

BAY CITIES JOINT POWERS INSURANCE AUTHORITY

EXECUTIVE COMMITTEE MEETING

AGENDA

Monday, April 20, 2020

9:30 a.m.

This meeting will be held using the Webex platform.

To join the meeting, please follow the instructions below:

- Click on the following link: (For best results, use Google Chrome as your browser.)
<https://sedgwick.webex.com/sedgwick/j.php?MTID=m99de8bd4164ed4cc0d85d4e8fa3f705b>
- Click on “**Join by browser**”
- Click on “**Join meeting**”
- Call In using the number provided on your screen
- Enter the **Access code and Attendee ID** when prompted

Audio Only: If you do not have internet access, you may join by phone by using the following information:

- +1 (415) 655-0001 US Toll
- Access code: 471 480 948

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations are as follows:

- *City of Berkeley*: 2180 Milvia Street, Berkeley, CA 94704
- *City of Brisbane*: 50 Park Place, Brisbane, CA 94005
- *City of Emeryville*: 1333 Park Avenue, Emeryville, CA 94930
- *Town of Fairfax*: 142 Bolinas Road, Fairfax, CA 94930
- *City of Larkspur*: 400 Magnolia Avenue, Larkspur, CA 94939
- *City of Pleasanton*: 123 Main Street, Pleasanton, CA 94566
- *City of Union City*: 34009 Alvarado-Niles Road, Union City, CA 94587

Each location is accessible to the public, and members of the public may address the Bay Cities Joint Powers Insurance Authority (BCJPIA) from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Caroline Brush at (916) 290-4629 or Caroline.brush@sedgwick.com. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item provided to the Bay Cities Joint Powers Insurance Authority (BCJPIA) less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

2. INTRODUCTIONS

3. APPROVAL OF AGENDA AS POSTED

- 4. PUBLIC COMMENTS** - This time is reserved for members of the public to address the Committee relative to matters of the BCJPIA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.

5. CLOSED SESSION

Pursuant to Government Code Section 54956.95(a), the Committee will hold a closed session to discuss the claims for the payment of tort liability losses, workers' compensation losses, or public liability losses incurred by the Joint Powers Authority.

Liability Claims

- Delgado v. Central Marin Police Authority
- Moore v. City of Berkeley
- Gilliland v. City of Pleasanton
- Mason v. Redwood City

Workers' Compensation Claims

- Dehner v. City of Mill Valley
- Sanderson v. City of Emeryville
- Collier v. City of Emeryville
- Landis v. City of Larkspur
- Allen v. City of Union City
- Martinovich v. City of Mill Valley
- Forrestal v. Central Marin Police Authority
- Woo v. Central Marin Police Authority
- Cingolani v. Town of Tiburon
- Abdulla v. City of Sausalito

6. REPORT FROM CLOSED SESSION

Pursuant to Government Code Section 54957.1, the Committee must report in open session any action taken, or lack thereof, in closed session.

7. CONSENT CALENDAR

If a Committee member would like to discuss any item listed, it may be pulled from the Consent Calendar.

- | | |
|-----------|---|
| 6 | *A. Minutes from the February 20, 2020, Executive Committee Meeting |
| 9 | *B. Warrant Listings for the Period December 1, 2019 – March 31, 2020 |
| 10 | *C. Internal Financial Statements as of December 31, 2019 |
| 22 | *D. Member Contingency Fund Balance as of December 31, 2019 |

- 23 *E. BCJPIA Structured Return-To-Work Program Activity Report as of
 December 31, 2019
- 25 *F. Workers' Compensation Claim Oversight Reports
- 29 *G. ERMA Important Information and Reminders
- 32 *H. ERMA Quick Reference Handbook 2019-2020
- 44 *I. BCJPIA Investment Policy
- 59 *J. CARMA Claims Audit

7. CONSENT CALENDAR (continued)

- 64 *K. Updated 2019-2022 Strategic Action Plan
 *Recommendation: Staff recommends the Committee approve the Consent
 Calendar as presented.*

8. POOLED WORKERS' COMPENSATION PROGRAM

- 68 *A. Workers' Compensation Legislative and Contact Forum Updates
 *Recommendation: Committee receive and accept the updates and provide
 additional feedback, if warranted.*
- 71 *B. Structured Return-to-Work Update and Company Nurse Contract Renewal
 *Recommendation: Staff recommends approval of the Company Nurse draft
 contract as presented.*

9. RISK CONTROL

- 79 *A. Review of the 2020/2021 Proposed Risk Control Service Plan
 *Recommendation: Staff recommends the Committee receive and accept the
 update and provide additional feedback if warranted. Additionally, staff
 recommends the Committee recommend the Board of Directors approve the
 2020/2021 Risk Control Service Plan.*

10. ADMINISTRATIVE MATTERS

- 84 A. Discussion on Proposals for Workers' Compensation Third Party
 Administrator Services
 *Recommendation: Staff recommends the Committee discuss delaying the
 RFP process for Workers' Compensation TPA services and reevaluate the
 process at the November 2020 Strategic Planning Session.*
- 85 B. Approval of Contract Extension with Innovative Claim Solutions (ICS)
 *Recommendation: If the Committee approves reevaluating the Request for
 Proposal (RFP) at the November 2020 Strategic Planning Session, staff
 recommends the Committee approve the one-year contract extension option
 with ICS.*

11. FINANCIAL MATTERS

- 87 *A. Investment Portfolio Review
 *Recommendation: Staff recommends the Committee receive and accept the
 review and provide additional feedback, if warranted.*

- 124** *B. Preliminary Indications for the APIP Property Program and Other Ancillary Programs
Recommendation: Staff recommends the Committee receive and accept the update and provide additional feedback, if warranted.
- 128** *C. Draft Auto Physical Damage Actuarial Study for the 2020/2021 Program Year
Recommendation: Receive and file.
- 148** *D. Draft Liability Actuarial Study for the 2020/2021 Program Year
Recommendation: Receive and file.

11. FINANCIAL MATTERS (continued)

- | | | |
|-----|-----|--|
| 168 | *E. | Draft Workers' Compensation Actuarial Study for the 2020/2021 Program Year
<i>Recommendation: Receive and file.</i> |
| 195 | *F. | Discussion of SIR Options for Workers' Compensation
<i>Recommendation: Staff recommends that BCJPIA continue with its currently available SIR options for the Program and that the Committee receive and file the draft supplementary actuarial report.</i> |
| 201 | *G. | Annual Review of Target Equity Policy
<i>Recommendation: None.</i> |
| 207 | *H. | Proposed Equity Building Plan
<i>Recommendation: Committee recommend approval of the \$137,392 in additional funding for the Liability Program in accordance with the Equity Building Plan to the Board.</i> |
| 210 | *I. | Draft Budget for the 2020/2021 Program Year
<i>Recommendation: Staff recommends the Committee recommend approval of the 2020/2021 budget to the Board of Directors pending final amounts for excess and purchased coverages.</i> |

12. ADMINISTRATOR'S REPORT

- Discussion of COVID-19 Fiscal Impacts to Member Agencies

13. CLOSING COMMENTS

This time is reserved for comments by Committee members and/or staff and to identify matters for future BCJPIA business.

- A. Executive Committee
- B. Staff

14. ADJOURNMENT

NOTICES:

- The next BCJPIA Board of Directors meeting will be held on Thursday, June 11, 2020, location/format to be determined.

April 20, 2020

Agenda Item 7.A.-K.

CONSENT CALENDAR

SUBJECT: Consent Calendar
Prepared and Presented by Jaesa McCulligan, BCJPIA Administrator

ISSUE:

Approval of Consent Calendar.

BACKGROUND AND STATUS:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If a Committee member would like to discuss any item listed, it may be pulled from the Consent Calendar. It should be noted that edits to the investment policy (item 5.I.) are limited to updating the adoption date. No changes to the investment policy are recommended by BCJPIA investment advisor at this time.

PROS & CONS:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends the Committee approve the Consent Calendar as presented.

REFERENCE MATERIALS ATTACHED:

- *A. Minutes from the February 20, 2020, Executive Committee Meeting
- *B. Warrant Listings for the Period December 1, 2019 – March 31, 2020
- *C. Internal Financial Statements as of December 31, 2019
- *D. Member Contingency Fund Balance as of December 31, 2019
- *E. BCJPIA Structured Return-To-Work Program Activity Report as of December 31, 2019
- *F. Workers' Compensation Claim Oversight Reports
- *G. ERMA Important Information and Reminders
- *H. ERMA Quick Reference Handbook 2019-2020
- *I. BCJPIA Investment Policy
- *J. CARMA Claims Audit
- *K. Updated 2019-2022 Strategic Action Plan

**BAY CITIES JOINT POWERS INSURANCE AUTHORITY
(BCJPIA)**

**MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF FEBRUARY 20, 2020**

A regular meeting of the Executive Committee was held on February 20, 2020, via teleconference.

MEMBERS PRESENT: Dan Schwarz, President, Larkspur
Michael Woo, Treasurer, Berkeley
Stuart Schillinger, Brisbane
Michael Guina, Emeryville
Garrett Toy, Fairfax
Julie Harryman, Pleasanton
Mark Carlson, Union City

MEMBERS ABSENT: None.

OTHERS PRESENT: Jaesa McCulligan, BCJPIA Administrator
Ric Burwell, BCJPIA Senior Consultant
Caroline Brush, BCJPIA Analyst/ Board Secretary
Kellie Murphy, Legal Counsel

1. CALL TO ORDER

The February 20, 2020, Executive Committee meeting was called to order at 11:02 a.m. by President Dan Schwarz.

2. INTRODUCTIONS

Those present introduced themselves.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Garrett Toy moved to approve the agenda as amended. Julie Harryman seconded the motion. Motion passed unanimously by Dan Schwarz, Michael Woo, Stuart Schillinger, Michael Guina, Garrett Toy, Julie Harryman, and Mark Carlson.

5. CONSENT CALENDAR

Michael Guina moved to approve the following items: A) Minutes from the December 12, 2019, Executive Committee Meeting; B) BCJPIA Cash & Investment Report for the Quarter Ended December 31, 2019; C) CARMA E-Brief, January 2020; D) Updated 2019-2022 Strategic Plan; E) BCJPIA Letter to Conor Boughey Regarding Wildfire Mitigation Efforts. Julie Harryman seconded the motion. Motion passed unanimously by Dan Schwarz, Michael Woo, Stuart Schillinger, Michael Guina, Garrett Toy, Julie Harryman, and Mark Carlson.

6. ADMINISTRATIVE MATTERS

A. Proposed Revisions to the Pooled Liability Memorandum of Coverage for the 2020/2021 Program Year

Jaesa McCulligan, BCJPIA Administrator, reminded the Committee of the direction provided at the December 12, 2019, meeting to provide draft language within BCJPIA's Pooled Liability Memorandum of Coverage (MOC) regarding coverage related to Sexual Abuse and Molestation (SAM) claims. Also at the December meeting, the Committee provided direction to discuss potential Best Practices regarding SAM prevention.

Staff, Legal Counsel and the Committee discussed the proposed language within the MOC. The proposed amendments provided the following clarifications:

- Coverage would be provided to the agency but not the perpetrator;
- Continuous acts by one person against one person or multiple persons would be considered one occurrence; and
- The occurrence would fall into one program year based on the date of the first act.

Ms. McCulligan also noted the Committee discussed stipulations of coverage based on following identified Best Practices but advised staff is not recommending language be included in the MOC at this time.

Julie Harryman moved to recommend approval of the proposed changes to the Pooled Liability Program Memorandum of Coverage for the 2020/2021 program year to the Board of Directors. Garrett Toy seconded the motion. Motion passed unanimously by Dan Schwarz, Michael Woo, Stuart Schillinger, Michael Guina, Garrett Toy, Julie Harryman, and Mark Carlson.

Kellie Murphy, Legal Counsel, reviewed the Best Practices regarding SAM prevention as provided in the agenda. The Committee discussed the the importance of mandated reporter training, proper hiring procedures, and having the appropriate policies in place. Discussion ensued regarding potential limitations in coverage for not following Best Practices, such as an increased Self-Insured Retention (SIR). The Committee agreed there are significant challenges in implementing measurable Best Practices for coverage and determined language requiring this should not be included in the 2020/21 MOC. The

Committee directed staff to add SAM exposure and prevention programs to the Strategic Action Plan to continue discussions over the upcoming program year.

B. Agility Purchasing Options for Generators and Fuel

Ms. McCulligan informed the Committee that Agility, which some BCJPIA members utilize for disaster recovery services, also provides purchasing options for power recovery. Ms. McCulligan advised the application was provided to all members in BCJPIA Renewal Survey, in response to the discussions regarding the Public Safety Power Shutoffs.

C. Review of Proposals Received for Workers' Compensation Third Party Administrator (TPA) Services

Sedgwick has a potential financial interest in the outcome. Therefore staff was excused from the meeting at 11:45 a.m.

7. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

8. ADJOURNMENT

The February 20, 2020, Executive Committee meeting adjourned by general consensus of the Board Members at 12:47 p.m.

Caroline Brush

Caroline Brush, Board Secretary

Bay Cities Joint Powers Insura
 VENDOR CHECK REGISTER REPORT
 Payables Management

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	12/1/2019
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		3/31/2020
				Last

Sorted By: Check Date

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
5157	CE001	Central Marin Police Authority	12/10/2019	GENERAL	PMCHK00000318	\$1,000.00
5158	CI001	City of Albany	12/10/2019	GENERAL	PMCHK00000318	\$2,041.10
5159	JO002	Johnson Schachter & Lewis	12/10/2019	GENERAL	PMCHK00000318	\$805.00
5160	PR005	Progressive	12/10/2019	GENERAL	PMCHK00000318	\$464.45
5161	SA003	Sampson, Sampson & Patterson,	12/10/2019	GENERAL	PMCHK00000318	\$4,500.00
5162	SE004	See Strategies	12/10/2019	GENERAL	PMCHK00000318	\$9,000.00
5163	TO001	Town of Fairfax	12/10/2019	GENERAL	PMCHK00000318	\$6,108.75
EFT000102	AIM001	Acclamation Insurance Manageme	12/10/2019	GENERAL	PMCHK00000317	\$46,427.83
EFT000103	CO003	Company Nurse	12/10/2019	GENERAL	PMCHK00000317	\$6,930.00
EFT000104	IC001	Innovative Claim Solutions	12/10/2019	GENERAL	PMCHK00000317	\$151,299.75
EFT000105	SA008	Santa Cruz Dream Inn	12/10/2019	GENERAL	PMCHK00000317	\$6,812.09
EFT000106	YO001	York Risk Services Group, Inc.	12/10/2019	GENERAL	PMCHK00000317	\$315,495.25
5164	SE002	Self Insurance Plans	12/11/2019	GENERAL	PMCHK00000319	\$246,981.22
5165	CI001	City of Albany	1/13/2020	GENERAL	PMCHK00000321	\$42,869.00
5166	CI005	City of Emeryville	1/13/2020	GENERAL	PMCHK00000321	\$148,995.66
5167	CI010	City of Novato	1/13/2020	GENERAL	PMCHK00000321	\$1,568.00
5168	CI012	City of Pleasanton	1/13/2020	GENERAL	PMCHK00000321	\$3,286.00
5169	CI013	City of Redwood City	1/13/2020	GENERAL	PMCHK00000321	\$120,792.68
5170	CI015	City of Union City	1/13/2020	GENERAL	PMCHK00000321	\$73,247.13
5171	CI018	City of Los Altos	1/13/2020	GENERAL	PMCHK00000321	\$2,779.00
5172	CO001	Corte Madera	1/13/2020	GENERAL	PMCHK00000321	\$28,064.00
5173	HE002	Healthtech Mobile Services	1/13/2020	GENERAL	PMCHK00000321	\$2,135.00
5174	JO002	Johnson Schachter & Lewis	1/13/2020	GENERAL	PMCHK00000321	\$6,346.44
5175	TO001	Town of Fairfax	1/13/2020	GENERAL	PMCHK00000321	\$16,106.02
5176	TO003	Town of Tiburon	1/13/2020	GENERAL	PMCHK00000321	\$14,498.00
EFT000108	AIM001	Acclamation Insurance Manageme	1/13/2020	GENERAL	PMCHK00000320	\$47,356.33
EFT000109	CO002	Courtyard by Marriott	1/13/2020	GENERAL	PMCHK00000320	\$2,538.40
EFT000110	YO001	York Risk Services Group, Inc.	1/13/2020	GENERAL	PMCHK00000320	\$595.00
EFT000112	SI001	Silverado Resort	1/16/2020	GENERAL	PMCHK00000322	\$15,000.00
5177	CI008	City of Mill Valley	2/10/2020	GENERAL	PMCHK00000324	\$1,752.49
5178	CI010	City of Novato	2/10/2020	GENERAL	PMCHK00000324	\$75,419.18
5179	TO001	Town of Fairfax	2/10/2020	GENERAL	PMCHK00000324	\$8,296.28
EFT000114	AIM001	Acclamation Insurance Manageme	2/10/2020	GENERAL	PMCHK00000323	\$47,356.33
5180	LI001	Liebert Cassidy Whitmore	2/13/2020	GENERAL	PMCHK00000325	\$59,794.00
5182	CA001	California Association of Join	3/11/2020	GENERAL	PMCHK00000327	\$10,000.00
5183	CE001	Central Marin Police Authority	3/11/2020	GENERAL	PMCHK00000327	\$650.60
5184	CI010	City of Novato	3/11/2020	GENERAL	PMCHK00000327	\$56,946.36
5185	CI014	City of Sausalito	3/11/2020	GENERAL	PMCHK00000327	\$1,229.30
5186	CI015	City of Union City	3/11/2020	GENERAL	PMCHK00000327	\$4,563.88
5187	TO001	Town of Fairfax	3/11/2020	GENERAL	PMCHK00000327	\$9,064.99
5188	TO003	Town of Tiburon	3/11/2020	GENERAL	PMCHK00000327	\$59,710.80
EFT000116	AIM001	Acclamation Insurance Manageme	3/11/2020	GENERAL	PMCHK00000326	\$47,356.33
EFT000117	EM001	Employment Risk Mgmt Authority	3/11/2020	GENERAL	PMCHK00000326	\$213.36
EFT000118	IC001	Innovative Claim Solutions	3/11/2020	GENERAL	PMCHK00000326	\$151,299.75
EFT000119	YO001	York Risk Services Group, Inc.	3/11/2020	GENERAL	PMCHK00000326	\$314,060.25
EFT000120	CO003	Company Nurse	3/11/2020	GENERAL	PMCHK00000326	\$6,930.00
EFT000121	CO002	Courtyard by Marriott Oakland	3/11/2020	GENERAL	PMCHK00000326	\$2,193.84
EFT000123	BI002	Prime Actuarial Consulting, LL	3/24/2020	GENERAL	PMCHK00000328	\$29,500.00

Total Checks:	48	Total Amount of Checks:	\$2,210,379.84
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Bay Cities Joint Powers Insurance Authority
Combined Statement of Net Position
As of December 31, 2019
(Unaudited)

	12/31/19	6/30/19
	Combined	Combined
	Total	Total
<u>Assets</u>		
Cash - Operating Accounts	\$669,223	\$392,102
Cash - LAIF	14,421,838	5,571,801
Fair Market Valuation - LAIF	25,531	9,538
Cash - Investments	37,821,140	37,442,508
Fair Market Valuation - Investments	529,944	415,935
Accounts Receivable	902,212	2,154,655
Accounts Receivable-Reinsurance/Excess	4,762	12,907
Prepaid Insurance	3,863,510	
Prepaid Expenses	547,230	542,565
Interest Receivable	283,817	227,752
Total Assets	<u>\$59,069,207</u>	<u>\$46,769,763</u>
<u>Liabilities</u>		
Accounts Payable	118,084	246,262
Unearned Revenue	9,650,661	
Pay As You Go Deposit	1,635,000	1,635,000
Member Contingency Fund	2,379,421	1,878,236
Safety Credit/EAP Deposit	35,334	35,334
EPL Training Fund	288,877	188,394
Member Risk Management Fund	271,191	209,329
Reserve for Known Claims	11,052,502	10,276,178
Reserve for IBNR & ULAE	17,937,606	17,812,458
Total Liabilities	<u>43,368,677</u>	<u>32,281,191</u>
Net Position-Contingency	21,344,602	18,971,056
Net Position-Unobligated	(5,644,072)	(4,482,484)
Total Net Position	<u>\$15,700,530</u>	<u>\$14,488,572</u>
Total Liabilities and Net Position	<u>\$59,069,207</u>	<u>\$46,769,763</u>

(1) "Reserves for IBNR & ULAE" is stated at discounted, expected confidence level.

(2) "Net Position - Contingency" is the additional IBNR needed to bring funding to the 90% confidence level for Liability and Workers Comp.

(3) "Net Position - Unobligated", if positive, represents the amount of funds available for a potential dividend to members. A negative amount indicates how much the program is funded below the 90% confidence level.

Bay Cities Joint Powers Insurance Authority
Combined Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

	2019-2020 Budget		
	Combined Total	Annual	To-Date %
Revenues			
Deposit Premiums	\$9,089,831	\$18,179,662	50%
Premiums Billed- Marina	46,492	92,984	50%
Premiums Billed-ERMA	495,898	991,795	50%
Premiums Billed-Crime	18,440	36,880	50%
Interest Income	527,196		0%
Unrealized Gain/(Loss)	130,002		0%
Misc. Income	1,138		0%
Total Income	10,308,996	19,301,321	53%
Expenses			
Claims Expense:			
Claims Paid	1,561,673	8,248,111	19%
Increase/(Decrease) in Reserves	901,472		0%
Sub-total Claims Expense	2,463,145	8,248,111	30%
Other Direct Expenses:			
Claims Management Fees	581,166	1,167,880	50%
Excess Insurance	3,364,998	6,671,908	50%
Dividends Paid	414,002		0%
Premiums Paid- Marina	35,890	71,781	50%
Premiums Paid-ERMA	475,843	951,686	50%
Premiums Paid-Crime	8,779	18,103	48%
Self Insurance Assessments	246,981	275,000	90%
Return To Work Expense	18,060	35,700	51%
Sub-total Other Direct Expenses	5,145,719	9,192,058	56%
Total Direct Expenses	7,608,864	17,440,169	44%
Administrative Expenses			
Program Administration	627,001	1,254,001	50%
Legal Services	10,373	20,000	52%
Broker Fees	41,000	82,000	50%
Bank Fees	4,388		0%
Investment Mgmt Fees	18,429		0%
Meetings	24,038	10,000	240%
Annual Retreat	15,812	39,000	41%
Memberships & Conferences	2,435	4,800	51%
Training & Workshops	(1,617)	10,000	-16%
Scholarship Fund	4,127	7,000	59%
Financial Audit	15,000	15,375	98%
Actuarial Studies		56,550	0%
Member Dividends	727,188		0%
Contingency		20,000	0%
Total Administrative Expenses	1,488,174	1,518,726	98%
Change in Net Position/(Deficit)	\$1,211,958	\$342,426	354%

Bay Cities Joint Powers Insurance Authority
Combining Statement of Net Position
As of December 31, 2019
(Unaudited)

	<u>Liability</u>	<u>Workers'</u> <u>Compensation</u>	<u>Property</u>	<u>APD</u>	<u>Other</u>	<u>12/31/19</u> <u>Combined</u> <u>Total</u>	<u>6/30/19</u> <u>Combined</u> <u>Total</u>
<u>Assets</u>							
Cash - Operating Accounts					\$669,223	\$669,223	\$392,102
Cash - LAIF					14,421,838	14,421,838	5,571,801
Fair Market Valuation - LAIF					25,531	25,531	9,538
Cash - Investments					37,821,140	37,821,140	37,442,508
Fair Market Valuation - Investments					529,944	529,944	415,935
Due (To)/From Other Funds	21,535,114	25,231,068	3,379,815	619,551	(50,765,547)		
Accounts Receivable	538,351	363,861				902,212	2,154,655
Accounts Receivable-Reinsurance/Excess		4,762				4,762	12,907
Prepaid Insurance	2,092,805	375,645	801,255	73,293	520,511	3,863,510	
Prepaid Expenses		158,230			389,001	547,230	542,565
Interest Receivable					283,817	283,817	227,752
Total Assets	<u>\$24,166,270</u>	<u>\$26,133,566</u>	<u>\$4,181,070</u>	<u>\$692,844</u>	<u>\$3,895,457</u>	<u>\$59,069,207</u>	<u>\$46,769,763</u>
<u>Liabilities</u>							
Accounts Payable	6,263	104,966	1,620	5,236		118,084	246,262
Unearned Revenue	5,107,768	2,697,043	1,142,126	142,895	560,830	9,650,661	
Pay As You Go Deposit	615,000	1,020,000				1,635,000	1,635,000
Member Contingency Fund					2,379,421	2,379,421	1,878,236
Safety Credit/EAP Deposit					35,334	35,334	35,334
EPL Training Fund					288,877	288,877	188,394
Member Risk Management Fund					271,191	271,191	209,329
Reserve for Known Claims	7,356,684	3,550,818	145,000			11,052,502	10,276,178
Reserve for IBNR & ULAE	6,661,112	11,276,494				17,937,606	17,812,458
Total Liabilities	<u>19,746,827</u>	<u>18,649,321</u>	<u>1,288,746</u>	<u>148,130</u>	<u>3,535,654</u>	<u>43,368,677</u>	<u>32,281,191</u>
Net Position-Contingency	8,964,842	12,379,760				21,344,602	18,971,056
Net Position-Unobligated	(4,545,399)	(4,895,514)	2,892,324	544,714	359,804	(5,644,072)	(4,482,484)
Total Net Position	<u>\$4,419,443</u>	<u>\$7,484,245</u>	<u>\$2,892,324</u>	<u>\$544,714</u>	<u>\$359,804</u>	<u>\$15,700,530</u>	<u>\$14,488,572</u>
Total Liabilities and Net Position	<u>\$24,166,270</u>	<u>\$26,133,566</u>	<u>\$4,181,070</u>	<u>\$692,844</u>	<u>\$3,895,457</u>	<u>\$59,069,207</u>	<u>\$46,769,763</u>

(1) "Reserves for IBNR & ULAE" is stated at discounted, expected confidence level.

(2) "Net Position - Contingency" is the additional IBNR needed to bring funding to the 90% confidence level for Liability and Workers Comp.

(3) "Net Position - Unobligated", if positive, represents the amount of funds available for a potential dividend to members. A negative amount indicates how much the program is funded below the 90% confidence level.

Bay Cities Joint Powers Insurance Authority
Combining Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

							<i>2019-2020 Budget</i>	
	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Property</u>	<u>APD</u>	<u>Other</u>	<u>Combined Total</u>	<u>Annual</u>	<u>To-Date</u>
<u>Revenues</u>								
Deposit Premiums	\$5,107,768	\$2,697,043	\$1,142,126	\$142,895		\$9,089,831	\$18,179,662	50%
Premiums Billed- Marina					46,492	46,492	92,984	50%
Premiums Billed-ERMA					495,898	495,898	991,795	50%
Premiums Billed-Crime					18,440	18,440	36,880	50%
Interest Income	270,325	324,284	53,946	8,643	(130,002)	527,196		0%
Unrealized Gain/(Loss)					130,002	130,002		0%
Misc. Income					1,138	1,138		0%
Total Income	5,378,093	3,021,327	1,196,072	151,538	561,967	10,308,996	19,301,321	53%
<u>Expenses</u>								
Claims Expense:								
Claims Paid	1,047,545	509,974	6,743	(2,590)		1,561,673	8,248,111	19%
Increase/(Decrease) in Reserves	435,289	466,183				901,472		0%
Sub-total Claims Expense	1,482,834	976,157	6,743	(2,590)		2,463,145	8,248,111	30%
Other Direct Expenses:								
Claims Management Fees	278,567	302,600				581,166	1,167,880	50%
Excess Insurance	2,092,805	375,645	823,255	73,293		3,364,998	6,671,908	50%
Dividends Paid	414,002					414,002		0%
Premiums Paid- Marina					35,890	35,890	71,781	50%
Premiums Paid-ERMA					475,843	475,843	951,686	50%
Premiums Paid-Crime					8,779	8,779	18,103	48%
Self Insurance Assessments		246,981				246,981	275,000	90%
Return To Work Expense		18,060				18,060	35,700	51%
Sub-total Other Direct Expenses	2,785,374	943,286	823,255	73,293	520,511	5,145,719	9,192,058	56%
Total Direct Expenses	4,268,208	1,919,443	829,998	70,703	520,511	7,608,864	17,440,169	44%
<u>Administrative Expenses</u>								
Program Administration					627,001	627,001	1,254,001	50%
Legal Services					10,373	10,373	20,000	52%
Broker Fees					41,000	41,000	82,000	50%
Bank Fees					4,388	4,388		0%
Investment Mgmt Fees					18,429	18,429		0%
Meetings					24,038	24,038	10,000	240%
Annual Retreat					15,812	15,812	39,000	41%
Memberships & Conferences					2,435	2,435	4,800	51%
Training & Workshops					(1,617)	(1,617)	10,000	-16%
Scholarship Fund					4,127	4,127	7,000	59%
Financial Audit					15,000	15,000	15,375	98%
Actuarial Studies							56,550	0%
Member Dividends			727,188			727,188		0%
Contingency							20,000	0%
Allocation of Admin to Funds	423,552	370,609	175,301	84,867	(1,054,328)			0%
Total Administrative Expenses	423,552	370,609	902,489	84,867	(293,342)	1,488,174	1,518,726	98%
Change in Net Position/(Deficit)	\$686,332	\$731,275	(\$536,415)	(\$4,033)	\$334,798	\$1,211,958	\$342,426	354%

Bay Cities Joint Powers Insurance Authority
Combining Liability Program Statement of Net Position
As of December 31, 2019
(Unaudited)

	2003-04	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Sub-Total
<u>Assets</u>									
Due (To)/From Other Funds	\$1,105,167	\$1,200,985	\$983,034	\$153,113	\$1,399,235	\$1,002,521	\$1,056,915	\$683,459	\$7,584,429
Accounts Receivable									
Prepaid Insurance									
Total Assets	\$1,105,167	\$1,200,985	\$983,034	\$153,113	\$1,399,235	\$1,002,521	\$1,056,915	\$683,459	\$7,584,429
<u>Liabilities</u>									
Accounts Payable									
Unearned Revenue									
Pay As You Go Deposit									
Reserve for Known Claims									
Reserve for IBNR							4,376	41,030	45,406
Total Liabilities							4,376	41,030	45,406
Net Position-Contingency							306	4,753	5,059
Net Position-Unobligated	1,105,167	1,200,985	983,034	153,113	1,399,235	1,002,521	1,052,233	637,676	7,533,964
Total Net Position	\$1,105,167	\$1,200,985	\$983,034	\$153,113	\$1,399,235	\$1,002,521	\$1,052,539	\$642,429	\$7,539,023
Total Liabilities & Net Position	\$1,105,167	\$1,200,985	\$983,034	\$153,113	\$1,399,235	\$1,002,521	\$1,056,915	\$683,459	\$7,584,429

Bay Cities Joint Powers Insurance Authority
Combining Liability Program Statement of Net Position
As of December 31, 2019
(Unaudited)

	Sub-Total	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Pay-As-You-Go Deposit	Combined Total	06/30/19 Combined Total
<u>Assets</u>											
Due (To)/From Other Funds	\$7,584,429	\$220,050	\$917,857	\$58,083	(\$11,029)	\$3,385,516	\$3,921,990	\$4,843,219	\$615,000	\$21,535,114	\$16,452,092
Accounts Receivable								538,351		538,351	1,479,439
Prepaid Insurance								2,092,805		2,092,805	
Total Assets	\$7,584,429	\$220,050	\$917,857	\$58,083	(\$11,029)	\$3,385,516	\$3,921,990	\$7,474,375	\$615,000	\$24,166,270	\$17,931,531
<u>Liabilities</u>											
Accounts Payable								\$6,263		\$6,263	\$914
Unearned Revenue								5,107,768		5,107,768	
Pay As You Go Deposit									615,000	615,000	615,000
Reserve for Known Claims			38,312	915,060	1,830,773	1,959,565	2,540,499	72,475		7,356,684	6,878,667
Reserve for IBNR	45,406	154,351	236,572	736,413	2,079,171	1,140,574	660,866	1,607,759		6,661,112	6,703,840
Total Liabilities	45,406	154,351	274,884	1,651,473	3,909,944	3,100,139	3,201,365	6,794,265	615,000	19,746,827	14,198,421
Net Position-Contingency	5,059	11,537	69,840	609,043	2,032,392	1,876,479	2,906,995	1,453,497		8,964,842	7,511,345
Net Position-Unobligated	7,533,964	54,162	573,133	(2,202,433)	(5,953,365)	(1,591,102)	(2,186,370)	(773,387)		(4,545,399)	(3,778,234)
Total Net Position	\$7,539,023	\$65,699	\$642,973	(\$1,593,390)	(\$3,920,973)	\$285,377	\$720,625	\$680,110		\$4,419,443	\$3,733,111
Total Liabilities & Net Position	\$7,584,429	\$220,050	\$917,857	\$58,083	(\$11,029)	\$3,385,516	\$3,921,990	\$7,474,375	\$615,000	\$24,166,270	\$17,931,531

Bay Cities Joint Powers Insurance Authority
Combining Liability Program Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

	2003-04	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	Sub-Total
<u>Income</u>									
Deposit Premiums									
Dividend Income									
Other Income									
Interest Income	15,273	16,598	13,585	2,116	19,337	13,854	16,113	9,784	106,660
Unrealized Gain/(Loss)									
Total Income	\$15,273	\$16,598	\$13,585	\$2,116	\$19,337	\$13,854	\$16,113	\$9,784	\$106,660
<u>Expenses</u>									
Claims Paid									
Increase/(Decrease) in Reserves							(24)	(224)	(248)
Claims Management Fees									
Excess Insurance									
Assessment Expense									
Dividends Paid							337,920	76,082	414,002
Claims Audit									
Self Insurance Assessments									
Return to Work Expense									
Program Administration									
Total Expenses							\$337,896	\$75,858	\$413,754
Net Income/(Loss)	\$15,273	\$16,598	\$13,585	\$2,116	\$19,337	\$13,854	(\$321,783)	(\$66,074)	(\$307,094)

Bay Cities Joint Powers Insurance Authority
Combining Liability Program Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

	Sub-Total	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Combined Total
<u>Income</u>									
Deposit Premiums								\$5,107,768	\$5,107,768
Dividend Income									
Other Income									
Interest Income	106,660	3,041	12,685	879	3,986	47,048	48,525	47,501	270,325
Unrealized Gain/(Loss)									
Total Income	\$106,660	\$3,041	\$12,685	\$879	\$3,986	\$47,048	\$48,525	\$5,155,269	\$5,378,093
<u>Expenses</u>									
Claims Paid				6,808	871,445	42,386	126,906		1,047,545
Increase/(Decrease) in Reserves	(248)	(843)	(1,502)	(16,739)	(1,004,966)	(64,190)	(156,457)	1,680,234	435,289
Claims Management Fees								278,567	278,567
Excess Insurance								2,092,805	2,092,805
Assessment Expense									
Dividends Paid	414,002								414,002
Claims Audit									
Self Insurance Assessments									
Return to Work Expense									
Program Administration								423,552	423,552
Total Expenses	\$413,754	(\$843)	(\$1,502)	(\$9,931)	(\$133,521)	(\$21,804)	(\$29,551)	\$4,475,158	\$4,691,760
Net Income/(Loss)	(\$307,094)	\$3,884	\$14,187	\$10,810	\$137,507	\$68,852	\$78,076	\$680,110	\$686,332

Bay Cities Joint Powers Insurance Authority
Combining Workers Compensation Statement of Net Position
As of December 31, 2019
(Unaudited)

	Prior Years	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	Sub-Total
<u>Assets</u>									
Due (To)/From Other Funds	\$6,097,459	\$1,033,846	\$609,894	\$121,881	\$194,376	\$574,377	\$415,755	\$1,578,557	\$10,626,145
Accounts Receivable									
Accounts Receivable-Reinsurance/Excess									
Prepaid Insurance									
Prepaid Expenses									
Total Assets	\$6,097,459	\$1,033,846	\$609,894	\$121,881	\$194,376	\$574,377	\$415,755	\$1,578,557	\$10,626,145
<u>Liabilities</u>									
Accounts Payable									
Unearned Revenue									
Pay As You Go Deposit									
Reserve for Known Claims	221,774	45,220	430,169	117,141	57,300	344,577	630,857	201,372	2,048,410
Reserve for IBNR	1,742,953	511,724	273,009	363,052	452,482	557,115	332,928	824,773	5,058,036
Total Liabilities	1,964,727	556,944	703,178	480,193	509,782	901,692	963,785	1,026,145	7,106,446
Net Position-Contingency	1,485,673	453,654	592,140	391,401	412,510	751,150	820,710	962,800	5,870,038
Net Position-Unobligated	2,647,059	23,248	(685,424)	(749,713)	(727,916)	(1,078,465)	(1,368,740)	(410,388)	(2,350,339)
Total Net Position	\$4,132,732	\$476,902	(\$93,284)	(\$358,312)	(\$315,406)	(\$327,315)	(\$548,030)	\$552,412	\$3,519,699
Total Liabilities and Net Position	\$6,097,459	\$1,033,846	\$609,894	\$121,881	\$194,376	\$574,377	\$415,755	\$1,578,557	\$10,626,145

Bay Cities Joint Powers Insurance Authority
Combining Workers Compensation Statement of Net Position
As of December 31, 2019
(Unaudited)

