	(14,391)	(1,731)	(1,167)	(1,167)	(1,167)	(1,731)	(77,284)
Total Cash Provided (Used) by Capital and Related Financing Activities	<u>(55,930)</u>	<u>(14,391)</u>	<u>(1,731)</u>	<u>(1,167)</u>	<u>(1,167)</u>	<u>(1,167)</u>	<u>(1,731)</u>	<u>(77,284)</u>
Net Increase (Decrease) in Cash	<u>749,607</u>	<u>2,421,996</u>	<u>78</u>	<u>(117,217)</u>	<u>102,690</u>	<u>16,030</u>	<u>(20,627)</u>	<u>3,152,557</u>
Cash, Beginning of Year	<u>5,005,938</u>	<u>(1,008,673)</u>	<u>91,051</u>	<u>5,710,137</u>	<u>24,363</u>	<u>29,032</u>	<u>113,626</u>	<u>9,965,475</u>
Cash, End of Year	<u>5,755,545</u>	<u>1,413,324</u>	<u>91,128</u>	<u>5,592,920</u>	<u>127,053</u>	<u>45,063</u>	<u>92,999</u>	<u>13,118,032</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Ops. Activity								
OPERATING INCOME (LOSS)	498,620	104,037	(223,554)	117,683	4,635	4,760	1,411	507,592
(Increase) Decrease in Receivables	1,005,059	(296,433)	(256,934)	696,583	74,391	12,853	(30,764)	1,204,755
(Increase) Decrease in Prepaid Expenses	(260,885)	(774,650)	(1,466,098)	0	0	0	(152,847)	(2,654,480)
(Increase) Decrease in Deposits	0	(188,986)	1,762	0	0	0	0	(187,224)
Increase (Decrease) in Accounts Payable	28,013	8,224	195,534	(930,316)	24,831	(416)	1,455	(672,676)
Increase (Decrease) in Unearned Revenue	0	3,358,959	1,751,099	0	0	0	161,849	5,271,907
Increase (Decrease) in Reserve for Losses and Claims	(481,094)	225,236	0	0	0	0	0	(255,858)
Net Cash Provided (Used) by Operating Activities	<u>789,713</u>	<u>2,436,387</u>	<u>1,809</u>	<u>(116,050)</u>	<u>103,857</u>	<u>17,197</u>	<u>(18,896)</u>	<u>3,214,016</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Year Ending 06/30/2020 Annual Budget	Year To Date 09/30/2019 Budget YTD	Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 29,161,948	\$ 7,330,326	\$ 6,941,356	(388,970)	94.69 %
Fees Earned	491,300	123,496	80,226	(43,270)	64.96 %
Rental Income	62,720	15,766	11,829	(3,937)	75.03 %
Investment Income	75,000	18,852	102,682	83,830	544.66 %
Total Revenues	<u>29,790,968</u>	<u>7,488,440</u>	<u>7,136,093</u>	<u>(352,347)</u>	<u>95.29 %</u>
Operating Expenses					
Claims Expense	19,617,805	4,931,251	4,339,190	(592,062)	87.99 %
Excess Insurance	3,133,026	787,537	906,207	118,671	115.07 %
Claims Administration	3,078,720	773,886	786,660	12,774	101.65 %
Professional Services	222,751	55,992	33,617	(22,375)	60.04 %
Risk Management Expense	234,237	58,879	102,333	43,453	173.80 %
Total Operating Expenses	<u>26,286,539</u>	<u>6,607,545</u>	<u>6,168,007</u>	<u>(439,539)</u>	<u>93.35 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	682,164	171,473	109,981	(61,491)	64.14 %
Administrative Expenses	281,041	70,644	36,653	(33,991)	51.88 %
Pension Expenses	191,999	48,262	199,349	151,087	413.06 %
Total General and Administrative Expenses	<u>1,155,204</u>	<u>290,379</u>	<u>345,983</u>	<u>55,605</u>	<u>119.15 %</u>
Total Net Income (Loss)	<u>2,349,225</u>	<u>590,516</u>	<u>622,103</u>	<u>31,588</u>	<u>105.35 %</u>
NET POSITION - BEGINNING	0	0	1,403,499	1,403,499	0.00 %
ENDING NET POSITION	<u>\$ 2,349,225</u>	<u>\$ 590,516</u>	<u>\$ 2,025,602</u>	<u>1,435,087</u>	<u>343.02 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Workers' Compensation Year Ending 06/30/2020 Annual Budget	Workers' Compensation Year To Date 09/30/2019 Budget YTD	Workers' Compensation Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 7,027,600	\$ 1,766,501	\$ 1,756,902	(9,599)	99.46 %
Fees Earned	301,000	75,661	37,250	(38,411)	49.23 %
Rental Income	62,720	15,765	11,829	(3,937)	75.03 %
Investment Income	35,250	8,861	49,628	40,768	560.10 %
Total Revenues	<u>7,426,570</u>	<u>1,866,788</u>	<u>1,855,609</u>	<u>(11,179)</u>	<u>99.40 %</u>
Operating Expenses					
Claims Expense	4,606,330	1,157,875	792,773	(365,103)	68.47 %
Excess Insurance	350,000	87,978	86,961	(1,017)	98.84 %
Claims Administration	613,000	154,088	144,990	(9,097)	94.10 %
Professional Services	146,174	36,743	24,329	(12,414)	66.21 %
Risk Management Expense	5,460	1,372	0	(1,373)	0.00 %
Total Operating Expenses	<u>5,720,964</u>	<u>1,438,056</u>	<u>1,049,053</u>	<u>(389,004)</u>	<u>72.95 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	493,698	124,099	79,593	(44,505)	64.14 %
Administrative Expenses	203,401	51,129	22,617	(28,512)	44.24 %
Pension Expenses	138,955	34,928	144,269	109,341	413.04 %
Total General and Administrative Expenses	<u>836,054</u>	<u>210,156</u>	<u>246,479</u>	<u>36,324</u>	<u>117.28 %</u>
Total Net Income (Loss)	<u>869,552</u>	<u>218,576</u>	<u>560,077</u>	<u>341,501</u>	<u>256.24 %</u>
NET POSITION - BEGINNING	0	0	(4,643,951)	(4,643,951)	0.00 %
ENDING NET POSITION	<u>\$ 869,552</u>	<u>\$ 218,576</u>	<u>\$ (4,083,874)</u>	<u>(4,302,450)</u>	<u>(1,868.40) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Liability Year Ending 06/30/2020 Annual Budget	Liability Year To Date 09/30/2019 Budget YTD	Liability Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 4,552,032	\$ 1,144,227	\$ 1,177,483	33,257	102.91 %
Fees Earned	5,500	1,382	1,750	367	126.58 %
Investment Income	17,250	4,336	16,830	12,494	388.14 %
Total Revenues	<u>4,574,782</u>	<u>1,149,945</u>	<u>1,196,063</u>	<u>46,118</u>	<u>104.01 %</u>
Operating Expenses					
Claims Expense	2,332,175	586,230	613,227	26,998	104.61 %
Excess Insurance	1,078,420	271,078	258,217	(12,862)	95.26 %
Claims Administration	123,500	31,044	31,125	82	100.26 %
Professional Services	43,753	10,998	6,260	(4,739)	56.92 %
Risk Management Expense	228,777	57,506	102,332	44,826	177.95 %
Total Operating Expenses	<u>3,806,625</u>	<u>956,856</u>	<u>1,011,161</u>	<u>54,305</u>	<u>105.68 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	127,033	31,932	20,478	(11,454)	64.13 %
Administrative Expenses	52,336	13,156	6,438	(6,717)	48.94 %
Pension Expenses	35,754	8,987	37,119	28,131	413.01 %
Total General and Administrative Expenses	<u>215,123</u>	<u>54,075</u>	<u>64,035</u>	<u>9,960</u>	<u>118.42 %</u>
Total Net Income (Loss)	<u>553,034</u>	<u>139,014</u>	<u>120,867</u>	<u>(18,147)</u>	<u>86.95 %</u>
NET POSITION - BEGINNING	0	0	(1,802,111)	(1,802,111)	0.00 %
ENDING NET POSITION	<u>\$ 553,034</u>	<u>\$ 139,014</u>	<u>\$ (1,681,244)</u>	<u>(1,820,258)</u>	<u>(1,209.41) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Property Year Ending 06/30/2020 Annual Budget	Property Year To Date 09/30/2019 Budget YTD	Property Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,483,550	\$ 372,914	\$ 87,944	(284,970)	23.58 %
Fees Earned	0	0	350	350	0.00 %
Investment Income	3,000	754	(3,178)	(3,932)	(421.44) %
Total Revenues	<u>1,486,550</u>	<u>373,668</u>	<u>85,116</u>	<u>(288,552)</u>	<u>22.78 %</u>
Operating Expenses					
Claims Expense	0	0	(186,461)	(186,462)	0.00 %
Excess Insurance	1,453,550	365,373	489,866	124,493	134.07 %
Professional Services	4,058	1,020	753	(267)	73.82 %
Total Operating Expenses	<u>1,457,608</u>	<u>366,393</u>	<u>304,158</u>	<u>(62,236)</u>	<u>83.01 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	15,271	3,839	2,463	(1,375)	64.18 %
Administrative Expenses	6,292	1,581	762	(820)	48.15 %
Pension Expenses	4,298	1,081	4,465	3,385	413.32 %
Total General and Administrative Expenses	<u>25,861</u>	<u>6,501</u>	<u>7,690</u>	<u>1,190</u>	<u>118.31 %</u>
Total Net Income (Loss)	<u>3,081</u>	<u>774</u>	<u>(226,732)</u>	<u>(227,507)</u>	<u>(29,277.32) %</u>
NET POSITION - BEGINNING	0	0	277,943	277,943	0.00 %
ENDING NET POSITION	<u>\$ 3,081</u>	<u>\$ 774</u>	<u>\$ 51,210</u>	<u>50,436</u>	<u>6,612.65 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Medical Year Ending 06/30/2020 Annual Budget	Medical Year To Date 09/30/2019 Budget YTD	Medical Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 14,270,430	\$ 3,587,103	\$ 3,452,680	(134,423)	96.25 %
Fees Earned	159,600	40,118	34,194	(5,924)	85.23 %
Investment Income	5,850	1,470	32,916	31,446	2,238.42 %
Total Revenues	<u>14,435,880</u>	<u>3,628,691</u>	<u>3,519,790</u>	<u>(108,901)</u>	<u>97.00 %</u>
Operating Expenses					
Claims Expense	11,245,540	2,826,748	2,778,513	(48,235)	98.29 %
Excess Insurance	54,370	13,666	18,236	4,569	133.43 %
Claims Administration	2,121,800	533,349	562,215	28,867	105.41 %
Professional Services	19,236	4,835	508	(4,328)	10.50 %
Total Operating Expenses	<u>13,440,946</u>	<u>3,378,598</u>	<u>3,359,472</u>	<u>(19,127)</u>	<u>99.43 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	2,589	1,660	(927)	64.16 %
Administrative Expenses	4,240	1,065	5,049	3,982	473.67 %
Pension Expenses	2,898	729	3,010	2,282	413.22 %
Total General and Administrative Expenses	<u>17,435</u>	<u>4,383</u>	<u>9,719</u>	<u>5,337</u>	<u>221.77 %</u>
Total Net Income (Loss)	<u>977,499</u>	<u>245,710</u>	<u>150,599</u>	<u>(95,111)</u>	<u>61.29 %</u>
NET POSITION - BEGINNING	0	0	5,632,474	5,632,474	0.00 %
ENDING NET POSITION	<u>\$ 977,499</u>	<u>\$ 245,710</u>	<u>\$ 5,783,073</u>	<u>5,537,363</u>	<u>2,353.62 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Dental Year Ending 06/30/2020 Annual Budget	Dental Year To Date 09/30/2019 Budget YTD	Dental Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,339,000	\$ 336,579	\$ 349,280	12,701	103.77 %
Fees Earned	13,200	3,318	3,490	172	105.18 %
Investment Income	5,700	1,433	2,650	1,217	184.96 %
Total Revenues	<u>1,357,900</u>	<u>341,330</u>	<u>355,420</u>	<u>14,090</u>	<u>104.13 %</u>
Operating Expenses					
Claims Expense	1,273,080	320,009	302,203	(17,806)	94.44 %
Claims Administration	175,100	44,014	40,240	(3,774)	91.42 %
Professional Services	2,736	688	507	(181)	73.81 %
Total Operating Expenses	<u>1,450,916</u>	<u>364,711</u>	<u>342,950</u>	<u>(21,761)</u>	<u>94.03 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	2,588	1,661	(927)	64.16 %
Administrative Expenses	4,240	1,066	514	(553)	48.17 %
Pension Expenses	2,898	729	3,010	2,282	413.22 %
Total General and Administrative Expenses	<u>17,435</u>	<u>4,383</u>	<u>5,185</u>	<u>802</u>	<u>118.29 %</u>
Total Net Income (Loss)	<u>(110,451)</u>	<u>(27,764)</u>	<u>7,285</u>	<u>35,049</u>	<u>(26.24) %</u>
NET POSITION - BEGINNING	0	0	475,665	475,665	0.00 %
ENDING NET POSITION	<u>\$ (110,451)</u>	<u>\$ (27,764)</u>	<u>\$ 482,951</u>	<u>510,714</u>	<u>(1,739.51) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Vision Year Ending 06/30/2020 Annual Budget	Vision Year To Date 09/30/2019 Budget YTD	Vision Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 262,650	\$ 66,021	\$ 54,284	(11,738)	82.22 %
Fees Earned	12,000	3,017	3,192	176	105.82 %
Investment Income	5,700	1,432	734	(699)	51.23 %
Total Revenues	<u>280,350</u>	<u>70,470</u>	<u>58,210</u>	<u>(12,261)</u>	<u>82.60 %</u>
Operating Expenses					
Claims Expense	160,680	40,389	38,935	(1,455)	96.40 %
Claims Administration	45,320	11,392	8,089	(3,302)	71.01 %
Professional Services	2,736	688	508	(181)	73.81 %
Total Operating Expenses	<u>208,736</u>	<u>52,469</u>	<u>47,532</u>	<u>(4,938)</u>	<u>90.59 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	2,588	1,661	(927)	64.16 %
Administrative Expenses	4,240	1,066	513	(553)	48.17 %
Pension Expenses	2,898	728	3,010	2,282	413.22 %
Total General and Administrative Expenses	<u>17,435</u>	<u>4,382</u>	<u>5,184</u>	<u>802</u>	<u>118.29 %</u>
Total Net Income (Loss)	<u>54,179</u>	<u>13,619</u>	<u>5,494</u>	<u>(8,125)</u>	<u>40.34 %</u>
NET POSITION - BEGINNING	0	0	124,230	124,230	0.00 %
ENDING NET POSITION	<u>\$ 54,179</u>	<u>\$ 13,619</u>	<u>\$ 129,723</u>	<u>116,105</u>	<u>952.54 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of September 30, 2019

	Auto Year Ending 06/30/2020 Annual Budget	Auto Year To Date 09/30/2019 Budget YTD	Auto Year To Date 09/30/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 226,686	\$ 56,981	\$ 62,783	5,802	110.18 %
Investment Income	2,250	566	3,102	2,536	548.46 %
Total Revenues	<u>228,936</u>	<u>57,547</u>	<u>65,885</u>	<u>8,338</u>	<u>114.49 %</u>
Operating Expenses					
Excess Insurance	196,686	49,440	52,928	3,488	107.05 %
Professional Services	4,058	1,021	753	(267)	73.82 %
Total Operating Expenses	<u>200,744</u>	<u>50,461</u>	<u>53,681</u>	<u>3,221</u>	<u>106.38 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	15,271	3,838	2,464	(1,375)	64.18 %
Administrative Expenses	6,292	1,582	761	(820)	48.15 %
Pension Expenses	4,298	1,080	4,466	3,385	413.32 %
Total General and Administrative Expenses	<u>25,861</u>	<u>6,500</u>	<u>7,691</u>	<u>1,190</u>	<u>118.31 %</u>
Total Net Income (Loss)	<u>2,331</u>	<u>586</u>	<u>4,513</u>	<u>3,927</u>	<u>770.29 %</u>
NET POSITION - BEGINNING	0	0	809,427	809,427	0.00 %
ENDING NET POSITION	<u>\$ 2,331</u>	<u>\$ 586</u>	<u>\$ 813,940</u>	<u>813,355</u>	<u>138,919.02 %</u>

Redwood Empire Municipal Insurance Fund
Statement of Fiduciary Net Position
OPEB Trust Fund

	Year To Date 09/30/2019	Year Ending 06/30/2019
	Current Year Balance	Prior Year
Assets		
Investments	\$ 2,854,053	\$ 2,922,246
Total Assets	2,854,053	2,922,246
Liabilities		
Other Payables	46,193	46,193
Total Liabilities	46,193	46,193
Net Position restricted for OPEB - End of year	\$ 2,807,860	\$ 2,876,053

Redwood Empire Municipal Insurance Fund
Statement of Changes in Fiduciary Net Position
OPEB Trust Fund
As of September 30, 2019

	Year To Date 09/30/2019 <u>Actual</u>	Year Ending 06/30/2019 <u>Prior Year</u>
Additions		
Contributions to OPEB Plan	\$ 0.00	\$ 16,442.00
Investment Income		
Interest and Dividends	26,009.23	146,442.22
Less: investment expenses	48,009.23	7,157.81
Total Additions	<u>(22,000.00)</u>	<u>155,726.41</u>
Deductions		
Benefits	46,193.29	258,703.41
Total Deductions	<u>46,193.29</u>	<u>258,703.41</u>
Total Change in net position	<u>(68,193.29)</u>	<u>(102,977.00)</u>
Net Position restricted for OPEB - Beginning of year	<u>2,876,053.00</u>	<u>2,979,030.00</u>
Total Net Position restricted for OPEB - End of year	<u><u>\$ 2,807,859.71</u></u>	<u><u>\$ 2,876,053.00</u></u>

Redwood Empire Municipal Insurance Fund
Statement of Net Position by Fund
As of December 31, 2019
Unaudited

	Workers' Compensation	Liability	Property	Medical	Dental	Vision	Auto	Post Retirement Benefits	All Programs
ASSETS									
CURRENT ASSETS									
Cash & Cash Equivalents	5,769,421	1,263,391	283,815	4,965,261	84,240	35,756	114,748	0	12,516,633
Receivables	5,079,538	1,815,340	241,611	(49,907)	(13,695)	(2,001)	720	0	7,071,604
Prepaid Expense	175,312	516,790	977,442	29	29	29	101,941	0	1,771,573
Deposits	0	148,212	457	0	0	0	1	0	148,669
TOTAL CURRENT ASSETS	11,024,271	3,743,733	1,503,325	4,915,383	70,574	33,784	217,410	0	21,508,479
NONCURRENT ASSETS									
Investments	5,813,693	2,432,170	444,718	2,150,273	518,321	124,273	700,672	0	12,184,121
Capital Assets, Net of Accumulated Depreciation	434,671	15,690	1,887	1,272	1,272	1,273	1,887	0	457,954
Net Pension Asset	0	0	0	0	0	0	0	552,606	552,606
TOTAL NONCURRENT ASSETS	6,248,364	2,447,860	446,605	2,151,545	519,593	125,546	702,559	552,606	13,194,681
TOTAL ASSETS	17,272,635	6,191,593	1,949,930	7,066,928	590,167	159,330	919,969	552,606	34,703,160
DEFERRED OUTFLOWS OF RESOURCES									
	659,765	0	0	0	0	0	0	0	659,765
LIABILITIES									
CURRENT LIABILITIES									
Accounts Payable	67,221	17,319	227,081	1,403	34,841	1,402	2,473	0	351,739
Unearned Revenue	0	2,239,306	1,167,399	0	0	0	107,899	0	3,514,604
Tenant and Other Deposits	10,345	0	0	0	0	0	0	0	10,345
TOTAL CURRENT LIABILITIES	77,566	2,256,625	1,394,480	1,403	34,841	1,402	110,372	0	3,876,688
NONCURRENT LIABILITIES									
Reserve for Losses and Claims	19,208,820	6,846,545	126,900	1,250,000	50,000	14,227	0	0	27,496,492
Net Pension Liability	2,155,338	0	0	0	0	0	0	0	2,155,338
TOTAL NONCURRENT LIABILITIES	21,364,158	6,846,545	126,900	1,250,000	50,000	14,227	0	0	29,651,830
TOTAL LIABILITIES	21,441,724	9,103,170	1,521,380	1,251,403	84,841	15,629	110,372	0	33,528,518
DEFERRED INFLOWS OF RESOURCES									
	193,589	0	0	0	0	0	0	22,783	216,372
ENDING NET POSITION									
NET POSITION - ENDING									
Net Position Unrestricted	(3,702,913)	(2,911,576)	428,551	5,815,526	505,327	143,701	809,598	529,823	1,618,035
TOTAL NET POSITION - ENDING	(3,702,913)	(2,911,576)	428,551	5,815,526	505,327	143,701	809,598	529,823	1,618,035
TOTAL ENDING NET POSITION	(3,702,913)	(2,911,576)	428,551	5,815,526	505,327	143,701	809,598	529,823	1,618,035

Redwood Empire Municipal Insurance Fund
Statement of Revenues, Expenses and Changes in Net Position
As of December 31, 2019
Unaudited

	Workers' Compensation Year To Date 12/31/2019 Actual	Liability Year To Date 12/31/2019 Actual	Property Year To Date 12/31/2019 Actual	Medical Year To Date 12/31/2019 Actual	Dental Year To Date 12/31/2019 Actual	Vision Year To Date 12/31/2019 Actual	Auto Year To Date 12/31/2019 Actual	Post Retirement Benefits Year To Date 12/31/2019 Actual	All Programs Year To Date 12/31/2019 Actual
OPERATING INCOME (LOSS)									
OPERATING REVENUE									
Member Contributions	3,513,804	2,297,136	1,165,902	6,911,391	705,999	109,259	116,733	0	14,820,225
Fees Earned	37,250	1,750	350	68,641	7,009	6,402	0	0	121,402
TOTAL OPERATING REVENUE	3,551,054	2,298,886	1,166,252	6,980,032	713,008	115,661	116,733	0	14,941,627
OPERATING EXPENSES									
Claims Paid, Net	2,232,918	1,496,870	143,111	5,639,804	596,003	70,722	0	0	10,179,428
Claims Adjustment Expense	(476,151)	1,107,996	26,900	0	0	0	0	0	658,745
Excess Insurance	173,923	516,434	828,565	27,500	0	0	105,979	0	1,652,402
Claims Administration	289,980	62,000	0	1,150,796	80,837	16,236	0	0	1,599,849
Professional Services	45,742	11,768	1,416	10,954	954	955	1,416	0	73,205
Risk Management Expense	0	122,083	0	0	0	0	0	0	122,082
Salaries, Wages and Benefits	222,914	57,353	6,900	5,231	4,652	4,651	6,900	0	308,602
Administrative Expenses	77,004	20,743	2,471	6,201	1,665	1,665	2,470	0	112,217
Pension Expenses	144,269	37,119	4,465	3,010	3,010	3,010	4,466	0	199,349
TOTAL OPERATING EXPENSES	2,710,599	3,432,366	1,013,828	6,843,496	687,121	97,239	121,231	0	14,905,879
OPERATING INCOME (LOSS)	840,455	(1,133,480)	152,424	136,536	25,887	18,422	(4,498)	0	35,748
NONOPERATING REVENUE (EXPENSE)									
Rental Income	27,659	0	0	0	0	0	0	0	27,659
Investment Income	52,831	16,402	1,588	35,425	2,821	792	3,750	0	113,609
Unrealized Gains (Losses) on Investments	20,093	7,612	(3,404)	11,091	953	257	918	0	37,520
TOTAL NONOPERATING REVENUE (EXPENSE)	100,583	24,014	(1,816)	46,516	3,774	1,049	4,668	0	178,788
CHANGE IN NET POSITION	941,038	(1,109,466)	150,608	183,052	29,661	19,471	171	0	214,536
NET POSITION - BEGINNING	(4,643,951)	(1,802,111)	277,943	5,632,474	475,665	124,230	809,427	529,823	1,403,499
NET POSITION - ENDING	(3,702,913)	(2,911,576)	428,551	5,815,526	505,327	143,701	809,598	529,823	1,618,035

Redwood Empire Municipal Insurance Fund

Statement of Cash Flows By Fund

Unaudited

	Workers' Compensation Year To Date 12/31/2019	Liability Year To Date 12/31/2019	Property Year To Date 12/31/2019	Medical Year To Date 12/31/2019	Dental Year To Date 12/31/2019	Vision Year To Date 12/31/2019	Auto Year To Date 12/31/2019	All Programs Year To Date 12/31/2019
Net Increase (Decrease) in Cash								
Cash Flows From Operating Activities								
Cash received from members	4,101,043	5,011,827	2,158,233	7,034,582	727,075	117,786	224,544	19,375,089
Payments for excess insurance	(347,846)	(1,032,867)	(1,805,964)	(27,500)	0	0	(207,877)	(3,422,054)
Payments for claims, claims consultants and claims administration	(2,522,898)	(1,452,141)	(143,568)	(6,790,600)	(676,840)	(86,959)	(2)	(11,673,007)
Payments to Vendors	(83,873)	(144,592)	(2,683)	(951,845)	18,576	(15,170)	(2,291)	(1,181,878)
Payments to or on behalf of employees	(367,184)	(94,473)	(11,366)	(8,241)	(7,661)	(7,661)	(11,365)	(507,951)
Total Cash Provided (Used) by Operating Activities	779,242	2,287,754	194,652	(743,604)	61,150	7,996	3,009	2,590,199
Cash Flows from Noncapital Financing Activities								
Rents received	27,659	0	0	0	0	0	0	27,659
Total Cash Provided (Used) by Noncapital Financing Activities	27,659	0	0	0	0	0	0	27,659
Cash Flows from Investing Activities								
Interest received (paid), net of fair value adjustment	51,698	15,612	997	33,303	2,655	740	3,499	108,503
(Purchase) sale of investments	(34,132)	(15,612)	(997)	(33,303)	(2,655)	(740)	(3,499)	(90,938)
Total Cash Provided (Used) by Investing Activities	17,566	0	0	0	0	0	0	17,565
Cash Flows from Capital and Related Financing Activities								
Sale (Acquisition) of capital assets	(60,984)	(15,690)	(1,887)	(1,273)	(1,273)	(1,272)	(1,887)	(84,265)
Total Cash Provided (Used) by Capital and Related Financing Activities	(60,984)	(15,690)	(1,887)	(1,273)	(1,273)	(1,272)	(1,887)	(84,265)
Net Increase (Decrease) in Cash	763,483	2,272,064	192,765	(744,877)	59,877	6,724	1,122	2,551,158
Cash, Beginning of Year	5,005,938	(1,008,673)	91,051	5,710,137	24,363	29,032	113,626	9,965,475
Cash, End of Year	5,769,421	1,263,391	283,815	4,965,261	84,240	35,756	114,748	12,516,633
Reconciliation of Operating Income to Net Cash Provided (Used) by Ops. Activity								
OPERATING INCOME (LOSS)	840,455	(1,133,480)	152,424	136,536	25,887	18,422	(4,498)	35,748
(Increase) Decrease in Receivables	549,989	473,635	(175,418)	54,550	14,067	2,125	(88)	918,858
(Increase) Decrease in Prepaid Expenses	(173,923)	(516,433)	(977,399)	0	0	0	(101,898)	(1,769,653)
(Increase) Decrease in Deposits	0	106,729	(457)	0	0	0	(1)	106,271
Increase (Decrease) in Accounts Payable	38,872	10,001	1,203	(934,690)	21,196	(12,551)	1,595	(874,374)
Increase (Decrease) in Unearned Revenue	0	2,239,306	1,167,399	0	0	0	107,899	3,514,604
Increase (Decrease) in Reserve for Losses and Claims	(476,151)	1,107,996	26,900	0	0	0	0	658,745
Net Cash Provided (Used) by Operating Activities	779,242	2,287,754	194,652	(743,604)	61,150	7,996	3,009	2,590,199

Redwood Empire Municipal Insurance Fund

Budget vs Actual

As of December 31, 2019

	Year Ending 06/30/2020 Annual Budget	Year To Date 12/31/2019 Budget YTD	Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 29,161,948	\$ 14,660,651	\$ 14,820,225	159,573	101.09 %
Fees Earned	491,300	246,993	121,402	(125,590) A	49.15 %
Rental Income	62,720	31,531	27,659	(3,872)	87.72 %
Investment Income	75,000	37,705	151,129	113,424	400.82 %
Total Revenues	<u>29,790,968</u>	<u>14,976,880</u>	<u>15,120,415</u>	<u>143,535</u>	<u>100.96 %</u>
Operating Expenses					
Claims Expense	19,617,805	9,862,503	10,838,173	975,670 B	109.89 %
Excess Insurance	3,133,026	1,575,073	1,652,401	77,328 C	104.91 %
Claims Administration	3,078,720	1,547,772	1,599,850	52,078 D	103.36 %
Professional Services	222,751	111,984	73,205	(38,780)	65.37 %
Risk Management Expense	234,237	117,759	122,082	4,324	103.67 %
Total Operating Expenses	<u>26,286,539</u>	<u>13,215,091</u>	<u>14,285,711</u>	<u>1,070,620</u>	<u>108.10 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	682,164	342,945	308,602	(34,344)	89.99 %
Administrative Expenses	281,041	141,289	112,217	(29,071)	79.42 %
Pension Expenses	191,999	96,524	199,349	102,825 E	206.53 %
Total General and Administrative Expenses	<u>1,155,204</u>	<u>580,758</u>	<u>620,168</u>	<u>39,410</u>	<u>106.79 %</u>
Total Net Income (Loss)	<u>2,349,225</u>	<u>1,181,031</u>	<u>214,536</u>	<u>(966,495)</u>	<u>18.17 %</u>
NET POSITION - BEGINNING	0	0	1,403,499	1,403,499	0.00 %
ENDING NET POSITION	<u>\$ 2,349,225</u>	<u>\$ 1,181,031</u>	<u>\$ 1,618,035</u>	<u>437,004</u>	<u>137.00 %</u>

Redwood Empire Municipal Insurance Fund

Notes to the Budget vs Actual

Expectation: The budget year to date (YTD) is 50% completed. The Budget YTD variance column on the Budget vs Actual report will show 100% if the actuals match the budget YTD. Any significant budget overages are explained below.

- A) **Fees Earned:** Actual fees are calculated on semi-annual basis. During the 3rd quarter, REMIF will calculate the Fees earned for the period of 7/1/19 to 12/31/19.
- B) **Claims expense** is up 10% from budgeted expenses due to the claims reconciliation completed on quarterly basis. While the workers' compensation claims expense is down by \$560K, the liability program claims expense increased by \$1.4M. The liability program ultimate losses were adjusted to account for the deficit incurred but not reported (IBNR) in addition to adding a new program year ultimate loss of \$1.16M. A subsequent actuarial report will provide an update for ultimate's and IBNR.
- C) **Excess Insurance** is up 5% from the budget due to the pass-through coverages being budgeted lower than the actual cost. While majority of the increases are isolated to the property program, APD bill was slightly higher than the budget. Please note that the APD program is fully insured.
- D) **Claims Administration** is up 3% from the budget due the healthcare (medical) program. In prior years, the claims administration cost were recorded net of available bank balance. The budget for FY 19-20 was compiled using the net of claims administration cost. In order to ensure that cost is being recorded correctly, the claims administration expense is being recorded at the full gross amount.
- E) **Pension expenses** are above the budget by 107% due to the lump sum payment of the Annual Unfunded Accrued Liability in the amount of \$198K. We expect this to normalize by the end of year.

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Workers' Compensation Year Ending 06/30/2020 Annual Budget	Workers' Compensation Year To Date 12/31/2019 Budget YTD	Workers' Compensation Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 7,027,600	\$ 3,533,001	\$ 3,513,804	(19,197)	99.46 %
Fees Earned	301,000	151,322	37,250	(114,072)	24.62 %
Rental Income	62,720	31,532	27,659	(3,873)	87.72 %
Investment Income	35,250	17,721	72,924	55,203	411.50 %
Total Revenues	<u>7,426,570</u>	<u>3,733,576</u>	<u>3,651,637</u>	<u>(81,939)</u>	<u>97.81 %</u>
Operating Expenses					
Claims Expense	4,606,330	2,315,750	1,756,767	(558,984)	75.86 %
Excess Insurance	350,000	175,957	173,923	(2,033)	98.84 %
Claims Administration	613,000	308,175	289,980	(18,194)	94.10 %
Professional Services	146,174	73,486	45,741	(27,746)	62.24 %
Risk Management Expense	5,460	2,745	0	(2,745)	0.00 %
Total Operating Expenses	<u>5,720,964</u>	<u>2,876,113</u>	<u>2,266,411</u>	<u>(609,702)</u>	<u>78.80 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	493,698	248,198	222,915	(25,283)	89.81 %
Administrative Expenses	203,401	102,256	77,004	(25,252)	75.30 %
Pension Expenses	138,955	69,857	144,269	74,411	206.52 %
Total General and Administrative Expenses	<u>836,054</u>	<u>420,311</u>	<u>444,188</u>	<u>23,876</u>	<u>105.68 %</u>
Total Net Income (Loss)	<u>869,552</u>	<u>437,152</u>	<u>941,038</u>	<u>503,887</u>	<u>215.27 %</u>
NET POSITION - BEGINNING	0	0	(4,643,951)	(4,643,951)	0.00 %
ENDING NET POSITION	<u>\$ 869,552</u>	<u>\$ 437,152</u>	<u>\$ (3,702,913)</u>	<u>(4,140,065)</u>	<u>(847.05) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Liability Year Ending 06/30/2020 Annual Budget	Liability Year To Date 12/31/2019 Budget YTD	Liability Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 4,552,032	\$ 2,288,453	\$ 2,297,136	8,683	100.38 %
Fees Earned	5,500	2,765	1,750	(1,015)	63.29 %
Investment Income	17,250	8,672	24,014	15,342	276.91 %
Total Revenues	<u>4,574,782</u>	<u>2,299,890</u>	<u>2,322,900</u>	<u>23,010</u>	<u>101.00 %</u>
Operating Expenses					
Claims Expense	2,332,175	1,172,459	2,604,866	1,432,406	222.17 %
Excess Insurance	1,078,420	542,157	516,434	(25,722)	95.26 %
Claims Administration	123,500	62,087	62,000	(88)	99.86 %
Professional Services	43,753	21,996	11,768	(10,227)	53.50 %
Risk Management Expense	228,777	115,014	122,083	7,069	106.15 %
Total Operating Expenses	<u>3,806,625</u>	<u>1,913,713</u>	<u>3,317,151</u>	<u>1,403,438</u>	<u>173.34 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	127,033	63,863	57,353	(6,510)	89.81 %
Administrative Expenses	52,336	26,311	20,743	(5,569)	78.84 %
Pension Expenses	35,754	17,975	37,119	19,145	206.51 %
Total General and Administrative Expenses	<u>215,123</u>	<u>108,149</u>	<u>115,215</u>	<u>7,066</u>	<u>106.53 %</u>
Total Net Income (Loss)	<u>553,034</u>	<u>278,028</u>	<u>(1,109,466)</u>	<u>(1,387,494)</u>	<u>(399.05) %</u>
NET POSITION - BEGINNING	0	0	(1,802,111)	(1,802,111)	0.00 %
ENDING NET POSITION	<u>\$ 553,034</u>	<u>\$ 278,028</u>	<u>\$ (2,911,576)</u>	<u>(3,189,604)</u>	<u>(1,047.22) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Property Year Ending 06/30/2020 Annual Budget	Property Year To Date 12/31/2019 Budget YTD	Property Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,483,550	\$ 745,828	\$ 1,165,902	420,074	156.32 %
Fees Earned	0	0	350	350	0.00 %
Investment Income	3,000	1,509	(1,816)	(3,325)	(120.41) %
Total Revenues	<u>1,486,550</u>	<u>747,337</u>	<u>1,164,436</u>	<u>417,099</u>	<u>155.81 %</u>
Operating Expenses					
Claims Expense	0	0	170,011	170,012	0.00 %
Excess Insurance	1,453,550	730,747	828,565	97,818	113.39 %
Professional Services	4,058	2,040	1,416	(624)	69.40 %
Total Operating Expenses	<u>1,457,608</u>	<u>732,787</u>	<u>999,992</u>	<u>267,206</u>	<u>136.46 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	15,271	7,677	6,900	(777)	89.88 %
Administrative Expenses	6,292	3,163	2,471	(693)	78.11 %
Pension Expenses	4,298	2,161	4,465	2,305	206.66 %
Total General and Administrative Expenses	<u>25,861</u>	<u>13,001</u>	<u>13,836</u>	<u>835</u>	<u>106.42 %</u>
Total Net Income (Loss)	<u>3,081</u>	<u>1,549</u>	<u>150,608</u>	<u>149,059</u>	<u>9,723.30 %</u>
NET POSITION - BEGINNING	0	0	277,943	277,943	0.00 %
ENDING NET POSITION	<u>\$ 3,081</u>	<u>\$ 1,549</u>	<u>\$ 428,551</u>	<u>427,002</u>	<u>27,667.35 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Medical Year Ending 06/30/2020 Annual Budget	Medical Year To Date 12/31/2019 Budget YTD	Medical Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 14,270,430	\$ 7,174,205	\$ 6,911,391	(262,814)	96.34 %
Fees Earned	159,600	80,236	68,641	(11,595)	85.55 %
Investment Income	5,850	2,941	46,516	43,575	1,581.65 %
Total Revenues	<u>14,435,880</u>	<u>7,257,382</u>	<u>7,026,548</u>	<u>(230,834)</u>	<u>96.82 %</u>
Operating Expenses					
Claims Expense	11,245,540	5,653,495	5,639,804	(13,692)	99.76 %
Excess Insurance	54,370	27,334	27,500	167	100.61 %
Claims Administration	2,121,800	1,066,697	1,150,796	84,098	107.88 %
Professional Services	19,236	9,671	10,954	1,284	113.28 %
Total Operating Expenses	<u>13,440,946</u>	<u>6,757,197</u>	<u>6,829,054</u>	<u>71,857</u>	<u>101.06 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	5,176	5,231	55	101.06 %
Administrative Expenses	4,240	2,132	6,201	4,069	290.87 %
Pension Expenses	2,898	1,457	3,010	1,553	206.61 %
Total General and Administrative Expenses	<u>17,435</u>	<u>8,765</u>	<u>14,442</u>	<u>5,677</u>	<u>164.76 %</u>
Total Net Income (Loss)	<u>977,499</u>	<u>491,420</u>	<u>183,052</u>	<u>(308,368)</u>	<u>37.25 %</u>
NET POSITION - BEGINNING	0	0	5,632,474	5,632,474	0.00 %
ENDING NET POSITION	<u>\$ 977,499</u>	<u>\$ 491,420</u>	<u>\$ 5,815,526</u>	<u>5,324,106</u>	<u>1,183.41 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Dental Year Ending 06/30/2020 Annual Budget	Dental Year To Date 12/31/2019 Budget YTD	Dental Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 1,339,000	\$ 673,158	\$ 705,999	32,841	104.88 %
Fees Earned	13,200	6,637	7,009	373	105.62 %
Investment Income	5,700	2,865	3,774	908	131.70 %
Total Revenues	<u>1,357,900</u>	<u>682,660</u>	<u>716,782</u>	<u>34,122</u>	<u>105.00 %</u>
Operating Expenses					
Claims Expense	1,273,080	640,018	596,003	(44,015)	93.12 %
Claims Administration	175,100	88,029	80,837	(7,191)	91.83 %
Professional Services	2,736	1,375	954	(422)	69.38 %
Total Operating Expenses	<u>1,450,916</u>	<u>729,422</u>	<u>677,794</u>	<u>(51,628)</u>	<u>92.92 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	5,177	4,652	(525)	89.85 %
Administrative Expenses	4,240	2,131	1,665	(467)	78.11 %
Pension Expenses	2,898	1,457	3,010	1,554	206.61 %
Total General and Administrative Expenses	<u>17,435</u>	<u>8,765</u>	<u>9,327</u>	<u>562</u>	<u>106.40 %</u>
Total Net Income (Loss)	<u>(110,451)</u>	<u>(55,527)</u>	<u>29,661</u>	<u>85,189</u>	<u>(53.42) %</u>
NET POSITION - BEGINNING	0	0	475,665	475,665	0.00 %
ENDING NET POSITION	<u>\$ (110,451)</u>	<u>\$ (55,527)</u>	<u>\$ 505,327</u>	<u>560,854</u>	<u>(910.05) %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Vision Year Ending 06/30/2020 Annual Budget	Vision Year To Date 12/31/2019 Budget YTD	Vision Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 262,650	\$ 132,043	\$ 109,259	(22,784)	82.75 %
Fees Earned	12,000	6,032	6,402	370	106.12 %
Investment Income	5,700	2,866	1,049	(1,817)	36.61 %
Total Revenues	<u>280,350</u>	<u>140,941</u>	<u>116,710</u>	<u>(24,231)</u>	<u>82.81 %</u>
Operating Expenses					
Claims Expense	160,680	80,779	70,722	(10,057)	87.55 %
Claims Administration	45,320	22,784	16,236	(6,548)	71.26 %
Professional Services	2,736	1,375	955	(421)	69.38 %
Total Operating Expenses	<u>208,736</u>	<u>104,938</u>	<u>87,913</u>	<u>(17,026)</u>	<u>83.78 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	10,297	5,177	4,651	(525)	89.85 %
Administrative Expenses	4,240	2,132	1,665	(467)	78.11 %
Pension Expenses	2,898	1,456	3,010	1,554	206.61 %
Total General and Administrative Expenses	<u>17,435</u>	<u>8,765</u>	<u>9,326</u>	<u>562</u>	<u>106.40 %</u>
Total Net Income (Loss)	<u>54,179</u>	<u>27,238</u>	<u>19,471</u>	<u>(7,766)</u>	<u>71.49 %</u>
NET POSITION - BEGINNING	0	0	124,230	124,230	0.00 %
ENDING NET POSITION	<u>\$ 54,179</u>	<u>\$ 27,238</u>	<u>\$ 143,701</u>	<u>116,463</u>	<u>527.58 %</u>

Redwood Empire Municipal Insurance Fund
Budget vs Actual
As of December 31, 2019

	Auto Year Ending 06/30/2020 Annual Budget	Auto Year To Date 12/31/2019 Budget YTD	Auto Year To Date 12/31/2019 Actual	Budget YTD \$ Var.	Budget YTD % Var.
Net Income (Loss)					
Revenues					
Contributions	\$ 226,686	\$ 113,962	\$ 116,733	2,771	102.43 %
Investment Income	2,250	1,132	4,668	3,536	412.68 %
Total Revenues	<u>228,936</u>	<u>115,094</u>	<u>121,401</u>	<u>6,307</u>	<u>105.48 %</u>
Operating Expenses					
Excess Insurance	196,686	98,881	105,979	7,099	107.18 %
Professional Services	4,058	2,040	1,416	(624)	69.40 %
Total Operating Expenses	<u>200,744</u>	<u>100,921</u>	<u>107,395</u>	<u>6,475</u>	<u>106.42 %</u>
General and Administrative Expenses					
Salaries, Wages and Benefits	15,271	7,677	6,900	(778)	89.87 %
Administrative Expenses	6,292	3,163	2,470	(692)	78.10 %
Pension Expenses	4,298	2,161	4,466	2,304	206.66 %
Total General and Administrative Expenses	<u>25,861</u>	<u>13,001</u>	<u>13,836</u>	<u>834</u>	<u>106.42 %</u>
Total Net Income (Loss)	<u>2,331</u>	<u>1,172</u>	<u>171</u>	<u>(1,001)</u>	<u>14.55 %</u>
NET POSITION - BEGINNING	0	0	809,427	809,427	0.00 %
ENDING NET POSITION	<u>\$ 2,331</u>	<u>\$ 1,172</u>	<u>\$ 809,598</u>	<u>808,426</u>	<u>69,084.78 %</u>

Redwood Empire Municipal Insurance Fund
Statement of Fiduciary Net Position
OPEB Trust Fund

	Year To Date 12/31/2019	Year Ending 06/30/2019
	<u>Current Year Balance</u>	<u>Prior Year</u>
Assets		
Investments	\$ 2,940,017	\$ 2,922,246
Total Assets	<u>2,940,017</u>	<u>2,922,246</u>
Liabilities		
Other Payables	46,193	46,193
Total Liabilities	<u>46,193</u>	<u>46,193</u>
Net Position restricted for OPEB - End of year	<u>\$ 2,893,824</u>	<u>\$ 2,876,053</u>

Redwood Empire Municipal Insurance Fund
Statement of Changes in Fiduciary Net Position
OPEB Trust Fund
As of December 31, 2019

	Year To Date 12/31/2019 <u>Actual</u>	Year Ending 06/30/2019 <u>Prior Year</u>
Additions		
Contributions to OPEB Plan	\$ 0	\$ 16,442
Investment Income		
Interest and Dividends	113,315	146,442
Less: investment expenses	<u>49,351</u>	<u>7,158</u>
Total Additions	<u>63,964</u>	<u>155,726</u>
Deductions		
Benefits	<u>46,193</u>	<u>258,703</u>
Total Deductions	<u>46,193</u>	<u>258,703</u>
Total Change in net position	<u>17,771</u>	<u>(102,977)</u>
Net Position restricted for OPEB - Beginning of year	<u>2,876,053</u>	<u>2,979,030</u>
Total Net Position restricted for OPEB - End of year	<u><u>\$ 2,893,824</u></u>	<u><u>\$ 2,876,053</u></u>



AGENDA ITEM SUMMARY

ITEM 5.0

TITLE: REPORT OUT AFTER CLOSED SESSION

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

Pursuant to the Government Code, this will serve as a report out of a closed session item.

BACKGROUND

Pursuant to California Government Code Section 54957.1, approval by the Board of Directors was given at the September 26, 2019, Board of Directors meeting to accept a settlement offer signed by the opposing party in the case Flatten v. Rohnert Park. The terms of the agreement include that the plaintiff will dismiss the case in exchange for payment of \$415,000.00.

Government Code Section 54956.95:

Conference regarding a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers' agency or a local agency member of the joint powers' agency.

Claimant:

E. Flatten

Agency claimed against:

City of Rohnert Park

FISCAL IMPACT

Payment of settlement, \$415,000.00

RECOMMENDED ACTION

None

ATTACHMENT

None

AGENDA ITEM SUMMARY

ITEM 6.0

TITLE: GENERAL MANAGER'S COMMUNICATION AND ACTIVITIES

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

The General Manager is responsible for the planning and direction of REMIF's day-to-day operations to meet the organization's fiscal and service goals. The General Manager will routinely report on her activities to the Governing Board. No action is required by the Board. This is informational only.

BACKGROUND

Below, please find a brief summary of communications I'd like to share with the Board of Directors:

1. There are conversations at the excess liability layer to increase member deductible. This will affect the funding layer for REMIF's liability program.
2. There are conversations at the excess liability layer to address potential liability, specific to wildfires, for utility exposure. I have reached out to attempt to find a commercial option, but after the devastating wildfires allegedly caused by PG&E, that coverage is costly with very little coverage.

Below, please find a brief summary of my activities since the last Board of Directors meeting (September 26, 2019):

1. Plan, prepare for and attend REMIF Health Care Committee meetings;
2. Plan, prepare for and attend REMIF Executive Committee meetings;
3. Plan, prepare for and attend REMIF Workers' Compensation Committee meetings;
4. Plan, prepare for and attend REMIF Board of Directors meeting;
5. Plan, prepare for and attend CJPRMA Board of Directors meeting;
6. Plan, prepare for and attend CJPRMA Executive Committee meetings;
7. Plan, prepare for and attend CJPRMA strategic planning session;
8. Plan, prepare for and attend REMIF/PARSAC transition committee meetings (includes meetings in preparation for);
9. Plan, prepare for and host REMIF Annual Public Works Training;
10. Compile LAWCX workers' compensation applications and submit;
11. Attendance at PARSAC Annual Board of Directors meeting;
12. Attendance at California League of Cities;
13. Coordinate Anna Santos's retirement transition training;
14. Conduct workers' compensation file reviews (indemnity);
15. Health care plan – review claims issue, work on survey, work on medical claims audit;
16. Meeting with financial auditor (cost allocation plan);
17. Meetings regarding Health Care documents;
18. Discussions regarding Cal PERS unfunded liability;
19. Discussions with multiple vendors regarding employee benefit survey;
20. Meetings with actuary regarding strategic partnership with PARSAC, meetings with PARSAC regarding same;
21. Plan, prepare for and host REMIF Police Training webinar;

- 22. Preparation of new website;
- 23. Discussions regarding settlement in various liability matters;
- 24. Discussions regarding settlement in various workers' compensation matters;
- 25. Vacation (11/04/19-11/07/19).

FISCAL IMPACT

None

RECOMMENDED ACTION

None

ATTACHMENT

None



REMIF

**REDWOOD
EMPIRE
MUNICIPAL
INSURANCE
FUND**

414 W. Napa St. • 2nd Floor, Suite C • Sonoma, CA 95476 • 707.938.2388 • Fax 707.938.0374

Members: Arcata Cloverdale Cotati Eureka Fort Bragg Fortuna Healdsburg Lakeport

Rohnert Park St. Helena Sebastopol Sonoma Ukiah Willits Windsor

AGENDA ITEM SUMMARY

ITEM 7.0

TITLE: FINANCIAL AUDIT

PRESENTED BY: JESSE DEOL OF JAMES MARTA & COMPANY, LLP

ISSUE

The audit report (attached) requires ratification by the Board.

BACKGROUND

Pursuant to Board policy #16.0, the REMIF financial records are audited by a third-party auditor annually. Jesse Deol of James Marta & Company completed the financial audit for fiscal year 2018/2019. The draft audited financial statements with the required communication letters are included in the agenda for the Board's review. Mr. Deol will present the findings of the financial audit to the Board.

FISCAL IMPACT

None

RECOMMENDED ACTION

Approve attached financial audit reports.

ATTACHMENT

- 7.1 – Financial Statement with Independent Auditor's Report for the Fiscal Years Ended June 30, 2019
- 7.2 – Draft Report on Internal Control over Financial Reporting and Compliance and Other Matters
- 7.3 – Communication with Those Charged with Governance
- 7.4 – Management Letter

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

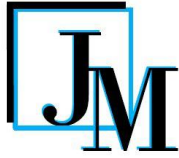
**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED**

JUNE 30, 2019

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

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James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redwood Empire Municipal Insurance Fund
Sonoma, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of Redwood Empire Municipal Insurance Fund (Authority) as of June 30, 2019 and the related Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows as of and for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Redwood Empire Municipal Insurance Fund as of June 30, 2019 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

The financial statements of Redwood Empire Municipal Insurance Fund for the year ended June 30, 2018, were audited by the predecessor auditor, Maze & Associates, who expressed an unmodified opinion on those statements on January 25, 2019.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Reconciliation of Claims Liabilities by Program, Claims Development Information, the Schedule of the Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Pension Contributions, Schedule of Changes in Net OPEB Liability and Related Ratios, and Schedule of OPEB Contributions, and Notes to the Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financials statements of the Authority. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position, and Graphical Summary of Claims are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position, and Graphical Summary of Claims are fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE] on our consideration of Redwood Empire Municipal Insurance Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Redwood Empire Municipal Insurance Fund's internal control over financial reporting and compliance.

[DRAFT]

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

[DATE]

MANAGEMENT'S DISCUSSION AND ANALYSIS

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

This section of the Redwood Empire Municipal Insurance Fund annual financial report presents management's discussion and analysis of its financial performance during the fiscal year that ended June 30, 2019. We encourage readers to evaluate the information presented here along with the additional information included in the financial statements.

The Redwood Empire Municipal Insurance Fund (**REMIF**) is a Joint Powers Authority (**JPA**) created in 1976 through the provisions in the Labor and Government Codes that oversee a risk sharing, risk financing, and risk management program for fifteen participating public entities. REMIF is located in Sonoma, California, is a separate public entity, and has a governing board comprised of fifteen voting members (listed below), seven of whom represent the original seven members that created the JPA in 1976.

City of Arcata	City of Rohnert Park
City of Cloverdale	City of Sebastopol
City of Cotati	City of Sonoma
City of Eureka	City of St. Helena
City of Fort Bragg	City of Ukiah
City of Fortuna	City of Willits
City of Healdsburg	Town of Windsor
City of Lakeport	

Primary coverage for REMIF currently includes workers' compensation, general/auto liability, property, auto physical damage, fidelity employee bonding, medical, dental, and vision insurance. There are a number of programs that are funded on a pass-through basis including employee assistance plan coverage, life and long-term disability insurance, Difference in Condition (**DIC**) (earthquake) coverage and pollution coverage. Medical coverage, which is self-funded program, is paid by each member that participates in the medical coverage program.

The Executive Committee is composed of the President, Vice-President and one representative from each of three regions (north/middle/south). The Board appoints a General Manager to handle the day-to-day business operations of REMIF. As of fiscal year-end, the General Manager is assisted by an Administrative Assistant who coordinates training, risk transference, general/auto liability claims handling, acts as a receptionist, performs other clerical functions and is the JPA's confidential Board Assistant. In addition, there are two staff who perform day to day accounting activities. REMIF contracts with the following service providers: Athens Administrators to provide claims administration over workers' compensation program; George Hills & Company to provide claims administration over the liability/property/APD programs; York Risk Services/Sedgwick to provide high level finance. In addition, other service providers were contracted by REMIF to conduct annual financial audits and actuarial studies, provide payroll services, safety training, and perform workers' compensation and liability claims audits.

REMIF acted as a contract third party claims administrator for handling the workers' compensation claims of two cities: Petaluma (since 1987) and San Rafael (since 2004). These two cities are not members of REMIF. However, effective May 1, 2018, the claims administrator services were terminated. Previously, REMIF also acted as a contract third party administrator for handling the workers' compensation claims of Santa Rosa, but that contract was terminated as of June 20, 2017.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

REMIF's goal is to protect the member's assets by helping moderate the effects of claims, lawsuits and losses through the use of education, prevention, training, advocacy, and insurance/self-insurance programs. In addition, REMIF helps provide cost effective employee benefit programs through the use of group coverage purchasing or self-insurance. Members are assessed contributions for participation in REMIF's programs.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS AND FINANCIAL REPORTING

All of the activities of REMIF are classified as "business-type activities." These activities include the development and operation of public entity risk pools and the purchase of insurance-related services for members. These financial statements consist of three parts – management's discussion and analysis, the basic financial statements and supplementary information. The statement of net position and statement of revenues, expenses and changes in net position provide an indication of REMIF's financial health as well as an indication of the net position available for various future purposes. The statement of net position includes all of REMIF's assets, deferred outflows of resources, liabilities and deferred inflows of resources and net position using the accrual basis of accounting. The statement of revenues, expenses and changes in net position reports all of the revenues and expenses during the fiscal years indicated. The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources such as investment income. The basic financial statements also include the notes to the financial statements section, which provides more detailed data for selected information in the financial statements.

This report contains other required supplementary information and supplementary information in addition to the basic financial statements. As a public entity risk pool, under government accounting standards, a reconciliation of claims liabilities by type of contract and claims development information are required elements of supplemental information.

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS

Condensed Statement of Net Position

	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Total capital	\$ 373,688	\$ 331,394	\$ 332,910
Total other	30,815,962	26,973,890	19,647,476
Total assets	<u>31,189,650</u>	<u>27,305,284</u>	<u>19,980,386</u>
Total deferred outflows of resources	<u>659,765</u>	<u>884,139</u>	<u>851,545</u>
Total long-term liabilities	21,928,858	20,126,661	18,367,443
Total short-term liabilities	<u>8,300,687</u>	<u>7,122,386</u>	<u>6,582,949</u>
Total liabilities	<u>30,229,545</u>	<u>27,249,047</u>	<u>24,950,392</u>
Total deferred inflows of resources	<u>216,372</u>	<u>318,912</u>	<u>105,039</u>
Total net position	<u>\$ 1,403,498</u>	<u>\$ 621,464</u>	<u>\$ (4,223,500)</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**MANAGEMENT'S DISCUSSION AND ANALYSIS****JUNE 30, 2019**

Condensed Statement of Revenues, Expenses, and Change in Net Position

	6/30/2019	6/30/2018	6/30/2017
Total operating revenues	\$ 26,012,592	\$ 32,694,595	\$ 24,017,502
Total non-operating revenues	430,948	225,356	2,732
Total revenues	26,443,540	32,919,951	24,020,234
Net losses and claims incurred	18,469,028	21,659,181	19,930,723
Premium and/or contribution for excess	3,046,907	1,674,580	1,370,198
Claims consultants and administration	2,787,150	2,383,512	2,394,696
Other operating expenses/Change in OPEB	(54,538)	(602,250)	17,841
General and administrative	1,412,959	2,316,895	1,905,519
Total expenses	25,661,506	27,431,918	25,618,977
Change in net position	782,034	5,488,033	(1,598,743)
Net position, beginning of year	621,464	(4,866,569) *	(2,624,757)
Net position, end of year	\$ 1,403,498	\$ 621,464	\$ (4,223,500)

* Restated for the provisions of GASB Statement No. 75

ANALYSIS OF CURRENT YEAR RESULTS COMPARED TO PRIOR YEARS

There was a net gain in FY 18/19 of \$782 thousand, which in comparison to FY 17/18 also had a net gain of \$5.5 million. Overall financial highlights include the following:

Total Assets increased by \$3.9 million from FY 17/18. Cash and cash equivalents increased by \$7.1 million. Receivables decreased \$3.6 million from FY 17/18 partially due to payment of \$1.5 million for the assessment and contribution billing on timely fashion. Long-term investments increased by \$545 thousand from FY 17/18.

Total Liabilities increased \$3 million from FY 17/18. Accounts Payable increased by \$1.2 million from FY 17/18 due to the following: \$960 thousand increase is related to the timing of the medical payments to Blue Cross and \$225 thousand is result recording insurance payable to CJPRMA. The other increase is related to Claims Liabilities which increased by \$2 million. Claims Reserves increased by \$600 thousand, and Claims Incurred But Not Reported (IBNR) increased by \$1.4 million form FY 17/18. Pension liability decreased by \$85 thousand when compared to FY 17/18.

Total Net Position increased \$782 thousand from FY 17/18. The total net position is \$1.4 million. Steps were taken during FY 17/18 to rebuild deficit fund balance in the liability program and workers' compensation program. During FY 17/18, the Board of Directors declared assessments of \$2.5M in the liability program and \$6M in the workers' compensation program to be paid over 5 year and 6 years, respectively. The assessment collection started in FY 18/19.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Total Revenues decreased \$6.5M from FY 17/18, of which \$8.5 million was related to the assessment declared by the Board in FY 17/18. Member Contributions increased \$2.3 million from FY 17/18. Investment income also increased \$220 thousand from FY 17/18.

Total Expenses decreased \$1.8 million from FY 17/18. Net losses and claims incurred (claims expense) increased \$3.2 million from FY 17/18. The current year ultimate losses decreased by \$3.3 million when compared to FY 17/18 which was offset by adjustments to ultimate losses for older years that increased by \$100 thousand when compared to FY 17/18. Premium and/or contributions for excess increased by \$1.4 million from FY 17/18 due to rise in liability and property rates. Claims consultants and administration increased \$404 thousand from FY 17/18 due to contracting new claims administrators for the Workers' Compensation and Liability programs.

The general and administration expenses decreased \$904 thousand from FY 17/18. Salaries and benefits decreased by \$589 thousand due to REMIF moving from administering claims in-house. Professional services also decreased \$204 thousand from FY 17/18.

Workers' Compensation

The Workers' Compensation program saw a decrease in net position of \$2.5 million in FY 18/19. The Workers' Compensation program ended FY 18/19 with a deficit position of \$4.6 million.

Total Revenues decreased \$5.9 million from FY 17/18. Member contributions increased \$211 thousand from FY 17/18 to due increase in payroll and self-insured retention rate. That increase was offset by the decrease in assessment of \$6 million, which was declared in FY 17/18.

Total Expenses increased by \$295 thousand from FY 17/18. Net losses and claim incurred and change in reserves for ULAE are considered claims expense. Claims expense experienced a minimal increase in comparison to FY 17/18. The minimal changes to the program are a result of hiring a new claims administrator (Athens Administration). In FY 17/18, the claims were administered in house till May 1, 2018.

Excess insurance increased \$21 thousand from FY 17/18. Excess insurance carriers continued to reimburse payments to injured employees due to workers' compensation injuries when their expenses exceeded their self-insured retention level (**SIR**).

Claims administration expense increased \$260 thousand from prior year due to contracting Athens Administration for the entire FY 18/19.

The general and administrative expense increased by \$120 thousand from FY 17/18.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Liability

The Liability program saw a decrease in net position of \$1.2 million in FY 18/19. The Liability program ended FY 18/19 with a deficit net position of \$1.8 million.

Total Revenues decreased \$1.5 million from FY 17/18. Member contributions increased \$1 million from FY 17/18 due to rising cost of the excess insurance and funding the REMIF layer appropriately. That increase is offset by the decrease in assessment of \$2.5 million which was declared in FY 17/18.

Total expense increased \$1.8 million from FY 17/18. Net losses and claim incurred and change in reserves for ULAE are considered claims expense. Claims expense increased by \$1.7 million from FY 17/18. The actuary increased prior year's ultimate losses by \$2 million when compared to FY 17/18 which saw an increase of \$470 thousand.

The excess insurance increased by \$83 thousand (11%) from FY 17/18. The increase is a result of continuing increase of rates in the marketplace as well the liability program experiencing unfavorable claims development in prior years.

The general and administrative expense increased by \$16 thousand from FY 17/18.

Property

The Property program showed a net loss in FY 18/19 of \$306 thousand, decreasing the net position to \$278 thousand.

Total Revenues increased \$75 thousand from FY 17/18. The increases were due pass-through coverages (Difference in Condition and High Flood Zone) that REMIF obtains for its members. The rates for these coverages have been increasing state wide.

REMIF obtains Property coverage through California Joint Powers Risk Management Authority (CJPRMA). Excess insurance increased \$387 thousand of which is a result of the pass-through coverage as mentioned above.

Auto Physical Damage

The Auto Physical Damage program had net income in the amount \$102 thousand, increasing the net position to \$809 thousand at June 30, 2019.

For the FY 18/19, a total of 1,467 vehicles were covered for all REMIF cities with the vehicles valued at \$70 million. Of the vehicles covered, 803 vehicles were valued at or greater than \$25,000 with insurance provided through the CJPRMA. The value of the vehicles in this category was \$60 million.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

Dental

Dental premiums exceeded claims paid in FY 18/19, which resulted in a change in net position of \$25 thousand. The fund balance at end of fiscal year is \$476 thousand and claims liability is recorded at \$50,000.

<u>Dental</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Net premiums (cumulative from inception)	\$ 170,569	\$ 352,343	\$ 390,449
Employees enrolled	1,148	1,121	1,078
Net income (loss)	\$ 24,646	\$ 28,972	\$ (72,467)

Vision

Vision premiums exceeded claims payments in FY 18/19, which resulted in a net income of \$19,224. The fund balance at FYE is \$124 thousand and claims liability is recorded at \$14,227.

<u>Vision</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Net premiums (cumulative from inception)	\$ 49,863	\$ 38,250	\$ 70,225
Employees enrolled	1,045	1,042	972
Net income (loss)	\$ 19,224	\$ 17,830	\$ 6,116

Health

A self-funded health plan was established on July 1, 2015 for the REMIF medical program. Claims payments exceeded premiums collected in FY 18/19, which resulted in a net gain of \$4.4 million. The fund balance at FYE is \$5.6 million and claims liability is recorded at \$1.25 million.

<u>Health</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Net premiums (cumulative from inception)	\$ 2,495,736	\$ 3,311,181	\$ 2,791,998
Employees enrolled	798	799	812
Net income (loss)	\$ 4,586,968	\$ (617,950)	\$ 1,062,515

Post Retirement Benefits

While health benefits are no longer offered to newer REMIF employees, REMIF offered future health benefits for retired employees that worked for REMIF for at least ten years. The funds are held in an irrevocable trust under Chandler Asset Management and are used to pay on going health benefits for the retired employees.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

With an updated actuarial valuation as of June 30, 2019, the OPEB Liability is \$2.32M and the trust fund balance is \$2.88M resulting in an asset of \$553K. Because these funds are held in an irrevocable trust, OPEB transactions are shown in separate fiduciary fund statements and footnotes in the Financial Statement.

Transference of Risk for Members

Insurance was provided for all programs as follows:

In the **Liability** program the California Joint Powers Risk Management Authority provided \$39.50 million of coverage in excess of \$500,000, through both pooled funds, insurance and reinsurance. Covered items included general liability, automobile liability and employment practices liability. It should be noted that there are sub-limits in some specified areas.

In the **Workers' Compensation** program Safety National Casualty provided statutory coverage in excess of a \$1 million self-insured retention.

In the **Property** program there was coverage up to \$400 million per incident, through a CJPRMA purchase program, with a \$100,000 self-insured retention. This did not include earthquake coverage which was billed separately to each city. Four insurance companies provided earthquake coverage up to \$20 million for replacement value. The cost of the earthquake coverage was \$46,440 less than the previous year. Pollution was covered for \$5 million with a \$100,000 self-insured retention.

Boiler and Machinery coverage was provided up to \$21.25 million, with a self-insured retention of \$25,000.

Automobile Physical Damage coverage was up to \$10 million through CJPRMA with a self-insured retention of \$10,000 for all vehicles that had a value of \$25,000 or more. Each city has a deductible of \$5,000 or \$10,000 per vehicle. There is a self-insured program funded by REMIF for vehicles in the \$5,000 to \$25,000 value range.

Bonds and Fidelity Insurance were provided in the form of **Public Employee Blanket Bonds** for loss of money, securities and other property through employee dishonesty up to \$2 million with an SIR of \$10,000 which includes a faithful performance component. There was also a **Depositors Forgery Bond** up to \$2 million with an SIR of \$10,000 for coverage due to forgery or alteration. **Computer Fraud** provided up to \$2 million with an SIR of \$10,000 and covered a loss of money, securities and other property through failure to properly supervise. In addition, there was coverage against **Funds Transfer Fraud** and **Public Official Faithful Performance** which provided up to \$2 million with an SIR of \$10,000 and covered against the fraudulent transfer of funds from the agency transfer account and faithful performance of public officials.

Employee Assistance Plan benefits include financial counseling, budgeting strategies, credit management, legal referrals, and counseling for stress management, family support, smoking cessation and weight management (eight visits per incident). The EAP program with AETNA began July 1, 2015, is \$2.72 per employee with a contract effective date through June 30, 2019.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

PROGRAM SERVICES

Program Services provided to the member entities are intended to help them manage risk or transfer risk when it is appropriate.

Risk Transference

REMIF maintains a strong risk transference program by requiring the entities to be named as an additional insured on contractors', facility users' and permittees' insurance policies. The members are given training as needed to effectively administer their risk transference programs. In addition, the General Manager and Administrative Assistant, on an almost daily basis, field inquiries about proper documentation needed to ensure that the cities are protected. At the end of FY 18/19, there were active litigation cases being handled by contractors' insurance companies at no expense to REMIF and the entities because of this highly effective program.

Training

Training is a strong component of any risk management program and one that REMIF is heavily engaged in. Each year, a special two-day training seminar is conducted for all police chiefs and are POST certified. In addition, each year the Board has a full day of training as part of its annual meeting in January. Other members of the entities' staff, as well as Board members, are invited to attend this training.

There is an annual full day Public Works training seminar for the member's Public Works Directors and other supervisory staff. The training provides information concerning risk reduction, personnel practices and other relevant subjects designed to avoid or reduce the costs of claims and lawsuits.

REMIF has a policy of reimbursing the attendance of up to six members from each entity to attend the following conferences: CAJPA, CALPELRA, PARMA and LCW. In addition to the above specific training sessions, REMIF hosts or conducts numerous training activities throughout the year at various sites as requested by the entities.

As an adjunct to the Police Daily Training Bulletin program, REMIF has a policy of providing access to Lexipol, to help the members establish and maintain current procedure manuals. This effort reduces exposure and litigation costs when claims/lawsuits are filed against police agencies.

On January 1, 2006, REMIF set up a consultation program with a contracted outside law firm for personnel legal advice services at no cost to the cities.

Drug and Alcohol Detection

The entities are required to have a substance abuse testing and treatment program for all drivers who have commercial licenses as part of their job requirements. This is a federally mandated program through the Department of Transportation. REMIF coordinates this program through a private provider. The various drug tests are administered in accordance with federal law and the costs are passed through to the entities.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

DESCRIPTION OF FACTS OR CONDITIONS THAT ARE EXPECTED TO HAVE A SIGNIFICANT EFFECT ON FINANCIAL POSITION OR RESULTS OF OPERATIONS

Economic Factors

The U.S. labor market showed considerable strength during the fiscal year, while wages grew modestly, and inflation remained contained. However, headwinds to the economy increased through the year. GDP growth in 2018 was 2.9% for the calendar year while the first half of 2019 grew at a slower pace. Ongoing global trade disputes, slowing global economic growth, an uncertain outlook for Brexit, and geopolitical tensions have made the outlook uncertain and provided for increased market volatility. As a result, interest rates have fallen since the fall of 2018 and continued to fall through fiscal year end. After nine interest rate tightening moves over the past three years, the Federal Open Market Committee (FOMC) elected to pause late in 2018, and lowered the Federal Funds Target Rate by 25 basis points for the first time since December 2015, to a range of 2.00%-2.25% at the July 31, 2019 meeting, shortly after the fiscal year end. The Fed also decided to end their balance sheet normalization program two months early (as of August 1st). The trajectory of economic growth is likely to hinge on the outcome of ongoing trade negotiations as well as policy action by the major global central banks.

Investment Arena

While some market indicators are starting to soften, the U.S. economy—now officially into the longest expansion on record—continues to churn out positive growth. After first quarter 2019 growth of 3.1%, real gross domestic product (GDP) growth slowed in the second quarter to 2.0%, according to the second official estimate, but still beat economists' expectations. Personal consumption, which comprises nearly 70% of GDP, posted its strongest contribution since 2014, offsetting detractors from inventories, net exports, and business investment. The labor market remains strong with the unemployment rate hovering near a 49-year low, and both businesses and consumers continue to benefit from a healthy stock market which, despite recent volatility, remains solidly in positive territory year-to-date.

However, not all economic data releases have been quite so rosy in recent months, as durable goods orders and manufacturing data have both declined. Also on a downward trend is the Personal Consumption Expenditures (PCE) index, the Federal Reserve's (the "Fed") preferred gauge of inflation which, after finally reaching the Fed's target level of 2% in 2018, is now languishing around 1.6%. Perhaps even more concerning to investors is the ongoing trade war between the U.S. and China and less-predictable global politics.

As was widely expected, the Federal Reserve raised short-term rates by 25 basis points (0.25%) four times in 2018. However, recent market conditions have caused the Fed to reverse its stance. In late July 2019, the Fed cut short-term rates for the first time since December 2008, citing weak global growth, trade policy uncertainty, and muted inflation as the rationale behind this "mid-cycle" policy adjustment. Market participants are currently pricing in several additional rate hikes by the end of the calendar year, although Fed officials have been hesitant to publicly commit to that level of monetary easing.

As a result of market uncertainties and expectations of lower rates going forward, the yields on most U.S. Treasury obligations have fallen from late-2018 highs. In fact, the yield on the 2-year U.S. Treasury has fallen by 77 basis points (0.77%) over the past 12 months to a level of 1.75% as of June 30, 2019. Also as

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

of June 30, 2019, the yield remains inverted with shorter-maturity U.S. Treasury obligations offering higher yields than intermediate- and longer-term obligations.

REMIF's fixed income investment portfolio has recently benefitted from the strong market value appreciation that occurs when interest rates in the marketplace decrease. The portfolio is currently being managed to a neutral duration position relative to the benchmark in order to minimize risk and optimize relative performance. REMIF's portfolio remains well diversified across the various investment sectors permitted by California Government Code and the Authority's Investment Policy. Given current market uncertainties and expectations of slowing economic growth in the future, allocations to the U.S. Treasury sector have increased notably over the past year, reflective of a more conservative stance.

REMIF has continued to meet its goals of safety, liquidity, and return through execution of an actively-managed strategy that seeks to identify undervalued securities in order to enhance portfolio earnings while maintaining its foremost focus on safety and liquidity. We anticipate this strategy of active management will continue to be effective and will deliver favorable results in REMIF's portfolio.

Workers' Compensation Arena

Statewide California commercial insurance experience indicates that costs started to decrease in 2014 and have continued to decrease through 2019. The WCIRB has filed for rate decreases almost continuously between 7/1/15 and 1/1/20, representing a cumulative decrease of about 45% during that period. The recent decreases are primarily due to lower medical costs, which have been affected by a variety of changes associated with SB 863 including the implementation of Resource-Based Relative Value Scale (RBRVS) and Independent Medical Review (IMR). Pharmaceutical costs in particular have decreased significantly over the past few years, partly due to a fee schedule change and decreases in the use of opioids. SB 863 also substantially increased permanent disability benefits, and those increases have been implemented as expected. Areas that are putting upward pressure on costs are the frequency of cumulative injury claims (particularly in Southern California) and legal costs.

Insurance Markets

For a number of years the Liability Insurance market for Public Agencies has been extremely challenging, especially for those insureds in the highly litigious State of California. Police related incidents and sexual misconduct claims have only exacerbated an already hard market. Additionally, losses the insurance markets has suffered from Property related damages has started to have an effect on all lines of coverage. The Property insurance market experienced its worst year ever in 2017, with a total of \$150B+ in insured claims; 2018 wasn't much better with \$80B of paid claims. Consequently, for the 2019-2020 renewal period, most insureds saw rate increases over expiring. For those insureds that have either experienced significant shock losses, or persistent attritional loss activity, rates increased significantly higher than average in a so called "right sizing" of premium to risk.

FINANCIAL SECTION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

STATEMENT OF NET POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 9,965,475	\$ 2,880,270
Investments	1,616,155	1,465,628
Receivables:		
Premiums and fees	12,725	1,664,810
Reimbursements	509,819	640,604
Member assessments	1,500,000	1,500,000
Excess insurance reimbursement and other	399,724	555,890
Interest	63,089	208,729
Prepaid expenses	1,921	374,156
Deposits	254,940	-
Total Current Assets	14,323,848	9,290,087
Noncurrent Assets		
Receivables:		
Members	5,500,000	7,000,000
Investments	10,439,508	10,044,701
Net OPEB asset	552,606	639,102
Capital assets - net	373,688	331,394
Total Noncurrent Assets	16,865,802	18,015,197
Total Assets	31,189,650	27,305,284
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to OPEB	-	80,787
Deferred outflows related to pensions	659,765	803,352
Total Deferred Outflows of Resources	659,765	884,139
LIABILITIES		
Current Liabilities		
Accounts payable	1,226,114	20,063
Unearned premiums	-	238,237
Tenant and other deposits	10,346	2,160
Current portion of claims liabilities	7,064,227	6,861,926
Total Current Liabilities	8,300,687	7,122,386
Noncurrent Liabilities		
Claims liabilities	19,773,520	17,886,369
Net pension liability	2,155,338	2,240,292
Total Noncurrent Liabilities	21,928,858	20,126,661
Total Liabilities	30,229,545	27,249,047
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB	22,783	244,604
Deferred inflows related to pensions	193,589	74,308
Total Deferred Outflows of Resources	216,372	318,912
NET POSITION		
Net investment in capital assets	373,688	331,394
Unrestricted	1,029,810	290,070
Total Net Position	\$ 1,403,498	\$ 621,464

The accompanying notes are an integral part of these financial statements.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
OPERATING REVENUES		
Member premiums	\$ 25,806,822	\$ 23,499,015
Member assessments	-	8,500,000
Fees	205,770	695,502
Excess insurance refunds	-	78
Total Operating Revenues	<u>26,012,592</u>	<u>32,694,595</u>
OPERATING EXPENSES		
Net losses and claims incurred	18,469,028	21,659,181
Premiums for excess coverage	3,046,907	1,674,580
Claims consultants and administration	2,787,150	2,383,512
General and administration	1,412,959	2,316,895
Annual OPEB expense	(54,538)	(602,250)
Total Operating Expenses	<u>25,661,506</u>	<u>27,431,918</u>
Net Operating Income/(Loss)	<u>351,086</u>	<u>5,262,677</u>
Non-operating Revenues (Expenses)		
Rental income	17,730	31,200
Investment income	413,218	194,156
Total Non-operating Revenues (Expenses)	<u>430,948</u>	<u>225,356</u>
Change in Net Position	782,034	5,488,033
Net Position - Beginning of Year	621,464	(4,866,569)
Net Position - End of Year	<u>\$ 1,403,498</u>	<u>\$ 621,464</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash Flows from Operating Activities		
Cash received from members	\$ 29,057,225	\$ 23,148,724
Cash received for excess insurance dividends	-	78
Payments for excess insurance	(2,674,672)	(2,048,736)
Payments for claims, claims consultants and claims administration	(19,245,500)	(20,576,623)
Payments to vendors	121,438	(894,014)
Payments to or on behalf of employees	(166,035)	(1,400,410)
Net Cash Flows Provided/(Used) by Operating Activities	<u>7,092,456</u>	<u>(1,770,981)</u>
Cash Flows from Noncapital Financing Activities		
Rents received	25,916	31,200
Net Cash Flows Provided/(Used) by Financing Activities	<u>25,916</u>	<u>31,200</u>
Cash Flows from Investing Activities		
Investment income/(loss)	558,858	(14,573)
(Purchase) sale of investments	(545,334)	52,116
Net Cash Flows Provided/(Used) by Investing Activities	<u>13,524</u>	<u>37,543</u>
Cash Flows from Capital and Related Financing Activities		
Acquisition of capital assets	(46,691)	(5,074)
Net Cash Flows Provided/(Used) by Financing Activities	<u>(46,691)</u>	<u>(5,074)</u>
Net Increase/(Decrease) in Cash	7,085,205	(1,707,312)
Beginning Cash and Equivalents	2,880,270	4,587,582
Ending Cash and Equivalents	<u>\$ 9,965,475</u>	<u>\$ 2,880,270</u>
Reconciliation of Operating Income to Net Cash Provided by		
Operating Activities		
Operating income (loss)	\$ 351,086	\$ 5,262,677
Depreciation expense	4,397	6,590
Changes in assets and liabilities		
Premiums and fees receivable	1,652,085	(1,550,728)
Reimbursement receivable	130,785	981,698
Member assessments receivable	1,500,000	(8,500,000)
Excess insurance reimbursement and other	156,166	412,071
Prepaid expenses	372,235	(374,156)
Unearned premiums	(238,237)	238,237
Deposits held to perform claim administration	(254,940)	(438,000)
Net pension liability and deferred outflows/inflows	177,914	241,359
Other postemployment benefits	(54,538)	(602,250)
Accounts payable and other liabilities	1,206,051	(207,728)
Claims liabilities	2,089,452	2,759,249
Net Cash Provided by Operating Activities	<u>\$ 7,092,456</u>	<u>\$ (1,770,981)</u>
Supplementary Information		
Noncash Investing and Financing Transactions		
Change in fair market value of investments*	<u>\$ 346,175</u>	<u>\$ -</u>

* Not available for the fiscal year 2017-18.

The accompanying notes are an integral part of these financial statements.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**OPEB TRUST FUND****STATEMENT OF FIDUCIARY NET POSITION****JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Investments		
Money market	\$ 46,181	\$ 31,442
Exchange traded funds	<u>2,876,065</u>	<u>2,947,588</u>
Total Assets	<u>2,922,246</u>	<u>2,979,030</u>
 Liabilities		
Accounts payable	<u>46,193</u>	<u>-</u>
Total Liabilities	46,193	-
 NET POSITION		
Held in trust for investment pool participants	<u>\$ 2,876,053</u>	<u>\$ 2,979,030</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**OPEB TRUST FUND****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ADDITIONS		
Contributions to OPEB plan	\$ 16,442	\$ 115,806
Investment income:		
Interest and dividends	146,442	228,814
Less: investment expense	<u>(7,158)</u>	<u>(6,819)</u>
Total Additions	<u>155,726</u>	<u>337,801</u>
DEDUCTIONS		
Benefits	<u>258,703</u>	<u>115,806</u>
Total deductions	<u>258,703</u>	<u>115,806</u>
Change in Net Position	(102,977)	221,995
Net Position, Beginning of Year	<u>2,979,030</u>	<u>2,757,035</u>
Net Position, Ending of Year	<u>\$ 2,876,053</u>	<u>\$ 2,979,030</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

1. GENERAL INFORMATION

Redwood Empire Municipal Insurance Fund (REMIF) is a governmental entity organized under a joint powers agreement by certain California cities to provide various coverage programs to its members as allowed under the California Government Code. REMIF is a "risk sharing pool" which pools risk and funds and which shares in the cost of losses. REMIF provides and administers coverage programs for seven member and eight associate member cities. Members and associate members participate in the workers' compensation and general liability programs and have the option, with approval by the Board of Directors, of participating in any or all of the other coverage programs which provide property, difference in conditions (flood and earthquake), fidelity/faithful performance, dental, vision, employee assistance, auto physical damage and healthcare.

Members consist of those cities which were involved with the formation of REMIF and have representation on the Board of Directors. Associate members consist of additional cities which have been allowed to participate in the programs and are entitled to one vote for every four associate members on the Board of Directors. In June 2014, the Board amended the Governance By-laws effective January 1, 2015 to allow all REMIF members the right to sit on the Board.

The activities of REMIF include setting and collecting contributions for each program, negotiating excess insurance coverage, administering payment of claims and related expenses including maintaining risk management and safety programs, training for the members, and investing each program's assets. REMIF engages the services of independent actuaries and claims administrators to assist in performing some of these activities.

General and administrative expenses are allocated to each fund based on percentages and amounts established annually by the Board of Directors.

For some of the coverage programs REMIF has a risk sharing arrangement. Each member participating in a risk sharing program assumes its own losses up to its retention level. Losses in excess of each member's self-insured retention are paid out of that program's pool. Each program's pool is funded by all of the members participating in that program through cash contributions. Losses and expenses are paid from these pools up to the limit of coverage subject to REMIF's self-insured retention. Losses in excess of each program's coverage level are covered by commercial carriers or other joint power authorities of which REMIF is a member. Losses exceeding the excess coverage limits for each program are the responsibility of the individual member from which the loss or claim originated. Each year REMIF evaluates every program's financial risk position, defined as contributions less projected ultimate loss. If the events of the year result in a negative risk position, the members' annual assessment may be increased in subsequent years.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America for governmental enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, REMIF follows the accounting standard hierarchy established by the GASB.

In addition to REMIF's business-type activities, REMIF maintains a fiduciary fund to account for the assets held in a trustee capacity. Fiduciary funds are also accounted for using the economic resources measurement focus and accrual basis of accounting. REMIF reports the following fiduciary fund:

The Other Postemployment Benefits Trust Fund (OPEB Trust Fund) is an irrevocable trust fund used to account for assets held by REMIF as Trustee for other postemployment benefits as further described in Note 8.

B. Insurance Coverage and Deductibles

REMIF provides the following major insurance coverage and deductibles:

1. Workers Compensation Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible: \$5,000 to \$10,000
REMIF SIR: \$1,000,000 as of June 30, 2019

The SIRs for this program by year are as follows:

Year	Amount
7/1/76 - 6/30/81	\$ 150,000
7/1/81 - 2/28/82	100,000
3/1/82 - 6/30/86	150,000
7/1/86 - 6/30/87	200,000
7/1/87 - 6/30/90	250,000
7/1/90 - 6/30/03	300,000
7/1/03 - 6/30/19	1,000,000

Excess of: Excess of \$1,000,000 to statutory limits for each worker's compensation occurrence through Safety National Casualty.

Excess of \$1,000,000 to \$2,000,000 for employer's liability through Safety National Casualty.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Liability Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible: \$5,000 to \$25,000
REMIF SIR: \$500,000 as of June 30, 2019

Excess of: \$500,000 to a total of \$40,000,000 coverage per occurrence through California Joint Powers Risk Management Authority, Munich Reinsurance America and SCOR Reinsurance Co.

3. Property Program

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible: \$5,000 to \$10,000
REMIF SIR: \$100,000 as of June 30, 2019

Excess of: \$25,000 to a total of \$400,000,000 (\$100,000,000 Boiler/Machinery) coverage per occurrence through Munich Reinsurance America, XL Insurance America Inc., and Hartford Steam Boiler Insurance Company.

4. Auto Physical Damage

REMIF provides the following insurance coverage and self-insured retention (SIR):

Member Deductible: \$5,000 to \$10,000
REMIF SIR: \$25,000 as of June 30, 2019

Excess of: \$25,000 to a total of \$10,000,000 coverage per occurrence through The Hanover Insurance Company.

5. Healthcare Program

Beginning July 1, 2015, REMIF provides a self-insured healthcare program. The program is administered by a third-party administrator (TPA) and a pharmacy benefit manager (PBM) and includes stop loss coverage to protect REMIF from large individual or catastrophic losses as follows:

REMIF Deductible: \$175,000
Maximum Annual Reimbursement: \$1,000,000

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Pass-through Programs

REMIF also provides earthquake and flood (difference in conditions), life, comprehensive drug testing and employee assistance programs which are fully insured by a commercial provider.

C. Contributions from Members

Each member is assessed a premium which is intended to cover REMIF's claims, operating costs and claim settlement expenses for that program. Contributions for all programs, except the Healthcare Programs, are based on an actuarially determined rate for each program, based on an estimate of the probable losses and expenses to be borne by that program, in the year in question. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be surplus according to an established policy. General and administrative expenses are allocated on the basis of each participant's share of cash contributions. All contributions are recognized as revenues when earned, based on the period covered by the premium. Contributions received in advance are recorded as unearned premiums and are recognized over the effective coverage period.

For the Healthcare Program, contributions for the medical, dental, and vision plans are based on an estimate determined by the Board, in an amount calculated to be sufficient to provide for all covered expenses. The cash contributions are also calculated to establish a prudent surplus to fund for a contingent risk margin and administrative expenses. Contributions are recognized as revenues when earned, based on the period covered by the premium.

D. Nonoperating Revenue

REMIF does not discount its claims liabilities for all programs. Therefore, investment income is classified as nonoperating income. Additionally, REMIF anticipates investment income in determining if a premium deficiency exists.

E. Unpaid Claims Liabilities (Claims Reserves and Claims IBNR)

REMIF established claims liabilities separately for the worker's compensation and liability programs based on discounted estimates and all other programs based on the undiscounted estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, and based on estimates of claims that have been incurred but not reported (IBNR) by that program. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability and damage awards, claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision for inflation is implicit in the calculation of estimated future claims costs because reliance is placed both on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Reserve for Unallocated Loss Adjustment Expense (ULAE)

Amounts have been estimated for the cost of administering claims payable and future claims. These amounts were estimated in connection with other loss development information.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

H. Deferred Compensation Plan

REMIF employees may defer a portion of their compensation under a City of Rohnert Park sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death, or in an emergency as defined by the Plan. The laws governing deferred compensation plan assets require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not REMIF's or the property, and are not subject to claims by general creditors of REMIF or the City, they have been excluded from these financial statements.

I. Cash and Equivalents

REMIF considers all highly liquid debt instruments purchased with a maturity of three months or less and its investments in the Local Agency Investment Fund (LAIF) and Sonoma County Trust to be cash equivalents. LAIF is recorded at fair value, which is based on the quoted market prices of its underlying investments.

J. Prepaid Expenses

Prepaid expenses consist of operating expenses for which payment was made in advance and will be expensed when the benefit is realized.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

Capital assets are stated at cost. Major additions are capitalized and repair and maintenance costs are expensed. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the book value of capital assets. When assets are sold or abandoned, the cost and related accumulated depreciation are removed from the accounts and the resulting gain or loss is recognized in the statement of revenues, expenses, and changes in net position.

REMIF has assigned the useful lives and capitalization thresholds listed below to capital assets, depending upon the year of acquisition:

	Prior to July 1, 2012	On or After July 1, 2012
Capitalization Threshold	\$ 1,000	\$ 5,000
Useful Lives (Years):		
Buildings	20	50
Building Improvements	10-20	30
Leasehold Improvements	10-20	10
Equipment	5	5
Furniture and Fixtures	7	N/A

L. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. REMIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. REMIF's most significant estimates include estimates for liabilities associated with claims and other post-employment benefits. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

N. Income Taxes

REMIF's income is exempt from federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision.

O. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	2019	2018
Cash in bank and on hand	\$ 9,310,847	\$ 2,239,345
Sonoma County Tust	237,860	233,401
Local Agency Investment Fund (LAIF)	416,768	407,524
Total Cash and Cash Equivalents	<u>\$ 9,965,475</u>	<u>\$ 2,880,270</u>

The carrying amount of the Authority's cash in bank is covered by federal depository insurance up to \$250,000 for each account. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All funds held in banks are collateralized.

Investment Pools

REMIF is a participant in LAIF that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Sonoma County Trust Fund. The fair value of REMIF's investment in the pools is reported in the accompanying financial statements at amounts based upon REMIF's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio) and Sonoma County Trust Fund. The balance available for withdrawal is based on the accounting records maintained by LAIF and the Sonoma County Trust Fund, which are recorded on an amortized cost basis. Separate complete financial statements for LAIF may be obtained from 915 Capitol Mall, Sacramento, CA 95814 and for Sonoma County Trust Fund from 575 Administration Drive, Santa Rosa, CA 95403.

B. INVESTMENT

Policies

REMIF invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to maximize security, REMIF employs the Trust Department of a bank as the custodian of all REMIF managed investments, regardless of their form.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

The table below identifies the investment types that are authorized for REMIF by the California Government Code and REMIF's investment policy. The table also identifies certain provisions of the California Government Code or REMIF's investment policy, if more restrictive, that address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	None	None	None
U.S. Agency Securities	5 years	None	None	None
Municipal Securities				
State	5 years	None	None	None
Local Agencies within California	5 years	None	None	None
Banker's Acceptances	180 days	A1	40%	5%
Non-Negotiable Certificates (Time Deposits)	5 years	None	30%	None
Negotiable Certificates of Deposit	5 years	A	30%	5%
Commercial Paper	270 days	A/A1	25%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None	LAIF Max
Sonoma County Pooled Investment Fund	N/A	None	10%	None
Medium-Term Notes	5 years	A	30%	5%
Money Market Mutual Funds	N/A	AAA	20%	10%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that REMIF manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of REMIF's investments to market interest rate fluctuations is provided by the following tables that show the maturity date of each investment or earliest call date:

Investment Type	Fair Value	Investment Maturities		
		< 1yr	1-3 yrs	>3 yrs
U.S Treasury Obligations	\$ 4,021,443	\$ 457,547	\$ 2,988,645	\$ 575,251
U.S Agency Securities	5,062,755	717,358	2,583,438	1,761,959
U.S. Corporate Notes	2,804,489	424,380	1,910,675	469,434
Foreign Corporate Notes	150,106	-	-	150,106
Money Market Mutual Funds	16,870	16,870	-	-
Total Investments	\$ 12,055,663	\$ 1,616,155	\$ 7,482,758	\$ 2,956,750

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year-end for each investment type as of June 30, 2019, as provided by Standard and Poor's investment rating system.

Investment Type	Amount	Rating as of Year End		
		AAA	AA+/AA/AA-	A+/A/A-
U.S Treasury Obligations	\$ 4,021,444	\$ -	\$ 4,021,444	\$ -
U.S Agency Securities	5,062,755	-	5,062,755	-
U.S. Corporate Notes	2,804,488	164,082	742,869	1,897,537
Foreign Corporate Notes	150,106	-	-	150,106
Money Market Mutual Funds	16,870	16,870	-	-
Total	<u>\$ 12,055,663</u>	<u>\$ 180,952</u>	<u>\$ 9,827,068</u>	<u>\$ 2,047,643</u>

Fair Value Hierarchy

REMIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of REMIF as of June 30, 2019:

Investments	Fair Value	Fair Value Measurements Using			N/A
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Debt Securities					
U.S Treasury Obligations	\$ 4,021,444	\$ -	\$ 4,021,444	\$ -	\$ -
U.S Agency Securities	5,062,755	-	5,062,755	-	-
U.S. Corporate Notes	2,804,488	-	2,804,488	-	-
Foreign Corporate Notes	150,106	-	150,106	-	-
Money Market Mutual Funds	16,870	-	-	-	16,870
Total Debt Securities	<u>\$ 12,055,663</u>	<u>\$ -</u>	<u>\$ 12,038,793</u>	<u>\$ -</u>	<u>\$ 16,870</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Debt securities, classified in Level 2 of the fair value hierarchy, are valued using various pricing techniques maintained by Interactive Data Pricing, including benchmark curves, sector groupings and matrix pricing. These prices are obtained from various pricing sources by our investment manager. Fair value is defined as the quoted market value on the last trading day of the period.

Concentration of Credit Risk

The investment policy of REMIF contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. During fiscal year 2019, REMIF did have more than 5% of total investments in a single issuer (other than U.S. Treasury securities, mutual funds and external investment pools), which are disclosed as follows:

	<u>% of Portfolio</u>
United States Treasury	33.30%
Federal National Mortgage Association	19.80%
Federal Home Loan Banks	12.40%
Federal Home Loan Mortgage Corp	9.80%

4. INVESTMENTS – OPEB TRUST FUND

Composition

Investments of the OPEB Trust Fund at June 30 consisted of the following:

	<u>2019</u>	<u>2018</u>
Money Market	\$ 46,181	\$ 31,442
Exchange Traded Funds:		
Equities:		
Domestic	1,179,901	1,348,102
Emerging Market	154,171	-
International	310,114	420,737
Real Estate:		
Domestic	170,867	159,235
International	70,203	68,719
Commodities	41,280	45,302
Bonds:		
Domestic	872,174	831,634
International	77,355	73,859
Total Investments	<u>\$ 2,922,246</u>	<u>\$ 2,979,030</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

4. INVESTMENTS – OPEB TRUST FUND (CONTINUED)

Investments Authorized by OPEB Trust Fund's Investment Policy

The tables below identify the investment types that are authorized by the OPEB Trust Fund's investment policy. The tables also identify certain provisions that address interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	Maximum Investment In One Issuer
U.S. Treasury and Agency Obligations	None
Money Market Instruments	5%
Fixed Income Securities**	5%
Mortgage-Backed Securities	5%
Asset-Backed Securities	5%
Equity Securities of U.S. and non-U.S. Issuers	5%
Real Estate Investment Trusts (REITs)	5%
Commingled Funds*	5%
Mutual Funds*	None
Exchange Traded Funds (ETF)*	None

* Must invest in permitted investments.

** Individually purchased fixed income securities must, at the time of purchase, have a credit rating of at least "Investment Grade" by one or more of the Nationally Recognized Statistical Ratings Organization (NRSRO).

Asset Class	Acceptable Range of Asset Allocation (within 5%)
Money Market	0% -10%
Exchange Traded Funds:	
Equities:	25% -75%
Domestic	20% -75%
Emerging Market	20% -75%
International	5% -50%
Real Estate:	0% -25%
Domestic	0% -25%
International	0% -10%
Commodities	0% -25%
Bonds:	25% -75%
Domestic	15% -75%
International	0% -35%

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

4. INVESTMENTS – OPEB TRUST FUND (CONTINUED)

Interest Rate Risk

As of June 30, 2019 and 2018, the OPEB Trust Fund's investments had maturities of 12 months or less.

Fair Value Hierarchy

The OPEB Trust Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the OPEB Trust Fund as of June 30, 2019:

Investments	Fair Value	Fair Value Measurements Using			N/A
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Money Market	\$ 46,181	\$ -	\$ -	\$ -	\$ 46,181
Exchange Traded Funds:					
Equities:					
Domestic	1,179,901	1,179,901	-	-	-
Emerging Market	154,171	154,171	-	-	-
International	310,114	310,114	-	-	-
Real Estate:					
Domestic	170,867	170,867	-	-	-
International	70,203	70,203	-	-	-
Commodities	41,280	41,280	-	-	-
Bonds:					
Domestic	872,174	872,174	-	-	-
International	77,355	77,355	-	-	-
Total Investments	<u>\$ 2,922,246</u>	<u>\$ 2,876,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,181</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our investment manager.

Disclosures Relating to Credit Risk

The Money Market Funds was rated AAAM and A+, respectively by Standard and Poor's Investment Rating Service as of June 30, 2019 and 2018. All other holdings were not rated.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

4. INVESTMENTS – OPEB TRUST FUND (CONTINUED)

Rate of Return

For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB Trust Fund investments, net of OPEB plan investment expense, was 5.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. CAPITAL ASSETS

Capital assets are comprised of the following:

	June 30, 2018	Additions	Deletions	June 30, 2019
Capital assets not being depreciated				
Land	\$ 319,999	\$ -	\$ -	\$ 319,999
Construction in progress	-	46,691	-	46,691
Total capital assets being depreciated	319,999	46,691	-	366,690
Capital assets being depreciated				
Building and improvements	652,273	-	-	652,273
Furniture and fixtures	41,981	-	-	41,981
Equipment	28,033	-	-	28,033
Total capital assets being depreciated	722,287	93,382	-	722,287
Less accumulated depreciation	(710,892)	(4,397)	-	(715,289)
Total capital assets being depreciated, net	11,395	-	-	6,998
Total capital assets, net	\$ 331,394	\$ 46,691	\$ -	\$ 373,688

Depreciation expense was \$4,397 and \$6,590 and of June 30, 2019 and 2018, respectively.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

6. RESERVES FOR LOSSES AND CLAIMS

Liabilities for losses and claims are based on discounted estimates of the ultimate net cost of settling all losses and claims which are incurred but unpaid at year end, including claims incurred but not reported. These amounts were computed using a combination of actuarial estimates, case basis estimates and industry guidelines, and are net of any anticipated recoveries from insurers.

The following summarizes for all programs, the changes in losses and claims payable, including claims incurred but not reported (IBNR), and excludes claims and payments at the member deductible level, during the year ended June 30:

	Totals	
	2019	2018
Liability at the beginning of the fiscal year	\$ 24,748,295	\$ 21,989,046
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	13,764,408	18,099,916
Changes in provision for insured events of prior fiscal years	4,704,620	3,559,266
Total incurred claims and claim adjustment expenses	18,469,028	21,659,182
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	8,489,088	11,079,543
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	7,890,488	7,820,390
Total payments	16,379,576	18,899,933
Liability at the end of the fiscal year	\$ 26,837,747	\$ 24,748,295
<u>Components of Claims Liabilities</u>		
Claims reserves	\$ 14,532,202	\$ 13,596,738
Claims incurred but not reported	11,094,906	10,036,838
ULAE	1,210,639	1,114,719
Total Claims Liability	\$ 26,837,747	\$ 24,748,295
Current portion	\$ 7,064,227	\$ 6,861,926
Long-term portion	19,773,520	17,886,369
Total	\$ 26,837,747	\$ 24,748,295

The claims payable at June 30, 2019 and 2018 are reported at their present value using expected future investment yield assumptions of 2.25%. The undiscounted claims totaled \$29,170,450 and \$25,781,454 at June 30, 2019 and 2018, respectively.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

7. NET POSITION

Designated Net Position

The Board has designated a reserve for both the workers' compensation and liability programs of REMIF for future loss development. Any net position in excess of the confidence margin is undesignated.

REMIF's policy is to reserve net position of \$1,000,000 in the Workers' Compensation Fund, however the Fund has deficit unrestricted net position of \$4,643,952 as of June 30, 2019. REMIF's policy is to also reserve net position of \$1,000,000 in the Liability Fund, however the Fund has deficit unrestricted net position of \$1,802,111 as of June 30, 2019. REMIF plans to replenish the reserves through future member premiums.

8. OTHER POSTEMPLOYMENT BENEFITS

REMIF sponsors a single-employer postemployment health care benefit plan (The Plan). REMIF provides certain health, dental, vision and life insurance benefits in the form of premium payments for its separated employees with at least 10 years of continuous service. These benefits are paid for life and extend to the retiree's dependents. The benefits provided depend on the employee's length of service and date of hire.

For employees hired before July 1, 1993 (Plan 1), REMIF pays the entire appropriate premium costs.

For employees hired on or after July 1, 1993, but before July 1, 2014 (Plan 2), REMIF pays towards premium costs as follows:

- For retirees having at least 10 years continuous service – 50% of applicable premium costs
- For retirees having at least 15 years of continuous service – 65% of the applicable premium costs
- For retirees having at least 25 years of continuous service – 80% of the applicable premium costs

Employees hired on or after July 1, 2014 are not eligible for any post-employment healthcare benefits, including coverage under the REMIF medical, dental, or vision plans.

During the year-ended June 30, 2011, REMIF established an irrevocable trust. REMIF established the OPEB Trust Fund to account for the Plan assets held by REMIF as Trustee for other postemployment benefits. The Board reserves the authority to review and amend the funding policy from time to time to ensure that the funding policy continues to best suit the circumstances of REMIF. The OPEB Trust Fund does not issue a separate report. Contributions to the OPEB Trust Fund are an irrevocable transfer in which assets are dedicated to providing benefits to retirees and their beneficiaries in accordance with the terms of the Plan and are legally protected from creditors of REMIF.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimations are made about the future. Projections of benefits are based on the types of benefits provided under the substantive plan at the time of each valuation and on the pattern of sharing of benefit costs between the employer and plan members to that point, and, if applicable, the disclosure that the projections of benefits for financial reporting purposes do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan member in the future.

Plan Administration – REMIF is the Plan administrator.

Employees covered by benefit terms. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>2</u>
	<u>16</u>

Net OPEB Liability

REMIF's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary Increases	3.25% ; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Investment Rate of Return	5.00% ; net of plan investment expenses and including inflation
Assumed Wage Inflation	3.00% , used to determine amortization payments for developing the actuarially determined contributions
General Inflation Rate	2.75% per year
Healthcare cost trend rates	7.50% in July 2019, grades down to 5.00% for years 2024 and thereafter

The retirement rates and post-retirement mortality rates used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Discount rate. The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the REMIF's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	40%	8.54%
International Equity	10%	8.42%
Fixed Income	35%	3.70%
REIT	10%	6.68%
Commodities	5%	5.00%
Cash	0%	0.00%
	<u>100%</u>	

Changes in Assumptions. There were no changes in assumptions.

Changes in Benefit Terms. There were no changes in benefit terms

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balances at June 30, 2018	\$ 2,339,928	\$ 2,979,030	\$ (639,102)
Changes for the year:			
Service cost	26,600	-	26,600
Interest cost	114,390	-	114,390
Expected investment income	-	142,895	(142,895)
Contributions - employer	-	16,442	(16,442)
Reimbursement to REMIF for prior year retiree benefits paid	-	(101,232)	101,232
Benefit payments	(157,471)	(157,471)	-
Investment experience	-	(3,611)	3,611
Net changes	(16,481)	(102,977)	86,496
Balances at June 30, 2019	\$ 2,323,447	\$ 2,876,053	\$ (552,606)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of REMIF, as well as what REMIF's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current discount rate:

	1% Decrease (4%)	Discount Rate (5%)	1% Increase (6%)
Net OPEB liability (asset)	\$ (262,233)	\$ (552,606)	\$ (791,554)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of REMIF, as well as what REMIF's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates (Current Trend)	1% Increase
Net OPEB liability (asset)	\$ (825,238)	\$ (552,606)	\$ (193,126)

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

8. OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, REMIF recognized OPEB expense of \$204,165. At June 30, 2019, REMIF reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	\$ -	\$ -
Changes of assumptions	-	-
Differences between expected and actual experience	-	-
Net difference between projected and actual earnings on OPEB plan investments	-	22,783
Total	<u>\$ -</u>	<u>\$ 22,783</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2020	\$ (7,835)
2021	(7,835)
2022	(7,836)
2023	723
2024	-
Thereafter	-
Total	<u>\$ (22,783)</u>

Payable to the OPEB Plan

At June 30, 2019, REMIF had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2019.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

9. PENSION PLAN

Plan Description

Substantially all REMIF employees are eligible to participate in REMIF's Miscellaneous Employee Pension Rate Plan. The REMIF Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. REMIF sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and REMIF ordinance. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

REMIF's employees hired on or before December 31, 2012 participate in the Miscellaneous Plan of the Redwood Empire Municipal Insurance Fund (part of CalPERS' Miscellaneous Risk Pool). The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012. REMIF's employees hired on or after January 1, 2013 participate in the Miscellaneous Plan of Redwood Empire Municipal Insurance Fund (part of CalPERS' Miscellaneous Risk Pool). Benefit provisions under the Plan were established by State statute and REMIF ordinance. Benefits are based on years of credited service, equal to one year of full-time employment. REMIF employees retiring on or after July 1, 2009 are eligible to receive a benefit of 2.7% per year of credited service. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

9. PENSION PLAN (CONTINUED)

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Classic	PEPRA
	Prior to	On or after
	January 1, 2013	January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0%-2.7%	1.0% to 2.5%
Required employee contribution rates	8.000%	6.500%
Required employer contribution rates	12.919%	7.066%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Redwood Empire Municipal Insurance Fund is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were \$224,566.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, Redwood Empire Municipal Insurance Fund reported net pension liabilities for its proportionate share of the net pension liability of the Plans' of \$2,155,338.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**NOTES TO THE FINANCIAL STATEMENTS****JUNE 30, 2019****9. PENSION PLAN (CONTINUED)**

Redwood Empire Municipal Insurance Fund's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. Redwood Empire Municipal Insurance Fund's proportion of the net pension liability was based on a projection of REMIF's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. REMIF's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2018 was as follows:

	Miscellaneous
Proportion - June 30, 2018	0.05683%
Proportion - June 30, 2019	0.05719%
Change - Increase (Decrease)	0.00036%

For the year ended June 30, 2019, REMIF recognized pension expense of \$389,960. At June 30, 2019, REMIF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 224,566	\$ -
Net differences between projected and actual earnings on plan investments	10,655	-
Change in employer's proportion	30,914	105,228
Adjustment due to differences between actual and proportionate share of contributions	65,217	-
Changes in assumptions	245,715	60,220
Difference between expected and actual experience	82,698	28,141
Total	<u>\$ 659,765</u>	<u>\$ 193,589</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**NOTES TO THE FINANCIAL STATEMENTS****JUNE 30, 2019****9. PENSION PLAN (CONTINUED)**

The amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 220,870
2021	123,557
2022	(83,432)
2023	(19,386)
2024	-
Thereafter	-
Total	<u>\$ 241,609</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions for both plans:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Payroll Growth	3.00%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power applies

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

9. PENSION PLAN (CONTINUED)

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Changes in Benefit Terms

There were no changes in benefit terms.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

9. PENSION PLAN (CONTINUED)

The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%

(a) An expected inflation of 2.00% used for this period

(b) An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents REMIF's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what REMIF's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability	\$ 3,154,976	\$ 2,155,338	\$ 1,330,154

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS Miscellaneous and Safety financial reports available on the CalPERS website at www.calpers.ca.gov.

Payable to the Pension Plan

As of June 30, 2019, REMIF had no outstanding required contributions to the pension plans.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

10. JOINT VENTURES

REMIF participates in a joint venture under a joint powers agreement with California Joint Powers Risk Management Authority (CJPRMA). The relationship between REMIF and CJPRMA is such that CJPRMA is not a component unit of REMIF for financial reporting purposes.

CJPRMA arranges for and provides excess general liability coverage and property coverage for REMIF. A board consisting of a representative from each member agency governs CJPRMA. The Board controls the operations of CJPRMA including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the board. Each member's agency pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in CJPRMA.

During the fiscal year ended June 30, 2019, REMIF contributed \$787,318 for Liability, \$541,041 for Property, and \$126,034 for Auto Physical Damage current year coverage.

The most recent condensed financial information available is as follows:

	<u>June 30, 2019</u>
	<u>CJPRMA</u>
Total Assets	\$ 58,064,421
Deferred Outflows	638,415
Total Liabilities	54,471,325
Deferred Inflows	<u>171,555</u>
Net Position	<u>\$ 4,059,956</u>
Total Revenues	\$ 20,702,993
Total Expenditures	<u>38,695,602</u>
Net Increase (Decrease) in Net Position	<u>\$ (17,992,609)</u>

CJPRMA's financial statements may be obtained from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, CA 94551.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019

11. MEMBER ASSESSMENTS RECEIVABLE

The REMIF Board has the authority to levy a cash assessment on the participating members for any pooled coverage program. Due to unfavorable claims development over the last ten years and underfunding of member premiums during that time, REMIF's overall equity balance reflected a deficit of \$4.23 million as of June 30, 2017.

On March 22, 2018, the REMIF Board approved an assessment for the following programs to be collected beginning in the 2018/2019 fiscal year:

- * Workers' Compensation program – \$6 million to be collected over 6 years
- * Liability program – \$2.5 million to be collected over 5 years

The assessments will be paid in six or five equal annual installments as noted above, and the unpaid balances of the assessments do not bear interest.

As of June 30, 2019, the amount of outstanding assessments was \$5,000,000 and \$2,000,000 for the workers' compensation and liability programs, respectively.

12. COMMITMENTS AND CONTINGENCIES

REMIF is subject to litigation arising in the normal course of business. In the opinion of the General Manager, there is no pending litigation which is likely to have a material adverse effect on the financial position of the REMIF.

13. SUBSEQUENT EVENTS

Redwood Empire Municipal Insurance Fund's management evaluated its June 30, 2019 financial statements for subsequent events through [DATE], the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITY BY PROGRAM
JUNE 30, 2019 AND 2018

	Workers' Compensation		Liability		Property		Dental	
	2019	2018	2019	2018	2019	2018	2019	2018
Liability at the beginning of the fiscal year	\$ 17,614,551	\$ 15,293,930	\$ 5,794,517	\$ 5,669,674	\$ 25,000	\$ -	\$ 50,000	\$ 82,134
Incurring claims and claim adjustment expenses:								
Provision for insured events of the current fiscal year	4,498,440	4,548,733	1,585,474	1,532,862	176,597	80,978	1,092,550	1,084,239
Changes in provision for insured events of prior fiscal years	1,799,062	1,746,042	2,100,662	468,586	(172,728)	-	(7,161)	(34,956)
Total incurred claims and claim adjustment expenses	6,297,502	6,294,775	3,686,136	2,001,448	3,869	80,978	1,085,389	1,049,283
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	337,231	360,952	147,978	41,086	76,597	55,978	1,042,550	1,034,239
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	3,889,851	3,613,202	3,594,126	1,835,519	(147,728)	-	42,839	47,178
Total payments	4,227,082	3,974,154	3,742,104	1,876,605	(71,131)	55,978	1,085,389	1,081,417
Liability at the end of the fiscal year	<u>\$ 19,684,971</u>	<u>\$ 17,614,551</u>	<u>\$ 5,738,549</u>	<u>\$ 5,794,517</u>	<u>\$ 100,000</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Components of Claims Liabilities								
Claims reserves	\$ 11,288,119	\$ 9,897,606	\$ 3,167,188	\$ 3,699,132	\$ 76,895	\$ -	\$ -	\$ -
Claims incurred but not reported	7,459,473	6,878,155	2,298,101	1,819,456	23,105	25,000	50,000	50,000
ULAE	937,380	838,790	273,260	275,929	-	-	-	-
Total Claims Liability	<u>\$ 19,684,971</u>	<u>\$ 17,614,551</u>	<u>\$ 5,738,549</u>	<u>\$ 5,794,517</u>	<u>\$ 100,000</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Current portion	\$ 4,000,000	\$ 3,898,457	\$ 3,000,000	\$ 2,899,242	\$ -	\$ -	\$ 50,000	\$ 50,000
Long-term portion	15,684,971	13,716,094	2,738,549	2,895,275	100,000	25,000	-	-
Total	<u>\$ 19,684,971</u>	<u>\$ 17,614,551</u>	<u>\$ 5,738,549</u>	<u>\$ 5,794,517</u>	<u>\$ 100,000</u>	<u>\$ 25,000</u>	<u>\$ 50,000</u>	<u>\$ 50,000</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
RECONCILIATION OF CLAIMS LIABILITY BY PROGRAM
JUNE 30, 2019 AND 2018

	Vision		Auto Physical Damage		Self-Insured		Totals	
	2019	2018	2019	2018	2019	2018	2019	2018
Liability at the beginning of the fiscal year	\$ 14,227	\$ 14,227	\$ -	\$ -	\$ 1,250,000	\$ 929,081	\$ 24,748,295	\$ 21,989,046
Incurring claims and claim adjustment expenses:								
Provision for insured events of the current fiscal year	177,372	159,509	5,000	-	6,228,975	10,693,595	13,764,408	18,099,916
Changes in provision for insured events of prior fiscal years	(14,227)	-	63,511	-	935,501	1,379,594	4,704,620	3,559,266
Total incurred claims and claim adjustment expenses	163,145	159,509	68,511	-	7,164,476	12,073,189	18,469,028	21,659,182
Payments:								
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	156,080	143,693	5,000	-	6,723,652	9,443,595	8,489,088	11,079,543
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	7,065	15,816	63,511	-	440,824	2,308,675	7,890,488	7,820,390
Total payments	163,145	159,509	68,511	-	7,164,476	11,752,270	16,379,576	18,899,933
Liability at the end of the fiscal year	\$ 14,227	\$ 14,227	\$ -	\$ -	\$ 1,250,000	\$ 1,250,000	\$ 26,837,747	\$ 24,748,295
<u>Components of Claims Liabilities</u>								
Claims reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,532,202	\$ 13,596,738
Claims incurred but not reported	14,227	14,227	-	-	1,250,000	1,250,000	11,094,906	10,036,838
ULAE	-	-	-	-	-	-	1,210,639	1,114,719
Total Claims Liability	\$ 14,227	\$ 14,227	\$ -	\$ -	\$ 1,250,000	\$ 1,250,000	\$ 26,837,747	\$ 24,748,295
Current portion	\$ 14,227	\$ 14,227	\$ -	\$ -	\$ -	\$ -	\$ 7,064,227	\$ 6,861,926
Long-term portion	-	-	-	-	1,250,000	1,250,000	19,773,520	17,886,369
Total	\$ 14,227	\$ 14,227	\$ -	\$ -	\$ 1,250,000	\$ 1,250,000	\$ 26,837,747	\$ 24,748,295

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION – WORKERS’ COMPENSATION
(in thousands)

AS OF JUNE 30, 2019

	For the fiscal year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1) Premium and investment revenues										
Earned	\$ 3,612	\$ 3,376	\$ 3,304	\$ 3,806	\$ 3,579	\$ 3,695	\$ 4,162	\$ 4,862	\$ 5,310	\$ 5,480
Ceded	(310)	(315)	(282)	(293)	(277)	(291)	(345)	(320)	(333)	(354)
Net Earned	3,302	3,061	3,022	3,513	3,302	3,404	3,817	4,542	4,977	5,126
2) Unallocated expenses	559	347	318	338	335	327	212	724	1,217	1,512
3) Estimated self insured incurred claims and expense, end of program year	2,746	2,680	2,195	2,984	3,132	2,906	3,442	3,529	5,351	4,498
4) Paid (cumulative) as of:										
End of program year	497	436	313	618	558	418	381	488	722	337
One year later	1,352	1,224	1,204	1,465	1,618	1,176	1,107	1,138	1,363	
Two years later	2,106	1,893	1,869	2,337	2,412	1,655	1,724	1,535		
Three years later	2,623	2,472	2,278	2,701	3,070	2,127	1,460			
Four years later	2,837	2,788	2,513	3,086	3,625	1,749				
Five years later	3,163	3,086	2,710	3,329	3,351					
Six years later	3,541	3,434	2,934	3,213						
Seven years later	3,799	3,967	2,474							
Eight years later	3,885	3,717								
Nine years later	3,174									
5) Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6) Reestimated incurred claims and expenses										
End of program year	2,746	2,680	2,195	2,984	3,132	2,906	3,442	3,529	5,351	4,498
One year later	2,930	2,824	3,204	3,175	3,633	2,949	3,210	3,897	4,957	
Two years later	3,467	3,783	3,316	3,731	4,189	3,287	3,395	3,652		
Three years later	3,578	4,331	3,498	4,088	4,746	3,659	2,994			
Four years later	3,655	4,423	3,267	4,367	5,760	2,923				
Five years later	4,259	4,568	3,280	4,919	4,673					
Six years later	4,589	4,673	3,520	4,316						
Seven years later	4,735	5,078	2,880							
Eight years later	4,667	4,505								
Nine years later	4,104									
7) Increase (decrease) in estimated incurred claims and expenses from end of program year	\$ 1,358	\$ 1,825	\$ 685	\$ 1,332	\$ 1,541	\$ 17	\$ (448)	\$ 123	\$ (394)	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION – LIABILITY (in thousands)

AS OF JUNE 30, 2019

	For the fiscal year ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
1) Premium and investment revenues										
Earned	\$ 3,227	\$ 3,023	\$ 2,853	\$ 2,389	\$ 2,271	\$ 2,035	\$ 2,307	\$ 2,518	\$ 2,799	\$ 3,783
Ceded	(652)	(597)	(633)	(521)	(614)	(609)	(604)	(647)	(759)	(842)
Net Earned	2,575	2,426	2,220	1,868	1,657	1,426	1,703	1,871	2,040	2,941
2) Unallocated expenses	569	608	569	589	497	637	648	656	516	529
3) Estimated self insured incurred claims and expense, end of program year	1,647	1,701	1,566	1,211	1,601	2,166	1,883	2,671	1,747	1,585
4) Paid (cumulative) as of:										
End of program year	322	416	430	258	471	569	379	328	177	148
One year later	985	1,036	840	515	1,231	1,085	828	737	525	
Two years later	1,555	1,562	1,680	747	1,705	1,942	1,459	1,521		
Three years later	2,188	1,626	2,320	935	1,845	2,194	1,973			
Four years later	2,227	1,650	2,321	989	2,323	2,476				
Five years later	2,240	1,595	2,387	970	1,623					
Six years later	2,117	1,597	2,550	674						
Seven years later	2,118	1,630	2,231							
Eight years later	2,222	1,128								
Nine years later	1,805									
5) Reestimated ceded claims and expenses	-	-	-	-	-	-	-	-	-	-
6) Reestimated incurred claims and expenses										
End of program year	1,647	1,701	1,566	1,211	1,601	2,166	1,883	2,671	1,747	1,585
One year later	1,743	1,710	1,600	1,164	2,061	2,124	2,288	2,488	2,560	
Two years later	1,928	1,843	2,003	1,045	1,993	2,758	2,715	2,759		
Three years later	2,290	1,673	2,443	999	2,306	3,017	2,325			
Four years later	2,240	1,688	2,429	1,042	2,608	2,749				
Five years later	2,274	1,614	2,803	1,001	1,829					
Six years later	2,136	1,653	2,602	674						
Seven years later	2,198	1,656	2,278							
Eight years later	2,222	1,128								
Nine years later	1,805									
7) Increase (decrease) in estimated incurred claims and expenses from end of program year	\$ 158	\$ (573)	\$ 712	\$ (537)	\$ 228	\$ 583	\$ 442	\$ 88	\$ 813	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION – PROPERTY

AS OF JUNE 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contribution and Investment Revenue:										
Earned	\$ 458,750	\$ 436,255	\$ 451,325	\$ 483,499	\$ 490,724	\$ 492,523	\$ 504,961	\$ 473,090	\$ 507,425	\$ 1,342,755
Ceded- Excess Ins. Assessments/(Dividends)	(340,785)	(379,485)	(363,446)	(387,001)	(396,981)	(395,631)	(290,814)	(338,807)	(478,971)	(1,621,434)
(1) Net Earned Required Contribution and Investment Revenues	117,965	56,770	87,879	96,498	93,743	96,892	214,147	134,283	28,454	(278,679)
(2) Unallocated Expenses	14,278	15,239	13,930	15,104	15,878	15,823	15,762	45,451	23,308	23,422
(3) Estimated Incurred Claims and Expenses										
End of Year	345,050	380,188	415,917	402,975	472,285	434,790	428,421	388,634	559,949	1,798,031
Ceded	340,785	379,485	363,446	387,001	396,981	395,631	290,814	338,807	478,971	1,621,434
Net Incurred	4,265	703	52,471	15,974	75,304	39,159	137,607	49,827	80,978	176,597
(4) Paid (Cumulative)										
End of Year	4,265	703	49,155	15,974	75,304	39,159	137,607	49,827	77,296	76,597
One Year Later	29,505	703	49,155	19,938	77,801	11,223	104,092	84,813	77,296	
Two Years Later	57,150	15,333	49,155	19,938	77,801	11,223	104,093	84,813		
Three Years Later	57,868	15,333	49,155	19,218	77,800	11,223	104,093			
Four Years Later	57,868	16,095	49,155	19,218	77,801	11,223				
Five Years Later	57,868	16,095	49,155	9,744	77,081					
Six Years Later	57,868	16,095	49,155	9,744						
Seven Years Later	57,868	16,095	49,155							
Eight Years Later	57,868	16,095								
Nine Years Later	57,868									
(5) Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	4,265	703	52,471	15,974	75,304	39,159	137,607	49,827	80,978	176,597
One Year Later	29,505	703	49,155	19,938	77,801	11,223	104,092	84,813	77,296	
Two Years Later	57,868	15,333	49,155	19,938	77,801	11,223	104,093	84,813		
Three Years Later	57,868	15,333	49,155	19,218	77,801	11,223	104,093			
Four Years Later	57,868	16,095	49,155	19,218	77,801	11,223				
Five Years Later	57,868	16,075	49,155	9,744	77,801					
Six Years Later	57,868	16,095	49,155	9,744						
Seven Years Later	57,868	16,095	49,155							
Eight Years Later	57,868	16,095								
Nine Years Later	57,868									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ (53,603)	\$ (15,392)	\$ 3,316	\$ 6,230	\$ (2,497)	\$ 27,936	\$ 33,514	\$ (34,986)	\$ 3,682	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
CLAIMS DEVELOPMENT INFORMATION – DENTAL