									6/30/19
	Sub-Total	2015-16	2016-17	2017-18	2018-19	2019-20	Pay-As-You-Go Deposit	Combined Total	Combined Total
<u>Assets</u>									
Due (To)/From Other Funds	\$10,626,145	\$1,755,320	\$2,104,117	\$2,926,602	\$3,482,174	\$3,316,708	\$1,020,000	\$25,231,068	\$21,478,678
Accounts Receivable						363,861		363,861	675,216
Accounts Receivable-Reinsurance/Excess						4,762		4,762	12,907
Prepaid Insurance						375,645		375,645	
Prepaid Expenses						158,230		158,230	158,230
Total Assets	\$10,626,145	\$1,755,320	\$2,104,117	\$2,926,602	\$3,482,174	\$4,219,206	\$1,020,000	\$26,133,566	\$22,325,031
<u>Liabilities</u>									
Accounts Payable						\$104,966		\$104,966	\$190,932
Unearned Revenue						2,697,043		2,697,043	
Pay As You Go Deposit							1,020,000	1,020,000	1,020,000
Reserve for Known Claims	2,048,410	343,900	506,440	560,878	91,190			3,550,818	3,252,511
Reserve for IBNR	5,058,036	826,255	892,449	1,370,109	2,123,388	1,006,257		11,276,494	11,108,618
Total Liabilities	7,106,446	1,170,155	1,398,889	1,930,987	2,214,578	3,808,266	1,020,000	18,649,321	15,572,061
Net Position-Contingency	5,870,038	1,024,644	1,314,166	1,589,742	1,661,121	920,049		12,379,760	11,459,711
Net Position-Unobligated	(2,350,339)	(439,479)	(608,938)	(594,127)	(393,525)	(509,108)		(4,895,514)	(4,706,741)
Total Net Position	\$3,519,699	\$585,165	\$705,228	\$995,615	\$1,267,596	\$410,941		\$7,484,245	\$6,752,970
Total Liabilities and Net Position	\$10,626,145	\$1,755,320	\$2,104,117	\$2,926,602	\$3,482,174	\$4,219,206	\$1,020,000	\$26,133,566	\$22,325,031

Bay Cities Joint Powers Insurance Authority
Combining Workers Compensation Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

	Prior Years	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Sub-Total
<u>Income</u>								
Deposit Premiums								
Dividend Income								
Other Income								
Interest Income	84,235	14,305	8,475	1,700	2,699	7,967	5,931	125,312
Unrealized Gain/(Loss)								
Total Income	\$84,235	\$14,305	\$8,475	\$1,700	\$2,699	\$7,967	\$5,931	\$125,312
<u>Expenses</u>								
Claims Paid	825	2,741	6,468	1,710	2,955	3,252	24,745	42,696
Increase/(Decrease) in Reserves	(9,675)	(5,116)	(9,291)	(3,778)	(5,082)	(7,129)	(27,614)	(67,685)
Claims Management Fees								
Excess Insurance								
Assessment Expense								
Dividends Paid								
Claims Audit								
Self Insurance Assessments								
Return to Work Expense								
Program Administration								
Total Expenses	(\$8,850)	(\$2,375)	(\$2,823)	(\$2,068)	(\$2,127)	(\$3,877)	(\$2,869)	(\$24,989)
Net Income/(Loss)	\$93,085	\$16,680	\$11,298	\$3,768	\$4,826	\$11,844	\$8,800	\$150,301

Bay Cities Joint Powers Insurance Authority
Combining Workers Compensation Statement of Revenues, Expenses & Changes in Net Position
For the Six Months Ended December 31, 2019
(Unaudited)

	Sub-Total	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Combined Total
<u>Income</u>								
Deposit Premiums							\$2,697,043	\$2,697,043
Dividend Income								
Other Income								
Interest Income	125,312	22,376	25,000	31,322	40,989	45,236	34,049	324,284
Unrealized Gain/(Loss)								
Total Income	\$125,312	\$22,376	\$25,000	\$31,322	\$40,989	\$45,236	\$2,731,092	\$3,021,327
<u>Expenses</u>								
Claims Paid	42,696	54,520	97,579	253,049	62,129			509,974
Increase/(Decrease) in Reserves	(67,685)	(55,950)	(97,020)	(243,359)	(66,068)	(9,992)	1,006,257	466,183
Claims Management Fees							302,600	302,600
Excess Insurance							375,645	375,645
Assessment Expense								
Dividends Paid								
Claims Audit								
Self Insurance Assessments							246,981	246,981
Return to Work Expense							18,060	18,060
Program Administration							370,609	370,609
Total Expenses	(\$24,989)	(\$1,430)	\$559	\$9,690	(\$3,939)	(\$9,992)	\$2,320,151	\$2,290,052
Net Income/(Loss)	\$150,301	\$23,806	\$24,441	\$21,632	\$44,928	\$55,228	\$410,941	\$731,275

Bay Cities Joint Powers Insurance Authority

Member Contingency Fund as of December 31, 2019

	MCF Balance 6/30/2019	Interest Allocated Jul-Sept '19	Member Withdrawals Jul-Sept '19	ERMA Dividend Dist Approved 6/11/2019	MCF Balance 9/30/2019	Interest Allocated Oct-Dec '19	Member Withdrawals Oct-Dec '19	Property Pgm Dividend Dist Approved 11/8/2019	MCF Balance 12/31/2019
Member Entity:									
Albany	\$ 37,027.57	\$ 313.78	\$ -	\$ 13,979.08	\$ 51,320.43	\$ 297.77	\$ -	\$ 12,544.00	\$ 64,162.20
Berkeley	307,302.38	2,604.16	(307,302.00)	-	2,604.54	274.98	-	145,944.00	148,823.52
Brisbane	115,093.22	975.33	-	9,520.84	125,589.38	707.82	-	19,024.00	145,321.20
Central Marin PA	21,274.82	180.29	-	4,045.96	25,501.07	137.18	-	201.00	25,839.25
Corte Madera	0.00	0.00	-	-	0.00	-	-	-	-
Emeryville	129,370.59	1,096.32	(50,000.00)	31,425.14	111,892.05	652.68	-	29,280.00	141,824.73
Fairfax	35,869.88	303.97	-	3,367.52	39,541.37	217.54	-	3,019.00	42,777.91
Larkspur	13,566.50	114.97	(13,344.00)	3,475.22	3,812.68	35.23	-	8,259.00	12,106.91
Los Altos	0.00	0.00	-	3,311.95	3,311.96	17.77	-	-	3,329.73
Menlo Park	82,815.81	701.80	(81,455.00)	25,027.61	27,090.22	251.40	-	59,304.00	86,645.62
Mill Valley	58,386.02	494.78	-	17,172.35	76,053.15	449.32	-	23,084.00	99,586.47
Monte Sereno	11,529.99	97.71	-	-	11,627.70	64.01	-	909.00	12,600.71
Novato	46,639.28	395.23	(45,873.00)	12,734.69	13,896.21	136.44	-	34,605.00	48,637.65
Piedmont	140,650.97	1,191.91	(5,000.00)	26,610.19	163,453.07	899.36	-	12,533.00	176,885.43
Pleasanton	157,308.56	1,333.07	-	44,240.78	202,882.42	1,289.28	-	112,283.00	316,454.70
LP Fire	27.25	0.23	-	21,239.58	21,267.06	(0.23)	(21,266.83)	-	-
Redwood City	128,049.99	1,085.13	-	-	129,135.11	992.44	-	167,535.00	297,662.55
San Anselmo	72,907.50	617.84	-	6,499.06	80,024.40	447.04	-	9,896.00	90,367.44
S.F.R.A.	900.09	7.63	-	10,828.33	11,736.05	(7.63)	(11,728.42)	29,510.00	29,510.00
Sausalito	70,743.57	599.50	-	15,854.57	87,197.64	508.08	-	22,509.00	110,214.72
Tiburon	2,216.74	18.79	-	3,370.26	5,605.79	30.08	-	-	5,635.87
Union City	446,555.02	3,784.22	-	31,296.86	481,636.10	2,649.76	-	36,749.00	521,034.86
Total	\$ 1,878,235.76	\$ 15,916.64	\$ (502,974.00)	\$ 284,000.00	\$ 1,675,178.40	\$ 10,050.32	\$ (32,995.25)	\$ 727,188.00	\$ 2,379,421.47

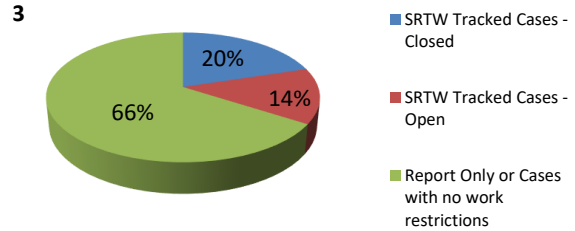
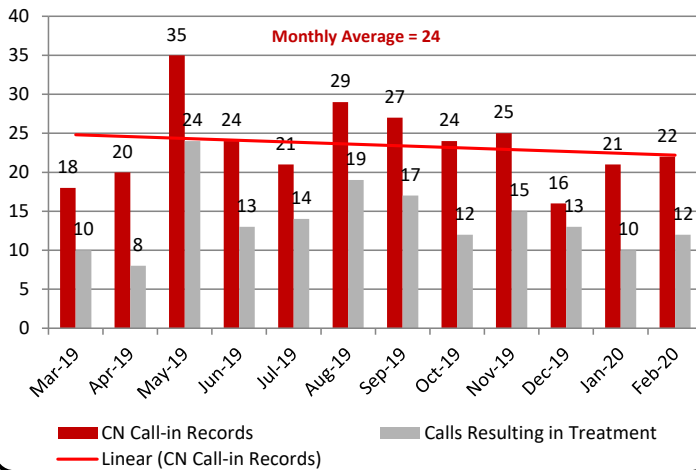
**Trivial amount of interest allocated to withdrawn members in 2019/20 Q1 reversed.

^Amount allocated to withdrawn member. Funds will be released to the withdrawn member or successor agency, no interest allocated to balance.

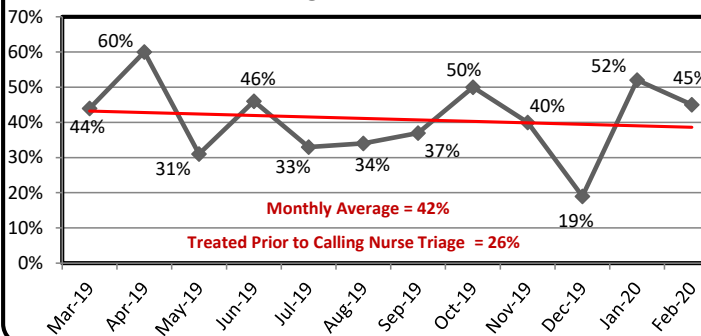
Structured Return to Work Services Activity Report

Period: March 2019 through February 2020

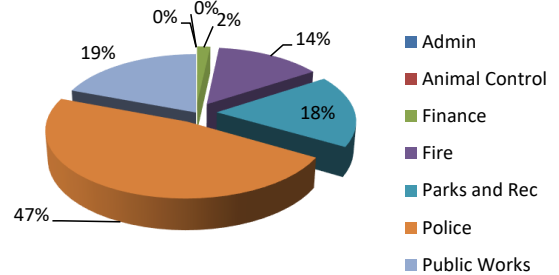
1 Company Nurse Activity Call-in Injury Reporting & Nurse Triage Services



2 Medical Non-Referral Rate Target=40%



4 SRTW Tracked Cases (Closed) by Department



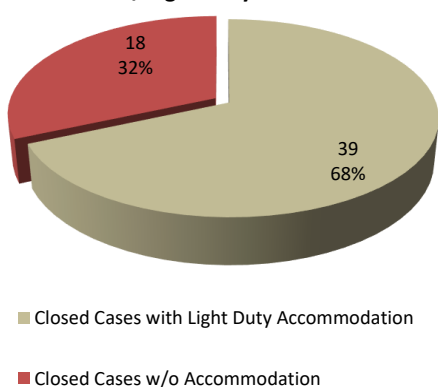
5 Total Call-In Reports - 282
Total Cases Tracked (Closed) - 57
SRTW Tracked Cases w/ Light Duty Accommodation- 39

**Modified Duty Days Achieved (Closed Cases)-
3,006 Days**

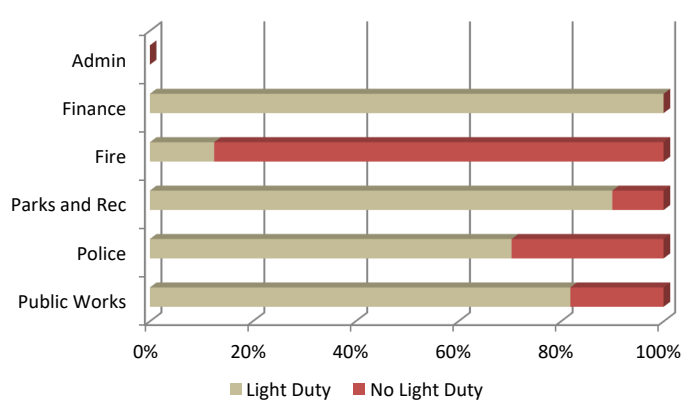
Estimated Value - \$607,423**

** Est. savings based on BCJPIA avg. TTD/4850 rates over 3 yr period

6 Cases w/ Light Duty Accommodation



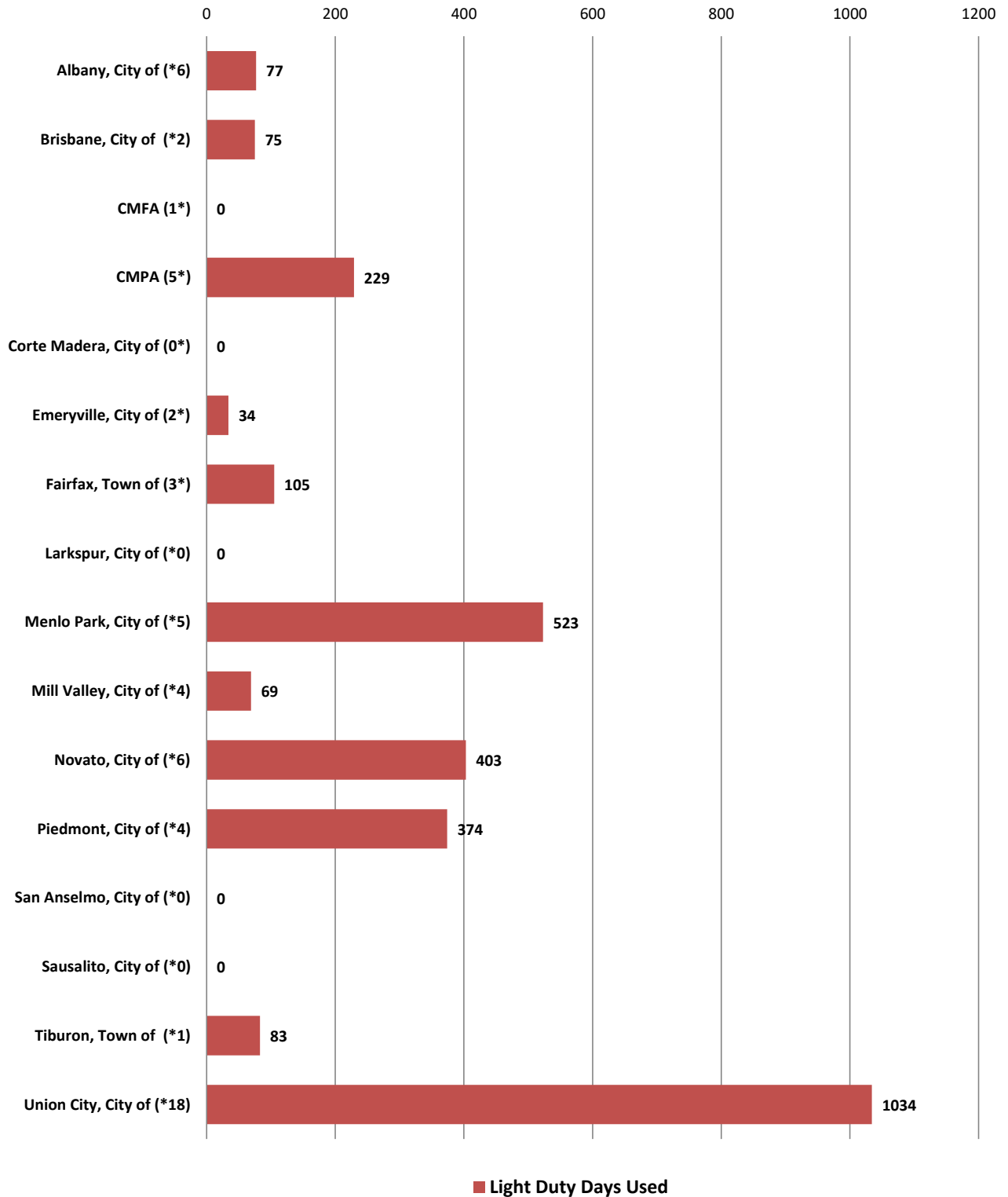
7 Light Duty Accommodation by Department



Structured Return to Work Services Activity Report

Period: March 2019 through February 2020

SRTW Cases - Light Duty Accommodation by Member



(*)Overall Number of Cases Tracked by SRTW



1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833

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E-mail: BCJPIA@BRSrisk.com

Website: <http://www.bcjpia.org>

WORKERS' COMPENSATION PROGRAM MANAGER'S REPORT REDWOOD CITY

February 7, 2020

BACKGROUND AND STATUS

Redwood City (RWC) participated in the BCJPIA Workers' Compensation program from July 1, 2003 to June 30, 2005 with a self-insured retention (SIR) level of \$350,000. Although the City contracts directly with their selected third-party claims administrator (TPA) for claim services, compliance with the BCJPIA Performance Standards is expected.

A review of those files within this coverage period was conducted by staff in December 2019. This on-line review involved only five files. The files reviewed were measured against eight criteria (Compensability determination, Plan of Action implementation, Supervisory Guidance, Reserve Accuracy, Excess reporting, Reporting to Members and BCJPIA, Benefit Accuracy, and Return to Work Assistance). An overall average score of 85% has been defined as the targeted score.

The work product from January 1, 2018 to December 20, 2019 was evaluated. Understanding that only five files were reviewed, this statistically insignificant number of files will likely skew compliance figures.

The results of this review demonstrate that the TPA, Sedgwick has a final score of 100%, a 27% increase over the last review of their work product in 2018. It is noted two categories were not measured as they had no applicable files selected for review (Compensability Notice to Members and RTW Assistance).

Final Score	Compensability/Notice to Members	POA on File /Implemented	Supervisor Involvement/guidance	Reserve Accuracy	Excess Reporting	Employer Contact	Benefit Accuracy	RTW Assistance
100%	NA	100%	100%	100%	100%	100%	100%	NA

SUMMARY OF RESULTS

1. Opportunities for Improvement

As stated above, due to the small number of files reviewed, this final score may not be an accurate reflection of York's overall work product. Regardless, the 100% rating achieved is noted and appreciates the work of Sedgwick.

2. Achievements

All applicable categories reviewed achieved 100% compliance. One file was noted for concerns regarding assignment of benefits due to multiple claim filed by the same employee. As this required additional research regarding the distribution of payments, the claims administrator was NOT marked down in this area and has worked closely with the WCPM and excess carrier to resolve the issue.

Overview

Sedgwick has been notified of the audit results. Staff remains available to the adjusting staff to discuss specific claims and provide input as it pertains to BCJPIA expectations.

Any questions regarding the review should be directed to the BCJPIA Workers' Compensation Program Manager, Ms. Jacquelyn Miller. A follow up review with Sedgwick will be scheduled in 2020.



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E-mail: info@bcjpia.org

Website: <http://www.bcjpia.org>

WORKERS' COMPENSATION PROGRAM MANAGER'S REPORT

March 24, 2020

BACKGROUND AND STATUS

Staff performs regular reviews of the workers' compensation claims handled by Innovative Claim Solutions (ICS). This report references the oversight review conducted in December 2019. A total of fifteen files were selected randomly for the on-site review and measured against eight criteria. The categories measured involve Compensability Determination, Plan of Action Implementation, Supervisory Guidance, Reserve Accuracy, Excess Reporting, Reporting to Members and BCJPIA, Benefit Accuracy, and Return to Work Assistance. An overall average score of 85% has been defined as the target in each review.

The work product from January 1, 2017, to December 9, 2019, was evaluated. The results of this review demonstrate that ICS is meeting or exceeding targeted goals in five categories except for Plan of Action on File, Unit Manager Involvement documented and Benefit Accuracy. It is note four of the categories achieved 100% compliance. The December 2019 overall average demonstrated an achievement of 89%.

FINAL SCORE	Measurable Categories							
	Compensability/Notice to Members	POA on File /Implemented	Unit Mgr Involvement/guidance	Reserve Accuracy	Excess Reporting	Employer Contact	Benefit Accuracy	RTW Assistance
	100%	73%	75%	93%	100%	100%	71%	100%

SUMMARY OF RESULTS

1. Strengths Noted

It is important in completing an oversight analysis to recognize those areas that show improvement, success, and benefit to the program.

As stated above, five categories evaluated demonstrated compliance at or above 85%. Four of these categories again achieved 100% compliance:

- Compensability/Notice to Members;
- Excess Reporting;
- Employer Contact; and
- RTW Assistance

2. Opportunities for Improvement

Three categories rated below the 85% target:

- Plan of Action on File = 73%. One of the files required retroactive approval of the settlement, with the remaining requiring follow up on testing and case resolution.
- Unit Manager Involvement Documented = 75%. Three files were identified, one for delayed action regarding case settlement and two for delayed documentation of Unit Manager reviews.
- Benefit Accuracy = 71%. This category referenced 4 files with errors in payment or documentation to support payment. One self-imposed increase was incurred in the amount of \$46 due to a computer error which will be reimbursed to the program.

OVERVIEW

It is noted in the category of Unit Manager Involvement Documented, while the Unit Manager provides on going guidance to staff, improvement in documentation of regular reviews is required. Improvement in file documentation to support payments has been noticed to ICS. The next oversight review will take place on-line in May 2020. Please contact Ms. Miller if there are any specific files you would like reviewed. Ms. Miller can be reached at (800) 541-4591, extension 4615, or jmiller@brsrisk.com.

January 6, 2020

TO: ERMA Members

FROM: Jennifer Jobe, Executive Director & Kathy Maylin, Litigation Manager

SUBJECT: Important Information Regarding ERMA's 2019/20 Program Year

Happy New Year! For 20 years, ERMA has served as the first and only state-wide public sector employment practices liability risk sharing pool, currently representing 200+ public agencies. We are thankful for the continued support, participation and collaboration of all of the ERMA members. As we begin 2020, please note the following important items of interest:

Welcome New Members

Please welcome two new members — the City of Rancho Mirage (PERMA), effective December 31, 2019 and the City of Dunsmuir (SCORE), effective January 1, 2020.

New 2020 Laws

SB 30: Eliminates the limitations on who may form domestic partnerships, allowing opposite-sex couples under 62 to be eligible to form domestic partnerships.

SB 83: Extends the maximum duration of Paid Family Leave benefits from six to eight weeks.

SB 142: Expands on existing requirements for employee lactation accommodations and adopts significant new consequences to employers for non-compliance.

SB 188: Clarifies the definition of race to include hair texture and protective hairstyles, and defines protective hairstyles.

SB 778: Extends the deadline for employers of five or more employees to provide two hours of harassment prevention training to supervisors and one hour of harassment prevention training to all other employees, including temporary and seasonal, from January 1, 2020, to January 1, 2021.

AB 5: Codifies and clarifies the test for determining whether an individual is an employee or independent contractor. The “ABC” test is now the rule: The employee (A) is free from control and direction of the hiring entity; (B) performs work that is outside the usual scope of the hiring entity’s business; and (C) is customarily engaged in an independently established trade or occupation of the same nature as that involved in the work performed.

AB 9: Stop Harassment and Reporting Extension (SHARE) Act, extends the deadline to file an allegation of unlawful workplace harassment, discrimination, or civil-rights-related retaliation under the Fair Employment and Housing Act (FEHA) from one year to three years.

AB 749: Effective January 1, 2020, employers and employees may not enter into “no rehire” provisions in employment settlement agreements, except where the employer has made a good-faith determination that the employee engaged in sexual harassment or assault.

Cal. Labor Code Section 1182.13 - Minimum Wage Increase: Employers with up to 25 employees must pay at least \$12.00 per hour; employers with more than 25 employees must pay at least \$13.00 per hour. Employers must comply with applicable local minimum wage ordinances that may exceed the statewide minimum wage.

Important Coverage Reminders

- ERMA’s Memorandum of Coverage (MOC) defines “Occurrence” as “*an act, policy, or course of conduct by a Covered Party during the Coverage Period which results in a Claim for Wrongful Employment Practice during the Coverage Period if the first act, policy or course of conduct occurred during the Coverage Period.*”
- As a condition of coverage, all claims must be reported to ERMA **within 30 days of receipt of notice of a claim. “Notice” to the member includes written, oral, or observational notice of a claim.** The member must then provide ERMA written notice containing particulars sufficient to identify the claimant(s), the Covered Parties, and also reasonably obtainable information with respect to the time, place, and circumstances of the claim. The MOC states, “*any claim reported after 30 days, except one which the Litigation Manager has discretion to accept, will be denied as untimely*”. For all late-reported claims for which the Covered Party’s appeal of the denial of coverage is granted, the Board shall increase the Covered Party’s Retained Limit as noted within the MOC.

The 2019/20 Program Year MOC may be viewed on the ERMA [website](#) within the member portal.

If you have questions regarding what constitutes a claim or reporting requirements, please contact Kathy Maylin, Litigation Manager, at (916) 244-1181 or kathy.maylin@sedgwick.com.

Public Records Act Requests & Media Inquiries

A reminder that with the increasing number of California Public Records Act (PRA) requests, including those from news media, the PRA fundamental precept is that governmental records shall be disclosed to the public, upon request, unless there is a legal basis not to do so.¹

The PRA specifically exempts from disclosure “records, the disclosure of which is exempted or prohibited pursuant to federal or state law, including, but not limited to, the provisions of the Evidence Code relating to privilege.”² The PRA’s exemptions protect attorney-client privileged communications and attorney work product, as well as, more broadly, other work product prepared for use in pending litigation or claims.³ Unlike the exemption for pending litigation, attorney-client privileged and attorney work product information is still protected from disclosure even after litigation is concluded.⁴

If you receive PRA requests for information about pending claims, please direct these to Agency Counsel, as ERMA staff is not able to provide information of any type relating to pending litigation or claim

¹ Gov. Code, § 6253, subd. (b).

² Gov. Code, § 6254, subd. (k).

³ *Fairley v. Superior Court*, supra, 66 Cal.App.4th 1414, 1420–1422

⁴ *Roberts v. City of Palmdale* (1993) 5 Cal.4th 363, 371–373

matters. For inquiries regarding closed matters, a copy of the jury verdict or settlement agreement may be provided to the requesting entity by the individual member agency under the guidance of Agency Counsel.

2019/20 Training Program

A list of scheduled, live trainings to-date, for the 2019/20 Program Year, is available for viewing on the ERMA [website](#). Current training topics include:

- AB 1825 and SB 1343 - Prevention of Workplace Harassment, Discrimination and Retaliation
- They Posted What? Where Social Media, Employer Interests and the First Amendment Intersect
- Human Resources Academy I
- Workplace Bullying: A Growing Concern
- Managing the Marginal Employee
- Technology and Employee Privacy

Staff will continue to schedule trainings through June 30, 2020. If your Agency is interested in serving as a host site, please complete [our online training request form](#), or contact Mona Hedin, Training Coordinator, at (916) 290-4645 or mona.hedin@sedgwick.com.

Email notifications are sent to your Agency's designated training contact(s) weekly via ERMA's Training Bulletin. All training information, including a registration link, is provided within the bulletin. To view the 2019/20 Program Year training schedule, please visit the Programs page on the ERMA [website](#).

ERMA's online training options include:

- AB 1825 - Prevention of Workplace Harassment, Discrimination and Retaliation
- SB 1343 (English & Spanish) - Prevention of Workplace Harassment, Discrimination and Retaliation
- AB 1234 - Ethics
- Interviewing Strategies
- Workplace Investigations
- Personnel Files Do's and Don'ts (three-part series)

Please use [ERMANet](#) to access ERMA's online training modules.

Quick Reference Handbook

The attached Quick Reference Handbook provides information regarding the various services offerings, important information regarding AB 1825 and SB 1343 compliance and claims reporting, and contact information for all ERMA staff.

Attachments

1. ERMANet Access Instructions
2. Training Program FAQ
3. Quick Reference Handbook



Quick Reference Guide



WELCOME TO ERMA

On behalf of the Board of Directors of the Employment Risk Management Authority (ERMA), we would like to welcome you to ERMA. As set forth in our mission statement, ERMA is the premier authority for employment liability coverage protecting California public entities. ERMA reduces employment practices liability (EPL) risk through comprehensive and innovative training and the valuable resources it provides to its members.

This Quick Reference Guide contains information about the scope of services available to members, ERMA's Litigation Management Program, Claim Reporting Procedures, and other important information about the program. We are also very pleased to offer an up-to-date and user-friendly website that allows members to view the ERMA training calendar, access ERMA governing documents, access claim reporting forms, and print agendas and minutes of the Board of Directors' meetings. Staff is also available to answer any questions you may have.

Through our commitment to preventative training, member relationships, and active litigation management, ERMA is fulfilling its mission. We look forward to working with you!

John Gillison, President
Jennifer Jobe, Executive Director

ABOUT ERMA

ERMA is a Joint Powers Authority organized and existing in accordance with the laws of the State of California. For more information on ERMA, the services available to members, and the scope of the program, visit the ERMA [website](#). To register for access to the member portal, select “[Reach Us](#)” and complete the requested fields.

ERMA Staff:

Jennifer Jobe, Executive Director
(800) 541-4591, ext. 19141, jennifer.jobe@sedgwick.com

Mona Hedin, Analyst & Training Coordinator
(800) 541-4591, ext. 19045, mona.hedin@sedgwick.com

Kathy Maylin, Litigation Manager
(800) 541-4591, ext. 19181, kathy.maylin@sedgwick.com

Ligia Nicolae, Litigation Analyst
(800) 541-4591, ext. 19027, ligia.nicolae@sedgwick.com

Alana Theiss, Finance Manager
(800) 541-4591, ext. 19120, alana.theiss@sedgwick.com

Chee Xiong, Senior Accountant
(800) 541-4591, ext. 19020, chee.xiong@sedgwick.com

ERMA MEMBER SERVICES

ERMA is pleased to offer our members a variety of services to help them reduce and manage their EPL risk.

Attorney Hotline

ERMA partners with the law of firms Liebert Cassidy Whitmore and Jackson Lewis, P.C., both of whom specialize in employment law, to provide ERMA's attorney hotline service. The hotline provides members with an avenue to ask questions and receive professional consultation regarding labor and employment law related issues. Each member is assigned to one of ERMA's two law firms for hotline services and receives up to one-hour of free legal advice per month.

Both law firms will assist ERMA members with day-to-day employment related issues. Hotline questions should be those of a routine nature regarding terminations, leaves of absence, harassment allegations, etc., and are restricted to the issues and areas of law that could become covered occurrences under the ERMA Memorandum of Coverage (MOC). The attorney will inform the caller if the subject of a hotline call is not covered by the Service. The firms will not provide policy or handbook reviews, conduct legal research on more than a simple question, or write letters of opinion, etc., as part of the hotline service. If you are uncertain as to your assigned attorney firm, please contact Mona Hedin at (800) 541-4591, ext. 19045 or mona.hedin@sedgwick.com.

Attorney Hotline contact information for Liebert Cassidy Whitmore and Jackson Lewis, P.C.:

Liebert Cassidy Whitmore

Northern California:

(800) 585-4529

Southern California:

(800) 645-2696

Jackson Lewis, P.C.

(888) 375-3762

Training

Employment-related training is a hallmark of ERMA's loss prevention program. ERMA offers live training workshops on topical employment-related issues conducted by ERMA's law firm partners. ERMA also provides members with access to a host of online training modules.

Live Training (Individual/Regional)

Each program year, ERMA offers regional trainings throughout the state on harassment and discrimination prevention. The workshops are AB 1825 and SB 1343-compliant and focus upon preventing the behaviors that can lead to harassment and discrimination claims, as well the problem-solving skills necessary for creating positive workplace environments. A schedule of the regional dates and locations is available on ERMA's [website](#).

Additionally, in to meet the needs of individual members, ERMA offers a limited number of individual trainings each program year. These workshops will be scheduled based upon member needs, requests and availability.

Online Training

ERMA also offers several on-line training modules through our partner, *in2vate*. These include AB 1825 and SB 1343 (English & Spanish) harassment training, AB 1234 ethics training, and a suite of modules related to human resources and supervisory skills, including: *Interviewing Strategies, Personnel Files, and Workplace Investigation*. All online trainings may be accessed through [ERMANet](#).

Employee Reporting Line

ERMA provides its member's employees with a toll-free number to report anonymous incidents of employment-related workplace misconduct such as harassment, discrimination and retaliation.

Posters are provided to each member to display in an area accessible to all employees. Additional posters may be obtained by contacting Mona Hedin at (800) 541-4591, ext. 19045 or mona.hedin@sedgwick.com.

Each Agency is assigned an individual code for use with the Employee Reporting Line. Employees may make anonymous reports, but will need to supply their entity code so the report may be routed to the appropriate agency. The message is transcribed and transmitted to the appropriate Agency representative. If you are uncertain as to your Agency's reporting line code, please contact ERMA staff.

The toll-free Employee Reporting Line may be access by calling **(877) 651-3924**.

Employees may also make a report [online](#).

Compliance with AB 1825 and SB 1343

Pursuant to Government Code §12950.1, and ERMA Resolution No. 2019-3, all members are required to comply with State-mandated sexual harassment and discrimination prevention training AND training record retention requirements. ERMA members are required to maintain the required records of all AB 1825 and SB 1343 training, ERMA does not separately maintain these records.

Effective July 1, 2010, for any claim that is submitted to ERMA which relates to sexual harassment, the member is required to provide ERMA with documentation evidencing they have substantially complied with sexual harassment training as mandated by Government Code Section 12950.1. Substantial compliance is defined as having 90% of all supervisory, non-supervisory and elected and/or appointed officials trained as of the date of occurrence of the claim. For members with less than ten supervisory and non-supervisory employees and/or local agency official, substantial compliance is defined as having all but one employee or local agency official trained. Any member that fails to comply with the mandated sexual harassment training or that fails to provide ERMA with documentation evidencing compliance will have its self-insured retention (SIR) increased by 100% for the submitted claim. In addition, the Board of Directors will have discretion to consider lack of compliance as a factor in determining whether a member should be subject to a risk assessment.

As the live trainings are sponsored by ERMA, members are strongly encouraged to make an effort to attend regional trainings in their area.

Regular training of all employees and local agency officials in the area of EPL prevention has the positive effect of improving the identification, response and prevention of wrongful employment conduct.

Please consult the ERMA [website](#) for additional resources and services.

REPORTING CLAIMS

Notifying ERMA of a Claim

Members have a duty and obligation to notify ERMA in writing of a claim ***within thirty (30) days of receipt*** by the member of such notice by an employee. The definition of a *Claim* is set forth in ERMA's MOC in Section II. *Claim* is generally defined to mean a written demand or notice brought by an employee, or an oral demand or notice by an employee memorialized in writing by the member, which asserts allegations of wrongful employment practices (including but not limited to harassment, discrimination, wrongful termination or demotion, invasion of privacy, violation of constitutional rights and defamation).

Claims include, for example, notice of an administrative charge filed with the California Department of Fair Employment and Housing, the Federal Equal Employment Opportunity Commission, the California Department of Labor, a government tort claim that alleges a wrongful employment practice as defined in the MOC (such as harassment, discrimination, or wrongful termination), a letter from an attorney or other employee representative alleging a wrongful employment practice, and internal claims by an employee of harassment, discrimination, retaliation, or other wrongful employment practices. In general union grievances and administrative appeals by employees are not covered by ERMA; however, if a grievance or appeal of a disciplinary decision alleges a wrongful employment practice, it is advisable to notify the Litigation Manager for an evaluation as to whether the claim should be reported to ERMA.

The written notice to ERMA (Claim Reporting Form) shall contain the following information:

- Member entity
- Identity of the claimant employee(s) and the identity of any accused employee(s)
- Time, place and circumstances surrounding the incident
- Names and addresses of witnesses (if any)

Notifying ERMA of a Lawsuit

If a member is served with a lawsuit, in addition to the information above, the member is obligated to immediately forward to ERMA every demand, notice, summons, or other process received by it or its representative. In practically all circumstances, ERMA will be aware of potential litigation by a previously reported claim; however, ERMA must be immediately notified of any employment-related lawsuit filed against a member. Please email your notice to kathy.maylin@sedgwick.com.

Late Reporting

Pursuant to ERMA's MOC, failure to comply with the reporting requirements can result in a claim or lawsuit not being covered by ERMA. Therefore, it is important to ***notify ERMA of all claims within the 30-day time period.*** If a claim is deemed late, you will be notified by ERMA, and you will have a right to appeal the determination to ERMA's Board of Directors. For additional information, the MOC and other governing documents may be accessed on ERMA's [website](#).

In order to assist members in reporting claims on a timely basis and to answer questions you may have regarding what types of employee complaints are covered by ERMA, and how and when to report a claim, please contact the Litigation Manager.

INVESTIGATION AND DEFENSE OF A CLAIM

Investigations

In cases where investigation of a claim by an independent third party is warranted, members must first report the claim to ERMA and obtain approval from the Litigation Manager prior to engaging an investigator, in order for any expenses related to the investigation to count toward the member's SIR. ERMA limits the hourly rate that may be charged by independent investigators. Please submit the desired investigator's resume to the Litigation Manager prior to retention. Upon approval of the investigator by the Litigation Manager, the member will be provided a form "Scope of Investigation" letter which will set forth the parameters of the investigation. ERMA has a list of investigators on its website who have experience in employment-related investigations and who have agreed to ERMA's contract rates. The ERMA Investigators list is provided as a resource for members when choosing a workplace investigator. This is not a pre-approved list, and approval for the use of an investigator is provided on a claim-by-claim basis. Please note that fees incurred for the use of a non-approved investigator will not apply to the member's SIR for the claim.