AS OF JUNE 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contribution and Investment Revenue:										
Earned	1,321,387	1,296,855	1,278,063	1,095,907	1,070,049	1,187,445	1,214,854	1,204,661	1,249,112	\$ 1,283,496
Ceded- Excess Ins.	-	-	-	-	-	-	-	-	-	-
(1) Net Earned Required Contribution and Investment Revenues	1,321,387	1,296,855	1,278,063	1,095,907	1,070,049	1,187,445	1,214,854	1,204,661	1,249,112	1,283,496
(2) Unallocated Expenses	135,980	133,573	154,387	140,130	142,201	152,789	153,587	166,783	170,857	173,461
(3) Estimated Incurred Claims and Expenses										
End of Year	1,152,110	1,112,579	1,126,876	1,048,642	1,040,235	1,048,518	1,072,372	1,110,345	1,084,239	1,092,550
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	1,152,110	1,112,579	1,126,876	1,048,642	1,040,235	1,048,518	1,072,372	1,110,345	1,084,239	1,092,550
(4) Paid (Cumulative)										
End of Year	1,152,110	1,112,579	1,126,876	1,048,642	1,071,296	982,792	988,517	1,028,211	1,034,239	1,042,550
One Year Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372	1,075,389	1,077,079	
Two Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372	1,075,389		
Three Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372			
Four Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518				
Five Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185					
Six Years Later	1,151,323	1,112,579	1,126,876	1,048,642						
Seven Years Later	1,151,323	1,112,579	1,126,876							
Eight Years Later	1,151,323	1,112,579								
Nine Years Later	1,151,323									
(5) Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	1,152,110	1,112,579	1,126,876	1,048,642	1,040,235	1,048,518	1,072,372	1,110,345	1,084,239	1,092,550
One Year Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372	1,075,389	1,077,079	
Two Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372	1,075,389		
Three Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518	1,072,372			
Four Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185	1,048,518				
Five Years Later	1,151,323	1,112,579	1,126,876	1,048,642	1,145,185					
Six Years Later	1,151,323	1,112,579	1,126,876	1,048,642						
Seven Years Later	1,151,323	1,112,579	1,126,876							
Eight Years Later	1,151,323	1,112,579								
Nine Years Later	1,151,323									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ 787	\$ -	\$ -	\$ -	\$ (104,950)	\$ -	\$ -	\$ 34,956	\$ 7,160	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION – VISION

AS OF JUNE 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contribution and Investment Revenue:										
Earned	181,374	183,281	185,020	200,435	140,808	183,460	175,360	209,675	228,349	\$ 229,120
Ceded- Excess Ins.	-	-	-	-	-	-	-	-	-	-
(1) Net Earned Required Contribution and Investment Revenues	181,374	183,281	185,020	200,435	140,808	183,460	175,360	209,675	228,349	229,120
(2) Unallocated Expenses	33,797	36,750	33,020	33,856	39,344	41,305	40,976	43,051	51,010	46,751
(3) Estimated Incurred Claims and Expenses										
End of Year	147,057	155,240	167,325	178,473	164,471	158,859	159,163	160,508	159,509	177,372
Ceded	-	-	-	-	-	-	-	-	-	-
Net Incurred	147,057	155,240	167,325	178,473	164,471	158,859	159,163	160,508	159,509	177,372
(4) Paid (Cumulative)										
End of Year	147,057	155,240	167,325	178,473	147,697	143,699	147,524	146,281	143,693	163,145
One Year Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163	162,097	143,693	
Two Years Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163	162,097		
Three Years Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163			
Four Years Later	146,592	155,240	167,325	186,802	162,777	158,859				
Five Years Later	146,592	155,240	167,325	186,802	162,777					
Six Years Later	146,592	155,240	167,325	186,802						
Seven Years Later	146,592	155,240	167,325							
Eight Years Later	146,592	155,240								
Nine Years Later	146,592									
(5) Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	147,057	155,240	167,325	178,473	164,471	158,859	159,163	160,508	159,509	177,372
One Year Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163	162,097	143,693	
Two Years Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163	162,097		
Three Years Later	146,592	155,240	167,325	186,802	162,777	158,859	159,163			
Four Years Later	146,592	155,240	167,325	186,802	162,777	158,859				
Five Years Later	146,592	155,240	167,325	186,802	162,777					
Six Years Later	146,592	155,240	167,325	186,802						
Seven Years Later	146,592	155,240	167,325							
Eight Years Later	146,592	155,240								
Nine Years Later	146,592									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ 465	\$ -	\$ -	\$ (8,329)	\$ 1,694	\$ -	\$ -	\$ (1,589)	\$ 15,816	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION – AUTO PHYSICAL DAMAGE

AS OF JUNE 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Required Contribution and Investment Revenue:										
Earned	143,936	149,767	150,179	144,757	165,102	164,006	201,064	194,779	225,749	\$ 330,646
Ceded- Excess Ins.	(83,144)	(85,110)	(74,196)	(76,623)	(80,792)	(81,515)	(96,137)	(64,262)	(103,948)	(136,295)
Assessments/(Dividends)										-
(1) Net Earned Required Contribution and Investment Revenues	60,792	64,657	75,983	68,134	84,310	82,491	104,927	130,517	121,801	194,351
(2) Unallocated Expenses	7,138	7,620	6,964	7,552	7,939	7,912	7,881	91,352	23,308	23,423
(3) Estimated Incurred Claims and Expenses										
End of Year	97,589	135,560	90,238	80,639	82,170	147,385	134,970	77,042	174,742	204,806
Ceded	83,144	85,110	74,196	76,623	80,792	81,515	96,137	64,262	103,948	136,295
Net Incurred	14,445	50,450	16,042	4,016	1,378	65,870	38,833	12,780	70,794	68,511
(4) Paid (Cumulative)										
End of Year	14,445	50,450	16,042	3,792	1,378	37,439	31,723	12,780	70,794	68,511
One Year Later	14,445	51,058	7,731	3,792	1,682	38,511	52,033	15,653	70,794	
Two Years Later	14,445	51,058	7,731	3,792	1,682	38,511	50,494	15,653		
Three Years Later	14,445	51,058	7,731	3,792	1,681	38,511	50,494			
Four Years Later	14,445	51,058	7,731	3,792	1,682	38,511				
Five Years Later	14,445	51,058	7,731	3,792	1,682					
Six Years Later	14,445	51,058	7,731	3,792						
Seven Years Later	14,445	51,058	7,731							
Eight Years Later	14,445	51,058								
Nine Years Later	14,445									
(5) Reestimated Ceded Claims and Expenses	-	-	-	-	-	-	-	-	-	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	14,445	50,450	16,042	4,016	1,378	65,870	38,833	12,780	70,794	68,511
One Year Later	14,445	51,058	7,731	3,792	1,682	38,511	52,033	15,653	70,794	
Two Years Later	14,445	51,058	7,731	3,792	1,682	38,511	50,494	15,653		
Three Years Later	14,445	51,058	7,731	3,792	1,682	38,511	50,494			
Four Years Later	14,445	51,058	7,731	3,792	1,682	38,511				
Five Years Later	14,445	51,058	7,731	3,792	1,682					
Six Years Later	14,445	51,058	7,731	3,792						
Seven Years Later	14,445	51,058	7,731							
Eight Years Later	14,445	51,058								
Nine Years Later	14,445									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ -	\$ (608)	\$ 8,311	\$ 224	\$ (304)	\$ 27,359	\$ (11,661)	\$ (2,873)	\$ -	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

CLAIMS DEVELOPMENT INFORMATION – SELF INSURED HEALTHCARE

AS OF JUNE 30, 2019

	2016	2017	2018	2019
Total Required Contribution and Investment				
Revenue:				
Earned	\$ 14,326,372	\$ 13,614,708	\$ 13,280,417	\$ 13,735,433
Ceded- Excess Ins.	-	-	-	(92,642)
Assesments/(Dividends)				-
(1) Net Earned Required Contribution and Investment Revenues	14,326,372	13,614,708	13,280,417	13,642,791
(2) Unallocated Expenses	1,711,519	1,911,244	1,825,179	1,891,347
(3) Estimated Incurred Claims and Expenses				
End of Year	12,011,790	10,640,919	10,693,595	12,016,465
Ceded	-	-	-	92,642
Net Incurred	12,011,790	10,640,919	10,693,595	11,923,823
(4) Paid (Cumulative)				
End of Year	10,806,441	9,711,868	9,443,595	10,673,823
One Year Later	12,011,790	12,020,542	9,884,419	
Two Years Later	12,011,790	12,020,542		
Three Years Later	12,011,790			
Four Years Later				
Five Years Later				
Six Years Later				
Seven Years Later				
Eight Years Later				
Nine Years Later				
(5) Reestimated Ceded Claims and Expenses	-	-	-	-
(6) Reestimated Incurred Claims and Expenses				
End of Year	12,011,790	10,640,919	10,693,595	11,923,823
One Year Later	12,011,790	12,020,512	9,884,419	
Two Years Later	12,011,790	12,020,512		
Three Years Later	12,011,790			
Four Years Later				
Five Years Later				
Six Years Later				
Seven Years Later				
Eight Years Later				
Nine Years Later				
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ -	\$ (1,379,593)	\$ 809,176	\$ -

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

AS OF JUNE 30, 2019

	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Proportion of the net pension liability	0.058590%	0.062120%	0.058040%	0.056830%	0.057190%
Proportionate share of the net pension liability	\$ 1,448,051	\$ 1,704,201	\$ 2,016,395	\$ 2,240,292	\$ 2,155,338
Covered payroll (2)	\$ 685,650	\$ 756,359	\$ 757,350	\$ 811,012	\$ 782,868
Proportionate share of the net pension liability as a percentage of covered payroll	211.19%	225.32%	266.24%	276.23%	275.31%
Plans fiduciary net position as a percentage of the total pension liability	79.82%	78.40%	74.06%	73.31%	77.69%

(1) Covered payroll represented above is the payroll on which contributions to the pension plan are based.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2019

	2015	2016	2017	2018	2019
Actuarially determined contribution (1)	\$ 259,592	\$ 219,744	\$ 241,669	\$ 242,051	\$ 224,566
Contributions in relation to the actuarially determined contributions (1)	<u>(259,592)</u>	<u>(219,744)</u>	<u>(241,669)</u>	<u>(242,051)</u>	<u>(224,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll (2)	\$ 756,359	\$ 757,350	\$ 811,012	\$ 782,868	\$ 343,521
Contributions as a percentage of covered payroll (2)	34.32%	29.01%	29.80%	30.92%	65.37%

- (1) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- (2) Covered payroll represented above is the payroll on which contributions to the pension plan are based.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

JUNE 30, 2019

	2019	2018	2017
Total OPEB liability			
Service cost	\$ 26,600	\$ 100,153	\$ 97,000
Interest	114,390	190,208	179,000
Changes of benefit terms	-	-	-
Differences between expected and actual experience	-	(1,166,627)	-
Changes of assumptions	-	448,000	-
Benefit payments, including refunds of member contributions	(157,471)	(115,806)	(115,159)
Net change in total OPEB liability (asset)	<u>(16,481)</u>	<u>(544,072)</u>	<u>160,841</u>
Total OPEB liability - beginning	<u>2,339,928</u>	<u>2,884,000 *</u>	<u>2,723,000</u>
Total OPEB liability - ending (a)	<u>\$ 2,323,447</u>	<u>\$ 2,339,928</u>	<u>\$ 2,883,841 *</u>
Plan fiduciary net position			
Contributions - employer	\$ 16,442	\$ 115,806	\$ 132,253
Net investment income	139,284	221,995	262,639
Benefit payments, including refunds of member contributions	(157,471)	(115,806)	(115,159)
Reimbursement to REMIF for prior year retiree benefits paid	(101,232)	-	-
Net change in plan fiduciary net position	<u>(102,977)</u>	<u>221,995</u>	<u>279,733</u>
Plan fiduciary net position - beginning	<u>2,979,030</u>	<u>2,757,035</u>	<u>2,477,302</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,876,053</u>	<u>\$ 2,979,030</u>	<u>\$ 2,757,035</u>
REMIF's net OPEB liability (asset) - ending (a) - (b)	<u>\$ (552,606)</u>	<u>\$ (639,102)</u>	<u>\$ 126,806</u>
Plan fiduciary net position as a percentage of the total OPEB liability	123.8%	127.3%	95.6%
Covered-employee payroll	\$ 122,480	\$ 467,743	\$ 811,000
REMIF's net OPEB liability as a percentage of covered-employee payroll	-451.2%	-136.6%	15.6%

* REMIF changed actuarial firms in fiscal year 2018, which resulted in a rounding difference between the fiscal year balances.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND**SCHEDULE OF OPEB CONTRIBUTIONS****JUNE 30, 2019**

	2019	2018	2017
Actuarially determined contribution	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	(16,442)	(115,806)	(115,159)
Contribution deficiency (excess)	<u>\$ (16,442)</u>	<u>\$ (115,806)</u>	<u>\$ (115,159)</u>
Covered-employee payroll	\$ 122,480	\$ 467,743	\$ 811,000
Contributions as a percentage of covered-employee payroll	13.42%	24.76%	14.20%

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

1. Reconciliation of Claims Liabilities by Program

The schedules represent the changes in claims liabilities for the current and past year for all of the Authority's programs.

2. Claims Development Information

- (1) This line shows the total of each fiscal year's gross earned deposit premiums and cumulative investment income less ceded (excess insurance cost) and any dividends or assessments to arrive at net earned contribution and investment revenues.
- (2) This line shows other operating costs of the Authority for each fiscal year including overhead and claims administration expenses.
- (3) This line shows the Authority's gross estimated ultimate losses, losses assumed by reinsurers and net incurred losses as originally reported at the end of the policy years.
- (4) This line shows the cumulative amounts paid as of the end of successive years for each program year.
- (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each policy year.
- (6) This line shows the reestimated net incurred claims and allocated loss adjustment expenses as calculated by the actuary.
- (7) This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater than or less than originally projected.

The original and reestimated cost of claims is presented on a net present value basis, the effect of which decreases over time and may cause the appearance of adverse loss development when compared to original estimates. As data for individual accident years mature, the correlation between original estimates and the reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature accident years. The columns of the table show data for successive accident years.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

3. Schedule of the Proportionate Share of the Net Pension Liability and Schedule of Pension Contributions

This schedule presents information on REMIF's proportionate share of the net pension liability (NPL) and the Plan's fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Payroll Growth	3.00%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality	Derived using CalERS' Membership Data for all Funds
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power applies

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Changes in Benefit Terms

There were no changes in benefit terms.

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2019

4. Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of OPEB Contributions

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability and OPEB contributions. However, since this is the third year of implementation, only three years are currently available.

Actuarial cost method	Entry age normal (EAN) cost method
Amortization method	Level percentage of pay
Amortization period	5 years for the investment differences 1.22 years for all other deferred resources
Asset valuation method	Market value
Inflation	2.75% per year
Healthcare cost trend rates	Assumed to start at 7.5% (effective July 2019) and grade down to 5% for years 2024 and thereafter
Salary increases	3.25% per year
Investment rate of return	5.0% as of June 30, 2019 and June 30, 2018

Changes in Assumptions

There were no changes in assumptions.

Changes in Benefit Terms

There were no changes in benefit terms

SUPPLEMENTARY INFORMATION

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	Workers' Comp.	Liability	Property	Dental	Vision	Auto Physical Damage	Post Retirement Benefits	Self- Funded Healthcare	Total
ASSETS									
Current Assets									
Cash and cash equivalents	\$ 5,005,937	\$ (1,008,672)	\$ 91,051	\$ 24,363	\$ 29,032	\$ 113,626	\$ -	\$ 5,710,138	\$ 9,965,475
Investments, current	772,101	322,938	59,941	69,001	16,526	93,338	-	282,310	1,616,155
Receivables									
Premiums and fees	12,523	137	17	11	11	17	-	9	12,725
Reimbursements	308,156	136,313	65,350	-	-	-	-	-	509,819
Member assessments	1,000,000	500,000	-	-	-	-	-	-	1,500,000
Excess insurance reimbursement and other	249,127	150,597	-	-	-	-	-	-	399,724
Interest	58,586	1,137	235	195	60	364	-	2,512	63,089
Prepaid expenses	1,390	358	43	29	29	43	-	29	1,921
Deposits	-	254,940	-	-	-	-	-	-	254,940
Total Current Assets	7,407,820	357,748	216,637	93,599	45,658	207,388	-	5,994,998	14,323,848
Noncurrent assets:									
Receivables									
Member assessments	4,000,000	1,500,000	-	-	-	-	-	-	5,500,000
Investments, noncurrent	4,987,367	2,086,008	387,184	445,712	106,751	602,917	-	1,823,569	10,439,508
Net OPEB asset	-	-	-	-	-	-	552,606	-	552,606
Capital assets - net of accumulated depreciation	373,688	-	-	-	-	-	-	-	373,688
Total Noncurrent Assets	9,361,055	3,586,008	387,184	445,712	106,751	602,917	552,606	1,823,569	16,865,802
Total Assets	16,768,875	3,943,756	603,821	539,311	152,409	810,305	552,606	7,818,567	31,189,650
DEFERRED OUTFLOWS OF RESOURCES									
Related to pensions	659,765	-	-	-	-	-	-	-	659,765
Total Deferred Outflows of Resources	659,765	-	-	-	-	-	-	-	659,765

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2019

	Workers'					Auto	Post	Self-	
	Comp.	Liability	Property	Dental	Vision	Physical	Retirement	Funded	Total
						Damage	Benefits	Healthcare	
LIABILITIES									
Current Liabilities									
Accounts payable	\$ 28,348	\$ 7,318	\$ 225,878	\$ 13,646	\$ 13,953	\$ 878	\$ -	\$ 936,093	\$ 1,226,114
Tenant and other deposits	10,346	-	-	-	-	-	-	-	10,346
Reserve for losses and claims, current	4,000,000	3,000,000	-	50,000	14,227	-	-	-	7,064,227
Total Current Liabilities	4,038,694	3,007,318	225,878	63,646	28,180	878	-	936,093	8,300,687
Noncurrent Liabilities									
Reserve for losses and claims, noncurrent	15,684,971	2,738,549	100,000	-	-	-	-	1,250,000	19,773,520
Net pension liability	2,155,338	-	-	-	-	-	-	-	2,155,338
Total Noncurrent Liabilities	17,840,309	2,738,549	100,000	-	-	-	-	1,250,000	21,928,858
Total Liabilities	21,879,003	5,745,867	325,878	63,646	28,180	878	-	2,186,093	30,229,545
DEFERRED INFLOWS OF RESOURCES									
Related to OPEB	-	-	-	-	-	-	22,783	-	22,783
Related to pensions	193,589	-	-	-	-	-	-	-	193,589
Total Deferred Inflows of Resources	193,589	-	-	-	-	-	22,783	-	216,372
NET POSITION									
Net investment in capital assets	373,688	-	-	-	-	-	-	-	373,688
Unrestricted	(5,017,640)	(1,802,111)	277,943	475,665	124,229	809,427	529,823	5,632,474	1,029,810
Total Net Position	\$ (4,643,952)	\$ (1,802,111)	\$ 277,943	\$ 475,665	\$ 124,229	\$ 809,427	\$ 529,823	\$ 5,632,474	\$ 1,403,498

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

JUNE 30, 2019

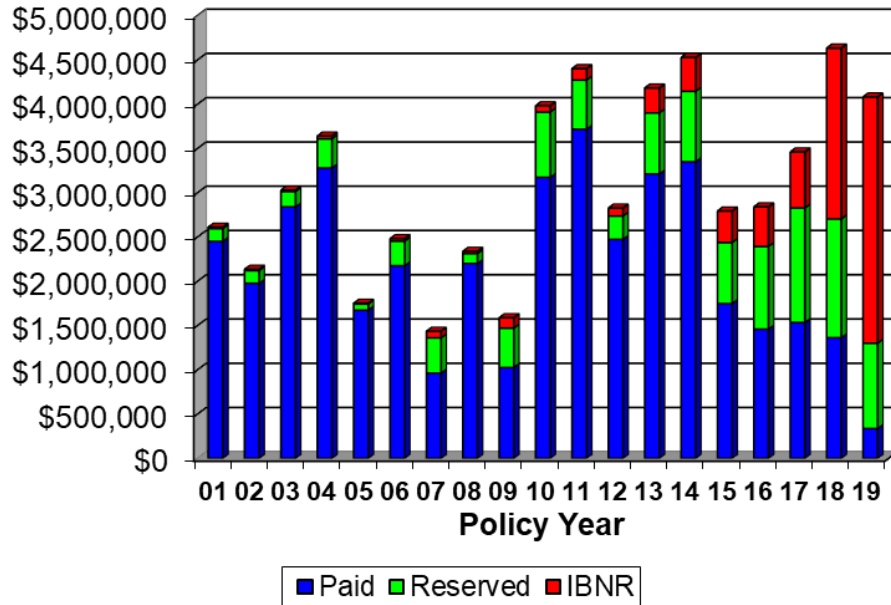
	Workers' Comp.	Liability	Property	Dental	Vision	Auto Physical Damage	Post Retirement Benefits	Self- Funded Healthcare	Total
OPERATING REVENUES									
Member premiums	\$ 5,479,908	\$ 3,782,770	\$ 1,331,816	\$ 1,255,958	\$ 213,008	\$ 306,957	\$ -	\$13,436,405	\$25,806,822
Fees	43,125	2,000	50	13,650	12,435	-	-	134,510	205,770
Total operating revenues	5,523,033	3,784,770	1,331,866	1,269,608	225,443	306,957	-	13,570,915	26,012,592
OPERATING EXPENSES									
Net losses and claims incurred	6,297,502	3,686,136	3,869	1,085,389	163,145	68,511	-	7,164,476	18,469,028
Premiums and/or contributions for excess coverage	354,071	842,465	1,621,434	-	-	136,295	-	92,642	3,046,907
Claims consultants and administration	596,034	140,025	-	157,673	31,389	-	-	1,862,029	2,787,150
General and administrative	916,020	389,198	23,422	15,788	15,790	23,423	-	29,318	1,412,959
Annual OPEB expense	-	-	-	-	-	-	(54,538)	-	(54,538)
Total operating expenses	8,163,627	5,057,824	1,648,725	1,258,850	210,324	228,229	(54,538)	9,148,465	25,661,506
OPERATING INCOME (LOSS)	(2,640,594)	(1,273,054)	(316,859)	10,758	15,119	78,728	54,538	4,422,450	351,086
NONOPERATING REVENUE (EXPENSES)									
Rental income	17,730	-	-	-	-	-	-	-	17,730
Investment income	127,207	68,922	10,889	13,888	4,105	23,689	-	164,518	413,218
Total nonoperating revenues (expenses)	144,937	68,922	10,889	13,888	4,105	23,689	-	164,518	430,948
NET CHANGE IN NET POSITION	(2,495,657)	(1,204,132)	(305,970)	24,646	19,224	102,417	54,538	4,586,968	782,034
NET POSITION (DEFICIT), Beginning	(2,148,295)	(597,979)	583,913	451,019	105,005	707,010	475,285	1,045,506	621,464
NET POSITION (DEFICIT), Ending	<u>\$ (4,643,952)</u>	<u>\$ (1,802,111)</u>	<u>\$ 277,943</u>	<u>\$ 475,665</u>	<u>\$ 124,229</u>	<u>\$ 809,427</u>	<u>\$ 529,823</u>	<u>\$ 5,632,474</u>	<u>\$ 1,403,498</u>

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

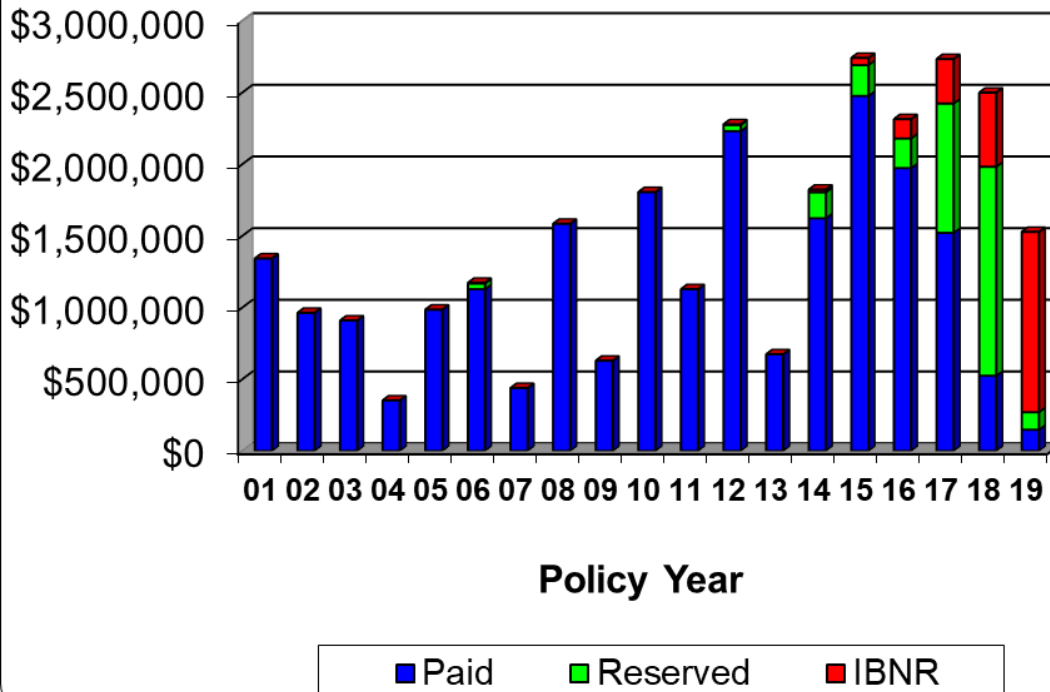
GRAPHICAL SUMMARY OF CLAIMS

JUNE 30, 2019

Workers' Compensation Claims



Liability Claims

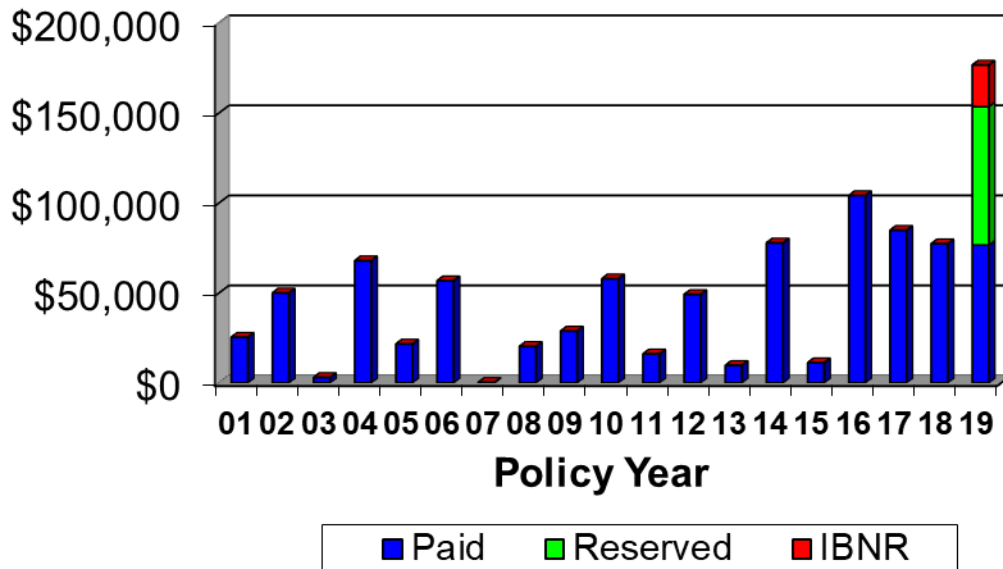


REDWOOD EMPIRE MUNICIPAL INSURANCE FUND

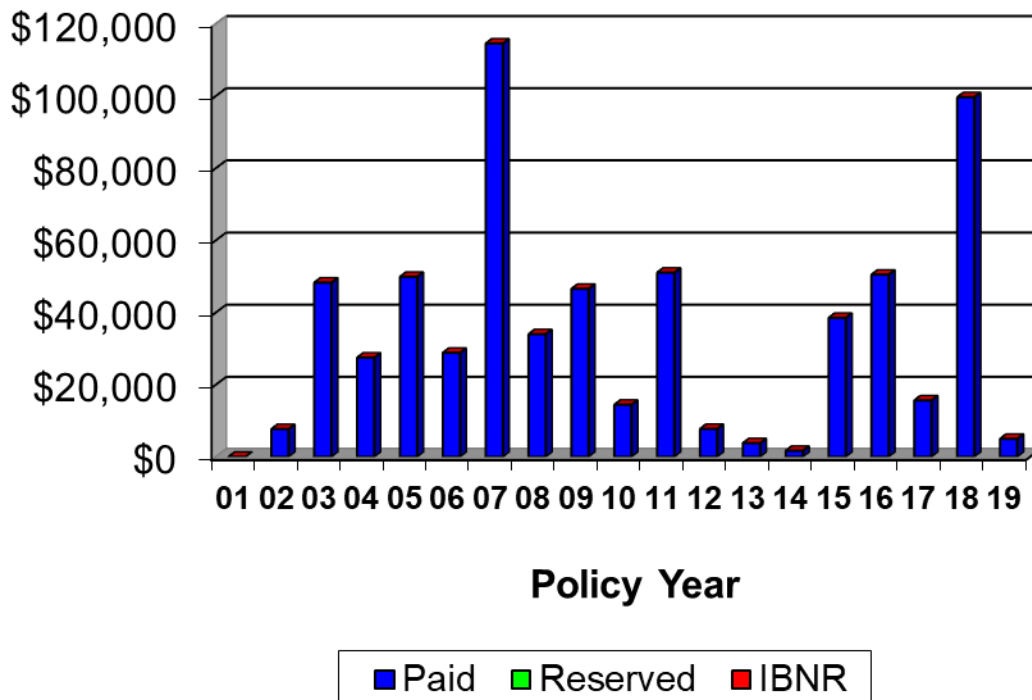
GRAPHICAL SUMMARY OF CLAIMS

JUNE 30, 2019

Property Claims



APD Claims





James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Redwood Empire Municipal Insurance Fund
Sonoma, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Redwood Empire Municipal Insurance Fund, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Redwood Empire Municipal Insurance Fund's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Redwood Empire Municipal Insurance Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Redwood Empire Municipal Insurance Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Redwood Empire Municipal Insurance Fund's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redwood Empire Municipal Insurance Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended solely for the information and use of management, board of directors, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors of
Redwood Empire Municipal Insurance Fund
P.O. Box 885 Sonoma, California

We have audited the financial statements of Redwood Empire Municipal Insurance Fund as of and for the year ended June 30, 2019, and have issued our report thereon dated **DATE**. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 26, 2019, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope we previously communicated to you. There was no change in the timing of the audit.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year 2018-2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, we have identified new accounting standards that will be applicable in subsequent years and are included in Attachment A.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the claim liabilities. Management's estimate of the claim liabilities is based on calculations reported by the actuary and claim administrators. We evaluated the key factors and assumptions used to develop the claim liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Authority's financial statements relate to accounting policies affecting claim liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. There were no misstatement identified during the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Attachment B for a schedule of correcting entries.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated **DATE**.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

This report is intended solely for the use of the Board of Directors and management of Redwood Empire Municipal Insurance Fund and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
DATE

Attachment A – Upcoming Changes in Accounting Standards

As of June 30, 2019

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Trust in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Trust. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 84, Fiduciary Activities

Effective for the fiscal year ending June 30, 2020

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government’s fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, Leases

Effective for the fiscal year ending June 30, 2021

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

Attachment A – Upcoming Changes in Accounting Standards

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

Effective for the fiscal year ending June 30, 2020

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

Effective for the fiscal year ending June 30, 2021

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

Attachment A – Upcoming Changes in Accounting Standards

GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61

Effective for the fiscal year ending June 30, 2020

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

Attachment B – Adjusting Journal Entries

Adjusting Journal Entries JE # 1

PBC To reclass pension payments into salaries and benefits line item

10-51011	Active Employees Benefits	298,611	
20-51011	Active Employees Benefits	31,054	
30-51011	Active Employees Benefits	3,736	
40-51011	Active Employees Benefits	2,518	
50-51011	Active Employees Benefits	2,518	
60-51011	Active Employees Benefits	2,518	
70-51011	Active Employees Benefits	3,736	
10-60000	Pension Expense		298,611
20-60000	Pension Expense		31,054
30-60000	Pension Expense		3,736
40-60000	Pension Expense		2,518
50-60000	Pension Expense		2,518
60-60000	Pension Expense		2,518
70-60000	Pension Expense		3,736
Total		344,691	344,691

Adjusting Journal Entries JE # 2

PBC To record payroll accrual, to clear out 17/18 ending balance, and to clear out 18/19 ending balances

10-20410	Other Payables	6,114	
10-20510	Life Insurance Payable	13,949	
10-51010	Salaries & Wages	20,508	
10-51011	Active Employees Benefits	4,798	
20-51010	Salaries & Wages	5,277	
20-51011	Active Employees Benefits	1,235	
30-20110	Unearned Premiums & Fees	1	
30-51010	Salaries & Wages	635	
30-51011	Active Employees Benefits	149	
40-20110	Unearned Premiums & Fees	198	
40-40110	Premiums Earned	12,263	
40-51010	Salaries & Wages	428	
40-51011	Active Employees Benefits	100	
50-51010	Salaries & Wages	428	
50-51011	Active Employees Benefits	100	
60-40110	Premiums Earned	428	
60-51011	Active Employees Benefits	100	
70-51010	Salaries & Wages	635	
70-51011	Active Employees Benefits	149	
10-20410	Other Payables		25,306
10-51011	Active Employees Benefits		20,063
20-20410	Other Payables		6,512
30-20410	Other Payables		784
30-40110	Premiums Earned		1
40-15120	Undeposited Funds		12,263
40-20410	Other Payables		528
40-40110	Premiums Earned		198
50-20410	Other Payables		528
60-20410	Other Payables		528
70-20410	Other Payables		784
Total		67,495	67,495

Attachment B – Adjusting Journal Entries

Adjusting Journal Entries JE # 3

PBC To adjust OPEB Trust account balances, To record implicit subsidies during 18-19, & To record accrued 6/30/19 benefit to be reimbursed

120-40410	Interest Earned	3,133	
120-60000	Pension Expense	16,442	
120-60000	Pension Expense	46,193	
90-22005	Deferred Pension Inflow	221,821	
120-13410	Interest Receivable		3,133
120-20410	Other Payables		46,193
120-40110	Premiums Earned		16,442
90-11900	Net Pension Obligations		86,496
90-14210	Deferred Pension Outflows		80,787
90-60000	Pension Expense		54,538
Total		287,589	287,589

Adjusting Journal Entries JE # 4

PBC To record PERS liability as of 6/30/19

10-20710	Pension Liability	84,954	
10-60000	Pension Expense	177,914	
10-14210	Deferred Pension Outflows		143,587
10-22005	Deferred Pension Inflow		119,281
Total		262,868	262,868

Adjusting Journal Entries JE # 5

PBC To record admin fees for the benefits programs

40-40110	Premiums Earned	134,510	
50-40110	Premiums Earned	13,650	
60-40110	Premiums Earned	12,435	
40-40210	Fees Earned		134,510
50-40210	Fees Earned		13,650
60-40210	Fees Earned		12,435
Total		160,595	160,595

Adjusting Journal Entries JE # 6

PBC To record excess receivable

20-13510	Other Receivables	150,597	
20-50130	Subrogation/Refunds		150,597
Total		150,597	150,597

Adjusting Journal Entries JE # 7

PBC To reclass claims paid from Liability to APD

20-11010	General Checking - 0157	42,423	
30-11010	General Checking - 0157	23,521	
30-50210	Change In Claims Liabilities	75,000	
70-50110	Claims Paid	65,944	
20-50110	Claims Paid		42,423
30-22010	Claims IBNR Liability		75,000
30-50110	Claims Paid		23,521
70-11010	General Checking - 0157		65,944
Total		206,888	206,888

Attachment B – Adjusting Journal Entries

Adjusting Journal Entries JE # 8

PBC To record estimated deductible program insurance balance due to CJPRMA for claims incurred in 18/19

30-51110	Insurance	225,000	
30-20410	Other Payables		225,000
Total		225,000	225,000

Adjusting Journal Entries JE # 9

PBC To reclass recoveries from liability program to APD

20-50130	Subrogation/Refunds	19,558	
20-50130	Subrogation/Refunds	37,076	
70-11010	General Checking - 0157	56,633	
20-11010	General Checking - 0157		56,633
70-50130	Subrogation/Refunds		56,634
Total		113,267	113,267

Attachment C – Management Representation Letter

Attachment C – Management Representation Letter

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Attachment C – Management Representation Letter



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

MANAGEMENT LETTER

To the Management
Redwood Empire Municipal Insurance Fund
Sonoma, California

We have recently completed the audit of the financial statements of Redwood Empire Municipal Insurance Fund and have issued our report thereon dated **DATE**. In planning and performing our audit of your financial statements for period ending June 30, 2019, we applied generally accepted auditing standards (GAAS) as we considered your internal control over financial reporting as a basis for designing our auditing procedures. We did this for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of your internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Although our audit was not designed to provide assurance on the internal control structure and its operation, we noted certain matters that we are submitting for your consideration for the improvement of the Redwood Empire Municipal Insurance Fund accounting and financial reporting functions. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. We will review the status of these comments during our next audit engagement. This letter does not affect our report dated **DATE** on the financial statements of the Redwood Empire Municipal Insurance Fund.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

Management Letter

Current Year Comments:

2019-1 – Member Deductible Reporting

During our review of the claims reconciliations for the workers' compensation and liability programs, we noted, management is adjusting the actuary's selected ultimate loss numbers in the amount of \$2.4M for workers' compensation and \$734k for the liability. Per discussion with management, this adjustment was necessary, since implicit in the actuary's ultimate loss calculation were a given level of paid claims. The actuary is treating certain member payments differently than the accountant is gathering from the loss run.

<u>Program</u>	<u>Ultimate Adjustment</u>	<u>Expected Cause</u>
Workers' compensation:	(\$2,396,822)	Member Vouchers/Deductibles
Liability	(\$733,844)	Member Deductibles

These adjustments resulted in the net outstanding recorded being agreed to the actuary.

Concerns are the following:

1. Are the actuary and the accounting consultant using the same data and reports?
2. Are the actuary and the accounting consultant treating transactions the same way?
3. Are the actuary and the accounting consultant pulling the reports for the same time period?

Recommendation:

The accounting consultant work with the actuary to identify how the payments, deductibles and vouchers should be accounted for calculating the accounting liability so they may agree in treatment and calculation.

Management Response: REMIF will work with the actuary to have a proper basis on calculating member deductibles.

AGENDA ITEM SUMMARY

ITEM 8.0

TITLE: NEW REMIF BOARD POLICIES/UPDATES TO EXISTING POLICIES

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

The Board of Directors has requested that necessary and relevant Board Policies be drafted, reviewed and adopted as REMIF Board policies. Board Policies require ratification by the Board of Directors. This item is being presented for approval.

BACKGROUND

It is important for organizations to have up to date, relevant and applicable policies that are followed. Policies clarify roles and responsibilities, which promote positive working relationships among the Board, the General Manager, and staff.

Below please find a listing of new recommended Board Policies to be adopted (**changes to existing policies or new policies are highlighted in yellow**). A copy of each DRAFT policy is attached. Changes to the investment policy come at the recommendation of our investment manager. The IT policy and the Target Equity Policy were provided to the Board of Directors for review/comment at a prior meeting. The Underwriting Policy is being provided to the Board of Directors (first viewing) as a discussion item. The Credit Card policy is being provided to the Board of Directors (first viewing) as a discussion item.

Policy#	Name of Policy	Date original Policy was Board approved; and date Board confirmed Policy	Recommendations	Needed for CAJPA Accreditation?
1	REMIF Records Retention	01/28/94; 09/27/18	n/a	Yes
2	Legal Fees to Obtain Coverage Opinions	04/06/94; 09/27/18	n/a	No
3	Automobile Purchase	Repealed on 09/27/18	n/a	No
4	Pre-Employment Physical	01/31/97; 09/27/18	n/a	No
5	Flood and/or Earthquake Insurance Funds Allocation	10/02/97; 09/27/18	n/a	No
6	Mileage Reimbursement Rate	06/29/98; 09/27/18	n/a	No

Policy #	Name of Policy	Date original Policy was Board approved; and date Board confirmed Policy	Recommendations	Needed for CAJPA Accreditation?
7	Refund Policy for the Workers' Compensation and General/Auto Liability Coverage Programs	06/29/98; 09/27/18	n/a	Yes
8	Handling of Late Claims by City Attorneys	06/29/98; 09/27/18	n/a	No
9	Use of Vehicles for City Business/Use of City-Owned Vehicles	09/27/18	n/a	No
10	Assignment of Defense Attorneys to REMIF Covered Claims/Lawsuits Filed Against the Covered Member Entities	10/27/05; 09/27/18	n/a	No
11	Training Seminar Participation	06/24/14; 09/27/18	n/a	No
12	REMIF's Defense Attorneys	08/16; 09/27/18	n/a	No
13	REMIF Investment Policy	09/29/16; 09/27/18; FIRST DRAFT of recommended changes provided to Board of Directors on 09/26/19 SECOND DRAFT of recommended changes provided to Board of Directors on 01/31/20	Being presented for adoption at 01/31/20 Board of Directors meeting	Yes
14	OPEB Investment	10/31/17; 09/27/18	n/a	Yes
15	Conflict of Interest	09/27/18; 09/27/18	n/a	Yes
16	Frequency of Actuarial Studies and Claims Audits	09/27/18; 09/27/18	n/a	Yes
17	Sexual Harassment	09/27/18	n/a	No
18	Non-Discrimination	09/27/18	n/a	No
19	Qualifications of REMIF Board Treasurer	09/27/18	n/a	Yes
20	Written Documentation of Investment Controls	01/25/19	n/a	Yes
21	Target Equity Policy	FIRST DRAFT provided to Board of Directors on 04/25/19 SECOND DRAFT is attached (substantive changes incorporated)	Being presented for adoption at 01/31/20 Board of Directors meeting	Yes

Policy #	Name of Policy	Date original Policy was Board approved; and date Board confirmed Policy	Recommendations	Needed for CAJPA Accreditation?
23	Underwriting Policy	FIRST DRAFT provided to Board of Directors on 09/26/19	Being presented for review at 01/31/20 Board of Directors meeting	Yes
24	Credit Card Policy	FIRST DRAFT provided to Board of Directors on 09/26/19	Being presented for review at 01/31/20 Board of Directors meeting	No (recommended by auditor)
*	Loss Control		Adopt policy at future meeting	Yes
*	Coverage and Claims Dispute		Adopt policy at future meeting	Yes
Bylaws	Settlement Authority	In REMIF bylaws	Keep in place as currently worded	Yes

FISCAL IMPACT

None

RECOMMENDED ACTION

Adopt changes to Policy #13 – REMIF investment policy

Adopt Policy #21 – Target equity policy

Adopt Policy #22 – IT policy

(Policy #23 – Underwriting policy and Policy #24 – credit card policy are provided for review only)

ATTACHMENT

8.1 Policy #13 – Investment Policy

8.2 Policy #21 – Target Equity Policy

8.3 Policy #22 – IT Policy

8.4 Policy #23 – Underwriting Policy

8.5 Policy #24 – Credit Card Policy

Policy #13.0
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
INVESTMENT POLICY

I. Investment Philosophy

A. Policy

1. This Investment Policy is set forth by the Redwood Empire Municipal Insurance Fund (hereinafter referred to as "REMIF" or "Fund"), for the following purposes:

- a. To establish a clear understanding for the governing body, management, responsible employees, citizens and third parties of the objectives, policies and guidelines for the investment of REMIF's idle and surplus funds;
- b. To offer guidance to the Board, Finance Director and any external investment advisers on the investment of REMIF funds; and
- c. To establish a basis for evaluating investment results.

2. REMIF establishes investment policies that meet its current investment goals. The Fund shall review this policy annually and may change its policies as its investment objectives change.

B. Objectives

All investment management decisions and activities must assure ongoing compliance with all Federal, State and local laws governing the investment of moneys under the control of the Board. The primary objectives, in priority order, of REMIF's investment activities shall be:

1. Safety: The primary objective of this policy is to protect, preserve and maintain cash and investments of the Fund.
2. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash, as necessary, to meet disbursement requirements. The liquidity percentage will be determined, from time to time, from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.

3. Return: Within the constraints of safety and liquidity and in compliance with state and federal regulations and this investment policy, the portfolio will be designed to attain a "market average rate of return" consistent with the agreed upon benchmark.

4. Diversification: The portfolio will be diversified in order to avoid incurring unreasonable and avoidable risks regarding specific types of securities or individual financial institutions.

5. Public trust: All participants in the investment process shall act as custodians of the public ~~trust, and trust and~~ shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with the degree of professionalism that is worthy of public trust.

C. Prudence and Indemnification

1. Prudent Investor Standard: Management of REMIF's investments is governed by the Prudent Investor Standard as set forth in the California Government Code 53600.3:

"...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

2. Indemnification: Officers and employees of REMIF responsible for managing REMIF funds, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

D. Ethics and Conflicts of Interest

Officers and employees of REMIF involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

II. Operational and Procedural matters

A. Scope

This investment policy applies to all financial assets and investment activities under the control of the Fund with the following exceptions:

1. Retirement funds and other post-employment benefits (OPEB) funds that are governed by other investment policies and objectives; and
2. Bond proceeds whose investments shall be governed by the provisions of the related bond indentures.

B. Delegation of Authority

California Government Code Sections 53600 through 53601.6 provide legal authorization for investment of the funds of local agencies. All investments of REMIF shall conform to the restrictions of those laws.

Management responsibility is hereby delegated to General Manager and the Finance Director, who shall establish procedures for the operation of the investment program. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinates. The responsibility for investment transactions may be delegated to staff personnel or an outside professional service.

C. Authorized Financial Dealers and Institutions

1. REMIF's Finance Director shall determine which financial institutions are authorized to provide investment services to the Fund. Institutions eligible to transact investment business with the Fund include:
 - a. Primary government dealers as designated by the Federal Reserve Bank;
 - b. Nationally or state-chartered banks;
 - c. The Federal Reserve Bank; and
 - d. Direct issuers of securities eligible for purchase by the Fund.
2. Selection of financial institutions and broker/dealers authorized to engage in transactions with the Fund shall be at the sole discretion of REMIF, except where ~~the~~ REMIF utilizes an external investment adviser in which case the REMIF may rely on the adviser for selection.

3. All financial institutions that are or desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the REMIF Finance Director with a statement ~~clarifying~~certifying that the individual responsible for the account has reviewed and understands the California Government Code Section 53600 et seq. and the Fund's Investment Policy and intends to present only those transactions appropriate under the policy.

4. Selection of broker/dealers used by an external investment adviser retained by the Fund shall be at the sole discretion of the investment adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

5. Public deposits shall be made only in qualified public depositories within the State of California as established by State law. Deposits shall be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, shall be collateralized with securities in accordance with State law.

D. Delivery vs. payment

Settlement of all investment transactions will be completed using standard delivery-vs.-payment procedures.

E. Safekeeping of securities

All securities owned by REMIF shall be held in safekeeping by a third party bank trust department, acting as agent for the Fund under the terms of a custody agreement executed by the bank and by REMIF. All investment transactions will require a safekeeping receipt or acknowledgment generated from the trade. A monthly report will be received by REMIF from the custodian listing all securities held in safekeeping with current market data and other information.

III. Permitted investments and portfolio risk management

A. Authorized Investments

All investments shall be made in accordance with Sections 53600 et seq. of the Government Code of California and as described within this Investment Policy. In the event a discrepancy is found between this policy and the Code, the more restrictive

parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

Permitted investments under this policy shall include:

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the Fund may invest in U.S. Treasuries.
2. Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the Fund may invest in government-sponsored enterprises, provided that:
 - a. No more than 25% of the portfolio may be invested in any single Agency/GSE issuer.
 - b. The maximum maturity does not exceed five (5) years.
3. Municipal securities provided that:
 - a. They are an obligation of any of the 50 states in the United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California; or,
 - b. They are an obligation of a local agency within the State of California;

- c. The securities are rated in a rating category of “A” or its equivalent or better by at least one nationally recognized statistical rating organization (“NRSRO”).
 - d. No more than 5% of the portfolio may be invested in any single issuer.
 - e. No more than 30% of the portfolio may be in Municipal Securities.
 - f. Their maturity does not exceed 5 years.
4. Bankers' acceptances provided that:
- a. They are issued by institutions the short term obligations of which are rated a minimum of A-1 or its equivalent or better by at least one NRSRO; or, if the short term obligations are unrated, the long-term obligations of which are rated a minimum of the rating category of A or its equivalent or better by at least one NRSRO;
 - b. The maturity does not exceed 180 days; and
 - c. No more than 40% of the total portfolio may be invested in bankers' acceptances and no more than 5% per issuer.
5. Time deposits (Non-negotiable certificates of deposit) in a nationally or state-chartered bank or a state or federal association, or a state-licensed branch of a foreign bank to the extent that deposits are insured by the Federal Deposit Insurance Corporation (FDIC), provided that:
- a. No more than 30% of the portfolio shall be invested in a combination of federally insured and collateralized time deposits; and,
 - b. The maturity of such deposits does not exceed 5 years.
6. Negotiable certificates of deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:
- a. The amount of the NCD insured up to the FDIC limit does not require any credit ratings.
 - b. Any amount above the FDIC insured limit must be issued by institutions which have long-term obligations which are rated in a rating category of "A" or its equivalent or higher by at least one NRSRO; and/or

have short term debt obligations rated "A-1" or higher, or the equivalent, by at least one NRSRO;

c. The maturity does not exceed 5 years; and

d. No more than 30% of the total portfolio may be invested in NCDs and no more than 5% per issuer.

7. Commercial paper provided that:

a. The maturity does not exceed 270 days from the date of purchase;

b. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million;

c. They are issued by institutions whose short term obligations are rated "A-1" or higher, or the equivalent, by at least one NRSRO; and whose long-term obligations are rated in the rating category of "A" or its equivalent or higher by at least one NRSRO; and,

d. No more than 25% of the portfolio is invested in commercial paper and no more than 5% per issuer.

8. State of California Local Agency Investment Fund (LAIF), provided that:

a. the Fund may invest up to the maximum permitted amount in LAIF; and,

b. LAIF's investments in instruments prohibited by or not specified in the Fund's policy do not exclude it from the Fund's list of allowable investments, provided that the fund's repo1ts allow the Fund's Finance Director to adequately judge the risk inherent in LAIF's portfolio.

9. Sonoma County Pooled Investment Fund, provided that the Fund does not exceed 10% of the portfolio ~~in~~ the County Pool.

10. Corporate medium-term notes, provided that:

a. such notes have a maximum maturity of five years;

b. are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;

c. shall be rated "A" category or better by at least one nationally recognized statistical rating organization; and,

d. holdings of medium-term notes may not exceed 30 percent of the portfolio and no more than 5% per issuer.

11. Money market mutual funds that are registered with the Securities and Exchange Commission under the ~~I~~Investment Company Act of 1940:

a. Provided that such funds meet either of the following criteria:

i. Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or,

ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through k) and with assets under management in excess of \$500 million.

b. purchases of securities authorized by this subdivision may not exceed 20% of the portfolio.

12. Asset-Backed, Mortgage-Backed, Mortgage Passthrough securities, and collateralized Mortgage Obligations From Issuers Not Defined in Sections 1 and 2 of the Permitted Investments Section of this Policy, provided that:

a. The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO.

b. No more than 10% of the total portfolio may be invested in these securities

c. No more than ~~52~~% of the portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer

d. The maximum legal final maturity does not exceed five (5) years

13. ~~Supranationals~~Supranational, provided that:

a. Issues are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

b. No more than 1~~50~~% of the total portfolio may be invested in these securities.

c. No more than ~~52~~% of the portfolio may be invested in any single issuer.

d. The maximum maturity does not exceed five (5) years.

B. Investment Pools

The Authority shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. REMIF's Finance Director shall develop a questionnaire which will answer the following general questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are ~~priced~~priced, and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

C. Collateralization

Certificates of Deposit (CDS). REMIF shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Collateralization of Bank Deposits. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of

deposited funds. REMIF shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

D. Portfolio Risk Management

Prohibited investment vehicles and practices

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options. This does not apply to securities with embedded call options (see Section VIII C 2).
2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. Investment in any security that could result in a ~~zero-interest~~zero-interest accrual if held to maturity is prohibited.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse re-purchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.

E. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. REMIF shall mitigate credit risk by adopting the following strategies:

1. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities;
2. REMIF may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the Fund's risk preferences; and,
3. If securities owned by the Fund are downgraded to a level below the quality required by this Investment Policy, it shall be REMIF's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

a. If a security is downgraded, the Finance Director will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.

b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported to the ~~REMIF~~REMIF Board.

F. Mitigating market risk in the portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. REMIF recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. REMIF shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. REMIF further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. REMIF, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. REMIF shall maintain a minimum of six months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
2. The maximum percent of callable securities (excluding make-whole calls) in the portfolio shall be 15%;
3. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy; and,
4. The duration of the portfolio shall at all times be approximately equal to the duration of a Market Benchmark Index selected by REMIF based on the Fund's investment objectives, constraints and risk tolerances.

IV. Specific objectives and expectations

Specific objective: The investment portfolio shall be designed commensurate with the investment risk, constraints and cash flow needs of the Fund and with the overall investment performance objective of earning a total rate of return throughout economic and market cycles which is approximately equal to the return on the Benchmark Index selected by REMIF.

V. Reporting, internal controls and Policy review

A. Monthly reports

Monthly investment reports shall be submitted by the portfolio manager to the Treasurer/Finance Officer. These reports shall disclose, at a minimum, the following information about the risk characteristics of the Fund's portfolio:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
2. A one-page summary report which shows:
 - a. Average maturity of the portfolio and modified duration of the portfolio;
 - b. Maturity distribution of the portfolio;
 - c. Average portfolio credit quality; and
 - d. Time-weighted total rate of return for the portfolio for the prior three months, twelve months, year to date, and since inception compared to the Benchmark Index returns for the same periods;
3. A statement of compliance with investment policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution; and
4. A statement that the Fund has adequate funds to meet its cash flow requirements for the next six months.

B. Internal controls

A system of internal controls shall be established and maintained in written form designed to ensure that the assets of the Fund are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The most important controls are: control of collusion, separation of duties, separation of transaction authority from accounting and bookkeeping, custodial safekeeping, delegation of authority, limitations regarding losses and remedial action, written confirmation of telephone transactions, minimization of the number of authorized investment officials, documentation of transactions and strategies, and annual review of controls by the Finance Director.

Board adopted: 06/29/16

Board adopted (revisions): 09/27/19

Board adopted (revisions): ~~ratified:~~ 01/31/20

Policy #21.0
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
TARGET EQUITY POLICY STATEMENT

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I.

PURPOSE

The purpose of this policy statement is to give guidance to the Board of Directors in making annual funding, dividend and assessment decisions for the REMIF programs, which include the self-funded portions of Workers' Compensation, Liability, Property, Auto Physical Damage (APD), Medical, Dental and Vision programs.

By adoption of this policy statement, the Board of Directors acknowledges the long-term financial strength of the REMIF programs are of utmost importance.

The Board of Directors acknowledges there is a degree of uncertainty in the annual actuarial estimates due to the possibility of catastrophic claims and inconsistent or inaccurate case reserving and the variability of claim frequency. Therefore, the Board of Directors desires to fund the REMIF programs in a cautious and prudent manner and return equity to its members in an equally cautious and prudent manner.

It is the policy of REMIF to conservatively fund its programs to maintain sufficient assets to pay all losses and avoid substantial fluctuations to contributions.

REMIF will create and maintain a Rate Stabilization Fund in order to mitigate the effect of rate increases.

Before any decision on an equity distribution is made, the Board of Directors desire to have a comprehensive review of REMIF's financial position. ~~before deciding on an equity distribution.~~ REMIF has determined that the establishment and monitoring of ~~four~~ benchmarks (to include the following benchmarks: net contribution to equity, claim reserves and IBNR to net equity, prior year loss development, changes in equity attached as Appendix A) in conjunction with the Retrospective Premium Adjustment (RPA) calculation will enhance the Board's understanding of REMIF's overall financial position.

Commented [RS1]: I don't think we have this policy.

Commented [AN2]: We don't, but I think we can do a RPA calculation outside of a policy. Do you agree?

Commented [RS3]: While I agree, I think it would make sense to have a policy that documents how it is being calculated. The policy can come later.

II.

DEFINITIONS

"Claims Paid to Date" is the amount actually paid on reported claims at the date of valuation.

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"Confidence Level" is a statistical term used to express the degree to which an actuarial projection (usually "Ultimate Net Loss" or "IBNR") will be an accurate prediction of the dollar losses ultimately paid for a given program year or combination of years. The higher a "Confidence Level" the greater certainty the actuary has that losses will not exceed the dollar value used to attain that "Confidence Level".

"Equity" is the amount of funds remaining, after deducting all administrative and excess insurance costs, available to pay claims in excess of actuarial expected losses discounted for investment income

at the actuarially determined “Expected” or “Confidence Level”. Rate stabilization funds, if any, are not included in equity or target equity calculations.

~~“Expected Liabilities” is the total of all “Outstanding Reserves”, “IBNR”, and Unallocated Losses Adjustment Expense “ULAE”, discounted, at the “expected” confidence level, which by industry standard translates roughly to the 50% to 56% “Confidence Level” as determined by the independent actuary.~~

“Incurred But Not Reported (IBNR)” is the estimate of the funds needed to pay for covered losses that have occurred but have not yet been reported to the member and/or REMIF. “IBNR” includes (a) known and unknown loss events that are expected to be claims; and (b) expected future development on claims already reported.

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“Monthly Billing” is the total amount billed to the members for the Health Benefits program.

~~“Net Contribution” includes the total contributions from members less the excess insurance cost.~~

~~“Net Present Value” is the discounting of future cash flows to current values by taking into account the time value of money.~~

“Self Insured Retention” or “SIR” is the maximum amount of exposure to a single loss retained by REMIF.

“Outstanding Reserves” are the sum total of unpaid case reserves in the “Self Insured Retention” as provided by the loss run report.

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“Retrospective Premium Adjustment” is a funding method in which the contributions are directly affected by losses that occur during a fiscal year. The member pays provisional contributions based on projected losses. After the fiscal year has ended, the contributions are adjusted up or down to reflect the member’s actual loss experience during the period of coverage. General administrative and administrative costs will be considered in determining retrospective premium adjustments.

“Target equity” is the desired equity the Board of Directors wants to achieve in each program.

“Ultimate Net Loss” is the sum of “Claims Paid to Date”, “Outstanding Reserves” and “IBNR”, all within REMIF’s “Self Insured Retention”. It is the estimate of the total value of all claims that will ultimately be made against members for which REMIF is responsible.

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~~Unallocated Loss Adjustment Expense “ULAE” are expenses that are not attributed to the processing of a specific claim.~~

III.

RATIOS

“Net Contribution” to “Equity” ratio:

~~This ratio is a measure of how “Equity” is leveraged against possible pricing inaccuracies. A low ratio is desirable.~~

“Expected Liabilities” to “Equity” ratio: _____

~~This ratio is a measure of flexibility the pool has to absorb development of expected losses. A low ratio is desirable.~~

~~“Equity” to “Self Insured Retention” ratio: _____~~

~~This ratio is a measure of the maximum amount that “Equity” could decline due to a single loss. A high ratio is desirable.~~

~~“Equity” to “Monthly Billing” ratio: _____~~

~~This ratio is a benchmark for the minimum fund balance. A high ratio is desirable.~~

~~Operating ratio: _____~~

~~This ratio is a measure of the inflows versus the outflows in each program year. An operating ratio of less than 100% is desirable.~~

~~Reserve Development: _____~~

~~This is a measure of the change in aggregate ultimate losses from one valuation period to the prior valuation(s). Generally, the one year and two year reserve development to “Equity” threshold should be less than 20%.~~

~~Change in Equity: _____~~

~~This ratio measures if a decline in equity in excess of 10% warrants an increase in annual contribution or an assessment.~~

~~III.V.~~

~~TARGET EQUITY POLICY FOR WORKERS’ COMPENATION PROGRAM~~

The Workers' Compensation Program Target Funding shall be adopted as follows:

1. Funding for the self-insured retention layer (which is currently at \$1,000,000) each year will be at the 75% confidence level (to be determined annually by an actuary) or at the Board of Director's discretion.
2. After funding at the 75% confidence level, t-he target equity goal is set at five times the self-insured retention layer (which is currently \$1,000,000, so five times the SIR would be \$5,000,000). SIR or \$5 million.
3. After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed \$750,000 shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The Fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of the \$750,000 fund.
4. After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, funding in the equity balance in excess of the 90% confidence level, excluding the target equity and the Rate Stabilization Fund, will be available for distribution, at the Board of Director's discretion.
5. If funding the equity falls below the 70% confidence level, according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.
6. Before any decision on an equity distribution is made, the Board of Directors will have a comprehensive review of REMIF’s financial position before deciding on an equity distribution.

Commented [RS4]: If the SIR changes, we will have to change the document. Maybe, we can say “for example, the current SIR is \$1M, so 5 times SIR is \$5M)

Commented [AN5R4]: Good point – thank you!

Commented [RS6]:

~~76.~~ ____ If there is a distribution, the distribution shall be applied using a Retrospective Premium Adjustment (RPA). ____ After seven years have passed, and if there is a distribution, a program year shall be available for Retrospective Premium Adjustments (RPA).

~~87.~~ ____ If distributions are declared by the Board of Directors, RPA distributions will be made in the following percentages:

50% of equity in year 8

60% of equity in year 9

70% of equity in year 10

80% of equity in year 11

90% of equity in year 12

~~98.~~ ____ Program years may be considered for closure 15 years after the year-end, and it has been at least one year since closure of the last claim in the proposed year(s). Once declared closed, 100% of remaining equity may be distributed to members through the RPA, if applicable.

~~109.~~ ____ If a claim is reported or reopened after a year has been closed and equity returned, the Target Equity reserve will be used first to cover the deficit.

~~10.~~ ____ ~~Before any decision on an equity distribution is made, the Board of Directors will have a comprehensive review of REMIF's financial position before deciding on an equity distribution. The four benchmarks in Appendix A will be reviewed before distributions are made.~~

IV.

TARGET EQUITY POLICY FOR LIABILITY PROGRAM

The Liability Program Target Funding shall be adopted as follows:

1. ____ Funding for the self-insured retention layer (which is currently at -\$500,000) each year will be at the 75% confidence level (to be determined annually by an actuary) or at the Board of Director's discretion.

2. ____ After funding at the 75% confidence level, the target equity goal is set at five times the \$500,000 SIR or \$2.5 million.

3. ____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed ~~\$375,500,000~~ shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The Fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of the ~~\$375,500,000~~ fund.

4. ____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, ~~funding in excess~~ the equity balance in excess of the 90% confidence level, excluding the target equity and the Rate Stabilization Fund, will be available for distribution, at the Board of Director's discretion.

5. ____ If ~~funding the equity~~ falls below the 70% confidence level, according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

6. ____ If there is a distribution, the distribution shall be applied using a Retrospective Premium Adjustment (RPA). After five years have passed, and if there is a distribution, a program year shall be available for Retrospective Premium Adjustments (RPA).

7. ____ If distributions are declared by the Board of Directors, RPA distributions will be made in the following percentages:

50% of equity in year 6

60% of equity in year 7

70% of equity in year 8

80% of equity in year 9

Commented [RS7]: How are we getting this number and is it enough?

Commented [AN8R7]: ¼ of the SIR. Same as WC. Think those should be higher?

Commented [RS9]: Yes I do think it needs to be higher. For the liability program, we are funding about \$2.8M. \$375K won't make a dent in a program that is susceptible to volatility. Maybe \$1M.

90% of equity in year 10

8. ____ Program years may be considered for closure 15 years after the year-end, and it has been at least one year since closure of the last claim in the proposed year(s). Once declared closed, 100% of remaining equity may be distributed to members through the RPA, if applicable.

9. Before any decision on an equity distribution is made, the Board of Directors will have a comprehensive review of REMIF's financial position before deciding on an equity distribution. The four benchmarks in Appendix A will be reviewed before distributions are made.

VI.

TARGET EQUITY POLICY FOR PROPERTY PROGRAM

While the property program is primarily covered through Alliant's APIP program (coverage obtained through CJPRMA, ~~with a \$100,000 deductible) and with a flood deductible buy down (from a \$250,000 to a \$100,000 deductible)~~, REMIF does retain a layer of self-insured retention coverage between the member's deductible (~~\$5,000 or \$10,000~~) and the APIP coverage through CJPRMA.

[It should be noted that DIC (earthquake) coverage is also available to members, and the member's deductible for the DIC coverage is \$100,000 or 5% of the claim. REMIF does not retain a layer of with DIC coverage.]

1. ____ Funding for the self-insured retention layer ~~(which is \$100,000)~~ each year will be at the 75% confidence level (to be determined annually by an actuary, if needed) or at the Board of Director's discretion.

2. ____ After funding at the 75% confidence level or at Board of Director's discretion, the target equity goal is set at five times the ~~SIR, \$100,000 SIR or \$500,000.~~

3. ____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed ~~\$75250,000~~ shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of ~~\$75250,000~~.

4. ____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, funding the equity balance in excess of the 90% confidence level will be considered excess.

5. ____ Excess funding equity, as mentioned in #4. can be used, at the Board of Director's discretion, as credits towards the following fiscal year's contributions (a "premium holiday"), rather than distributions.

6. ____ If the overall confidence level falls below 70% according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

VII.

TARGET EQUITY POLICY FOR AUTO PROPERTY DAMAGE (APD) PROGRAM

~~While the property program is primarily covered through a commercial insurer (coverage obtained through CJPRMA, with a \$10,000 deductible), REMIF does retain a layer of self-insured retention coverage between the member's deductible (\$5,000 or \$10,000) and the coverage through CJPRMA. In addition, only vehicles valued over \$25,000 are reported to CJPRMA. REMIF retains the layer of self-retention up to \$25,000 valued vehicles.~~

Commented [RS10]: If we change carriers, SIR or deductible, this paragraph may not work.

Commented [RS11]: This will change

Commented [RS12]: We should update this;

Commented [RS13]: This may not be enough

Commented [AN14R13]: It's that ¾ number. What do you suggest? I used ¾ off another JPA.

Commented [RS15]: Now that we are funding \$300K for 2 claims in the property program, maybe \$150K. 1 claim.

Commented [RS16]: This means we will have to get an actuarial study.

Commented [AN17R16]: I think that's ok. Do you have any objection? The tail on property claims is so small – I don't think it would be expensive to have an actuary run numbers real quick.

Commented [RS18]: I don't have an objection.

1. ~~_____ Funding for the self-insured retention layer (which is up to \$25,000) each year will be at the 75% confidence level (to be determined annually by an actuary, if needed) or at the Board of Director's discretion.~~
2. ~~_____ After funding at the 75% confidence level, the target equity goal is set at five times the \$25,000 SIR or \$125,000.~~
3. ~~_____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed \$17,50025,000 shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of \$17,50025,000.~~
4. ~~_____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, the equity balance funding in excess of the 90% confidence level will be considered excess.~~
5. ~~_____ Excess funding equity, as mentioned above, can be used, at the Board of Director's discretion, as credits towards the following fiscal year's contributions (a "premium holiday"), rather than distributions.~~
6. ~~_____ If the overall confidence level falls below 70% according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.~~

VIII.

TARGET EQUITY POLICY FOR MEDICAL PROGRAM

1. _____ Funding for self-insured health program includes consideration of the self-insured retention layer (which is currently at \$175250,000) and various other costs associated with thefor the program (stop loss, prescription, network costs, etc). The funding each year will be determined by an actuary or at the Board of Director's discretion.
2. _____ After funding at the actuary's determination or the Board of Director's discretion, the target equity is set at six times the average monthly total member medical premium billing (monthly billing is an average of the previous 12-month period).
3. _____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed 3 times the average monthly billing (monthly billing is an average of the previous 12-month period) \$1 million shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of three times the average monthly billing \$1 million.
4. _____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, funding the equity balance in excess of the actuary's recommendations level will be considered excess.
5. _____ Excess funding equity, as mentioned above, can be used, at the Board of Director's discretion, as credits towards the following fiscal year's contributions (a "premium holiday"), rather than distributions.
6. _____ If the funding falls below actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

VIII.

TARGET EQUITY POLICY FOR DENTAL PROGRAM

Commented [RS19]: this may not be enough as we are doing monthly billing for \$1M per month

Commented [AN20R19]: See changes

Commented [RS21]: Love it!

1. ____ Funding for dental program includes consideration of the self-insured retention layer and is primarily determined by the average cost of claims (which is \$250,000) and various other costs associated with for the program each year. The funding will be determined by an actuary or at the Board of Director's discretion.
2. ____ After funding at the actuary's determination or the Board of Director's discretion, the target equity is set at six times the average monthly billing (monthly billing is an average of the previous 12-month period).
3. ____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed ~~\$30,0001-million~~ shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of ~~\$30,0001-million~~.
4. ____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, funding the equity balance in excess of the actuary's recommendations level will be considered excess.
5. ____ Excess funding equity, as mentioned above, can be used, at the Board of Director's discretion, as credits towards the following fiscal year's contributions (a "premium holiday"), rather than distributions.
6. ____ If the funding falls below actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

IXVIII.

TARGET EQUITY POLICY FOR VISION PROGRAM

1. ____ Funding for vision program includes consideration of the self-insured retention layer and is primarily determined by the average cost of claims (which is \$250,000) and various other costs associated with for the program each year. The funding will be determined by an actuary or at the Board of Director's discretion.
2. ____ After funding at the actuary's determination or the Board of Director's discretion, the target equity is set at six times the average monthly billing (monthly billing is an average of the previous 12-month period).
3. ____ After the target equity goal is reached, a Rate Stabilization Fund in an amount not to exceed ~~\$25,0001-million~~ shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of ~~\$25,0001-million~~.
4. ____ After the target equity goal is reached and after the Rate Stabilization Fund is established and fully funded, funding the equity balance in excess of the actuary's recommendations level will be considered excess.
5. ____ Excess funding equity, as mentioned above, can be used, at the Board of Director's discretion, as credits towards the following fiscal year's contributions (a "premium holiday"), rather than distributions.
6. ____ If the funding falls below actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

APPENDIX A – FINANCIAL BENCHMARKS

Net Contribution to Equity

Calculation: $\frac{(\text{Contribution} - \text{Excess Insurance})}{\text{Equity}}$

Measures the impact of pricing inaccuracies on equity (a low ratio is desirable). A low ratio indicates that more equity is available to cover under-charged years. The target is less than 200%.

Claim Reserves and IBNR to Equity

Calculation: $\frac{(\text{Claim Reserves} + \text{IBNR} + \text{ULAE})}{\text{Equity}}$

Measures the impact of reserves inaccuracies on equity (a low ratio is desirable). A low ratio indicates more equity available to cover years with large losses. The target is less than 300%.

Prior Year Loss Development

Calculation: $\frac{(\text{Year 1 Loss reserves} - \text{Year 2 Loss reserves})}{(\text{Yr 2} + \text{Yr 3})}$

Measures the change in loss reserves from one year to the prior year. A lower ratio indicates not much change in reserves between years. Target of less than 20% is desirable.

Change in Equity

Calculation: $\frac{(\text{Year 2 Equity} - \text{Year 1 Equity})}{\text{Year 1 Equity}}$

Measures the change in equity. Any increase is desirable. The target is less than 10%.

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Policy #22.0
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
INFORMATION TECHNOLOGY POLICIES AND PROCEDURES

Introduction

Welcome to the Information Technology Policies and Procedures document for REMIF. Proper use of Information Technology is vital to our ability to provide high quality and high value services to our members.

These policies and procedures have been developed to standardize the approach to the use of Information Technology. More specifically, they are designed to protect such resources as we would other core assets and to maximize the value and usefulness of these assets.

Purpose

This technology services policies and procedures manual exists to communicate accepted methods dealing with the use of technology in our organization in a clear and organized manner.

Scope

Unless otherwise stated, these policies apply to all employees, management, contractors, vendors, business partners and any other parties who have access to the technology tools in use at REMIF.

Non-compliance

Any employee found to have violated these policies may be subject to disciplinary action, up to and including termination of employment. Deliberate violation could include civil and/or criminal prosecution.

Acceptable Use

Purpose

The purpose of Acceptable Use policies and procedures is to inform employees of REMIF of the rules and procedures that exist for appropriate use of the various technological tools and applications within the organization.

In general, all technological resources owned, leased, licensed or otherwise in use at REMIF are to be used for business purposes and in a safe and professional manner. Specific lists of acceptable and unacceptable uses exist in individual policies when appropriate.

Ownership and Privacy

All data, messages, files and other content created or stored on our organization's technology resources are the property of REMIF. Users of our resources cannot expect privacy rights to extend to information stored on or traveling through our systems.

REMIF reserves the right to inspect all data on any system as a normal course of business.

Outside Parties

Contractors, vendors, business partners and any other parties who have access to the technology tools in use at REMIF are required to review and acknowledge these policies prior to being provided access to our resources.

Security/Privacy

Data Classification and Disclosure

Public/Unclassified: Information that is generally available to anyone within or outside of the company. Access to this data is unrestricted, may already be available and can be distributed as needed. Examples of Public/Unclassified data are promotional materials, financial audits, agendas, minutes, newsletters and handouts. Employees may send or communicate a public/unclassified piece of data with anyone inside or outside of the organization.

Private: This is defined as information that is to be kept within the organization. Access to this data may be limited to specific departments and cannot be distributed outside of the workplace. Examples of Private data are claims data and communications related to specific claims. Employees may not disclose private data to anyone who is not a current employee of the company.

Confidential: This is defined as personal or organization information that may be considered potentially damaging if released and is only accessible to specific groups (HR, WC claims department, etc.). Examples of Confidential data are social security numbers, contact information, communications and other specific claims related data. Employees may only share confidential data within the department or named distribution list.

Data Protection Compliance

HIPAA: The Health Insurance Portability and Accountability Act of 1996 (HIPAA) sets requirements for employers and health service providers in the handling of personal and medical related information. Workers' compensation carriers, including self-insured employers and administrative agencies, are not covered entities under HIPAA. Health-related information being exchanged in conjunction with a workers' compensation claim or appeal is exempted from HIPAA.

SB 1386 & AB 1298: The California Information Practice Act (SB 1386) requires companies that own or have access to personal information of California residents to notify them if their data has (or may have) been accessed illegally. Personal information is defined as an

individual's first name or initial and last name in combination with one or more of the following: a social security number, driver's license number (or CA ID number), financial account number and/or credit or debit card information including numbers and passwords, PINs and access codes. AB 1298 expands the definition of personal information to include medical information and health insurance information such as policy number or subscriber identification number or any information in an individual's application and claims history. The General Manager will as the sensitive data security and incident coordinator as it relates to this Act. The coordinator should ensure adequate training in the organization as to the extent of the coverage of the Act and what might constitute a breach. The coordinator will oversee the identification of databases and documents that contain applicable information and ensure adequate controls and security measures are in place. Suspected breaches should be reported to the coordinator who will conduct an assessment. Based on this assessment, the coordinator, with the concurrence of the appropriate law enforcement representatives (so the investigation might not be impeded), will arrange for the communication of the incident to affected individuals, using the communication approach deemed most appropriate. The coordinator should also review arrangements with third parties who store such data to insure they have adopted equivalent policies and procedures.

Anti-Virus: Any device that may be attached to REMIF's network(s) must have effective antivirus protection. This protection must be in working condition and updated with the most current pattern files. All email, incoming and outgoing, will be scanned by the anti-virus application. Any user that suspects that their anti-virus is not working properly or suspects that they may have contracted a virus on their computer should notify the General Manager immediately.

Software: Any software used for REMIF business must be appropriately licensed and installed. Any software, including upgrades and downloads, must be installed under the direction of the General Manager.

Removable Media: Removable media includes portable USB-based memory sticks, also known as flash drives, or thumb drives, jump drives, or key drives, memory cards in SD, CompactFlash, Memory Stick, or any related flashbased supplemental storage media, USB card readers that allow connectivity to a PC, portable MP3 and MPEG-playing music and media player-type devices such as iPods with internal flash or hard drive-based memory that support a data storage function, PDAs, cell phone handsets, and smartphones with internal flash or hard drive-based memory that support a data storage function, digital cameras with internal or external memory supportm removable memory-based media, such as rewritable DVDs, CDs, and floppy disks, any hardware that provides connectivity to USB devices through means such as wireless (WiFi, WiMAX, irDA, Bluetooth, among others) or wired network access. The policy applies to any hardware and related software that could be used to access corporate resources, even if said equipment is not corporately sanctioned, owned, or supplied. The overriding goal of this policy is to protect the integrity of the private and confidential data that resides within REMIF's technology infrastructure. This policy intends to prevent this data from being deliberately or inadvertently moved outside the enterprise network and/or the physical premises where it can potentially be accessed by unsanctioned resources. A breach of this type could result in loss of information, damage to critical applications, loss of revenue, and damage to our organization's public image. Therefore, all users employing removable media and/or USB-based technology to

backup, store, and otherwise access data of any type must adhere to these processes for doing so. Some of the threats that exist from the use removable media are: Loss Devices used to transfer or transport work files could be lost or stolen; Sensitive data is deliberately stolen and sold by an employee; Copyright Software copied onto portable memory device could violate licensing; Spyware Spyware or tracking code enters the network via memory media; Malware Viruses, Trojans, Worms, and other threats could be introduced via external media; Compliance Loss or theft of financial and/or personal and confidential data could expose the enterprise to the risk of non-compliance with various identity theft and privacy laws. Addition of new hardware, software, and/or related components to provide additional USB-related connectivity within corporate facilities will be managed at the sole discretion of the General Manager. Non-sanctioned use of USB-based hardware, software, and/or related components to back up, store, and otherwise access any enterprise-related data is strictly forbidden. It is the responsibility of any employee who is connecting a USB-based memory device to the organizational network to ensure that all security protocols normally used in the management of data on conventional storage infrastructure are also applied here.

Based on this, the following rules must be observed:

Access Control

1. IT reserves the right to refuse, by physical and non-physical means, the ability to connect removable media and USB devices to our network infrastructure. IT will engage in such action if it feels such equipment is being used in such a way that puts systems, data, users, or members at risk.
2. Prior to initial use on the network or related infrastructure, all USB-related hardware and related software must be registered with IT. A list of approved USB devices and related software is available from IT.

Security

3. Employees using removable media and USB-related devices and related software for data storage, back up, transfer, or any other action within REMIF's technology infrastructure will, without exception, use secure data management procedures. Employees agree to never disclose their passwords to anyone, particularly to family members if business work is conducted from home.
4. All USB-based devices that are used for business interests must be preapproved by IT, and must employ reasonable physical security measures. End users are expected to secure all such devices used for this activity whether they are actually in use and/or being carried. This includes, but is not limited to, passwords, encryption, and physical control of such devices whenever they contain enterprise data. Any outside computers used to synchronize with these devices will have installed whatever anti-virus and anti-malware software deemed necessary by our IT department. Anti-virus signature files on any additional client machines – such as a home PC – on which this media will be used must be updated in accordance with existing company policy.
5. All removable media will be subject to quarantine upon return to the office before they can be fully utilized on enterprise infrastructure.

6. Passwords and other confidential data as defined by our IT department are not to be stored on portable storage devices.

7. Any USB-based memory device that is being used to store our data must adhere to the authentication requirements of our IT department. In addition, all hardware security configurations (personal or company-owned) must be pre-approved by our IT department before any data-carrying memory can be connected to it.

8. Employees, contractors, and temporary staff will follow all enterprise sanctioned data removal procedures to permanently erase company-specific data from such devices once their use is no longer required.

9. Employees, contractors, and temporary staff will make no modifications of any kind to company-owned and installed hardware or software without the express approval of our IT department. This includes, but is not limited to, reconfiguration of USB ports.

10. IT may restrict the use of Universal Plug and Play on any client PCs that it deems to be particularly sensitive. IT also reserves the right to disable this feature on PCs used by employees in specific roles.

11. IT reserves the right to summarily ban the use of these devices at any time. IT need not provide a reason for doing so, as protection of confidential data is the highest and only priority.

12. IT reserves the right to physically disable USB ports to limit physical and virtual access.

13. IT reserves the right, through policy enforcement and any other means it deems necessary, to limit the ability of end users to transfer data to and from specific resources on the network.

14. Users agrees to immediately report to his/her manager and our IT department any incident or suspected incidents of unauthorized data access, data loss, and/or disclosure of company resources, databases, networks, etc.

Hardware Disposal

To protect software license agreements and the confidentiality of personal information, REMIF has a policy of pre-disposal hardware sanitation. This applies to all hardware that will be transferred externally including that which is:

- Transferred to the private ownership of employees
- Donated to charitable organizations
- Returned to vendor for servicing or maintenance
- Released to an external agency for disposal

This applies to all hardware that is being retired or disposed including servers, workstations, PDA's and cell phones and removable storage media.

For Servers, PCs and notebooks, hard drives must be “wiped” using a process meeting U.S. Department of Defense specifications or destroyed. For computers where operating systems or applications will be donated or transferred with the system, the hard drive must still be wiped. The applications may be re-installed after wiping and reformatting.

Other devices such as PDA and cell phones must be wiped of data and reset to factory settings. They may also be destroyed prior to disposal.

Removable storage such as flash memory devices, CD and DVD media, tape or other storage media should be destroyed prior to disposal.

Physical

Physical security is an important facet of any system security plan. Physical access must be regulated and an acceptable environment must be maintained as follows:

Server, Router and Wiring Closet

1. Servers, routers and the wiring closet will be located in a secure location in which access can be limited to those employees approved by the IT Manager or the Executive Director.
2. Non-employees that have been approved by the IT Manager or the Executive Director (e.g. technicians) will be accompanied by an approved IT employee while they have access to the servers.
3. Power backup systems should be in place and adequate for 10 minutes of operation during a power loss. Servers should be configured for auto shutdown if power loss is longer than 5 minutes.
4. A fire extinguisher designed for use with electronics (e.g. a carbon dioxidebased unit) will be present and visible in these locations.
5. All equipment will be either solidly on the floor, installed in secured racks or secured to a wall.
6. All units will be stored in an area of adequate environmental controls including temperature not greater than 78 degrees F. Adequate ventilation and/or fans will be provided to help dissipate heat around units including power supplies.

Workstations and Printers

All workstations will be connected to power through an uninterruptible power supply – preferably to one that provides power conditioning or, at the least, power surge protection.

Printers and Copiers

All printers and copiers will be connected to power through a surge protector.

Print and copy jobs should be picked up immediately upon completion. Printed and copied jobs containing non-public information should be observed and removed by the appropriate employee.

Passwords

Passwords are an important component of our security systems. Passwords are used to authenticate any user which can then dictate what systems and information they are authorized to access.

Therefore, passwords must be created, used and protected appropriately to insure that our security requirements are being met.

Password Construction and Modification

1. Passwords must be a minimum of 8 characters in length and use at least 3 of 4 character types (lower case letters, uppercase letters, numbers and special characters.)
2. For general applications such as workstation login, passwords must be changed annually.
3. For confidential or private data or applications vulnerable to fraud (such as the claims processing program or the accounting system), passwords must be changed quarterly.

Password Protection

4. Passwords are to be treated as confidential information. Under no circumstances is an employee to give, tell, or hint at their password to another person, including IT staff, administrators, superiors, other coworkers, friends, and family members.
5. Under no circumstances will any member of the organization request a password without the request coming from both a representative of the IT department and the user's direct manager. Should a request be made that does not conform to this standard, immediately inform both the IT department and your direct manager.
6. Passwords are not to be transmitted electronically over the unprotected Internet, such as via e-mail. However, passwords may be used to gain remote access to company resources via the company's Virtual Private Network or SSL-protected Web site.
7. No employee is to keep an unsecured written record of his or her passwords, either on paper or in an electronic file. If it proves necessary to keep a record of a password, then it must be kept in a controlled access safe if in hardcopy form or in an encrypted file if in electronic form.
8. Do not use the "Remember Password" feature of applications.

9. Passwords used to gain access to company systems are not to be used as passwords to access non-company accounts or information. Similarly, passwords used to access personal, non-work related accounts are not to be used to access company accounts.

10. Each application, system and data point should be protected by a different password where possible. The use of the same password to protect all access is strongly discouraged.

11. If an employee either knows or suspects that his/her password has been compromised, it must be reported to the IT Department and the password changed immediately. If the minimum aging requirement has not been met for the password, the IT department will reset the minimum aging for the account allowing the user to create a new password.

12. The IT Department may attempt to crack or guess users' passwords as part of its ongoing security vulnerability auditing process. If a password is cracked or guessed during one of these audits, the user will be required to change his or her password immediately.

Backup and Recovery

This section focuses on the day-to-day operational need for backup and recovery.

Data Backup and Recovery

Local Systems Backup

The local systems backup policy governs how and when data residing at REMIF's facility will be backed up and stored for the purpose of providing restoration capability. In addition, it addresses methods for requesting that backed up data be restored.

What Is Backed Up

Some programs and all data that reside on REMIF's servers are backed up. Data that resides on individual PCs, workstations or notebooks are not backed up. Data should not be stored on these devices except temporarily or as required due to circumstances. End users are strongly encouraged to save their data to the appropriate server so that their data is backed up regularly in accordance with this policy.

In addition, files that are left open at the time the backup procedure is initiated may not be backed up. End users should save and close all files, as well as all related applications, prior to the backup procedure window.

It is the responsibility of server administrators to ensure that all new servers be added to the backup routine. Prior to deploying a new server, a full backup must be performed and the ability to perform a full restoration from that backup confirmed.

Prior to retiring a server, a full backup must be performed and placed in permanent storage.

Backups are conducted automatically and routinely.

The ultimate goal of any backup process is to ensure that a restorable copy of data exists. If the data cannot be restored, then the process is useless. As a result, it's essential to regularly test one's ability to restore data from its storage media.

Much of REMIF's most critical data is stored remotely as part of hosted applications. Though these applications and related data is maintained by a third party, the data belongs to REMIF and it is our responsibility to make sure the data is protected.

The following must be considered as they relate to data stored off-site:

Third party hosts of REMIF data must be held to documented standards based on the importance of the specific system and data as follows.

Claims Application

Annually: Vendor must show proof of a comprehensive security approach. Mirrored co-location is a requirement. A documented Disaster Recovery Plan must be available for viewing by our representative. Adequate system and support including hacking and virus prevention must be demonstrated.

Web site (static)

The static and public portion of REMIF's Website should be hosted on service with demonstrated down time prevention processes including anti-hacking and anti-virus.

Systems

A system for the purposes of this section refers to individual or combined hardware or components that make up the whole of organizational technology. This can include individual workstations, servers, routers, switches, printers, battery backup systems, etc.

All systems used in REMIF should have a readily identifiable source for repair or replacement.

The General Manager is responsible for maintaining an inventory of systems and availability required of each system. The General Manager must have a process by which each system can be repaired or replaced within the parameters of the availability requirements.

Email and Messaging

Email is critical for business communication at REMIF. Messaging, including texting and Instant Messaging, may also be valuable for some communication scenarios.

Therefore, email and texting should be used in a manner consistent with other essential business communication methods.

General Expectations

Employees are expected to check their email in a consistent and timely manner. If they are not available to do so, they should set up an auto-reply so that those attempting to communicate with them in this manner will know when they should expect a reply or how they should proceed if the item is more pressing.

Users are responsible for mailbox management including organization and cleaning. They are also responsible for managing those emails marked as spam by any one of our spam filters.

Users are expected to remember that any electronic communication sent from REMIF reflects on our organization and even our members. All such communication should comply with normal standards of professional and personal courtesy and conduct.

Appropriate Use

Individuals are encouraged to use e-mail and messaging to further the goals and objectives of our organization. The types of activities that are encouraged include:

1. Communicating with fellow employees, business partners of REMIF, and clients within the context of an individual's assigned responsibilities.
2. Acquiring or sharing information necessary or related to the performance of an individual's assigned responsibilities.
3. Participating in educational or professional development activities.

Inappropriate Use

Our e-mail systems and services are not to be used for purposes that could be reasonably expected to strain storage or bandwidth (e.g. e-mailing large attachments instead of pointing to a location on a shared drive). Individual e-mail use will not interfere with others' use of our e-mail system and services.

E-mail use must comply with all applicable laws and all organizational policies.

The following activities are deemed inappropriate uses of our email and messaging systems and services and are prohibited:

1. Use of e-mail for illegal or unlawful purposes, including copyright infringement, obscenity, libel, slander, fraud, defamation, plagiarism, harassment, intimidation, forgery, impersonation, soliciting for illegal pyramid schemes, and computer tampering (e.g. spreading of computer viruses).
2. Use of e-mail in any way that violates REMIF's policies, rules, or administrative orders.

3. Viewing, copying, altering, or deletion of e-mail accounts or files belonging to our organization or another individual without authorized permission.
4. Sending of unreasonably large e-mail attachments.
5. Opening e-mail attachments from unknown or unsigned sources. Attachments are the primary source of computer viruses and should be treated with utmost caution.
6. Sharing e-mail account passwords with another person or attempting to obtain another person's e-mail account password. E-mail accounts are only to be used by the registered user.
7. Excessive personal use of REMIF's e-mail resources. REMIF allows limited personal use for communication with family and friends, independent learning, and community service so long as it does not interfere with staff productivity, pre-empt any business activity, or consume more than a trivial amount of resources. REMIF prohibits personal use of its e-mail systems and services for unsolicited mass mailings, commercial activity, political campaigning, dissemination of chain letters, and use by non-employees.

Monitoring and Confidentiality

The e-mail systems and services used at REMIF are owned by the organization, and are, therefore, its property. This gives REMIF the right to monitor any and all e-mail traffic passing through its e-mail system. This monitoring may include, but is not limited to, inadvertent reading by IT staff during the normal course of managing the e-mail system, review by the legal team during the e-mail discovery phase of litigation, observation by management in cases of suspected abuse or to monitor employee efficiency.

In addition, archival and backup copies of e-mail messages may exist, despite end user deletion, in compliance with our records retention policy. The goals of these backup and archiving procedures are to ensure system reliability, prevent business data loss, meet regulatory and litigation needs, and to provide business intelligence. Backup copies exist primarily to restore service in case of failure. Archival copies are designed for quick and accurate access for a variety of management and legal needs.

Both backups and archives are governed by our document retention policies.

If REMIF discovers or has good reason to suspect activities that do not comply with applicable laws or this policy, e-mail records may be retrieved and used to document the activity in accordance with due process. All reasonable efforts will be made to notify an employee if his or her e-mail records are to be reviewed. Notification may not be possible, however, if the employee cannot be contacted, as in the case of employee absence due to vacation.

Employees are directed to: Use extreme caution when communicating confidential or sensitive information via email. Keep in mind that all e-mail messages sent outside of our organization become the property of the receiver. A good rule is to not communicate anything that you wouldn't feel comfortable being made public. Demonstrate particular care when using the

“Reply” command during e-mail correspondence to ensure the resulting message is not delivered to unintended recipients.

Remote Computing

Remote Access

Purpose and Scope

Any and all work performed for REMIF on said computers by any and all employees, through a remote access connection of any kind is covered by the following policy. Work can include but is not limited to email, Web browsing, intranet resources and any other company application used over a remote connection.

Remote access is defined as any connection to REMIF’s network and/or other company sponsored applications from off-site locations such as employee homes, hotel rooms, airports, café’s, satellite offices, wireless devices, etc.

All remote access will be centrally managed by REMIF’s IT department and will utilize encryption and strong authentication measures. External devices used must meet a minimum requirement for performance, security and safety as decided by the IT department. Those who do not meet these requirements may be denied remote access privileges.

Employees, contractors or other agents requiring the use of remote access for business purposes must be approved by the IT department and Executive Management. The reason for the need for remote access including the extent of system access and level of service should be submitted in writing and approved by

Executive Management prior to the IT department providing such access.

Appropriate Use

It is the responsibility of any employee of REMIF with remote access privileges to ensure that their remote access connection remains as secure as his or her network access within the office. It is imperative that any remote access connection used to conduct REMIF business be utilized appropriately, responsibly, and ethically. Therefore, the following rules must be observed:

1. Employees will use secure remote access procedures. This will be enforced through public/private key encrypted strong passwords in accordance with REMIF’s password policy. Employees agree to never disclose their passwords to anyone, particularly to family members if business work is conducted from home.
2. All remote computer equipment and devices used for business interests, whether personal- or company-owned, must display reasonable physical security measures. Computers will have installed whatever antivirus software deemed necessary by REMIF’s IT department.

3. Remote users using public hotspots for wireless Internet access must employ for their devices a company-approved personal firewall, VPN, and any other security measure deemed necessary by the IT department. VPNs supplied by the wireless service provider should also be used, but only in conjunction with REMIF's additional security measures.
4. Hotspot and remote users must disconnect wireless cards when not in use in order to mitigate attacks by hackers, eavesdroppers and other outsiders.
5. All hardware security configurations (personal or company-owned) must be approved by REMIF's IT department.
6. Employees, contractors, and temporary staff will make no modifications of any kind to the remote access connection without the express approval of REMIF's IT department. This includes, but is not limited to, split tunneling, and any non-standard hardware or security configurations, etc.
7. Employees, contractors, and temporary staff with remote access privileges must ensure that their computers are not connected to any other network while connected to REMIF's network via remote access, with the exception of Internet connectivity.
8. In order to avoid confusing official company business with personal communications, employees, contractors, and temporary staff with remote access privileges must never use non-company e-mail accounts (eg. Hotmail, Yahoo, etc.) to conduct REMIF's business.
9. No employee is to use Internet access through company networks via remote connection for the purpose of illegal transactions, harassment, competitor interests, or obscene behavior, in accordance with other existing employee policies.
10. All remote access connections must include a "time-out" system. In accordance with REMIF's security policies, remote access sessions will time out after a set time of inactivity. Time-outs will require the user to reconnect and re-authenticate in order to re-enter company networks.
11. If a personally- or company-owned computer or related equipment used for remote access is damaged, lost, or stolen, the authorized user will be responsible for notifying their manager and REMIF's IT department immediately.
12. The remote access user also agrees to immediately report to their manager and REMIF's IT department any incident or suspected incidents of unauthorized access and/or disclosure of company resources, databases, networks, etc.
13. The remote access user also agrees to and accepts that his or her access and/or connection to REMIF's networks may be monitored to record dates, times, duration of access, etc., in order to identify unusual usage patterns or other suspicious activity. As with in-house computers, this is done in order to identify accounts/computers that may have been compromised by external parties.

Mobile Computing

Mobile devices are important to the efficiency and productivity of REMIF. However, since they are most often used outside of the local office environment, they represent a significant risk both in data security and risk of damage and theft.

Email, voicemail and phone messages

Telephones and Cellular devices

Telephone communication is an essential part of the day-to-day operations of REMIF. Telephone and voicemail services are provided to employees to facilitate performance of REMIF's work.

Basic Policy

The use of telephones and voicemail should be as cost effectively as possible and in keeping with the best interests of REMIF. All employees must operate within the following basic policy guidelines. Further information on appropriate and inappropriate use follows this section.

1. All telephones, telephony equipment, voicemail boxes, and messages contained within voicemail boxes are the property of REMIF.
2. The number of telephone calls made should be limited in number and duration to that necessary for effective conduct of business.
3. All voicemail boxes will be protected with a PIN (personal identification number). PINs must not be shared with others.
4. Read voicemail messages should be automatically deleted after 30 days.
5. Voicemail is to be used as a backup in the event you are not available to answer a call, and should not be used to "screen" calls. Each user is expected to respond to voicemail messages in a timely manner.
6. If you will be away from the office for more than one business day, you are expected to change your voicemail greeting to reflect this fact and direct callers to alternate contacts if applicable.
7. Use of directory assistance (i.e. 411) should be avoided since a fee is incurred with each use. If you are unsure of a number, please consult print or online telephone directories first.

Unacceptable Use

REMIF telephone and voicemail services may not be used for the following:

1. Transmitting obscene, profane, or offensive messages.
2. Transmitting messages or jokes that violate our harassment policy or create an intimidating or hostile work environment.
3. Using the telephone system or breaking into a voicemail box via unauthorized use of a PIN or other password.
4. Broadcasting unsolicited personal views on social, political, or other nonbusiness related matters.
5. Soliciting to buy or sell goods or services unrelated to REMIF.
6. Calling 1-900 phone numbers.
7. Making personal long-distance phone calls without supervisor permission.

Limited Personal Acceptable Use

In general, personal use of telephone and voicemail services is allowable, but must be limited in number and duration and must not interfere with performance of official business duties. Limited personal acceptable use is allowed under the following circumstances:

1. An employee's work schedule changes without advance notice and the employee must notify a family member or make alternate transportation or childcare arrangements.
2. Brief local calls to a spouse, minor child, or elderly parent, or to those responsible for them (e.g. school, daycare center, nursing home).
3. The employee needs to make a call that can only be made during regular working hours, such as to a doctor or local government agency.
4. The employee needs to make arrangements for emergency repairs to his or her residence or automobile.
5. A call that reasonably could not be made at another time and is of moderate duration.

Monitoring

REMIF reserves the right to monitor telephone and voicemail use, including telephone conversations and the contents of voicemail boxes. Monitoring of telephone and voicemail use will only be done for legitimate reasons, such as to assess customer service quality assurance, retrieve lost messages, recover from system failure, or comply with investigations of wrongful acts.

Internet Usage

Purpose

The goal of this policy are to outline appropriate and inappropriate use of REMIF's Internet resources, including the use of browsers, electronic mail and instant messaging, file uploads and downloads, and voice communications.

Internet access is controlled through individual accounts and passwords. Department managers are responsible for defining appropriate Internet access levels for the people in their department.

Appropriate Use

Individuals are encouraged to use the Internet to further the goals and objectives of REMIF. The types of activities that are encouraged include:

1. Communicating with fellow employees, business partners and members within the context of an individual's assigned responsibilities;
2. Acquiring or sharing information necessary or related to the performance of an individual's assigned responsibilities; and
3. Participating in educational or professional development activities.

Inappropriate Use

Individual Internet use shall not interfere with others' productive use of Internet resources. Users will not violate the network policies of any network accessed through their account. Internet use at REMIF will comply with all Federal and State laws, all organizational policies, and all contracts. This includes, but is not limited to, the following:

1. The Internet may not be used for illegal or unlawful purposes, including, but not limited to, copyright infringement, obscenity, libel, slander, fraud, defamation, plagiarism, harassment, intimidation, forgery, impersonation, illegal gambling, soliciting for illegal pyramid schemes, and computer tampering (e.g. spreading computer viruses).
2. The Internet may not be used in any way that violates our organization's policies, rules, or administrative orders. Use of the Internet in a manner that is not consistent with the mission of REMIF, misrepresents REMIF, or violates any organizational policy is prohibited.
3. Individuals should limit their personal use of the Internet. REMIF allows limited personal use for communication with family and friends, independent learning, and community service. We prohibits use for mass unsolicited mailings, access for non-employees to REMIF's resources or network facilities, uploading and downloading of files for personal use, access to pornographic sites, gaming, un-related commercial activity, and the dissemination of chain letters.

4. Individuals may not establish company computers as participants in any peerto-peer network, unless approved by management.

5. Individuals may not view, copy, alter, or destroy data, software, documentation, or data communications belonging to Our Company or another individual without authorized permission.

6. In the interest of maintaining network performance, users should not send unreasonably large electronic mail attachments or video files not needed for business purposes.

7. Individuals will only use organization-approved services for voice communication over the Internet.

Security

For security purposes, users may not share account or password information with another person. Internet accounts are to be used only by the assigned user of the account for authorized purposes. Attempting to obtain another user's account password is strictly prohibited. A user must contact the IT department to obtain a password reset if they have reason to believe that any unauthorized person has learned their password. Users must take all necessary precautions to prevent unauthorized access to Internet services.

Monitoring and Filtering

REMIF may monitor any Internet activity occurring on its equipment or accounts. We may employ filtering software to limit access to sites on the Internet. If we discover activities which do not comply with applicable law or departmental policy, records retrieved may be used to document the wrongful content in accordance with due process.

Disclaimer

REMIF assumes no liability for any direct or indirect damages arising from the user's connection to the Internet. We are not responsible for the accuracy of information found on the Internet and only facilitate the accessing and dissemination of information through its systems. Users are solely responsible for any material that they access and disseminate through the Internet.

Policy #23.0

Redwood Empire Municipal Insurance Fund

Pooled Programs Underwriting Procedures

Should there be any discrepancy between this document and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

PURPOSE:

The Redwood Empire Municipal Insurance Fund (hereinafter referred to as “REMIF”) may develop and implement Coverage Programs which REMIF deems necessary, advisable and beneficial to its Members. REMIF has established underwriting rules and other qualifying conditions for its Coverage Programs. Underwriting information is used for determination of rates and Member pool contributions as well as deductible selection and dividends. Underwriting standards and guidelines are outlined in various governing documents, including the JPA Agreement, By-Laws and REMIF Policies and Procedures.

POLICY:

1. Underwriting Function/Mission

Establishing underwriting criteria ensures that all REMIF Coverage Programs are analyzed for risk exposures, funding requirements, dividend and deductible selection.

Adherence to these underwriting standards and guidelines provides confidence for Members regarding the continued financial viability and security of REMIF.

2. New Members

The guidelines for admittance of new members to REMIF are set forth in the Joint Powers Agreement and By-Laws. Membership eligibility requires the entity to participate in certain programs, as outlined in the documents referenced above. Approval by the REMIF Board of Directors may be contingent upon the proposed Member’s ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Coverage Program.

3. Underwriting Guidelines / Rate Setting / Funding Requirements

Rates/contributions are established based upon multiple factors including, but not limited to, the following:

Payroll Exposure

Loss Rates

Excess Insurance Rates

Administrative Expenses

Contingency Margin

4. Periodic Review

The Underwriting Guidelines are reviewed by the Board of Directors at least every three years. This review may be delegated to the Executive Committee or other ad hoc committee established for the sole purpose of addressing underwriting issues.

DEFINITIONS:

“Board of Directors” or “Board” shall mean the governing body of REMIF.

“Coverage Programs” shall consist of Coverages Programs provided directly by REMIF under a Risk Pooling Program pursuant to a memorandum of Coverage and/or provided by a Purchased Insurance Program. These may include, but are not limited to Property, Workers’ Compensation and Liability coverage as may be determined by the Board of Directors.

“Member” shall mean the signatory to the REMIF Joint Powers Authority.

“Purchased Insurance Programs” shall mean those Coverage Programs in which members do not share risk of loss.

“Risk Pooling Programs” shall mean those Coverage Programs in which participating members share risk of loss.

END.

Policy #24.0
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
CREDIT CARD USE POLICY

Any and all employees issued a credit card will obtain such under the responsibility and oversight of the Finance Manager. Credit cards may be assigned to the appropriate REMIF representatives (authorized cardholders) as needed. These representatives may include the General Manager and designees of the General Manager.

Authorized cardholders can also authorize the use of their REMIF credit card for the purchase of supplies, services or equipment items in emergency situations if the vendor does not accept standard REMIF payment methods. REMIF credit cards cannot be used to circumvent the prior approval process required for all purchases. In all cases credit cards will be used for official business only and will not be used for any unauthorized or personal purchases. If in possession of a REMIF credit card, authorized cardholders and authorized users will immediately surrender the credit card upon termination of employment, whether for retirement, voluntary or involuntary reasons, or if requested to do so by the Finance Department.

Procedures:

1. Authorized users will obtain REMIF Business Credit Cards through REMIF's authorized bank/financial institution.
2. All authorized cardholders and authorized users will be required to complete the Use of REMIF Credit Cards Acknowledgment Form (see attached).
3. Credit cards can be checked out from Finance Department. The checkout log will include the date the credit card is being checked out, the person checking out the card and the purpose of the intended credit card transactions.
4. Authorized cardholders shall provide prior approval when their REMIF credit card is used for making travel arrangements or emergency purchases of supplies, services or equipment.
7. All itemized receipts for travel expenses, supplies, services or equipment purchases must be submitted to the Finance Department within 10 days.
8. The Accounting Specialist will compare the detailed monthly credit card statement with the receipts received and the reconciliation will be reviewed by the Finance Department.
9. Once the purchases have been verified as "okay to pay," the Accounts Payable procedures will be followed to complete the processing of the payments due.

Lost or Stolen Cards:

If a REMIF credit card is lost or stolen, the authorized user will notify the Finance Department immediately and will provide assistance to report the lost or stolen card to the bank.

END.

Use of REMIF Credit Card/s Acknowledgment Form

All authorized cardholders and authorized users are required to read and sign this form regarding the use of REMIF credit cards.

Authorized Cardholder: _____[name]

I understand and agree that I, as an authorized user of a REMIF credit card:

- If a REMIF credit card is lost or stolen, I will immediately notify Finance Department and the REMIF bank/financial institution;
- REMIF credit cards are for authorized purchases only, and I agree that, under no circumstances, will I use the REMIF's credit card to make personal or non-work-related purchases for others or myself;
- REMIF credit cards cannot be used to circumvent the prior approval process required for any or all purchases. I will use the prior approval process in all cases, unless it is a situation that is beyond my control and requires immediate payment.
- I have read and agree to follow the REMIF's Credit Card Use Policy.
- If in possession of an REMIF credit card, I will surrender the credit card immediately up on termination of employment, whether for retirement, voluntary or involuntary reasons or as requested by Management or the Board of Directors.
- Misuse or fraudulent use of the credit card may result in disciplinary actions and may be grounds for dismissal.

I have read the above information and agree to abide by the terms of this form and the REMIF Credit Card Use Policy.

Dated: _____

Printed Name: _____

Signature: _____

END.

AGENDA ITEM SUMMARY

ITEM 9.0

TITLE: STRATEGIC PARTNERSHIP BETWEEN REMIF AND PARSAC

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

Exploring a partnership with another JPA/Pool requires ratification by the Board of Directors. The REMIF Board of Directors directed staff and the REMIF Executive Committee to explore a strategic partnership with PARSAC.

BACKGROUND

As the Board of Directors is aware, the Redwood Empire Municipal Insurance Fund (REMIF), representing 15 small to medium sized cities/towns, is a self-insured joint powers authority. It was formed in 1976 with a mission to provide workers' compensation coverage and to handle the insurance claims, benefit programs, and risk management needs of the members. Coverage was expanded in the mid-1980s to include liability coverage and other lines.

The Public Agency Risk Sharing Authority of California (PARSAC), representing 35 small to medium sized cities/towns, is also a self-insured joint powers authority. It was formed in 1986 with a mission to provide liability coverage in response to the insurance crisis that eliminated commercial coverage for cities.

Like REMIF, PARSAC provides a self-funded liability program for general liability, public officials' errors and omissions, auto liability and employment practices liability coverage. They have additional coverage programs including self-funded workers' compensation, group purchase property, special events, fidelity bonds, cyber liability and ancillary benefits.

PARSAC focuses on managing and maintaining a financially stable risk sharing pool and has a conservative funding and investment philosophy, which has given them programs that are funded in excess of the 90% confidence level. The PARSAC Board's philosophy is to embrace diverse opinions, have discussions that are constructive and collaborative, encourage participation from the members, balance member interests with those of the pool and work together towards a greater good.

REMIF and PARSAC share a similar culture in that both pools are member owned, member governed, member driven and exist to serve the members. Both pools also serve small to medium sized cities/towns, and share similar footprints in that they have Clearlake, we have Lakeport; they have Calistoga and Yountville, we have St. Helena; they have Ferndale, Trinidad, and Blue Lake; we have Eureka, Arcata and Fortuna.

PARSAC's president, John Gillison, says of PARSAC: "PARSAC is unique in my experience because of the shared governance structure and our collective values which place good governance and sound fiscal policy first, above individual self-interests. We work well together because we share risk in a

partnership, not merely a business relationship. As member agencies, we can exchange knowledge, learn from one another, work together in unique ways that span the distances between our agencies and tailor the services the pool provides to the greatest common good while preserving our unique individuality.”

When I met with the REMIF member agencies, a few members expressed an interest to “grow” REMIF out of a need to add more stability to the programs, as well as to spread both the risk and the costs amongst more members. Of course, that growth would need to be strategic, with careful consideration and intentional actions.

At the REMIF Board of Directors meeting in April of 2019, the Board directed staff to explore a strategic partnership with PARSAC. Per the Board’s direction, REMIF has entered into an exploratory partnership agreement with PARSAC with the concept of exploring the feasibility and practicability of a strategic partnership, as well as to explore the benefits in sharing resources, sharing expenses and drawing on strengths. While exploring this partnership, consideration is being given to everything from succession planning, more robust, stable programs, to long term program sustainability to redundancies. This agreement does not obligate either side to anything other than an exploratory exercise with recommendations that would be brought forth from there. At any point, either side may choose not to proceed.

At the September of 2019 meeting, the Board directed the Executive Committee (and staff) to further explore the strategic partnership, including direction to explore options for an alternative experience modifier for the workers’ compensation program.

In response, both PARSAC and REMIF created a joint “Transition Committee,” which contains REMIF’s Executive Committee and representatives from PARSAC’s Board of Directors, Executive Committee and other Committees. The Transition Committee met in December of 2019. The purpose of the meeting was to discuss funding of the workers’ compensation program, various options for a merger, risk management and loss control, and recommended timelines:

I. Workers’ Compensation Program – Funding options

Discussion items:

Experience modification

Deductibles: REMIF \$5k/\$10k; PARSAC (\$5k -\$250k)

Base for calculations: payroll

II. Merger options

a. Option 1

Workers’ Compensation Program – implementation date of 07/01/20 (for workers’ compensation only). Other programs/services to follow in future years.

Create new JPA (see discussion below)

b. Option 2

Workers’ Compensation Program – implementation date of 07/01/20 (for workers’ compensation only). Other programs/services to follow in future years.

REMIF joins PARSAC for 07/01/20 (just for first fiscal year)

Discussion items:

REMIF Board representation: REMIF members will participate as 15 individual members and represented by 1 Board Director and 1 Alternate Director for each REMIF member.

REMIF Executive Committee representation: increase seats on the Executive Committee to 13; REMIF will hold 4 seats.

Meeting locations: to be discussed.

REMIF members to apply for Affiliated Certificate to Self-Insure under PARSAC’s master Cert. number.

REMIF members shall be afforded all services available to PARSAC members such as grant funds, loss control services, best practices, training, etc.

c. Option 3

Workers' Compensation program – implementation date of 07/01/21 (for workers' compensation only). Other programs/services to follow in future years.

Create new JPA

Discussion items:

Memorandum of Coverage for Workers' Compensation

Return to work (support, not mandate)

Medical provider network (support, not mandate)

Certificate to self-insure

Excess Workers' Compensation coverage through LAWCX, CSAC or commercial

Third party administrators

d. Option 4

Merger of all programs/services – implementation date of 07/01/22 (all programs/all services).

Create new JPA

Discussion items:

JPA agreement

By laws

Board representation: 50 members, 1 board member each, 1 alternate each (meetings 2x a year)

Executive committee representation: 11 members (year one REMIF will be guaranteed 4 seats – 1 officer and 3 representatives or members at large)

1 President

1 Vice president

1 Treasurer

6 regional representatives (three in the north, three in the south)

2 members at large

Executive Committee will have full authority except approving budget, appointment of executive director, debt, major asset, settlement authority, expel members, new members

Meeting locations: TBD

Banking/funding

MOC – liability, workers' compensation

Excess coverage

Other lines of coverage (property/APD/DIC, etc.)

e. Option 5

Other options – open discussion

III. Risk management/loss control

Perform risk assessments for select REMIF members.

IV. Timelines

After discussion with the Transition Committee, the Committee recommended Option 3 - merge the Workers' Compensation Programs by establishing a new JPA effective 07/01/21, with the possibility of adding property and liability programs, if time and analysis permits. The Committee felt the effective date of 07/01/21 would give their agencies enough time to prepare documents for Council approval. To show commitment to the new JPA, the Transition Committee would like to see both organizations start to create the new JPA by preparing and enter into a JPA agreement.

Staff was directed by the Transition Committee to prepare a draft JPA Agreement, Bylaws, a Memorandum of Coverage (MOC) for the workers' compensation program, and to prepare a presentation on why this merger makes sense (presentations on January 30, 2020).

Next steps for Transition Committee:

1. Have General Council review draft JPA and Bylaws and bring to March 2020 meeting; with final approval of JPA and Bylaws by May/June 2020.
2. Have ex-mods and calculations from Actuary done by March 2020.

FISCAL IMPACT

Unknown

RECOMMENDED ACTION

The REMIF Executive Committee recommends the Board of Directors proceed with a combined (merged) Workers' Compensation Program through a newly established JPA effective July 1, 2021. The possibility of adding liability, APD and property at this time are intended for July 1, 2021, if time and analysis permits. If not, the intent is that liability, APD and property will follow (along with all other lines of coverage and services). To show commitment to the process, the following are next steps for the Transition Committee at the March 2020 meeting:

Review the draft of the JPA agreement, draft of the Bylaws and draft of the Memorandum of Coverage for Workers' Compensation, with final Board of Directors approval in May/June 2020.

Select ex-modification and funding methodology

Delegate authority to the REMIF Executive Committee to make changes to the draft documents and select an ex-modification and funding methodology for the combined program. Delegate authority to the REMIF Executive Committee to select consultants (actuary, excess broker) to put program in place, in consultation with Transition Committee.

ATTACHMENTS

- 9.1 Draft JPA Agreement
- 9.2 Draft Bylaws
- 9.3 Draft Workers' Compensation MOC
- 9.4 Draft Policies

CALIFORNIA INTERGOVERNMENTAL RISK SHARING AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

Commented [U1]: CRSA or CIRA?

This Joint Exercise Of Powers Agreement For Insurance and Risk Management Purposes ("Agreement") is executed by and among the public entities, hereafter referred to as Members, each of which is organized and existing under the laws of the State of California and is a signatory to this Agreement and listed in Appendix "A", which is attached hereto and made a part hereof.

RECITALS

1. Labor Code Section 3700 authorizes public entities, including members of a pooling arrangement under a joint powers authority, to fund their own workers' compensation claims;
2. Government Code Sections 989 and 990 authorize a local public entity to insure itself and its employees against tort or inverse condemnation liability;
3. Government Code Section 990.4 authorize a local public entity to fund insurance and self-insurance in any desired combination;
4. Government Code Section 990.6 provides that the cost of insurance is an appropriate public expenditure;
5. Government Code Section 990.8 authorizes two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of the Joint Exercise of Powers Act (Gov. Code Section 6500 et seq.);
6. Government Code Section 6500 et seq. authorizes two or more public entities to jointly exercise, under an agreement, any power which is common to each of them.
7. Each Member that is a party to this Agreement desires to join with the other Members to fund Programs of insurance for workers' compensation, liability, property and other coverages to be determined and for other purposes set forth in this Agreement.
8. The governing body of each Member has determined that it is in the Member's own best interest and in the public interest to execute this Agreement and participate as a Member of the Authority.

In consideration of the recitals, mutual benefits, covenants, and agreements set forth in this Agreement, the Members agree as follows:

ARTICLE I. CREATION OF THE CALIFORNIA INTERGOVERNMENTAL RISK SHARING AUTHORITY.

- A. Pursuant to Article I (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, the Members hereby create a public entity, separate and apart from the Members, to be known as the California Intergovernmental Risk Sharing Authority, hereinafter referred to as "CIRACRSA" or the "Authority."

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- B. Membership in the Authority is open to public entities throughout the State of California, if such public entities meet the requirements specified in the Bylaws and are approved by the Authority's Board.

ARTICLE II. PURPOSE.

The purpose of creating this Authority is to exercise the powers of the Members to jointly accomplish the following:

- A. Develop comprehensive Programs with the objective to reduce the cost of risk against which the Members are authorized or required to protect against by insurance, self-insurance, or pooling. Such Programs may include, but are not limited to, coverages for tort liability, workers' compensation, employee health benefits, loss to real or personal property, or liability arising out of the ownership, maintenance or use of real or personal property.
- B. The design of the Programs may evolve with the needs of the Members and in accordance with contemporary economic and financial conditions. Programs may therefore operate on an insured, pooled, self-funded, or other appropriate basis whereby the Members share some portion, or all, of the costs of Program losses.
- B. Jointly secure administrative and other services including, but not limited to, general administration, underwriting, risk management, loss prevention, claims adjusting, data processing, brokerage, accounting, legal and other services related to any authorized purpose.

ARTICLE III. PARTIES TO THE AGREEMENT AND RESPONSIBILITIES OF MEMBERS.

- A. Each Member represents and warrants that it intends to, and does hereby, contract with all other Members listed in Appendix "A", and any new members admitted to the Authority. Each Member also represents and warrants that the withdrawal or expulsion of any Member shall not relieve any Member of its rights, obligations, liabilities or duties under this Agreement or the individual Programs in which the Member participates.
- B. Each Member agrees to be bound by and to comply with all the terms and conditions of the Governing Documents and any Resolution or other action adopted by the Board of Directors as they now exist or may hereinafter be adopted or amended. Each Member assumes the obligations and responsibilities set forth in the Governing Documents, as they may be amended.
- C. Each new Member, including the initial Members of the Authority, agrees to participate for a minimum of five years, and to meet its obligations and responsibilities set forth in the Governing Documents.

ARTICLE IV. POWERS.

The Authority shall have the powers common to its Members. As provided by Government Code Section 6509, the Authority's power is subject to the restrictions upon the manner of exercising the power of the Member specified in the Bylaws. Under this Agreement, the Authority is authorized, in its own name, to do all acts necessary and to exercise such common powers to fulfill the purposes of this Agreement, including but not limited to the following:

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- A. Make and enter contracts;
- B. Employ agents and employees;
- C. Incur debts, liabilities or obligations;
- D. Receive, collect, invest, and disburse funds;
- E. Receive contributions and donations of property, funds, services and other forms of assistance;
- F. Acquire, construct, manage, maintain, hold, lease or dispose of real and personal property; and
- G. Sue and be sued in its own name and settle any claim against it.

ARTICLE V. BOARD OF DIRECTORS.

- A. The Authority shall be governed by a Board of Directors. Each Member shall appoint a representative to the Board of Directors and an alternate representative, each of whom shall meet the parameters set forth in the Bylaws. In the absence of a resolution of the Board of Directors providing otherwise, representatives and alternates will serve without compensation by the Authority.
- B. The Member's representative and/or alternate representative shall be removed from the Board of Directors upon the occurrence of any one of the following events: (1) the expulsion or withdrawal of the Member from the Authority; (2) the death or resignation of the Member representative; (3) the Member gives notice that the Member representative is no longer employed by the Member; or (4) as otherwise provided in the Authority's Bylaws.
- C. The Board of Directors shall exercise all powers and conduct all business of the Authority, either directly or by delegation of authority to committees or other bodies or individuals.

ARTICLE VI. OFFICERS.

- A. The Board of Directors shall elect a President, Vice-President, and Treasurer. The President and Vice-President must be Directors. The General Manager shall serve as Secretary of the Board. The manner of election and term of office of elected officers and their authority and responsibilities shall be as set forth in the Authority's Bylaws. If any of the elected officers ceases to be a Member's representative, the resulting vacancy shall be filled as provided in the Authority's Bylaws. The Board of Directors may elect such other officers as it considers necessary.
- B. As permitted by Government Code Section 6505.6, the Treasurer shall comply with the duties and responsibilities set for the subdivisions (a) through (d) of Section 6505.5, and shall cause an independent audit to be made by a certified public accountant, or public accountant, in compliance with Section 6505. The Treasurer will have no vote on the Board unless the Treasurer is also a Director.

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- C. The Board shall appoint a General Manager who shall act as Secretary of the Board and as the Chief Administrative Officer of the Authority. Although an officer, the General Manager shall not have a vote on the Board or any committee of the Authority.