Defense of the Claim

When a claim is reported to ERMA, ERMA will acknowledge the claim and open a file. The Litigation Manager will assign defense counsel to the claim after consulting with the member entity. ERMA maintains a panel of Approved Defense Counsel, all of whom are employment law experts. All panel defense firms have been appointed by the ERMA Board of Directors and have agreed to bill for their services at ERMA-approved billing rates. Members must use a member of the Defense Panel on all ERMA claims in order for any legal fees and costs to count toward the member's SIR. ERMA's governing documents provide that if a member retains its own counsel who is not one of the defense panel firms, the member shall be solely responsible for that counsel's fees and costs, and the member shall be deemed to have waived any rights to defense and indemnity coverage from ERMA for that particular litigation.

Please contact the Litigation Manager for further information.

LITIGATION MANAGEMENT

Pursuant to ERMA's MOC, claims and litigation are directed and managed by ERMA's Litigation Manager. A Litigation Management Program (LMP) which establishes guidelines to ensure professional, competent, and cost-effective handling of the defense of claims and lawsuits has been established pursuant to Board Resolution 2018-1.

The following are some of the requirements of the LMP:

- Member must use ERMA-approved service providers.
- Assignment to defense counsel shall be made by the Litigation Manager after consultation with the entity.
- Member shall bear the financial responsibility of the defense expenses, including fees, until such time as its retained limit is exhausted.
- Defense Counsel must agree to and comply with the requirements of the LMP (status reports, billing guidelines, prior approval for certain expenses, self-performance evaluations, etc.).
- Settlements must have prior approval of both the entity and the Litigation Manager.

PROCEDURE FOR TRACKING EXHAUSTION OF SIR (NON-VCJPA MEMBERS)

Every member has an SIR established each year at the time of the adoption of the MOC.

Each member is responsible for all fees, costs, and expenses associated with the defense of a claim until the member's SIR has been satisfied. ERMA-approved defense firms are required to provide ERMA with copies of all billings, including those within the members' SIR, in order to ensure that ERMA can properly track the expenditures on all claims. Once a member has satisfied their SIR, ERMA will begin making claim expense payments on behalf of the member. If a member is required to make a payment that exceeds the SIR in order to fully satisfy the SIR, ERMA will reimburse the member for any overpayments.

Expenses and costs incurred by a member will only be credited toward the member's SIR if they used ERMA-approved service providers (*e.g.*, investigators, defense counsel, etc.). Failure to use ERMA-approved counsel or service providers may not only result in no credit being given toward SIR satisfaction but also may result in loss of coverage for the claim.

PROCEDURE FOR TRACKING EXHAUSTION OF SIR (VCJPA MEMBERS ONLY)

Participating VCJPA members have an SIR of \$25,000, which is paid by the VCJPA general liability pool.

The VCJPA is responsible for all fees, costs, expenses, etc., associated with the defense of a VCJPA claim until the member's SIR has been satisfied. ERMA-approved defense firms provide both the member district and ERMA with copies of all billings, including those within the member's SIR, in order to ensure that ERMA can properly track the expenditures on all claims. Once the VCJPA SIR has been satisfied, ERMA will begin making claim expense payments on behalf of the member.

IT IS IMPORTANT TO NOTE THAT NO VCJPA MEMBER SHOULD PAY OUT OF POCKET FOR ANY ERMA-COVERED CLAIM.

Expenses and costs incurred by a member will only be credited toward the VCJPA SIR if the member used ERMA-approved service providers (*e.g.*, investigators, defense counsel, etc.). Failure to use ERMA-approved counsel or service providers may not only result in no credit being given toward SIR satisfaction but also may result in loss of coverage for the claim.

ERMA staff will work with all members to resolve any SIR tracking issues and to answer any questions.

BAY CITIES JOINT POWERS INSURANCE AUTHORITY
INVESTMENT POLICY
June ~~2019~~2020

INTRODUCTION

Bay Cities Joint Powers Insurance Authority (“BCJPIA” or “Authority”) is a joint powers insurance authority created in 1986 consisting of public entities within 100 miles of Emeryville, California. The Authority is governed by a Board of Directors.

The purpose of this investment policy is to identify various policies and procedures with regard to investing the Authority’s financial assets of the Administrative and Trust Funds that will foster a prudent and systematic investment program designed to seek the BCJPIA’s objectives of safety, liquidity and yield through a diversified investment portfolio. This policy also serves to organize and formalize the Authority’s investment-related activities, while complying with all applicable statutes governing the investment of public funds.

This investment policy was endorsed and adopted by the Authority’s Board of Directors and is effective as of the 116th day of June, ~~2019~~2020 and replaces any previous versions.

SCOPE

This policy covers all Administrative and Trust Funds and investment activities under the direct authority of the Authority, as set forth in the State Government Code, Sections 53600 *et seq.*, with the following exceptions:

- Proceeds of debt issuance shall be invested in accordance with the Authority’s general investment philosophy as set forth in this policy; however, such proceeds are to be invested pursuant to the permitted investment provisions of their specific bond indentures.
- Any other funds specifically exempted by the Board of Directors.

POOLING OF FUNDS

Except for cash in certain restricted and special funds, the Authority will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

OBJECTIVES

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that the Authority can invest funds to the fullest extent possible. Funds of the Authority will be invested in accordance with all applicable California Government Code Sections and with sound treasury management principles with the following priorities:

- | | |
|---------|---|
| First: | Safety of invested funds; |
| Second: | Maintenance of sufficient liquidity to meet cash flow needs; and |
| Third: | Attainment of maximum possible return consistent with the above principles. |

1. Safety

- A. To protect the value of the principal and interest of the invested funds, the Authority will invest only in the safest securities which include, but are not limited to, those backed by the U.S. Government or its agencies, those which have insurance on principal backed by the FDIC, the Local Agency Investment Fund or those which have legally required collateral backing of the invested principal.
- B. The Authority's investment portfolio shall be diversified by the type of investment, issuer, and maturity dates to protect against changes in the market.
- C. The Authority will not place any funds with any institution which is less than three (3) years old except with the approval of the Finance Committee.
- D. Securities with maturities of greater than five (5) years may not be purchased unless approval has been granted by the Board of Directors. Any such approval shall be granted no less than 90 days before the first investment.
- E. The Authority shall seek to preserve principal by mitigating the two types of risk, credit risk and market risk.

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 requirements will be determined using periodic cash flow projections. Maturity dates of the investment shall be timed to provide funds for scheduled administrative expenses and anticipated claim payments.

3. Yield

The Authority seeks to attain market rates of return on its investments (defined as income plus realized and unrealized capital gains and losses) through various economic cycles on its investments, consistent with constraints imposed by law, its safety objectives, and its cash flow consideration. Purchase and sale of securities should be made on the basis of competitive offers and bids, when practical, to obtain the highest possible rates. The maximization of return will not transcend the objective of capital preservation.

The benchmark for "market-average rate" shall be the rate of return on a benchmark of duration or average maturity similar to the BCJPIA portfolio.

DELEGATION OF AUTHORITY

Authority to manage the Authority's investment program is derived from California Government Code, Sections 53600 *et seq.*

The Board of Directors is responsible for the management of Authority funds, including the administration of this investment policy. Management responsibility for the cash management of Authority funds is hereby delegated to the Treasurer/Auditor.

The Treasurer/Auditor will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate employees. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial staffing and considerations. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer/Auditor.

The Authority may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the Authority's investment portfolio in a manner consistent with the Authority's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

The Authority's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The Authority recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the Authority

INVESTMENT RISKS

- A. **General Policy:** BCJPIA recognizes that investment risk can result from issuer defaults, market price changes or various technical complications leading to temporary loss of principal. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. As needed, the Treasurer/Auditor shall periodically meet with the Ad Hoc Finance Committee to establish guidelines and strategies to control credit risk, market risk and liquidity.

Credit Risk, defined as the risk of loss due to failure of the issuer of a security, will be mitigated by:

- Investing only in securities whose credit ratings are commensurate with the minimum credit ratings allowed by the California Government Code at the time of purchase and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm the Authority's principal and cash flow.
- If securities owned by the Authority are downgraded by an NRSRO to a level below the quality required by this investment policy, it will be the Authority's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - If a security is downgraded, the Treasurer 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.
 - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Board.

Market Risk, defined as market value fluctuations due to overall changes in the general level of interest rates, will be mitigated 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;
- The Authority recognizes that in a diversified portfolio, occasional sales and measured gains or losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the Authority.

B. **Diversification**: An appropriate risk level shall be maintained by primarily purchasing securities that are liquid, marketable, and of high quality. The portfolio will be diversified by the type of investment, issuer, and maturity dates to protect against changes in the market and to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions. Adequate diversification shall be applied to the individual issuers of debt, both within each class of investment and collectively. The intent is to prevent an undue amount of investments from being at risk with any one institution.

PRUDENCE

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers 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 in a timely fashion and appropriate action is taken to control adverse developments.

BCJPIA adheres to the guidance provided by the "prudent investor standard," as set forth in Government Code section 53600.3, which specifically addresses public investing, as follows:

"Except as provided in subdivision (a) of Section 27000.3, 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 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".

ETHICS AND CONFLICTS OF INTEREST

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. Thus staff and officials involved in the investment process shall refrain from personal business activity that could create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Employees and investment officials shall disclose to the board of directors any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Staff and

officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the BCJPIA.

INTERNAL CONTROLS

The System on internal control shall be established and maintained in written form (see Appendix B). The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the BCJPIA. 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 securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of investment policy and controls by the Treasurer/Auditor.

REPORTING

The Treasurer/Auditor will on a quarterly basis, submit an investment report to the Board of Directors or the Executive Committee, that is in compliance with the Government Code 53646 and 53607.

The reports shall include, at a minimum, the following information for each individual investment:

- Description of investment instrument
- Issuer name
- Yield on cost
- Purchase date
- Maturity date
- Purchase price
- Par Value
- Current market value and the source of the valuation

The quarterly report shall also (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of BCJPIA's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement denoting the ability of BCJPIA to meet its expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

This quarterly report shall be submitted within thirty days following the end of the quarter.

The Treasurer shall render a monthly report of investment transactions to Board.

A benchmark indexes will be utilized on an annual basis, comparing the investment performance of BCJPIA, and will be reported to the Board.

SAFEKEEPING

All cash and securities in BCJPIA's portfolio shall be held in safekeeping in BCJPIA's name by a third party bank trust department, acting as agent for BCJPIA under the terms of a custody agreement executed by the bank and BCJPIA. The only exception to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money market mutual funds, since the purchased securities are not deliverable. Evidence of each these investments will be held by BCJPIA.

AUTHORIZED FINANCIAL DEALER AND INSTITUTION

A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers (at least five years in operation). These may include "primary" dealers or regional dealers that are guaranteed by a primary dealer and qualify under Securities Exchange Commission Rule 15C3-1 (uniform net capital rule). If an investment advisor is used, they may use their own list of approved broker/dealers and financial institutions for investment purposes. The Investment advisor shall make its list of approved brokers and financial institutions to BCJPIA staff upon request.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:

- audited financial statements or SEC Focus Report-Financial & Operational Combined Uniform Single
 - Report Part II
- proof of National Association of Securities Dealers (NASD) certification,
- proof of state registration, and
- certification of having read the Authority's investment policy.

A competitive bid process shall be used to place all investment transactions. It shall be BCJPIA's policy to purchase securities only from those authorized institutions and firms. No deposit of public funds shall be made except in a qualified public depository as established by state laws.

DELIVERY vs. PAYMENT

All security transactions entered into by BCJPIA shall be conducted on a delivery-versus-payment (DVP) basis. This ensures that securities are deposited in the eligible financial institutions prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

ELIGIBLE SECURITIES AND CRITERIA

Allowable Investment Instruments BCJPIA Investment Policy vs. California Government Code 53601

	<u>BCJPIA Policy</u>	<u>CGC 53601</u>
Investment Instrument	<i>1. Maximum Maturity⁽¹⁾ 2. Max % per Asset Class⁽²⁾ 3. Max % per Issuer 4. Credit Rating Category⁽³⁾</i>	<i>1. Maximum Maturity 2. Max % per Asset Class 3. Max % per Issuer 4. Credit Rating Category</i>
Local Agency Investment Fund	1. On demand 2. Per State Treasurer 3. N/A 4. N/A	1. N/A 2. Per State Treasurer 3. N/A 4. N/A
U.S. Treasury Issues	1. 5 years 2. None 3. None 4. None	1. 5 years 2. None 3. None 4. None

	<u>BCJPIA Policy</u>	<u>CGC 53601</u>
Investment Instrument	<ol style="list-style-type: none"> 1. <i>Maximum Maturity</i>⁽¹⁾ 2. <i>Max % per Asset Class</i>⁽²⁾ 3. <i>Max % per Issuer</i> 4. <i>Credit Rating Category</i>⁽³⁾ 	<ol style="list-style-type: none"> 1. <i>Maximum Maturity</i> 2. <i>Max % per Asset Class</i> 3. <i>Max % per Issuer</i> 4. <i>Credit Rating Category</i>
U.S. Government Agency Issues and Government Sponsored Enterprises (GSEs)	<ol style="list-style-type: none"> 1. 5 years 2. None 3. 25 % 4. N/A 	<ol style="list-style-type: none"> 1. 5 years 2. None 3. None 4. None
Repurchase Agreements	<ol style="list-style-type: none"> 1. 30 days 2. 10% 3. None 4. Collateralized⁽⁴⁾ 	<ol style="list-style-type: none"> 1. 1 year 2. None 3. None 4. None
Certificates of Deposit	<ol style="list-style-type: none"> 1. 2 years 2. 20%⁽³⁾ 3. 5% 4. Collateralized⁽⁴⁾ 	<ol style="list-style-type: none"> 1. 5 years 2. None 3. None 4. Collateralized per CGC 53651
Negotiable Certificates of Deposit	<ol style="list-style-type: none"> 1. 2 years 2. 20%⁽⁵⁾ 3. 5% 4. Senior debt rated A or better 	<ol style="list-style-type: none"> 1. 5 years 2. 30% combined placement CDs 3. 10% combined placement CDs 4. None
Collateralized Deposits ⁽⁶⁾ (<i>checking accounts, savings accounts, etc.</i>)	<ol style="list-style-type: none"> 1. N/A 2. None 3. None 4. Collateralized per CGC 53651 	<ol style="list-style-type: none"> 1. 5 years 2. None 3. None 4. Collateralized per CGC 53651
Commercial Paper	<ol style="list-style-type: none"> 1. 270 days 2. 25%⁽⁵⁾ 3. 5% 4. A-1/P-1/F1 or better 	<ol style="list-style-type: none"> 1. 270 days 2. 25% 3. None 4. A-1 (long-term A or better)
Bankers Acceptances	<ol style="list-style-type: none"> 1. 180 days 2. 40% 3. 5% 4. A-1/P-1/F1 or better 	<ol style="list-style-type: none"> 1. 180 days 2. 40% 3. 30% 4. None
Medium-Term Notes	<ol style="list-style-type: none"> 1. 5 years 2. 30%⁽⁵⁾ 3. 5% 4. A or better 	<ol style="list-style-type: none"> 1. 5 years 2. 30% 3. None 4. A or better
Money Market Funds and Mutual Funds registered under the Investment Company Act of 1940 ⁽⁷⁾	<ol style="list-style-type: none"> 1. None 2. 20% 3. 10% for Mutual Funds, 20% for Money Market Funds 4. See below 	<ol style="list-style-type: none"> 1. None 2. 20% 3. 10% for Mutual Funds, 20% for Money Market Funds 4. See below

	<u>BCJPIA Policy</u>	<u>CGC 53601</u>
Investment Instrument	5. <i>Maximum Maturity</i> ⁽¹⁾ 6. <i>Max % per Asset Class</i> ⁽²⁾ 7. <i>Max % per Issuer</i> 8. <i>Credit Rating Category</i> ⁽³⁾	5. <i>Maximum Maturity</i> 6. <i>Max % per Asset Class</i> 7. <i>Max % per Issuer</i> 8. <i>Credit Rating Category</i>
Municipal Securities ⁽⁸⁾	1. 5 years 2. 30% 3. 5% 4. A or higher; State & CA agencies	1. 5 years 2. None 3. None 4. None
Municipal Securities issued by the treasuries or agencies of the other 49 states	5. 5 years 6. 30% 7. 5% 8. A or higher	5. 5 years 6. None 7. None 8. None
Supranational Bonds ⁽⁹⁾	1. 5 years 2. 20% 3. 10% 4. AA; IBRD, IFC, IADB ⁽⁸⁾	1. 5 years 2. 30% 3. None 4. AA

(1) Securities with maturities of greater than 5 years can only be purchased only with prior Board or Executive Committee approval. Any such approval shall be granted no less than 90 days before the first investment.

(2) Percentage limits and credit ratings are determined at the time of purchase. In the event a downgrade below the minimum allowed rating category for that given investment type, the Treasurer/Auditor shall notify the Finance Committee and recommend a plan of action.

(3) Credit rating shall be determined by a nationally recognized statistical rating organization (NRSRO.)

(4) These investments must be collateralized 100%, or higher if specifically required by the California Govt. Code, by the applicable financial institution.

(5) The sum of investments in negotiable certificates of deposit, commercial paper, and medium term corporate notes in any one non-governmental institution shall not exceed 25 percent of the portfolio. Per Code, BCJPIA may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

(6) Link to: [California Government Code \(CGC\) 53651](#)

(7) Must have the highest credit rating provided by not less than two 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 and with assets under management in excess of \$500 million.

(8) Municipal securities issued by members of BCJPIA are NOT authorized for purchase by the Authority

(9) International Bank for Reconstruction and Development (IBRD); International Finance Corporation (IFC); and Inter-American Development Bank (IADB).

See Appendix A for a description of the above securities.

POLICY REVISION

This policy can be revised whenever necessary and will be reviewed by the Board annually at a public meeting in accordance with Government Code 53646. By adoption of this investment policy, the Board of Directors delegates investment authority to the Treasurer/Auditor for a one-year period in accordance with Government Code 53607. Such investment authority shall include authority to invest or to reinvest funds of BCJPIA, or to sell or exchange securities so purchased.

REVISED: February 1993
August 1993
August 1996
April 1997
January 1998
October 1998
October 1999
October 2000
October 2001
October 2002
October 2003
October 2004
October 2005
May 2006
May 2007
October 2008
October 2009
October 2010
October 2011
October 2012
October 2013
October 2014
October 2015
June 2016
June 2017
June 2018
June 2019
[June 2020](#)

Appendix A

Glossary of Investment Allowable Investment Instruments

AGENCIES. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BANKER’S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

LOCAL AGENCY INVESTMENT FUND (LAIF). A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOL. Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NEGOTIABLE CD. A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues “cash management” bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Definition of Investment Terms

ASKED. The price at which a seller offers to sell a security.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The price at which a buyer offers to buy a security.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COST YIELD. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

CURRENT YIELD. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

DERIVATIVE. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

DIVERSIFICATION. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

DURATION. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

FEDERAL FUNDS RATE. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

FEDERAL OPEN MARKET COMMITTEE. A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

LEVERAGE. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

LIQUIDITY. The speed and ease with which an asset can be converted to cash.

MAKE WHOLE CALL. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

MARGIN. The difference between the market value of a security and the loan a broker makes using that security as collateral.

MARKET RISK. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

MARKET VALUE. The price at which a security can be traded.

MARKING TO MARKET. The process of posting current market values for securities in a portfolio.

MATURITY. The final date upon which the principal of a security becomes due and payable.

MODIFIED DURATION. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION. A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Moody's, S&P and Fitch.

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PREPAYMENT SPEED. A measure of how quickly principal is repaid to investors in mortgage securities.

PREPAYMENT WINDOW. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REALIZED YIELD. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

I. Executive Summary

The primary objectives for the review of CARMA claims continue to be to:

1. Determine the efficiency and effectiveness of claims handling procedures exhibited by the third-party administrators (TPAs), the member internal administrator (MPA), and the CARMA administrator, including compliance with applicable California tort claim laws.
2. Evaluate the accuracy of the claims database and the report generated by each claim handling entity to assure that CARMA is receiving accurate information on its members' claims.
3. Determine whether the TPAs, the internal administrator for member JPAs, and Sedgwick are establishing accurate reserves based on sound investigative techniques. CARMA's ability to properly evaluate the liability loss exposure of each JPA is dependent on the accurate assessment of each claim incurred by its members.
4. Provide a document that permits CARMA and its members to fulfill the audit requirements of the California Association of Joint Powers Authorities (CAJPA) accreditation standards.
5. Provide suggestions for improvements in claims handling, reserving, and reporting accuracy.
6. Evaluate the efficiency with which any changes to underlying claims handling arrangements are implemented.

FCS has benchmarked claims handling performance against these objectives in all past CARMA audits.

Audit Observations and Conclusion

The continuity of claims handling personnel at the claims administration entity of each CARMA member is still a positive factor in the overall administration of the CARMA program. Recent significant staffing changes at the excess administrator (Sedgwick) may have generated some deterioration in diary maintenance performance.

Claims handling of all underlying entities continues to be effective. All claims handling entities are performing at or above industry standards. This has been a consistent finding over the past several audit cycles. The findings for each member JPA and CARMA are presented separately. The involved claims handling entity's performance and recommendations for improvement are detailed in the chapter of the report devoted to each JPA or CARMA.

Case Reserving

This year's project can find no system-wide case reserving deficiency or inconsistency. The audit confirms that case reserves are consistently accurate. It is expected that slight deviations in case reserve philosophy and process among the different administrators exist, but the general practices observed are effective and sensitive to vital claim valuation criteria. These include:

- The settlement trend of the venue where the loss occurred and/or where the value of the case could be determined by a trier of fact (jury).
- The particular member's own settlement history.
- Application of available statutory defenses.
- The estimated cost of defending the claim.
- Results of thorough investigation that can incorporate mitigating information (e.g., the claimant's injury history; the existence of other tortfeasors).
- The invocation of indemnifying contractual language.

Each member's case reserving deficiencies (if any) are discussed in the member's specific chapter.

Litigation Management

The effectiveness of litigation management activity is evident for all the CARMA members and the CARMA excess claims. Status updates from counsel are timely and proactive. Each member should refer to its specific chapter to identify any deficiencies

Diary Maintenance

The recent significant staffing changes at Sedgwick related to the Vector Control JPA program have resulted in some deterioration in the timeliness of diary activity. It is not uncommon for some reduction in compliance when such a staffing change occurs. The audit can identify no fiscal impact of this. Still, Sedgwick should purge all open Vector Control claims and update each claim's status within the next 90 days.

Diary maintenance compliance is evident for all other CARMA underlying members and the CARMA excess administrator.

Excess Reporting Updates to CARMA (Sedgwick Risk Services)

No excess reporting deficiencies are identified. All underlying JPAs are identifying qualifying claims and providing timely status updates to Sedgwick.

II. Bay Cities Joint Powers Insurance Authority (BCJPIA)

This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

Forty liability claims incurred by BCJPIA members were reviewed. All claims were reviewed via access to AIMS's Ventiv information system. The audit sample includes claims from all BCJPIA members.

A. Staffing/Caseloads

AIMS staff have changed slightly since the 2019 audit project. Five staff members share the BCJPIA caseload. The staff members and their caseloads are:

- LaTonya Lavergne, Program Manager – 74
- Jeff Baker, Senior Examiner – 137
- Tresa Wickliffe, Examiner – 128
- Anita Heard, Examiner – 48
- Derricia Walton, Claims Assistant-41

These caseloads are compliant. FCS concludes that AIMS is adequately staffed to administer the BCJPIA account.

B. Case Reserve Accuracy

The claims reviewed are accurately reserved. Still, the following claim may require adjustment:

- 0193BC2020 (Berkeley) – A pedestrian was struck and killed in a crosswalk. The claimant's estate alleges the City created a dangerous condition. Liability is doubtful; the current loss reserve of \$20,000 is inadequate given the severity of the claim. Notes also indicate an original reserve of \$100,000 was reduced to the current level. This is not explained clearly. The loss reserve should be reinstated to at least the original amount of \$100,000.

C. Payments/Settlements

BCJPIA payment procedures and authority levels have not changed.

The audit identified compliance with assigned settlement authority levels. All claims that have been settled and those with settlements pending exhibit thorough evaluation of the following criteria:

- Degree of liability attributable to the BCJPIA member.
- A thorough evaluation of damages submitted by claimants.
- Application of immunities or indemnification language to mitigate the member's exposure.

Settlements continue to be based on a logical assessment of damages and the degree of liability attributable to the member.

Claims that have been settled, and for which settlement funds have been distributed, contain signed release documents.

D. Investigation

For liability claims against BCJPIA member entities, a detailed investigation includes:

- Making prompt contact with the injured claimant.
- Verifying the extent of the member's and the underlying JPA's liability through medical reports or property damage estimates.
- Applying indemnification/hold harmless language appearing in contracts the member enters into with potentially culpable vendors.
- Accounting for injury history to determine pre-existing conditions.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant and witnesses when possible.
- Obtaining police accident reports, if applicable, when the damage or injury is the result of a traffic accident.
- Obtaining photographs of accident scenes and instruments causing the injury, when applicable.
- Aggressive pursuit of additional responsible parties (tortfeasors) to offset the members' or the JPA's contribution to damage/injury awards.

Investigation on BCJPIA claims is performed by AIMS staff.

The following claims exhibit deficiencies:

- 0390BC2018 (Pleasanton) – This claim results from a motor vehicle accident during a high-speed chase. The claim is litigated. There is no copy of the police report documented.
- 0127BC2019 (Monte Serrano) – The claimant tripped and fell on a sidewalk. There are no documented photographs of the scene/area where the claimant fell. It appears the responsible entity is not Monte Serrano, but some indication of the validity of liability should be documented.
- 0125BC2020 (Sausalito) – The claimant slipped and fell on a sidewalk. The information system catalogs all documentation under a limited number of headings. There is no heading indicating photographs, etc. Nearly every heading indicates "Legal." This makes it unnecessarily cumbersome to find which item houses the photographs of the accident scene.

E. Litigation Management

The selection of defense counsel is made by William Portello of Sedgwick Risk Services (Sedgwick) in consultation with the member and the claims administrator. The only exception is for cities that utilize their own City Attorney or have a designated defense firm.

Routinely, the claims administrator will contact Mr. Portello and request approval of the use of a particular firm. After receiving his approval, the referral (including any related documentation) is made by the claims administrator. This policy is common to similar pooling entities.

Status reports from defense counsel are timely. No litigation management deficiencies are identified.

F. Diary/Claim Closure

Industry standards and FCS's own guidelines recommend that some activity be conducted and documented every 30 days on the types of active liability claims routinely incurred by public entities such as the BCJPIA members.

AIMS is generally complying with diary maintenance standards. Two claims exhibit deficiencies:

- 0565BC29018 (Berkeley) – There are multiple requests from the claims manager/supervisor to the examiner to provide an updated status or plan of action. Those requests have not been executed. It seems a good deal of daily examiner activity is being conducted by the supervisor.
- 0211BC2018 (Sausalito) – This claim was litigated and resolved in August 2019. The final legal bill was paid in October 2019, yet the claim was not closed until 1/21/20.

G. Risk Management Information System (RMIS)/Documentation Clarity

Financial data on the BCJPIA loss run provided by AIMS reconciles with data observed in the AIMS NavRisk information system accessed for this audit.

No documentation deficiencies are identified.

H. Excess Reporting

All of the claims reviewed qualify for excess reporting to BCJPIA. Twelve of these also qualified for reporting to CARMA. Reporting is timely, but claim number 0342BC2017 (Albany) lacks inclusion of the CARMA administrator on email correspondence from defense counsel.

2019-2022 BCJPIA Strategic Goals & Action Item List

Target Date	Person Responsible	Action Item	Status			Comments
			Done	Revise	On Target	
Topic #1 – Strategies to Mitigate Risk of Cyber Security:						
June 2020	SLPC/Staff	1. Subject Matter Experts : Identify subject matter experts on the topic to provide training and resources to members.				Staff to research vendors to provide training and resources to members.
June 2020	SLPC/Staff	2. Develop Best Practices for Response: Develop best practices for each topic.				
June 2020	SLPC/Staff	3. Follow Up Assessment: Develop an audit process to ensure members have implemented the best practices identified.				
June 2020	Staff	4. Coverage/Resources/Reporting Training: Provide training to members on the coverage, resources, and reporting requirements related to the identified area.				
Topic #2 – Strategies to Mitigate Risk of Workplace Violence:						
June 2021	SLPC/Staff	1. Pre-Assessment/Post-Audit: Develop an audit process to ensure members have implemented the best practices identified.				Staff to develop self-assessment tool for members.
June 2021	SLPC/Staff	2. Develop Best Practices for Response: Develop best practices for Workplace Violence.				In progress. Staff to develop best practices based on Cal/OSHA requirements and industry accepted best practices.
June 2021	SLPC/Staff	3. Subject Matter Experts: Identify subject matter experts to provide training and resources to members.				Staff to compile list of member resources related to workplace violence.
June 2021	SLPC/Staff	4. Support/Plan for Recovery from Incidents: Develop policies and plans for response to workplace violence incidents.				In progress. Programs under development include Workplace Violence Prevention program, Active Incident Preparedness procedures, Vulnerability Self - Assessment Checklist
June 2021	Staff	5. Coverage/Resources/Reporting Training: Provide training to members on the coverage, resources, and reporting requirements related to the identified area.				Staff to provide outside expert information to members.

Topic #3 – Abuse and Molestation Prevention Programs						
June 2021	SLPC/Staff	1. Best Practices: Develop best practices for Abuse and Molestation Prevention Programs.			X	
June 2021	SLPC/Staff	2. Training: Provide training to staff for prevention.			X	

Topic #4 – Strategies to Mitigate Risk of Homelessness:						
June 2020	SLPC/Staff	1. Resources: Identify subject matter experts on the three topics to provide training and resources to members.				In progress. Staff holding webinars and live trainings in 2020.
June 2020	SLPC/Staff	2. Develop Best Practices for Response: Develop best practices for each topic.				
June 2020	Staff	3. Coverage/Resources/Reporting Training: Provide webinar training to members on the coverage, resources, and reporting requirements related to the identified area.				

Topic #5 – Emergency Preparedness Natural Disasters, Wildfires, Earthquakes, Sea Level Rise						
June 2022	SLPC/Staff	1. Sea Level Rise: Evaluate resources and coverages to assist members in mitigating and managing sea level rise.				Staff to research other JPAs addressing sea level rise.
September 2020	Staff	2. FEMA Training: Provide training on the FEMA reimbursement process to members.				Staff to engage Haggerty consulting for September training to be held jointly with PLAN JPA. Consider opening to other JPAs for a fee. Staff to contact Haggerty for dates and rates.
June 2021	SLPC/EC/Staff	3. Emergency Action Plan Evaluate and develop policies and best practices related to natural disasters, including preparedness, mitigation, and recovery.				In progress. A model Emergency Action Plan is being developed based on Cal/OSHA regulation requirements. Estimated completion May 2020.
June 2021	EC/Staff	4. Risks/Liabilities/Workers' Compensation in Natural Disasters: Identify and evaluate risks, liabilities, and issues related to workers' compensation in the event of a natural disaster.				
June 2020	SLPC/Staff	5. Group Purchase Options: Identify opportunities to group purchase services or goods that assist in preparing, mitigating, or recovery in the event of a natural disaster.				Generators, gas, vegetation management, leasing of equipment.
June 2020	SLPC/EC/Staff	6. Business Continuity Coverage: Evaluate options to purchase business continuity coverage.			X	Staff working with Agility to evaluate current usage of services.

June 2021		7. Continuity of Coverage Plan (COOP) :				In progress. A model COOP is under development with an estimated completion date of June 2020.
November		8. Pandemic Planning:				In progress. A model pandemic plan is under development with an estimated completion date of June 2020

Topic #6 – Cost Predictability						
November 2020	FC/Staff	1. Review of Fiscal Measurement Practices: Review current financial ratios and benchmarks to determine they are providing relevant and useful information to the Board.				
June 2022	EC/Staff	2. Add New Members for Diversification: Discuss and evaluate the Board's level of interest in growing the BCJPIA program.				
June 2021	SLPC/Staff	3. Audit of Individual Members' Risk Control Program: Evaluate current Risk Survey process and identify changes to ensure the audit provides the Board and members with relevant and useful information to assist in reducing losses.			x	Staff to conduct outreach and provide recommendations to members based on 2019 risk surveys.
November 2021	SLPC/FC/Staff	4. Develop Benchmark Incentives: Develop benchmarks and consider potential incentives to provide to members for meeting or exceeding the benchmark.				Staff to present ideas for safety award programs to SLPC.

Topic #7 – New Member Training and Succession Planning						
February 2020	Staff	1. New Member Manual: Create a new member manual to be printed and distributed to each new Board member and also to be made available on the BCJPIA website.				
February 2020	Staff/Board Members	2. New Member Meetings: Meet with each new Board member to provide in-person training on BCJPIA.				
April 2020	Staff	3. Member-to-Member Outreach: Identify avenues for members to easily communicate, share information, and utilize each other as resources.				

April 20, 2020

Agenda Item 8.A.

POOLED WORKERS' COMPENSATION PROGRAM

**SUBJECT: Workers' Compensation Legislative and Contact Forum Updates
Prepared and Presented by Jackie Miller, Workers' Compensation Program
Manager**

ISSUE:

The BCJPIA Workers' Compensation Contact Forum (WCCF) meeting update will be provided along with an update on legislative activity and the impact of COVID-19 to the Workers' Compensation program.

BACKGROUND AND STATUS:

WCCF – Staff will provide an update on the most recent forum and plans for future meetings.

LEGISLATIVE ACTIVITY – As the Legislature prepares a delayed return from its recess, staff will provide an update on expected legislative activity for the remainder of the session.

COVID-19 – The outbreak of the COVID-19 and the impact to Workers' Compensation have been a moving target as the industry deals with this unprecedented situation. An update on Workers' Compensation coverage for COVID-19, the known impact to the BCJPIA Workers' Compensation to date and future forecasts will be discussed.

PROS & CONS:

N/A

FISCAL IMPACT:

COVID-19 – To be determined

RECOMMENDATION:

Committee receive and accept the updates and provide additional feedback if warranted.

REFERENCE MATERIALS ATTACHED:

- February 2020 WCCF Agenda
- BCJPIA COVID-19 Notice



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Website: <http://www.bcjpia.org>

BAY CITIES JOINT POWERS INSURANCE AUTHORITY

Workers' Compensation Contact Forum – February 5, 2020

AGENDA:

- 1. Introductions**
- 2. Purpose of WCCF**
 - a. The purpose of the WCCF is to bring together the key contacts for each member of the BCJPIA Workers' Compensation Program that deal with the Workers' Compensation claims on a regular basis.
 - b. The meeting will focus on discussing the issues, and challenges of the Workers' Compensation processes as well as the best practices some have developed to address these issues.
- 3. The Curse of Confidentiality – Jackie Miller/BCJPIA WCPM and Anne Hernandez/Mullen & Filippi**
- 4. WC Industry Update/Happenings/Observations – Anne Hernandez/Mullen & Filippi**
- 5. Telecommuting Discussion**
- 6. Roundtable**
- 7. Wrap Up**



WORKERS' COMPENSATION AND COVID-19 POTENTIAL EXPOSURE

**BCJPIA recognizes the risk of contracting COVID-19 for everyone.
We offer these guidelines regarding potential COVID-19 exposure by employees
while at work:**

Workers' Compensation benefits are available to all employees with work related injuries or illnesses. With the outbreak of COVID-19, each claim will be reviewed individually to determine compensability and if benefits are due.

Workers' Compensation Labor Code and Regulation view COVID-19 as a community acquired disease to which everyone in a community has some potential for exposure and would likely not be considered a compensable injury (at least right now). COVID-19 is not a presumptive injury for Safety Officers.

Additionally, exposure to a disease is not considered an actual injury requiring Workers' Compensation benefits.

In the case of an employee who was exposed to another person during their normal course of employment, that may have had COVID-19 there is no requirement to provide the employee with the DWC1 Claim form or file a Workers' Compensation case.

However, if the employee wants to file a claim, they certainly can and at that point, the employer should provide them with the DWC1 form and refer them to Company Nurse and your designated clinic as well as report the claim to Innovative Claim Solutions (ICS) through your normal claims reporting process.

It is recommended you:

- Keep track of potential exposures and any actual exposures (if you have access to this information);
- If the employee wants to file a claim for Workers' Compensation benefits – give them the DWC1 Claim Form and report the claim to ICS;
- Refer the employee to your industrial clinic (be aware they may or may not be able to see them depending upon the circumstances); and
- Refer the employee to Company Nurse.

During a quarantine period, the employee is not due Temporary Disability/Labor Code 4850 as they are not medically disabled.

April 20, 2020

Agenda Item 8.B.

POOLED WORKERS' COMPENSATION PROGRAM

**SUBJECT: Structured Return-to-Work Update and Company Nurse Contract Renewal
Prepared and Presented by Sarah Centeno, Return-to-Work (RTW)
Program Manager**

ISSUE:

Renewal of Company Nurse services for the 2020/2021 program year.

BACKGROUND AND HISTORY:

The Structured Return to Work Program (SRTWP) was implemented in July 2006 and provides early intervention services to Members and augments the existing set of workers' compensation cost containment measures in place.

A major component of the SRTWP includes Telephonic Injury Reporting and Nurse Triage services provided by Company Nurse (CN) and Member access to RTW resources and tools.