ARTICLE VII. MEETINGS AND RECORDS.

- A. Not less than once a year, the Board of Directors and all standing committees shall hold regular meetings as set forth in the Bylaws of the Authority. Special meetings may be called as provided in the Bylaws.
- B. All meetings of the Board of Directors, and appointed committees, including without limitation, regular, adjourned regular, and special meetings, shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act (Section 54950 et. seq. of the Government Code).
- C. Minutes of regular, adjourned regular, and special meetings of the Authority shall be kept under direction of the Secretary. As soon as possible after each meeting, the Secretary shall forward copies of the minutes to each Board of Directors member.
- D. ~~The presence of a majority of the members of the Board of Directors or any appointed committee constitutes a quorum for the transaction of business by such body. A vote of the majority of a quorum present at a meeting is sufficient to take action. As provided by Government Code section 54955, less than a quorum may adjourn a meeting.~~

ARTICLE VIII. BUDGET.

The Board of Directors shall adopt an annual budget prior to the beginning of each Fiscal Year.

ARTICLE IX. REGULAR AUDITS AND REVIEWS.

- A. The Board shall cause an annual financial audit of the accounts and records to be prepared by a Certified Public Accountant in compliance with California Government Code Sections 6505 and 6505.5 or 6505.6 with respect to all receipts, disbursements, other transactions and entries into the books of the Authority. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Government Code Section 26909 and shall conform to generally accepted accounting standards. A report of each such audit shall be filed as a public record with the Board, each of the Members, and the auditor/controller of the county in which the Authority's administrative office is located. The report shall be filed within twelve months of the end of the fiscal year under examination. The Authority shall pay all costs for such financial audits.
- B. The Board shall cause an annual actuarial review to be prepared for each of the Programs of the Authority and a report of such actuarial review shall be made available for inspection by the Board and the Members. The Authority shall pay all costs for such actuarial review
- C. The Board shall cause a claims audit of the administration of the claims for each of the Programs of the Authority at least biannually. A report of such claims review shall be made available for inspection by the Board and the Members. The Authority shall pay all costs for such claims reviews.

Commented [U2]: I think the meeting quorum should just be stated in the Bylaws (not JPA). If they ever decide to change the quorum requirements for any reason, they'll have to amend the JPA and take back to each city.

Commented [DA3R2]: I don't have a problem with deleting this. There is statutory law that will prevent a quorum of less than a majority, but I suppose the quorum requirement could be increased. See Civil Code Section 12 and Code of Civil Procedure Section 15.

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ARTICLE X. ADMISSION OF NEW MEMBERS

- A. Any public entity eligible for membership as stated in Article I may apply for membership in the Authority and participation in one or more of the Authority's Programs at any time. To be considered the applicant must submit any documentation or information requested by the Authority and pay any costs required to analyze their application and determine their initial contribution.
- B. The Authority shall review all applications by potential new members to determine if they meet the requirements provided for in the Bylaws and any relevant Board policies to determine whether and on what conditions to admit the applicant.
- C. Upon approval for membership, to become a Member the applicant must execute this agreement and pay any contributions or premiums required to participate in the Program(s) for the initial Program Year in which the applicant will participate.

ARTICLE XI. WITHDRAWAL.

- A. After the initial commitment period described in Article III, any Member which enters a Program may withdraw from that Program by compliance with the requirements stated in the Bylaws for withdrawal from the Program.
- B. Withdrawal of a Member does not terminate its rights to coverage arising under any Program in which it participated for the years in which it participated. A Member that has withdrawn from a Program may later seek to renew participation in the Program subject to any terms and conditions set forth in the Bylaws.
- C. A Member that has withdrawn from all of the Authority's Programs shall no longer have a right to a representative on the Board, but shall remain liable for assessments and other obligations arising from the Program Years in which it participated.

ARTICLE XII. EXPULSION.

The Board of Directors may expel any Member from the Authority and/or from a Program for material breaches of the Governing Documents consistent with the provisions of the Bylaws, subject to any warning or probationary provisions in the Governing Documents. Expulsion does not terminate the obligations of either the Authority or the Member incurred prior to the expulsion.

ARTICLE XIII. ~~TERMINATION AND DISTRIBUTION.~~

- A. ~~This Agreement shall continue until terminated by vote or written consent of two thirds of the Members provided, however, that this Agreement and the Authority shall continue to exist for the purposes of disposing of all claims, the distribution of assets, and any other functions necessary to conclude the affairs of the Authority,;~~
- B. ~~Upon termination of this Agreement and completion of its purpose by the payment of all claims and losses covered by the Authority or the purchase of insurance to pay all remaining claims and~~

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Commented [DA4]: I think the new Termination and Distribution provision suggested for the Bylaws should instead replace this section. See the Bylaws for my additional comments regarding the Termination and Distribution provision there.

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losses, any surplus money remaining in the pool shall be returned to the Members, including any withdrawn or expelled Members, in proportion to the contributions made accordance with the retrospective premium adjustment process in effect during the term of this agreement and the claims or losses paid as allowed by Government Code Section 6512.2. The Board of Directors shall determine such distribution, as identified in the Bylaws, within six months after the last claim or loss covered by this Agreement has been finalized or after insurance has been purchased to cover all such claims and losses.

Commented [U5]: Per our change to the bylaws withdrawal section, these members forego any equity.

C. As allowed by Government Code Section 6512.2, no Member shall have a right to return of any contributions prior to termination of the Authority.

D. The Board of Directors is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. These include the power to require those Members which were Program participants at the time of any particular occurrence which was covered or alleged to be covered under the Memorandum(s) of Coverage or policies of insurance to pay their share of any additional amount of premium in accordance with the retrospective premium adjustment calculation outlined in the Master Program Document as deemed necessary by the Board of Directors for the final disposition of all claims and expenses associated with such loss.

Commented [U6]: Make this term consistent in XXIII F definition of "Governing Documents."

Commented [U7]: This doesn't have to be the name of the document, just placeholder.

ARTICLE XIII. TERMINATION OF THE AGREEMENT AND DISTRIBUTION OF ASSETS

A. This Agreement shall continue in full force and effect until terminated. Termination of this Agreement shall also constitute the termination of all Programs. This Agreement may be terminated at any time by the vote of three-fourths of the Members; provided, however, that this Agreement and CIRA shall continue to exist for the purpose of disposing of all claims and paying its obligations (to CalPERS) for employees' health and pension benefits, before the distribution of assets, and any other functions necessary to wind up the affairs of CIRA.

B. Upon termination of this Agreement, all assets of each Program of CIRA shall be distributed among the existing Members at the time of termination which participated in such Programs, in accordance with the retrospective premium adjustment process in effect during the term of this Agreement. Such distributions shall be determined within six [6] months after the disposal of the last pending claim or other liability covered by each Program.

Commented [AN8]: New language

C. Following the termination of this Agreement, any Member which was a participant in any Program of CIRA shall pay any additional amount of premium, determined by the Board or its designee in accordance with a retrospective premium adjustment, which may be necessary to enable final disposition of all claims arising from losses under that Program during the Member's period of participation.

Commented [DA9]: I think this section belongs in the JPA Agreement in place of Article XIII in that document. Note that it was apparently borrowed from a JPA Agreement, in that it refers to "this Agreement." This provision calls for a three-fourths vote while the provision in the draft JPA Agreement provides for a two-thirds vote. The discrepancy is not an issue if this provision moves to the JPA Agreement and replaces the existing provision.

D. The Board is vested with all powers of CIRA for the purpose of concluding and dissolving the business affairs of CIRA. The Board may designate legal counsel and any committee or person to carry out a plan of dissolution adopted by the Board.

Commented [AN10R9]: This section was removed from the bylaws and added to the JPA agreement, in place of Article XII

ARTICLE XIV. LIABILITY OF MEMBERS, DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS.

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A. Pursuant to Government Code section 6508.1, the debts, liabilities, and obligations of the Authority shall not constitute debts, liabilities, or obligations of any Member. However, each Member shall remain liable to the Authority for contributions assessed by the Authority to pay its debts, liabilities or obligations.

B. The debts, liabilities or obligations incurred by either the Public Agency Risk Sharing Authority or the Redwood Empire Municipal Insurance Fund prior to the effective date of this Agreement shall not constitute the debts, liabilities or obligations of the other.

BC. The representatives to the Board of Directors and to each of the Programs and any officer, employee, contractor, or agent of the Authority shall use ordinary care and reasonable diligence in the exercise of their power and in the performance of their duties under this Agreement. Directors, officers, committee members of the Authority shall be liable for any act or omission within the scope of their office or employment by the Authority only in the event that they act or fail to act because of actual fraud, corruption, or actual malice or willfully fail or refuse to conduct the defense of a claim or action in good faith or to reasonably cooperate in good faith in the defense conducted by the Authority.

CD. The Authority shall defend and indemnify its directors, officers, and employees to the same extent as any other public entity of the State of California is obliged to defend and indemnify its employees pursuant to Government Code Section 825, et seq., or other applicable provisions of law. Nothing herein shall limit the right of the Authority to purchase insurance to satisfy this obligation.

DE. The Authority shall indemnify, protect, defend, and hold harmless each and all of the Members, and their officials, agents, and employees, for and from any and all liability, claims, causes of action, damages, losses, judgments, costs, or expenses (including attorney fees) resulting from an injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement by the Authority, by one or more of the Members, or any of their officials, employees, agents, or independent contractors.

ARTICLE XV. NOTICES.

Notices to each Member under this Agreement shall be sufficient if mailed to its respective address on file with the Authority. Any Member may designate any other address in substitution of the foregoing address to which such notice will be given at any time by giving five days written notice to the Authority and all other Members.

ARTICLE XVI. AMENDMENTS.

This Agreement may be amended at any time with the approval of two-thirds of the Directors on the Board acting with the approval of their governing bodies. Authority of the Member representative (director) to give such approval may be delegated such in advance by the Member's governing body, or in the absence of such prior delegation by action of a Member's governing body to approve the proposed amendment. The amended Agreement shall take effect on the first day of the month following the Authority's receipt of notice of approval by two-thirds of the Members, unless otherwise stated in the Amendment, and once effective shall apply to all Members regardless of whether a particular Member approved the amendment. Refusal to execute or comply with the amended Agreement shall be a basis

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for expulsion of the Member. A Member that does not approve of the amendment may withdraw from the Authority and all its Programs at the end of the fiscal year next following the effective date of the amendment, notwithstanding the five-year minimum commitment provided for in Article III, Section C.

ARTICLE XVII. SEVERABILITY.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE XVIII. COMPLETE AGREEMENT.

The foregoing constitutes the full and complete Agreement of the parties. There are no oral understandings or agreements not set forth in writing herein, except as to the Bylaws.

ARTICLE XIX. TERM OF AGREEMENT.

This Agreement shall become effective upon execution, and shall continue in effect until satisfaction of all obligations created hereunder following termination of the Authority created by this Agreement.

ARTICLE XX. COUNTERPARTS

The Agreement may be executed in multiple counterparts, each of which shall be considered an original.

ARTICLE XXI. ARBITRATION

Any controversy arising out of this Agreement shall be submitted to binding arbitration, which shall be conducted in accordance with the provisions of the California Arbitration Act (California Code of Civil Procedure § 1280 et seq.).

ARTICLE XXII. FORCE MAJEURE

No party will be deemed to be in default where failure or delay in performance of any of its obligations (other than payment obligations) under this Agreement is caused by floods, earthquakes, other Acts of God, fires, wars, riots or similar hostilities, actions of legislative, judicial, executive, or regulatory government bodies or other cause, without fault and beyond the reasonable control of such party ("Force Majeure"). If any such events shall occur, the time for performance by such party of any of its obligations under this Agreement will be extended by the parties for the period of time that such events prevented such performance. Upon the occurrence of an event of Force Majeure, the affected party shall: (i) promptly notify the other parties of such Force Majeure event, (ii) provide reasonable details relating to such Force Majeure event and (iii) implement mitigation measures to the extent reasonable.

ARTICLE XXIII. DEFINITIONS.

The following definitions shall apply to the provisions of this Agreement and the Bylaws of the Authority:

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- A. "Agreement" shall mean this Agreement, as it may be amended from time to time, creating the California ~~Intergovernmental Risk~~~~Cities Joint Powers~~ Authority.
- B. "Board" or "Board of Directors" shall mean the governing body of the Authority.
- C. "Bylaws" shall mean the Bylaws attached to this Agreement, as amended from time to time by the Board consistent with the amendment provisions in the Bylaws.
- D. "Claim(s)" shall mean demand(s) made against the Member arising out of occurrences which are covered or alleged to be covered by the Authority's Memorandums of Coverage or policies of insurance.
- E. "Fiscal Year" shall mean the period of time commencing on July 1 of each year and ending on June 30 of the following year.
- F. "Governing Documents" shall mean this Agreement, the Bylaws of the Authority, each Program's Memorandum of Coverage, ~~the Master Program Document, the Policies and Procedures for each Program,~~ and any other document stipulated as a Governing Document in the Bylaws or by action of the Board.
- G. "Insurance" shall mean insurance or reinsurance purchased by the Authority to cover Claims against or losses of the Authority and/or its Members.
- H. "Jurisdiction" shall mean the territory in which the Authority may exercise its powers; i.e., the State of California.
- I. "Member" shall mean any public entity authorized to be a member of a Joint Powers Authority, which is a party to this Agreement and is participating in one or more Programs.
- J. "Memorandum of Coverage" shall mean a document issued by the Authority for each Program specifying the coverages and limits provided to the Members participating in the Program.
- K. "Participation" or "participating" shall refer to a Member that has elected to join and take part in a Program.
- L. "Pooling" shall mean group self-insurance as allowed by Government Code section 990.8, Labor Code section 3700, or any other applicable law.
- M. "Program" shall mean those coverage ~~P~~programs of risk sharing, insurance, self-insurance, pooling and risk management services created by the Authority to manage specific types of risks.
- N. "Program Year" shall mean the annual period in each Program to be segregated for determination of coverage premiums or assessments.
- O. "Risk Management" shall mean the process of identifying, evaluating, reducing, transferring, and eliminating risks. Risk Management includes, but is not limited to, various methods of funding claims payments, purchasing insurance, legal defense of claims, controlling losses, and determining self-insured retention levels and the amount of reserves for potential claims.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first written above. This Agreement may be executed in counterparts.

APPENDIX "A"
CALIFORNIA INTERGOVERNMENTAL RISK ~~SHARING~~ AUTHORITY MEMBERS

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BYLAWS
of the
CALIFORNIA ~~INTERGOVERNMENT~~ INTERGOVERNMENTAL RISK ~~SHARING~~ AUTHORITY

ARTICLE I. PREAMBLE

The California Intergovernmental Risk ~~Sharing~~ Authority ("CIRARSA" or "the Authority") is established for the purposes and under the authorities described in its Joint Exercise of Powers Agreement ("Agreement"). The Agreement specifies that Bylaws will govern many of the operations of the Authority, and defines certain terms used in these Bylaws.

ARTICLE II. GOVERNING DOCUMENTS

The Governing Documents of the Authority shall be the Agreement, these Bylaws, the Master Program Document, ~~Program Policies and Procedures~~, the Litigation Management Guidelines, and the Memorandum of Coverage (MOC) for each Program.

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ARTICLE III. NEW MEMBERS

Any California public agency may become a Member of the Authority by agreeing to be bound by the Governing Documents and by complying with all of the following requirements:

- A. Submit a completed application for membership 90 days before the start of the fiscal year, including any required application fee;
- B. Submit a signed resolution acknowledging participation under the terms and conditions which then prevail;
- C. Execute the Agreement then in effect and agree to be bound by any subsequent amendments to the Agreement;
- D. Agree to be a Member for at least five consecutive fiscal years after commencement of membership;
- E. Be accepted for membership by a two-thirds vote of the Board of Directors;
- F. Appoint, in writing, a representative to act as Director on the Authority's Board and another to act as alternate Director in the absence of the Director; and
- G. Ensure the Director and alternate Director file with the Authority the required Fair Political Practices Commission (FPPC) forms upon assuming office, annually, and upon termination of office.

Before the Board votes on a potential Member's application, there shall be a review and interview of the applicant, in accordance with the Underwriting Guidelines, including the applicant's most recent audited financial statement and associated management letters. This review may also include a safety inspection of the facilities of the applicant. A two-thirds vote of the Board of Directors is required to approve the

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application, based upon the application, and any inspections, reports, or other material pertinent to the decision.

ARTICLE IV. MEMBER RESPONSIBILITIES

Each Member is responsible for the following:

1. Cooperation with the Authority, its insurers, adjusters and legal counsel in determining the cause of losses in settling claims, and supporting effective risk management and risk transfer decisions;
2. Timely payment of all premiums, contributions, assessments, interest, penalties, or other charges imposed consistent with the Governing Documents;
3. Providing the Authority with statistical and loss experience and other data as requested.
4. Execution of a membership resolution for each Program in which the Member participates.
5. Appointing a representative and alternate to represent the Member on the Authority's Board, expressly authorizing such representatives to act on behalf of the Member on all matters coming before the Board, and assuring that its representative or alternate regularly attend meetings of the Board and any committee to which a representative has been appointed.
6. Execution of amendments to this Agreement as set forth in Article XV; provided, however, the Member may, by resolution or ordinance, authorize its representative on the Board to approve and execute amendments on behalf of the Member without the necessity of a resolution or ordinance of the legislative body of the Member confirming or ratifying such amendment.
7. As required by the Authority, undertake risk management audits of its facilities and activities, conducted by a person and/or firm approved by the Authority and provide evidence of correction, elimination and/or clarification of all noted deficiencies or recommended corrections to the satisfaction of the Authority.
8. Use of an Authority-approved third-party claims administrator.
9. Payment for the costs of staffing and supporting the Authority ("general expenses") shall be funded by the Members in accordance with the Board's allocation of general expenses to the Authority's various Programs.

ARTICLE V. GOVERNING BOARD

- A. The governing body of the Authority shall be the Board of Directors (Board). The Board shall be comprised of one Director from each Member. Each Director has one vote. An alternate Director may cast a vote only in the absence of the Director. A Member may change any of its representatives to the Board only by written notification to the Authority from the Member's governing body or the Member's Chief Executive Officer.
- B. The Board shall provide policy direction for the General Manager, the Executive Committee, any other standing committees, and any administrative or legal service providers to the Authority.

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The Board may delegate any or all of its responsibilities, except those requiring a vote by the Board as specified in the Governing Documents.

- C. The Board reserves unto itself the authority to do the following (except where specifically noted, a simple majority of the Board present at a meeting may take action):
1. Accept a new Member to the Authority;
 2. Accept indebtedness (two-thirds vote of the Board);
 3. Adopt a budget;
 4. Amend these Bylaws;
 5. Elect and remove Officers;
 6. Expel a Member from the Authority (two-thirds vote of the entire Board);
 7. Approve dissolution of Authority (two-thirds vote of the entire Board); and
 8. Approve financing costs from one Program to another (Program to Program borrowing) if such financing extends beyond a twelve-month period.
- D. The Board will meet at least once a year to review the operations of the Authority. The Board will establish a time and place to hold such regular meetings. The Board Secretary will mail notices of all Board meetings to each Member, keep minutes of the meetings, and send copies of such minutes to the Members.
- E. A special meeting may be called by the president or by a majority of the Board with twenty-four (24) hours' notice, stating the purpose, date, time, and place of the meeting, provided such notice is in writing.
- F. Every Member is expected to have its Director or alternate attend Board meetings.
- G. All meetings of the Board shall be conducted in accordance with the Ralph M. Brown Act (Government Code §54950 et seq.)
- H. A quorum shall consist of a majority of the Directors then appointed and serving, without counting vacancies. All matters within the purview of the Board may be decided by a majority vote of a quorum of the Board, except as specified otherwise in the Governing Documents.

ARTICLE VI. OFFICERS

- A. The officers of the Authority shall consist of a President, a Vice President, a Treasurer, and a Secretary. The Board shall elect the President, Vice-President and Treasurer. The President and Vice-President must be directors on the Board. The Treasurer may be an employee of a Member but need not be the Member's designated representative on the Board. The General Manager shall serve as Secretary.

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- B. The terms of office for the elected officers shall be two years, commencing with the start of the fiscal year in each even numbered calendar year.
- C. Initial officers shall be elected at the first meeting of the Board of Directors. At least 30 days before each subsequent election, the President may appoint a nominating committee as set forth in these Bylaws or propose a slate informally.
- D. The nominating committee's nomination of candidates for officer positions shall be made in writing, and the slate of nominees will be sent to each Member at least seven (7) days before the last regular Board meeting of the fiscal year. Additional candidates for any of the offices may be made by an open nomination and second from the floor at the time of the meeting.
- E. The election of officers will be held at the last regular Board meeting of the fiscal year in which their terms expire or at a special meeting called for that purpose. Those candidates receiving a majority of votes cast for each office will succeed to those offices. If no nominee receives a majority of the vote, the nominee with the least votes shall be deleted as a nominee and a new vote taken. This elimination process will continue until one nominee receives a majority vote. Each Director or, in the absence of that Director, the Director's alternate, shall be eligible to vote.
- F. Each officer will serve until the next election of officers, or termination of his or her employment with the Member, or until removal from office by a majority vote of the Board, whichever is earliest.
- G. The Board shall make the appointment to a vacancy in the office of the President. Vacancies in any other office shall be filled by appointments by the President with ratification by the Board at the next Board meeting held after the vacancy occurs. In the event that the Board fails to ratify an appointment, the President shall make another appointment which will be subject to ratification by the Board.
- H. The President shall preside at all meetings of the Authority. The President shall appoint the Directors to the board of any joint powers authority of which the Authority is a Member and shall make all Committee appointments, with the exception of the Executive Committee. The President shall execute documents on behalf of the Authority as authorized by the Board and shall serve as the primary liaison between the Authority and any other organization. The President shall serve as a member of the Executive Committee and as a nonvoting ex-officio member of all other Committees.
- I. In the absence, or temporary incapacity, of the President, the Vice-President shall exercise the functions of the President. The Vice-President shall serve as member of the Executive Committee and as a nonvoting ex-officio member of all other committees when the President is unable to attend. If both the President and Vice-President will be absent from any one meeting, either of them may designate a director to preside over the meeting, but the designated director shall have only the powers and duties as may be required by the Board for this purpose.
- J. The Secretary shall be responsible for preparing all minutes and agendas of the Board, the Executive Committee, and any other Committee meetings, preparing necessary correspondence, and maintaining files and records.

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K. The Treasurer shall have no vote on the Board or Executive Committee unless the Treasurer is a designated representative of a Member to the Board. The Treasurer shall have the responsibility to establish and maintain such funds and accounts as may be required by accepted accounting practices and procedures prescribed by the Government Accounting Standards Board and by the Board. Separate accounts shall be established and maintained for each Program Year of each Program. Books and records of the Authority in the hands of the Treasurer or other designated person shall be open to inspection at all reasonable times by members of the Board or authorized representatives of the Member Entities. The Treasurer shall disburse Authority funds, accounts, and property, in accordance with the Government Code and at the direction of the Board.

~~L. Personnel Committee. The Officers shall serve collectively as the Personnel Committee, with the authority to oversee, review and recommend action to be taken by the Executive Committee regarding the performance of the General Manager.~~

~~L. An Officer Emeritus is a retired or former member of the Public Agency Risk Sharing Authority of California's or Redwood Empire Municipal Insurance Fund's Executive Committee or Board of Directors, preferably an Officer, having served three terms or more on the Executive Committee or six years on the Board for each agency. The Officer Emeritus serves to maintain the institutional knowledge, culture, and practice of CIRA. The Officer Emeritus is independent and does not represent any Member Entity. The Officer Emeritus attends and may participate in meetings but does not vote. The Officer Emeritus may represent CIRA as directed and may serve as a mentor or advisor as needed and available. The Officer Emeritus receives a stipend as determined by the Board via resolution and reimbursement for reasonable travel expenses. The Executive Committee shall appoint up to two Officers Emeritus and to be affirmed by the Board. The Officer Emeritus position will be re-evaluated by the Board after five years.~~

ARTICLE VII. COMMITTEES

- A. There shall be an Executive Committee to conduct the day-to-day business of the Authority. The Board may create other committees, standing or temporary, as it deems necessary.
- B. All committee meetings shall be conducted in accordance with applicable law, including but not limited to the Ralph M. Brown Act (Government Code § 54950, et seq.). For all committees, a quorum shall consist of a majority of committee members then appointed and serving, without counting vacancies. All matters within the purview of a committee may be decided by a majority vote of a quorum of the committee, except as specified otherwise in the Governing Documents.
- C. The Executive Committee shall be composed of eleven members including the President and Vice-President and nine other individuals, all of whom must be Directors and not alternates. Five of the nine shall be elected by the Board in even numbered years and four shall be elected by the Board in odd numbered years. Executive Committee members may be re-elected without restriction. All nine shall be elected in the first election following adoption of these Bylaws, with either four or five being designated to serve an initial term of one year until the next election

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depending on whether the next year is odd or even. No Member shall be represented by more than one member on the Executive Committee.

- D. Members of the Executive Committee may be removed with or without cause by the Board, which shall elect replacements for the vacancies caused by such removal. Members may also be removed for failure to attend two consecutive meetings without reasonable excuses. The President may appoint replacements to fill any vacancies caused by death, disability, resignation, disqualification, or removal for unexcused absences, and such appointees shall serve until the next meeting of the Board, at which time the selection of replacement shall be ratified or another replacement elected.
- E. The Executive Committee shall exercise all powers and authority of the Board, except the expulsion of Members, the election of officers and members of the Executive Committee, final approval of special assessments from or refunds to Members, and final approval of modifications or amendments of these Bylaws, the Agreement, the Memorandum of Coverage, and other principal coverage documents. The Executive Committee shall exercise, subject to ratification by the Board, the authority to change Members' retention levels, establish annual budgets, and approve new Members. The Executive Committee may also establish subcommittees, define their functions and responsibilities and appoint members to them; appoint or terminate the General Manager; and exercise such other powers and perform such other duties as these Bylaws or the Board may prescribe.

F. Personnel Committee. The Officers shall serve collectively as the Personnel Committee, with the authority to oversee, review and recommend action to be taken by the Executive Committee regarding the performance of the General Manager.

ARTICLE VIII. GENERAL MANAGER

- A. The General Manager shall be the Chief Administrative Officer and Secretary of the Authority, appointed by the Board and serving at the pleasure of the Board. The General Manager may not be an employee or an officer of a Member.
- B. The General Manager shall be responsible for administering the operations of the Authority, including giving notices of meetings, posting of agendas for meetings, preparation of minutes of meetings, maintenance of all accounting and other financial records of the Authority, filing of all financial reports of the Authority, reporting activities of the Authority to Members, and other such duties as the Board may specify.
- C. The General Manager shall appoint all staff positions of the Authority, subject to budget approval by the Board, and shall be responsible for their supervision.
- D. The General Manager shall attend all meetings of the Board and Executive Committee

ARTICLE IX. SETTLEMENT OF CLAIMS

- A. The General Manager ~~or the Board's designee~~ shall have authority to settle workers compensation, property and liability claims up to the limit specified by Board policy but not to

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exceed the actual amount of the claim. The Executive Committee, Board, or a designated claims committee, if appointed, shall have authority to settle claims beyond the authority of the General Manager.

- B. For workers' compensation claims, staff has standing authority to pay benefits due under workers' compensation law for medical benefits, temporary disability, etc. and to resolve permanent disability claims up to statutory requirements. Any settlements for permanent disability and/or a compromise and release exceeding the statutory requirements may be settled by the General Manager, or by or by the Executive Committee or Board for amounts in excess of the General Manager's authority up to the Authority's limit of coverage.

ARTICLE X. FINANCIAL AUDIT

- A. The Board shall direct an annual audit of the financial accounts and records of the Authority to be made by a qualified, independent individual or firm. The minimum requirements of the audit shall be those prescribed by law.
- B. The financial audit report shall be filed with the State Controller's Office within six months of the end of the fiscal year under examination. A copy of the audit report shall be filed as a public record with each Member.
- C. The costs of the audit shall be charged against the operating funds of the Authority.

ARTICLE XI. FISCAL YEAR

- A. The fiscal year of the Authority shall be the period from July 1 of each year through June 30 of the subsequent year.

ARTICLE XII. BUDGET

- A. A draft budget shall be presented to the Board at the last scheduled Board meeting prior to July 1 of the next fiscal year.
- B. The Board shall adopt the annual budget by July 1 of each year.

ARTICLE XIII. ESTABLISHMENT AND ADMINISTRATION OF FUNDS

- A. The Authority is responsible for the strict accountability of all funds and reports of all receipts and disbursements. It shall comply with every provision of law relating to the subject, particularly Section 6505 of the Government Code. The Treasurer shall receive, invest, and disburse funds only in accordance with procedures established by the Board and in conformity with applicable law.
- B. The funds received for each Program shall be accounted for separately on a full-accrual basis. The portion of each Program annual premium allocated for payment of claims and losses shall be held by the Authority in trust for the Program members.

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- C. The Treasurer may invest funds not required for the immediate operations of the Authority, as directed by the Board or Executive Committee, in the same manner and on the same conditions as local agencies as provided by Government Code Section 53601.
- D. The General Manager shall draw warrants to pay demands against the Authority, after such demands have been approved by both the President and the Treasurer, except for employee payroll and benefits disbursements, and other unusual or urgent circumstances as determined by the General Manager. All checks disbursing funds of the Authority shall be signed by at least two Authority officials, one of whom must be the General Manager or designee.
- E. Officers, directors and employees handling funds shall be properly bonded as determined by the Board or Executive Committee.

ARTICLE XIV. PROGRAMS

- A. The Authority shall establish Programs in such areas as the Board may select including, but not limited to, the areas of property, workers' compensation, and liability coverage.
- B. Coverage in a Program may be provided by a self-funded risk-sharing pool, participation in pooled excess self-insurance, purchased insurance, reinsurance or any combination thereof, as determined by the Board or Executive Committee.
- C. The Authority may authorize and use administrative funds to study the feasibility and development of new Programs. If a new Program is approved by the Board, the estimated contributions to fund the Program shall be developed and presented in writing to each Member. Each Member shall have sixty (60) days from the date of such notice to state in writing its intent to join or refrain from joining the new Program. Unless the Member provides written notice to the Authority of its intent to participate in the new Program, it shall be presumed that the Member declines to participate in the Program. Upon conclusion of the notice period, the final contributions will be determined and billed to the Members in the new Program. Each Member that elected to participate will be bound to the new Program for the period of time required by the Master Program Document Policies and Procedures for that Program.
- D. The Board will adopt and maintain a Memorandum of Coverage and Policies and Procedures for each Program Master Program Document, and determine the financial contributions to be required of the Members for each Program. The Memorandum of Coverage or Policies and Procedures Master Program Document shall, among other things, establish procedures for addressing claims disputes.
- E. Each Program will be financially self-contained and individually evaluated for administrative and equity allocation purposes. Each fiscal year within each Program shall be separately accounted and maintained. Program funds may be co-mingled with the funds of another Program for durations shorter than a twelve-month period, or when specifically allowed by the Board.
- F. Each Member shall cooperate fully with the Authority to provide underwriting and safety and loss control information. Additionally, each Member shall comply with the provisions of the annual Safety and Loss Prevention Program Plan as approved by the Board.

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G. Members with delinquent amounts due may be assessed a penalty which shall be set by the Authority.

H. The condition of each Program shall be evaluated by an independent actuary on an annual basis. The condition of each open fiscal year within each such Program shall be evaluated to determine its actuarial soundness. If it is determined by the Actuary that any year is no longer actuarially sound, appropriate actions shall be taken. In addition, the Board reserves the right to assess all Member and/or the Members of any Program an amount determined by the Board to be necessary for the soundness of the Program and to allocate such assessment in a fair and equitable manner.

I. The withdrawal or expulsion of a Member from any Program shall be in accordance with the provisions of the Master Program Document ~~Policies and Procedures governing that Program~~.

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J. The withdrawal or expulsion of any Member from any Program shall not terminate the Member's responsibility to contribute its share of premiums, or funds, to any fund or Program in which it participated, nor its responsibility to provide requested data for the periods in which it participated. All current and past Members shall be responsible for their respective share of the expenses, as determined by the Authority, until all claims, or other unpaid liabilities covering the period of the Member's participation in the Program, have been finally resolved and a determination of the final amount of payments due by, or credit to, the Member for the period of its participation has been made by the Board. Past Members shall receive any distribution of surplus based on the same methodology as current Members. The withdrawal or expulsion of any Member from any Program shall not require the repayment or return to that Member of all or any part of any contributions, payments, advances, or distributions except in conformance with the provisions as set forth herein and in the Master Program Document ~~Program Policies and Procedures~~.

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K. The Treasurer may deposit and invest Authority funds, subject to the same requirements and restrictions that apply to deposit and investment of the general funds of a city incorporated in the State of California and in accordance with the Investment Policy adopted annually by the Board.

L. The accounting method for each Program will be in accordance with the provisions of the Maser Program Document ~~Program Policies and Procedures governing that Program~~ and the principles established by the Government Accounting Standards Board.

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ARTICLE XV. WITHDRAWAL, DEFAULTS AND EXPULSION FROM THE AUTHORITY

A. Any Member Entity who has been a member for at least five full fiscal years may withdraw from its status as a member and as a party to the Joint Powers Agreement by submitting notice in writing to CRSACIRA as follows:

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1. A withdrawing Member Entity must notify CIRARSA of its intention to withdraw at least One Yearleast six (6) months prior to the end of the fiscal year in which the member intends to withdraw, unless a shorter withdrawal period is approved by the Executive Committee, in its sole discretion.

2. Withdrawing members shall forego their right to any remaining equity. In addition to foregoing equity, withdrawing members shall be subject to an administrative fee equal to

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their pro-rata share of ongoing expenses for the three program years following withdrawal. Ongoing expenses include but are not limited to staff payroll and benefits, actuarial services, investment services, financial audits, and claims administration. The withdrawing member will be invoiced for their portion of the administrative fee each of the three years, as outlined in the Master Program Document, section ##.

Commented [U7]: Include details of the calculation in the MPD, or create a policy addressing the withdrawal calculation details.

3. Withdrawal from the Liability or Workers' Compensation Program shall terminate coverage under that Program. Any Member Entity which withdraws as a participant in any Program may renew participation in that Program by complying with all Program rules and regulations. If withdrawal would result in the Member Entity no longer being in either the Liability or Workers' Compensation Program, then such withdrawal shall constitute withdrawal as a party to the Joint Powers Agreement, and subject to the Member Entity's continuing obligations outlined in this section and governing documents.
4. Following withdrawal, any Member Entity which was a participant in any Program of CIRARSA shall pay any additional amount of premium, determined by the Board in accordance with the retrospective premium adjustment, which may be necessary to enable final disposition of all claims arising from losses under that Program during the withdrawn member's period of participation.
5. A notice of intent to withdraw may be rescinded in writing with Executive Committee consent at any time earlier than ninety (90) days before the expiration of the withdrawal period, except that any withdrawal approved by the Executive Committee upon less than six (6) months' notice shall be final.

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A. A Member may withdraw from a Program only at the conclusion of a fiscal year. To withdraw from a Program, a Member must give twelve months' written notice. Such notice may be rescinded without penalty at least 90 days before the end of the fiscal year.

B. A Member may withdraw from membership in the Authority only at the conclusion of a fiscal year. A Member may withdraw from membership in the following ways:

1. By withdrawing from participation from all Programs of the Authority.
2. By giving twelve months' written notice of the intent to withdraw from the Authority at the end of a fiscal year. Such notice may be rescinded without penalty at least 90 days prior to the end of the fiscal year.

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C. The following shall be "defaults" under the Agreement and these Bylaws:

1. Failure by a Member to observe and/or perform any covenant, condition, or agreement under the Governing Documents, including but not limited to risk management or loss reporting procedures;
2. Consistent failure to attend meetings by a Member's designated representative or alternate, submit requested documents, or cooperate in the fulfillment of the Program objectives;
3. Failure to pay any amounts, including penalties and interest, due to the Authority for more than thirty (30) days;

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4. Consistent inability to sustain the financial and insurance criteria that was reviewed and considered upon application for membership. For example, excessive losses, financial distress of member, handling of legal matters, corrective actions and other areas as determined by the Board;
5. The filing of a petition applicable to the Member in any proceedings instituted under the provisions of the Federal Bankruptcy Code or under any similar act which may hereafter be enacted; or
6. Any condition of the Member which the Board believes jeopardizes the financial viability of the Authority.

DC. Remedies on Default

1. Whenever any default has occurred, the Authority may exercise any and all remedies available pursuant to law or granted pursuant to the Agreement and these Bylaws including, but not limited to increasing a Member's retention, penalty, or assessment, canceling a Member's coverage, or expelling the Member. However, no remedy shall be sought for defaults until the Member has been given thirty (30) days' notice of default by the Authority.
2. Probation of a Member from a Program and/or Authority:
 - a. If deemed appropriate by the Authority a member may be put on probation for a defined period of time to remedy any stated failures or matters noted in this Article.
 - b. Notice of such probation shall be in writing and signed by both parties.
 - c. The probation remedies and timelines shall be stated clearly in the notice of probation so that the Authority's actions at the end of the probation period are understood by both parties.
3. Expulsion of a Member from the Authority:
 - a. The Board, with at least a two-thirds vote, may expel any Member that is in default from the Authority.
 - b. Such expulsion shall be effective on the date prescribed by the Board, but not earlier than thirty days after notice of expulsion has been personally served or sent by certified mail to the Member.
 - c. The expulsion of any Member from any Program, after the effective date of such Program, shall not terminate its responsibility to contribute its share of premiums, or funds, to any fund Program in which it participated, nor its responsibility to provide requested data for the period(s) in which it participated.

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ED. Cancellation of Coverage under a Program:

1. Upon the occurrence of any default, the Board may temporarily cancel all rights of the defaulting Member in any Program in which such Member is in default until such time as the condition causing default is corrected.
2. Upon the occurrence of any default, the Board, with at least a two-thirds (2/3) vote, may cancel permanently all rights of the defaulting Member in any Program in which such Member is in default.

FE. No remedy contained herein is intended to be exclusive. No delay or failure to exercise any right or power accruing upon any default, shall impair any such right or shall be construed to be a waiver thereof.

GF. In the event any provision in any of the Governing Documents is breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

HG. Except as stated in this Article or elsewhere in the Governing Documents, neither withdrawal nor expulsion shall extinguish the rights and obligations of the parties incurred prior to such withdrawal or expulsion.

ARTICLE XVI. TERMINATION OF THE AGREEMENT AND DISTRIBUTION OF ASSETS

~~A. This Agreement shall continue in full force and effect until terminated. Termination of this Agreement shall also constitute the termination of all Programs. This Agreement may be terminated at any time by the vote of three-fourths of the Members; provided, however, that this Agreement and CIRA shall continue to exist for the purpose of disposing of all claims and paying its obligations (to CalPERS) for employees' health and pension benefits, before the distribution of assets, and any other functions necessary to wind up the affairs of CIRA.~~

~~Upon termination of this Agreement, all assets of each Program of CIRA shall be distributed among the Members [and ex-Members which previously timely withdrew or were expelled] which participated in such Programs, in accordance with the retrospective premium adjustment process in effect during the term of this Agreement. Such distributions shall be determined within six [6] months after the disposal of the last pending claim or other liability covered by each Program.~~

~~Following the termination of this Agreement, any Member which was a participant in any Program of CIRA shall pay any additional amount of premium, determined by the Board or its designee in accordance with a retrospective premium adjustment, which may be necessary to enable final disposition of all claims arising from losses under that Program during the Member's period of participation.~~

~~The Board is vested with all powers of CIRA for the purpose of concluding and dissolving the business affairs of CIRA. The Board may designate legal counsel and any committee or person to carry out a plan of dissolution adopted by the Board.~~

Commented [DA8]: This is inconsistent with Article XV of the draft Bylaws as revised above. I assume it's in brackets for inclusion only if the members reject the loss of equity at withdrawal.

Commented [DA9]: I think this section belongs in the JPA Agreement in place of Article XIII in that document. Note that it was apparently borrowed from a JPA Agreement, in that it refers to "this Agreement." This provision calls for a three-fourths vote while the provision in the draft JPA Agreement provides for a two-thirds vote. The discrepancy is not an issue if this provision moves to the JPA Agreement and replaces the existing provision.

Commented [AN10R9]: This section was moved from the bylaws to the JPA agreement, in place of Article XII.

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ARTICLE XVII. LEGAL REPRESENTATION

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- A. Legal counsel may be retained by the Board to advise on matters relating to the operation of the Authority and interpretation of the Governing Documents, including but not limited to the Memorandums of Coverage. Counsel for the Board shall only represent the Board and shall not represent any individual Member.
- B. The Authority shall have the right to pay such legal counsel reasonable compensation for said services.

ARTICLE XVII. EXECUTION OF CONTRACTS

- A. The Board or Executive Committee may authorize any officer or officers, or any agent or agents, to enter into any contract or execute any instrument in the name, and on behalf, of the Authority and such authorization may be general or confined to specific instances.
- B. Unless so authorized by the Board, no officer, agent, or employee shall have any power or authority to bind the Authority by any contract or to pledge its credit or to render it liable for any purpose or to any amount.

ARTICLE XVIII. EXPENSE REIMBURSEMENT AND INSURANCE

- A. The Authority shall reimburse any Director who does not otherwise receive compensation for actual expenses incurred, for reasonable out of pocket expenses of the Director in the performance of his/her duty on behalf of the Authority.
- B. The Authority shall obtain insurance or provide other coverage (which may include self-insurance) indemnifying the directors, officers, and employees for personal liabilities arising out of wrongful acts in the discharge of their duties to the Authority.

ARTICLE XIX. NOTICES

- A. Any notice to be given to any Member, in connection with these Bylaws, must be in writing (which may include facsimile or email) and will be deemed to have been given when deposited in the mail to the address specified by the Member to receive such notice. Any notice delivered by facsimile will be deemed to have been given when the facsimile transmission is complete. Any Member may, at any time, change the address to which such notice will be given by giving five (5) days written notice to the Authority.
- B. Any notice to or claim against the Authority shall be mailed or delivered to the mailing address of the Authority.

ARTICLE XX. EFFECTIVE DATE, AMENDMENTS, AND SUPREMACY

- A. These Bylaws shall be effective immediately upon the date of adoption.
- B. Any amendments to these Bylaws shall be effective upon adoption, unless the Board in adopting them specifies otherwise, and shall supersede and cancel any prior Bylaws and/or amendments thereto.

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- C. These Bylaws shall not be amended until at least 30 days after notice of the proposed amendment has been given to each Member.
- D. The adoption or amendment of these Bylaws shall not affect the Agreement or any amendments thereto. Any provision in these Bylaws which is inconsistent with the Agreement shall be superseded by the Agreement but only to the extent of the inconsistency.

ARTICLE XX. POWER OF DESIGNATED PARTY

- A. Pursuant to Government Code section 6509, the Authority is subject to the restrictions upon the manner of exercising the power of the City of _____. In the event that the City of _____ ceases to be a member of the Authority, the Authority's power shall be subject to the restrictions applicable to the City of _____.

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**CALIFORNIA INTER-GOVERNMENTAL RISK AUTHORITY
(CIRA)**

**MEMORANDUM OF COVERAGE
FOR SELF-INSURED WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY**

SECTION I - INTRODUCTION

This **Memorandum** sets forth the terms, conditions and limits of the workers' compensation obligation and employer's liability coverage which the self-insured members of the **Authority** have agreed to pool within the terms of their **Self-Insured Workers' Compensation Program**, authorized by the **Joint Powers Agreement** creating the **Authority** under the provisions of Section 6500 et seq. of the Government Code.

This **Memorandum** includes the **Cover Page** and all endorsements, addendum's or schedules attached to it.

~~As provided in Section 990 of the Government Code, pooling of losses in this **Program** is not insurance.~~ The sole duty of the **Authority** is to administer the program adopted by the **Members**. The **Authority** can defend and pay only claims which the **Members** have agreed to pool under the terms of this **Memorandum** and the Joint Powers Agreement. There is no transfer of risk from the **Member** to the **Authority**, nor assumption of risk by the **Authority**.

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SECTION II - DEFINITIONS

Throughout this **Memorandum**, including the Cover Page, words and phrases that appear to be in bold print are defined in Section II.

Authority means the ~~Public Agency Risk Sharing Authority of California~~ Intergovernmental Risk Authority (CIRA).

Employee means any person performing work which renders the **Participating Member** legally liable under the Workers' Compensation Act of the State of California, or under the common law of the State of California.

Member Entity means the entity which is a signatory to the **Joint Powers Agreement** ~~creating the **Public Agency Risk Sharing Authority of California**~~ CIRA, as it may be amended from time to time, and includes any other agency for which the **Member Entity's** ~~City Council governing body~~ Board sits as the governing body.

Memorandum means the CIRA Workers' Compensation Memorandum of Coverage, including the Cover Page and all attachments and endorsements forming a part thereof.

Program means ~~the **Authority**'s **Workers' Compensation**~~ Program through which certain specified and limited self-insured workers' compensation and employer's liability risks are administered by the Authority and shared by its **Participating Members** in accordance with the provisions of the Authority's Joint Powers Agreement and this **Memorandum**.

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Participating Member (or **Named Member**) means the **Member Entity** listed in paragraph 1 of the Cover Page.

Program Period means the period of time shown in paragraph 3 of the Cover Page.

Retained Limit means the amount of the loss, identified on the Cover Page, which the **Participating Member** becomes liable to pay before the **Authority** is obligated to make payment.

Volunteers means any person while acting within the course and scope of his or her duties for or on behalf of the **Member Entity**, provided that, prior to the occurrence, the governing Board of the **Member Entity** has adopted a resolution as provided in Division 4, Part 1, Chapter 2, Article 2 of the California Labor Code, declaring such volunteer workers to be **Employees** of the **Member Entity** for purposes of the Workers' Compensation Act; or provided that such volunteer workers are statutorily deemed by the Workers' Compensation Act to be **Employees** for the purposes of workers' compensation.

Workers' Compensation Law means the workers' compensation laws of the State of California as stated in, but not limited to, California Labor Code 3200 through 6208, inclusive, which ~~include~~:

1. ~~Apply to~~ injury by both accident and disease; and
2. ~~Include~~ any amendments to such laws which are in effect during the **Program Period**;

But **Workers Compensation Law** does not include the provisions of any law that provides non-occupational disability benefits.

SECTION III - WORKERS' COMPENSATION COVERAGE

A. WORKERS' COMPENSATION COVERAGE

The **Program** applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. Bodily injury by accident must occur during the **Program Period**; and
2. Bodily injury by disease must be caused or aggravated by the conditions of employment of the employee by the **Participating Member**. The **Participating Member's** employee's exposure to those conditions causing or aggravating such bodily injury by disease must occur during the **Program Period**.

B. PAYMENTS AND DEFENSE BY THE PROGRAM

Subject to all the provisions of this Memorandum, the Authority shall cause the **Program** to:

1. Pay promptly when due the benefits required of the **Participating Member** by the **Workers' Compensation Law**.
2. Defend at the expense of the **Program** any claim, proceeding or suit against the **Participating Member** for benefits payable by the **Program**. The **Authority** has the right to investigate and settle these claims, proceedings or suits, but the **Authority** has no duty to defend a claim, proceeding or suit that is not covered by the **Program**. The Authority may, at the Participating Member's request, defend claims, proceedings or suits against charges of serious and willful misconduct against the Participating Member.

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3. Pay the following costs, in addition to other amounts payable under this **Program**, as part of any claim, proceeding or suit the **Authority** defends:
 - a. reasonable expenses incurred at the **Authority's** request, but not loss of earnings;
 - b. premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the amount payable under this **Program**;
 - c. litigation costs taxed against the **Participating Member**;
 - d. interest on an award or judgment as required by law; and
 - e. expenses the **Authority** incurs on behalf of the **Program**

C. EXCLUSIONS

The **Program**, including any defense obligations, does not apply to, and the **Participating Member** is solely responsible for, any payments in excess of the benefits regularly provided by the Workers' Compensation Law, including but not limited to those required because:

1. of the **Participating Member's** serious and willful misconduct;
2. the **Participating Member** knowingly employs an employee in violation of law;
3. the **Participating Member** fails to comply with the health or safety law or regulation;
4. the **Participating Member** discharges, coerces or otherwise discriminates against any employee in violation of the law. Notwithstanding the foregoing, the Authority will defend the Participating Member with counsel selected by the Authority against that portion of any civil claim, proceeding, or suit which alleges that the Participating Member engaged in a violation of Labor Code Section 132a;
5. of injury to an employee under the minimum age specified in the **Workers' Compensation Law** and illegally employed at the time of injury;
6. of fines, penalties, punitive damages or exemplary damages of any kind.
7. of liability for salary continuation imposed upon the **Participating Entity** by a collective bargaining agreement, a memorandum of understanding, or ~~Article 7~~ Labor Code, Sections 4850 ~~et seq. and 4860.7 of the California Labor Code~~; notwithstanding the foregoing, if the **Participating Member** pays the employee for periods of temporary disability per a salary continuation plan under a collective bargaining agreement, memorandum of understanding or other employment agreement, the loss will be calculated at the statutory benefit rate for those periods paid by the **Participating Member**~~the Authority will reimburse the **Participating Member** for the cost of temporary disability benefits for public safety employees calculated as if the right to salary continuation did not apply. and if the employee is eligible to receive salary continuation in lieu of temporary disability under Labor Code §4850 et seq., the loss will be calculated at the statutory rate for benefits and paid by the **Participating Member**.~~
8. of bodily injury or occupational disease sustained by a peace officer, as defined in Section ~~50620~~ 50920 of the California Government Code, when he or she was off-duty, not acting under the immediate direction or his or her employer, and outside the State of California. However, this exclusion shall not apply to bodily injury or occupational disease sustained by a peace officer under such circumstances if:

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- a. the peace officer, at the time of sustaining the injury or illness, was engaging in the apprehension or attempted apprehension of law violators or suspected law violators, the protection or preservation of life or property, or the preservation of the peace; and
- b. prior to the occurrence, the governing board of the Participating Member has adopted a resolution, as provided for in the California Labor Code Section 3600.2, subdivision (b)(4), accepting liability for such bodily injury and occupational illness under the Workers' Compensation Act.

~~The Memorandum shall not apply to claims involving a waiver of subrogation approved by a Participating Member after the date of injury or illness that resulted in the claim. This exclusion does not apply to a waiver of subrogation contained in an agreement or contract that was approved by the Participating Member prior to the date of injury or illness that resulted in the claim, provided that the Authority's approval was first obtained.~~

D. RECOVERY FROM OTHERS

On behalf of the **Program**, the **Authority** may, but is not required to, enforce on behalf of **Participating Member** the **Participating Member's** rights under Chapter V of the Workers' Compensation Division of the Labor Code, commencing with Labor Code 3850 et seq., including but not limited to the Participating Member's rights to subrogation to recover the **Program's** payments from anyone legally liable for the injury to **Participating Member's** employee. ~~The Participating Member will do everything necessary to protect those rights and to help enforce them.~~ The Authority, in its sole discretion in the course of administering the **Program**, may determine when such subrogation recovery and credit rights and actions are appropriate and beneficial to the **Authority**, the **Program**, or the **Participating Member** and may in its sole discretion elect to pursue or decline to pursue subrogation recovery and credit rights, but no power herein granted to the Program or the Authority shall be deemed to impose a duty on **Program** or **Authority** to so proceed. Further, nothing contained herein shall be construed to extinguish the rights granted by Labor Code 3850 et seq. to the Participating Member to independently proceed to protect the Participating Member's subrogation recovery and/or credit rights. ~~Should the Program or the Authority proceed for pursue a subrogation recovery or credit rights as provided, the Participating Member will do everything necessary to protect its rights in that regard and to help the Program and/or the Authority enforce them.~~

SECTION IV - EMPLOYER'S LIABILITY COVERAGE

A. EMPLOYER'S LIABILITY COVERAGE

The **Program** applies to bodily injury by accident or bodily injury by disease, including resulting death, subject to the following conditions:

1. The bodily injury must arise out of and in the course of the injured employee's employment by the **Participating Member**.
2. The employment must be necessary or incidental to the **Participating Member's** work in the State of California.
3. Bodily injury by accident must occur during the **Program Period**.
4. Bodily injury by disease must be caused or aggravated by the conditions of the **Participating Member's** employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the **Program Period**.

5. If the **Participating Member** is sued, the suit and any related legal actions for damages for bodily injury by accident or by disease must be brought under the laws of the State of California.

B. PAYMENTS AND DEFENSE BY THE PROGRAM

Subject to all of the provisions in this Memorandum, the **Authority** shall cause the **Program** to:

1. Pay all sums the **Participating Member** legally must pay as damages because of bodily injury to its employees eligible for benefits under this **Program**, provided the bodily injury is covered by this employer's liability protection. The damages the **Authority** will pay, where recovery is permitted by law, include damages:
 - a. for which the **Participating Member** is liable to a third party by reason for a claim or suit against the **Participating Member** by that third party to recover the damages claimed against such third party as a result of injury to the **Participating Member's** employee;
 - b. for care and loss of services; and
 - c. for consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee;provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by the **Participating Member**; and
 - d. because of bodily injury to the **Participating Member's** employee that arises out of and in the course of employment claimed against the **Participating Member** in a capacity other than as employer.
2. Defend, at the **Program's** expense, any claim, proceeding or suit against the **Participating Member** for damages payable by this protection. The **Authority** has the right to investigate and settle these claims, proceedings and suits.

The **Authority** has no duty to defend a claim, proceeding or suit that is not covered by this **Program**.
3. Pay the following costs, in addition to the other amounts payable under this employer's liability protection, as part of any claim, proceeding or suit the **Authority** defends:
 - a. reasonable expenses incurred at the **Authority's** request, but not loss of earnings;
 - b. premiums for bonds to release attachments and for appeal bonds in bond amounts up to twice the Maximum Amount of Protection under this **Program**;
 - c. litigation costs taxed against the **Participating Member**;
 - d. interest on a judgment as required by law; and
 - e. expenses the **Authority** incurs on behalf of the **Program**.

C. EXCLUSIONS

This **Memorandum** shall not apply to:

1. liability assumed under a contract. This limitation does not apply to a warranty that the **Participating Member's** work will be done in a workmanlike manner;
2. punitive or exemplary damages;
3. bodily injury to an employee while employed in violation of law with the actual knowledge of any of the **Participating Member's** executive officers;
4. any obligation imposed by a workers' compensation, occupational disease, unemployment compensation or disability benefits law, or any similar law;
5. bodily injury intentionally caused or aggravated by the **Participating Member**;
6. bodily injury or damages of any kind arising out of termination or discharge of any employee; or
7. bodily injury or damages of any kind arising out of the coercion, demotion, reassignment, discipline, defamation, sexual or other harassment or humiliation of, or discrimination against any employee. Notwithstanding the foregoing, the **Authority** will defend the **Participating Member** with counsel selected by the **Authority** against that portion of any civil claim, proceeding, or suit which alleges that the **Participating Member** engaged in a violation of Labor Code Section 132a;

~~The **Memorandum** shall not apply to claims involving a waiver of subrogation approved by a **Participating Member** after the date of injury or illness that resulted in the claim. This exclusion does not apply to a waiver of subrogation contained in an agreement or contract that was approved by the **Participating Member** prior to the date of injury or illness that resulted in the claim, provided that the **Authority's** approval was first obtained.~~

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D. RECOVERY FROM OTHERS

On behalf of the **Program**, the **Authority** may enforce the **Participating Member's** rights, and the rights of persons entitled to the benefits of this **Program**, to recover the **Program's** payments for anyone liable for the injury. The **Participating Member** will do everything necessary to protect those rights for the **Program** and to help the **Authority** enforce them.

E. ACTIONS AGAINST THE AUTHORITY OR PROGRAM

There will be no right of action against the **Authority** or **Program** under this employer's liability protection unless:

1. The **Participating Member** has complied with all the terms of this **Memorandum**; and
2. The amount the **Participating Member** owes has been determined with the **Authority's** consent or by actual trial and final judgment.

This **Memorandum** does not give anyone the right to add the **Authority** or **Program** as a defendant in an action against the **Participating Member** to determine the **Participating Member's** liability.

SECTION V - COVERAGE OUTSIDE CALIFORNIA

Coverage under this Section V is identical to **Section III - WORKERS' COMPENSATION** of this **Memorandum**. It applies to the **Participating Member's** employees who are hired in California and are eligible for benefits under this **Program** while they are working anywhere outside of California.

SECTION VI - THE PROGRAM'S LIMITS OF LIABILITY

For workers' compensation, the **Program's** responsibility to pay benefits is limited to the amount shown in paragraph 5.a. of the Cover Page. For employer's liability the **Program's** responsibility to pay damages is limited to the amount shown in paragraph 5.b of the Cover Page. The total amount payable for workers' compensation and employer's liability combined is limited to the amount shown in paragraph 5.c of the Cover Page. The **Participating Member** shall pay for its own account any loss up to the amount stated in the Cover Page as the **Participating Member's Retained Limit**.

The maximum amounts of coverage on the Cover Page apply to benefits or damages paid by the **Program** on behalf of the **Participating Member**:

1. To one or more employees because of bodily injury or death in any one accident, or
2. To any one employee for bodily injury or death by disease.

The **Authority** will not pay any claims for benefits or damages after the **Program** has paid the maximum amounts of coverage as explained above.

SECTION VII - PARTICIPATING MEMBER'S DUTIES IF INJURY OCCURS

The **Participating Member** shall notify the **Authority** of any injury which occurs that is reasonably likely to be covered by this **Memorandum**. The **Participating Member** shall notify the **Authority** in writing of any claim, either paid or reserved, for 50% or more of the **Participating Member's** retention stated in Item 5 of the **Memorandum** Cover Page due to any of the following events: Claim, award, verdict, action, suit, proceeding or judgment. The **Participating Member** must also give the **Authority** immediate written notice of any injury ~~involved in~~ involving the following types of accidents:

1. A fatality;
2. An amputation of a major extremity;
3. Any serious head injury (including skull fracture or loss of sight of either or both eyes);
4. Any injury to the spinal cord;
5. Any second or third degree burn of 25% or more of the body;
6. Any accident which causes serious injury to two or more employees;

7. Any disability of more than one year, or when it appears reasonably likely that there will be a disability of more than one year.
8. Any claim believed to be fraudulent and \$20,000 or more has been paid in allocated expenses;
9. Any claim likely to result in a permanent disability of 50% or more; or
10. Any exposure to bloodborne pathogens or infectious disease.

Notice of accident given to the **Authority** shall contain complete details of the injury, disease or death. If a suit, claim or other proceeding is commenced because of an injury listed above, or of any injury which appears to involve coverage by the **Authority**, the **Participating Member** shall give the **Authority**:

- A. All notices and legal papers related to the claim, proceeding or suit; or copies of these notices and legal papers; and
- B. Copies of reports on investigations made by the **Participating Member** on such claims, proceedings or suits.

No **Claim** shall be settled for an amount in excess of the **Retained Limit** without the prior written consent of the **Authority** and the **Authority** shall not be required to contribute to any settlement to which it has not consented.

If the **Participating Member's Retained Limit** has already been expended the **Authority** shall have the sole discretion to control, including settlement, the **Claim**. Any such decision to settle shall be final.

If the **Participating Member's Retained Limit** has not been expended, (i.e., the **Participating Member** will have to contribute funds to effectuate the settlement), then the consent of the **Participating Member** to any settlement shall be required. If however, the **Participating Member** refuses to consent to any settlement or compromise recommended by the **Authority** or its Claim Administrator and elects instead to continue to contest the **Claim**, then the **Authority's** liability shall not exceed the amount for which the **Authority** would have been able to settle the **Claim** plus Defense Costs at the time the **Claim** could have been settled or compromised.

SECTION VIII. ~~PREMIUM CONTRIBUTION~~

A. ~~PREMIUM CONTRIBUTION~~ PAYMENTS

The Covered Member will pay all ~~premium contributions~~ and assessments when due.

B. DEPOSIT ~~PREMIUM CONTRIBUTION~~

At the beginning of each program year, the **Participating Member** must pay the Authority the deposit ~~premium contribution~~ indicated on the annual billing mailed to each **Participating Member**. At the end of the program year, a payroll audit will be conducted and:

1. The **Participating Member** will owe the **Authority** the amount by which the final ~~premiumcontribution~~ is greater than the deposit ~~premiumcontribution~~; or
2. The **Authority** will issue a credit memo to the **Participating Member** for the amount by which the deposit ~~premiumcontribution~~ is greater than the final ~~premiumcontribution~~.

C. **FINAL ~~PREMIUMCONTRIBUTION~~**

The deposit ~~premiumcontribution~~ indicated on the annual billing is an estimate. The final ~~premiumcontribution~~ will be determined after the end of the program year by using actual, not the estimated, ~~premiumcontribution~~ basis which includes payroll and all other remuneration paid or payable during the program year for the services of:

1. All the **Participating Member's** officers and employees engaged in work covered by this **Memorandum**; and
2. All other persons engaged in work that could make the **Authority** liable under Part One (workers' compensation insurance) of this **Memorandum**. If the **Participating Member** does not have payroll records for these persons, the contract price for their services and materials may be used as the ~~premiumcontribution~~ basis. This paragraph 2 will not apply if the **Participating Member** gives the **Authority** proof that the employers of these persons lawfully secured their workers' compensation obligations.

D. **RECORDS**

The **Participating Member** will keep records of information needed to compute ~~premiumcontributions~~. The **Participating Member** will provide the **Authority** with copies of those records upon the **Authority's** request.

^s E. **FINANCIAL AUDIT**

The **Covered Member** will allow the **Authority** to examine and audit all of the **Participating Member's** records that relate to this **Memorandum**. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and computer programs for storing and retrieving data. The **Authority** may conduct the audits during regular business hours during the program year and within three (3) years after the program year ends. Information developed by audit will be used to determine final ~~premiumcontributions~~.

SECTION IX – CONDITIONS

A. **INSPECTION**

The **Authority** has the right, but is not obligated, to inspect the **Participating Member's** workplaces at any time. The **Authority's** inspections may relate to the health, safety or other conditions of the workplace. The **Authority** may give the **Participating Member** reports on the conditions found and may also recommend changes. While these recommendations may help reduce losses, the **Authority** does not undertake to perform the duty of any person to provide for the health or safety of the **Participating Member's** employees or the public. The **Authority** does not warrant that the **Participating Member's** workplaces are safe or healthful or that they comply with laws, regulations, codes or standards.

B. OTHER PROTECTION OR COVERAGES

If there is any other indemnity, insurance or reinsurance protecting against benefits, damages or expenses covered by this **Program**, the protection afforded by this **Program** shall apply excess of any other such indemnity, insurance or reinsurance unless such other indemnity, insurance or reinsurance specifically applies to this **Program**.

C. WITHDRAWAL AND EXPULSION

The rights and obligations of the **Participating Member** and the **Authority** with regard to the withdrawal of expulsion of the **Participating Member** are set forth in the **Joint Powers Agreement**.

D. ASSIGNMENT OR TRANSFER

No transfer or assignment of the rights or duties of the **Participating Member** shall be binding on the **Program** or the **Authority**, without the **Authority's** written consent.

E. QUALIFIED SELF-INSURER

The **Participating Member** represents that (1) it is a duly qualified self-insurer for workers' compensation and employer's liability under the laws and regulations of the State of California and (2) it will continue to maintain such qualifications during the **Program Period**. If the **Participating Member** should terminate such qualification of the **Participating Member** as a self-insurer is cancelled or revoked during the **Program Period**, this **Program** shall be cancelled automatically, with no requirement to give notice to the **Participating Member**, effective the date and time of termination, cancellation or revocation of such self-insurer qualification.

F. VENUE

In the event of any dispute between a **Participating Member** and the **Authority** concerning the coverage provided by this **Memorandum**, the place of venue for any suit concerning such coverage dispute shall be the County of Sacramento, and any action concerning such dispute shall be filed in the Superior Court for the County of Sacramento, California.

G. RELATIONSHIP TO JOINT POWERS AGREEMENT

The provisions of this **Memorandum** are subject to and subordinate to the terms and conditions of the **Joint Powers Agreement** creating CIRA and, in the event of any conflict between the terms and conditions of said **Agreement** and this **Memorandum**, the terms and conditions of the **Agreement** shall control.

H. APPEAL OF DISPUTES WITH AUTHORITY

Any disputes concerning coverage or procedures of the **Program** may be appealed only to the **Authority's** Board of Directors in the manner and form that it may from time to time determine.

RESOLUTION NO. 2018-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
PUBLIC AGENCY RISK SHARING AUTHORITY OF
CALIFORNIA (PARSAC) ADOPTING A WORKERS'
COMPENSATION PROGRAM FUNDING POLICY
INCLUDING RATE STABILIZATION FUND**

WHEREAS, PARSAC seeks to develop a prudently funded program utilizing an annual actuarial study to estimate the Workers' Compensation Program's ultimate losses and funding levels; and

WHEREAS, PARSAC has set a target equity goal of five times the Self-Insured Retention (SIR) to ensure financial stability and flexibility; and

WHEREAS, PARSAC will create and maintain a Rate Stabilization Fund in order to mitigate the effect of rate increases; and

WHEREAS, the Board of Directors desire to have a comprehensive review of PARSAC's financial position before deciding on an equity distribution; and

WHEREAS, PARSAC has determined that the establishment and monitoring of four benchmarks attached as Appendix A in conjunction with the Retrospective Premium Adjustment (RPA) calculation will enhance the Board's understanding of PARSAC's overall financial position.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Public Agency Risk Sharing Authority of California that the Workers' Compensation Funding Policy shall be adopted as follows:

1. Funding for each year will be at the 75% confidence level at the Board of Director's discretion.
2. The target equity goal is set at five times the \$500,000 SIR or \$2.5 million.
3. A Rate Stabilization Fund in an amount not to exceed \$500,000 shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The Fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% capacity.
4. Funding in excess of the 90% confidence level excluding target equity and Rate Stabilization Fund will be available for distribution at the Board of Director's discretion.
5. If the overall confidence level falls below 70% according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.
6. Upon completing seven years, a program year shall be available for Retrospective Premium Adjustment (RPA).

RESOLUTION NO. 2018-06

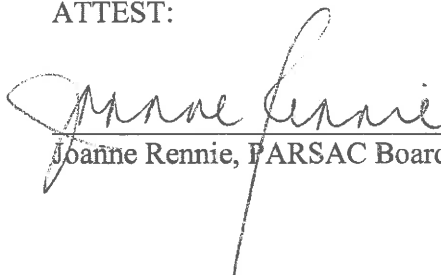
7. RPA distributions will be made in the following percentages:

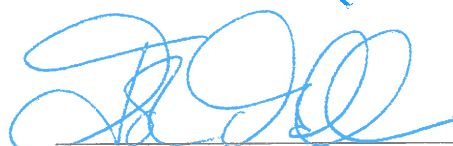
50% of equity in year 8	80% of equity in year 11
60% of equity in year 9	90% of equity in year 12
70% of equity in year 10	
8. Program years may be considered for closure 15 years after the year-end, and it has been at least one year since closure of the last claim in the proposed year(s). Once declared closed, 100% of remaining equity may be distributed to members through the RPA.
9. If a claim is reported or reopened after a year has been closed and equity returned, the Target Equity reserve will be used first to cover the deficit.
10. The four benchmarks in Appendix A will be reviewed before an RPA is issued.

Effective Date. This Resolution shall become effective upon approval by two-thirds of the Board of Directors present and voting and shall replace Resolution 2013-02.

ADOPTED this 29th day of November, 2018.

ATTEST:


Joanne Rennie, PARSAC Board Secretary


John Gillison, President
PARSAC Board of Directors

RESOLUTION NO. 2018-06

APPENDIX A - FINANCIAL BENCHMARKS

1. Net Contribution to Equity

Calculation: $(\text{Contribution} - \text{Excess Insurance}) / \text{Equity}$

Measures the impact of pricing inaccuracies on equity (a low ratio is desirable). A low ratio indicates that more equity is available to cover under-charged years. The target is less than 200%

2. Claim Reserves and IBNR to Equity

Calculation: $(\text{Claim Reserves} + \text{IBNR} + \text{ULAE}) / \text{Equity}$

Measures the impact of reserves inaccuracies on equity (a low ratio is desirable). A low ratio indicates more equity available to cover years with large losses. The target is less than 300%

3. Prior Year Loss Development

Calculation: $(\text{Year 1 Loss reserves} / \text{Year 2 Loss reserves}) / (\text{Yr 2} / \text{Yr 3}) - 1$

Measures the change in loss reserves from one year to the prior year. A lower ratio indicates not much change in reserves between years. Target of less than 20% is desirable.

4. Change in Equity

Calculation: $(\text{Year 2 Equity} / \text{Year 1 Equity}) - 1$

Measures the change in equity. Any increase is desirable. The target is less than 10%.

RESOLUTION NO. 2018-05

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUBLIC AGENCY RISK SHARING AUTHORITY OF CALIFORNIA ADOPTING A LIABILITY PROGRAM FUNDING POLICY INCLUDING RATE STABILIZATION FUND

WHEREAS, PARSAC seeks to develop a prudently funded program utilizing an annual actuarial study to estimate the Liability Program's ultimate losses and funding levels; and

WHEREAS, PARSAC has set a target equity goal of \$5 million to give the agency the flexibility to increase the pool's self-insured retention (SIR) to \$1 million; and

WHEREAS, PARSAC has created and will maintain a Rate Stabilization Fund in order to mitigate the effect of rate increases; and

WHEREAS, the Board of Directors desires to have a comprehensive review of PARSAC's financial position before deciding on an equity distribution; and

WHEREAS, PARSAC has determined that the establishment and monitoring of four benchmarks attached as Appendix A in conjunction with the Retrospective Premium Adjustment (RPA) calculation will provide the Board with an overall understanding of PARSAC's financial position.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of PARSAC that the Liability Program Funding Policy shall be adopted as follows:

1. Funding for each year will be at the 85% confidence level or at the Board of Director's discretion.
2. The target equity is set at five times a \$1 million SIR or \$5 million.
3. A Rate Stabilization Fund in an amount not to exceed \$750,000 shall be maintained to off-set pool and excess rate increases as determined by the Board of Directors. The fund will be replenished prospectively at the Board of Director's discretion when the fund falls below 50% of capacity.
4. Funding in excess of the 90% confidence level excluding Target Equity and Designated Equity, will be available for distribution at the Board of Director's discretion.
5. If the overall confidence level falls below 70% according to actuarial projections, the Board of Directors may declare an assessment to be shared by all program participants.

6. Upon completing five years, a program year shall be available for RPA.
7. The maximum distribution will be calculated in the following percentages. The distribution will be based on the lower of this item or #4 above.

50% of equity in year 6

80% of equity in year 9

60% of equity in year 7


90% of equity in year 10

70% of equity in year 8

8. If there are no open claims for a program year, then the year will be declared closed and 100% may be distributed to members through the RPA.
9. The four benchmarks in Appendix A will be reviewed before an RPA is issued.

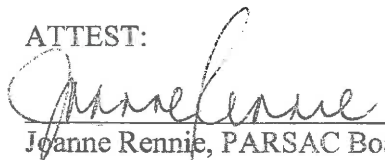
Effective Date. This Resolution shall become effective upon approval by two-thirds of the Board of Directors present and voting and replaces Resolution 2014-03.

ADOPTED this 29th, of November 2018.



John Gillison, President
PARSAC BOARD OF DIRECTORS

ATTEST:



Joanne Rennie, PARSAC Board Secretary

APPENDIX A - FINANCIAL BENCHMARKS

1. Net Contribution to Equity

Calculation: $(\text{Contribution} - \text{Excess Insurance}) / \text{Equity}$

Measures the impact of pricing inaccuracies on equity (a low ratio is desirable). A low ratio indicates that more equity is available to cover under-charged years. The target is less than 200%

2. Claim Reserves and IBNR to Equity

Calculation: $(\text{Claim Reserves} + \text{IBNR} + \text{ULAE}) / \text{Equity}$

Measures the impact of reserves inaccuracies on equity (a low ratio is desirable). A low ratio indicates more equity available to cover years with large losses. The target is less than 300%

3. Prior Year Loss Development

Calculation: $(\text{Year 1 Loss reserves} / \text{Year 2 Loss reserves}) / (\text{Yr 2} / \text{Yr 3}) - 1$

Measures the change in loss reserves from one year to the prior year. A lower ratio indicates not much change in reserves between years. Target of less than 20% is desirable.

4. Change in Equity

Calculation: $(\text{Year 2 Equity} / \text{Year 1 Equity}) - 1$

Measures the change in equity. Any increase is desirable. The target is less than 10%.

RESOLUTION NO. 2017-04

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE PUBLIC
AGENCY RISK SHARING AUTHORITY OF CALIFORNIA ADOPTING
AN EXCESS DIVIDEND POLICY**

WHEREAS, the Public Agency Risk Sharing Authority of California (PARSAC) conducts an actuarial study each year to determine the Liability Program's ultimate expected losses within its self-insured retention; and

WHEREAS, a financial reconciliation of each Program Year will be made by PARSAC to determine whether Deposit Premiums collected for funding the Program's self-insured retention for that Program Year are sufficient to cover the costs, expenses, and exposures through the Program's Retrospective Premium Adjustment formula; and

WHEREAS, PARSAC participates in excess risk sharing programs for coverage above its self-insured retention; and

WHEREAS, PARSAC may receive dividends or assessments from excess provider(s); and

WHEREAS, excess dividends and assessments are not determined by PARSAC through the Retrospective Premium Adjustment formula and are not considered equity nor a Retrospective Premium Adjustment; and

WHEREAS, the Board of Directors has sole discretion in determining the best use of excess dividends; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of PARSAC that an Excess Dividend Allocation Plan shall be adopted per the following:

1. If excess dividends are returned to members, it shall be returned in the same manner which they were collected, *i.e.* payroll.
2. If excess dividends are returned to members, it shall not be returned to a withdrawn member until all years for which the withdrawn member participated in PARSAC are closed. If a withdrawn member has a deficit balance in any Program Year, the withdrawn member's excess dividend shall be used to offset all deficits before any funds are returned.
3. Excess dividends may not be returned to members, either existing or withdrawn, as dividends and may be allocated for other purposes, including but not limited to, rate stabilization fund, grant program, training, or funding other programs.

Effective Date. This Resolution shall become effective upon approval by two-thirds of the Board of Directors present and voting.

ADOPTED this 30th day of November, 2017.

ATTEST:



Joanne Rennie, PARSAC Board Secretary



John Gillison, President
PARSAC Board of Directors

AGENDA ITEM SUMMARY

ITEM 10.0

TITLE: PRELIMINARY ESTIMATED CONTRIBUTIONS (PREMIUMS) FOR FY 20-21

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER; RITESH SHARMA, FINANCE DIRECTOR

ISSUE

The preliminary estimated contributions (premiums) for the workers' compensation, liability, auto physical damage (APD) and property programs are provided for informational purposes only. In addition, a summary of preliminary pass-through coverages contributions is included.

This is provided as preliminary estimated contributions ONLY, utilizing the funding rate with the 06/30/19 loss data. An actuarial report using 12/31/19 data will be completed.

BACKGROUND

At the September 26, 2019 Board of Directors meeting, the Board approved both the liability and workers' compensation actuarial report that was completed for purposes of the outstanding financial liability on the financial statement (for FY 18-19, outstanding liability as of 06/30/19). This report also provided projected rates for the FY 20-21.

Prior to FY 19-20, REMIF has used liabilities as of 6/30/18 to book outstanding liabilities AND for funding. For FY 19-20, REMIF changed funding methodology and moved to a funding model based on 12/31/18 data.

Attached are the preliminary estimated contributions for the workers' compensation, liability, auto physical damage (APD) and property programs. The changes for the preliminary contributions are summarized below:

Workers' Compensation contributions, overall, are projected to increase 16% from FY 19-20.

- Estimated payroll is projected to increase 14% from FY 19-20; We are using actual payroll from FY 18-19 and trending it with a 3% annual increase (increasing it for FY 19-20 and then for FY 20-21);
- Funding rate is projected to increase 4% to \$4.11;
- REMIF funds at 75% confidence level;
- Administration expenses are projected to increase 9% from FY 19-20.

Liability contributions are projected to increase 22% from FY 19-20.

- Estimated payroll is projected to increase 14% from FY 19-20; we are using actual payroll from FY 18-19 and trending it with a 3% annual increase (increasing it for FY 19-20 and then for FY 20-21);
- Funding rate is projected to increase 7% to \$2.15;
- REMIF funds at 75% confidence level;
- Administration expenses is projected to increase 22% from FY 19-20; excess insurance is expected to increase by 30% and administration expenses is expected to increase 3%.

APD contributions are projected to increase 18% from FY 19-20.

- APD Program is fully insured with excess carrier;
- Rates are projected to increase 20% from FY 19-20;
- Admin cost is projected to increase by 5% from FY 19-20.

Property contributions are projected to increase 26% from FY 19-20.

- Funding the primary layer at \$500K;
- Excess premiums is projected to increase 30% from FY 19-20;
- Admin cost is projected to increase by 5% from FY 19-20;
- Property projections do not include funding for pass-through DIC/Earthquake and High Flood Zone coverage premiums.

Workers' compensation and liability contributions included updated ex-mod, which were calculated using the following parameters:

- Loss data from 12/31/19; individual losses limited to REMIF SIR;
- Five-year range (FY 14-15 to FY 18-19) of payroll and loss data to determine expected and actual losses;
- Credibility factor at .5 the entire group;
- Ex-mod factor is capped between 70% on the low end and 200% at the high end;
- Change in ex-mod from prior year capped at 30%.

To be transparent to the Board of Directors, REMIF staff also included a summary of preliminary pass-through coverages contributions by member.

Updated estimates will be provided AFTER the actuarial study for funding is complete & additional data has been received from membership and CJPRMA.

FISCAL IMPACT

Unknown

RECOMMENDED ACTION

None. Provided as information and preliminary only.

ATTACHMENT

Preliminary Summary Indications of Member Contributions and Assessment for Fiscal Year 2020-2021

- Preliminary Workers' Compensation Member Contributions FY 20-21
- Workers' Compensation Experience Modification
- Preliminary Liability Member Contributions FY 20-21
- Liability Experience Modification
- Preliminary Property Contributions FY 20-21
- Preliminary Auto Physical Damage Contributions FY 20-21

Preliminary Summary of Pass-through Coverages for Fiscal Year 2020-2021

REMIF

PRELIMINARY SUMMARY INDICATIONS OF MEMBER CONTRIBUTIONS AND ASSESSMENTS FOR FISCAL YEAR 2020-2021

Note:	Annual Workers' Compensation Contributions (a)	Annual Liability Contributions (b)	Annual Property Contributions (Does not include DIC/Earthquake or High Flood Zone) (c)	Annual APD (Auto) Contributions (d)	Assessments		Total Annual Contributions (f)	2019-2020 Approved Contributions (g)	\$ Variance (h)	% Variance (i)
					Work Comp Fund (e)	Liability Fund (e)				
ARCATA	\$ 547,595	\$ 344,643	\$ 91,721	\$ 18,770	\$ 63,782	\$ 35,658	\$ 1,102,169	\$ 956,661	\$ 145,508	15.2%
CLOVERDALE	398,782	204,248	53,893	8,110	33,529	15,539	714,101	658,746	55,355	8.4%
COTATI	230,789	148,170	29,956	8,411	24,073	17,467	458,866	341,388	117,478	34.4%
EUREKA	876,453	806,726	231,426	24,310	134,452	77,964	2,151,331	1,806,821	344,510	19.1%
FORT BRAGG	195,550	144,232	75,872	7,797	36,015	21,776	481,242	431,095	50,147	11.6%
FORTUNA	286,038	193,536	69,749	11,739	31,895	30,009	622,966	632,972	(10,006)	-1.6%
HEALDSBURG	822,107	488,111	146,388	22,044	91,082	46,860	1,616,592	1,376,236	240,356	17.5%
LAKEPORT	284,509	178,777	66,313	17,826	34,978	17,830	600,233	419,946	180,287	42.9%
ROHNERT PARK	1,306,789	832,408	150,142	30,194	155,265	61,738	2,536,536	2,196,498	340,038	15.5%
SEBASTOPOL	446,548	329,553	47,351	12,346	40,421	25,565	901,784	834,482	67,302	8.1%
SONOMA	176,266	246,714	41,283	5,680	57,250	28,101	555,294	501,328	53,966	10.8%
SAINT HELENA	389,345	227,237	92,187	16,198	50,257	23,905	799,129	696,139	102,990	14.8%
UKIAH	1,464,269	538,959	215,826	49,437	143,486	49,583	2,461,560	1,922,958	538,602	28.0%
WILLITS	338,281	325,668	68,706	10,308	52,668	14,901	810,532	650,726	159,806	24.6%
WINDSOR	395,916	460,927	123,679	11,284	50,847	33,104	1,075,757	986,923	88,834	9.0%
REMIF			1,999				1,999	1,583	416	26.3%
TOTAL	\$ 8,159,237	\$ 5,469,909	\$ 1,506,491	\$ 254,454	\$ 1,000,000	\$ 500,000	\$ 16,890,091	\$ 14,414,502	\$ 2,475,589	17.2%
2019-2020 Totals	\$7,027,599	\$4,478,612	\$1,192,493	\$ 215,798	\$1,000,000	\$500,000	\$14,414,502			
\$ Variance	\$1,131,638	\$991,297	\$313,998	\$38,656	\$0	\$0	\$2,475,589			
% Variance	16%	22%	26%	18%	0%	0%	17%			

Note:

- (a) Workers' Compensation contributions are presented using the loss data (2015-2019) as of December 31, 2019 and payroll from 2015-2019.
- (b) Liability contributions are presented using the loss data (2015-2019) as of December 31, 2019 and payroll from 2015-2019.
- (c) Property program is trended to increase by 26% from 2019-2020. This includes funding for the primary layer and excess with CJPRMA.
- (d) APD program, which is fully insured through CJPRMA, is trended to increase 18% from 2019-2020.
- (e) Work Comp and Lab Fund Assessments were approved by the Board, on 3/22/18, to be paid annually; \$6M over 6 years (w/c), and \$2.5M over 5 years (liab).

REMIF
PRELIMINARY OF WORKERS' COMPENSATION CONTRIBUTIONS 20-21

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
	Payroll 2018-19 (a)	% of Total Payroll	Experience Mod	Deductible Discount	Gross Payroll (a) x (c) x (d)	% of Gross Payroll	2020-21 Funding Losses	Expenses	2020-21 Premium (g) + (h)	Final 2019-20 Premium	Change From Prior Year	Percent Change (i-j) / (j)
ARCATA	9,063,566	7.27%	89%	80%	6,487,260	6.71%	438,093	109,502	547,595	524,798	22,797	4%
CLOVERDALE	3,860,998	3.09%	153%	80%	4,724,300	4.89%	319,038	79,744	398,782	352,229	46,553	13%
COTATI	3,565,709	2.86%	96%	80%	2,734,110	2.83%	184,638	46,151	230,789	144,760	86,029	59%
EUREKA	15,055,008	12.07%	92%	75%	10,383,170	10.74%	701,189	175,264	876,453	747,675	128,778	17%
FORT BRAGG	3,643,404	2.92%	79%	80%	2,316,640	2.40%	156,446	39,104	195,550	183,541	12,009	7%
FORTUNA	4,852,696	3.89%	87%	80%	3,388,640	3.51%	228,839	57,199	286,038	288,488	(2,450)	-1%
HEALDSBURG	15,580,372	12.49%	78%	80%	9,739,350	10.08%	657,711	164,396	822,107	732,986	89,121	12%
LAKEPORT	3,131,907	2.51%	135%	80%	3,370,530	3.49%	227,616	56,893	284,509	190,786	93,723	49%
ROHNERT PARK	20,025,580	16.05%	97%	80%	15,481,270	16.02%	1,045,471	261,318	1,306,789	1,297,094	9,695	1%
SEBASTOPOL	5,417,465	4.34%	122%	80%	5,290,170	5.47%	357,252	89,296	446,548	390,166	56,382	14%
SONOMA	2,919,946	2.34%	89%	80%	2,088,190	2.16%	141,018	35,248	176,266	141,675	34,591	24%
ST. HELENA	6,760,176	5.42%	85%	80%	4,612,500	4.77%	311,488	77,857	389,345	350,549	38,796	11%
UKIAH	18,774,000	15.05%	123%	75%	17,346,910	17.95%	1,171,460	292,809	1,464,269	1,075,652	388,617	36%
WILLITS	3,170,528	2.54%	158%	80%	4,007,550	4.15%	270,635	67,646	338,281	231,175	107,106	46%
WINDSOR	8,933,948	7.16%	70%	75%	4,690,320	4.85%	316,744	79,172	395,916	376,025	19,891	5%
TOTAL	<u>124,755,302</u>				<u>96,660,910</u>		<u>6,527,638</u>	<u>1,631,599</u>	<u>8,159,237</u>	<u>7,027,599</u>	<u>1,131,638</u>	<u>16%</u>
PRIOR YEAR TOTALS	<u>112,649,114</u>						<u>5,527,597</u>	<u>1,500,002</u>	<u>7,027,599</u>			
\$ Change	<u>12,106,188</u>						<u>1,000,041</u>	<u>131,597</u>	<u>1,131,638</u>			
% Change	<u>11%</u>						<u>18%</u>	<u>9%</u>	<u>16%</u>			

	Current Year	Prior Year	Change
Estimated Payroll for 20-21	\$132,352,900	\$ 116,028,588	14%
20/21 Payroll Rate per Actuary Report	\$4.11	3.97	4%
Funding at Expected	\$5,439,700	4,606,335	18%
75% confidence factor	1.20	1.20	0%
Funding Losses at REMIF Layer (undiscounted)	<u>\$6,527,640</u>	<u>\$ 5,527,602</u>	<u>18%</u>

- (a) Actual member payroll from 2018-2019.
(c) Experience modification factor approved at the January 2019 board meeting.
(d) Member deductible discount;
80% discount: \$ 5,000 deductible
75% discount: \$10,000 deductible
(g) Funding losses at REMIF layer allocated by member from column f
(h) Budgeted Expenses for 19-20 year, allocated by member from column f

WORKERS' COMPENSATION EXPERIENCE MODIFICATION
FY 2020-21

(a)	(b) (LIMITED TO SIR) REPORTED LOSSES FY 2015-19	(c) (b)/ (b total) PERCENT LOSSES	(d) PERCENT CHANGES IN LOSSES FY 2014-18	(e) TOTAL PAYROLL FY 2015-19	(f) (e)/ (e total) PERCENT	(g) PERCENT CHANGES IN PAYROLL FY 2014-18	(h) (c)/(f) INDICATED DIFFERENTIAL	(i) CREDIBILITY	(j) (h * i) + (i) EX-MOD FACTOR	(k) Revised EX-MOD FY 2020-21	(l) Approved EX-MOD FY 2019-20	(k - l) Change			
ARCATA	\$1,069,042	6.30%	\$1,279,060	-16.42%	\$43,618,217	7.98%	\$43,072,694	1.27%	0.7894	0.5	0.89	0.89	89%	91%	-2%
CLOVERDALE	\$1,175,830	6.92%	\$1,391,654	-15.51%	\$18,392,805	3.36%	\$17,120,377	7.43%	2.0590	0.5	1.53	1.53	153%	142%	11%
COTATI	\$388,388	2.29%	\$197,623	96.53%	\$13,642,039	2.49%	\$12,447,436	9.60%	0.9169	0.5	0.96	0.96	96%	72%	24%
EUREKA	\$1,861,259	10.96%	\$1,920,587	-3.09%	\$71,437,072	13.06%	\$74,563,555	-4.19%	0.8392	0.5	0.92	0.92	92%	86%	6%
FORT BRAGG	\$320,849	1.89%	\$428,980	-25.21%	\$17,526,410	3.20%	\$17,287,684	1.38%	0.5896	0.5	0.79	0.79	79%	85%	-5%
FORTUNA	\$512,500	3.02%	\$665,125	-22.95%	\$22,133,927	4.05%	\$21,184,658	4.48%	0.7457	0.5	0.87	0.87	87%	94%	-6%
HEALDSBURG	\$1,118,997	6.59%	\$1,219,830	-8.27%	\$64,041,787	11.71%	\$59,474,333	7.68%	0.5628	0.5	0.78	0.78	78%	79%	0%
LAKEPORT	\$910,144	5.36%	\$524,521	73.52%	\$14,043,251	2.57%	\$13,384,807	4.92%	2.0874	0.5	1.54	1.54	135%	105%	30%
ROHNERT PARK	\$2,415,536	14.23%	\$3,281,303	-26.38%	\$83,413,304	15.25%	\$78,538,018	6.21%	0.9327	0.5	0.97	0.97	97%	108%	-11%
SEBASTOPOL	\$1,072,312	6.32%	\$1,144,712	-6.32%	\$23,962,764	4.38%	\$22,347,654	7.23%	1.4413	0.5	1.22	1.22	122%	121%	1%
SONOMA	\$333,728	1.97%	\$232,037	43.83%	\$13,642,639	2.49%	\$13,061,769	4.45%	0.7879	0.5	0.89	0.89	89%	75%	15%
ST. HELENA	\$638,471	3.76%	\$665,675	-4.09%	\$29,136,722	5.33%	\$26,657,664	9.30%	0.7058	0.5	0.85	0.85	85%	85%	1%
UKIAH	\$3,530,568	20.79%	\$3,878,131	-8.96%	\$77,673,415	14.20%	\$70,281,633	10.52%	1.4640	0.5	1.23	1.23	123%	127%	-4%
WILLITS	\$1,342,370	7.91%	\$1,339,415	0.22%	\$14,306,096	2.62%	\$14,079,004	1.61%	3.0221	0.5	2.01	2.00	158%	128%	30%
WINDSOR	\$290,316	1.71%	\$578,449	-49.81%	\$39,923,818	7.30%	\$38,173,806	4.58%	0.2342	0.5	0.62	0.70	70%	71%	-1%
TOTAL	\$16,980,310		\$18,747,102		\$546,894,265		\$521,675,094								
PRIOR YEAR TOTAL	\$18,747,102				\$521,675,094										
CHANGE %	-9%				5%										

The Ex-Mod cannot vary by more than 30% in any one year, nor go above 200%, nor below 70%

REMIF
PRELIMINARY LIABILITY MEMBER CONTRIBUTIONS 2020-21

	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
	Auto Liability	General Liability	Manual Premium (a)+(b)	Experience Modification	Deductible Discount	Gross Loss Premium (c) x (d) x (e)	% of Loss of Premium (f)/ (f total)	Net Loss Premium	Expenses	2020-21 Contribution (h) + (i)	Final 2019-20 Contribution	Change from Last Year (j) - (k)	Percent Change
ARCATA	106,294	279,312	385,606	96%	80%	295,024	6.30%	215,150	129,493	344,643	243,901	100,742	41%
CLOVERDALE	44,242	134,900	179,142	122%	80%	174,843	3.73%	127,506	76,742	204,248	207,911	(3,663)	-2%
COTATI	52,186	105,385	157,571	101%	80%	126,838	2.71%	92,498	55,672	148,170	124,241	23,929	19%
EUREKA	235,112	630,501	865,613	119%	67%	690,582	14.75%	503,615	303,111	806,726	642,923	163,803	25%
FORT BRAGG	63,838	156,639	220,477	70%	80%	123,467	2.64%	90,040	54,192	144,232	123,092	21,140	17%
FORTUNA	104,871	190,974	295,845	70%	80%	165,673	3.54%	120,819	72,717	193,536	217,412	(23,876)	-11%
HEALDSBURG	90,778	601,089	691,867	75%	80%	417,838	8.92%	304,713	183,398	488,111	370,738	117,373	32%
LAKEPORT	74,193	105,624	179,817	113%	75%	153,038	3.27%	111,605	67,172	178,777	108,743	70,034	64%
ROHNERT PARK	204,395	539,334	743,729	143%	67%	712,567	15.22%	519,647	312,761	832,408	537,946	294,462	55%
SEBASTOPOL	80,158	183,002	263,160	134%	80%	282,108	6.02%	205,730	123,823	329,553	330,378	(825)	0%
SONOMA	33,613	275,734	309,347	85%	80%	211,195	4.51%	154,016	92,698	246,714	236,807	9,907	4%
ST.HELENA	69,583	236,229	305,812	85%	75%	194,522	4.15%	141,857	85,380	227,237	184,718	42,519	23%
UKIAH	198,256	785,464	983,720	70%	67%	461,365	9.85%	336,456	202,503	538,959	441,471	97,488	22%
WILLITS	78,175	129,155	207,330	168%	80%	278,782	5.95%	203,305	122,363	325,668	288,855	36,813	13%
WINDSOR	82,830	529,601	612,431	86%	75%	394,568	8.43%	287,743	173,184	460,927	419,476	41,451	10%
TOTAL	\$ 1,518,524	\$ 4,882,943	\$ 6,401,467			\$ 4,682,410		\$ 3,414,700	\$ 2,055,209	\$ 5,469,909	\$ 4,478,612	\$ 991,297	22%

PRIOR YEAR

	1,518,524	4,882,943	6,401,467	4,680,433	2,798,612	1,680,000	4,478,612
\$ Change	\$ -	\$ (0)	\$ (0)	\$ 1,977	\$ 616,088	\$ 375,209	\$ 991,297
% Change	0%	0%	0%	0%	22%	22%	22%

	Current Year	Prior Year	Change	
Estimated payroll for 20-21	\$ 132,352,900	\$ 116,028,588	14%	
Expected funding Rate for 20-21	2.15	2.01	7%	
Funding at Expected	2,845,587	2,332,175	22%	1,430,000 Excess Insurnace
Funding at 75% Confidence Level	1.20	1.20	0%	625,210 G&A expenses
Funding for REMIF Layer (Undiscounted)	\$ 3,414,700	\$ 2,798,610	22%	<u>2,055,210</u> Prjoected Expenses

- a) Auto Liability - Vehicle count from each member multiple by insurance rate.
b) General Liability - Budgeted expenditures by member
d) Experience Modification by member
e) Deductible Discount
80% discount: \$5,000 deductible
75% discount: \$10,000 deductible
67% discount: \$25,000 deductible
g) Percentage of Gross Loss Premium to the overall Gross Loss Premium by member
i) Expenses are projected based upon 19-20 budget.

LIABILITY EXPERIENCE MODIFICATION

FY 2020-21

(a)	(b) (LIMITED TO SIR) REPORTED LOSSES FY 2015-19	(c) PERCENT (b)/ (b Total)	(d) FY 2014-18 Losses PERCENT CHANGE IN LOSSES	(e) TOTAL PAYROLL FY 2015-19	(f) PERCENT (e)/ (e Total)	(g) FY 2014-18 Payroll PERCENT CHANGE IN PAYROLL	(h) INDICATED DIFFERENTIAL (c)/(f)	(i) CREDIBILITY	(j) EX-MOD FACTOR (h * i) + (j)	(k) CAPPED EX-MOD FY 2020-21	(l) Revised EX-MOD FY 2019-20	(k - l) Approved EX-MOD Change			
ARCATA	\$986,149	7.17%	\$675,627	45.96%	\$42,902,534	7.86%	\$42,343,427	1.32%	0.9127	0.5	0.96	0.96	96%	83%	13%
CLOVERDALE	\$261,751	1.90%	\$850,733	-69.23%	\$18,392,805	3.37%	\$17,120,377	7.43%	0.5651	0.5	0.78	0.78	122%	152%	-30%
COTATI	\$347,815	2.53%	\$197,532	76.08%	\$13,642,039	2.50%	\$12,447,436	9.60%	1.0124	0.5	1.01	1.01	101%	103%	-2%
EUREKA	\$2,485,327	18.07%	\$2,401,223	3.50%	\$71,437,072	13.08%	\$74,563,555	-4.19%	1.3815	0.5	1.19	1.19	119%	116%	3%
FORT BRAGG	\$169,856	1.23%	\$193,871	-12.39%	\$17,526,410	3.21%	\$17,287,684	1.38%	0.3848	0.5	0.69	0.70	70%	73%	-3%
FORTUNA	\$170,032	1.24%	\$83,665	103.23%	\$22,133,927	4.05%	\$21,184,658	4.48%	0.3050	0.5	0.65	0.70	70%	96%	-26%
HEALDSBURG	\$822,236	5.98%	\$544,863	50.91%	\$64,041,787	11.73%	\$59,474,333	7.68%	0.5098	0.5	0.75	0.75	75%	70%	5%
LAKEPORT	\$448,981	3.26%	\$224,296	100.17%	\$14,043,251	2.57%	\$13,384,807	4.92%	1.2695	0.5	1.13	1.13	113%	84%	29%
ROHNERT PARK	\$4,324,833	31.44%	\$2,412,826	79.24%	\$83,413,304	15.27%	\$78,538,018	6.21%	2.0588	0.5	1.53	1.53	143%	113%	30%
SEBASTOPOL	\$932,328	6.78%	\$1,245,876	-25.17%	\$23,962,764	4.39%	\$22,347,654	7.23%	1.5450	0.5	1.27	1.27	134%	164%	-30%
SONOMA	\$242,827	1.77%	\$416,001	-41.63%	\$13,642,639	2.50%	\$13,061,769	4.45%	0.7068	0.5	0.85	0.85	85%	100%	-15%
ST. HELENA	\$510,865	3.71%	\$445,395	14.70%	\$29,136,722	5.33%	\$26,657,664	9.30%	0.6962	0.5	0.85	0.85	85%	84%	1%
UKIAH	\$478,932	3.48%	\$562,072	-14.79%	\$77,673,415	14.22%	\$70,281,633	10.52%	0.2448	0.5	0.62	0.70	70%	70%	0%
WILLITS	\$850,820	6.19%	\$1,635,690	-47.98%	\$14,306,096	2.62%	\$14,079,004	1.61%	2.3616	0.5	1.68	1.68	168%	182%	-14%
WINDSOR	\$721,932	5.25%	\$848,288	-14.90%	\$39,923,818	7.31%	\$38,173,806	4.58%	0.7180	0.5	0.86	0.86	86%	95%	-9%
TOTAL	\$13,754,684		\$12,737,958		\$546,178,582		\$520,945,827								
PRIOR YEAR TOTAL	\$12,737,958				\$520,945,827										
% Change	8.0%				4.8%										

The Ex-Mod cannot vary by more than 30% in any one year, nor go above 200%, nor below 70%

REMIF
PRELIMINARY PROPERTY CONTRIBUTIONS 2020-21

Member Deductible at \$100K (\$500K for Wildfire), REMIF 2 Claims at \$300K and Excess Coverage at \$250K

	(a) 2019-20 VAR	(b) 2020-21 VAR	(c) Change from Prior Year (b) - (a)	(d) Net Premium (b)/(total (b)) * \$862,491	(e) Property Fund Admin Cost \$31,500 (f)/(k) * 30,000	(f) 2020-21 Total Premium (f) + (g)	(g) 2019-20 Total Premium	(h) Percent Change ((h) - (i)) / (i)
ARCATA	86,324,615	86,324,615	-	\$ 89,803	\$ 1,918	91,721	72,604	26%
CLOVERDALE	50,722,572	50,722,572	-	52,766	1,127	53,893	42,660	26%
COTATI	28,194,382	28,194,382	-	29,330	626	29,956	23,714	26%
EUREKA	217,810,621	217,810,621	-	226,587	4,839	231,426	183,190	26%
FORT BRAGG	71,408,944	71,408,944	-	74,286	1,586	75,872	60,058	26%
FORTUNA	65,646,267	65,646,267	-	68,291	1,458	69,749	55,212	26%
HEALDSBURG	137,775,265	137,775,265	-	143,327	3,061	146,388	115,875	26%
LAKEPORT	62,410,982	62,410,982	-	64,926	1,387	66,313	52,491	26%
ROHNERT PARK	141,308,861	141,308,861	-	147,003	3,139	150,142	118,848	26%
SEBASTOPOL	44,565,529	44,565,529	-	46,361	990	47,351	37,481	26%
SONOMA	38,853,991	38,853,991	-	40,420	863	41,283	32,678	26%
ST. HELENA	86,762,944	86,762,944	-	90,259	1,928	92,187	72,972	26%
UKIAH	203,128,442	203,128,442	-	211,313	4,513	215,826	170,841	26%
WILLITS	64,663,152	64,663,152	-	67,269	1,437	68,706	54,385	26%
WINDSOR	116,403,032	116,403,032	-	121,093	2,586	123,679	97,901	26%
REMIF	1,879,775	1,879,775	-	1,957	42	1,999	1,583	26%
TOTAL	1,417,859,374	1,417,859,374	-	\$ 1,474,991	\$ 31,500	\$ 1,506,491	\$ 1,192,493	26%
PRIOR YEAR	1,364,663,456	1,417,859,374						
\$ Change	53,195,918	-						
% Change	4%	0%						

a) 2019-20 VAR - number represents the total value of all property at risk for 19-20, obtained from CJPRMA.

b) 2020-21 VAR - number represents the total value of all property at risk 20-21, obtained from CJPRMA.

d) Manual Premium - based on composite rate.

e) Deductible Discount - All members are at \$50K member deductible.

g) Property Fund Admin Cost - Percentage of Net Premium by member to the overall Net Premium, multiply by Admin Cost.

Admin Cost obtained from Proposed 2019-2020 Budget.

i) 2020-21 Total Premium - Prior Year member premiums.

\$ 974,989	Excess Insurance Premium
500,000	Two self-funding claim within REMIF Layer
\$ 1,474,989	Funding at pool and excess layer

REMIF
PRELIMINARY AUTO PHYSICAL DAMAGE CONTRIBUTIONS 2020-2021
Member Deductible (\$10K), CJPRMA (above \$10K)

	(a) Total Number of Vehicles above \$10K	(b) Total Value of Vehicles above \$10K	(c) (b) x (.00) 0.00300 X/S Carrier Premium	(d) Pool Layer	(e) (c) + (d) Calculated Premium	(f) Auto Fund Admin Cost \$31,500	(g) (e) + (f) 2020-21 Total Contributions	(h) 2019-20 Total Premium	(i) Percentage Increase (Decrease)
ARCATA	100	\$ 5,481,894	\$ 16,446	\$ -	\$ 16,446	\$ 2,324	\$ 18,770	\$ 15,918	18%
CLOVERDALE	43	2,368,618	7,106	-	7,106	1,004	8,110	6,878	18%
COTATI	45	2,456,505	7,370	-	7,370	1,041	8,411	7,133	18%
EUREKA	192	7,100,334	21,301	-	21,301	3,009	24,310	20,617	18%
FORT BRAGG	53	2,277,487	6,832	-	6,832	965	7,797	6,613	18%
FORTUNA	91	3,428,696	10,286	-	10,286	1,453	11,739	9,956	18%
HEALDSBURG	92	6,438,223	19,315	-	19,315	2,729	22,044	18,695	18%
LAKEPORT	65	5,206,287	15,619	-	15,619	2,207	17,826	15,118	18%
ROHNERT PARK	152	8,818,710	26,456	-	26,456	3,738	30,194	25,607	18%
SEBASTOPOL	53	3,605,955	10,818	-	10,818	1,528	12,346	10,471	18%
SONOMA	43	1,658,922	4,977	-	4,977	703	5,680	4,817	18%
ST. HELENA	69	4,731,069	14,193	-	14,193	2,005	16,198	13,738	18%
UKIAH	179	14,438,899	43,317	-	43,317	6,120	49,437	41,925	18%
WILLITS	70	3,010,589	9,032	-	9,032	1,276	10,308	8,742	18%
WINDSOR	109	3,295,793	9,887	-	9,887	1,397	11,284	9,570	18%
TOTALS	1,356	\$ 74,317,981	\$ 222,955	\$ -	\$ 222,955	\$ 31,499	\$ 254,454	\$ 215,798	18%
PRIOR YEAR	1,356	74,317,981	185,798	-	185,798	30,000	215,798		
\$ Change	-	\$ -	\$ 37,157	\$ -	\$ 37,157	\$ 1,499	\$ 38,656		
% Change	0%	0%	20%	#DIV/0!	20%	5%	18%		

- a) Total Number of Vehicles above \$10K - updated by Anna Santos on 5/29/19.
b) Total Value of Vehicles above \$10K - updated by Anna Santos on 5/29/19.
c) Excess Carrier Premium - allocated using Insured Values
d) Self Insured layer allocation
e) Calculated premium
f) Auto Fund Admin Cost - obtained from proposed 2019-2020 budget.
g) Total Auto Contributions for 2020-20210.

REMIF

PRELIMINARY SUMMARY OF PASS-THROUGH COVERAGES FOR FISCAL YEAR 2020-2021

Note:	DIR OSIP (a)	DIC/Earthquake Coverage (b)	High Flood Zone Deductible Buy down (c)	Total Pass- through Coverages (f)	2019-2020 Approved Contributions (g)	\$ Variance (h)	% Variance (i)
ARCATA	\$ 11,587	\$ 62,470	\$ 2,580	\$ 76,638	\$ 60,738	\$ 15,900	26.2%
CLOVERDALE	33,944	45,583	59,156	138,683	115,219	23,464	20.4%
COTATI	7,181	24,150	-	31,331	25,105	6,226	24.8%
EUREKA	17,884	195,620	59,251	272,755	216,111	56,644	26.2%
FORT BRAGG	8,154	61,680	-	69,834	54,859	14,975	27.3%
FORTUNA	10,623	63,814	26,315	100,752	80,674	20,078	24.9%
HEALDSBURG	19,050	108,558	13,708	141,315	112,247	29,068	25.9%
LAKEPORT	8,020	39,228	12,067	59,315	47,522	11,793	24.8%
ROHNERT PARK	32,357	121,378	-	153,735	122,783	30,952	25.2%
SEBASTOPOL	27,975	35,413	41,812	105,200	87,516	17,684	20.2%
SONOMA	5,671	29,042	-	34,713	27,495	7,218	26.3%
SAINT HELENA	9,857	75,986	3,194	89,038	70,074	18,964	27.1%
UKIAH	35,870	159,461	38,930	234,261	187,713	46,548	24.8%
WILLITS	23,920	52,832	28,438	105,189	86,083	19,106	22.2%
WINDSOR	1,775	99,150	-	100,925	77,883	23,042	29.6%
TOTAL	\$ 253,867	\$ 1,174,365	\$ 285,451	\$ 1,713,683	\$ 1,372,022	\$ 341,661	24.9%
2019-2020 Totals	\$230,781	904,429	237,876	1,373,086			
\$ Variance	\$23,086	\$269,936	\$47,575	\$340,597			
% Variance	10.00%	29.85%	20.00%	24.81%			

Note:

(a) Department of Industrial Relation (DIR) Office of Self Insured Plans (OSIP) bill for claims payment made during the 2019-2020 year. This bill is allocated among the member by member claims paid.

(b) DIC/Earthquake coverage is projected to increase by 30% from prior year.

(c) High Flood Zone Deductible Buy down is expected to increase by 20% from prior year.

AGENDA ITEM SUMMARY

ITEM 11.0

TITLE: DRAFT ACTUARIAL REPORT, OTHER POST EMPLOYMENT BENEFITS

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

The Other Post-Employment Benefits (“OPEB”) actuarial report requires ratification by the Board of Directors. The attached OPEB actuarial study was completed for purposes of booking the outstanding financial liability on the financial statement (as of June 30, 2019) and for GASB 75 requirements.

BACKGROUND

Other Postemployment Benefits (or OPEB) are benefits (other than pensions) that public agencies and governments provide to their retired employees. These benefits primarily include medical benefits, but also may include dental coverage, vision coverage, life insurance, EAP and other services.

Unless there have been material changes in the plan benefits or members covered by the plan, typically a full actuarial valuation for OPEB is only required to be prepared every two years. However, updated GASB 75 exhibits and trust investment gains/losses must be reviewed annually. The reports prepared for the fiscal year between full actuarial valuations are sometimes referred to as ‘roll forward’ valuations or reports. We have the full actuarial evaluation and the ‘roll forward’ evaluation completed by Macleod & Watts.

The full actuarial valuation includes both the explicit subsidy liability (projecting retiree medical premiums projected to be paid by REMIF) plus the implicit subsidy liability (calculation of the difference between projected retiree medical and life insurance claims and the premiums expected to be charged for retiree coverage).

REMIF had a full GASB 75 evaluation completed as of June 30, 2018. Following completion of the valuation, the actuary prepared a GASB 75 report for REMIF’s fiscal year ending June 30, 2018. This report included applicable accounting exhibits and reflected REMIF’s current OPEB funding policy. The report also included a basic development of the Actuarially Determined Contributions levels for OPEB funding for the fiscal years ending June 30, 2019, 2020 and 2021.

Attached please find the ‘roll forward’ valuation as of June 30, 2019. The ‘roll forward’ valuation includes updated exhibits and gains/losses.

The reported assets of the OPEB fund are \$2,922,246 and the fiduciary net position is \$2,876,053, resulting in a net OPEB asset of \$552,606.

FISCAL IMPACT

None

RECOMMENDED ACTION

Staff recommends the Board approve the OPEB ‘roll forward’ valuation as of June 30, 2019.

ATTACHMENT

11.1 Draft GASB 75 Actuarial Report for the Fiscal Year ending June 30, 2019

MacLeod Watts

October 5, 2019

Amy Northam
General Manager
Redwood Empire Municipal Insurance Fund
414 W. Napa Street, 2nd Floor Suite C
Sonoma, CA 95476

Re: GASB 75 Actuarial Report for the Fiscal Year Ending June 30, 2019

Dear Ms. Northam:

We are pleased to enclose our actuarial report providing information for the accounting of other post-employment benefit (OPEB) liabilities of the Redwood Empire Municipal Insurance Fund (REMIF). The report's text describes our analysis and assumptions in detail.

The primary purpose of this report is to provide information required by GASB 75 ("Accounting and Financial Reporting for Postemployment Benefits Other Than Pension") to be reported in REMIF's financial statements for the fiscal year ending June 30, 2019. The information included in this report reflects the assumption that REMIF will maintain a funded ratio of 100% or continue contributing 100% or more of the Actuarially Determined Contributions each year.

The results presented are based on the results of an actuarial valuation prepared as of June 30, 2018 and on the employee data, details on plan benefits and retiree benefit payments reported to us by REMIF for that valuation. REMIF also provided information on contributions, trust activity and total covered employee payroll for the current fiscal year. As with any analysis, the soundness of the report is dependent on the inputs. Please review our summary of this information to be comfortable that it matches your records.

We appreciate the opportunity to work on this analysis and acknowledge the efforts of REMIF employees who provided valuable time and information to enable us to perform this valuation. Please let us know if we can be of further assistance.

Sincerely,

Catherine L. MacLeod, FSA, FCA, EA, MAAA
Principal and Consulting Actuary

Enclosure

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A. Executive Summary

This report presents the actuarial information for financial reporting of the Redwood Empire Municipal Insurance Fund (REMIF) other post-employment benefit (OPEB) program. The purpose of this valuation is to assess the OPEB liabilities and provide disclosure information as required by Statement No. 75 of the Governmental Accounting Standards Board (GASB 75) for the fiscal year ending June 30, 2019.

Important background information regarding the valuation process can be found in Addendum 1. We recommend users of the report read this information to familiarize themselves with the process and context of actuarial valuations, including the requirements of GASB 75. The pages following this executive summary present various exhibits and other relevant information appropriate for disclosures under GASB 75. We anticipate that an updated valuation will be needed prior to developing this information for REMIF's fiscal year ending June 30, 2020.

OPEB Obligations of REMIF

REMIF provides continuation of medical, dental, vision and/or life insurance coverage to its retiring employees. These benefits create the following types of OPEB liabilities:

- **Explicit subsidy liabilities:** An "explicit subsidy" exists when the employer contributes directly toward the cost of retiree benefits. In this program, REMIF contributes a portion of the medical, dental and vision premiums for qualifying retirees. Supporting Information Section 2A has details.

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. Any portion of such future excise tax paid by the employer is also a form of explicit subsidy, although this liability is quite small. See Supporting Information Section 2B and Section 3 for further description and assumptions made for potential excise tax.

- **Implicit subsidy liabilities:** An "implicit subsidy" exists when the premiums charged for retiree coverage are lower than the expected retiree claims for that coverage. We determine the implicit rate subsidy for retirees as the projected difference between (a) retiree medical claim costs by age and (b) premiums charged for retiree coverage. For more information on this process see Section 3 and Addendum 2: MacLeod Watts Age Rating Methodology.

The claims experience of active and retired members is co-mingled in setting premium rates for the **life insurance** plans in which REMIF employees and retirees participate. We believe an implicit subsidy of retiree premiums exists with respect to the life insurance plans because we expect retiree claims to exceed the premiums charged for retiree coverage.

We assumed no implicit subsidy exists for retiree dental or vision coverage.

OPEB Funding Policy

REMIF's OPEB funding policy affects the calculation of liabilities by impacting the discount rate that is used to develop the plan liability and expense. "Prefunding" is the term used when an agency consistently contributes an amount based on an actuarially determined contribution (ADC) each year. GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. Pay-as-you-go, or "PAYGO", is the term used when an agency only contributes the required retiree benefits when due. When an agency finances retiree benefits on a pay-as-you-go basis, GASB 75 requires the use of a discount rate equal to a 20-year high grade municipal bond rate.



Executive Summary

(Continued)

As of the measurement date, REMIF's OPEB trust assets exceed the Total OPEB Liability by a significant margin. Trust assets are also greater than the Actuarial Present Value of all Projected Future Benefits. If all assumptions used in this valuation are met, no future OPEB trust contributions should be required in the future. Therefore, with REMIF's approval, the discount rate used in this valuation is 5.0%, the long term expected return on trust assets, including some margin for adverse performance.

Actuarial Assumptions

The actuarial "demographic" assumptions (i.e. rates of retirement, death, disability or other termination of employment) used in this report were chosen, for the most part, to be the same as the actuarial demographic assumptions used for the most recent valuation of the retirement plan(s) covering REMIF employees. With only two current active members potentially eligible for benefits, we assumed 100% probability that both will remain with REMIF and qualify for benefits under the plan. Other assumptions, such as age-related healthcare claims, healthcare trend, retiree participation rates and spouse coverage, were selected based on demonstrated plan experience and/or our best estimate of expected future experience. All these assumptions, and more, impact expected future benefits. Please note that this valuation has been prepared on a closed group basis. This means that only employees and retirees present as of the valuation date are considered. We do not consider replacement employees for those we project to leave the current population of plan participants until the valuation date following their employment.

We emphasize that this actuarial valuation provides a projection of future results based on many assumptions. Actual results are likely to vary to some extent and we will continue to monitor these assumptions in future valuations. See Section 3 for a description of assumptions used in this valuation.

Important Dates Used in the Valuation

GASB 75 allows reporting liabilities as of any fiscal year end based on: (1) a *valuation date* no more than 30 months plus 1 day prior to the close of the fiscal year end; and (2) a *measurement date* up to one year prior to the close of the fiscal year. The following dates were used for this report:

Fiscal Year End	June 30, 2019
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	June 30, 2018 to June 30, 2019

Significant Results and Differences from the Prior Valuation

This report was prepared based on a roll forward of the June 30, 2018 actuarial valuation. No benefit changes and no material unanticipated changes in plan members or premium rates were reported to MacLeod Watts since the 2018 valuation was prepared. Accordingly, no plan experience was recognized, and no assumptions were changed. Actual trust investment income during the measurement period was about \$3,600 lower than expected. A portion of this loss is recognized this year and the remainder will be recognized in future years. See the schedule on page 12 for details.



Executive Summary

(Concluded)

Impact on Statement of Net Position and OPEB Expense for Fiscal 2019

The plan's impact to Net Position will be the sum of difference between assets and liabilities as of the measurement date plus the unrecognized net outflows and inflows of resources. Different recognition periods apply to deferred resources depending on their origin. The plan's impact on Net Position on the measurement date can be summarized as follows:

Items	For Reporting At Fiscal Year Ending June 30, 2019
Total OPEB Liability	\$ 2,323,447
Fiduciary Net Position	2,876,053
Net OPEB Liability (Asset)	(552,606)
Deferred (Outflows) of Resources	-
Deferred Inflows of Resources	22,783
Impact on Statement of Net Position	<u>\$ (529,823)</u>
 OPEB Expense, FYE 6/30/2019	 <u><u>\$ (38,096)</u></u>

Important Notices

This report is intended to be used only to present the actuarial information relating to other postemployment benefits for REMIF's financial statements. The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable. We note that various issues in this report may involve legal analysis of applicable law or regulations. REMIF should consult counsel on these matters; MacLeod Watts does not practice law and does not intend anything in this report to constitute legal advice. In addition, we recommend REMIF consult with their internal accounting staff or external auditor or accounting firm about the accounting treatment of OPEB liabilities.



B. Accounting Information (GASB 75)

The following exhibits are designed to satisfy the reporting and disclosure requirements of GASB 75 for the fiscal year end June 30, 2019. REMIF is classified for GASB 75 purposes as a single employer.

Components of Net Position and Expense

The exhibit below shows the development of Net Position and Expense as of the Measurement Date.

Plan Summary Information for FYE June 30, 2019 <i>Measurement Date is June 30, 2019</i>	REMIF
Items Impacting Net Position:	
Total OPEB Liability	\$ 2,323,447
Fiduciary Net Position	2,876,053
Net OPEB Liability (Asset)	(552,606)
Deferred (Outflows) Inflows of Resources Due to:	
Assumption Changes	-
Plan Experience	-
Investment Experience	22,783
Deferred Contributions	-
Net Deferred (Outflows) Inflows of Resources	22,783
Impact on Statement of Net Position, FYE 6/30/2019	\$ (529,823)
Items Impacting OPEB Expense:	
Service Cost	\$ 26,600
Cost of Plan Changes	-
Interest Cost	114,390
Expected Earnings on Assets	(142,895)
Reimbursement to REMIF for prior year retiree benefits paid	101,232
Recognized Deferred Resource items:	
Assumption Changes	80,787
Plan Experience	(210,375)
Investment Experience	(7,835)
OPEB Expense, FYE 6/30/2019	\$ (38,096)



Accounting Information

(Continued)

Change in Net Position During the Fiscal Year

The exhibit below shows the year-to-year changes in the components of Net Position.

For Reporting at Fiscal Year End Measurement Date	6/30/2018 6/30/2018	6/30/2019 6/30/2019	Change During Period
Total OPEB Liability	\$ 2,339,928	\$ 2,323,447	\$ (16,481)
Fiduciary Net Position	2,979,030	2,876,053	(102,977)
Net OPEB Liability (Asset)	(639,102)	(552,606)	86,496
<i>Deferred Resource (Outflows) Inflows Due to:</i>			
Assumption Changes	(80,787)	-	80,787
Plan Experience	210,375	-	(210,375)
Investment Experience	34,229	22,783	(11,446)
Deferred Contributions	-	-	-
Net Deferred (Outflows) Inflows	163,817	22,783	(141,034)
Impact on Statement of Net Position	\$ (475,285)	\$ (529,823)	\$ (54,538)

Change in Net Position During the Fiscal Year

Impact on Statement of Net Position, FYE 6/30/2018	\$ (475,285)
OPEB Expense (Income)	(38,096)
Employer Contributions During Fiscal Year	(16,442)
Impact on Statement of Net Position, FYE 6/30/2019	<u>\$ (529,823)</u>

OPEB Expense

Employer Contributions During Fiscal Year	\$ 16,442
Deterioration (Improvement) in Net Position	(54,538)
OPEB Expense (Income), FYE 6/30/2019	<u>\$ (38,096)</u>



Accounting Information

(Continued)

Change in Fiduciary Net Position During the Measurement Period

	Assets Reported	Implied Receivable (Payable)	Fiduciary Net Position
Fiduciary Net Position at Fiscal Year Ending 6/30/2018	\$ 2,979,030	\$ -	\$ 2,979,030
<i>Measurement Date 6/30/2018</i>			
Changes During the Period:			
Investment Income	139,284	-	139,284
Employer Contributions			
Implicit employer contributions for plan year	16,442	-	16,442
Benefit Payments			
Benefits paid during plan year	(94,836)	-	(94,836)
Implicit employer contributions for plan year	(16,442)		(16,442)
Reimbursement to REMIF for prior year retiree benefits paid	(101,232)	-	(101,232)
Accrued 6/30/19 benefit reimbursement due to REMIF	-	(46,193)	(46,193)
Net Changes During the Period	(56,784)	(46,193)	(102,977)
Fiduciary Net Position at Fiscal Year Ending 6/30/2019	\$ 2,922,246	\$ (46,193)	\$ 2,876,053
<i>Measurement Date 6/30/2019</i>			

Expected Long-term Return on Trust Assets

REMIF established and maintains a single employer irrevocable OPEB trust. The specific trust investment holdings and the long term expected return on trust assets are determined based on guidance provided by its investment advisors. The long-term trust return is currently assumed to be 5.0%.