Employees are encouraged to report new incidents through the injury hotline run by CN. The call center is staffed with registered nurses who perform triage to assist the employee in determining the appropriate level of medical care. If care is warranted or requested by the employee, a referral is made to the preferred occupational medical provider. This establishes immediate control over medical treatment. Immediately after the call is completed, notice of the injury or illness is provided to the Member and to the RTW Manager on staff with Sedgwick. This early notice allows the appropriate parties to begin assessing the employee's work abilities allowing the department supervisors to consider light duty or transitional work assignments as soon as possible.

The service contract for CN is renewed annually and set to expire on June 30, 2020. The fee schedule for the service is based on a per-claim rate multiplied by the previous year's claim volume. CN's current per claim rate for 2019/2020 is set at \$157.50. Staff has confirmed with Company Nurse that the rate will remain the same at \$157.50 per claim for the 2020/2021 program year.

FISCAL IMPACT:

It is of note that over the last year (from March 2019 through February 2020) there has been an increase in overall claims volume to 206 from the prior year's count of 176 claims for the same period in 2018/2019. As pricing for CN is determined using a projected annual claims volume based on claims filed in the prior year, the increase in claims volume has resulted in *an*

April 20, 2020

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*increase in the overall annual fee of CN's services – from \$27,720 to **\$32,445** (a total increase of \$4,725).*

A history of the compensation terms is displayed in the table below:

Period	CN
July 1, 2006, to June 30, 2007	\$48,650
July 1, 2007, to June 30, 2008	\$35,700
July 1, 2008, to June 30, 2009	\$30,975
July 1, 2009, to June 30, 2010	\$41,730
July 1, 2010, to June 30, 2011	\$41,535
July 1, 2011, to June 30, 2012	\$38,850
July 1, 2012 to June 30, 2013	\$30,600
July 1, 2013 to June 30, 2014	\$35,250
July 1, 2014 to June 30, 2015	\$38,250
July 1, 2015 to June 30, 2016	\$32,850
July 1, 2016 to June 30, 2017	\$30,870
July 1, 2017 to June 30, 2018	\$33,87
July 1, 2018 to June 30, 2019	\$32,918
July 1, 2019 to June 30, 2020	\$27,720
July 1, 2020 to June 30, 2021	\$32,445

STAFF RECOMMENDATION:

Staff recommends approval of the Company Nurse draft contract as presented.

REFERENCE MATERIALS ATTACHED:

- Company Nurse Draft Contract for 2020-2021

WORKPLACE INJURY CONTACT CENTER SERVICE AGREEMENT

This Workplace Injury Contact Center Service Agreement (the "Agreement"), dated March 10, 2020, is between Company Nurse, LLC, a Nevada limited liability company (the "Company"), and Bay Cities JPIA (BCJPIA), (the "Client").

RECITALS

- A. The Company is a leading provider of nurse triage services.
- B. The Client desires to engage the Company for the Company to provide nurse triage services, subject to the terms and conditions of this Agreement.

AGREEMENT

NOW, THEREFORE, based on the premises and the terms and conditions herein, the parties hereby agree as follows:

I. SERVICE DATE AND TERM

- 1.1 Date Services are to Begin: Renewal date for services is the 1st day of July, 2020.
- 1.2 Term: The initial term of this Agreement is 12 months and shall automatically renew at the end of the term year and each year thereafter, unless one party notifies the other party of its intent not to renew at least thirty (30) days prior to the end of this Agreement.

II. SERVICES

- 2.1 Scope of Services to be Provided: Company Nurse shall provide the Client's employees with telephonic SMS, mobile app, webchat as well as other communication media offered by Company as access to report workplace injuries and to triage by Registered Nurses who will provide advice concerning reported injuries. Services consist of: intake of data for Report of Injury; first aid advice and assistance; medical referral services; and reporting distribution. The Services shall not include any professional medical services. The parties acknowledge and agree that (1) the Services are limited to workplace injuries that may be covered by worker's compensation insurance, and (2) the Health Insurance and Portability Act of 1996, as amended ("HIPAA"), does not apply because Client is not a "covered entity" or "business associate" under HIPAA. Client shall notify Company Nurse if Client is aware of any state laws that may be implicated by the Services that govern the maintenance and transmission of any employee information.
- 2.2 Verified Provider Network: Company Nurse maintains a verified provider network to ensure that all injured employees are referred to an available treatment facility that can provide timely medical care. The Client may submit additional preferred providers to Company Nurse at any time. Upon successful completion of Company Nurse's assurance process, Company Nurse may add the requested Client providers to Company Nurse's network to be available for referral.
- 2.3 Telephone Injury Triage: Client employees and supervisors may reach Company Nurse's service via a toll-free telephone call mobile app, SMS or webchat widget. Additional communication media may be offered by Company and made available during the term of this agreement as options for Clients.
 - a. Intake personnel will:
 - (i) Gather all demographic details for report of injury.
 - (ii) Gather detailed information about the injury and incident.
 - (iii) Set up the chart for triage by nurse.
 - b. Nursing professionals, utilizing on physician-approved protocols, will:
 - (i) Assess the extent of the injury with the help of the employee and supervisor.
 - (ii) Recommend an appropriate course of action with regard to standard medical triage guidelines including minor self-administered first aid, and/or a referral to the Designated Medical Facility or ER as needed.

- (iii) Answer employee and supervisor questions about the employee's injury, medical care and follow-up procedures.
- (iv) Provide directions to the Designated Medical Facility location, if applicable.
- (v) Provide First Aid Only opinion by Registered Nurse.

Storage of Interactions: All calls and digital interactions will be recorded and stored for minimum of 60 months.

2.4 Report Delivery: The following reports will be automatically delivered in the following methods.

- (i) Report of Injury via E-Mail to unlimited destinations.
- (ii) Injury Alert notice to Designated Medical Facility via fax or email, where available. Prepopulated, partially completed First Report of Injury or other state workers' comp forms, at the request of the Client.

2.5 Monthly Incident Summary Reports: Company Nurse will submit monthly reports to the and/or to the designated Third-Party Administrator ("TPA") for Client, summarizing incidents and outcomes

2.6 Emergency Care Exclusion: The services covered by this Agreement are not intended to provide emergency care for life- or limb-threatening conditions. If Company Nurse receives a call that is assessed as an emergency, Company Nurse will immediately direct the caller to hang up and access the local Emergency Medical Services. The Client shall make its employees aware of this policy so as not to delay emergency care.

2.7 Triage Service to Minors: In the event that the Company is contacted by an employee of the Client who is under the legal age of majority under applicable state law, the Company will provide triage services to such injured employee in accordance with the terms and conditions of this Agreement and the protocols established by the Company. The Client acknowledges and agrees that the Company is under no obligation to verify the actual age of any employee of the Client and the Client will be solely responsible for any post-injury notification to the parents or guardians of an injured minor employee of the Client and any other obligations required by applicable laws, rules or regulations. The Client shall indemnify, defend, protect and hold the Company and its employees, officers, members, successors and assigns harmless for, from and against any and all harm, liabilities, damages, lawsuits, proceedings, costs and expenses (including reasonable attorneys' fees and costs) arising out of or related to the provision of triage services by the Company to a minor employee of the Client, including, without limitation, any notification or other requirement of applicable laws, rules and regulations.

III. SET-UP PROCEDURES

3.1 Client Information Requirements: Client shall deliver a complete worksite location list, report distribution list, and a preferred medical provider list to Company Nurse for verification. Please refer to implementation template, provided at enrollment, for details.

3.2 Informing Employees: Company Nurse will provide electronic versions of materials to aid the Client in introducing and explaining Company Nurse Services to the administrative staff and employees of the Client. Materials may include 8-1/2" x 11" wall posters and stickers with custom phone number and instructions for contacting Company Nurse. Company Nurse will also provide a marketing communications toolkit consisting of email, text and flyer templates to assist with education. Any content changes to materials must be approved by Company Nurse prior to dissemination to employees.

3.3 Program Training: Company Nurse will provide the Client with access to a secure Client Web Portal that shall contain all currently available training material for use by the Client. The Client will be responsible for disseminating the information to relevant Client stakeholders allowing them to access the training material.

3.4 Computer Files: Company Nurse will establish a computerized database of the Client's Unit locations, certain medical facilities ("Designated Medical Facilities," or individually, a "Designated Medical Facility") and Designated Medical Facility locations, and other pertinent information required to deliver its services.

- 3.5 Associate Communication: The Client will identify a main point of contact that will facilitate most of the communication between the Client and Company Nurse regarding enrollment and ongoing services.

IV. PAYMENT FOR SERVICES

4.1 Start-Up Fee: **Waived**

- 4.2 Workplace Injury Contact Center Service Fee: Client shall pay COMPANY a Service fee of \$32,445 for the 12-month period (starting as of the date noted in Section 1.1) calculated at \$157.50 per claim x 206 claims count for the previous year and billed quarterly at \$8,111.25. "Claim" means any injury reported to Company Nurse that results in an opened Claim. To validate billing records, CLIENT will agree to share claim log data with COMPANY.

4.3 BCJPIA Billing Matrix for Company Nurse Services

Service Provided	Services Performed for and at location(s) of:	Start-up Fee:	Annual Service Fee for 206 Claims at \$157.50/claim	Invoice for Services Will Be Sent To:
Telephone Injury Triage	BCJPIA	Waived	\$32,445 annually (\$8111.25 billed quarterly)	BCJPIA

- 4.7 Taxes: Prices are exclusive of taxes, impositions and other charges, including: sales, use, excise, value added and similar taxes or charges imposed by any government authority. If the Company shall be liable for or shall pay any of the foregoing, same shall be immediately paid by the Client to the Company in addition to the price of the Services.
- 4.8 Payments and Terms: Payment shall be net 20 days from date of invoice or as otherwise specified by the Company. The Client shall pay the entire net amount of each invoice from the Company pursuant to the terms of each such invoice without offset or deduction. If the Company believes in good faith that the Client's ability to make payments may be impaired or if the Client shall fail to pay any invoice when due, the Company may suspend Service until such payment is made or cancel Service, and the Client shall remain liable to pay for any Service already rendered. Any check received from the Client may be applied by the Company against any obligation owing from the Client to the Company, regardless of any statement appearing on or referring to such check. The Client shall pay interest on any invoice not paid when due from the due date to the date of payment at the rate of one and one-half (1-1/2%) percent per month or such lower rate as may be the maximum allowable by law. If the Client fails to make payment when due, the Company may pursue any legal or equitable remedies, in which event the Company shall be entitled to reimbursement for costs of collection and reasonable attorneys' fees.

V. CONFIDENTIALITY AND COMPLIANCE

- 5.1 Obligation to Maintain Confidential Information: The Company and the Client recognize that in the course of their discussions and in the performance of the terms and conditions of this Agreement, it may become necessary for either or both parties to disclose Confidential Information orally and/or in writing. As used herein, "Confidential Information" means information of either party that is a confidential or proprietary nature, including information regarding infrastructure, joint ventures, customers, vendors, suppliers and or business partners. Both parties intend that any Confidential Information disclosed by either party shall be used by the other party only in furtherance of this Agreement and the services to be provided hereunder. No Confidential Information may be disclosed to third parties without the express written consent of the disclosing party. The Company and the Client agree that with respect to exchanges of Confidential Information under this Agreement, they may each be considered a disclosing and/or receiving party, depending upon the context.
- 5.2 Equitable and Legal Relief: Each party acknowledges that all the disclosing party's Confidential Information is owned solely by the disclosing party (and/or its licensors), and that the unauthorized disclosure or use of such Confidential Information would cause irreparable harm and significant injury,

the degree of which may be difficult to ascertain. When either party becomes aware of a breach of this section, they shall immediately notify the other party to determine the potential or realized impact to the other party and potential remedies that may be available to avoid unnecessary legal action. A disclosing party shall have the right to obtain an immediate injunction from any court of competent jurisdiction enjoining breach of this Agreement and/or disclosure of the Confidential Information. Notwithstanding the foregoing, each party shall also have the right to pursue any other rights or remedies available at law or in equity for such a breach. In the event any action shall be brought by either party hereto against the other on account of the breach of any provisions, covenant or condition herein contained, the prevailing party in said action shall be reimbursed by the other party for all reasonable costs and expenses incurred in connection with litigation, including, without limitation, reasonable attorneys' fees.

- 5.3 Acknowledgement and Release of Certain Confidential Information. In the course of the performance of its services hereunder, the Company will have access to and will receive certain personal information regarding employees of the Client. In the course of performing its duties regarding worker's compensation insurance, including the provision of benefits to the employees of the Client, the Client may instruct the Company to transmit certain employee personal information to a particular e-mail address, FTP site or through other electronic means. The Client shall instruct the Company as to the authorized delivery means and sources for such information, including, without limitation, the Client authorized e-mail addresses and/or FTP sites (the "Authorized Points") at the outset of this Agreement. The Client may update as needed on written notice to Company. Regardless of the source of employee personal information, whether through the Company or otherwise, the Client shall remain solely responsible for the use, protection and security of employee personal information, including, the use, privacy and security of the Authorized Points by the Company.
- 5.4 Compliance. The Client represents and warrants to the Company at all times during the effectiveness of this Agreement the Client shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, including, without limitation, any and all laws, rules, regulations and ordinances governing workplace injuries and drug screening.

VI. INSURANCE

- 6.1 The Company shall maintain and have in force at all times during the duration of this Agreement the following types of insurance and coverage limits:
- (i) Comprehensive General Liability Insurance with coverage limits of one million dollars (\$1,000,000) single limit coverage; and
 - (ii) Professional Liability Insurance coverage of five million dollars (\$5,000,000) aggregate and three million dollars (\$3,000,000) per each occurrence.

VII. INDEMNIFICATION

- 7.1 Indemnification for the Client: The Company will defend, protect, indemnify and hold the Client harmless for, from and against any liability, damages, claims, costs, or expenses relating to any claim for damages or liability arising directly or indirectly out of its grossly negligent performance of the services provided hereunder.
- 7.2 Indemnification for the Company: The Client will defend, protect and hold the Company harmless for, from and against any liability, damages, claims, costs or expenses relating to any claim for damages or liability arising directly or indirectly out of: (a) any breach of this Agreement; (b) any breach or failure of the Client to protect employee personal information; (c) the failure of the Client or the Client's employees to (1) provide timely and accurate information reasonably requested by the Company, (2) file any required information, data or reports with any applicable state or federal worker's compensation commission or agency, or (3) provide the Company with such reasonable assistance and cooperation as may be reasonably requested by the Company; and/or (d) the failure of the Client to comply with any applicable federal, state or local laws, rules or regulations, including, without limitation, any laws, rules or regulations related to workplace injuries or drug screening.

VIII. TERMINATION

- 8.1 Termination by the Client: The Client may terminate this Agreement at any time for any reason upon thirty (30) days written notice to the Company.
- 8.2 Termination by The Company: The Company may terminate this Agreement for cause if the Client fails to perform as required by the terms herein. However, the Client shall be given fifteen (15) days to cure any such default after receiving written notice from the Company. If the Client fails to conform after fifteen (15) days, the Client shall pay the Company for any services performed through the termination date. The Company may also terminate this Agreement at any time for any reason upon 30 days written notice to the Client, and will refund any unearned portion of a prepaid fee in the event of such a termination.

IX. CHOICE OF LAW

This Agreement shall be construed and enforced in accordance with the laws of the State of California. Venue for any legal action relating to this Agreement shall lie in a court of appropriate jurisdiction within the State of California.

X. FORCE MAJEURE

If either party to this Agreement is rendered unable, wholly or in part, by an event of force majeure or any other cause not reasonably within its control, to perform or comply with any obligation or condition of this Agreement, such party shall, upon giving notice and reasonably full particulars to the other parties, be relieved of such obligation or condition during the continuance of such inability. The term "force majeure" shall include acts of God, the elements, fire, accidents, breakdowns, strikes and any other industrial, civil or public disturbance, inability to obtain or maintain telephonic communication because of power failure or failure by the telephone company, inability to obtain materials, supplies, permits of labor, and any laws, orders, rules, regulations, acts or restraints of any government or governmental body or authority, civil or military.

XI. NOTICES

When either party wishes to give notice to the other, each such notice shall be in writing and delivered by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

As to the Company: Company Nurse®, LLC
8360 E Via De Ventura, Suite L-200
Scottsdale, AZ 85258
Attn: President

As to the Client: Bay Cities JPIA
c/o Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
Attn: Jaesa McCulligan

Any such notice is effective when received by the addressee. Either party may change its address by giving written notice thereof to the other party as provided in this paragraph.

XII. GENERAL

No rights, duties, agreements or obligations of either party hereunder may be assigned or transferred by either party, by operation of law, merger or otherwise, without the prior written consent of the other; provided, however, that the Company may assign, transfer or convey this Agreement in connection with a merger, sale of all or substantially all of the Company's assets or sale of all or substantially all of the Company's membership interests. Any attempted or purported assignment in contravention hereof shall be void. Notwithstanding the foregoing, the Company's obligations under this Agreement may be performed by divisions, subsidiaries or affiliates of the Company. The obligations, rights, terms and conditions hereof shall be binding on the parties hereto and their

respective successors and assigns. The waiver of any provision hereof or of any breach or default hereunder shall not be deemed a waiver of any other provision hereof or breach or default hereunder. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof in that jurisdiction or affecting the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS HEREOF, the undersigned parties have caused this Agreement to be executed by their duly authorized officers in duplicate original counterparts, each of which shall be deemed an original hereof on the Signature Date.

COMPANY NURSE®, LLC

Signature: _____

Name: Paul Binsfeld

Title: President & Founder

Signature Date: _____

BAY CITIES JPIA (BCJPIA)

Signature: _____

Name: _____

Title: _____

Signature Date: _____

Agenda Item 9.A

RISK CONTROL

**SUBJECT: Review of the 2020/2021 Proposed Risk Control Service Plan
Prepared and Presented by Henri Castro, Interim BCJPIA Risk Control
Manager**

ISSUE:

The Committee will be provided with the proposed risk control services and resources for the 2020/2021 program year.

BACKGROUND AND STATUS:

2020/2021 Risk Control Service Plan

Due to the cancellation of the April 2020 Safety and Loss Prevention Committee (SLPC), staff met with Lori Elefant, SLPC Chair, to discuss and review the proposed risk control service plan. A report will be made to the Executive Committee regarding the discussion(s) held by the Committee Chair.

SPOTLIGHT CAMPAIGN

During this program year, staff will focus on developing resources to support the strategic goals identified at the 2019 BCJPIA Strategic Planning Session. Priorities for this program year include:

- Disaster Preparedness
 - Developing the following model programs:
 - Continuity of Operations Plan (COOP)
 - Infectious Disease Response Plan/Pandemic Response Plan
 - Emergency Action Plan
 - Assisting members with customizing programs
 - Conducting regional training
- Workplace Violence Prevention
 - Developing the following resources:
 - Workplace Violence Prevention program
 - Active Incident Preparedness procedures
 - Vulnerability Self - Assessment Checklist
 - Assisting members with customizing the programs
 - Assisting members with conducting the vulnerability self-assessment
 - Conduct regional and member specific training

- Mitigate Risk of Homelessness
 - Conducting regional and member specific homeless encampment clean-up training

MEMBER-SPECIFIC RISK CONTROL SERVICES

During the program year staff will reach out to members to follow-up on the recommendations made during the Risk Control survey and will provide assistance with completing the recommendations. Additionally, staff will continue to deliver member-specific services for each member based on member requests, regulatory compliance and loss drivers. Services may include, but are not limited to:

- On-site training
- On-site inspections (facility, playground)
- Cal/OSHA written program development
- City liability program development (sidewalk, urban forest, volunteer management, driver selection, etc.)
- Other consulting services

REGIONAL SERVICES AND TRAINING RESOURCES

Risk Control Regional Workshops

The plan will provide regional training workshops available to all pool members. Workshops may be conducted at key locations or through webinars. Topics for workshops will be concentrated on SPOTLIGHT related topics. Other regional training topics will target significant loss areas for member agencies, areas of interest for members and provide safety related training to assist in the implementation of best practices. Workshop topics will be developed with the assistance of the Safety and Loss Prevention Committee (S&LPC) and input from individual members. Whenever practical, two locations will be offered for each training topic to increase accessibility to the material.

Training Resources

- Safety Training Resource Series - Members will receive periodic Safety Communication emails about a specific risk control topic. The email will contain a list of training resources available on the Sedgwick Risk Control website. The purpose of the series is to provide the member with pertinent training resources that are immediately available and easy to distribute.
- Online Streaming Safety Videos - The streaming video library service includes hundreds of up-to-date safety training titles available on-demand. This service allows members to deliver brief safety trainings or tailgate sessions. York-produced videos are available in modular format for a more customized training approach.

- Sample Program Development - Staff will work with the SLPC to identify written program needs and continue to compile a library of sample and model programs to post on the Sedgwick Risk Control website as a resource for all members.

RISK MANAGEMENT FUND PROGRAM

The Risk Management Fund Program will continue to be available for contributions and withdrawal during the 2020/2021 program year. Key points of the program include:

- Each participating Member's Liability Program Deposit contribution will include an additional \$5,000 for its individual Risk Management Fund account.
- A Member's Program Deposit will be for that Member's account only.
- Any funds remaining in a Member's account at the end of a fiscal year will be carried over to that Member's account in the following fiscal year.
- Funds are to be used for development, implementation, and maintenance of safety and risk management programs, disaster preparedness, and any activity controlling or minimizing risk.

FISCAL IMPACT:

All costs associated with the BCJPIA Proposed Risk Control Plan are included in the Sedgwick Program Administration contract fee through the BCJPIA budget.

STAFF RECOMMENDATION:

Staff recommends the Committee receive and accept the update and provide additional feedback if warranted. Additionally, staff recommends the Committee recommend the Board of Directors approve the 2020/2021 Risk Control Service Plan.

REFERENCE MATERIALS ATTACHED:

- Draft Proposed 2020/2021 Risk Control Service Plan



PROPOSED RISK CONTROL SERVICE PLAN PROGRAM YEAR 2020/2021

SPOTLIGHT CAMPAIGN

During this program year staff will focus on developing resources to support the strategic goals identified at the 2019 BCJPIA Strategic Goals Session. Priorities for this program year include:

- Disaster Preparedness
 - Developing the following model programs
 - Continuity of Operations Plan (COOP)
 - Infectious Disease Response Plan/ Pandemic Response Plan
 - Emergency Action Plan
 - Assisting members with customizing programs
 - Conducting regional training
- Workplace Violence Prevention
 - Developing the following resources:
 - Workplace Violence Prevention program
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- On-site training
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REGIONAL SERVICES AND TRAINING RESOURCES

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Training Resources

- **Safety Training Resource Series**

Members will receive periodic Safety Communication emails about a specific risk control topic. The email will contain a list of training resources available on the York Risk Control website. The purpose of the series is to provide the member with pertinent training resources that are immediately available and easy to distribute.

- **Online Streaming Safety Videos**

The streaming video library service includes hundreds of up-to-date safety training titles available on-demand. This service allows members to deliver brief safety trainings or tailgate sessions. York-produced videos are available in modular format for a more customized training approach.

- **Sample Program Development**

Staff will work with the S&LPC to identify written program needs and continue to compile a library of sample and model programs to post on the York Risk Control website as a resource for all members.

RISK MANAGEMENT FUND PROGRAM

The Risk Management Fund Program will continue to be available for contributions and withdrawal during the 2020/2021 program year. Key points of the program include:

- Each participating Member's Liability Program Deposit Premium will include an additional \$5,000 for its individual Risk Management Fund account.
- A Member's Program Deposit will be for that Member's account only.
- Any funds remaining in a Member's account at the end of a fiscal year will be carried over to that Member's account in the following fiscal year.
- Funds are to be used for development, implementation, and maintenance of safety and risk management programs, disaster preparedness, and any activity controlling or minimizing risk.

April 20, 2020

Agenda Item 10.A.

ADMINISTRATIVE MATTERS

**SUBJECT: Discussion on Proposals for Workers' Compensation Third Party Administrator Services
Prepared and Presented by Jaesa McCulligan, BCJPIA Administrator**

ISSUE:

At the November 8, 2019, Board meeting, the Board approved issuing a Request for Proposal (RFP) for Workers' Compensation Third Party Administrator (TPA) services.

BACKGROUND AND STATUS:

The Executive Committee worked with Kellie Murphy, Legal Counsel, to review proposals and selected firms to interview. The proposed timeline in the RFP would have had interviews conducted in March 2020. Because of the shelter-in-place order due to COVID-19, Ms. Murphy recommended the interview process be delayed.

Staff has been monitoring the progress of the shelter-in-place order and as of the date of the distribution of this agenda, it is unknown at what point it may be lifted. Staff recommends the Committee discuss postponing the RFP process and reevaluate the process at the 2020 Strategic Planning Meeting in November 2020.

PROS & CONS:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends the Committee discuss delaying the RFP process for Workers' Compensation TPA services and reevaluate the process at the November 2020 Strategic Planning Session.

REFERENCE MATERIALS ATTACHED:

None.

April 20, 2020

Agenda Item 10.B.

ADMINISTRATIVE MATTERS

**SUBJECT: Approval of Contract Extension with Innovative Claim Solutions (ICS)
Prepared and Presented by Jaesa McCulligan, BCJPIA Administrator**

ISSUE:

The current contract with Innovative Claims Solution (ICS) expires as of June 30, 2020.

BACKGROUND AND STATUS:

If the Committee approves reevaluating the Request for Proposal (RFP) process at the November 2020 Strategic Planning Session, the Committee should review and consider a one-year contract extension with ICS for Workers' Compensation Third Party Administrator (TPA) services.

ICS has provided both a six-month and one-year contract extension option for the Committee's consideration. The proposed annual fees for a one-year extension are \$529,332, representing a \$75,867, or 13%, decrease. The fees for the six-month extension option are \$264,666 for the period of July 1, 2020, to December 31, 2020.

PROS & CONS:

N/A

FISCAL IMPACT:

The proposed fees for the one-year contract extension are \$529,332 and would be collected through the annual operating budget.

RECOMMENDATION:

If the Committee approves reevaluating the Request for Proposal (RFP) at the November 2020 Strategic Planning Session, staff recommends the Committee approve the one-year contract extension option with ICS.

REFERENCE MATERIALS ATTACHED:

- Draft Amendment #1 to Agreement

Amendment #1 to Agreement

This is an amendment to the Agreement by the Bay Cities Joint Powers Insurance Authority ("BCJPIA") and Innovative Claim Solutions, Inc., ("ICS"), made and entered into on July 1, 2015 for the provision of Third Party Administration of Workers' Compensation Benefits. The parties for good and valuable consideration receipt and sufficiency of which is hereby acknowledged, agree to amend the Agreement as follows:

4. TERM OF AGREEMENT

This term of this agreement shall be for twelve months, from July 1, 2020 to June 30, 2021, subject to Section 14 of the Agreement, entitled "Termination

EXHIBIT B. COMPENSATION is hereby amended and restated to as follows:

In consideration of services described in the Agreement, BCJPIA shall pay ICS a fee of \$529,332 for the period July 1, 2020 through June 30, 2021.

All other terms of the Agreement remain unchanged.

This Agreement is executed by the authorized representatives of the parties as of the effective date.

Bay Cities Joint Power Insurance Authority:

By: _____

Date: _____

Title: _____

Innovative Claim Solutions, Inc. :

By: _____

Date: _____

Title: _____

April 20, 2020

Agenda Item 11.A.

FINANCIAL MATTERS

SUBJECT: Investment Portfolio Review and State of the Market
Prepared by Alana Theiss, BCJPIA Finance Manager, and Presented by
Carlos Oblites, Chandler Asset Management

ISSUE:

Staff has invited BCJPIA's investment manager, Carlos Oblites, Chandler Asset Management, to provide the Executive Committee information about the recent performance of BCJPIA's portfolio and discuss the overall state of the investment market.

BACKGROUND AND STATUS:

Finance markets have experienced significant turbulence, driven by a high level of uncertainty about the impact of the COVID-19 pandemic on the global economy. In accordance with the investment policy, the principal investment objectives for the BCJPIA portfolio are to ensure the safety for invested funds, maintain sufficient liquidity to meet the cash flow needs of the Authority, and attain maximum possible returns consistent with the previous two principals. The portfolio has performed as planned in the current environment.

PROS & CONS:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends the Committee receive and accept the review and provide additional feedback, if warranted.

REFERENCE MATERIALS ATTACHED:

- Investment Report for the Period Ending March 31, 2020, from Chandler Asset Management

Bay Cities Joint Powers Insurance Authority

Period Ending March 31, 2020

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com



SECTION 1	Economic Update
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions

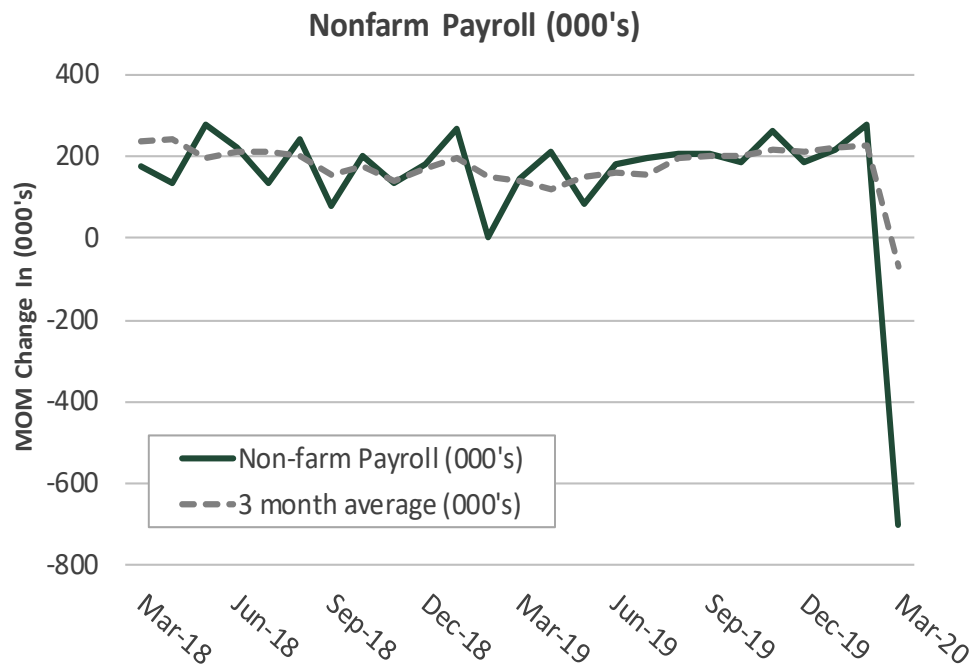


Section 1 | Economic Update

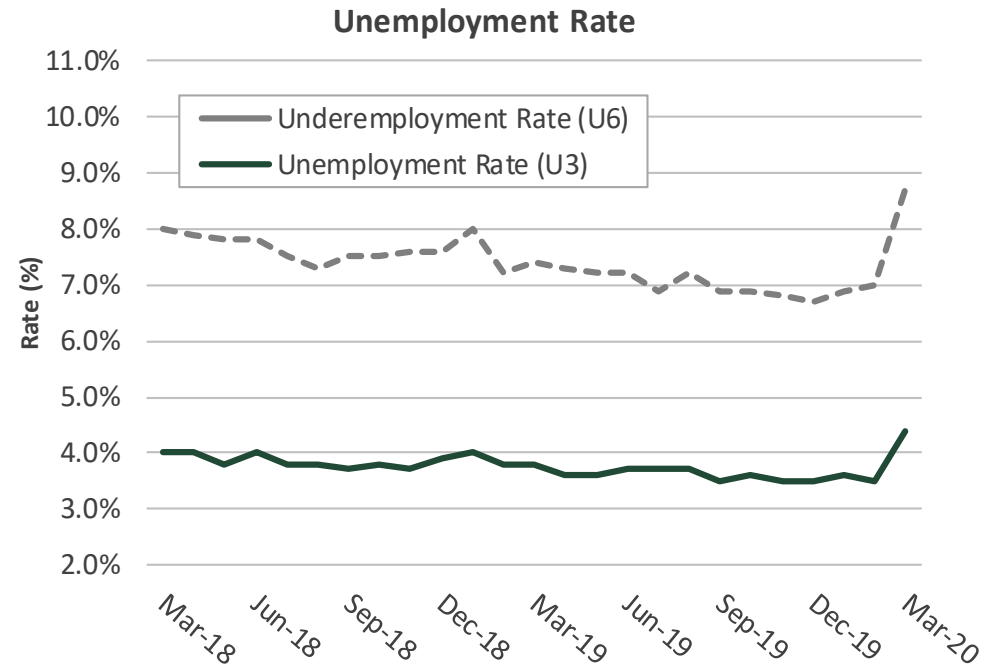
Economic Update

- Financial markets have experienced significant turbulence, driven by a high level of uncertainty about the impact of the COVID-19 pandemic on the global economy. US Treasury yields have declined, amid a global flight to quality. At the end of the first quarter, the yield on 2-year Treasuries was down 132 basis points year-to-date, and the yield on 10-year Treasuries was down nearly 125 basis points. The S&P 500 index declined 20.0% in the first quarter. There are still many unknowns about the coronavirus including how widespread it will become, how long it will take to contain the virus, and the actual impact on economic activity. We believe containment efforts and supply chain disruptions will cause a sharp increase in unemployment and a swift and deep contraction in economic activity. Financial markets will likely remain volatile over the near term but we believe that large-scale global monetary and fiscal stimulus programs will help mitigate the longer-term impact of the pandemic. Notably, President Trump approved a \$2 trillion economic relief package on March 27, the largest fiscal stimulus package in US history.
- The Fed has taken a wide range of aggressive actions to help stabilize and provide liquidity to the financial markets. The Fed has lowered the fed funds target rate to a range of 0.0%-0.25% and said it will purchase Treasury and agency backed securities in any amount needed to support smooth market functioning. Policymakers reinstated the C Paper Funding Facility and Money Market Mutual Fund Liquidity Facility in order to provide liquidity to the c paper, money markets, and the municipal bond markets. The Fed has established the Primary Market Corpo Facility and Secondary Market Corporate Credit Facility to support the corporate bond market. The Term As Securities Loan Facility has been established to enable the issuance of asset-backed securities backed by stu auto loans, credit card loans, and loans guaranteed by the Small Business Administration. The Fed has provided funding through large-scale repo operations and lowered the reserve requirement for depository institutions. Po are also working on a Main Street Business Lending Program to support lending to small-and-medium sized busin
- The slope of the Treasury yield curve steepened in March, though rates across the curve declined meaningfully. At March month-end, the yield on 10-year Treasuries was down 48 basis points to 0.67% while the yield on 2-year Treasuries was down 67 basis points to 0.25%. The yield on 3-month T-bills declined 121 basis points in March. The movement in yields has been driven by fears about the coronavirus and its potential impact on global economic growth and inflation expectations, as well as the cumulative 150 basis point cut to the fed funds target rate in March.

Employment



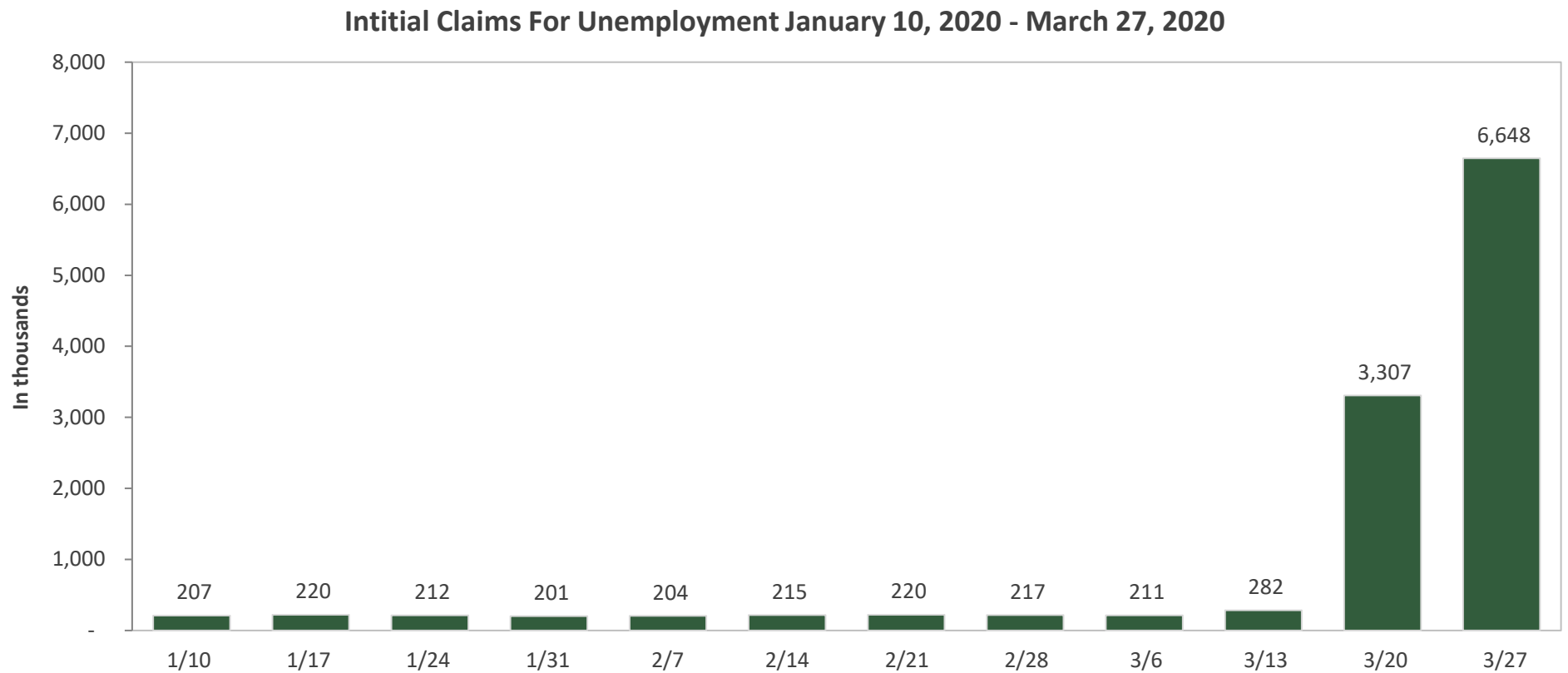
Source: US Department of Labor



Source: US Department of Labor

U.S. nonfarm payrolls declined by 701,000 in March. Employment in leisure and hospitality was particularly weak with payrolls down 459,000. The U-3 unemployment rate increased to 4.4% in March from 3.5% in February, and the participation rate declined to 62.7% from 63.4%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased to 8.7% from 7.0%. Wages rose 0.4% in March and were up 3.1% on year-over-year basis. The average workweek declined to 34.2 hours from 34.4 hours. Notably, the establishment survey of payrolls and the household survey of unemployment were collected in the first half of March, which predates many of the business and school closures related to the pandemic.