Accounting Information

(Continued)

Recognition Period for Deferred Resources

Liability changes due to plan experience which differs from what was assumed in the prior measurement period and/or from assumption changes during the period are recognized over the plan's Expected Average Remaining Service Life ("EARSLS"). The Expected Average Remaining Service Life ("EARSLS") of 1.22 years is the period used to recognize changes in the OPEB Liability arising during the current measurement period.

Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate are always recognized over 5 years. Liability changes attributable to benefit changes occurring during the period are recognized immediately.

Deferred Resources as of Fiscal Year End and Expected Future Recognition

The exhibit below shows deferred resources as of the fiscal year end June 30, 2019.

REMIF	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$ -	\$ -
Differences Between Expected and Actual Experience	-	-
Net Difference Between Projected and Actual Earnings on Investments	-	22,783
Deferred Contributions	-	-
Total	\$ -	\$ 22,783

REMIF will recognize the Deferred Contributions in the next fiscal year. In addition, future recognition of these deferred resources is shown below.

For the Fiscal Year Ending June 30	Recognized Net Deferred Outflows (Inflows) of Resources
2020	\$ (7,835)
2021	(7,835)
2022	(7,836)
2023	723
2024	-
Thereafter	-



Accounting Information

(Continued)

Sensitivity of Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The discount rate used for the fiscal year end 2019 is 5.0%. Healthcare Cost Trend Rate was assumed to start at 7.5% (effective July 2019) and grade down to 5% for years 2024 and thereafter. The impact of a 1% increase or decrease in these assumptions is shown in the chart below.

Sensitivity to:			
Change in Discount Rate	Current - 1% 4.00%	Current 5.00%	Current + 1% 6.00%
Total OPEB Liability	2,613,820	2,323,447	2,084,499
Increase (Decrease)	290,373		(238,948)
% Increase (Decrease)	12.5%		-10.3%
Net OPEB Liability (Asset)	(262,233)	(552,606)	(791,554)
Increase (Decrease)	290,373		(238,948)
% Increase (Decrease)	52.5%		-43.2%
Change in Healthcare Cost Trend Rate	Current Trend - 1%	Current Trend	Current Trend + 1%
Total OPEB Liability	2,050,815	2,323,447	2,682,927
Increase (Decrease)	(272,632)		359,480
% Increase (Decrease)	-11.7%		15.5%
Net OPEB Liability (Asset)	(825,238)	(552,606)	(193,126)
Increase (Decrease)	(272,632)		359,480
% Increase (Decrease)	-49.3%		65.1%



Accounting Information

(Continued)

Schedule of Changes in REMIF's Net OPEB Liability and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. Since this is the second year of implementation, only results for fiscal years 2018 and 2019 are shown in the table.

Fiscal Year End Measurement Date	FYE 2019 6/30/2019	FYE 2018 6/30/2018
Total OPEB liability		
Service Cost	\$ 26,600	\$ 100,153
Interest	114,390	190,208
Changes of benefit terms	-	-
Differences between expected and actual experience	-	(1,166,627)
Changes of assumptions	-	448,000
Benefit payments	(157,471)	(115,806)
Net change in total OPEB liability	(16,481)	(544,072)
Total OPEB liability - beginning	2,339,928	2,884,000
Total OPEB liability - ending (a)	<u>\$ 2,323,447</u>	<u>\$ 2,339,928</u>
Plan fiduciary net position		
Contributions - employer	\$ 16,442	\$ 115,806
Net investment income	139,284	221,995
Benefit payments	(157,471)	(115,806)
Reimbursement to REMIF for prior year retiree benefits paid	(101,232)	-
Net change in plan fiduciary net position	(102,977)	221,995
Plan fiduciary net position - beginning	2,979,030	2,757,035
Plan fiduciary net position - ending (b)	<u>\$ 2,876,053</u>	<u>\$ 2,979,030</u>
Net OPEB liability - ending (a) - (b)	<u>\$ (552,606)</u>	<u>\$ (639,102)</u>
Covered-employee payroll	\$ 122,480	\$ 467,743
Net OPEB liability as a % of covered-employee payroll	-451.18%	-136.64%



Accounting Information

(Continued)

Schedule of Contributions

In recent years, REMIF has contributed 100% or more of the Actuarially Determined Contribution (ADC) or maintained a funded ratio of at least 100%. This chart shows the contributions for the fiscal years since GASB 75 was implemented.

	FYE 2019	FYE 2018
Actuarially Determined Contribution	\$ -	\$ -
Contributions in relation to the actuarially determined contribution	16,442	115,806
Contribution deficiency (excess)	\$ (16,442)	\$ (115,806)
Covered employee payroll	\$ 122,480	\$ 467,743
Contributions as a percentage of covered employee payroll	13.42%	24.76%

Notes to Schedule

Valuation Date:

6/30/2018

The 2018 valuation developed the Actuarially Determined Contributions for REMIF's fiscal years ending June 30, 2018 and June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry Age Normal, Closed Group, Level % of Pay

Asset valuation method

Market value of assets

Inflation

2.75%

Healthcare cost trend rates

7.5% in Jul 2019, step down .5% per year to 5.25% by 2024

Salary increases

3.25%

Investment rate of return

5.00%

Retirement age

From 50 to 75

Mortality

2017 CalPERS Experience Study; Improvement using MacLeod Watts Scale 2018



Accounting Information

(Continued)

Detail of Changes to Net Position

The chart below details changes to all components of Net Position.

REMIF	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)	(d) Deferred Outflows (Inflows) Due to:				Impact on Statement of Net Position (e) = (c) - (d)
				Assumption Changes	Plan Experience	Investment Experience	Deferred Contributions	
Balance at Fiscal Year Ending 6/30/2018 <i>Measurement Date 6/30/2018</i>	\$ 2,339,928	\$ 2,979,030	\$ (639,102)	\$ 80,787	\$ (210,375)	\$ (34,229)	\$ -	\$ (475,285)
Changes During the Period:								
Service Cost	26,600		26,600					26,600
Interest Cost	114,390		114,390					114,390
Expected Investment Income		142,895	(142,895)					(142,895)
Employer Contributions		16,442	(16,442)					(16,442)
Changes of Benefit Terms	-		-					-
Reimbursement to REMIF for prior year retiree benefits paid		(101,232)	101,232					101,232
Benefit Payments	(157,471)	(157,471)	-					-
Assumption Changes	-		-	-				-
Plan Experience	-		-		-			-
Investment Experience		(3,611)	3,611			3,611		-
Recognized Deferred Resources				(80,787)	210,375	7,835		(137,423)
Employer Contributions in Fiscal Year								-
Net Changes in Fiscal Year 2018-2019	(16,481)	(102,977)	86,496	(80,787)	210,375	11,446	-	(54,538)
Balance at Fiscal Year Ending 6/30/2019 <i>Measurement Date 6/30/2019</i>	\$ 2,323,447	\$ 2,876,053	\$ (552,606)	\$ -	\$ -	\$ (22,783)	\$ -	\$ (529,823)



Accounting Information
(Continued)

Schedule of Deferred Outflows and Inflows of Resources

A listing of all deferred resource bases used to develop the Net Position and OPEB Expense is shown below. Deferred Contributions are not shown.

Measurement Date: June 30, 2019

Deferred Resource					Balance as of Jun 30, 2019	Recognition of Deferred Outflow or Deferred (Inflow) in Measurement Period:						
Date Created	Cause	Initial Amount	Period (Yrs)	Annual Recognition		2018-19 (FYE 2019)	2019-20 (FYE 2020)	2020-21 (FYE 2021)	2021-22 (FYE 2022)	2022-23 (FYE 2023)	2023-24 (FYE 2024)	Thereafter
6/30/2018	Gain Due To Plan Experience	\$ (1,166,627)	1.22	\$ (956,252)	\$ -	\$ (210,375)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6/30/2018	Loss Due To Assumption Changes	448,000	1.22	367,213	-	80,787	-	-	-	-	-	-
6/30/2018	Investment Earnings Greater than Expected	(42,786)	5.00	(8,557)	(25,672)	(8,557)	(8,557)	(8,557)	(8,558)	-	-	-
6/30/2019	Investment Earnings Less than Expected	3,611	5.00	722	2,889	722	722	722	722	723	-	-



Accounting Information

(Continued)

REMIF Contributions to the Plan

REMIF contributions to the Plan occur as benefits are paid to retirees and/or to the OPEB trust. Benefit payments may occur in the form of direct payments for premiums and taxes ("explicit subsidies") and/or indirect payments to retirees in the form of higher premiums for active employees ("implicit subsidies"). For details, see Addendum 1 – Important Background Information.

Benefits and other contributions paid by REMIF during the measurement period are shown below.

Benefit Payments During the Measurement Period, Jul 1, 2018 thru Jun 30, 2019	REMIF
Benefits Paid by Trust	\$ 141,029
Benefits Paid by Employer (not reimbursed by trust)	-
Implicit benefit payments	16,442
<i>Total Benefit Payments During the Measurement Period</i>	\$ 157,471
Employer Contributions During the Measurement Period, Jul 1, 2018 thru Jun 30, 2019	REMIF
Employer Contributions to the Trust	\$ -
Employer Contributions in the Form of Direct Benefit Payments (not reimbursed by trust)	-
Implicit contributions	16,442
<i>Total Employer Contributions During the Measurement Period</i>	\$ 16,442



Accounting Information

(Continued)

Projected Benefit Payments (15-year projection)

The following is an estimate of other post-employment benefits to be paid on behalf of current retirees and current employees expected to retire from REMIF. Expected annual benefits have been projected on the basis of the actuarial assumptions outlined in Section 3.

These projections do not include any benefits expected to be paid on behalf of current active employees *prior to* retirement, nor do they include any benefits for potential *future employees* (i.e., those who might be hired in future years).

Projected Annual Benefit Payments					
Fiscal Year Ending June 30	Explicit Subsidy			Implicit Subsidy	Total
	Current Retirees	Future Retirees	Total		
2018	\$ 100,415	\$ -	\$ 100,415	\$ 15,391	\$ 115,806
2019	141,029	-	141,029	16,442	157,471
2020	141,000	-	141,000	47	141,047
2021	145,592	-	145,592	3,040	148,632
2022	149,451	-	149,451	6,108	155,559
2023	152,629	1,176	153,805	9,661	163,466
2024	145,745	4,243	149,988	13,850	163,838
2025	136,676	7,740	144,416	8,278	152,694
2026	127,975	9,104	137,079	9,511	146,590
2027	128,640	13,106	141,746	13,228	154,974
2028	129,140	17,280	146,420	17,526	163,946
2029	129,424	15,651	145,075	13,028	158,103
2030	129,580	19,355	148,935	15,779	164,714
2031	116,043	22,364	138,407	3,186	141,593
2032	115,196	24,952	140,148	4,384	144,532

The amounts shown in the Explicit Subsidy table reflect the expected payment by REMIF toward retiree medical, dental, vision and life insurance in each of the years shown. The amounts are shown separately, and in total, for those retired on the valuation date ("current retirees") and those expected to retire after the valuation date ("future retirees").

The amounts shown in the Implicit Subsidy table reflect the expected excess of retiree medical and life insurance claims over the premiums expected to be charged during the year for retirees' coverage. *Note that future retirees are ineligible for REMIF life insurance coverage.*



Accounting Information

(Concluded)

Sample Journal Entries

Beginning Account Balances

As of the fiscal year beginning 7/1/2018

	Debit	Credit
Net OPEB Liability	639,102	
Deferred Resource -- Assumption Changes	80,787	
Deferred Resource -- Plan experience		210,375
Deferred Resource -- Investment Experience		34,229
Deferred Resource -- Contributions	-	
Net Position		475,285

* The entries above assume nothing is on the books at the beginning of the year. So to the extent that values already exist in, for example, the Net OPEB Liability account, then only the difference should be adjusted. The entries above represent the values assumed to exist at the start of the fiscal year.

Journal entry to recharacterize retiree benefit payments not reimbursed by a trust, and record cash contributions to the trust during the fiscal year

	Debit	Credit
OPEB Expense	-	
Premium Expense		-
OPEB Expense	-	
Cash		-

* This entry assumes a prior journal entry was made to record the payment for retiree premiums. This entry assumes the prior entry debited an account called "Premium Expense" and credited Cash. This entry reverses the prior debit to "Premium Expense" and recharacterizes that entry as an "OPEB Expense". Also, the entry for cash contributions to the trust is shown.

Journal entries to record implicit subsidies during the fiscal year

	Debit	Credit
OPEB Expense	16,442	
Premium Expense		16,442

* This entry assumes that premiums for active employees were recorded to an account called "Premium Expense". This entry reverses the portion of premium payments that represent implicit subsidies and assigns that value to OPEB Expense.

Journal entries to record other account activity during the fiscal year

	Debit	Credit
Net OPEB Liability		86,496
Deferred Resource -- Assumption Changes		80,787
Deferred Resource -- Plan experience	210,375	
Deferred Resource -- Investment Experience	11,446	
Deferred Resource -- Contributions	-	
OPEB Expense		54,538



C. Funding Information

Prefunding (setting aside funds to accumulate in an irrevocable OPEB trust) has certain advantages, one of which is the ability to (potentially) use a higher discount rate in the determination of liabilities for GASB 75 reporting purposes. REMIF has been prefunding its OPEB liability by contributing 100% or more of the Actuarially Determined Contribution (ADC) each year. The ADC consists of two basic components, which have been adjusted with interest to REMIF's fiscal year end:

- The amounts attributed to service performed in the current fiscal year (the service cost or normal cost) and
- Amortization of the Net OPEB Liability, also referred to as the unfunded actuarial accrued liability (UAAL).

In recent years, this program has realized some gains (reductions) in the Actuarial Present Value of Projected Future Benefits (APVPB). The APVPB includes the Total OPEB Liability as well as all projected future service costs. **As of the June 30, 2019 measurement date, trust assets exceed the APVPB and the Actuarially Determined Contribution is \$0.** If all assumptions are met in the future, trust assets should be sufficient to pay all retiree benefits and no further employer contributions should be required. Trust sufficiency cannot be guaranteed to a certainty, however, due to the non-trivial risk that the assumptions used to project future benefit liabilities may not be realized.

The following provides some additional background about the APVPB and various components to aid in understanding the funding status of this plan:

- **Actuarial Present Value of Projected Benefits (APVPB):** APVPB refers to the discounted total value of all future benefits expected to be paid to current retirees or beneficiaries and to current active employees after they retire. AVVPB on 6/30/2019: \$2,568,883
- **Actuarial Accrued Liability (AAL):** The AAL, referred to as the Total OPEB Liability (TOL) for accounting purposes, is a subset of the APVPB. It represents the portion of the APVPB which has been attributed to service worked prior to the valuation date. For active employees, the AAL is less than the APVPB because there is always some future service possible and a portion of costs will be assigned to those years. AAL on 6/30/2019: \$2,323,447
- **Normal Cost (NC):** NC, also referred to as service cost for accounting purposes, is also a subset of the PVPB. It refers to the cost of future retiree benefits assigned to the current service year. Only active employees have a current service cost. NC on 6/30/2019: \$27,465
- **Plan Assets:** The actuarial value of the balance set aside for the plan in an irrevocable trust, dedicated to providing benefits to retirees and their beneficiaries, and legally protected from creditors of the employer and/or plan administrator. Plan Assets on 6/30/2019: \$2,876,053
- **Unfunded Actuarial Accrued Liability (UAAL):** The UAAL, referred to as Net OPEB Liability for accounting purposes, is the AAL minus Plan Assets. UAAL on 6/30/2019: \$(552,606)



D. Certification

The purpose of this report is to provide actuarial information in compliance with Statement 75 of the Governmental Accounting Standards Board (GASB 75) for other postemployment benefits provided by the Redwood Empire Municipal Insurance Fund (REMIF). We summarized the benefits in this report and our calculations were based on our understanding of the benefits as described herein.

In preparing this report we relied without audit on information provided by REMIF. This information includes, but is not limited to, plan provisions, census data, and financial information. We performed a limited review of this data and found the information to be reasonably consistent. The accuracy of this report is dependent on this information and if any of the information we relied on is incomplete or inaccurate, then the results reported herein will be different from any report relying on more accurate information.

We consider the actuarial assumptions and methods used in this report to be individually reasonable under the requirements imposed by GASB 75 and taking into consideration reasonable expectations of plan experience. The results provide an estimate of the plan's financial condition at one point in time. Future actuarial results may be significantly different due to a variety of reasons including, but not limited to, demographic and economic assumptions differing from future plan experience, changes in plan provisions, changes in applicable law, or changes in the value of plan benefits relative to other alternatives available to plan members.

Alternative assumptions may also be reasonable; however, demonstrating the range of potential plan results based on alternative assumptions was beyond the scope of our assignment except to the limited extent required by GASB 75. Plan results for accounting purposes may be materially different than results obtained for other purposes such as plan termination, liability settlement, or underlying economic value of the promises made by the plan.

This report is prepared solely for the use and benefit of REMIF and may not be provided to third parties without prior written consent of MacLeod Watts. Exceptions are: REMIF may provide copies of this report to their professional accounting and legal advisors who are subject to a duty of confidentiality, and REMIF may provide this work to any party if required by law or court order. No part of this report should be used as the basis for any representations or warranties in any contract or agreement without the written consent of MacLeod Watts.

The undersigned actuaries are unaware of any relationship that might impair the objectivity of this work. Nothing within this report is intended to be a substitute for qualified legal or accounting counsel. Both actuaries are members of the American Academy of Actuaries and meet the qualification standards for rendering this opinion.

Signed: October 5, 2019

Catherine L. MacLeod, FSA, FCA, EA, MAAA

Courtney D. Crisp, Senior Actuarial Analyst



E. Supporting Information

Section 1 - Summary of Employee Data

Active employees: REMIF reported 2 active, OPEB-eligible members in the data provided to us for the June 2018 valuation. As of the valuation date, the average age was 54.8 and the average years of REMIF service was 5.2. If these employees remain with REMIF until retirement, each is expected to qualify for some benefit in about 5 years.

Retirees: There are also 14 retired employees receiving benefits under this program on the valuation date. The following chart summarizes the ages of current retirees included in this valuation.

Retirees by Age		
Current Age	Number	Percent
Below 50	0	0%
50 to 54	2	14%
55 to 59	1	7%
60 to 64	0	0%
65 to 69	4	29%
70 to 74	3	21%
75 to 79	2	14%
80 & up	2	14%
Total	14	100%
Average Age:		
On 6/30/2018	69.5	
At retirement	60.9	

The chart below shows plan member counts as of the June 30, 2018 valuation date:

Summary of Plan Member Counts	
Number of active plan members	2
Number of inactive plan members currently receiving benefits	14
Number of inactive plan members entitled to but not receiving benefits	0



Supporting Information

(Continued)

Section 2A - Summary of Retiree Benefit Provisions

OPEB provided: REMIF provides retiree medical, dental, vision and life insurance plan coverage for a closed group of employees.

Access to coverage: REMIF manages a number of self-funded pooled healthcare plans for participating member agencies. Premiums and claims experience for plans covering retirees before and after eligibility for Medicare are maintained separately from plans available for active employees of participating member agencies.

REMIF coverage is available to its own employees hired before July 1, 2014 who retire from REMIF with at least 10 years of continuous REMIF service. Retirees may also cover a spouse or other eligible dependents. Coverage ends at the retiree's death; there is no continuation of coverage for survivors, other than may be provided under COBRA.

Benefits provided: For retirees who elect coverage in one or more REMIF-sponsored plans, REMIF pays a percentage of medical, dental and vision premiums (including premiums for any enrolled dependents) based on hire date and years of REMIF service. In addition, REMIF pays the applicable percentage of the retiree life insurance premium for a closed group of retirees.

The chart below summarizes the percentage paid by REMIF:

Hire Date	Benefit	
Before July 1, 1993	100% of premiums paid by REMIF	
After June 30, 1993 and before July 1, 2014	Years of REMIF Service	% of Premiums Paid by REMIF
	10 but less than 15	50%
	15 but less than 25	65%
	25 or more	80%
After June 30, 2014	No coverage or subsidies provided	

REMIF health plan premium rates: The monthly premium rates in effect on July 1, 2018 are:

REMIF Premium Rates 7/1/2018 - 6/30/2019			
Plan	Single	Two Party	Family
Retiree REMIF EPO 250	\$ 955.00	\$ 1,999.00	\$ 2,854.00
Active REMIF EPO 250	745.00	1,560.00	2,228.00
AmWINS Medicare Supplement	496.00	992.00	n/a
Delta Dental	92.12		
Vision	18.20		

Life Insurance Coverage: A closed group of retirees remain eligible for coverage in REMIF's life insurance plan. The initial face amount of life insurance for retirees is \$60,000 for Management and \$10,000 for Non-Management retirees. The face amount decreases to 65% of the initial amount at age 70 and to 50% of the initial face amount at age 75. The rate per \$1,000 in coverage is \$0.855 at all ages.



Supporting Information

(Continued)

Section 2B - Excise Taxes for High Cost Retiree Coverage

The Patient Protection and Affordable Care Act (ACA) includes a 40% excise tax on high-cost employer-sponsored health coverage. The tax applies to the aggregate annual cost of an employee's applicable coverage that exceeds a dollar limit. Implementation of this tax has been delayed by subsequent legislation to 2022; while there are discussions in Congress of eliminating or again delaying the tax, this report assumes that it will take effect as current law provides.¹

For those current and future retirees assumed to retain coverage in REMIF's medical program, we determined the excess, if any, of projected annual plan premiums for the retiree and his or her covered dependents over the projected applicable excise tax threshold beginning in 2022. The excise tax burden will ultimately fall on REMIF alone, a combination of REMIF and plan participants, or be entirely borne by the affected retirees. The practicalities of how the tax will be recovered by insurers will likely affect the eventual cost-sharing result.

See Section 3 for assumptions about this excise tax in the valuation. Please note that any assumptions applied in this valuation are not intended to imply any legal obligation as to REMIF's current or future liability to absorb this potential tax. This valuation includes about \$50,000 in potential excise tax liability for high cost retiree coverage, which represents about 2% of the Total OPEB Liability.

¹ In July 2019, the U.S. House of Representatives passed a bill to repeal the excise tax on high cost health coverage. It is anticipated the Senate may draft and approve a similar bill and, if so, that the President would sign this into law.



Supporting Information
 (Continued)

Section 3 - Actuarial Methods and Assumptions

Valuation Date	June 30, 2018
Measurement Date	Last day of current fiscal year (June 30, 2019)
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	5.0% as of June 30, 2019 and June 30, 2018 net of plan investment expenses and including inflation
Discount Rates	5.0% as of June 30, 2019 and June 30, 2018
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.25% per year; since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Assumed Wage inflation	3.0% per year; used to determine amortization payments for developing the Actuarially Determined Contributions
General Inflation Rate	2.75% per year
The retirement rates and post-retirement mortality rates used in this valuation are based on the 2017 experience study of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Mortality rates used were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015, then projected as described below.	
Mortality Improvement	MacLeod Watts Scale 2018 applied generationally.
Continuation to Retirement	We assumed 100% probability that active employees covered by this plan would continue in service to retirement with REMIF; probabilities of retirement are those used in the CalPERS 2017 Experience Study for the 2.7% at 55 retirement formula. Retirement rates were assumed to apply when first eligible for retiree health benefits. No deaths or termination of service with REMIF prior to retirement are expected to occur.
Medicare Eligibility	Absent contrary data, all individuals are assumed to be eligible for Medicare Parts A and B at age 65.



Supporting Information

(Continued)

Section 3 - Actuarial Methods and Assumptions

Healthcare Trend

Medical plan premiums and claims costs by age are assumed to increase once each year. Increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective July 1	Premium Increase	Effective July 1	Premium Increase
2018	Actual	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.25%
2021	6.50%	& later	5.25%

Dental costs are assumed to increase by 5.25% per year. Vision costs are assumed to increase by 3.25% per year.

Participation Rate

Active employees: 100% are assumed to continue their current plan election in retirement.

Retired participants: Existing medical plan elections are assumed to be continued until the retiree's death.

Spouse Coverage

Active employees: 100% are assumed to be married and elect coverage for their spouse in retirement. Husbands are assumed to be 3 years older than their wives.

Retired participants: Existing elections for spouse coverage are assumed to be maintained until the spouse's death. Actual spouse ages are used. Spouse gender is assumed to be the opposite of the employee.

Excise tax on high-cost plans

We assumed the excise tax for high cost plan coverage for retirees will go into effect in the year 2022. Annual threshold amounts under the Affordable Care Act (ACA) are shown below.

2018 Thresholds	Ages 55-64	All Other Ages
Single	11,850	10,200
Other than Single	30,950	27,500

Note: Thresholds for disability retirements are assumed to be set at a level high enough to prevent taxation on disabled retiree benefits.

Actual limits may be higher, depending on cost increases prior to the effective date. The thresholds are scheduled to increase by CPI plus 1% in 2019 and by CPI annually thereafter. A 40% excise tax rate was applied to the portion of premiums projected to exceed the threshold each year. We assumed that 100% of any excise tax liability for high cost retiree coverage will be paid by REMIF.



Supporting Information

(Concluded)

Section 3 - Actuarial Methods and Assumptions

Dependent Coverage

Active employees and retired participants covering dependent children are assumed to end such coverage when the youngest currently covered dependent reaches age 26.

Development of Age-related Medical Premiums

Actual premium rates for retirees and their spouses were adjusted to an age-related basis by applying medical claim cost factors developed from the data presented in the report, "Health Care Costs – From Birth to Death", sponsored by the Society of Actuaries. A description of the use of claims cost curves can be found in MacLeod Watts's Age Rating Methodology provided in Addendum 2 to this report.

Plan	Retiree Age	Males	Females
REMIF EPO	55	\$ 812	\$ 890
	58	935	958
	61	1,064	1,049
	64	1,210	1,167
AmWINS Medicare Supplement	67	\$ 443	\$ 427
	70	472	457
	73	499	481
	76	519	500
	79	534	513
	82	540	521
	85	530	521
	88	515	515
	91	505	508
	94	502	503
	97	502	500
	100	502	497

Changes recognized during the current Measurement Period:

None.



Addendum 1: Important Background Information

General Types of Other Post-Employment Benefits (OPEB)

Post-employment benefits other than pensions (OPEB) comprise a part of compensation that employers offer for services received. The most common OPEB are medical, prescription drug, dental, vision, and/or life insurance coverage. Other OPEB may include outside group legal, long-term care, or disability benefits outside of a pension plan. OPEB does not generally include COBRA, vacation, sick leave (unless converted to defined benefit OPEB), or other direct retiree payments.

A direct employer payment toward the cost of OPEB benefits is referred to as an “explicit subsidy”. Upcoming excise taxes under the Affordable Care Act for retirees covered by high cost plans is another potential source of explicit subsidies.

In addition, if claims experience of employees and retirees are pooled when determining premiums, retiree premiums are based on a pool of members which, on average, are younger and healthier. For certain types of coverage such as medical insurance, this results in an “implicit subsidy” of retiree premiums by active employee premiums since the retiree premiums are lower than they would have been if retirees were insured separately. GASB 75 and Actuarial Standards of Practice generally require that an implicit subsidy of retiree premium rates be valued as an OPEB liability.

Expected retiree claims		
Premium charged for retiree coverage		Covered by higher active premiums
Retiree portion of premium	Agency portion of premium Explicit subsidy	Implicit subsidy

This chart shows the sources of funds needed to cover expected medical claims for pre-Medicare retirees. The portion of the premium paid by the Agency does not impact the amount of the implicit subsidy.

Under GASB 45, for actuarial valuations dated prior to March 31, 2015, an exception allowed plan employers with a very small membership in a large “community-rated” healthcare program to avoid reporting of implicit subsidy liability. Following a change in Actuarial Standards of Practice and in accordance with GASB 75 requirements, this exception is no longer available.

Valuation Process

The valuation was based on employee census data and benefits provided by REMIF. A summary of the employee data is provided in Section 1 and a summary of the benefits provided under the Plan is provided in Section 2. While individual employee records have been reviewed to verify that they are reasonable in various respects, the data has not been audited and we have otherwise relied on REMIF as to its accuracy. The valuation was also based on the actuarial methods and assumptions described in Section 3.

In developing the projected benefit values and liabilities, we first determine an expected premium or benefit stream over the employee’s future retirement. Benefits may include both direct employer payments (explicit subsidies) and/or an implicit subsidy, arising when retiree premiums are expected to be subsidized by active employee premiums. The projected benefit streams reflect assumed trends



Important Background Information

(Continued)

in the cost of those benefits and assumptions as to the expected date(s) when benefits will end. We then apply assumptions regarding:

- The probability that each individual employee will or will not continue in service to receive benefits.
- The probability of when such retirement will occur for each retiree, based on current age, service and employee type; and
- The likelihood that future retirees will or will not elect retiree coverage (and benefits) for themselves and/or their dependents.

We then calculate a present value of these benefits by discounting the value of each future expected benefit payment, multiplied by the assumed expectation that it will be paid, back to the valuation date using the discount rate. These benefit projections and liabilities have a very long time horizon. The final payments for currently active employees may not be made for many decades.

The resulting present value for each employee is allocated as a level percent of payroll each year over the employee's career using the entry age normal cost method and the amounts for each individual are then summed to get the results for the entire plan. This creates a cost expected to increase each year as payroll increases. Amounts attributed to prior fiscal years form the "Total OPEB Liability". The OPEB cost allocated for active employees in the current year is referred to as "Service Cost".

Where contributions have been made to an irrevocable OPEB trust, the accumulated value of trust assets ("Fiduciary Net Position") is applied to offset the "Total OPEB Liability", resulting in the "Net OPEB Liability". If a plan is not being funded, then the Net OPEB Liability is equal to the Total OPEB Liability.

It is important to remember that an actuarial valuation is, by its nature, a projection of one possible future outcome based on many assumptions. To the extent that actual experience is not what we assumed, future results will differ. Some possible sources of future differences may include:

- A significant change in the number of covered or eligible plan members;
- A significant increase or decrease in the future premium rates;
- A change in the subsidy provided by the Agency toward retiree premiums;
- Longer life expectancies of retirees;
- Significant changes in expected retiree healthcare claims by age, relative to healthcare claims for active employees and their dependents;
- Higher or lower returns on plan assets or contribution levels other than were assumed; and/or
- Changes in the discount rate used to value the OPEB liability



Important Background Information

(Continued)

Requirements of GASB 75

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and disclosure of OPEB expense and related liabilities (assets), note disclosures, and, required supplementary information (RSI) in the financial reports of state and local governmental employers.

Important Dates

GASB 75 requires that the information used for financial reporting falls within prescribed timeframes. Actuarial valuations of the total OPEB liability are generally required at least every two years. If a valuation is not performed as of the Measurement Date, then liabilities are required to be based on roll forward procedures from a prior valuation performed no more than 30 months and 1 day prior to the most recent year-end. In addition, the net OPEB liability is required to be measured as of a date no earlier than the end of the prior fiscal year (the "Measurement Date").

Recognition of Plan Changes and Gains and Losses

Under GASB 75, gains and losses related to changes in Total OPEB Liability and Fiduciary Net Position are recognized in OPEB expense systematically over time.

- **Timing of recognition:** Changes in the Total OPEB Liability relating to changes in plan benefits are recognized immediately (fully expensed) in the year in which the change occurs. Gains and Losses are amortized, with the applicable period based on the type of gain or loss. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.
- **Deferred recognition periods:** These periods differ depending on the source of the gain or loss.

Difference between projected and actual trust earnings:	5 year straight-line recognition
All other amounts:	Straight-line recognition over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits, determined as of the beginning of the Measurement Period. In determining the EARSL, all active, retired and inactive (vested) members are counted, with the latter two groups having 0 remaining service years.



Important Background Information

(Continued)

Implicit Subsidy Plan Contributions

An implicit subsidy occurs when expected retiree claims exceed the premiums charged for retiree coverage. When this occurs, we expect part of the premiums paid for active employees to cover a portion of retiree claims. This transfer represents the current year's "implicit subsidy". Because GASB 75 treats payments to an irrevocable trust *or directly to the insurer* as employer contributions, each year's implicit subsidy is treated as a contribution toward the payment of retiree benefits.

The following hypothetical example illustrates this treatment:

Hypothetical Illustration of Implicit Subsidy Recognition	For Active Employees	For Retired Employees
<i>Prior to Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Accounting Treatment	Compensation Cost for Active Employees	Contribution to Plan & Benefits Paid from Plan
<i>After Implicit Subsidy Adjustment</i>		
Premiums Paid by Agency During Fiscal Year	\$ 411,000	\$ 48,000
Implicit Subsidy Adjustment	(23,000)	23,000
Accounting Cost of Premiums Paid	\$ 388,000	\$ 71,000
Accounting Treatment Impact	Reduces Compensation Cost for Active Employees	Increases Contributions to Plan & Benefits Paid from Plan

The example above shows that total payments toward active and retired employee healthcare premiums is the same, but for accounting purposes part of the total is shifted from actives to retirees. This shifted amount is recognized as an OPEB contribution and reduces the current year's premium expense for active employees.

Discount Rate

When the financing of OPEB liabilities is on a pay-as-you-go basis, GASB 75 requires that the discount rate used for valuing liabilities be based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). When a plan sponsor makes regular, sufficient contributions to a trust in order to prefund the OPEB liabilities, GASB 75 allows use of a rate up to the expected rate of return of the trust. Therefore, prefunding has an advantage of potentially being able to report overall lower liabilities due to future expected benefits being discounted at a higher rate.



Important Background Information

(Continued)

Actuarial Funding Method and Assumptions

The “ultimate real cost” of an employee benefit plan is the value of all benefits and other expenses of the plan over its lifetime. These expenditures are dependent only on the terms of the plan and the administrative arrangements adopted, and as such are not affected by the actuarial funding method.

The actuarial funding method attempts to spread recognition of these expected costs on a level basis over the life of the plan, and as such sets the “incidence of cost”. GASB 75 specifically requires that the actuarial present value of projected benefit payments be attributed to periods of employee service using the Entry Age Actuarial Cost Method, with each period’s service cost determined as a level percentage of pay.

The results of this report may not be appropriate for other purposes, where other assumptions, methodology and/or actuarial standards of practice may be required or more suitable.



Addendum 2: MacLeod Watts Age Rating Methodology

Both accounting standards (e.g. GASB 75) and actuarial standards (e.g. ASOP 6) require that expected retiree claims, not just premiums paid, be reflected in most situations where an actuary is calculating retiree healthcare liabilities. Unfortunately, the actuary is often required to perform these calculations without any underlying claims information. In most situations, the information is not available, but even when available, the information may not be credible due to the size of the group being considered.

Actuaries have developed methodologies to approximate healthcare claims from the premiums being paid by the plan sponsor. Any methodology requires adopting certain assumptions and using general studies of healthcare costs as substitutes when there is a lack of credible claims information for the specific plan being reviewed.

Premiums paid by sponsors are often uniform for all employee and retiree ages and genders, with a drop in premiums for those participants who are Medicare-eligible. While the total premiums are expected to pay for the total claims for the insured group, on average, the premiums charged would not be sufficient to pay for the claims of older insureds and would be expected to exceed the expected claims of younger insureds. An age-rating methodology takes the typically uniform premiums paid by plan sponsors and spreads the total premium dollars to each age and gender intended to better approximate what the insurer might be expecting in actual claims costs at each age and gender.

The process of translating premiums into expected claims by age and gender generally follows the steps below.

1. *Obtain or Develop Relative Medical Claims Costs by Age, Gender, or other categories that are deemed significant.* For example, a claims cost curve might show that, if a 50 year old male has \$1 in claims, then on average a 50 year old female has claims of \$1.25, a 30 year male has claims of \$0.40, and an 8 year old female has claims of \$0.20. The claims cost curve provides such relative costs for each age, gender, or any other significant factor the curve might have been developed to reflect. Section 3 provides the source of information used to develop such a curve and shows sample relative claims costs developed for the plan under consideration.
2. *Obtain a census of participants, their chosen medical coverage, and the premium charged for their coverage.* An attempt is made to find the group of participants that the insurer considered in setting the premiums they charge for coverage. That group includes the participant and any covered spouses and children. When information about dependents is unavailable, assumptions must be made about spouse age and the number and age of children represented in the population. These assumptions are provided in Section 3.
3. *Spread the total premium paid by the group to each covered participant or dependent based on expected claims.* The medical claims cost curve is used to spread the total premium dollars paid by the group to each participant reflecting their age, gender, or other relevant category. After this step, the actuary has a schedule of expected claims costs for each age and gender for the current premium year. It is these claims costs that are projected into the future by medical cost inflation assumptions when valuing expected future retiree claims.

The methodology described above is dependent on the data and methodologies used in whatever study might be used to develop claims cost curves for any given plan sponsor. These methodologies and assumptions can be found in the referenced paper cited as a source in the valuation report.



Addendum 3: MacLeod Watts Mortality Projection Methodology

Actuarial standards of practice (e.g., ASOP 35, Selection of Demographic and Other Noneconomic Assumptions for Measuring Pension Obligations, and ASOP 6, Measuring Retiree Group Benefits Obligations) indicate that the actuary should reflect the effect of mortality improvement (i.e., longer life expectancies in the future), both before and after the measurement date. The development of credible mortality improvement rates requires the analysis of large quantities of data over long periods of time. Because it would be extremely difficult for an individual actuary or firm to acquire and process such extensive amounts of data, actuaries typically rely on large studies published periodically by organizations such as the Society of Actuaries or Social Security Administration.

As noted in a recent actuarial study on mortality improvement, key principles in developing a credible mortality improvement model would include the following:

- (1) Short-term mortality improvement rates should be based on recent experience.
- (2) Long-term mortality improvement rates should be based on expert opinion.
- (3) Short-term mortality improvement rates should blend smoothly into the assumed long-term rates over an appropriate transition period.

The **MacLeod Watts Scale 2018** was developed from a blending of data and methodologies found in two published sources: (1) the Society of Actuaries Mortality Improvement Scale MP-2017 Report, published in October 2017 and (2) the demographic assumptions used in the 2017 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, published July 2017.

MacLeod Watts Scale 2018 is a two-dimensional mortality improvement scale reflecting both age and year of mortality improvement. The underlying base scale is Scale MP-2017 which has two segments – (1) historical improvement rates for the period 1951-2013 and (2) an estimate of future mortality improvement for years 2014-2016 using the Scale MP-2017 methodology but utilizing the assumptions obtained from Scale MP-2015. The MacLeod Watts scale then transitions from the 2016 improvement rate to the Social Security Administration (SSA) Intermediate Scale linearly over the 10-year period 2017-2026. After this transition period, the MacLeod Watts Scale uses the constant mortality improvement rate from the SSA Intermediate Scale from 2026-2040. The SSA's Intermediate Scale has a final step down in 2041 which is reflected in the MacLeod Watts scale for years 2041 and thereafter. Over the ages 95 to 115, the SSA improvement rate is graded to zero.

Scale MP-2017 can be found at the SOA website and the projection scales used in the 2017 Social Security Administrations Trustees Report at the Social Security Administration website.



Glossary

Actuarial Funding Method – A procedure which calculates the actuarial present value of plan benefits and expenses, and allocates these expenses to time periods, typically as a normal cost and an actuarial accrued liability

Actuarial Present Value of Projected Benefits (APVPB) – The amount presently required to fund all projected plan benefits in the future. This value is determined by discounting the future payments by an appropriate interest rate and the probability of nonpayment.

CalPERS – Many state governments maintain a public employee retirement system; CalPERS is the California program, covering all eligible state government employees as well as other employees of other governments within California who have elected to join the system

Defined Benefit (DB) – A pension or OPEB plan which defines the monthly income or other benefit which the plan member receives at or after separation from employment

Deferred Contributions – When an employer makes contributions after the measurement date and prior to the fiscal year end, recognition of these contributions is deferred to a subsequent accounting period by creating a deferred resource. We refer to these contributions as Deferred Contributions.

Defined Contribution (DC) – A pension or OPEB plan which establishes an individual account for each member and specifies how contributions to each active member's account are determined and the terms of distribution of the account after separation from employment

Discount Rate – Interest rate used to discount future potential benefit payments to the valuation date. Under GASB 75, if a plan is prefunded, then the discount rate is equal to the expected trust return. If a plan is not prefunded (pay-as-you-go), then the rate of return is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Expected Average Remaining Service Lifetime (EARSL) – Average of the expected remaining service lives of all employees that are provided with benefits through the OPEB plan (active employees and inactive employees), beginning in the current period

Entry Age Actuarial Cost Method – An actuarial funding method where, for each individual, the actuarial present value of benefits is levelly spread over the individual's projected earnings or service from entry age to the last age at which benefits can be paid

Excise Tax – The Affordable Care Act created an excise tax on the value of employer sponsored coverage which exceeds certain thresholds ("Cadillac Plans"). The tax is first effective in 2022.

Explicit Subsidy – The projected dollar value of future retiree healthcare costs expected to be paid directly by the Employer, e.g., the Employer's payment of all or a portion of the monthly retiree premium billed by the insurer for the retiree's coverage

Fiduciary Net Position – The value of trust assets used to offset the Total OPEB Liability to determine the Net OPEB Liability.

Government Accounting Standards Board (GASB) – A private, not-for-profit organization which develops generally accepted accounting principles (GAAP) for U.S. state and local governments; like FASB, it is part of the Financial Accounting Foundation (FAF), which funds each organization and selects the members of each board



Glossary

(Continued)

Health Care Trend – The assumed rate(s) of increase in future dollar values of premiums or healthcare claims, attributable to increases in the cost of healthcare; contributing factors include medical inflation, frequency or extent of utilization of services and technological developments.

Implicit Subsidy – The projected difference between future retiree claims and the premiums to be charged for retiree coverage; this difference results when the claims experience of active and retired employees are pooled together and a ‘blended’ group premium rate is charged for both actives and retirees; a portion of the active employee premiums subsidizes the retiree premiums.

Net OPEB Liability (NOL) – The liability to employees for benefits provided through a defined benefit OPEB. Only assets administered through a trust that meet certain criteria may be used to reduce the Total OPEB Liability.

Net Position – The Impact on Statement of Net Position is the Net OPEB Liability adjusted for deferred resource items

OPEB Expense – The OPEB expense reported in the Agency’s financial statement. OPEB expense is the annual cost of the plan recognized in the financial statements.

Other Post-Employment Benefits (OPEB) – Post-employment benefits other than pension benefits, most commonly healthcare benefits but also including life insurance if provided separately from a pension plan

Pay-As-You-Go (PAYGO) – Contributions to the plan are made at about the same time and in about the same amount as benefit payments and expenses coming due

PEMHCA – The Public Employees’ Medical and Hospital Care Act, established by the California legislature in 1961, provides community-rated medical benefits to participating public employers. Among its extensive regulations are the requirements that a contracting Agency contribute toward medical insurance premiums for retired annuitants and that a contracting Agency file a resolution, adopted by its governing body, with the CalPERS Board establishing any new contribution.

Plan Assets – The value of cash and investments considered as ‘belonging’ to the plan and permitted to be used to offset the AAL for valuation purposes. To be considered a plan asset, GASB 75 requires (a) contributions to the OPEB plan be irrevocable, (b) OPEB assets to dedicated to providing OPEB benefit to plan members in accordance with the benefit terms of the plan, and (c) plan assets be legally protected from creditors, the OPEB plan administrator and the plan members.

Public Agency Miscellaneous (PAM) – Non-safety public employees.

Select and Ultimate – Actuarial assumptions which contemplate rates which differ by year initially (the select period) and then stabilize at a constant long-term rate (the ultimate rate)

Service Cost – Total dollar value of benefits expected to be earned by plan members in the current year, as assigned by the actuarial funding method; also called normal cost

Total OPEB Liability (TOL) – Total dollars required to fund all plan benefits attributable to service rendered as of the valuation date for current plan members and vested prior plan members; a subset of “Actuarial Present Value”

Vesting – As defined by the plan, requirements which when met make a plan benefit nonforfeitable on separation of service before retirement eligibility



AGENDA ITEM SUMMARY

ITEM 12.0

TITLE: SELF-INSURED HEALTH PLAN

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

Changes to the REMIF health care plan require ratification by the Board of Directors. A Health Care Committee has been appointed to review and discuss issues surrounding the REMIF health care plan and provide recommendations to the Board of Directors for ratification.

There are two (2) items that are being presented for ratification by the Board of Directors and four (4) items that are presented as informational discussion by the committee.

BACKGROUND

The Board of Directors has contracted with RealCare/NFP as the broker for health care and other benefits. A Health Care Committee has been appointed to review and discuss issues surrounding the REMIF health care plan and provides recommendations to the Board of Directors for consideration.

REMIF has offered a self-insured health plan since 2015. The plan uses the Anthem network and is administered through our TPA, Health Comp, and we work with our brokers, RealCare/NFP, on the plan. The Health Care Committee provides recommendations to the Board of Directors for consideration and ratification.

For purposes of providing information to the Board of Directors in a more succinct manner, staff presents the recommendations of the Health Care Committee below, and the detail and back up is provided as attachments to this staff report.

A.ITEMS THAT REQUIRE RATIFICATION:

1. Amend Online Services language

ISSUE: Member had a Behavioral Health Video Conference with a physician. The claim was denied due to the exclusion #56: "(56) Telephone, Facsimile Machine, and Electronic Mail Consultations. Consultations provided using telephone, facsimile machine, or electronic mail."

The Member appealed the denial stating that exclusion #56 does not apply because this was a "Video Conference" and not conducted by telephone, facsimile machine or electronic mail.

HealthComp reviewed the appeal, overturned the denial and paid the claims due to vague wording within the SPD. It was also paid since the claim was billed with an office visit service code. The plan document has wording that allows this type of service. The recommended language in the SPDs are attached, and, for more specific detail, all documentation reviewed by the Committee are attached.

RECOMMENDED ACTION BY HEALTH CARE COMMITTEE

The Health Care Committee recommends the Board of Directors:

Review and approve wording to amend the following sections of the SPD to clarify and include definitions for “online,” covered charges and plan exclusions.

2. Domestic Partners - SB30

ISSUE: The California State Legislature passed SB30, which became law effective January 1, 2020. SB30 amended the California Family Code to expand the definition of registered domestic partners and allows opposite sex partners to register as domestic partners, regardless of age. Previously, the definition of registered domestic partners including opposite sex couples or same sex couples, with one person being over the age of 62. The REMIF plan defines registered domestic partners as same sex couples or opposite sex couples, with one person being over the age of 62.

RECOMMENDED ACTION BY THE HEALTH CARE COMMITTEE

The Health Committee recommends the Board of Directors:

Expand registered domestic partner coverage, pursuant to SB 30, and have the definition of registered domestic partner reference the Family Code, rather than define domestic partners in the plan documents.

B. ITEMS THAT THE HEALTH CARE COMMITTEE HAS DISCUSSED

1. Benefit Satisfaction Survey

The Board of Directors directed the Health Care Committee to put together a benefit satisfaction survey and distribute to the employees. The Health Care Committee has selected questions and the survey will be distributed shortly.

2. Alternate Medical/Rx Benefit for Member

The Committee discussed an alternative delivery method for medical treatment for a member who is taking a prescription medication. The member is currently receiving the medication in a medical facility at about 2.5 times the cost of what it would be if the member received the medication from a pharmacy. There is a significant cost associated with this medication. The medication is authorized for distribution from the Envision Specialty Pharmacy at a significantly lower cost. The direction was to present the alternative benefit to the member and encourage the member to approve the change in benefit. The medication would not change, just how the member obtains the medication. If that does not happen, the Health Care Committee will review options, including making changes to the plan.

3. Preventive Services

An employee requested that the Plan cover an ultrasound (considered diagnostic) as preventive care service, as an alternative to a routine preventive mammogram (which is considered preventive care). The member also requested the plan reverse the deductible and copay applied to the original claim, the Plan consider allowing any test associated with a well-woman visit to be paid as preventive care if ordered during a well-woman visit (even if considered diagnostic), and to have the Plan cover mileage costs for a member who must travel to receive alternative preventive testing in another city.

The Health Care Committee recommended REMIF proceed with reporting and fact gathering related to the potential expansion of preventive services in the Plan, but no expansion of services would happen at the time.

4. Medical Claims Audit – BMI

The Board of Directors directed the Health Care Committee to use BMI to conduct a medical claims audit. That process is underway, and data will be provided upon completion.

FISCAL IMPACT

No known fiscal impact at this time.

RECOMMENDED ACTION

The Health Care Committee recommends the Board of Directors:

1. Review and approve wording to amend the following sections of the SPD for:
 - Covered Charges, item (dd) Online Care Services
 - Defined Terms, item “Online”
 - Plan Exclusions, item #56 Telephone, Facsimile Machine and Electronic Services Consultations
2. Pursuant to SB 30, expand registered domestic partner coverage to include opposite sex couples (regardless of age) and have the definition of registered domestic partner reference the Family Code, rather than define domestic partners in the plan documents.

ATTACHMENT

12.1 SPD

12.2 Health Care Committee Meeting Minutes, 09/12/19 to current

Amendment #1 to SPD restatement 9-1-19/6-30-20. Effective ~~xx-xx-2020~~.

Covered Charges (section starts on page 51)

(dd) **Online, Internet and Telephone Based Online-Care Services.** For certain plans, when available in your area, covered services ~~will can~~ include medical consultations ~~with the Plan's contracted telehealth vendor~~ using the ~~internet-Internet~~ via webcam, phone camera, chat, ~~or~~ voice ~~or-Or any other electronic means.~~

~~Online care services are covered under Plan benefits for office visits to physicians.~~

Online, ~~Internet~~ and ~~t~~Telephone consultations are only covered for members:

- ~~while~~ admitted to the hospital; or
- as a patients in the Emergency Room; ~~or~~
- ~~Through the Plan's contracted telehealth vendor~~

Non-covered ~~Online, Internet~~ and ~~t~~Telephone consultations ~~services~~ include, but are not limited to:

- Reporting normal lab or other test results.
- Office visit appointment requests or changes.
- Billing, insurance coverage, or payment questions.
- Requests for referrals to other physicians or healthcare practitioners.
- Benefit Pre-authorization.
- Consultations between physicians.
- Consultations provided by telephone, electronic ~~mail~~ services, or facsimile machines, except as noted elsewhere.

Note: You will be financially responsible for the costs associated with non-covered services. An itemized receipt for services will be required for claim reimbursement.

Defined Terms (section starts on page 79)

Online is the condition of **being** connected to a network of computers or other devices. The term is frequently used to describe someone who is connected to, served by, or available through a system and especially a computer or telecommunications system (such as the Internet).

Plan Exclusions (section starts on page 88)

(56) Telephone, Facsimile Machine, and Electronic ~~Mail~~ Services Consultations. Consultations provided using telephone, facsimile machine, or electronic ~~mail~~ services, except as noted elsewhere.

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REMIF Self-Insurance Committee Minutes

Date: September 12, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:04 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Kelly Buendia, Lakeport
- iv. Sheri Mannion, Ukiah

B. Also in attendance:

- i. Carol Reid, RealCare
- ii. Pat O'Brien, RealCare
- iii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES

A. Meeting of August 8, 2019

James Leon, Windsor, motions to approve; Sherri Mannion, Ukiah, seconds. Motion carries.

III. ITEMS FOR DISCUSSION

A. Transamerica/Express Scripts Retiree Medical Renewal 1/1/20 – **Action Item**

- i. The Transamerica/Express Scripts plans renew each January 1st because they are tied to Medicare.
- ii. Renewals range from 3.99% to 4.24% depending on prescription drug plan chosen.
- iii. AmWINS, the General Agent for the plans, did an informal marketing analysis to see if there might be something more competitively priced. All carriers shopped were significantly higher in cost and/or could not match the benefits.

Sheri Mannion moves to recommend to the Board that the Transamerica/ESI renewals be accepted; James Leon, Windsor, seconds. Motion carries.

B. RealCare Contract Renewal – Action Item

- i. There was an audit done by the interim GM and the Board gave Amy Northam, REMIF, permission to prioritize the tasks. Seeking RFP's for the benefits broker was on low priority list.
- ii. Because RealCare's contract is up for renewal on 1-1-20, Amy Northam requested bids from several brokers. She asked USI, Marsh and RealCare to submit proposals. RealCare is the only broker who submitted a proposal.
- iii. RealCare provided a 3 year contract proposal. Increase would be on the PEPM portion. The proposed cost will be \$22.00 PEPM for Year 1; \$22.50 PEPM for Year 2 and \$23.00 for Year 3. No other increases in other fees on other lines of coverage.
- iv. Amy Northam, REMIF, recommends REMIF renew with RealCare.
 1. Sheri Mannion, Ukiah, is satisfied with the modest increase.

Kelly Buendia, Lakeport, motions that the Committee recommend to the Board that the proposed RealCare compensation increase be accepted for the 3 year term; Sheri Manion, Ukiah, seconds; James Leon, Windsor, makes it unanimous. Motion carries.

C. Benefit Satisfaction Survey – Action Item

- i. The point of an Employee survey for those on the REMIF plan is to find out what employees like, don't like, want to change, etc.
- ii. Solicited bids from 5 different companies.
- iii. 2 lower end surveys are generic in nature (Beyond Feedback- \$5,000 and Fidello - \$2,500).
- iv. 2 companies quoted on the higher end.
 1. NBRI (\$19,475) has psychological approach to survey. They favor having a different range on their scale when one answers questions. If you have a scale of 1-5, people automatically pick the mid range of 3. If the range is either 4 or 6, there is no automatic mid range and employees tend to be more candid. NBRI has more back end services: data analyzed, provide take aways to see what kind of action is needed based on survey, etc.
 2. REMESH (\$11,300) is more of a tech savy company. They use a Focus group and traditional survey. Focus group of certain employees that interact with Remesh on a real time call. Question is asked; employees responds. We would need to come up with questions.
- v. NFP (\$14,220) came in at the mid-range.
- vi. Committee feels going with one of the lower end providers for the first survey is more cost effective to see how the survey is received. If successful, we might go with a vendor with more services the next time
- vii. Sherri Mannion, Ukiah, suggested we do in-house survey first. Ukiah uses Survey Monkey for their in-house surveys. However, when this was first suggested by a Committee member, having a neutral 3rd party was preferred.
- viii. James likes the idea of a 3rd party vendor. Employees don't always trust that Survey Monkey is anonymous.

- ix. We need an option for text messages; URL; and paper versions.
 - x. If Fidello has text message, URL and paper capabilities, leaning toward Fidello.
- After much discussion, it was decided to eliminate the top end vendors. Committee wants to look at the lower end vendors. (Fidello and Beyond Feedback). Fidello provided sample questions that seemed to be quite comprehensive.

Sheri Mannion, Ukiah, motions to recommend to the Board that we use Fidello as long as they have text, URL and paper capabilities; James Leon, Windsor, seconds. Motion carried.

- D. Policies and Procedures project – Informational
 - i. Amy reports we are continuing the project and are making progress.
- E. Monthly/quarterly communications to promote services – Informational
 - i. Idea of having a calendar with key things to give out to employees.
 - ii. Planning to have a draft by next committee meeting.
- F. Income and Expense – Informational
 - i. Year end
 - ii. FY 19/20 to date

Income and Expense report is not an audited report. RealCare is expecting more money to be returned to the fund by the Stop Loss carrier. RealCare will update the report if the refund comes in before the Board meeting.

Next meeting: October 10, 2019; 2:00 p.m.

Meeting adjourned: 2:45 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion – City of Ukiah – 300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits – 111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

Date: October 10, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:05 pm

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Sheri Mannion, Ukiah

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Kelly Buendia, Lakeport
- iii. Stephanie Garrabrant-Sierra

II. APPROVAL OF MINUTES

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

No quorum, move to next meeting

III. ITEMS FOR DISCUSSION

A. Request to pay claim outside of contract – **Action Item**

No quorum, move to next meeting

B. Domestic Partners - SB30 – **Discussion**

- i. Under SB30, in order to be considered a domestic partner, one must be registered with the Secretary of State.
- ii. Do we need to eliminate domestic partners from eligibility since same sex partners can now be legally married?
- iii. Move this item to the next meeting so that it can be discussed and a recommendation can be made to the Board.
- iv. Make this an **Action Item**

- C. Policies and Procedures project – Informational
 - i. Amy Northam reports that this project is proceeding and is being worked on.
- D. Monthly/quarterly communications to promote services – Informational
 - i. Pat O’Brien reports that RealCare is close to sending out a Guide for the agencies
- E. Benefit Satisfaction Survey – Informational
 - i. Fidello was the chosen vendor.
 - ii. Amy Northam reports that due to the PG&E Public Safety Power Shutdown, the introductory conference call had to be rescheduled.
- F. REMIF/Kaiser/Sutter Participation – Informational
 - i. Annual report to the Committee on participation. We need to keep track to see if the participation shows any trends (negative or positive) that would indicate we need to make any policy changes on participation.
 - ii. Participation will become important if the REMIF plans are expanded to other outside agencies.
 - iii. Currently, there are no participation requirements for the REMIF plan with regard to other health plans (Kaiser, Sutter Health Plan, Operating Engineers, PERS, etc.)
 - iv. RealCare did not see any trends this year that were alarming. Enrollment seems to be consistent.

Next meeting: Thursday, October 24, 2019; 2:00 p.m.

Meeting adjourned: 2:39 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion—City of Ukiah—300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits—111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

Date: October 24, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:03 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Kelly Buendia, Lakeport

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Danette Demello, Arcata
- ii. Sheri Mannion, Ukiah
- iii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES

No quorum, move to next meeting

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

B. Meeting of October 10, 2019

III. ITEMS FOR DISCUSSION –

A. Domestic Partners. SB30 – **Action Item**

No Quorum, move to next meeting

B. Request to pay claim outside contract – Informational

- i. This has resolved without paying outside the contract. Patient was able to borrow the equipment.

C. Policies and Procedures project – Informational

- i. Have a Draft MOU that is still under review. Once review is complete, we will send to the attorney for feedback. Will also ask that he review the Participation Agreement.

D. Benefit Satisfaction Survey – Informational

- i. Had call with Fidello. Came up with a time table for survey. Will be in early January. They are putting together questions for us to review and we will present to the Committee.

E. Income and Expense – Informational

- i. Plan continues to run well. No stop loss claims yet for this policy year.

Next meeting: November 14, 2019; 2:00 p.m.

Meeting adjourned: 2:15 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion—City of Ukiah—300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits—111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

Date: November 14, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:04 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. James Leon, Windsor
- iii. Danette Demello, Arcata
- iv. Kelly Buendia, Lakeport

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. Sheri Mannion, Ukiah
- ii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES – **ACTION ITEM**

A. Meeting of September 12, 2019 – REVISED

- i. Original footer stated August 22, 2019; corrected to note date of September 12, 2019.

B. Meeting of October 10, 2019

C. Meeting of October 24, 2019

Kelly Buendia, Lakeport, motions to approve the minutes from all three meetings; James Leon, Windsor, seconds motion. Motion carries.

III. ITEMS FOR DISCUSSION

A. Domestic Partners. SB30 – **ACTION ITEM**

- i. The law takes effect 1-1-20. Removes the age requirement (one needs to be age 62) for opposite sex couples. Same sex and opposite sex couples are now considered domestic partners if legally registered with the State of California.
- ii. Opposite sex partners can now be covered if legally registered
- iii. Imputed income would be assessed to all registered domestic partners.

Kelly Buendia, Lakeport, motions to make a recommendation to the Board to offer domestic partnership coverage to anyone who registers with the State of California. This eliminates the age restriction. Will be following CA Family Code. James Leon, Windsor, seconds the motion. Motion carries.

B. Medical Claims Audit – Informational

- i. Amy Northam and RealCare had a conference call with BMI. BMI is communicating with HealthComp. The claims audit is underway. The audit won't be finished until well into the new year. Will report back on the results of the audit.

C. Policies and Procedures project – Informational

- i. The draft document was sent to attorney to review. He is reviewing and will also put together a Participation Agreement. The documents will be presented to the Health Care Committee.

Next meeting: December 12, 2019; 2:00 pm.

Meeting adjourned: 2:49 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion – City of Ukiah – 300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits – 111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

REMIF Self-Insurance Committee Minutes

Date: December 12, 2019

Time: 2:00 p.m.

Telephonic Committee Meeting

Dial In: (646) 664-4400/ Conference ID: 17171#

AGENDA

Call to Order: 2:02 p.m.

I. ROLL CALL

A. Present:

- i. Amy Northam, REMIF
- ii. Danette Demello, Arcata
- iii. Kelly Buendia, Lakeport
- iv. Sheri Mannion, Ukiah

B. Also in attendance:

- i. Pat O'Brien, RealCare
- ii. Royann Franchini, RealCare

C. Absent:

- i. James Leon, Windsor
- ii. Stephanie Garrabrant-Sierra, Willits

II. APPROVAL OF MINUTES

A. Meeting of November 14, 2019

Sheri Mannion, Ukiah motions to approve the Minutes of the November 4, 2019 meeting; Kelly Buendia, Lakeport, seconds. Motion carries.