Initial Claims for Unemployment

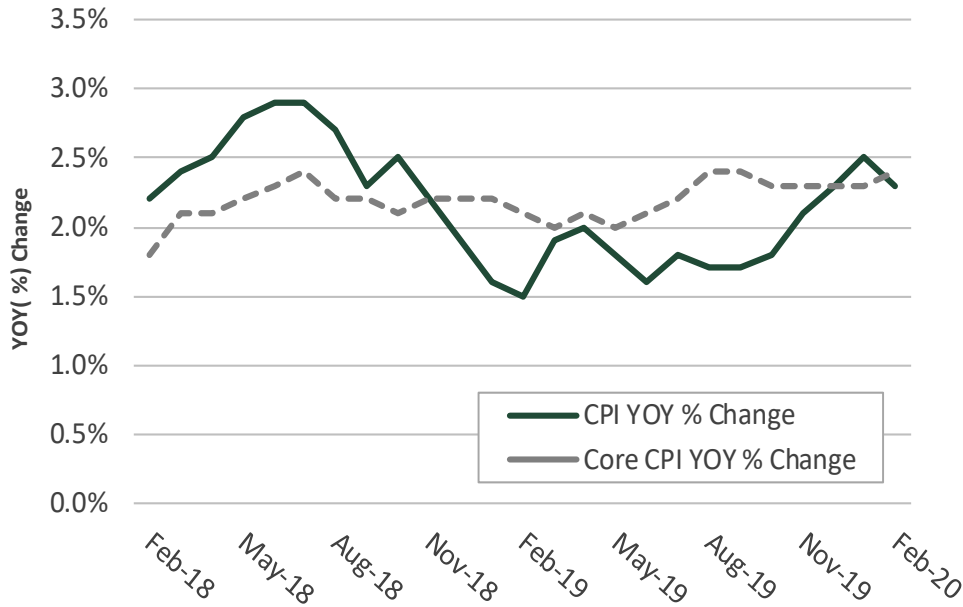


Source: US Department of Labor

In the March 28 week, 6.6 million people filed an initial claim for unemployment, following 3.3 million initial claims in the previous week. These figures indicate that the employment report for April will be very weak and suggest that the unemployment rate is already approaching 10%.

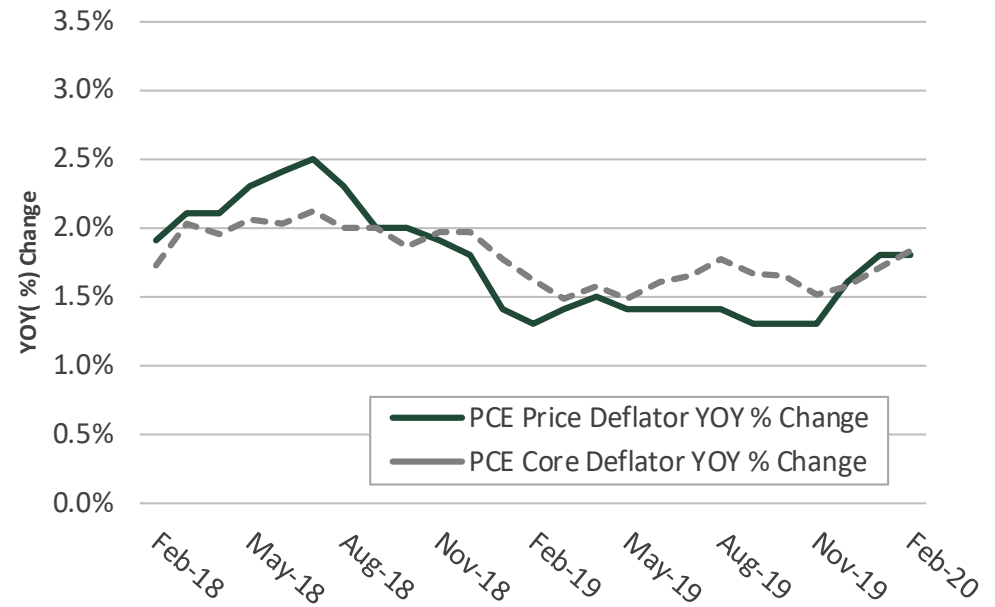
Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

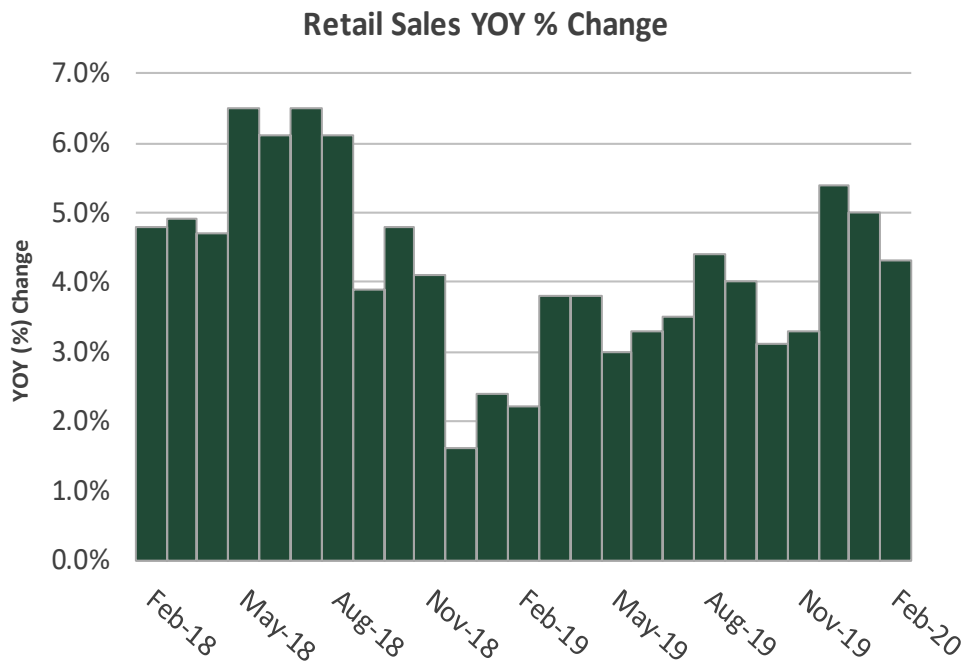
Personal Consumption Expenditures (PCE)



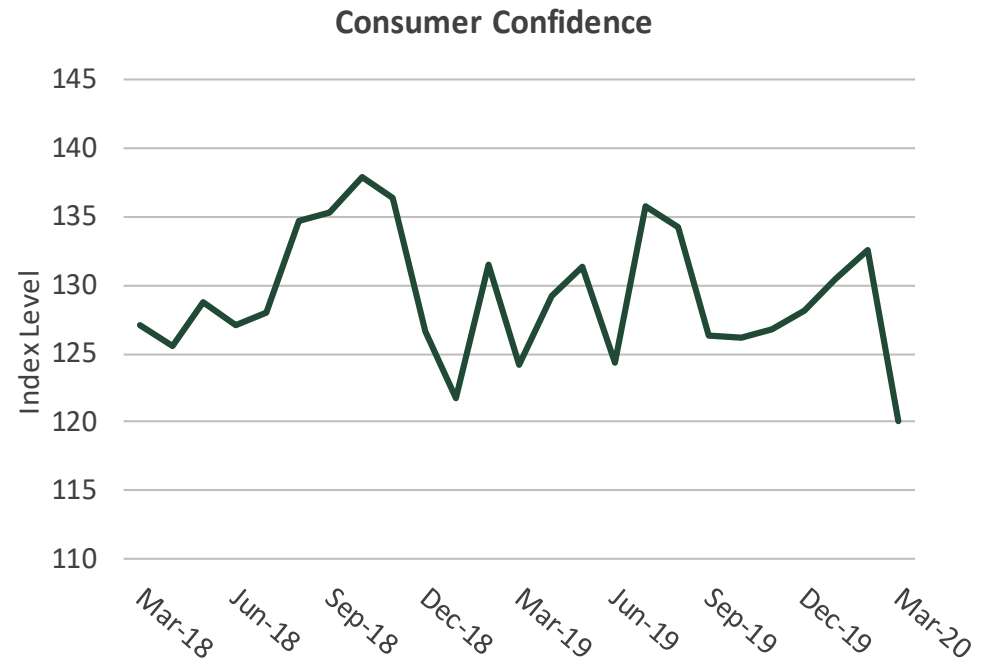
Source: US Department of Commerce

The Consumer Price Index (CPI) was up 2.3% year-over-year in February, down from 2.5% in January. Core CPI (CPI less food and energy) was up 2.4% year-over-year in February, up from 2.3% in January. The Personal Consumption Expenditures (PCE) index was up 1.8% year-over-year in February, unchanged from 1.8% year-over-year in January. Core PCE, which is the Fed's primary inflation gauge, was up 1.8% year-over-year in February versus 1.7% year-over-year in January. Core PCE was trending below the Fed's 2.0% inflation target before the COVID-19 pandemic.

Consumer



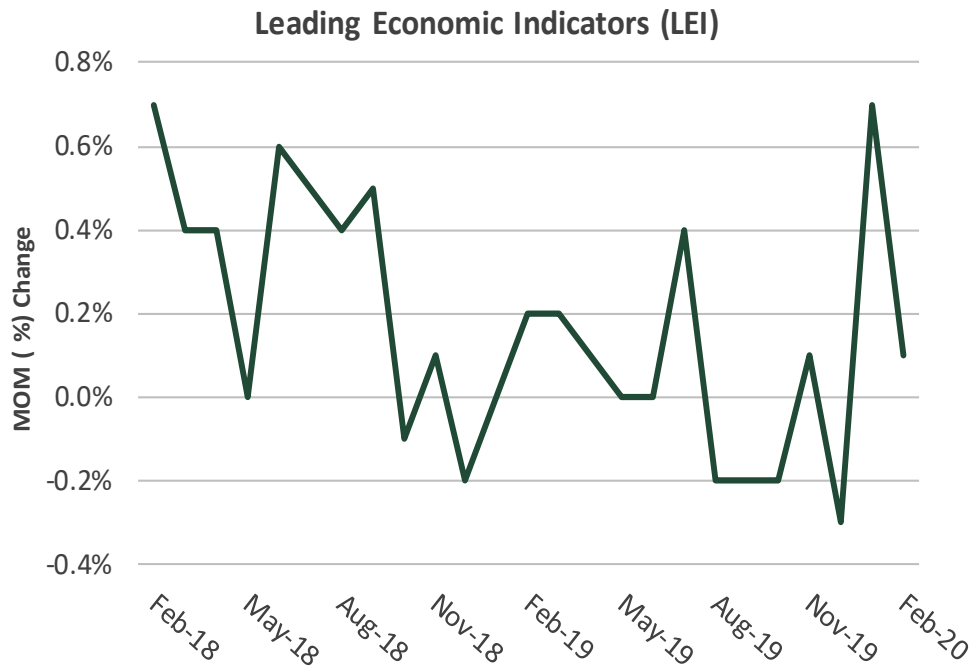
Source: US Department of Commerce



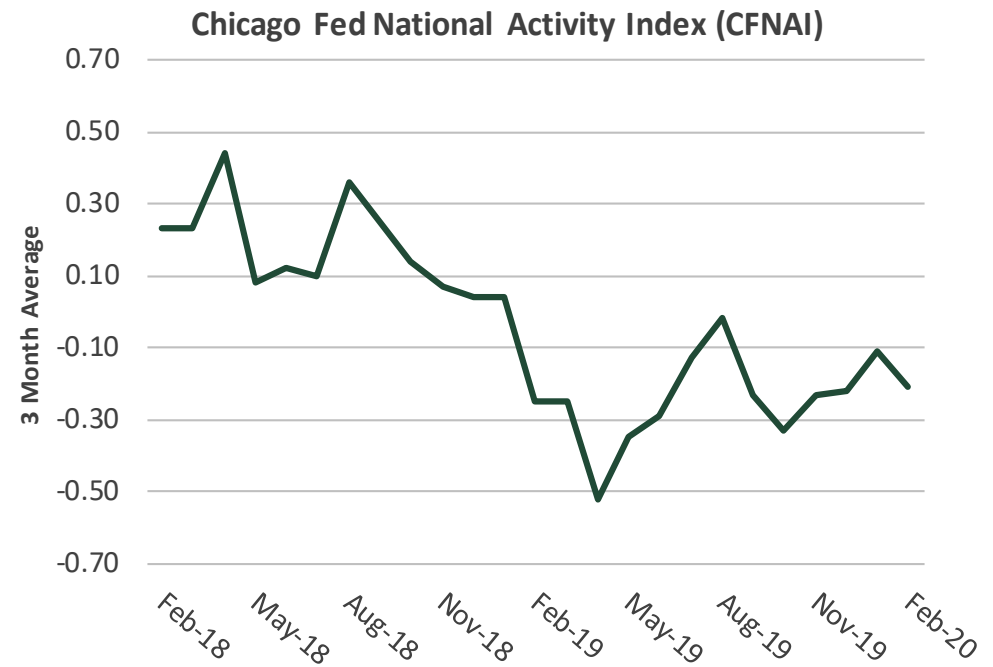
Source: The Conference Board

On a year-over-year basis, retail sales were up 4.3% in February versus 5.0% in January. On a month-over-month basis, retail sales excluding autos and gas fell 0.2% in February, well below expectations for a 0.4% increase. Control group sales were flat in February, below expectations of a 0.4% gain. Several retail categories showed weakness in February including auto sales and gasoline, building materials, clothing stores, electronics & appliances. The impact of the coronavirus was only beginning to emerge in February but the outlook for retail sales in the coming months is under significant pressure. The Consumer Confidence Index remained fairly strong in March but declined to 120.0 from 132.6 in February. The cut-off date for the survey was March 19. Confidence was high going into the pandemic, but we expect to see a meaningful decline in the coming months.

Economic Activity



Source: The Conference Board

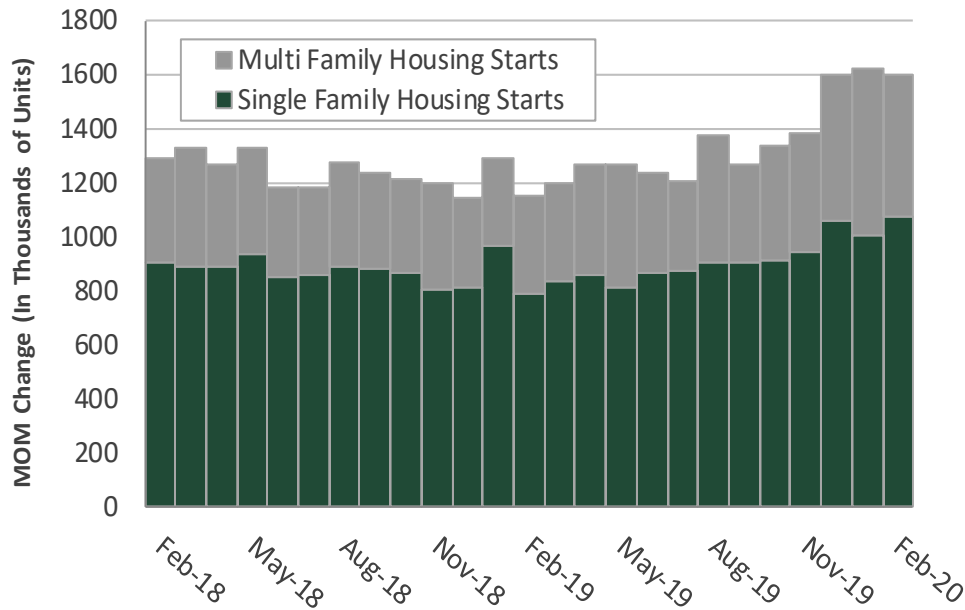


Source: Federal Reserve Bank of Chicago

The Leading Economic Indicators index (LEI) rose a modest 0.1% in February, following a 0.7% increase in January. The LEI was up 0.7% on a year-over-year basis in February versus up 0.8% year-over-over in January. However, the Conference Board cautioned that the February index didn't reflect the impact of the COVID-19 pandemic and that the economy may have now entered a contraction. The Chicago Fed National Activity Index (CFNAI) improved to 0.16 in February from -0.33 in January. On a 3-month moving average basis, the CFNAI declined to -0.21 in February from -0.11 in January. The 3-month moving average is consistent with sub-par economic growth.

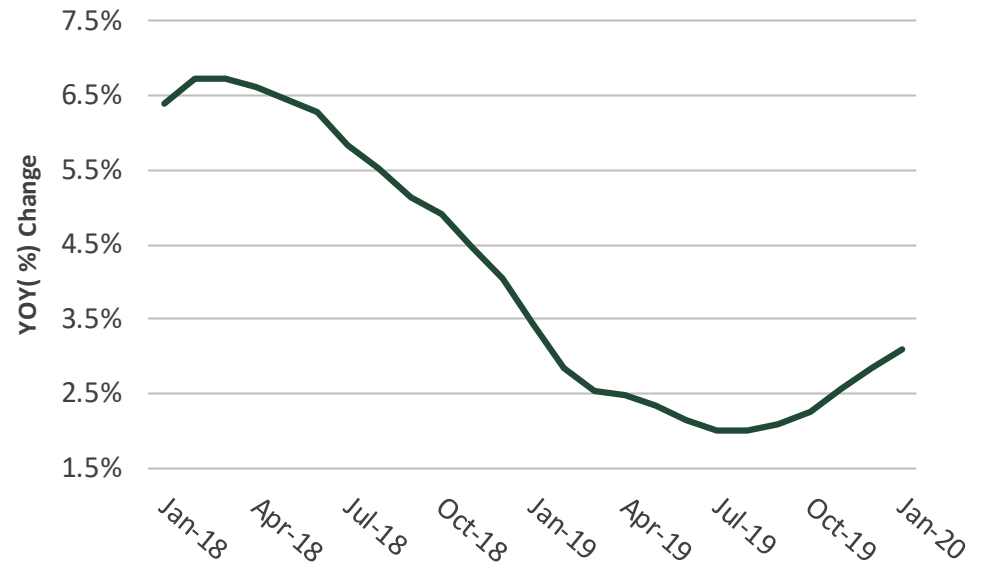
Housing

Housing Starts



Source: US Department of Commerce

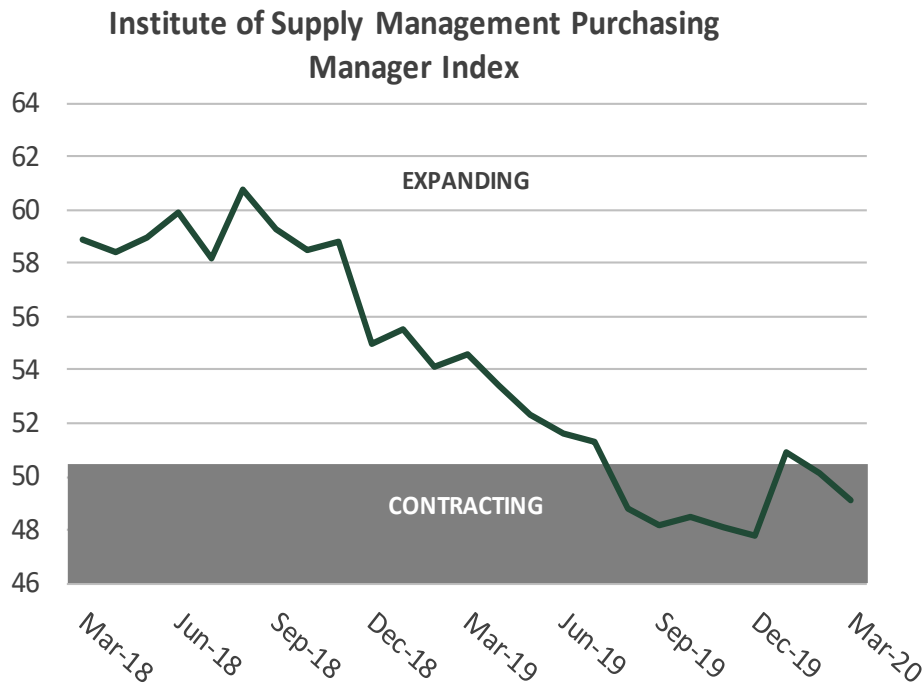
S&P/Case-Shiller 20 City Composite Home Price Index



Source: S&P

Housing starts remained strong in February at an annual rate of 1,599,000, exceeding the consensus forecast. On a month-over-month basis, single family starts rose 6.7% to an annualized rate of 1,072,000, while multi-family starts declined 14.9% to an annualized rate of 527,000. Low mortgage rates and a strong labor market were fueling housing activity heading into the COVID-19 crisis. According to the Case-Shiller 20-City home price index, home prices were up 3.1% year-over-year in January, versus up 2.9% year-over-year in December, which suggests that pricing in the sector was gaining momentum prior to the pandemic.

Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

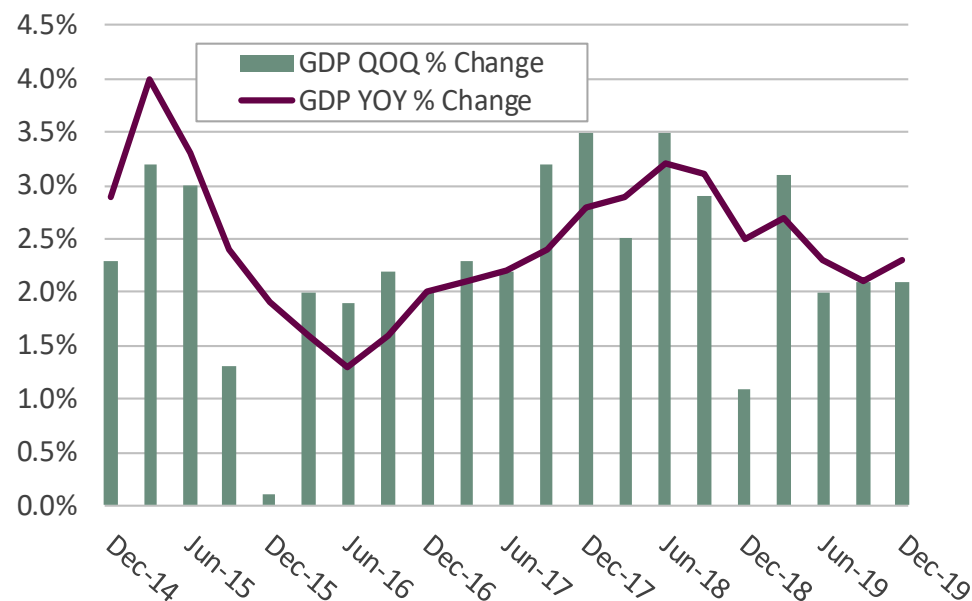
The Institute for Supply Management (ISM) manufacturing index decreased to 49.1 in March from 50.1 in February. The sub-50.0 reading suggests that the manufacturing sector is in contraction but it was stronger than the consensus estimate of 44.0. The Industrial Production index was up 0.04% year-over-year in February. In January, the index was down 1.02% year-over-year. On a month-over-month basis, the index was up 0.6% in February following a 0.5% decline in January. The Boeing 737 Max shutdown weighed on production in both months but there was a large gain in auto production in February. Capacity Utilization increased to 77.0% in February from 76.6% in January, but remained below the long-run average of 79.8% indicating there was still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	3/19	6/19	9/19	12/19
Personal Consumption Expenditures	0.8%	3.0%	2.1%	1.2%
Gross Private Domestic Investment	1.1%	-1.2%	-0.2%	-1.1%
Net Exports and Imports	0.7%	-0.7%	-0.1%	1.5%
Federal Government Expenditures	0.1%	0.5%	0.2%	0.2%
State and Local (Consumption and Gross Investment)	0.4%	0.3%	0.1%	0.2%
Total	3.1%	2.0%	2.1%	2.1%

Source: US Department of Commerce

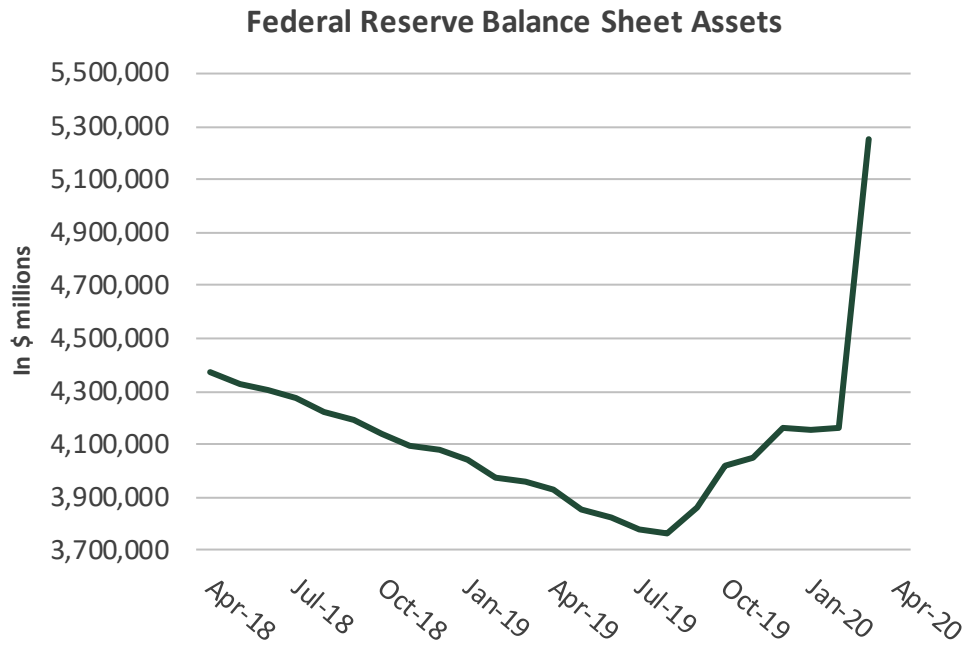
Gross Domestic Product (GDP)



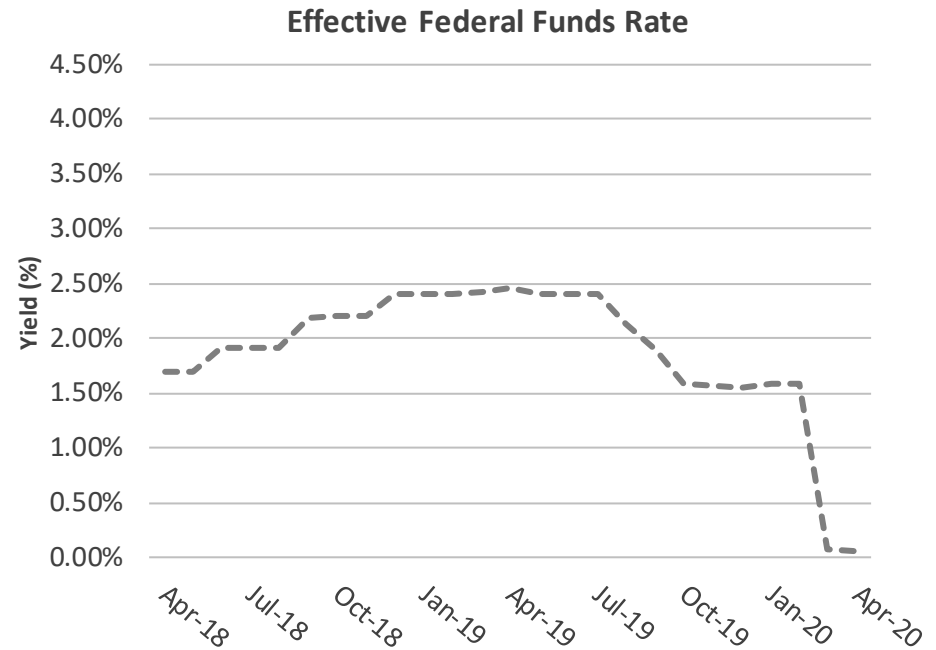
Source: US Department of Commerce

Fourth quarter 2019 GDP grew at a 2.1% annualized rate, in line with expectations. This follows growth of 2.1% in the third quarter, 2.0% in the second quarter, and 3.1% in the first quarter. Overall, GDP grew 2.3% in 2019, down from 2.9% in 2018. Fourth quarter growth was fueled by net exports and consumer spending which contributed 1.5% and 1.2% to GDP in the quarter, respectively, while gross private domestic investment was a drag on the economy. We believe the economy was expanding at a moderate pace at the beginning of this year but containment efforts related to the COVID-19 pandemic have almost certainly resulted in a steep contraction in US economic activity beginning in early March.

Federal Reserve



Source: Federal Reserve

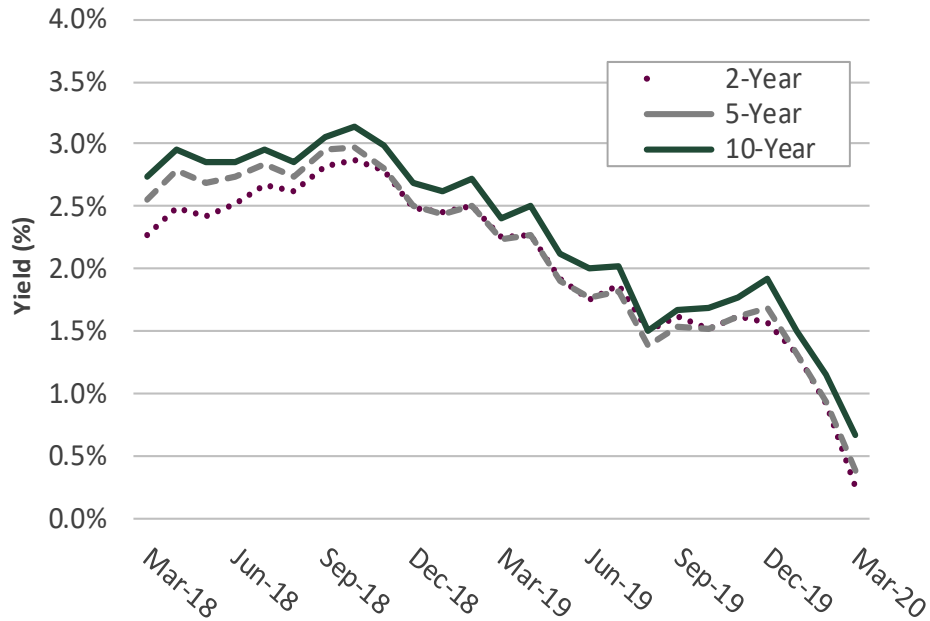


Source: Bloomberg

The Fed has taken a wide range of aggressive actions this month to help stabilize and provide liquidity to the financial markets. The Fed has lowered the fed funds target rate to a range of 0.0%-0.25% and said it will purchase Treasury and agency mortgage-backed securities in any amount needed to support smooth market functioning. Policymakers reinstated the Commercial Paper Funding Facility and Money Market Mutual Fund Liquidity Facility in order to provide liquidity to the commercial paper, money markets, and the municipal bond markets. The Fed has established the Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility to support the corporate bond market. The Term Asset-Backed Securities Loan Facility has been established to enable the issuance of asset-backed securities backed by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration. The Fed has provided short-term funding through large-scale repo operations and lowered the reserve requirement for depository institutions.

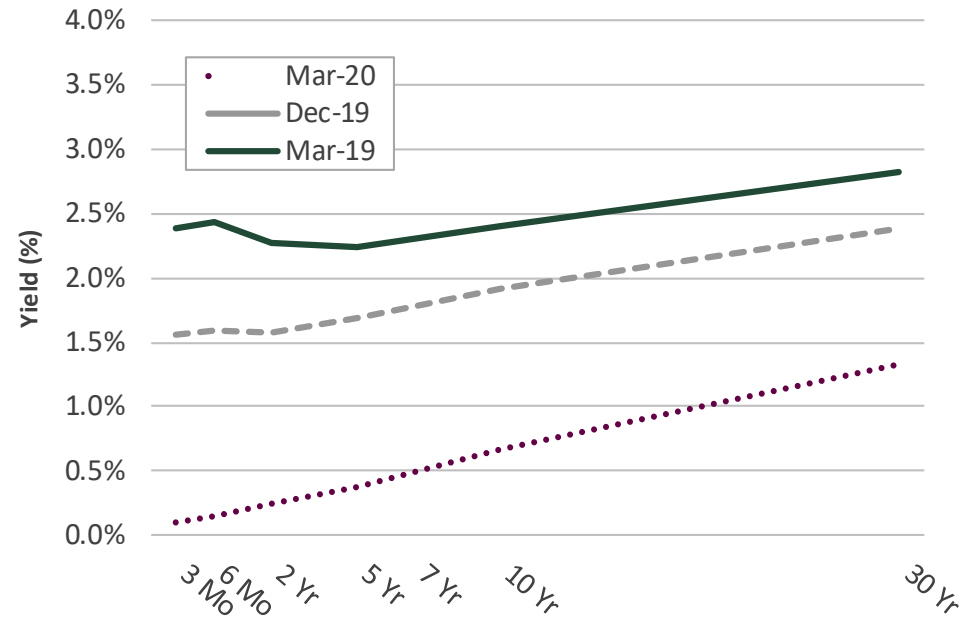
Bond Yields

US Treasury Note Yields



Source: Bloomberg

US Treasury Yield Curve



Source: Bloomberg

At March month-end, Treasury yields were much lower on a year-over-year basis. The 3-month T-bill yield was down 232 basis points, the 2-year Treasury yield was down 202 basis points, and the 10-Year Treasury yield was down 174 basis points, year-over-year. Much of the spread movement was in the month of March, with the Fed cutting rates by a total of 150 basis points and concerns about a global recession and a flight to safe-haven assets driving down yields across the curve.

Section 2 | Account Profile

Investment Objectives

The principal investment objectives as stated in the Bay Cities Joint Powers Insurance Authority's Investment Policy are to ensure the safety for invested funds, maintain sufficient liquidity to meet the cash flow needs of the Authority, and attain maximum possible returns consistent with the previous two principals.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total return over a market cycle, which is approximately equal to the return of the benchmark index of the ICE BAML 1-5 Year US Treasury and Agency Index.

Strategy

In order to achieve this objective, the portfolio invests in a well-diversified mix of US Treasury and Agency securities and high-grade, US-dollar denominated corporate debt, with a maximum maturity of five years.

Bay Cities Joint Powers Insurance Authority

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

Category	Standard	Comment
Treasury Issues	5 years max maturity	Complies
U.S. Agencies	25% max per issuer; 5 years max maturity	Complies
Supranational Bonds	AA rated or better by a NRSRO; 20% maximum; 10% max per issuer; 5 years max maturity; IBRD, IFC, IADB only	Complies
Municipal Securities	A rated or better by a NRSRO; 30% maximum; 5% max per issuer; 5 years max maturity; Muni securities issued by members of BCJPIA not authorized	Complies
Banker's Acceptances	A-1/P-1/F-1 rated or better by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1/F-1 rated or better by a NRSRO; 25% maximum (25% max combined Corporates/ NCD/ CP); 5% max per issuer; 270 days max maturity	Complies
Negotiable CDs	"A" rated or better by a NRSRO; 20% maximum (25% max combined Corporates/ NCD/ CP) ; 5% max per issuer; 2 years max maturity	Complies
Certificates of Deposit (CD)	20% maximum; 5% max per issuer; 2 years max maturity; Collateralized per CGC	Complies
Repurchase Agreements	10% max issuer; 30 days max maturity; Collateralized	Complies
Corporate Medium Term Notes	A rated or better by a NRSRO; 30% maximum; (25% max combined Corporates/ NCD/ CP) 5% max issuer; 5 years max maturity	Complies
Money Market Fund and Mutual Funds	Highest rating by two NRSROs; or SEC registered with 5 years experience min; Min \$500 million AUM; 20% maximum; 10% max per fund- for Mutual Funds; 20% max per fund- for Money Market Funds	Complies
LAIF	Max program limit per State Treasurer	Complies
Max Combined Limits (NCD/CP/ Corp)	The sum of investments in Negotiable CDs, Commercial Paper, and Corporate Medium Term Notes not to exceed 25% of portfolio	Complies
Maximum Maturity	5 years maximum maturity (Securities with maturities greater than 5 years can only be purchased with prior Board or Executive Committee approval)	Complies

Portfolio Characteristics

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

	3/31/2020	12/31/2019
	Benchmark*	Portfolio
Average Maturity (yrs)	2.64	2.62
Average Modified Duration	2.55	2.49
Average Purchase Yield	n/a	2.14%
Average Market Yield	0.26%	1.70%
Average Quality**	AAA	AA/Aa1
Total Market Value		38,548,172

*ICE BAML 1-5 Year US Treasury/Agency Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

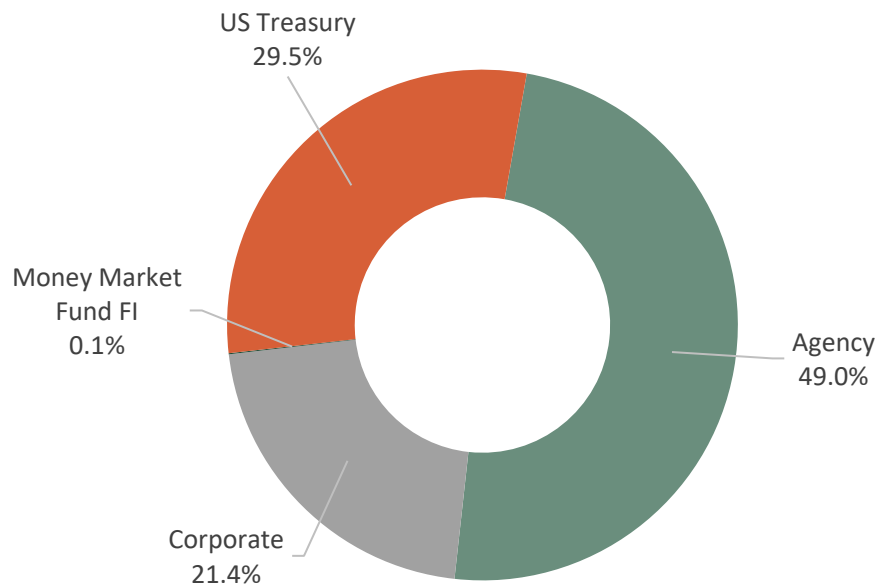
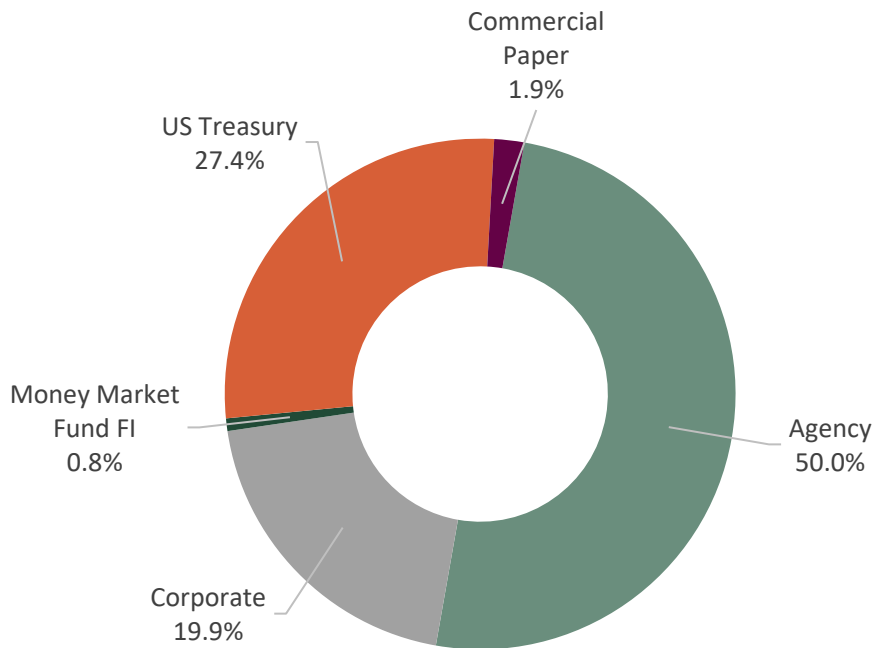
Sector Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

March 31, 2020

December 31, 2019



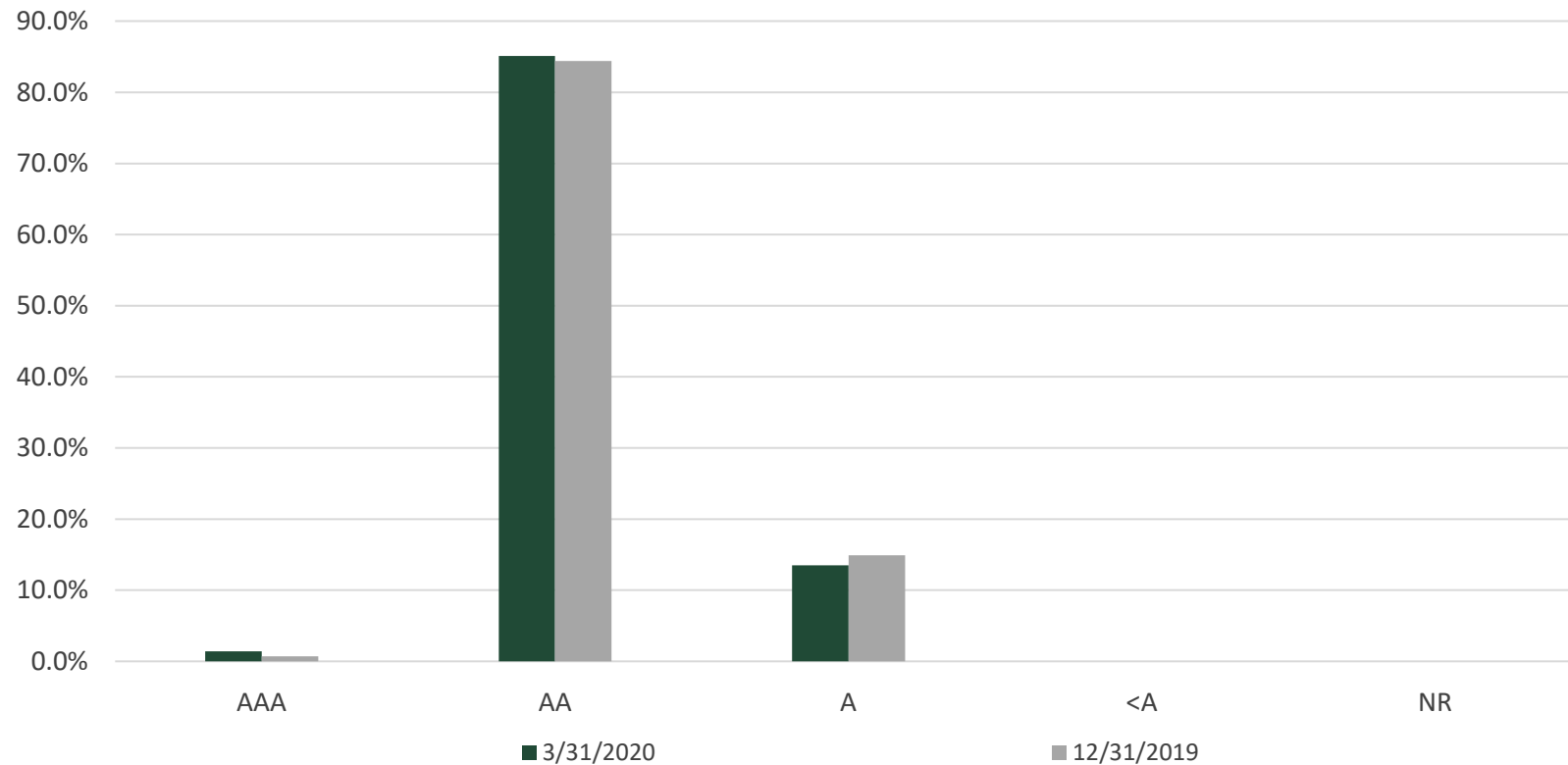
Bay Cities Joint Powers Insurance Authority – Account #10256

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	27.43%
Federal Home Loan Bank	Agency	20.63%
Federal National Mortgage Association	Agency	14.79%
Federal Farm Credit Bank	Agency	8.76%
Federal Home Loan Mortgage Corp	Agency	5.84%
MUFG Bank Ltd/NY	Commercial Paper	1.89%
Apple Inc	Corporate	1.32%
Toyota Motor Corp	Corporate	1.18%
Oracle Corp	Corporate	1.04%
Honda Motor Corporation	Corporate	1.04%
PNC Financial Services Group	Corporate	1.03%
Chubb Corporation	Corporate	1.02%
Bank of New York	Corporate	1.02%
JP Morgan Chase & Co	Corporate	0.93%
Berkshire Hathaway	Corporate	0.92%
IBM Corp	Corporate	0.92%
BlackRock Inc/New York	Corporate	0.92%
Praxair	Corporate	0.90%
Charles Schwab Corp/The	Corporate	0.90%
US Bancorp	Corporate	0.90%
Deere & Company	Corporate	0.87%
Visa Inc	Corporate	0.79%
United Parcel Service	Corporate	0.79%
First American Govt Oblig Fund	Money Market Fund FI	0.78%
State Street Bank	Corporate	0.76%
Exxon Mobil Corp	Corporate	0.64%
Microsoft	Corporate	0.57%
General Dynamics Corp	Corporate	0.54%
Paccar Financial	Corporate	0.49%
Home Depot	Corporate	0.38%
TOTAL		100.00%

Quality Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority March 31, 2020 vs. December 31, 2019



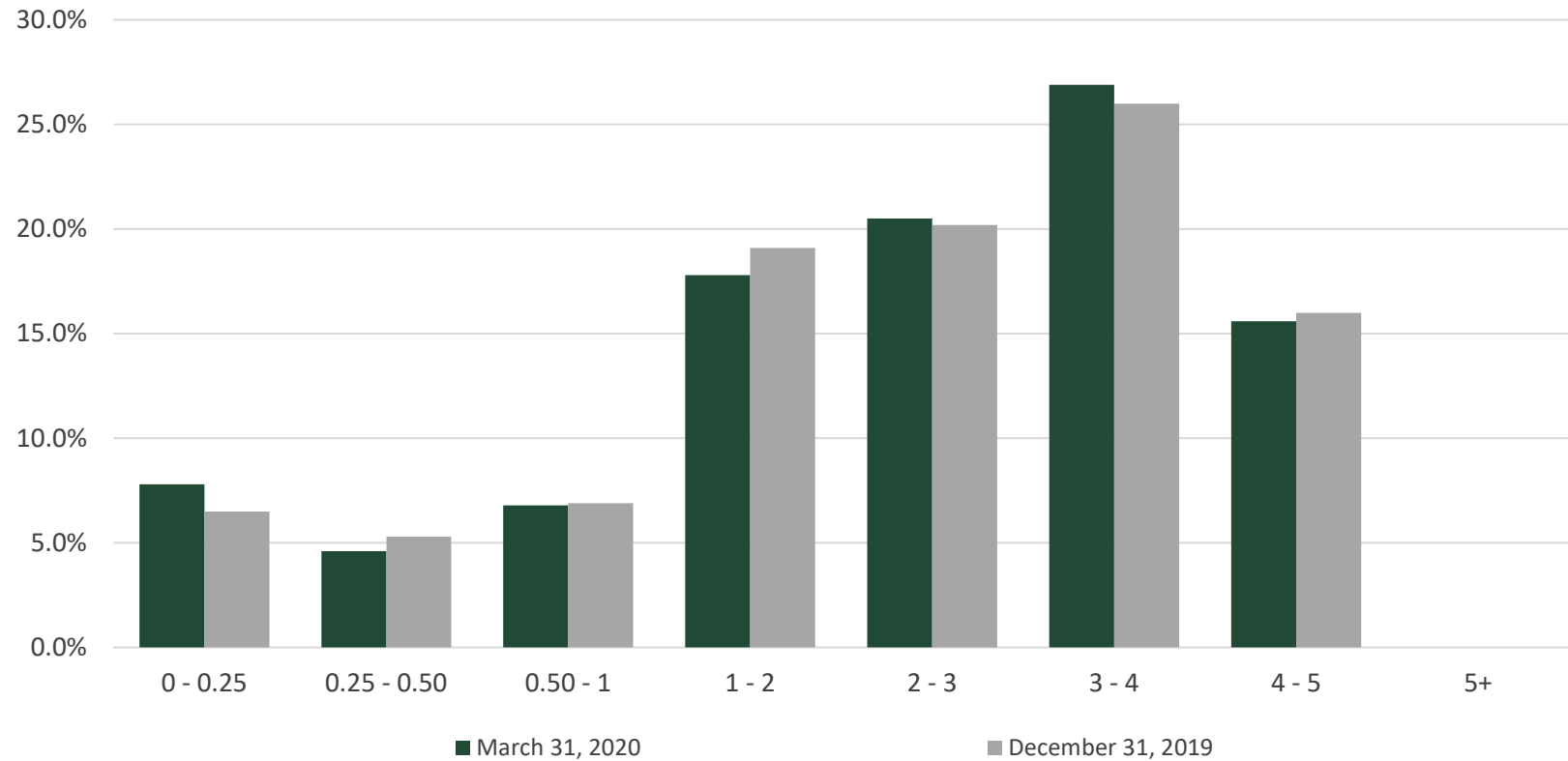
	AAA	AA	A	<A	NR
03/31/20	1.4%	85.1%	13.5%	0.0%	0.0%
12/31/19	0.7%	84.4%	14.9%	0.0%	0.0%

Source: S&P Ratings

Duration Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority March 31, 2020 vs. December 31, 2019

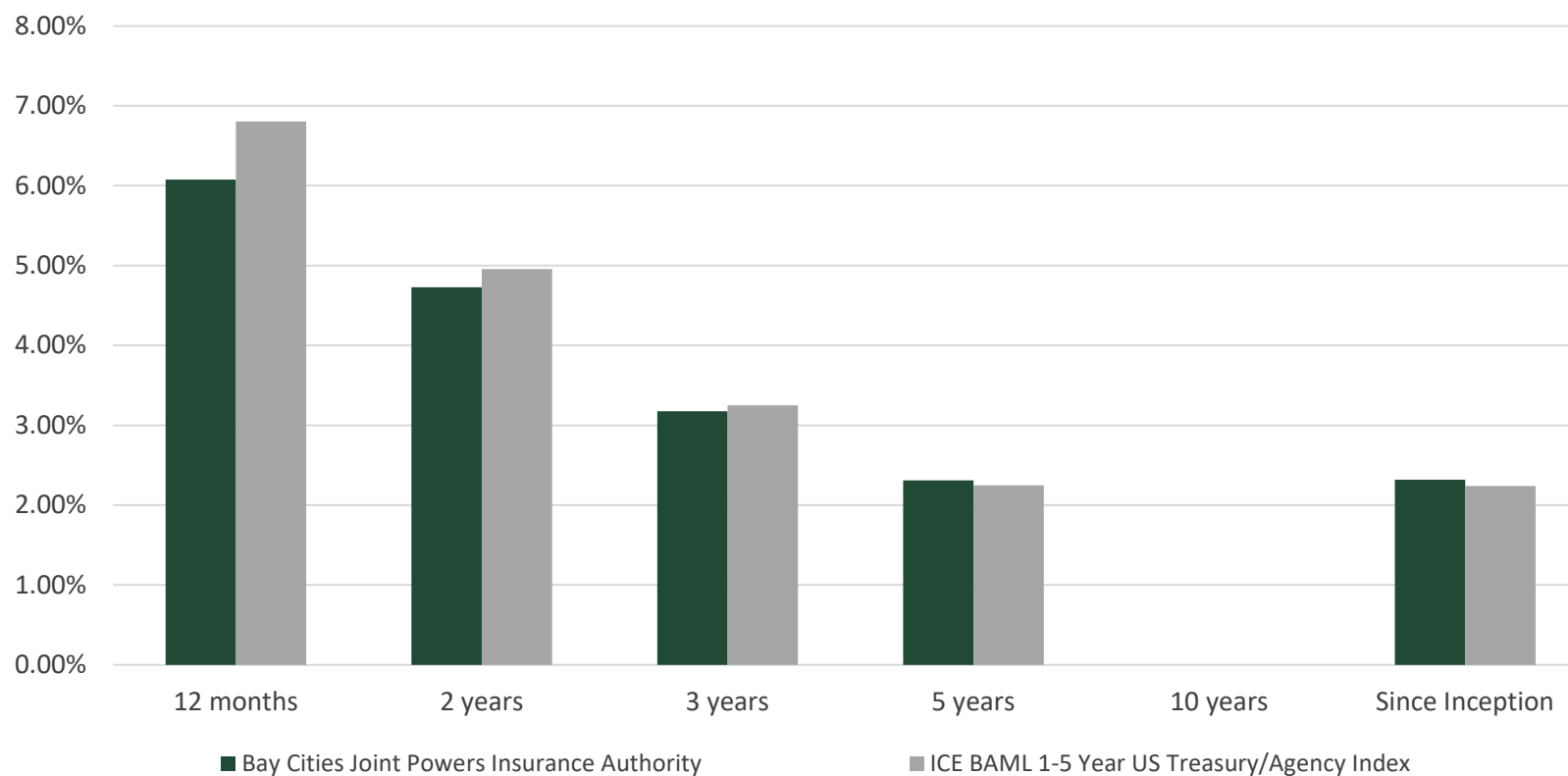


	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
03/31/20	7.8%	4.6%	6.8%	17.8%	20.5%	26.9%	15.6%	0.0%
12/31/19	6.5%	5.3%	6.9%	19.1%	20.2%	26.0%	16.0%	0.0%

Investment Performance

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority Total Rate of Return Annualized Since Inception 10/31/2014



TOTAL RATE OF RETURN	Annualized						Since Inception
	3 months	12 months	2 years	3 years	5 years	10 years	
Bay Cities Joint Powers Insurance Authority	2.86%	6.08%	4.73%	3.18%	2.31%	N/A	2.32%
ICE BAML 1-5 Year US Treasury/Agency Index	3.75%	6.80%	4.95%	3.25%	2.25%	N/A	2.24%

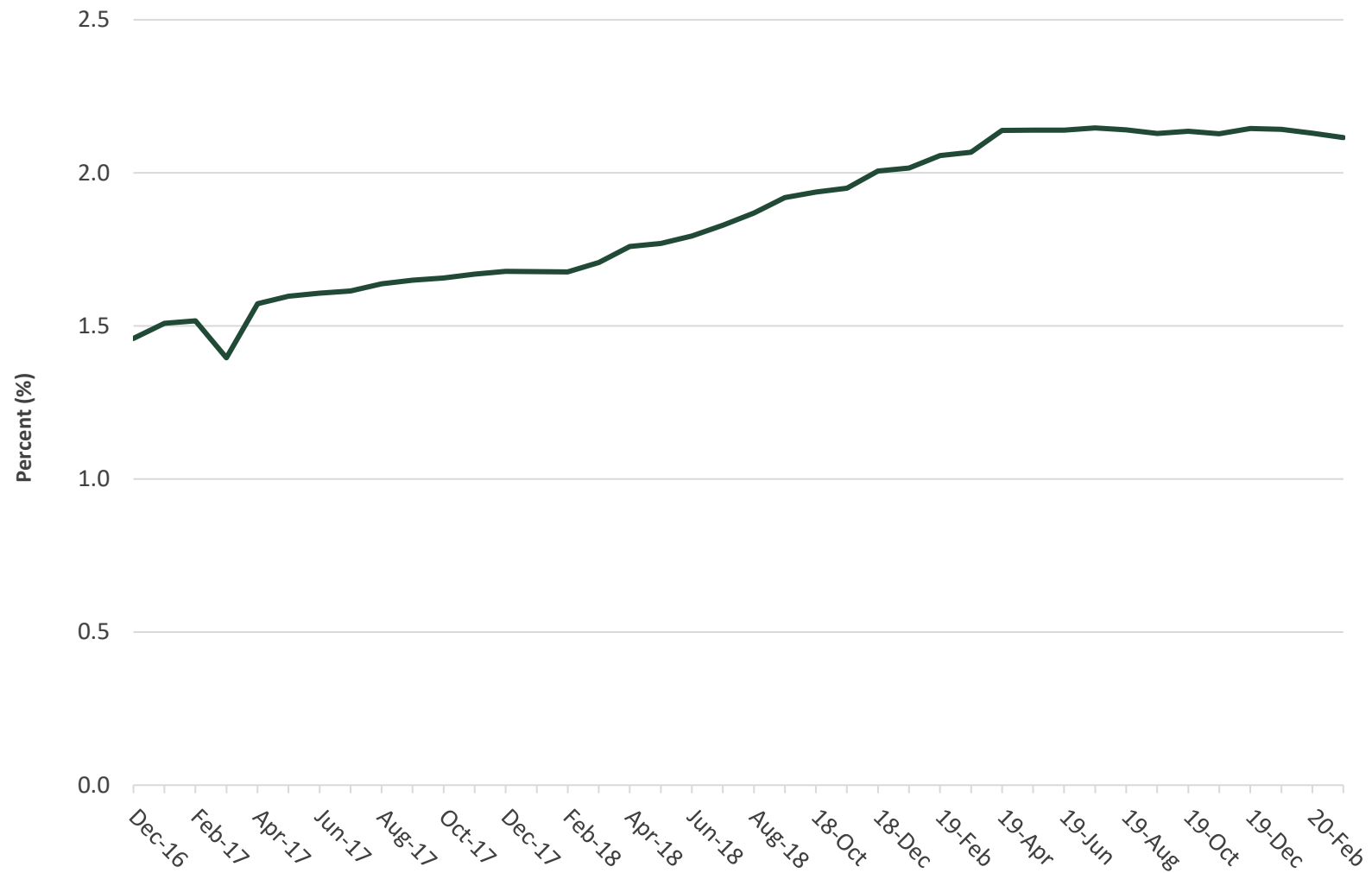
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Historical Average Purchase Yield

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

Purchase Yield as of 3/31/2020 = 2.12%





Section 3 | Portfolio Holdings

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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									
3133EHFL2	FFCB Note 1.550% Due 04/13/2020	600,000.00	04/13/2017 1.51%	600,654.00 600,007.19	100.04 0.28%	600,253.20 4,340.00	1.53% 246.01	Aaa / AA+ AAA	0.04 0.03
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	425,000.00	05/26/2015 1.54%	421,702.00 424,945.06	100.09 0.28%	425,386.33 2,434.90	1.08% 441.27	Aaa / AA+ AAA	0.08 0.08
3135G0D75	FNMA Note 1.500% Due 06/22/2020	425,000.00	09/29/2015 1.49%	425,229.50 425,010.90	100.28 0.25%	426,192.98 1,753.13	1.08% 1,182.08	Aaa / AA+ AAA	0.23 0.22
3130A5Z77	FHLB Note 1.830% Due 07/29/2020	415,000.00	10/23/2015 1.52%	420,897.15 415,403.77	100.51 0.28%	417,106.54 1,307.94	1.06% 1,702.77	Aaa / AA+ AAA	0.33 0.33
3130A3UQ5	FHLB Note 1.875% Due 12/11/2020	425,000.00	02/09/2016 1.30%	436,475.00 426,650.42	101.10 0.29%	429,678.83 2,434.90	1.09% 3,028.41	Aaa / AA+ NR	0.70 0.69
3135G0H55	FNMA Note 1.875% Due 12/28/2020	425,000.00	02/09/2016 1.28%	436,895.75 426,808.05	101.08 0.41%	429,593.40 2,058.59	1.09% 2,785.35	Aaa / AA+ AAA	0.75 0.74
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	360,000.00	02/17/2016 1.46%	358,545.60 359,742.87	100.90 0.35%	363,255.12 591.25	0.92% 3,512.25	Aaa / AA+ AAA	0.89 0.88
3135G0J20	FNMA Note 1.375% Due 02/26/2021	450,000.00	05/18/2016 1.50%	447,390.00 449,504.64	100.95 0.32%	454,275.90 601.56	1.15% 4,771.26	Aaa / AA+ AAA	0.91 0.90
313379RB7	FHLB Note 1.875% Due 06/11/2021	400,000.00	08/30/2017 1.66%	403,144.00 400,993.32	101.81 0.35%	407,250.00 2,291.67	1.03% 6,256.68	Aaa / AA+ AAA	1.20 1.18
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	450,000.00	09/12/2016 1.37%	444,699.00 448,528.48	101.03 0.37%	454,623.30 689.06	1.15% 6,094.82	Aaa / AA+ AAA	1.37 1.35
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	425,000.00	10/11/2016 1.48%	422,930.25 424,369.63	101.45 0.41%	431,182.05 2,824.48	1.09% 6,812.42	Aaa / AA+ AAA	1.52 1.49
313378CR0	FHLB Note 2.250% Due 03/11/2022	600,000.00	04/07/2017 1.95%	608,508.00 603,358.67	103.64 0.37%	621,820.80 750.00	1.57% 18,462.13	Aaa / AA+ NR	1.95 1.91
3135G0T45	FNMA Note 1.875% Due 04/05/2022	600,000.00	04/07/2017 1.97%	597,204.00 598,873.00	102.98 0.39%	617,879.40 5,500.00	1.57% 19,006.40	Aaa / AA+ AAA	2.01 1.96
3130AEBM1	FHLB Note 2.750% Due 06/10/2022	450,000.00	09/07/2018 2.85%	448,449.75 449,094.08	105.14 0.39%	473,131.80 3,815.63	1.20% 24,037.72	Aaa / AA+ NR	2.19 2.12
313380GJ0	FHLB Note 2.000% Due 09/09/2022	575,000.00	04/15/2019 2.42%	567,089.15 569,324.83	103.58 0.52%	595,589.60 702.78	1.50% 26,264.77	Aaa / AA+ NR	2.44 2.38
3135G0T78	FNMA Note 2.000% Due 10/05/2022	400,000.00	10/06/2017 2.03%	399,360.00 399,677.72	103.61 0.55%	414,447.20 3,911.11	1.06% 14,769.48	Aaa / AA+ AAA	2.52 2.43
3130A3KM5	FHLB Note 2.500% Due 12/09/2022	300,000.00	12/15/2017 2.26%	303,408.00 301,841.86	105.41 0.47%	316,224.30 2,333.33	0.80% 14,382.44	Aaa / AA+ NR	2.69 2.59

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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
3135G0T94	FNMA Note 2.375% Due 01/19/2023	600,000.00	Various	591,487.50	105.39	632,338.80	1.60%	Aaa / AA+	2.81
			2.69%	595,051.93	0.44%	2,850.00	37,286.87	AAA	2.71
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	500,000.00	07/19/2018	497,135.00	107.13	535,659.00	1.36%	Aaa / AA+	3.22
			2.88%	498,126.18	0.51%	3,895.83	37,532.82	AAA	3.08
3133EJUS6	FFCB Note 2.875% Due 07/17/2023	450,000.00	08/28/2018	449,883.00	107.65	484,444.35	1.23%	Aaa / AA+	3.30
			2.88%	449,921.13	0.53%	2,659.38	34,523.22	AAA	3.15
3133EKZK5	FFCB Note 1.600% Due 08/14/2023	500,000.00	08/19/2019	501,100.00	103.49	517,435.50	1.31%	Aaa / AA+	3.37
			1.54%	500,929.90	0.55%	1,044.44	16,505.60	AAA	3.28
313383YJ4	FHLB Note 3.375% Due 09/08/2023	325,000.00	11/29/2018	330,401.50	110.11	357,842.88	0.90%	Aaa / AA+	3.44
			3.00%	328,889.20	0.41%	700.78	28,953.68	NR	3.27
3135G0U43	FNMA Note 2.875% Due 09/12/2023	580,000.00	09/12/2018	577,622.00	107.80	625,239.42	1.58%	Aaa / AA+	3.45
			2.96%	578,358.61	0.59%	880.07	46,880.81	AAA	3.30
3130A0F70	FHLB Note 3.375% Due 12/08/2023	500,000.00	12/13/2018	510,180.00	111.14	555,717.00	1.42%	Aaa / AA+	3.69
			2.93%	507,528.73	0.33%	5,296.88	48,188.27	AAA	3.47
3133EJ3Q0	FFCB Note 2.875% Due 12/21/2023	500,000.00	01/30/2019	503,525.00	108.26	541,315.50	1.38%	Aaa / AA+	3.73
			2.72%	502,683.74	0.63%	3,993.06	38,631.76	AAA	3.53
3135G0V34	FNMA Note 2.500% Due 02/05/2024	175,000.00	02/21/2019	174,042.75	107.57	188,242.43	0.48%	Aaa / AA+	3.85
			2.62%	174,256.53	0.51%	680.56	13,985.90	AAA	3.67
3130A0XE5	FHLB Note 3.250% Due 03/08/2024	450,000.00	03/19/2019	465,601.50	111.21	500,464.80	1.26%	Aaa / AA+	3.94
			2.50%	462,352.26	0.38%	934.38	38,112.54	NR	3.73
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	750,000.00	04/08/2019	749,827.50	107.03	802,693.50	2.03%	Aaa / AA+	3.94
			2.38%	749,861.90	0.57%	1,138.02	52,831.60	NR	3.77
3133EKNX0	FFCB Note 2.160% Due 06/03/2024	500,000.00	06/25/2019	506,945.00	106.33	531,656.00	1.35%	Aaa / AA+	4.18
			1.86%	505,867.06	0.62%	3,540.00	25,788.94	AAA	3.98
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	600,000.00	Various	625,872.00	110.47	662,801.40	1.68%	Aaa / AA+	4.21
			1.96%	621,784.74	0.36%	5,127.08	41,016.66	NR	3.96
3135G0V75	FNMA Note 1.750% Due 07/02/2024	500,000.00	07/08/2019	496,080.00	104.59	522,970.50	1.32%	Aaa / AA+	4.26
			1.92%	496,655.08	0.65%	2,163.19	26,315.42	AAA	4.09
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	700,000.00	09/13/2019	736,323.00	109.91	769,361.60	1.94%	Aaa / AA+	4.46
			1.78%	732,380.04	0.61%	1,006.25	36,981.56	AAA	4.20
3133EKP75	FFCB Note 1.600% Due 09/17/2024	750,000.00	10/15/2019	747,202.50	104.29	782,169.00	1.97%	Aaa / AA+	4.47
			1.68%	747,463.89	0.62%	466.67	34,705.11	AAA	4.31
3135G0W66	FNMA Note 1.625% Due 10/15/2024	750,000.00	10/17/2019	748,717.50	104.68	785,130.75	1.99%	Aaa / AA+	4.55
			1.66%	748,834.22	0.58%	5,518.23	36,296.53	AAA	4.35
3135G0X24	FNMA Note 1.625% Due 01/07/2025	290,000.00	01/08/2020	289,074.90	104.97	304,410.68	0.77%	Aaa / AA+	4.78
			1.69%	289,116.49	0.57%	1,060.31	15,294.19	AAA	4.58

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	855,000.00	02/13/2020 1.52%	854,341.65 854,358.60	104.35 0.59%	892,180.53 1,674.38	2.25% 37,821.93	Aaa / AA+ AAA	4.87 4.69
3130A4CH3	FHLB Note 2.375% Due 03/14/2025	800,000.00	03/19/2020 1.18%	846,216.00 845,911.28	109.39 0.45%	875,155.20 897.22	2.21% 29,243.92	Aaa / AA+ AAA	4.96 4.70
TOTAL Agency		18,800,000.00	1.98%	18,944,159.45 18,914,466.00	0.47%	19,745,119.59 83,867.06	50.02% 830,653.59	Aaa / AA+ Aaa	2.95 2.83
Commercial Paper									
62479LFH3	MUFG Bank Ltd Discount CP 1.690% Due 06/17/2020	750,000.00	01/29/2020 1.72%	745,070.83 747,288.96	99.64 1.72%	747,288.96 0.00	1.89% 0.00	P-1 / A-1 NR	0.21 0.21
TOTAL Commercial Paper		750,000.00	1.72%	745,070.83 747,288.96	1.72%	747,288.96 0.00	1.89% 0.00	P-1 / A-1 NR	0.21 0.21
Corporate									
437076BQ4	Home Depot Note 1.800% Due 06/05/2020	150,000.00	05/24/2017 1.82%	149,913.00 149,994.84	99.94 2.14%	149,907.00 870.00	0.38% (87.84)	A2 / A A	0.18 0.18
02665WAZ4	American Honda Finance Note 2.450% Due 09/24/2020	125,000.00	04/20/2017 2.05%	126,651.25 125,232.87	99.30 3.92%	124,130.88 59.55	0.31% (1,101.99)	A3 / A NR	0.48 0.47
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	400,000.00	04/03/2019 2.63%	397,944.00 399,231.67	100.11 2.07%	400,427.20 3,782.22	1.02% 1,195.53	A3 / A A	0.59 0.50
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	250,000.00	Various 1.98%	252,746.50 250,523.29	100.65 1.50%	251,625.75 462.92	0.64% 1,102.46	Aaa / AA NR	0.92 0.90
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	210,000.00	05/08/2018 3.24%	208,540.50 209,460.68	100.77 2.29%	211,615.74 2,450.00	0.54% 2,155.06	A2 / A NR	1.11 1.08
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	300,000.00	Various 1.98%	299,517.70 299,890.72	99.56 2.34%	298,682.10 2,145.00	0.76% (1,208.62)	A1 / A AA-	1.13 1.11
09247XAH4	Blackrock Inc Note 4.250% Due 05/24/2021	350,000.00	03/30/2017 2.43%	374,916.50 356,892.85	102.33 2.18%	358,153.25 5,247.57	0.92% 1,260.40	Aa3 / AA- NR	1.15 1.10
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.550% Due 08/08/2021	225,000.00	Various 1.57%	224,732.55 224,927.65	100.70 0.99%	226,564.88 513.44	0.57% 1,637.23	Aaa / AAA AA+	1.36 1.26
74005PAZ7	Praxair Note 3.000% Due 09/01/2021	350,000.00	04/18/2017 2.12%	362,789.00 354,156.02	101.76 1.73%	356,170.15 875.00	0.90% 2,014.13	A2 / A NR	1.42 1.38
24422ETL3	John Deere Capital Corp Note 2.650% Due 01/06/2022	340,000.00	01/03/2017 2.66%	339,904.80 339,966.37	100.97 2.08%	343,311.60 2,127.36	0.87% 3,345.23	A2 / A A	1.77 1.71

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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
91159HHP8	US Bancorp Callable Note Cont 12/23/2021 2.625% Due 01/24/2022	350,000.00	Various 2.60%	350,358.00 350,131.78	101.38 1.81%	354,823.00 1,709.89	0.90% 4,691.22	A1 / A+ AA-	1.82 1.68
06406RAA5	Bank of NY Mellon Corp Callable Note Cont 1/7/2022 2.600% Due 02/07/2022	150,000.00	06/20/2017 2.35%	151,591.50 150,619.72	100.83 2.11%	151,247.25 585.00	0.38% 627.53	A1 / A AA-	1.86 1.72
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.300% Due 05/11/2022	200,000.00	05/23/2017 2.27%	200,286.00 200,118.83	102.51 1.05%	205,012.00 1,788.89	0.52% 4,893.17	Aa1 / AA+ NR	2.11 1.97
084664BT7	Berkshire Hathaway Note 3.000% Due 05/15/2022	250,000.00	05/10/2017 2.36%	257,467.50 253,165.30	103.87 1.15%	259,681.75 2,833.33	0.66% 6,516.45	Aa2 / AA A+	2.12 2.04
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	410,000.00	07/25/2017 2.45%	409,963.10 409,982.86	99.59 2.63%	408,317.36 1,757.88	1.03% (1,665.50)	A2 / A A+	2.33 2.24
68389XAP0	Oracle Corp Note 2.500% Due 10/15/2022	400,000.00	04/03/2019 2.71%	397,244.00 398,017.99	102.03 1.68%	408,116.00 4,611.11	1.04% 10,098.01	A3 / A+ A-	2.54 2.43
92826CAC6	Visa Inc Callable Note Cont 10/14/2022 2.800% Due 12/14/2022	300,000.00	12/13/2018 3.37%	293,631.00 295,688.48	104.15 1.13%	312,459.00 2,496.67	0.79% 16,770.52	Aa3 / AA- NR	2.71 2.44
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023	350,000.00	06/08/2018 3.31%	340,210.50 344,032.35	101.45 2.10%	355,066.25 1,700.42	0.90% 11,033.90	A2 / A A	2.82 2.62
44932HAH6	IBM Credit Corp Note 3.000% Due 02/06/2023	350,000.00	03/08/2018 3.19%	347,046.00 348,283.98	103.48 1.74%	362,162.85 1,604.17	0.92% 13,878.87	A2 / A NR	2.85 2.72
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	100,000.00	04/26/2018 3.31%	97,505.00 98,488.98	103.47 1.47%	103,470.30 122.22	0.26% 4,981.32	Aa2 / AA A+	2.96 2.68
911312BK1	UPS Callable Note Cont 3/1/2023 2.500% Due 04/01/2023	300,000.00	01/30/2019 3.05%	293,607.00 295,394.52	103.26 1.36%	309,780.60 3,750.00	0.79% 14,386.08	A2 / A NR	3.00 2.78
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	300,000.00	04/11/2019 2.70%	296,556.00 297,375.67	104.26 1.00%	312,765.00 2,960.00	0.80% 15,389.33	Aa1 / AA+ NR	3.09 2.96
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	115,000.00	07/11/2018 3.49%	114,801.05 114,869.22	101.27 3.04%	116,460.04 848.60	0.30% 1,590.82	A3 / A NR	3.29 3.07
06406FAD5	Bank of NY Mellon Corp Callable Note Cont 6/16/2023 2.200% Due 08/16/2023	250,000.00	04/11/2019 2.89%	242,972.50 244,534.17	100.45 2.05%	251,113.00 687.50	0.64% 6,578.83	A1 / A AA-	3.38 3.08
89236TFN0	Toyota Motor Credit Corp Note 3.450% Due 09/20/2023	450,000.00	Various 3.17%	454,969.00 454,025.23	103.78 2.31%	467,016.30 474.37	1.18% 12,991.07	A1 / AA- A+	3.47 3.26
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	165,000.00	10/03/2018 3.64%	164,864.70 164,904.64	101.60 3.14%	167,644.62 2,841.09	0.43% 2,739.98	A3 / A NR	3.53 3.24