III. ITEMS FOR DISCUSSION

A. Benefit Satisfaction Survey – **ACTION ITEM**

- i. Discuss questions for Survey

Danette Demello expressed a concern that she thought there needed to be a barcode identifying which plan each respondent is on. Amy Northam said that the survey is meant to be anonymous so no barcode should be on the survey.

It was suggested that in the introductory paragraphs, Fidello be identified as a third party vendor and that the survey is anonymous.

It was decided to delete all reference to the Kaiser and Sutter plans since this is only being sent to REMIF medical plan participants.

It was noted that there are no questions about the Prior Authorization process or whether or not respondents feel that claims are paid in a timely manner. Amy Northam noted that this is the first survey and we want it to be general. After the results are in, we can drill down further.

Sheri Mannion shared that they do a satisfaction survey for her City on a regular basis. The first survey is very general and then subsequent surveys are more specific.

The question will be asked of Fidello if answers to the survey can be sent via USPS vs. electronic.

Amy Northam will make the suggested changes and send to Fidello. We will then be on track to have the survey ready for release sometime in January 2020.

Danette Demello, Arcata, motioned to accept the draft with the noted changes and any other changes that Amy Northam and/or RealCare chose to fine tune; Kelly Buendia, Lakeport, seconded motion; Motion carries.

B. Amend Online Services language -- ACTION ITEM

There was an out-patient video conference claim with a participating provider that was initially denied due to Exclusion #56. The member appealed and the claim was paid.

The intent of the plan is to cover electronic consultations in an Emergency Room or if the patient is in-patient, particularly in rural areas where specialists might not be on staff or available. The plan also covers LiveHealth Online services.

Recent legislation has been signed by Governor Newsom mandating that video consultations be covered. The legislation does not go into effect until 2021. The Committee decided not to broaden the language at this time since the final wording of the legislation is not available yet. The plan will wait until 2021 to amend the SPD based on the signed legislation.

RealCare will further revise the wording and bring it back to the Committee for approval.

C. Preventive Services – DISCUSSION

A member complained that not all services that were ordered at her well-woman exam were covered at 100%. The services billed with a “preventive code” were covered at 100% but the other services billed with a “diagnostic code” were subject to the deductible and applicable co-pay. The member wanted the Committee to discuss the possibility of broadening the definition of “preventive care” to include all tests ordered at a well-woman visit be covered at 100% by the Plan.

The Committee discussed the possibility of expanding the definition of “preventive care” but noted we would also need to include preventive services for both female and male.

Broadening the definition would require manual claims processing as not all services ordered/performed have “preventive” billing codes.

It is hard to quantify what affect this would have on the Plan but RealCare has asked HealthComp to pend, review and track (before paying) all preventive claims for mammograms, colonoscopies and PSA tests for 3 months so that we can examine how the Plan might be impacted.

The Committee discussed that in the future we might want some sort of appeal process to have a certain service treated as preventive.

The member with the complaint also wanted the Committee to discuss the possibility of a mileage allowance in the instance where the member must travel to another area for services. The Committee was not interested in exploring this request.

It was decided to wait to see what HealthComp gives us and reassess at that point to see if broadening the definition is feasible.

D. Policies and Procedures project – Informational

Amy Northam sent everything to the Policies and Procedures attorney. Amy Northam also requested that he put together a Participation Agreement. The draft documents should be back soon.

E. Income and Expense – Informational

The Income and Expense report has been updated through November.

Amy Northam reminded everyone that the Income and Expense report contains unaudited numbers. RealCare will note that on future Income and Expense Reports.

F. Medical Claims Audit – BMI – Informational

Data verification is in progress.

Upon completion, sample selection will begin.

Next meeting: January 9, 2020; 2:00 p.m.

Meeting adjourned: 3:23 p.m.

Health Insurance Committee Members:

Danette Demello – City of Arcata – 736 F Street, Arcata, CA 95521; 707-825-2120; ddemello@cityofarcata.org

James Leon – Town of Windsor – 9291 Old Redwood Highway, Windsor, CA 95492; 707-838-5379; jleon@townofwindsor.com

Kelly Buendia – City of Lakeport – 255 Park Street, Lakeport, CA 95453; 707-263-5613 x30; kbuendia@cityoflakeport.com

Sheri Mannion—City of Ukiah—300 Seminary Drive, Ukiah, CA 95482; 707-463-6244; smannion@cityofukiah.com

Stephanie Garrabrant-Sierra – City of Willits—111 E. Commercial, Willits, CA 95490; 707-459-4601; sgsierra@cityofwillits.org

AGENDA ITEM SUMMARY

ITEM 13.0

TITLE: REMIF SAFETY PROGRAM

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER; MARK HEMMENDIGER, ACCEPTABLE RISK

ISSUE/ BACKGROUND

Mark Hemmendinger with Acceptable Risk provides the following services for REMIF and the REMIF members:

- 1) Assessments of city occupational injury and illness exposures and recommendations mitigating exposures through changes to facilities, equipment, or practices.
- 2) Assistance to cities by the drafting and implementation of new or revised safety policy and procedure that address Cal/OSHA requirements and injury prevention.
- 3) Safety training for members as appropriate.
- 4) Coordinate outside safety training or consulting services as required.
- 5) Fulfill the role of REMIF safety manager for both REMIF and its members.
- 6) Respond to member requests for safety consulting, training, problem solving, emergency response, Cal/OSHA defense, accident prevention, or ergonomic interventions as needed.
- 7) Any other safety and health services and consulting as needed and consistent with experience and knowledge of Consultant.

At the June 2019 Board of Directors meeting, the Board heard an update on the safety program from Mr. Hemmendinger, and he provided a list of programs that he drafted/completed for other members. At that time, he was also asked to put together an audit type list for the members, which he will present to the Board. In addition, he put together a wildfire safety protocol, which is attached.

FISCAL IMPACT

None

RECOMMENDED ACTION

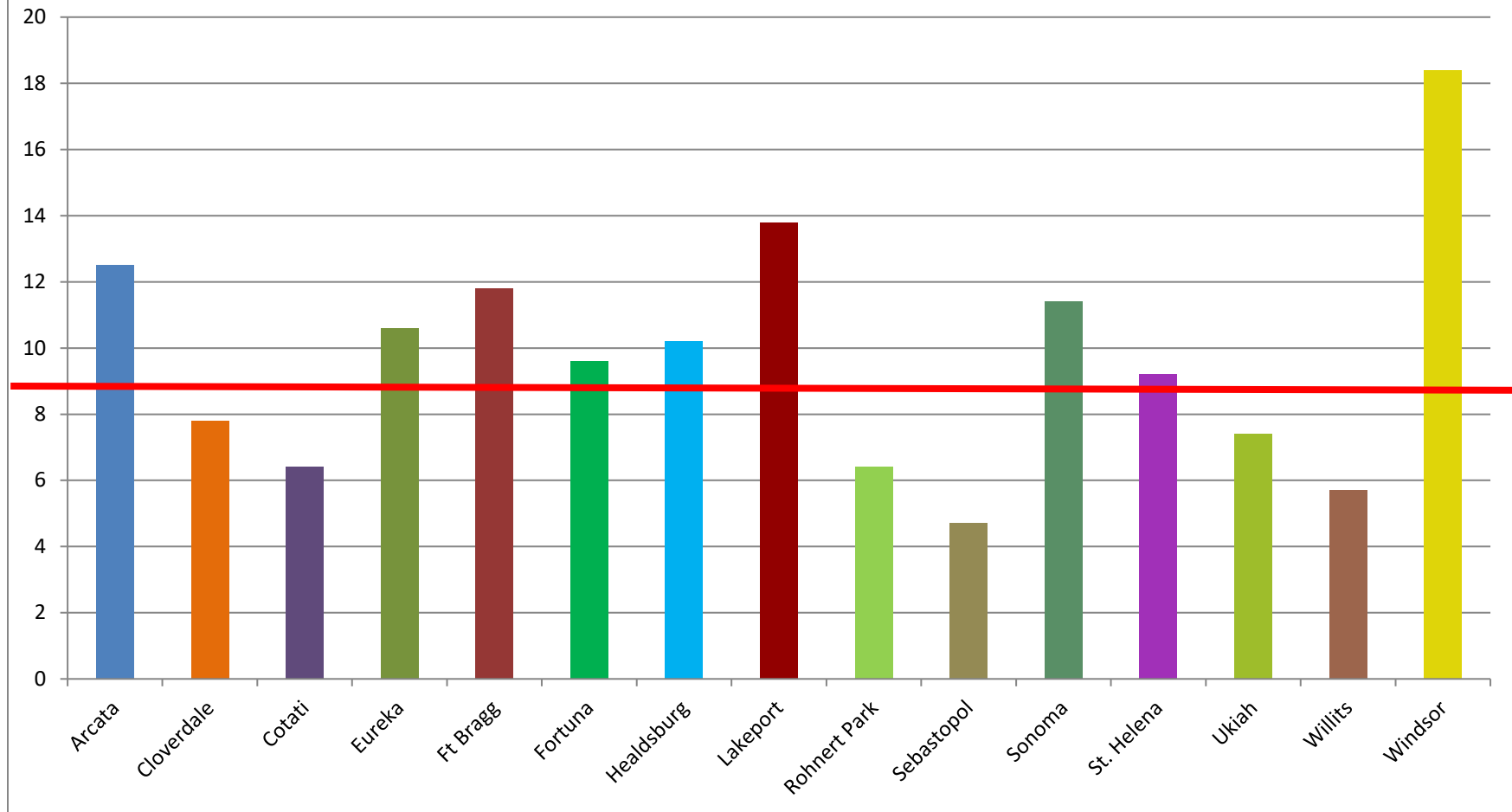
None

ATTACHMENT

- 13.1 Workers' Compensation Loss Data
- 13.2 Wildfire Safety Protocol

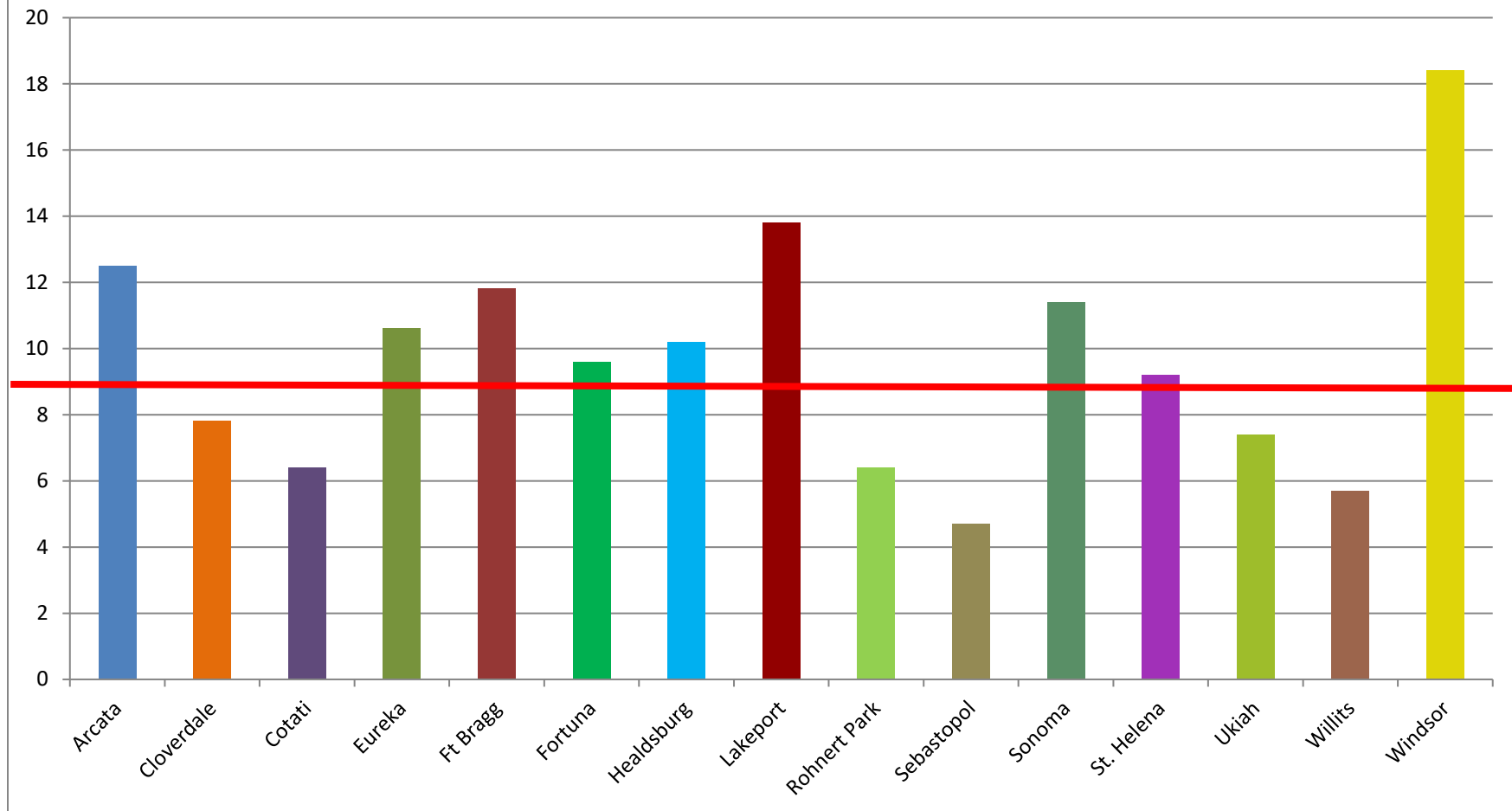
Average 4 Yr Frequency Rate FY 15-16 through FY 18-19

Bars = Number of Employees per 1 Injury



A lower number represents a higher injury frequency, e.g., one injury for every 4.5 employees compared to the highest which represents one injury for every 18.5 employees. Data includes the employment numbers reported to REMIF and the loss data including all departments. Redline is REMIF average for the 4 years, 8.9

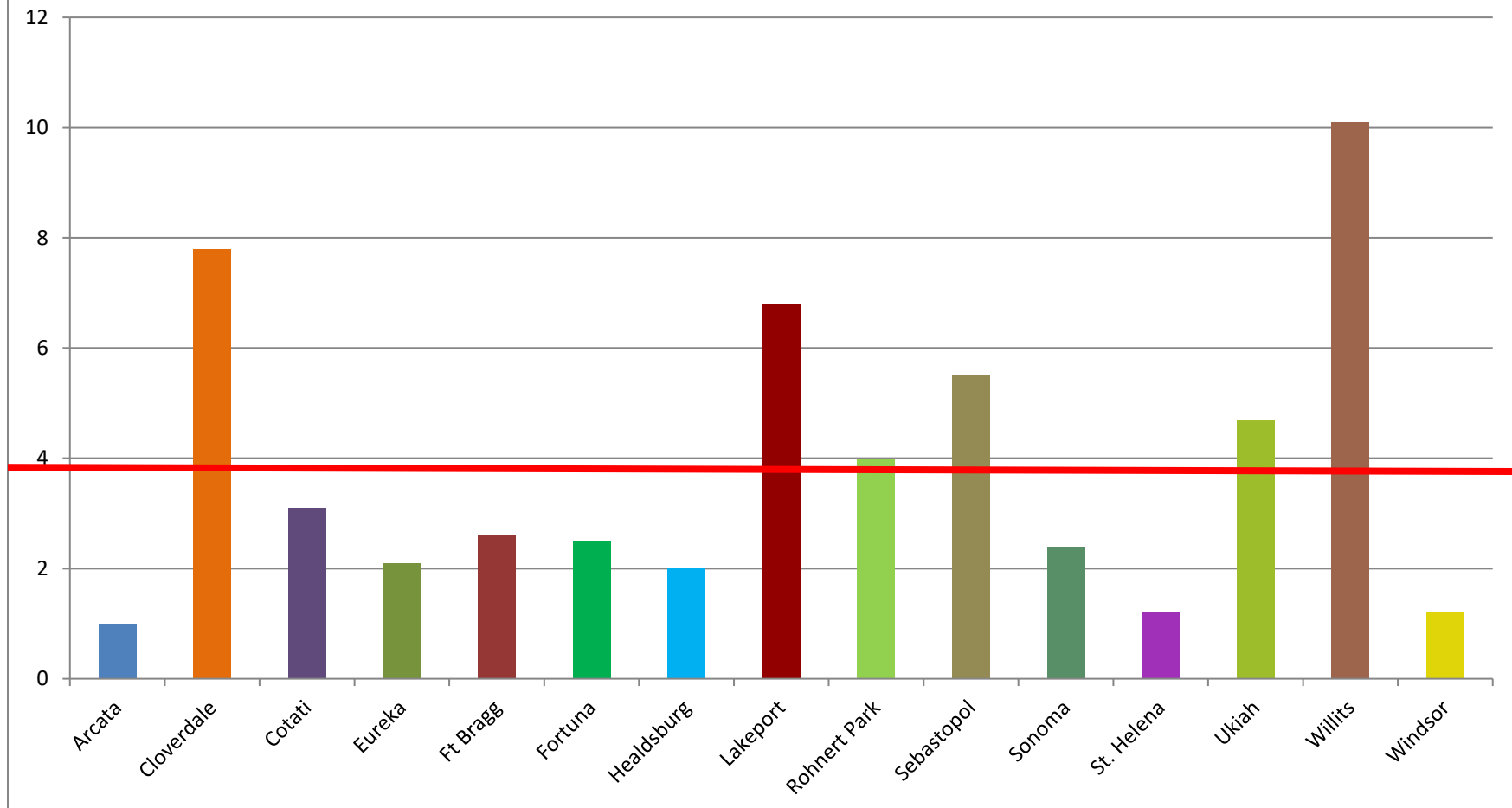
Average 4 Yr Frequency Rate FY 15-16 through FY 18-19
Bars = Number of Employees per 1 Injury (Higher Numbers Equals Low Frequency)



A lower number represents a higher injury frequency, e.g., one injury for every 4.5 employees compared to the highest which represents one injury for every 18.5 employees. Data includes the employment numbers reported to REMIF and the loss data including all departments. Redline is REMIF average for the 4 years, 8.9

Average 4 Yr Severity Rate FY 15-16 through FY 18-19

Bars = Total Incurred Loss Costs as Percent of payroll

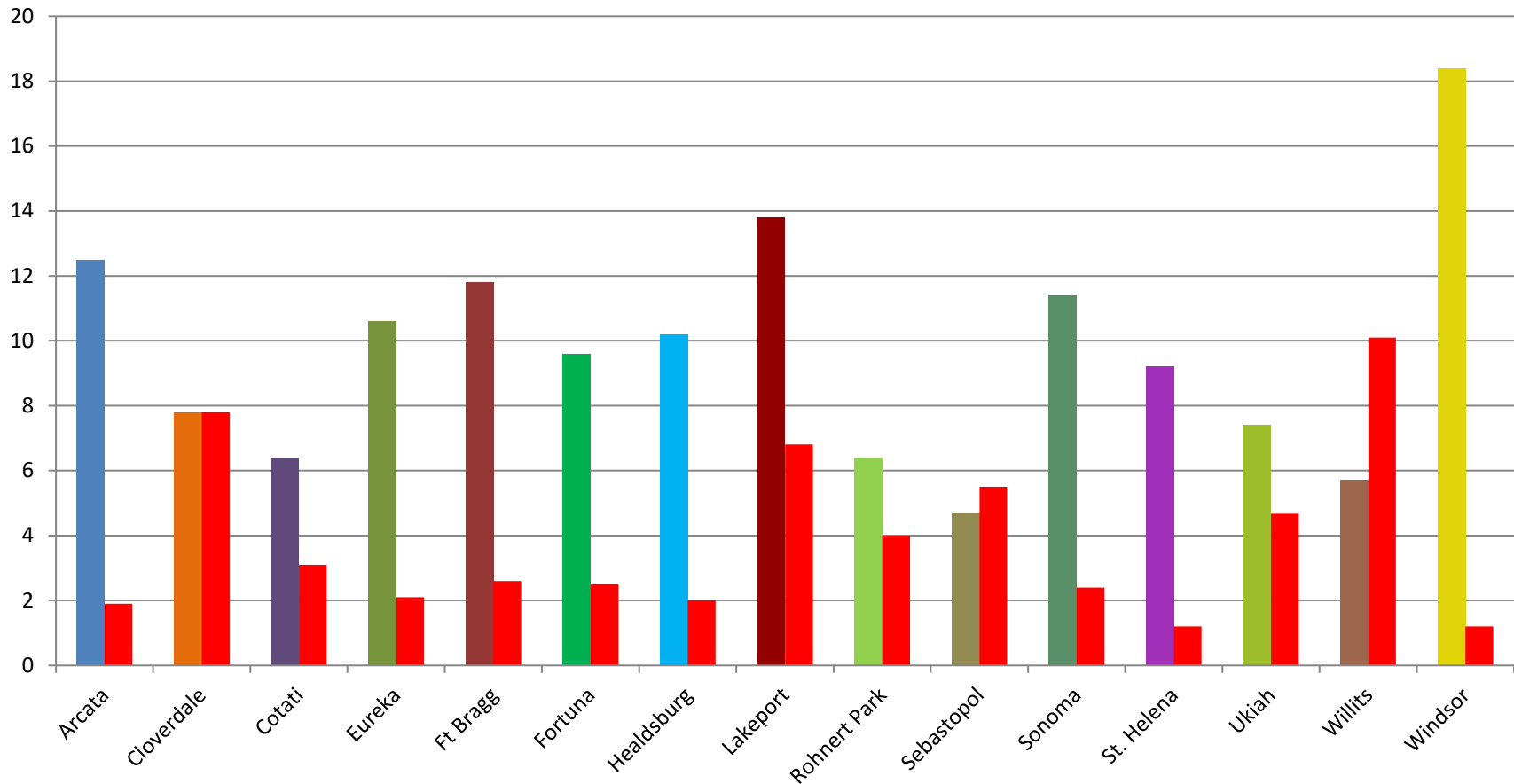


Redline is REMIF average for the 4 years, 3.9

Average 4 Yr Frequency & Severity Rate FY 15-16 through FY 18-19

Multi-Colored Bars = Number of Employees per 1 Injury (Higher number = lower Frequency)

Red Bars = Incurred Loss Costs as a Percent of Payroll (Lower % equals lower Cost)



Wildfire Smoke Prevention

This section will apply when wildfire smoke reaches a level of 151 or greater as measured by Air Quality Index or AQI. This policy and procedures apply to City employees who work outdoors.

Identification of Exposure

The City Manager's office or their designee is required to check the AQI on days when wildfire smoke is predicted, there are wildfire events in the vicinity, or smoke plumes are visible and likely to travel over the City prior to the end of shift. AQI is best identified for the City through accessing any of the following:

1. US EPA AirNow website: <https://airnow.gov/>
2. U.S. Forest Service Wildland Air Quality Response website: <https://sites.google.com/firenet.gov/wfaqrp-external/home>
3. California Air Resources Board website: <https://ww3.arb.ca.gov/html/ds.htm>

The air quality index or AQI is a measure of particulate matter in the air often referred to as PM2.5 (those particles below 2.5 microns). The index below illustrates the PM2.5 index and the description tied to that measure as well as color coding normally associated with that AQI level.

Figure 1 - AQI Particulate Matter Index

Air Quality Index - Particulate Matter	
301 – 500	Hazardous
201 – 300	Very Unhealthy
151 – 200	Unhealthy
101 – 150	Unhealthy for Sensitive Groups
51 – 100	Moderate
0 – 50	Good

Communication of Exposure

The following steps will be taken to communicate with employees regarding wildfire smoke exposure and prevention:

1. Training for City Directors, Managers, lead personnel and employees regarding the requirements of this Cal/OSHA standard and City policy and procedure meeting the standard,

2. Verbal communication with all City employees working outdoors on any day that wildfire smoke may become a health issue, AQI > 150 <500 (PM2.5). This communication will reiterate the potential exposure, hazard, recommendation for protection (N95 masks) and their location in the Department, and recommendations on limiting outdoor exposure.
3. For those City employees with discretion as to work outdoors, recommendations will be made to delay outdoor work on those days with AQI exceeding 150 PM2.5 but below an AQI of 500.
4. At an **AQI ≥ than 500 PM2.5** the City employees whose work requires them to be outdoors **are required to wear respirators**, either half or full face depending upon necessary fit (AQI>500 below) with the appropriate APF factor to reduce exposure inside the respirators to less than 151 (measured as PM2.5) or similar.
5. Employees will also be reminded that they can contact their supervisor or Human Resources should they believe conditions are worsening and additional actions should be taken regarding job exposures.
6. Employees should contact their supervisor Human Resources should they have a health condition is aggravated by wildfire smoke.

Control of Exposure

AQI Equals 151 Less Than 500

During those working days when the exposure to AQI is equal to or greater than 151 PM 2.5, but less than 500 PM 2.5, the following steps are taken:

1. Employees are encouraged to perform as much work as possible indoor environments which have filtered air. This includes taking additional breaks from outside work as needed. Those employees whose work is performed from vehicles with filtered air systems, breaks or work from vehicles will be used to assist in controlling exposure.
2. The City provides N95 filtering facepieces approved by NIOSH. These respirators are disposable and are maintained in sanitary packages prior to use. Employees are encouraged and trained to voluntarily use such protection when working outdoors under the above defined conditions. See the page 4 for guidance.

AQI Greater Than 500

When the AQI is equal to or exceeds 500 PM2.5, the City will limit employee exposures and do the following to control employee exposure:

1. Employees working outdoors for less than 1 hour during their entire shift can do so with recommended use of N95 masks.
2. Any employees who are required to work beyond the single hour during their shift are required to wear respirators that will reduce particulate matter exposure at the users breathing zone to less than 151 PM2.5.
 - a. Respirators meeting the above standard, based upon APF rating for the respirators are:
 - i. Half or full face on-demand respirators
 - ii. Half or full face powered air purifying respirators

3. The type of respirators chosen may be determined by exposure, nature of work performed during exposure, facial hair or facial structure.
4. Reference the City respiratory protection program documents for type of respirators provided and for medical clearance, training, and fit testing requirements.

Note: Employees who are required to wear respirators under this Program must have prior medical clearance, fit testing and training.

Training

Employees who work outdoors are trained in the content and implementation of these Wildfire Smoke Prevention policy and procedures. In addition the wild smoke prevention training also covers the following topics:

The Health Effects of Wildfire Smoke

Although there are many hazardous chemicals in wildfire smoke, the main harmful pollutant for people who are not very close to the fire is “particulate matter,” the tiny particles suspended in the air. Particulate matter can irritate the lungs and cause persistent coughing, phlegm, wheezing, or difficulty breathing. Particulate matter can also cause more serious problems, such as reduced lung function, bronchitis, worsening of asthma, heart failure, and early death. People over 65 and people who already have heart and lung problems are the most likely to suffer from serious health effects. The smallest—and usually the most harmful—particulate matter is called PM2.5 because it has a diameter of 2.5 micrometers or smaller.

Right to obtain medical treatment without fear of reprisal

Employees who show signs of injury or illness due to wildfire smoke exposure allowed to seek medical treatment cannot be punished for seeking such treatment. City employees should reference the “medical services” posting in workplace for reference to the closest medical provider. Should an employee become seriously ill from wildfire smoke inhalation, they will be taken to the medical provider or first responders are notified.

Access to Air Quality Index Information

Various government agencies monitor the air at locations throughout California and report the current AQI for those places. The AQI is a measurement of how polluted the air is. An AQI over 100 is unhealthy for sensitive people and an AQI over 150 is unhealthy for everyone. Although there are AQIs for several pollutants, Title 8, section 5141.1 about wildfire smoke only uses the AQI for PM2.5. The easiest way to find the current and forecasted AQI for PM2.5 is to go to www.AirNow.gov and enter the zip code of the location where you will be working. The current AQI is also available from the U.S. Forest Service at <https://tools.airfire.org/> or a local air district, which can be located at www.arb.ca.gov/capcoa/dismap.htm. Employees who do not have access to the internet can contact their employer for the current AQI. The EPA website www.enviroflash.info can transmit daily and forecasted AQIs by text or email for particular cities or zip codes.

City Communication

City employees are alerted to air quality that may be harmful to them and the protective measures recommended based upon the AQI.

Should employees notice that the air quality is worsening during the shift, they are encouraged to report such shifts to their supervisor, or, in their absence, directly to Human Resources, without fear of reprisal.

The importance, limitations, and benefits of respirator protection from wildfire smoke

Respirators can be an effective way to protect employee health by reducing exposure to wildfire smoke, when they are properly selected and worn. Respirator use can be beneficial even when the AQI for PM2.5 is less than 151, to provide additional protection. When the current AQI for PM2.5 is 151 or greater, the City provides employees with N95 respirators for voluntary use. If the current AQI is greater than 500, respirator use is required. A respirator should be used properly and kept clean. The following precautions have been taken:

1. The City will select respirators certified for protection against the specific air contaminants at the workplace. NIOSH, the National Institute for Occupational Safety and Health of the U.S. Center for Disease Control and Prevention certifies respirators. A label or statement of certification should appear on the respirator or respirator packaging. It will list what the respirator is designed for (particulates, for example).

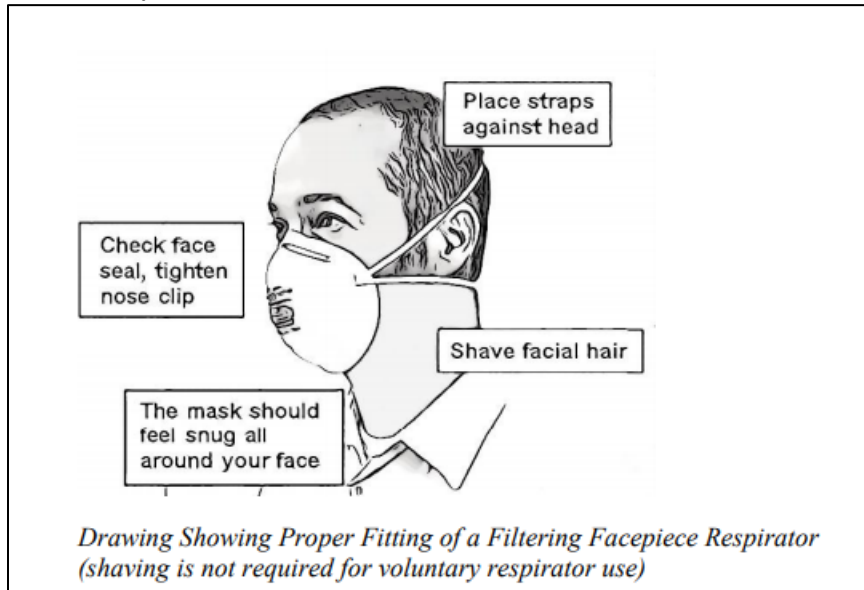
Surgical masks or items worn over the nose and mouth such as scarves, T-shirts, and bandannas will not provide protection against wildfire smoke. An N95 filtering facepiece respirator, shown in Figure 2 below, is the minimum level of protection for wildfire smoke.
2. Read and follow the manufacturer's instructions on the respirator's use, maintenance, cleaning and care, along with any warnings regarding the respirator's limitations. **The manufacturer's instructions for medical evaluations, fit testing, and shaving should also be followed, although doing so is not required** by Title 8, section 5141.1 for voluntary use of filtering facepiece respirators.
3. Do not wear respirators in areas where the air contains contaminants for which the respirator is not designed. A respirator designed to filter particles will not protect employees against gases or vapors, and it will not supply oxygen.
4. Employees should keep track of their respirator so that they do not mistakenly use someone else's respirator.
5. Employees who have a heart or lung problem should ask their doctor before using a respirator
6. Respirator training and fit testing for other than N95 filtering facepieces is covered in the City's *Respiratory Protection Program*.

How to properly put on, use, and maintain the N95 respirators provided

To get the most protection from a respirator, there must be a tight seal around the face. A respirator will provide much less protection if facial hair interferes with the seal. Loose-fitting powered air purifying respirators may be worn by people with facial hair since they do not have seals that are affected by facial hair. The proper way to put on a respirator depends on the type and model of the respirator. For those who use an N95 or other filtering facepiece respirator mask that is made of filter material:

1. Place the mask over the nose and under the chin, with one strap placed below the ears and one strap above.
2. Pinch the metal part (if there is one) of the respirator over the top of the nose so it fits securely.

Figure 2 - N95 Respirator



For a respirator that relies on a tight seal to the face, check how well it seals to the face by following the manufacturer's instructions for user seal checks. Adjust the respirator if air leaks between the seal and the face. The more air leaks under the seal, the less protection the user receives.

Respirator filters should be replaced if they get damaged, deformed, dirty, or difficult to breathe through. Filtering facepiece respirators are disposable respirators that cannot be cleaned or disinfected. A best practice is to replace filtering facepiece respirators at the beginning of each shift.

If you have symptoms such as difficulty breathing, dizziness, or nausea, go to an area with cleaner air, take off the respirator, and get medical help.



414 W. Napa St. • 2nd Floor, Suite C • Sonoma, CA 95476 • 707.938.2388 • Fax 707.938.0374

Members: Arcata Cloverdale Cotati Eureka Fort Bragg Fortuna Healdsburg Lakeport

Rohnert Park St. Helena Sebastopol Sonoma Ukiah Willits Windsor

AGENDA ITEM SUMMARY

ITEM 14.0

TITLE: UPDATE ON WORKERS' COMPENSATION PROGRAM

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

The General Manager is responsible for providing reports on REMIF's workers' compensation program to the Governing Board. Changes to the program require ratification by the Board of Directors.

BACKGROUND

At the January 26, 2018 Board of Directors meeting, the Board voted to move the workers' compensation administration to a third-party administrator, Athens Administrators. On May 1, 2018, the transition occurred to Athens Administration.

An ad hoc committee was formed from a group of REMIF members to review various items of issue for the workers' compensation program.

1. Review by the workers' compensation committee (ad hoc)

There are components to the administration of the workers' compensation program, aside from the administration of the claims. These services can be "bundled" (meaning the third-party administrator, like Athens, provides those services) or "unbundled" (meaning the client selects the provider separately). There are pros and cons to having services bundled and unbundled, including costs and checks and balances.

Some of the pieces of these services include:

- a. Bill review (where each medical bill is reviewed and may be adjusted to properly reflect charges allowed pursuant to a fee schedule)
- b. Utilization review or UR (where a critical evaluation is made by a physician or nurse of health-care services provided to injured workers. This evaluation is made for the purposes of controlling costs and monitoring the quality of care an injured worker receives.)
- c. Pharmacy Benefit Manager or PBM, a third-party administrator for prescription drug programs. PBMs are primarily responsible for following the workers' compensation approved formulary, contracting with pharmacies, negotiating discounts and/or rebates with drug manufacturers, and processing and paying prescription drug claims. PBMs reduce drug costs by offering delivery of medications to the injured worker's home, creating a select network of more affordable pharmacies, encouraging the use of generics and more affordable brand medications, negotiating rebates from drug manufacturers and discounts from drugstores and managing high-cost specialty medications. One key piece of consideration for using a PBM is the adherence of the PBM to the UR approved medications. If UR approves a medication for 14 days, it is critical a 14-day supply be issued by the pharmacy. A PBM that follows UR will help with that.

d. Medical Provide Network or MPN (a group of health care providers approved by the Division of Workers' Compensation (DWC) to treat workers injured on the job). Under state regulations, each MPN must include a mix of doctors specializing in work-related injuries and doctors with expertise in general areas of medicine. MPNs are required to meet access to care standards for common occupational injuries and work-related illnesses. The regulations also require MPNs to follow all medical treatment guidelines established by the DWC and allow employees a choice of a provider in the network to see, after their first visit. Additionally, MPNs must offer an opportunity for second and third opinions if the injured worker disagrees with the diagnosis or treatment offered by the treating physician. If a disagreement still exists after the second and third opinion, an injured worker in the MPN may request an independent medical review (IMR).

e. Alternative Dispute Resolution or ADR (a program that allows employers who have signed specific collective bargaining agreements, also called "carve-out" agreements, with their employees' union to utilize ADR to provide medical benefits and adjust and settle claims for workplace injuries. The carve-out agreement(s) negotiated by a union with a group of employers will have customized procedures for resolving disputes that vary from the statutory procedures for settling claims for injured workers that are set forth in the CA Labor Code. ADR is an alternative to the traditional approach to resolving workers' compensation claims.)

The committee was interested in exploring the following, in no particular order:

- Options for a Pharmacy Benefit Program (PBM);
- Options for a Medical Provider Network (MPN);
- Options for telehealth medical providers and telehealth physical therapist; and
- Options for nurse triage.

2. Recommendations from the Workers' Compensation Committee reviewed the first three items listed above (PBM, MPN and telehealth), with the following recommendations to the REMIF Board of Directors:

a. Options for a PBM: The committee heard from two different PBMs, one that works with Athens and one that also provides similar services. One provided cost at formulary, and the other was over formulary pricing. The provider that provided cost at formulary (and works with Athens) is a company named MyMatrixx.

The Committee is recommending we implement MyMatrixx as the PBM for the REMIF plan.

b. Options for a MPN: The committee heard from two different MPNs. Neither had providers that would significantly open the options for providers in the members' service area.

The committee is recommending that we not implement a MPN.

c. Options for telehealth medical providers and telephone physical therapist: The committee heard from two telehealth providers (one medical provider, Concentra, and one physical therapy provider). Telehealth is a new and emerging area for workers' compensation, so there are not a significant number of options now, but staff suspects that will change in the future. Telehealth options will expand access to care, which is such an important concern for cities.

The committee is recommending we add telehealth to the list of medical providers available for use in our program.

3. Open file numbers

Athens Administrators began administering the REMIF claims on 05/01/18:

On 05/01/18, there were 548 claims.
As of 08/31/18, the total inventory was 377 claims.
As of 12/31/18, the total inventory was 341 claims.
As of 03/31/19, the total inventory was 339 claims.
As of 09/16/19, the total inventory was 330 claims.
As of 12/31/19, the total inventory was 324 claims.

4. File Reviews

File reviews will be conducted two times a year for future medical and two times a year for indemnity claims. Future medical claims file reviews will occur in February and August and indemnity claims file reviews will occur in April and October.

5. Future items the Workers' Compensation Ad Hoc Committee will review:

Claims auditor
Nurse triage
Bill review

FISCAL IMPACT

None

RECOMMENDED ACTION

The Workers' Compensation Committee recommends that the Board approve the following:

1. Utilization of the services of MyMatrixx, as the vendor for PBM services;
2. Do not proceed with a MPN at this time;
3. Addition of telehealth options for medical (Concentra) and physical therapy to the list of available providers.

ATTACHMENT

None

AGENDA ITEM SUMMARY

ITEM 15.0

TITLE: FUTURE MEETING DATES & LOCATIONS FOR BOARD OF DIRECTORS MEETINGS

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

Approval of the meeting time/location for the Board of Directors meetings for fiscal year 2020-2021 needs ratification by the Board.

BACKGROUND

Article V of the bylaws requires at least one (1) regular meeting of the Board of Directors each year, which is designated as the Annual Membership meeting. Historically, the Board of Directors meets quarterly, including the Annual Membership meeting.

The bylaws also require that by the final Board meeting of each fiscal year, the Board shall fix the date, hour and location at which each regular meeting in the succeeding year is to be held.

Following past practice (the third or fourth Thursday of the month), the dates, hour and location of each regular meeting for the 2020-2021 fiscal year would be as follows:

- September 24, 2020 at 10:30 in Ukiah (Board of Directors' meeting)
- January 21 and January 22, 2021 in host city (times TBD, annual meeting)
- April 22, 2021 at 10:30 in Ukiah (Board of Directors' meeting)
- June 17, 2021 at 10:30 in Ukiah (Board of Directors' meeting)

FISCAL IMPACT

None

RECOMMENDED ACTION

Approve the meeting dates and locations for the Board of Directors meeting and the Annual meeting.

ATTACHMENT

None

AGENDA ITEM SUMMARY

ITEM 16.0

TITLE: HOST FOR ANNUAL MEMBERSHIP MEETING

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

A host city is needed for the Annual Membership Meeting in January of 2021.

BACKGROUND

Pursuant to Article V of the REMIF Bylaws, there shall be at least one regular meeting of the Board of Directors each year, which shall be designated as the Annual Membership Meeting. Historically, the Annual Membership Meeting is a two-day meeting, with one day dedicated to training/planning and the second day dedicated to a Board of Directors meeting.

The locations for the past six years have been: Fort Bragg, St. Helena, Fortuna, Willits, Windsor and St. Helena. A volunteer from a city is requested to be the host for the 2021 annual meeting.

FISCAL IMPACT

None

RECOMMENDED ACTION

Approval of the host city for the Annual Membership Meeting in January of 2021.

ATTACHMENT

None

AGENDA ITEM SUMMARY

ITEM 17.0

TITLE: ALLOCATION PLAN FOR UNFUNDED PERS LIABILITY (AB 1912)

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

An allocation plan to address the unfunded PERS liability needs ratification by the Board of Directors. This item is presented for discussion only. Staff is not requesting action at this time.

BACKGROUND

In recent years several public entities have defaulted on their obligation to PERS after dissolving or terminating their contract with PERS. As a result, the retired employees of those entities saw their retirement benefits significantly reduced. In response, the California Legislature recently passed a bill to help ensure retirement benefits are fully funded to protect employees and retirees. The Legislature empowered agencies to develop an allocation plan to fully fund the PERS liability should the organization dissolve or no longer participate in the retirement plan. Staff is presenting options for consideration to comply with this new law.

I. What is AB 1912?

AB 1912 was approved by Governor Brown on September 29, 2018. It amends sections of, and adds sections to, the California Government Code. It became effective January 1, 2019.

A JPA's retirement liabilities (e.g., PERS unfunded actuarial liability) are the member agencies' liabilities. The member agencies may not agree otherwise.

Before filing a notice to voluntarily terminate participation in PERS, pursuant to Government Code Sections 20570 and 20571, a JPA's member agencies must agree to apportion 100% of the JPA's retirement obligations among themselves. If the member agencies cannot agree, the PERS Board will apportion the retirement liabilities of the JPA among the member agencies based on their share of services received from the JPA or member agency population. If a member agency disagrees with the PERS Board's apportionment, it has 30 days to challenge the apportionment. The challenge will then be referred to an arbitrator whose decision will be binding on all members. Arbitration costs will be equally shared by the member agencies the arbitrator determines must share the retirement liability. The JPA will not be allowed to terminate its contract with PERS until the retirement liabilities have been apportioned between the members.

These rules are nearly the same for a JPA that receives a notice of potential termination from PERS pursuant to Government Code Section 20572.

If a JPA that does not contract with PERS decides to dissolve or cease operations, the member agencies must agree to apportion 100% of the JPA's retirement obligations among themselves. If the member agencies cannot agree, the retirement board will apportion the retirement liabilities of the JPA among the member agencies based on their share of services received from the JPA or member agency population. If a member agency disagrees with the retirement board's apportionment, it has 30 days to challenge the apportionment. The challenge will then be referred to an arbitrator whose decision will be binding on all members. Arbitration costs will be equally shared by the member agencies the arbitrator determines must share the retirement liability. The JPA will not be able to dissolve or cease operations until the retirement liabilities have been apportioned between the members.

A JPA's retirement liabilities can be apportioned between current and former members. Though the PERS Board can apportion liability to former members, it's unclear whether it will impose a look-back period and only consider former members who have left the JPA within a fixed number of years.

If the member agencies fail to pay their liabilities, before the PERS Board exercises its authority to reduce benefits, the Board must consider and exhaust all other options—including a civil action against the member agencies.

AB 1912 applies to all JPAs except those that dissolved before January 1, 2019, or whose retirement contract was terminated prior to January 1, 2019. However, extreme caution should be exercised before any action is taken that results in the termination of a retirement contract since the resulting liabilities on a termination basis could be far more substantial than ongoing liabilities.

II. Outstanding unfunded liabilities:

As of 06/30/19, the estimated PERS unfunded liability is \$2.293 million.

III. REMIF Assets:

Two story commercial building located at 414 W. Napa Street, estimated preliminary approximate value at current market rates as of 07/01/19 is \$2,250,000;

Equipment, computers, property within 414 W. Napa Street, approximate value as of 07/01/19 is \$25,000

IV. Options for an allocation plan include (but are not limited to):

- a. Fully pay for the unfunded liability.

Since REMIF will cease to function, the REMIF building and REMIF's contents within the building will no longer be needed. The property will be sold and all proceeds from the sale will be used to "buy down" the outstanding unfunded liability.

The remaining unfunded liability will then be allocated to the members, current or not, based on a pro rata share of each member's contributions for the liability and workers' compensation programs (only). The allocation will be applied to all members, current or not, from 01/01/19 (effective date of AB 1912) forward.

- b. "Pay as you go" approach to the unfunded liability.

Since REMIF will cease to function and the REMIF building is fully owned, it can be rented out. Rent payments collected from tenants for the REMIF building can be used for a "pay as you go" approach to the REMIF building. This will, however, require management of the building from a REMIF

member. Once the unfunded liability is “paid down,” the building can then be sold to pay the remaining unfunded liability. If there is still a remaining liability, the remaining unfunded liability will then be allocated to the members, current or not, based on a pro rata share of each member’s contributions to the liability and workers’ compensation programs. The allocation will be applied to all members, current or not, from the start of REMIF and forward.

Staff requests discussion on this item and direction from the Board. Should the Board elect option #1, attached are sample agreements and resolutions that could be implemented to address the unfunded PERS liability.

FISCAL IMPACT

None

RECOMMENDED ACTION

None

ATTACHMENT

17.1 AB 1912 Allocation – Sample Agreement

17.2 AB 1912 Allocation – Sample Resolution

REMIF

AGREEMENT FOR APPORTIONMENT OF RETIREMENT OBLIGATIONS

Redwood Empire Municipal Insurance Fund

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND [REMIF]

AGREEMENT FOR APPORTIONMENT OF RETIREMENT OBLIGATIONS

THIS AGREEMENT is made in the State of California by and among those municipalities organized and existing under the laws of the State of California, hereinafter referred to as "Member Entity[ies]," which are parties' signatory to the Joint Powers Authority Agreement (hereafter "JPA Agreement"). All such Member Entities are listed in Appendix "A," which is attached hereto and made a part hereof.

RECITALS

Whereas REMIF is an entity formed under California Government Code § 6500 which permits two or more public agencies by agreement to jointly exercise any power common to the contracting parties.

Whereas California Government Code § 6508.2 requires that the member agencies of a joint powers agency ("AGENCY") mutually agree to a 100% apportionment of the AGENCY's retirement liability prior to either a dissolution of the AGENCY or the termination of the AGENCY's participation in a public retirement system.

Now, therefore, in consideration of the above facts and the mutual benefits, promises and agreements set forth below, the Member Entities hereby agree as follow:

AGREEMENT

ARTICLE I

DEFINITIONS

The following terms shall have the following definitions:

- A. **"Agreement"** shall mean this Agreement for the Apportionment of Retirement Obligations.
- B. **"Board"** or **"Board of Directors"** shall mean the governing body of REMIF.

- C. **“REMIF”** shall mean the Redwood Empire Municipal Insurance Fund created by this Agreement.
- D. **“Deposit Premium”** shall mean the estimated amount determined for each Member Entity necessary to fund each layer of coverage for each Policy Year of each Program of REMIF, also known as contributions.
- E. **“Member Entity”** shall mean any California public entity which is a party signatory to this Agreement including any other agency for which the City Council sits as the Governing board.
- F. **“Program Year”** shall mean a period of time, usually 12 months, for which each Program is to determine Deposit Premiums (or contributions), Retrospective Premiums, and Retrospective Premium Adjustments.
- G. **“Program”** shall mean arrangements to cover specific types of claims which may include, but not be limited to, property, workers' compensation, and comprehensive liability claims.
- H. **“Public Entity”** shall mean a county, city, whether general law or chartered, city and county, town, district, political subdivision, joint powers authority, or any board, commission, or agency thereof providing a municipal service, excluding school districts.
- I. **“Public Retirement System”** shall mean CalPERS or any other Public Entity retirement program established or operated by a California Public Entity available to public employees as to which current or former employees of REMIF participated.
- J. **“Retirement Liability”** shall mean the liability that REMIF possesses to all former or current employees of REMIF for retirement benefits owed to them pursuant to a contract between REMIF and a Public Retirement System and arising by reason of those employees participation in the Public Retirement System.

K. **“Retrospective Premium”** shall mean, the amount determined retrospectively as each Member Entity's share of losses, reserves, expenses and interest income as may be determined periodically for any Program.

L. **“Retrospective Premium Adjustment”** shall mean the amount necessary to periodically adjust the Deposit Premium, or prior Retrospective Premiums if any, to the newly calculated Retrospective Premium amount.

ARTICLE II

PARTIES TO THE AGREEMENT

Each Member Entity is a party to this Agreement and agrees that it intends to, and does contract with, all other parties who are signatories of this Agreement and with such other parties as may later be added. Each Member Entity also agrees that the expulsion or withdrawal of any Member Entity from this Agreement shall not affect this Agreement nor the remaining parties as to the other Member Entities then remaining.

ARTICLE III

PURPOSE

This Agreement is entered into by the Member Entities in order to:

A. Provide for an apportionment among current and former REMIF Member Entities of 100% of REMIF's Retirement Liability consistent with the requirements of Government Code §§ 6508.1 and 6508.2 as enacted and amended effective January 1, 2019. The current Member Entities of REMIF are set forth in Appendix A. The former Member Entities of REMIF as of the date of this Agreement are set forth in Appendix B.

ARTICLE IV

METHOD OF APPORTIONMENT OF RETIREMENT LIABILITY

A. In the event of a decision by the governing Board of REMIF to dissolve and cease all operations, or in the event of a decision by the governing Board of REMIF to terminate REMIF's contract with a Public Retirement System, the Member Entities agree that 100% of REMIF's Retirement Liability shall be funded by all current and former REMIF Member Entities based on a pro rata share of the former and current Member Entities' historical Deposit Premium (or contributions) in the Workers' Compensation and Liability self-funded Programs. The apportionment of the Retirement Liability shall be calculated as set forth above, and the unfunded Retirement Liability then existing shall be paid as follows: The unfunded Retirement Liability then existing shall be paid prior to any distribution of assets and prior to the payment of any equity that may be determined as the result of the Retrospective Premium Adjustment. (For example, should a Member Entity have remaining equity in either the Workers' Compensation or Liability program, at the time of REMIF's dissolution or REMIF's termination of REMIF's contract with a public retirement system, the Member Entity's equity shall first be applied to reduce that Member Entity's share of the apportionment of the Unfunded Retirement Liability.)

B. In the event that REMIF disposes of the real property identified as 414 W. Napa Street, Sonoma, CA 95476 (the "Property"), any unfunded Retirement Liability of REMIF shall first be reduced by applying the proceeds from the sale of the Property as provided in Resolution xx, attached hereto as Exhibit A, prior to the determination of the amounts owed by the former or current Member Entities under the apportionment provided herein.

C. The apportionment of the Retirement Liability of REMIF among the former and current Member Entities of REMIF and the obligation of the former and current Member Entities

to pay such apportionment of the REMIF Retirement Liability as provided herein shall be a separate and independent obligation from the obligation of the Member Entities arising upon termination, expulsion or withdrawal of a Member Entity.

ARTICLE V

TERM OF AGREEMENT

This Agreement shall become effective as of the date hereof and shall continue in full force and effect for the purpose of paying 100% of the Retirement Liability of REMIF pursuant to the apportionment among former and current Member Entities as provided for herein.

ARTICLE VI

SEVERABILITY

Should any portion, term, condition or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

ARTICLE VII

AGREEMENT COMPLETE

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in writing herein, except as noted with respect to the Bylaws and Memoranda of Coverage. If any provision of this Agreement conflicts with a provision of the Bylaws, Memoranda of Coverage or other document, such conflicting provisions shall be interpreted to avoid any such conflict, but this Agreement shall govern.

ARTICLE VIII
AMENDMENTS

This Agreement may be amended by a two-thirds vote of the Board present and voting at any duly convened regular or special meeting; provided that, any such amendment has been submitted to the directors and the Member Entities at least thirty [30] days in advance of such meeting. Member Entities may, by resolution or ordinance, grant their director and alternate on the Board explicit authorization to approve and execute amendments to this Agreement on behalf of the Member Entity without the necessity of a resolution or ordinance of the legislative body of the Member Entity confirming or ratifying such amendment. Any such amendment shall become effective immediately, unless otherwise stated therein.

ARTICLE IX
EXECUTION OF COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, but altogether shall constitute one and the same Agreement.

Redwood Empire Municipal Insurance Fund [“REMIF”]

Date:

By: _____

Name/Title

Attest: _____

Deputy Secretary, REMIF

Member Entity: _____

Date:

By: _____

Name/Title

Attest: _____

City/Town Clerk

APPENDIX “A”

REDWOOD EMPIRE MUNICIPAL INSURANCE FUND [REMIF]

MEMBER ENTITIES

City of Arcata
City of Cloverdale
City of Cotati
City of Eureka
City of Fortuna
City of Ft. Bragg
City of Healdsburg
City of Lakeport
City of Rohnert Park
City of Sebastopol
City of Sonoma
City of St. Helena
City of Ukiah
City of Willits
Town of Windsor

APPENDIX “B”

**REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
[REMIF]**

FORMER MEMBER ENTITIES

City of Crescent City

DRAFT

RESOLUTION NO. xx

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
REDWOOD EMPIRE MUNICIPAL INSURANCE FUND
ESTABLISHING PROCEDURES FOR DISPOSITION OF REAL
PROPERTY**

WHEREAS, REMIF owns real property located at 414 W. Napa Street, Sonoma, CA 95476 (the "Property"); and

WHEREAS, the Target Equity Policy provides the Retrospective Premium Adjustment as the sole process for distributing assets to members; and

WHEREAS, the Retrospective Premium Adjustment calculation does not consider the value of the Property; and

WHEREAS, AB 1912 requires the member agencies of a Joint Powers Authority ("JPA") that participate in a public retirement system to reach mutual agreement on the apportionment of 100% of the JPA's retirement obligations prior to the termination of its retirement contract.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Redwood Empire Municipal Insurance Fund (the "Authority") that, in the event the Authority terminates its retirement contract in the public retirement system:

- A. Should the Authority dissolve, prior to dissolution, the Authority shall sell the Property and all proceeds from the sale shall be applied on a pro rata basis to reduce the unfunded pension liability of those members participating in the Authority at the time of the sale of the Property. After application of the funds from the proceeds of the sale, 100% of the remaining unfunded pension liability of the Authority will be allocated to members pursuant to the mutual agreement of the members required under AB 1912.
- B. Should the Authority decide to terminate its contract with the public retirement system but continue in existence, the Authority may elect not to sell the Property. In such event, 100% of the unfunded pension liability of the Authority will be allocated to members pursuant to the mutual agreement of the members required under AB 1912.

Effective Date. This Resolution shall become effective upon approval by two-thirds of the Board of Directors present and voting.

ADOPTED: xx

ATTEST: xx

AGENDA ITEM SUMMARY

ITEM 18.0

TITLE: OFF DUTY PEACE OFFICERS (AB 1749)
PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

Changes to the workers' compensation coverage require ratification by the Board of Directors. This item is presented for discussion only. Staff is not requesting action at this time.

BACKGROUND

AB 1749 amends the Labor Code to provide public employers the option to cover peace officers injured out-of-state in performance of their duty under workers' compensation.

California Labor Code Section 3600.2(a) provides workers' compensation coverage for injuries sustained by a peace officer while off duty within the State. Following the 2017 Las Vegas shooting, several peace officers filed workers' compensation claims for injuries arising from their off-duty conduct, but their claims were denied because the California Labor Code did not extend workers' compensation coverage for out-of-state injuries. In response, Assembly Bill (AB) 1749 was introduced to amend the California Labor Code governing workers' compensation benefits.

In September 2018, Governor Brown signed the bill into law effective January 1, 2019. The law specifically amends the Labor Code to permit public agencies to accept liability for workers' compensation of a peace officer, if the peace officer "is injured, dies, or is disabled from performing his or her duties as a peace officer by reason of engaging in the apprehension or attempted apprehension of law violators or suspected law violators, or protection or preservation of life or property, or the preservation of the peace, outside the state of California, but was not at the time acting under the immediate direction of his or her employer....".

AB 1749 does not create a mandate that a public employer accept workers' compensation liability under the circumstances described above. Rather, the law expressly states that an employer may accept liability and provide benefits at its discretion or in accordance with an adopted resolution, as long as the employer decides that providing benefits serves the public purpose of the employer. Although each member may determine whether it wishes to extend coverage under the new law (sample resolutions are provided for your consideration), staff recommends amending REMIF's workers' compensation Memorandum of Coverage (MOC) to allow for these, should members adopt a resolution to allow this coverage. Sample language that can be added to the MOC is an exclusion, such as:

"C. Exclusions This Memorandum of Coverage does not cover:

. . . of bodily injury or occupational disease sustained by a peace officer, as defined in Section 50620 of the California Government Code, when he or she was off-duty, not acting under the immediate direction of his or her employer, and outside the State of California. However, this exclusion shall not apply to bodily injury or occupational disease sustained by a peace officer under such circumstances if:

1. the peace officer, at the time of sustaining the injury or illness, was engaging in the apprehension or attempted apprehension of law violators or suspected law violators, the protection or preservation of life or property, or the preservation of the peace; and
2. prior to the occurrence, the governing board of the Participating Member has adopted a resolution, as provided for in the California Labor Code Section 3600.2, subdivision (b)(4), accepting liability for such bodily injury and occupational illness under the Workers' Compensation Act."

FISCAL IMPACT

Unknown at this time. Staff is not aware of any claims where LC 3600.2(a) have applied. However, changes to the MOC will increase the pool's exposure.

RECOMMENDED ACTION

Discuss changes to the MOC to allow for additional coverage, should a member city adopt a resolution to cover peace officers injured out-of-state in performance of their duties under workers' compensation.

ATTACHMENT

18.1 Sample Resolution for Off Duty Peace Officers

RESOLUTION NUMBER _____

RESOLUTION OF THE CITY OF _____ AUTHORIZING WORKERS' COMPENSATION
COVERAGE FOR OFF-DUTY PEACE OFFICERS INJURED OUT OF STATE

WHEREAS, Labor Code Section 3600.2 was amended by Assembly Bill 1749 in 2018, to allow a peace officer employer to accept liability for workers' compensation liability and provide benefits for an injury or illness sustained by a peace officer by reason of engaging in the apprehension or attempted apprehension of law violators or suspected law violators, or protection or preservation of life or property, or the preservation of the peace, outside the state of California, but who was not at the time acting under the immediate direction of his or her employer, if the employer determines that providing compensation serves the public purposes of the employer;

WHEREAS, the City's workers' compensation insurance carrier has amended [or plans to amend] its Memorandum of Coverage to provide coverage for peace officers who sustain a bodily injury or occupational illness while out of state under the circumstances described in Section 3600.2, but only if, prior to the occurrence, the governing board of the covered member has adopted a resolution under Section 3600.2, subsection (b)(4), accepting liability for such injury and or illness under the California workers' compensation law; and,

WHEREAS, the City desires to accept workers' compensation liability for peace officers who sustain an injury or illness while out of state in accordance with Labor Code Section 3600.2 and the REMIF Memorandum of Coverage;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of _____ as follows:

1. The City authorizes and agrees to accept liability for workers' compensation benefits under California Labor Code, Division 4 for an injury or illness sustained by a peace officer by reason of engaging in the apprehension or attempted apprehension of law violators or suspected law violators, or protection or preservation of life or property, or the preservation of the peace, outside the state of California, but who was not at the time acting under the immediate direction of the City. This resolution is adopted pursuant to Labor Code Section 3600.2, subsection (b)(4).
2. The City finds and determines that providing workers' compensation benefits in the circumstances described in paragraph 1 serves the public purposes of the City.
3. This coverage shall not apply if, at the time of the occurrence, the peace officer was suspended from peace officer duty or otherwise not in good standing as a peace officer.
4. This coverage applies only to a peace officer as defined at Government Code Section 50920.
5. This coverage applies to occurrences that happen on or after July 1, 2019.

PASSED AND ADOPTED by the City Council of the City of _____ at its regular meeting on _____, by the following vote:

AYES: _____
NOES: _____
ABSTAIN: _____
ABSENT: _____

Mayor

ATTEST:

City Clerk