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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
46625HJX9	JP Morgan Chase Note 3.625% Due 05/13/2024	350,000.00	12/05/2019 2.20%	370,958.00 369,480.44	104.27 2.52%	364,959.00 4,863.54	0.93% (4,521.44)	A2 / A- AA-	4.12 3.77
69371RQ25	Paccar Financial Corp Note 2.150% Due 08/15/2024	200,000.00	08/08/2019 2.20%	199,558.00 199,613.64	97.16 2.85%	194,315.60 549.44	0.49% (5,298.04)	A1 / A+ NR	4.38 4.12
TOTAL Corporate		7,690,000.00	2.64%	7,721,244.65 7,699,004.76	1.96%	7,824,998.47 54,717.18	19.88% 125,993.71	A1 / A+ A+	2.27 2.13
Money Market Fund FI									
31846V203	First American Govt Obligation Fund Class Y	310,968.84	Various 0.12%	310,968.84 310,968.84	1.00 0.12%	310,968.84 0.00	0.78% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		310,968.84	0.12%	310,968.84 310,968.84	0.12%	310,968.84 0.00	0.78% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828K58	US Treasury Note 1.375% Due 04/30/2020	425,000.00	03/15/2016 1.43%	424,138.14 424,983.40	100.10 0.12%	425,438.18 2,456.30	1.08% 454.78	Aaa / AA+ AAA	0.08 0.08
912828L32	US Treasury Note 1.375% Due 08/31/2020	420,000.00	09/29/2015 1.37%	420,132.66 420,011.22	100.53 0.10%	422,231.04 502.17	1.07% 2,219.82	Aaa / AA+ AAA	0.42 0.42
912828L65	US Treasury Note 1.375% Due 09/30/2020	450,000.00	05/18/2016 1.36%	450,335.49 450,038.28	100.66 0.06%	452,952.90 16.91	1.14% 2,914.62	Aaa / AA+ AAA	0.50 0.50
912828N89	US Treasury Note 1.375% Due 01/31/2021	750,000.00	04/12/2019 2.42%	736,347.66 743,662.16	101.09 0.06%	758,203.50 1,728.19	1.92% 14,541.34	Aaa / AA+ AAA	0.84 0.83
912828S27	US Treasury Note 1.125% Due 06/30/2021	425,000.00	12/27/2016 2.02%	408,731.89 420,500.31	101.27 0.11%	430,411.95 1,208.45	1.09% 9,911.64	Aaa / AA+ AAA	1.25 1.24
912828S76	US Treasury Note 1.125% Due 07/31/2021	750,000.00	04/11/2019 2.33%	729,873.05 738,368.97	101.27 0.17%	759,550.50 1,413.98	1.92% 21,181.53	Aaa / AA+ AAA	1.33 1.33
912828G53	US Treasury Note 1.875% Due 11/30/2021	450,000.00	12/13/2016 1.94%	448,718.31 449,569.94	102.79 0.20%	462,550.95 2,835.55	1.17% 12,981.01	Aaa / AA+ AAA	1.67 1.64
912828U81	US Treasury Note 2.000% Due 12/31/2021	300,000.00	01/13/2017 1.93%	301,043.97 300,368.77	103.11 0.22%	309,328.20 1,516.48	0.78% 8,959.43	Aaa / AA+ AAA	1.75 1.72
912828XW5	US Treasury Note 1.750% Due 06/30/2022	550,000.00	08/15/2017 1.81%	548,412.00 549,268.04	103.44 0.22%	568,906.25 2,432.69	1.44% 19,638.21	Aaa / AA+ AAA	2.25 2.21
9128282P4	US Treasury Note 1.875% Due 07/31/2022	750,000.00	04/11/2019 2.30%	740,009.77 742,950.51	103.82 0.23%	778,681.50 2,356.63	1.97% 35,730.99	Aaa / AA+ AAA	2.33 2.29
9128282S8	US Treasury Note 1.625% Due 08/31/2022	450,000.00	09/26/2017 1.86%	445,132.37 447,613.54	103.28 0.26%	464,765.40 635.87	1.17% 17,151.86	Aaa / AA+ AAA	2.42 2.37

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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
9128284D9	US Treasury Note 2.500% Due 03/31/2023	600,000.00	04/19/2018 2.75%	592,968.75 595,740.76	106.60 0.29%	639,586.20 40.98	1.61% 43,845.44	Aaa / AA+ AAA	3.00 2.91
9128284L1	US Treasury Note 2.750% Due 04/30/2023	350,000.00	09/07/2018 2.82%	348,906.25 349,273.85	107.55 0.29%	376,427.80 4,045.67	0.96% 27,153.95	Aaa / AA+ AAA	3.08 2.95
912828R69	US Treasury Note 1.625% Due 05/31/2023	550,000.00	08/20/2018 2.71%	523,359.38 532,346.58	104.16 0.30%	572,902.55 3,003.59	1.45% 40,555.97	Aaa / AA+ AAA	3.17 3.08
912828U57	US Treasury Note 2.125% Due 11/30/2023	750,000.00	04/08/2019 2.33%	743,232.42 744,660.95	106.59 0.32%	799,423.50 5,356.05	2.03% 54,762.55	Aaa / AA+ AAA	3.67 3.52
912828V80	US Treasury Note 2.250% Due 01/31/2024	750,000.00	04/12/2019 2.38%	745,693.36 746,558.62	107.33 0.32%	804,990.00 2,827.95	2.04% 58,431.38	Aaa / AA+ AAA	3.84 3.68
912828X70	US Treasury Note 2.000% Due 04/30/2024	725,000.00	09/26/2019 1.60%	737,885.74 736,469.39	106.69 0.35%	773,484.38 6,094.78	1.97% 37,014.99	Aaa / AA+ AAA	4.08 3.91
912828U3	US Treasury Note 1.875% Due 08/31/2024	550,000.00	12/30/2019 1.70%	554,382.81 554,146.32	106.60 0.37%	586,287.35 896.74	1.48% 32,141.03	Aaa / AA+ AAA	4.42 4.25
912828YV6	US Treasury Note 1.500% Due 11/30/2024	425,000.00	12/11/2019 1.68%	421,397.46 421,617.78	105.30 0.35%	447,528.40 2,142.42	1.13% 25,910.62	Aaa / AA+ AAA	4.67 4.50
TOTAL US Treasury		10,420,000.00	2.08%	10,320,701.48 10,368,149.39	0.24%	10,833,650.55 41,511.40	27.43% 465,501.16	Aaa / AA+ Aaa	2.49 2.41
TOTAL PORTFOLIO		37,970,968.84	2.12%	38,042,145.25 38,039,877.95	0.72%	39,462,026.41 180,095.64	100.00% 1,422,148.46	Aa1 / AA Aaa	2.61 2.50
TOTAL MARKET VALUE PLUS ACCRUALS						39,642,122.05			



Section 4 | Transactions

Transaction Ledger

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

December 31, 2019 through March 31, 2020

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/10/2020	3135G0X24	290,000.00	FNMA Note 1.625% Due: 01/07/2025	99.681	1.69%	289,074.90	0.00	289,074.90	0.00
Purchase	01/29/2020	62479LFH3	750,000.00	MUFG Bank Ltd Discount CP 1.69% Due: 06/17/2020	99.343	1.72%	745,070.83	0.00	745,070.83	0.00
Purchase	02/14/2020	3137EAEPO	855,000.00	FHLMC Note 1.5% Due: 02/12/2025	99.923	1.52%	854,341.65	0.00	854,341.65	0.00
Purchase	03/20/2020	3130A4CH3	800,000.00	FHLB Note 2.375% Due: 03/14/2025	105.777	1.18%	846,216.00	316.67	846,532.67	0.00
Subtotal			2,695,000.00				2,734,703.38	316.67	2,735,020.05	0.00
TOTAL ACQUISITIONS			2,695,000.00				2,734,703.38	316.67	2,735,020.05	0.00
DISPOSITIONS										
Sale	02/06/2020	097023BQ7	350,000.00	Boeing Co Callable Note Cont 4/15/2023 1.875% Due: 06/15/2023	99.206	2.98%	347,221.00	929.69	348,150.69	9,269.93
Sale	03/20/2020	912828J84	150,000.00	US Treasury Note 1.375% Due: 03/31/2020	100.035	1.51%	150,052.73	969.26	151,021.99	58.44
Subtotal			500,000.00				497,273.73	1,898.95	499,172.68	9,328.37
Maturity	01/10/2020	3133EG3J2	600,000.00	FFCB Note 1.55% Due: 01/10/2020	100.000		600,000.00	0.00	600,000.00	0.00
Maturity	01/17/2020	3137EAE5	600,000.00	FHLMC Note 1.5% Due: 01/17/2020	100.000		600,000.00	0.00	600,000.00	0.00
Maturity	01/21/2020	3135G0A78	415,000.00	FNMA Note 1.625% Due: 01/21/2020	100.000		415,000.00	0.00	415,000.00	0.00
Maturity	02/29/2020	912828UQ1	425,000.00	US Treasury Note 1.25% Due: 02/29/2020	100.000		425,000.00	0.00	425,000.00	0.00

Transaction Ledger

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

December 31, 2019 through March 31, 2020

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	03/31/2020	912828J84	275,000.00	US Treasury Note 1.375% Due: 03/31/2020	100.000		275,000.00	0.00	275,000.00	0.00
Subtotal			2,315,000.00				2,315,000.00	0.00	2,315,000.00	0.00
TOTAL DISPOSITIONS			2,815,000.00				2,812,273.73	1,898.95	2,814,172.68	9,328.37

Important Disclosures

As of March 31, 2020

2020 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. 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 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.

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.

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This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

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.

ICE BAML 1-5 Year 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)

April 20, 2020

Agenda Item 11.B.

FINANCIAL MATTERS

SUBJECT: Preliminary Indications for the APIP Property Program and Other Ancillary Programs
Prepared by Jaesa McCulligan, BCJPIA Administrator, and Presented by
Conor Boughey, Alliant Insurance Services, Inc.

ISSUE:

Annually, BCJPIA's broker provides preliminary indications to the Committee for the Alliant Property Insurance Program (APIP) and BCJPIA's other ancillary programs.

BACKGROUND AND STATUS:

Conor Boughey, BCJPIA's Broker, will be in attendance to discuss the marketing and renewal of the 2020/2021 BCJPIA programs that Alliant places. Currently, Alliant places the Alliant Property Insurance Program (APIP), which provides coverage for excess Property, Boiler and Machinery, and Auto Physical Damage exposures, excess Employment Practices Liability Insurance, Crime and excess Crime coverage, Marina Operator's Legal Liability, Hull & Machinery and Protection & Indemnity coverage, and Flood coverage for various BCJPIA members.

PROS & CONS:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

Staff recommends the Committee receive and accept the update and provide additional feedback, if warranted.

REFERENCE MATERIALS ATTACHED:

- BCJPIA 2020 Renewals & Insurance Market Update

April 2, 2020

Jaesa McCulligan, ARM
BCJPIA Pool Administrator
1750 Creekside Oaks Drive, Suite 200
Saramento, CA 95833

BCJPIA PROPERTY INSURANCE RENEWAL AND MARKET UPDATE

Dear Jaesa:

We are pleased to present Bay Cities Joint Powers Insurance Authority (BCJPIA) with the following summary of *anticipated* terms for the upcoming July 1, 2020 renewal. We have started our pre-renewal negotiations early this year and have the following summary of expected rate, exposure and premium changes. The indications below are estimates, we are in the early stages of renewal discussion and negotiation. With businesses facing unprecedented challenges during the shelter-in-place order related to COVID-19, we are unable to provide definitive answers on how that will impact the markets and renewals at this time.

We look forward to discussing the issues outlined below in greater detail at the upcoming Bay Cities Joint Powers Insurance Authority (BCJPIA) Executive Committee meeting.

Property

The negotiating process for the upcoming property renewal for APIP has begun with an underwriters' review of accounts having a significant loss history. Those with a high loss ratio are provided advanced notice of impacts to their renewal estimates. The criteria used for this process involves accounts with a primary loss ratio of 75% or higher. BCJPIA's FY 13/14 Rim Fire claim has fallen outside of the 5 year loss ratio range, and we are pleased to report that BCJPIA is no longer a loss leader.

However, the California Municipal property market is now very "hard," which creates a challenging market condition for achieving desired rate reductions. Statewide loss development, as well as increased risks of loss calculated by rating models, have impacted the market significantly. For APIP, this means renewal estimated rate increases of 15% to 22% for members with a 'good loss ratio' (less than 50%). BCJPIA is an account where we expect to see a rate increase for the current limit of \$1B and SIR of \$250K. If this increase range is not feasible, we suggest obtaining an additional option of increasing the SIR to \$350K. If BCJPIA chooses to pursue this option, the Board should examine the amount of additional funding of your pool layer for payment of the added expected claims cost.

APIP is performing well, and its structure allows us to change carriers within the program, and temper the impact of individual carriers seeking large increases. The open market renewals continue to see large increases, and decreased limit capacity. We hope the APIP estimates seem fair and are open to discussing appropriate retention and coverage options to mitigate increases.

In addition to rate concerns noted above, BCJPIA's insured values increased due to schedule changes, as well as Marshall Swift trending. This year, the Marshall & Swift Trending Factors (0.50% for Real Property values; 2.04% for Contents) are higher than the historical average due to the increased cost of materials and labor.

Please review the chart below:

2019-2020			2020-2021			
TIV	Rate	Premium	Estimated TIV	Estimated Rate	Estimated Premium	Estimated Cost Change
\$1,935,667,489	.083019	\$1,606,972	\$1,946,767,077	.099623	\$1,939,424	21%

Note the TIV shown for the 2020-2021 term is as of March 2020 and does not reflect the appraisal values for the \$1M-\$5M valued locations yet, as the updates are still being processed. Any updates members make to property their schedules will change the estimated premium. The 21% estimated cost change reflects approximately <1% TIV increase and 20% rate increase.

Excess Employment Practices

The Excess Employment Practices market is relatively stable for good accounts. We do not anticipate a significant change in terms or pricing and the underwriters have advised that they are estimating renewal costs between flat to a 5% increase. This line of coverage is rated using a variety of factors, but payroll is a large consideration, and may be impacted.

Marine and Excess Coverage

The marine coverage is currently placed with Atlantic Specialty, who insured the program since the 2016-2017 term. At the time, they were the only carrier who was willing to offer a lower deductible for Docktown, due to exposure and loss concerns. The excess remains placed with Navigators. Both carriers are highly rated and we are in the process of negotiating renewal terms. Docktown remains a concern for the carriers, but the exposure has been reduced but not eliminated. We should achieve some expecting a 5% to 10% rate increase.

Crime and Excess Crime

The primary crime policy three year term policy is renewing on July 1, 2020 and we have requested renewal applications be waived due to the cities being closed indefinitely due to COVID-19. We have not yet received confirmation from the underwriter. The excess crime policy is written on an annual basis and we are told to expect a flat to 5% rate increase for the participating members.

Cyber

Several members currently participate in Alliant's Cyber Enhancement Options (CEO) I & II and have recently began purchasing Excess Crime limits in early February. This line of coverage continues to grow in importance, and members are purchasing additional coverage.

Summary

Overall the insurance market is 'hard,' the Docktown exposure continue to be a challenge for the marina placement, but new concerns about the impacts of COVID-19 are the primary discussion point with underwriters and clients. BCJPIA is a long standing valued member of the APIP program, and we are working with the underwriter to obtain a minimal rate increase for the renewal, while targeting a rate reduction. All other lines of insurance are in good standing, with some continuing issues regarding Docktown. The property market continues to be an ongoing concern. While BCJPIA's Liability placements is through CARMA, we also would like to notify the Board that liability renewals are very challenging, with capacity leaving the market, resulting in increased costs and desired coverage restrictions (e.g. aggregate limits, exclude certain types of exposures).

We appreciate the opportunity to serve BCJPIA and are diligently working to provide the best renewal terms available in the market.

Sincerely,



Conor Boughey, ARM
First Vice President
415-403-1411
cboughey@alliant.com

cc: Mike Simmons, Vice Chairman Public Entities
Andrea Ferry, ARM, Account Manager - Lead

April 20, 2020

Agenda Item 11.C.

FINANCIAL MATTERS

SUBJECT: Draft Pooled Auto Physical Damage Actuarial Study for the 2020/2021 Program Year
Prepared by Alana Theiss, BCJPIA Finance Manager, and Presented by Mike Harrington, President, Bickmore Actuarial

ISSUE:

The BCJPIA Actuarial Review of the Pooled Auto Physical Damage (PAPD) Program projects the Program's expected outstanding liabilities as of June 30, 2020, and recommends funding rates for the 2020/2021 program year.

BACKGROUND AND STATUS:

Last year, BCJPIA underwent its re-accreditation with California Association of Joint Powers Authorities (CAJPA). Among the requirements for *Accreditation with Excellence* cited in that study was that BCJPIA conduct an Actuarial Review of its PAPD Program. The last actuarial review of the PAPD Program was conducted in January of 2014.

Mike Harrington, President, Bickmore Actuarial, will discuss the draft actuarial report in detail.

PROS & CONS:

N/A

FISCAL IMPACT:

The actuarial study estimates the outstanding liability of the PAPD Program as of June 30, 2020, at \$40,032. The net position of the PAPD program at December 31, 2019, is \$544,714 – or \$504,682 more than the estimated outstanding liabilities at June 30, 2020.

Staff is recommending that BCJPIA continue its practice of suspending routine contributions to the PAPD pooled program for all members with the exception of newer members: Central Marin Fire Authority and Town of Corte Madera.

With pooled losses limited to the per occurrence SIR of \$25,000 (with deductibles of \$1,000/\$5,000 for total loss) it seems that the program will remain adequately funded for 2020/21. To further support the program's funding an PAPD "Experience Rating" provision is in place to collect additional contributions from members with large total losses. The above recommendations are reflected in the 2020/21 preliminary budget.

April 20, 2020

Agenda Item 11.C.
Page 2

RECOMMENDATION:

Receive and file.

REFERENCE MATERIALS ATTACHED:

- Draft Pooled Auto Physical Damage Actuarial Report



Bickmore — Actuarial

Actuarial Review of the Self-Insured Auto Physical Damage Program

Outstanding Liabilities as of June 30, 2020
Forecast for Program Year 2020-21

Presented to

Bay Cities Joint Powers Insurance Authority

April 9, 2020 - DRAFT

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I. BACKGROUND

The Bay Cities Joint Powers Insurance Authority (BCJPIA or Bay Cities) began its pooled auto physical damage (APD) program on July 1, 2000. The APD program currently offers full coverage for member vehicles up to \$25,000 per vehicle after a deductible of \$1,000 (\$5,000 for totaled vehicle claims). Claims administration services are provided by Sedgwick.

The purpose of this report is to serve as a guide to Bay Cities in establishing reasonable reserve and funding levels for its auto physical damage program. More specifically, the report provides estimates of Bay Cities' liability for outstanding claims as of June 30, 2020 and projections of its ultimate loss costs for 2020-21 at various confidence levels.

II. FINDINGS AND RECOMMENDATIONS

A. OUTSTANDING CLAIMS LIABILITY AS OF JUNE 30, 2020

It should be understood that there is a fair measure of uncertainty associated with our best estimate because it is the result of a series of forecasts of the cost implications of future events. Those events are essentially the future decisions and agreements which will be made in the settlement of currently outstanding claims. Because of this uncertainty, we believe it is sound management practice to maintain reserve and funding levels in excess of our most likely (or expected) estimates. The indications we have presented are consistent with this practice. Adherence to guidelines in excess of expected estimates should limit the adverse impact of the occasional year of bad claims on Bay Cities' budget.

Bay Cities' net position as of December 31, 2019 was \$544,714. Our best estimate of Bay Cities' outstanding claims liability as of June 30, 2020 is \$40,032. This amount includes losses and allocated loss adjustment expenses. It does not include unallocated loss adjustment expenses, such as claims administration costs. This is the amount that should be carried on Bay Cities' financial statements according to generally accepted accounting principles. It does not reflect any discount for future earnings on the invested reserves.

Our estimate of total outstanding claims liability is \$504,682 less than the December 31, 2019 fund balance. Our reserve estimate makes a reasonable provision for:

- Adverse developments on known cases which could not reasonably have been anticipated based on the claims adjuster's current knowledge about open claims.
- Losses on claims due to accidents which occurred on or before June 30, 2020 but which will not be reported to Bay Cities' as of that date.

Governmental Accounting Standards Board (GASB) Statements No. 10 and No. 30 specify that the total loss and loss adjustment expense reserve to be carried as of June 30, 2020 should reflect these items. We have derived our estimates to be consistent with the standards set forth by GASB 10 and GASB 30.

The undiscounted estimate of \$55,444 shown at the 75% confidence level in Exhibit 1 is such that we believe that there is a 75% probability that actual ultimate costs will be less than that stated amount. Correspondingly, there would be a 25% probability that actual ultimate costs will be greater than that amount. We also estimate that there is a 90% probability that ultimate costs will be less than \$78,663. Per Bay Cities' administrators, we have not included a discount for investment income.

We would recommend that loss reserves be maintained at a confidence level in the range of 75% to 85%, after reflection of anticipated investment income. We believe that maintaining a reserve balance at the 75% confidence level is marginally acceptable, while a reserve balance at confidence levels above 90% is conservative. The fund balance is currently well in excess of

these standards. These recommendations differ from those specified by generally accepted accounting principles.

B. PROJECTED COSTS OF 2020-21 CLAIMS

Assuming a retention of \$25,000 (with deductibles of \$1,000/\$5,000 for total loss), we expect the total cost of claims to be incurred during the 2020-21 fiscal accident year will be \$113,190 within the Pool's layer. As is the case with the outstanding claims liability, there is a significant level of uncertainty associated with this estimate.

If the 2020-21 fiscal year is fully funded, Bay Cities' can reasonably expect to earn investment income on contributions for each year until the time each claim payment is made. However, due to the short tail on auto physical damage claims, this discount is not typically material for this type of program. Per the Pool administrators, we have not included a discount for investment income.

For the 2020-21 fiscal year, we have derived the following estimates of appropriate funding at the various indicated levels of confidence (as displayed in Exhibit 2):

Pool Layer (\$25,000, Net of Deductible)		
Confidence Level	Total Funding	Funding Rate
Expected Undiscounted	\$113,190	\$0.148
70% Undiscounted	136,170	0.178
75% Undiscounted	147,260	0.193
80% Undiscounted	160,280	0.210
85% Undiscounted	176,690	0.231
90% Undiscounted	198,420	0.259

These estimates do not include any provision for administrative expenses or excess insurance premiums. They also do not include a discount for investment income.

C. FUNDING PROGRAM: GOALS AND OBJECTIVES

All estimates presented in this report have been derived in compliance with the standards set forth in Statements No. 10 and No. 30 of the Governmental Accounting Standards Board. Consistent with those standards, we have presented funding programs based on undiscounted claims costs with varying margins for adverse contingencies. The margin selected should be a matter of long-term funding policy. We recommend that the margin be determined in terms of the probability that a given level of funding will prove to be adequate. For example, a reasonable goal might be to maintain funding at a level such that, after reflection of investment income, there is a 90% probability of adequacy. We refer to this probability as a confidence level.

A key consideration in establishing your funding policy is the degree to which stability is desired (or required) in contribution levels from year to year. Electing to fund at a low confidence level substantially increases the chance that additional contributions will be needed to cover current or recent claims. If those additional contributions have to be made at a time when the most recent year's experience is adverse, the total burden of funding may prove to be prohibitive. Funding at a high confidence level should significantly reduce the chance that this type of event will occur.

III. ASSUMPTIONS AND LIMITATIONS

In order to have a proper understanding of the findings and recommendations of this report, it is important to have a clear knowledge of the specific assumptions on which our analysis has been based. By reviewing these assumptions, we believe one will gain some additional perspective regarding the uncertainties involved in operating a self-insurance program. Our key assumptions, and some important observations about them, are as follows:

... Our analysis has been based on claims experience, exposure data and other specific or general information provided by pool administrators at Sedgwick. We have also placed some reliance on loss statistics we have on file from a wide range of risks in California. We have accepted all of this information without audit, except for routine checks for reasonableness and consistency, and have relied upon its accuracy and relevance in preparing our report. As with any actuarial analysis, the relevance and accuracy of our indications and recommendations are highly dependent on the relevance and accuracy of the underlying data.

... Our review was conducted in a manner consistent with the Standards of Professional Conduct and Qualifications of the American Academy of Actuaries and the Standards of Practice of the Actuarial Standards Board. The assumptions and methodology utilized in reaching the conclusions are documented in the explanations and exhibits of this report.

... We have assumed that the future development of paid losses will closely follow the historical patterns of development of recent accident years.

... We have assumed there is a stable relationship between the level of past and future loss costs.

... Most of the total costs of a self-insured program can be attributed to a small number of claims involving large amounts. Because of this, it is not possible to predict future claims costs with a reasonable level of precision. It is quite possible for a relatively small number of serious claims to generate enough loss dollars to significantly reduce, or perhaps to deplete, the self-insurance fund.

... Per the Pool administrators, we have not included a discount for investment income.

... Our funding recommendations do not include any provision for catastrophic occurrences not in the program's history, such as

earthquakes, mass civil disorder, or widespread, uncontrolled conflagrations.

... Our projections are based on the industry's historical experience. We have not anticipated any extraordinary changes in the various factors that might affect the future cost of claims. However, we have used methods, which we believe produce reasonable results given current information. There is no guarantee, express or implied, that losses will develop as projected in this report.

This report is intended solely for the use of Bay Cities' officers, staff, and advisors. Any further distribution is prohibited without the consent of Bickmore Actuarial. In particular, those interested in providing insurance to Bay Cities must perform their own actuarial analysis and should not rely entirely upon our work.

Because an understanding of our findings is dependent on a full review of this report, any copies of this report that are distributed must include the entire report. Bickmore Actuarial staff is available to explain and/or amplify any matter contained in this report.

IV. SUMMARY EXHIBITS AND APPENDICES

The attached Exhibits 1 through 4 provide a summary of our findings and recommendations. Appendices A through D consist of a series of technical exhibits, which document our analysis in detail.

CONCLUDING REMARKS

We have appreciated this opportunity to be of service to the Bay Cities Joint Powers Insurance Authority in preparing this actuarial review. If you have any questions about this review, or otherwise need assistance, please feel free to call Dana Winkler at (503) 419-0455.

Sincerely,

Bickmore Actuarial

Dana Winkler, MBA, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

Derek Burkhalter, ACAS, MAAA
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Sarah Ashworth
Senior Actuarial Analyst, Bickmore Actuarial

BCJPIA
Pooled Auto Physical Damage Program
Guidelines for Outstanding Liabilities as of 6/30/2020

Exhibit 1

Guidelines In Accordance With Generally Accepted Accounting Principles	
(A) Outstanding liabilities for financial statements as of 6/30/2020:	Undiscounted
Expected loss & ALAE reserves:	40,032
Short-Term Liabilities	38,227
Long-Term Liabilities	1,805

Guidelines At Various Confidence Levels					
	Marginally Acceptable		Recommended	Conservative	
(B) Actuarial reserve guidelines as of 6/30/2020:					
Undiscounted:	50,320	55,444	61,409	68,815	78,663
(C) Associated confidence level of adequacy:	70%	75%	80%	85%	90%

Notes:

(A) This is the liability amount that would normally be carried on financial statements as of the date shown according to generally accepted accounting principles. Carried reserves may be more or less than this amount. See Exhibit 3 for details of this calculation. Current (short term) liabilities are the portion of the total estimated liability that is expected to be paid out within the coming year. It is based on the selected payment pattern in Appendix B.

(B) These guidelines are presented at the various indicated confidence levels. The undiscounted reserve guidelines contain a provision for adverse contingencies.

BCJPIA
Pooled Auto Physical Damage Program
Future Funding Guidelines
(For Losses and Allocated Loss Adjustment Expenses)

Exhibit 2

Confidence Level	Expected	Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
Funding for Fiscal Year 2020-21 (\$0 - \$25,000):						
Undiscounted:	152,960	184,010	199,000	216,590	238,770	268,140
Rate per \$100 of Insured Value for Fiscal Year 2020-21:						
Undiscounted:	0.200	0.241	0.260	0.283	0.312	0.351

Funding for Fiscal Year 2020-21 Pool Layer:						
Undiscounted:	113,190	136,170	147,260	160,280	176,690	198,420
Rate per \$100 of Insured Value for Fiscal Year 2020-21:						
Undiscounted:	0.148	0.178	0.193	0.210	0.231	0.259

Notes:

Actuarial standards do not require funding at specific confidence levels.
The confidence levels shown are a statement of the opinion of this firm.

The expected funding is from Exhibit 4 and includes estimates of ALAE
but not ULAE, administrative expenses or excess insurance premiums.

BCJPIA
Pooled Auto Physical Damage Program
Projected Reserves as of June 30, 2020

Accident Year Ending 6/30/XX	(A)	(B)	(C)	(D)	(E)	(J)
	Estimated Ultimate Losses (\$0-25K) (Exh. 4, (A))	Estimated Member City Portion of Ultimate Losses as of 12/31/2019 (App. D, (E))	Ultimate Pool Losses (A)-(B)	Paid Pool Layer Losses as of 12/31/2019 (App. D, (C))	Unpaid Pool Layer Losses as of 12/31/2019 (C)-(D)	Unpaid Pool Layer Losses as of 6/30/2020
2013	126,516	32,775	93,741	93,741	0	0
2014	50,981	11,000	39,981	39,981	0	0
2015	34,410	13,000	21,410	21,410	0	0
2016	49,212	15,000	34,212	34,212	0	0
2017	103,668	22,000	81,668	81,668	0	0
2018	166,324	43,000	123,324	123,324	0	0
2019	94,116	29,000	65,116	60,086	5,030	1,277
2020	125,063	33,000	92,063	2,465	66,582	38,755
Totals	750,290	198,775	551,514	456,886	71,612	40,032

Notes:

(B) Accident Year 2020 is (A) times Exhibit 4, (H).

(E) Accident Year 2020 is adjusted for partial year and development through 12/31/2019.

(J) Based on the payment pattern selected in Appendix B.

BCJPIA
Pooled Auto Physical Damage Program
Projection of Losses and Allocated Loss Adjustment Expense
for Fiscal Year 2020-21

Exhibit 4

Accident Year Ending 6/30/XX	(A)	(B)	(C)
	Ultimate \$0-25K Losses (App. A, P. 1, (G))	Total Insured Value (\$00's) (App. A, P. 1, (A))	Limited Loss Rate (A)/(B)
2013	126,516	474,419	0.267
2014	50,981	442,641	0.115
2015	34,410	448,076	0.077
2016	49,212	460,976	0.107
2017	103,668	465,006	0.223
2018	166,324	639,341	0.260
2019	94,116	653,923	0.144
2020	125,063	756,804	0.165
Totals	750,290	4,341,187	0.173

Average: 0.170

Average Latest 3 x Latest: 0.209

(D) Selected \$0-25K Rate for 2020-21: 0.200

Projected Program Losses for Fiscal Year 2020-21					
Accident Year Ending 6/30/XX	(E)	(F)	(G)	(H)	(I)
	Program Rate for Losses \$0-25K (D)	2020-21 Projected Insured Value (\$00's)	Projected Losses (E)x(F)	Percent of Losses Within Deductible (App. D, (H))	Projected Pool Losses (G)x(H)
2021	0.200	764,804	152,961	26%	113,191

Notes:

(F) Provided by BCJPIA.

BCJPIA
Pooled Auto Physical Damage Program
Bornhuetter-Ferguson Pure Premium Method
Limited to \$25,000

	(A)	(B)	(C)	(D)	(E)	(F)	(G)
Accident Year Ending 6/30/XX	Total Insured Value (\$00's)	Assumed Loss Rate (\$0-25K) (App. A, P. 2, (F))	Paid Factors to Ultimate (App. B)	%-age of Losses Unpaid (1-1/(C))	Paid Losses (\$0-25K) as of 12/31/2019 (App. D, (A))	Projected Unpaid Losses (\$0-25K) (A)x(B)x(D)	Estimated Ultimate Losses (\$0-25K) (E)+(F)
2013	474,419	0.200	1.000	0.000	126,516	0	126,516
2014	442,641	0.200	1.000	0.000	50,981	0	50,981
2015	448,076	0.200	1.000	0.000	34,410	0	34,410
2016	460,976	0.200	1.000	0.000	49,212	0	49,212
2017	465,006	0.200	1.000	0.000	103,668	0	103,668
2018	639,341	0.200	1.000	0.000	166,324	0	166,324
2019	653,923	0.200	1.040	0.038	89,086	5,030	94,116
2020	756,804	0.200	5.086	0.803	3,465	121,598	125,063
Totals	4,341,187				623,661	126,628	750,290

Notes:

(A) Provided by BCJPIA.

Losses are limited to \$25,000 per claim.

BCJPIA
Pooled Auto Physical Damage Program
Bornhuetter-Ferguson Pure Premium Method
Limited to \$25,000

	(A)	(B)	(C)	(D)	(E)
Accident Year Ending 6/30/XX	Paid Losses (\$0-25K) as of 12/31/2019 (App. D, (A))	Paid Factors to Ultimate (App. B)	Initial Estimate of Ultimate (A)x(B)	Total Insured Value (\$00's)	Loss Rate (\$0-25K) (C)/(D)
2013	126,516	1.000	126,516	474,419	0.267
2014	50,981	1.000	50,981	442,641	0.115
2015	34,410	1.000	34,410	448,076	0.077
2016	49,212	1.000	49,212	460,976	0.107
2017	103,668	1.000	103,668	465,006	0.223
2018	166,324	1.000	166,324	639,341	0.260
2019	89,086	1.040	92,649	653,923	0.142
2020	3,465	5.086	17,622	756,804	0.023
Totals	623,661		641,382	4,341,187	

<u>Averages</u>	
2013-2019	0.170
2017-2019	0.208
<u>Wtd. Averages</u>	
2013-2019	0.174
2017-2019	0.206
(F) Selected	0.200

Notes:
(D) Provided by BCJPIA.
Losses are limited to \$25,000 per claim.

BCJPIA
Pooled Auto Physical Damage Program
Paid Loss Development
Limited to \$25,000

Accident Year Ending 6/30/XX	Paid Losses			
	6	18	30	42
2006	11,107	17,039	65,281	65,281
2007	2,918	14,903	14,903	14,903
2008	14,768	102,837	102,837	102,837
2009	5,501	13,016	13,016	13,016
2010	15,452	17,511	17,511	17,511
2011	3,314	44,101	44,101	44,101
2012	9,913	62,025	62,025	62,025
2013	2,734	92,631	126,516	126,516
2014	8,555	50,981	50,981	50,981
2015	8,342	34,410	34,410	34,410
2016	11,758	47,740	49,212	49,212
2017	30,816	103,668	103,668	103,668
2018	49,931	165,324	166,324	
2019	17,235	89,086		
2020	3,465			

Accident Year Ending 6/30/XX	Age-to-Age Factors			
	6 - 18	18 - 30	30 - 42	42 - Ult
2006	1.534	3.831	1.000	
2007	5.107	1.000	1.000	
2008	6.963	1.000	1.000	
2009	2.366	1.000	1.000	
2010	1.133	1.000	1.000	
2011	13.306	1.000	1.000	
2012	6.257	1.000	1.000	
2013	33.879	1.366	1.000	
2014	5.959	1.000	1.000	
2015	4.125	1.000	1.000	
2016	4.060	1.031	1.000	
2017	3.364	1.000	1.000	
2018	3.311	1.006		
2019	5.169			
<u>Average</u>				
10-Yr	8.056	1.040	1.000	
5-Yr	4.006	1.007	1.000	
<u>Wtd. Average</u>				
10-Yr Wtd	4.476	1.058	1.000	
5-Yr Wtd	3.728	1.006	1.000	
Industry	3.020	1.085	1.002	1.001
Selected	4.890	1.040	1.000	1.000
Cumulative	5.086	1.040	1.000	1.000

BCJPIA
Pooled Auto Physical Damage Program
Confidence Level Table

Probability	Outstanding Reserves	Future Funding
60%	1.046	1.039
65%	1.146	1.117
70%	1.257	1.203
75%	1.385	1.301
80%	1.534	1.416
85%	1.719	1.561
90%	1.965	1.753
95%	2.374	2.075

To read table:

There is a 75% chance that ultimate losses for a future fiscal year, with a pool retention of \$25,000, will be less than 1.301 times expected losses for that year.

BCJPIA
Pooled Auto Physical Damage Program
Summary of Losses

Accident Year Ending 6/30/XX	(A)	(B)	(C)	(D)	(E)	(F)	(G)
	Paid Losses (\$0-25K) as of 12/31/2019	Paid Member Deductible as of 12/31/2019	Paid Pool Layer Losses as of 12/31/2019 (A)-(B)	Incurred Losses (\$0-25K) as of 12/31/2019	Incurred Member Deductible as of 12/31/2019	Incurred Pool Layer Losses as of 12/31/2019	Member Losses as a Percent of \$0-25K (F)/(E)
2013	126,516	32,775	93,741	126,516	32,775	93,741	26%
2014	50,981	11,000	39,981	50,981	11,000	39,981	22%
2015	34,410	13,000	21,410	34,410	13,000	21,410	38%
2016	49,212	15,000	34,212	49,212	15,000	34,212	30%
2017	103,668	22,000	81,668	103,668	22,000	81,668	21%
2018	166,324	43,000	123,324	166,324	43,000	123,324	26%
2019	89,086	29,000	60,086	89,086	29,000	60,086	33%
2020	3,465	1,000	2,465	78,465	12,000	66,465	15%
Totals	623,661	166,775	456,886	698,661	177,775	520,886	

Averages

2013-2019	28%
2016-2018	26%

Wtd. Averages

2013-2019	27%
2016-2018	25%

(H) Selected 26%

Notes:

(A), (B) Provided by BCJPIA.

(D), (E) Provided by BCJPIA.

FINANCIAL MATTERS

SUBJECT: Draft Liability Actuarial Study for the 2020/21 Program Year
Prepared by Alana Theiss, BCJPIA Finance Manager, and Presented by
Mike Harrington, President, Bickmore Actuarial

ISSUE:

The BCJPIA Actuarial Review of the Pooled Liability Program (PLP) projects the PLP's expected outstanding liabilities as of June 30, 2020, and recommends funding rates for the 2020/2021 program year.

BACKGROUND AND STATUS:

Fund Balance:

BCJPIA's fund balance (net position plus outstanding liabilities) as of December 31, 2019, for its Pooled Liability Program was \$18,437,239. Based on the analysis presented in this report, the actuaries are of the opinion that the BCJPIA fund balance should be in the range of \$20.8 million to \$24.3 million as of June 30, 2020. If the level of the fund balance indicated at December 31, 2019, continues, BCJPIA will be maintaining funding just below the 80% confidence level, comparable with projections from the prior year report.

Ultimate Loss and Outstanding Liabilities:

Per the study, the estimate for undiscounted Ultimate Losses has **increased 1.2%**, or \$381,189 for program years 2006/2007 through 2019/2020 (from \$32,116,353 as of June 30, 2019, to \$32,497,542 projected as of June 30, 2020). The change in estimates varied by program year. Favorable development drove lower estimates in program years 2016/2017 and prior. Higher-than-expected development in the \$500,000 to \$1,000,000 layer for the most recent years resulted in increases in those years.

Following suit, the projected undiscounted projected outstanding liabilities have increased \$1,293,570 from the liabilities of \$11,163,408 as of June 2019, to \$12,456,978 projected as of June 2020.

Pooling Rates:

The rates below compare the 2019/2020 funding rates to the 2020/2021 rates, both program years at the 80% confidence level and discounted at 2%:

Actuarial Rates, Discounted at 2.0%					
	2020 / 21 - 80% CL			2019 / 20 - 80% CL	
Actuarial Data by Layer	\$0-\$500K	\$500K-\$1M	Total \$0-\$1M	Prior Year	% change
Rates per \$100 Payroll	\$3.280	\$0.509	\$3.789	\$3.396	11.6%

April 20, 2020

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Page 2**

The change in the rate retention factors applied to the pooling rate for the members' Self-Insured Retention (SIR) - \$500,000 layer ranged from no change to a 7.0% increase for the various SIRs as compared to the prior year. The rate retention factors adjust members' contributions for their chosen SIR.

Mike Harrington, President, Bickmore Actuarial, will discuss the draft actuarial report in further detail.

PROS & CONS:

N/A

FISCAL IMPACT:

Higher rates will increase Member contributions, and higher estimated ultimate losses will reduce the net position for BCJPIA's liability program. Estimated member contributions for the 2020/2021 program year are presented in the preliminary budget.

RECOMMENDATION:

Receive and file.

REFERENCE MATERIALS ATTACHED:

- Draft Liability Actuarial Report – Management Summary



Bickmore — Actuarial

Management Summary Report Actuarial Review of the Pooled Liability Program

Outstanding Liabilities as of June 30, 2020
Funding for Fiscal Year 2020-21

Presented to

Bay Cities Joint Powers Insurance Authority

March 9, 2020 - DRAFT



Background

The purpose of this report is to serve as a guide to the Bay Cities Joint Powers Insurance Authority (Bay Cities or BCJPIA) in establishing reasonable reserve and funding levels for its self-insured pooled liability program. More specifically, the report provides estimates of Bay Cities' liability for outstanding claims as of June 30, 2020 and projections of its expected losses and allocated and unallocated loss adjustment expenses for 2020-21.

It should be understood that there is a fair measure of uncertainty associated with our best estimate because it is the result of a series of forecasts of the cost implications of future events. Those events are essentially the future decisions and agreements which will be made in the settlement of currently outstanding claims. The cost implications of such decisions and agreements often behave in a random fashion, but are also subject to unexpected non-random influences such as significant court decisions or legislation affecting liabilities. Because of this uncertainty, we believe it is sound management practice to maintain reserve and funding levels well in excess of our most likely (or expected) estimates. The indications we have presented are consistent with this practice. Adherence to guidelines well in excess of expected estimates should limit the adverse impact of the occasional year of bad claims on the Bay Cities' budget.

Weather related inverse condemnation (WRIC) claims were covered effective with the 1999-2000 accident year. Effective with the 2000-01 accident year, Bay Cities began providing coverage for design related inverse condemnation (DRIC) claims. For DRIC claims, each Bay Cities' member is responsible for paying one half of the losses and allocated loss adjustment expenses for the amount above its retention. Based on Bay Cities' loss experience, inverse condemnation claims tend to have high severity but low frequency. As in the past, we have included a provision for these exposures in our factors at the higher confidence levels.

Recommendations

The Bay Cities' fund balance as of December 31, 2019 for its Pooled Liability Self-Insurance Program was \$18,437,239 (including both unpaid claims liabilities and net position). ***Based on the analysis presented in this report, we are of the opinion that the Bay Cities' fund balance should be in the neighborhood of \$20.8 million to \$24.3 million as of June 30, 2020. If the level of the fund balance indicated at December 31, 2019 continues, Bay Cities will be maintaining funding just below the 80% confidence level.***

Our indications include full provision for:

- Ultimate losses and allocated loss adjustment expenses for all claims arising from incidents occurring on or before June 30, 2020, stated at confidence levels of 85% to 95%. We have also included an estimate of the unallocated loss adjustment expense (ULAE) reserve.
- An offset for anticipated investment income on loss and loss adjustment expense reserves--assuming a future yield of 2.0% per year on invested assets.

An important consideration in evaluating the fund balance is the relationship of current pool equity to the SIR. In this case we would define pool equity to be the fund balance less expected discounted outstanding liabilities as calculated in this report, which are currently \$13,945,627. With the Bay Cities' fund balance of \$18,437,239, the resulting equity as of December 31, 2019 is \$4,491,612.

We typically advise an equity goal for a well-funded pool of five to ten times net retention. With the current retention of \$1 million per claim (including the individual city retention), the pool's equity is over four times the net retention, much higher than last year. The program experienced five claims in excess of \$1 million in the 2005/06 accident year, three of which are related to the same flood event. There was an additional cluster of large claims in early 2017 resulting from a winter storm that contributed to the increased reserve level. The chance of another cluster of large claims occurring is not insignificant, and could quickly deplete the self-insurance fund. Therefore, we are in agreement with the Bay Cities' goal of a minimum equity ratio of no less than five times net retention.

Exhibit 1 presents these and other indications for the total outstanding claim liabilities as of June 30, 2020. These indications are net of recoveries. Although the program has experienced favorable development in some older years, we note that we are continuing to see higher than expected development in the \$500,000 to \$1,000,000 layer for the most recent years.

Exhibit 2 presents a range of funding levels for fiscal year 2020-21 at various confidence levels. Overall rates reflect an increase due to the increased frequency of losses in the higher layers, as noted in prior years.

The tables on the following pages show our estimates of pure premiums for 2020-21 on a discounted and undiscounted basis including our estimates for the 2019-20 fiscal year as shown in our prior year's report dated March 25, 2019:

**\$0 - \$500K Layer
Indicated Pure Premium**

Confidence Level	2020-21 Discounted (2.0%*)	2020-21 Undiscounted	2019-20 Discounted (2.0%*)	2019-20 Undiscounted
Expected	\$2.105	\$2.202	\$1.930	\$2.021
75%	2.996	3.134	2.745	2.875
80%	3.280	3.431	2.994	3.135
85%	3.673	3.842	3.322	3.479
90%	4.090	4.279	3.726	3.902
95%	4.821	5.043	4.320	4.523

(*Assumed Investment Yield)

**\$500K - \$1 Million Layer
Indicated Pure Premium**

Confidence Level	2020-21 Discounted (2.0%*)	2020-21 Undiscounted	2019-20 Discounted (2.0%*)	2019-20 Undiscounted
Expected	\$0.234	\$0.251	\$0.202	\$0.216
75%	0.331	0.354	0.241	0.259
80%	0.509	0.545	0.402	0.432
85%	0.731	0.783	0.629	0.675
90%	0.904	0.968	0.777	0.834
95%	0.979	1.048	0.842	0.903

(*Assumed Investment Yield)

**\$1 Million - \$1.5 Million Layer
Indicated Pure Premium**

Confidence Level	2020-21 Discounted (2.0%*)	2020-21 Undiscounted	2019-20 Discounted (2.0%*)	2019-20 Undiscounted
Expected	\$0.192	\$0.206	\$0.173	\$0.185
75%	0.192	0.206	0.173	0.185
80%	0.192	0.206	0.173	0.185
85%	0.192	0.206	0.173	0.185
90%	0.453	0.485	0.457	0.490
95%	1.005	1.076	0.899	0.964

(*Assumed Investment Yield)

**\$1.5 - \$2 Million Layer
Indicated Pure Premium**

Confidence Level	2020-21 Discounted (2.0%*)	2020-21 Undiscounted	2019-20 Discounted (2.0%*)	2019-20 Undiscounted
Expected	\$0.066	\$0.071	\$0.058	\$0.062
75%	0.066	0.071	0.058	0.062
80%	0.066	0.071	0.058	0.062
85%	0.066	0.071	0.058	0.062
90%	0.156	0.167	0.152	0.163
95%	0.345	0.370	0.300	0.321

(*Assumed Investment Yield)

The funding estimates for each of these layers are displayed in Exhibit 2.

Exhibit 3 provides a table of SIR discount factors at expected and 80% discounted to be applied in determining member contributions for fiscal year 2020-21, as well as the resulting rates.

Exhibit 4 provides a comparison between the current SIR of each member and those recommended by guidelines based on a percentage of payrolls. The current SIR's available to member cities are as follows: \$5,000, \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, \$350,000, and \$500,000.

Exhibit 5 is a comparison chart of rates at the various SIRs over the past several fiscal accident years.

Distribution and Use

This report is intended solely for the use of the Bay Cities' members and advisors. Any further distribution is prohibited without the consent of Bickmore Actuarial. In particular, those interested in providing insurance to Bay Cities must perform their own actuarial analysis and should not rely entirely upon our work.

Because an understanding of our findings is dependent on a full review of the Comprehensive Actuarial Report, any copies of this report that are distributed to third parties must include that report. We are available to explain and/or amplify any matter contained in this report.

Concluding Remarks

We have appreciated the opportunity to be of service to the Bay Cities Joint Powers Insurance Authority in preparing this actuarial review. If you have any questions about this review, or otherwise need assistance, please give us a call at (503) 419-0455.

Sincerely,

Bickmore Actuarial

DRAFT

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BCJPIA Excess Liability - Pooled Layer

Funding Guidelines for Outstanding Liabilities at
June 30, 2020

(2.0% Discount Rate)

Guidelines In Accordance With Generally Accepted Accounting Principles		
(A) Outstanding liabilities for financial statements as of 06/30/20:	Discounted	Undiscounted
(1) Expected loss & ALAE reserves:	11,846,121	12,456,978
(2) Expected ULAE reserves:	2,099,506	2,099,506
Total outstanding liabilities:	13,945,627	14,556,484
Short-Term Liabilities	4,553,493	4,673,475
Long-Term Liabilities	9,392,134	9,883,008

Guidelines At Various Confidence Levels					
	Marginally			Recommended	
	Acceptable				
(B) Actuarial reserve guidelines as of 06/30/20:					
Discounted:	16,426,341	18,524,094	20,846,478	22,812,620	24,339,526
Undiscounted:	17,177,812	19,402,409	21,866,718	23,951,716	25,567,021
(C) Associated confidence level of adequacy:	75%	80%	85%	90%	95%

Notes:

(A) This is the liability amount that would normally be carried on financial statements as of the date shown according to generally accepted accounting principles. Carried reserves may be more or less than this amount. See Exhibit 1, Page 2 for details of this calculation.

(B) These guidelines are presented at the various indicated confidence levels. The discounted reserve include recognition of investment income earned on funds held prior to payout, and provision for adverse contingencies. The undiscounted reserve guidelines only contain provision for adverse contingencies. See, Exhibit 1, Page 2 for an example of calculation details.

BCJPIA Excess Liability - Pooled Layer

Funding Guidelines for Outstanding Liabilities at
June 30, 2020

SIR	Layer	Column U		Outstanding Liabilities
		Appendix	Page	
5K	5-100K	Appendix A	1	76,044
10K	10-100K	Appendix A	2	642,220
25K	25-100K	Appendix A	3	84,649
50K	50-100K	Appendix A	4	439,556
100K or Less	100-500K	Appendix A	5	3,728,800
250K	250-500K	Appendix A	6	1,882,835
350K	350-500K	Appendix A	7	747,931
All	500-1000K	Appendix A	8	4,854,943
ULAE	N/A	Appendix C	2	2,099,506
Total				14,556,484

Example of Sources of Guidelines at Various Confidence Levels
85% Confidence Level, Discounted (2.0% Discount Rate)
(Exhibit 1, Page 1, (B))

Confidence Level	Layer	Appendix	Pages	Outstanding Liabilities
85%	≤ \$100K	Appendix A	1, 2, 3, 4	1,407,698
85%	100-500K	Appendix A	5, 6, 7	8,225,079
85%	500-1000K	Appendix A	8	9,114,195
ULAE	N/A	Appendix C	2	2,099,506
Total				20,846,478

Notes:

This exhibit indicates the sources of the outstanding liabilities from various exhibits which were totaled to obtain the guidelines on Exhibit 1, Page 1.

85% Confidence Level, Discounted (2.0% Discount Rate) is Appendix A, Column (W) times corresponding confidence level factors in Appendix C, Page 6.

BCJPIA Excess Liability - Pooled Layer

Outstanding Losses as of June 30, 2020 at Various Confidence Levels

Undiscounted Outstanding Losses

Accident Year	Expected	Marginally Acceptable		Recommended		
		75%	80%	85%	90%	95%
2006-2007	\$0	\$0	\$0	\$0	\$0	\$0
2007-2008	0	0	0	0	0	0
2008-2009	0	0	0	0	0	0
2009-2010	0	0	0	0	0	0
2010-2011	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0
2012-2013	1,653	1,746	1,772	1,801	1,839	1,890
2013-2014	17,936	19,214	19,567	19,974	20,497	21,207
2014-2015	73,274	78,412	80,313	82,366	84,645	87,447
2015-2016	866,704	963,906	1,055,411	1,145,384	1,212,047	1,255,535
2016-2017	1,787,511	2,043,439	2,221,475	2,406,407	2,565,089	2,702,319
2017-2018	2,409,310	2,852,107	3,224,183	3,618,498	3,941,362	4,187,043
2018-2019	4,155,081	5,087,376	5,902,262	6,802,198	7,554,170	8,122,705
2019-2020	3,145,508	4,032,106	4,797,922	5,690,585	6,472,562	7,089,369
Total	\$12,456,978	\$15,078,306	\$17,302,904	\$19,767,212	\$21,852,210	\$23,467,515

Discounted Outstanding Losses

(2.0% Discount Rate)

Accident Year	Expected	Marginally Acceptable		Recommended		
		75%	80%	85%	90%	95%
2006-2007	\$0	\$0	\$0	\$0	\$0	\$0
2007-2008	0	0	0	0	0	0
2008-2009	0	0	0	0	0	0
2009-2010	0	0	0	0	0	0
2010-2011	0	0	0	0	0	0
2011-2012	0	0	0	0	0	0
2012-2013	1,623	1,715	1,740	1,769	1,806	1,856
2013-2014	17,489	18,734	19,078	19,475	19,985	20,678
2014-2015	71,036	76,028	77,879	79,876	82,092	84,814
2015-2016	843,881	938,536	1,027,640	1,115,255	1,180,170	1,222,519
2016-2017	1,732,227	1,980,193	2,152,474	2,331,449	2,485,100	2,618,104
2017-2018	2,312,679	2,737,575	3,093,788	3,471,345	3,780,751	4,016,645
2018-2019	3,937,477	4,819,891	5,588,461	6,437,363	7,147,524	7,685,978
2019-2020	2,929,709	3,754,164	4,463,528	5,290,439	6,015,685	6,589,426
Total	\$11,846,121	\$14,326,835	\$16,424,589	\$18,746,972	\$20,713,114	\$22,240,020

Notes:

Undiscounted expected outstanding losses are Appendix A, Column (U), Pages 1-8.

Discounted expected outstanding losses are Appendix A, Column (W), Pages 1-8.

Amounts at higher confidence levels are multiplied by corresponding factors in Appendix C, Page 6.

BCJPIA Excess Liability - Pooled Layer

Ultimate Losses as of June 30, 2020 at Various Confidence Levels

<u>Undiscounted Ultimate Losses</u>						
Accident Year	Expected	Marginally Acceptable		Recommended		
		75%	80%	85%	90%	95%
2006-2007	\$868,607	\$868,607	\$868,607	\$868,607	\$868,607	\$868,607
2007-2008	1,750,432	1,750,432	1,750,432	1,750,432	1,750,432	1,750,432
2008-2009	1,747,421	1,747,421	1,747,421	1,747,421	1,747,421	1,747,421
2009-2010	1,180,155	1,180,155	1,180,155	1,180,155	1,180,155	1,180,155
2010-2011	1,142,145	1,142,145	1,142,145	1,142,145	1,142,145	1,142,145
2011-2012	1,300,053	1,300,053	1,300,053	1,300,053	1,300,053	1,300,053
2012-2013	2,412,435	2,412,528	2,412,554	2,412,583	2,412,621	2,412,671
2013-2014	1,534,692	1,535,969	1,536,322	1,536,729	1,537,252	1,537,962
2014-2015	1,244,146	1,249,284	1,251,184	1,253,237	1,255,516	1,258,318
2015-2016	3,366,355	3,463,558	3,555,062	3,645,036	3,711,699	3,755,187
2016-2017	4,686,963	4,942,891	5,120,927	5,305,859	5,464,541	5,601,772
2017-2018	3,239,724	3,682,521	4,054,597	4,448,912	4,771,776	5,017,457
2018-2019	4,793,240	5,725,536	6,540,421	7,440,357	8,192,329	8,760,864
2019-2020	3,231,175	4,117,772	4,883,588	5,776,251	6,558,228	7,175,035
Total	\$32,497,542	\$35,118,871	\$37,343,468	\$39,807,777	\$41,892,774	\$43,508,079

<u>Discounted Ultimate Losses</u> (2.0% Discount Rate)						
Accident Year	Expected	Marginally Acceptable		Recommended		
		75%	80%	85%	90%	95%
2006-2007	\$868,607	\$868,607	\$868,607	\$868,607	\$868,607	\$868,607
2007-2008	1,750,432	1,750,432	1,750,432	1,750,432	1,750,432	1,750,432
2008-2009	1,747,421	1,747,421	1,747,421	1,747,421	1,747,421	1,747,421
2009-2010	1,180,155	1,180,155	1,180,155	1,180,155	1,180,155	1,180,155
2010-2011	1,142,145	1,142,145	1,142,145	1,142,145	1,142,145	1,142,145
2011-2012	1,300,053	1,300,053	1,300,053	1,300,053	1,300,053	1,300,053
2012-2013	2,412,405	2,412,497	2,412,522	2,412,551	2,412,588	2,412,638
2013-2014	1,534,244	1,535,490	1,535,834	1,536,231	1,536,741	1,537,433
2014-2015	1,241,907	1,246,900	1,248,750	1,250,748	1,252,963	1,255,685
2015-2016	3,343,532	3,438,187	3,527,292	3,614,907	3,679,822	3,722,171
2016-2017	4,631,679	4,879,645	5,051,927	5,230,901	5,384,552	5,517,556
2017-2018	3,143,093	3,567,989	3,924,201	4,301,759	4,611,165	4,847,059
2018-2019	4,575,636	5,458,050	6,226,620	7,075,523	7,785,684	8,324,137
2019-2020	3,015,376	3,839,830	4,549,194	5,376,105	6,101,351	6,675,093
Total	\$31,886,686	\$34,367,400	\$36,465,153	\$38,787,537	\$40,753,679	\$42,280,585

Notes:

Outstanding Losses from Exhibit 1, Page 3 plus expected paid losses from Appendix A, Column (T), Pages 1-8.

BCJPIA Excess Liability - Pooled Layer

Future Funding Guidelines
(For Losses and Allocated Loss Adjustment Expenses)
(2.00% Discount Rate)

Confidence Level	Expected	75%	80%	85%	90%	95%
Funding for Layer from \$0 - \$500,000 Per Occurrence (Including Losses Retained by Members)						
Discounted:	10,763,106	15,321,020	16,775,528	18,781,347	20,916,387	24,654,996
Undiscounted:	11,258,508	16,026,213	17,547,669	19,645,811	21,879,122	25,789,811
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	2.105	2.996	3.280	3.673	4.090	4.821
Undiscounted:	2.202	3.134	3.431	3.842	4.279	5.043

Funding for Layer from \$500,000 - \$1,000,000 Per Occurrence						
Discounted:	1,198,551	1,691,478	2,602,371	3,738,727	4,621,972	5,004,119
Undiscounted:	1,283,865	1,811,879	2,787,611	4,004,853	4,950,968	5,360,317
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.234	0.331	0.509	0.731	0.904	0.979
Undiscounted:	0.251	0.354	0.545	0.783	0.968	1.048

Funding for Layer from \$1,000,000 - \$1,500,000 Per Occurrence						
Discounted:	983,426	983,426	983,426	983,426	2,314,200	5,138,300
Undiscounted:	1,053,428	1,053,428	1,053,428	1,053,428	2,478,927	5,504,049
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.192	0.192	0.192	0.192	0.453	1.005
Undiscounted:	0.206	0.206	0.206	0.206	0.485	1.076

Funding for Layer from \$1,500,000 - \$2,000,000 Per Occurrence						
Discounted:	338,053	338,053	338,053	338,053	795,506	1,766,291
Undiscounted:	362,116	362,116	362,116	362,116	852,131	1,892,017
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.066	0.066	0.066	0.066	0.156	0.345
Undiscounted:	0.071	0.071	0.071	0.071	0.167	0.370

Notes:

The expected undiscounted funding is from Appendix B, Page 1, (M). It includes estimates for losses and allocated loss adjustment expenses, but does not include estimates of TPA fees, other administrative expenses or excess insurance premiums.

To account for investment income, the expected funding amounts have been multiplied by the appropriate discount factors from Appendix C, Pages 3-5.

To allow for adverse contingencies, expected funding amounts have also been multiplied by the appropriate confidence level factors from Appendix C, Page 6.

Payroll forecasts were provided by BCJPIA.

BCJPIA Excess Liability - Pooled Layer

SIR Discount Factor
for Member Retained Limits

At Expected Level		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$2.202
5,000	88.0%	1.938
10,000	82.2%	1.809
25,000	69.9%	1.539
50,000	57.3%	1.262
100,000	41.5%	0.914
250,000	15.2%	0.335
350,000	6.4%	0.142

At 80% Discounted, 2.00% Discount Rate		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$3.280
5,000	88.0%	2.887
10,000	82.2%	2.695
25,000	69.9%	2.292
50,000	57.3%	1.880
100,000	41.5%	1.362
250,000	15.2%	0.499
350,000	6.4%	0.211

Notes:

SIR discount factor is the percent of losses between retention limit and \$500,000.

BCJPIA Excess Liability - Pooled Layer

Recommended Retention Limits

Member	Projected 2020-2021 Payroll (A)	Current Retention Limit (B)	Range of Recommended Retentions:	
			Low (C)	High (D)
Albany	12,013,179	50,000	100,000	250,000
Berkeley	175,337,101	350,000	350,000	500,000
Brisbane	10,818,497	25,000	50,000	250,000
Central Marin PA	5,666,106	100,000	50,000	100,000
Central Marin FA	5,996,669	250,000	50,000	250,000
Corte Madera	3,593,177	100,000	25,000	100,000
Emeryville	16,489,119	10,000	100,000	350,000
Fairfax	3,230,592	50,000	25,000	50,000
Larkspur	3,555,523	100,000	25,000	100,000
Los Altos	15,101,619	100,000	100,000	350,000
Menlo Park	33,313,859	250,000	250,000	500,000
Mill Valley	18,942,680	250,000	100,000	500,000
Monte Sereno	1,026,190	5,000	5,000	25,000
Novato	19,053,762	250,000	100,000	500,000
Piedmont	15,028,821	10,000	100,000	350,000
Pleasanton	47,825,829	250,000	350,000	500,000
Redwood City	84,673,940	350,000	350,000	500,000
San Anselmo	3,722,096	10,000	25,000	100,000
Sausalito	7,242,315	50,000	50,000	100,000
Union City	28,741,550	250,000	250,000	500,000

Notes:

(A) & (B) Data provided by Bay Cities Joint Powers Insurance Authority.

(C) A general guideline used for selecting the low retention was 1% of payroll.

Other considerations may warrant selection of a retention outside the above range.

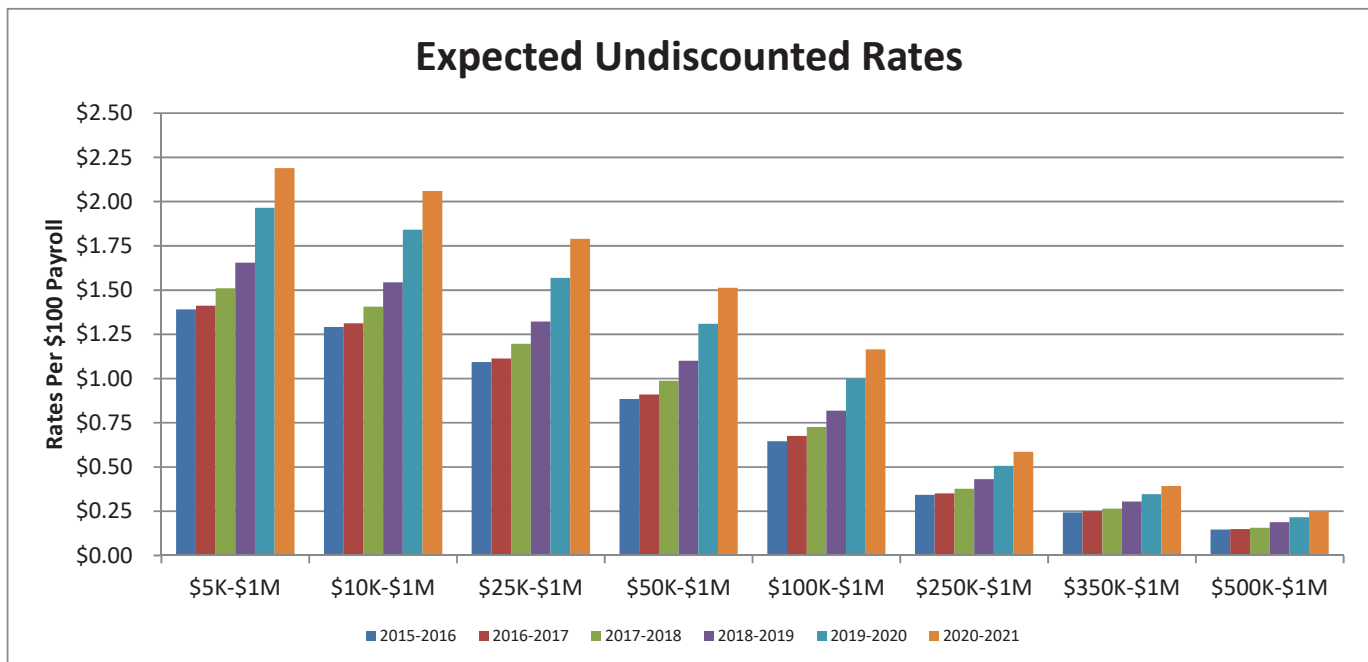
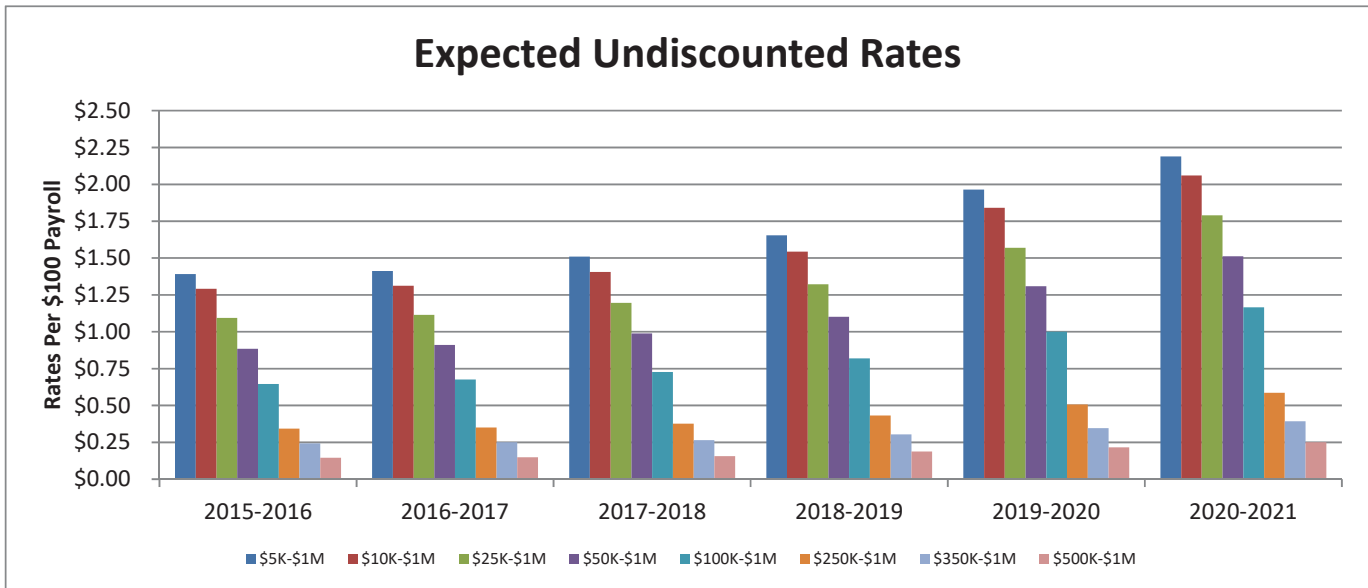
(D) A general guideline used for selecting the high retention was 3% of payroll.

Other considerations may warrant selection of a retention outside the above range.

Per BCJPIA, available retentions are \$5K, \$10K, \$25K, \$50K, \$100K, \$250K, \$350K and \$500K.

BCJPIA Excess Liability - Pooled Layer

Rate Comparison



BCJPIA Excess Liability - Pooled Layer

Future Funding Guidelines
(For Losses and Allocated Loss Adjustment Expenses)
(1.00% Discount Rate)

Confidence Level	Expected	75%	80%	85%	90%	95%
Funding for Layer from \$0 - \$500,000 Per Occurrence (Including Losses Retained by Members)						
Discounted:	11,005,381	15,665,893	17,153,141	19,204,111	21,387,209	25,209,974
Undiscounted:	11,258,508	16,026,213	17,547,669	19,645,811	21,879,122	25,789,811
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	2.152	3.063	3.354	3.755	4.182	4.930
Undiscounted:	2.202	3.134	3.431	3.842	4.279	5.043
Funding for Layer from \$500,000 - \$1,000,000 Per Occurrence						
Discounted:	1,240,112	1,750,132	2,692,612	3,868,373	4,782,245	5,177,644
Undiscounted:	1,283,865	1,811,879	2,787,611	4,004,853	4,950,968	5,360,317
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.243	0.342	0.527	0.756	0.935	1.012
Undiscounted:	0.251	0.354	0.545	0.783	0.968	1.048
Funding for Layer from \$1,000,000 - \$1,500,000 Per Occurrence						
Discounted:	1,017,528	1,017,528	1,017,528	1,017,528	2,394,448	5,316,478
Undiscounted:	1,053,428	1,053,428	1,053,428	1,053,428	2,478,927	5,504,049
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.199	0.199	0.199	0.199	0.468	1.040
Undiscounted:	0.206	0.206	0.206	0.206	0.485	1.076
Funding for Layer from \$1,500,000 - \$2,000,000 Per Occurrence						
Discounted:	349,775	349,775	349,775	349,775	823,092	1,827,539
Undiscounted:	362,116	362,116	362,116	362,116	852,131	1,892,017
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.068	0.068	0.068	0.068	0.161	0.357
Undiscounted:	0.071	0.071	0.071	0.071	0.167	0.370

Notes:

The expected undiscounted funding is from Appendix B, Page 1, (M). It includes estimates for losses and allocated loss adjustment expenses, but does not include estimates of TPA fees, other administrative expenses or excess insurance premiums.

To account for investment income, the expected funding amounts have been multiplied by the appropriate discount factors from Appendix C, Pages 3-5.

To allow for adverse contingencies, expected funding amounts have also been multiplied by the appropriate confidence level factors from Appendix C, Page 6.

Payroll forecasts were provided by BCJPIA.

BCJPIA Excess Liability - Pooled Layer

Future Funding Guidelines
(For Losses and Allocated Loss Adjustment Expenses)
(1.50% Discount Rate)

Confidence Level	Expected	75%	80%	85%	90%	95%
Funding for Layer from \$0 - \$500,000 Per Occurrence (Including Losses Retained by Members)						
Discounted:	10,882,930	15,491,587	16,962,288	18,990,437	21,149,246	24,929,477
Undiscounted:	11,258,508	16,026,213	17,547,669	19,645,811	21,879,122	25,789,811
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	2.128	3.029	3.317	3.714	4.136	4.875
Undiscounted:	2.202	3.134	3.431	3.842	4.279	5.043
Funding for Layer from \$500,000 - \$1,000,000 Per Occurrence						
Discounted:	1,219,067	1,720,431	2,646,916	3,802,723	4,701,086	5,089,775
Undiscounted:	1,283,865	1,811,879	2,787,611	4,004,853	4,950,968	5,360,317
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.238	0.336	0.518	0.744	0.919	0.995
Undiscounted:	0.251	0.354	0.545	0.783	0.968	1.048
Funding for Layer from \$1,000,000 - \$1,500,000 Per Occurrence						
Discounted:	1,000,260	1,000,260	1,000,260	1,000,260	2,353,813	5,226,253
Undiscounted:	1,053,428	1,053,428	1,053,428	1,053,428	2,478,927	5,504,049
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.196	0.196	0.196	0.196	0.460	1.022
Undiscounted:	0.206	0.206	0.206	0.206	0.485	1.076
Funding for Layer from \$1,500,000 - \$2,000,000 Per Occurrence						
Discounted:	343,839	343,839	343,839	343,839	809,123	1,796,524
Undiscounted:	362,116	362,116	362,116	362,116	852,131	1,892,017
Rate per \$100 of Payroll for Fiscal Year 2020-2021:						
Discounted:	0.067	0.067	0.067	0.067	0.158	0.351
Undiscounted:	0.071	0.071	0.071	0.071	0.167	0.370

Notes:

The expected undiscounted funding is from Appendix B, Page 1, (M). It includes estimates for losses and allocated loss adjustment expenses, but does not include estimates of TPA fees, other administrative expenses or excess insurance premiums.

To account for investment income, the expected funding amounts have been multiplied by the appropriate discount factors from Appendix C, Pages 3-5.

To allow for adverse contingencies, expected funding amounts have also been multiplied by the appropriate confidence level factors from Appendix C, Page 6.

Payroll forecasts were provided by BCJPIA.

BCJPIA Excess Liability - Pooled Layer

SIR Discount Factor
for Member Retained Limits

At Expected Level		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$2.202
5,000	88.0%	1.938
10,000	82.2%	1.809
25,000	69.9%	1.539
50,000	57.3%	1.262
100,000	41.5%	0.914
250,000	15.2%	0.335
350,000	6.4%	0.142

At 80% Discounted, 1.00% Discount Rate		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$3.354
5,000	88.0%	2.952
10,000	82.2%	2.756
25,000	69.9%	2.344
50,000	57.3%	1.922
100,000	41.5%	1.393
250,000	15.2%	0.510
350,000	6.4%	0.216

Notes:

SIR discount factor is the percent of losses between retention limit and \$500,000.

BCJPIA Excess Liability - Pooled Layer

SIR Discount Factor
for Member Retained Limits

At Expected Level		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$2.202
5,000	88.0%	1.938
10,000	82.2%	1.809
25,000	69.9%	1.539
50,000	57.3%	1.262
100,000	41.5%	0.914
250,000	15.2%	0.335
350,000	6.4%	0.142

At 80% Discounted, 1.50% Discount Rate		
SIR to 500K		
Retention	SIR Discount Factor	Rate
0	100.0%	\$3.317
5,000	88.0%	2.919
10,000	82.2%	2.725
25,000	69.9%	2.318
50,000	57.3%	1.901
100,000	41.5%	1.377
250,000	15.2%	0.504
350,000	6.4%	0.213

Notes:

SIR discount factor is the percent of losses between retention limit and \$500,000.

April 20, 2020

Agenda Item 11.E.

FINANCIAL MATTERS

SUBJECT: Draft Workers' Compensation Actuarial Study for the 2020/2021 Program Year
Prepared by Alana Theiss, BCJPIA Finance Manager, and Presented by Mike Harrington, President, Bickmore Actuarial

ISSUE:

The BCJPIA Workers' Compensation Actuarial Review projects the Program's expected outstanding liabilities as of June 30, 2020, and recommends funding rates for the 2020/2021 program year.

BACKGROUND AND STATUS:

Ultimate Loss and Outstanding Liabilities:

Per the study, the estimate for undiscounted Ultimate Losses has decreased 2.4%, or \$642,000 for program years 2002/2003 through 2019/2020 (from \$26,909,000 estimated for the March 2019 report to \$26,267,000 in the current report).

The projected outstanding liabilities discounted at 2% have increased \$353,000: from \$13,629,000 projected at June 2019, to \$13,982,000 projected as of June 2020.

With regard to the discount factor, as workers' compensation claims have a longer tail than liability claims, a higher discount factor can be recommended while still being conservative. BCJPIA currently uses a 3% discount factor to discount its funding rates and a 2% discount factor to discount its liabilities.

Pooling Rates:

The rates at the 80% confidence level, discounted at 3% for both 2019/2020 and 2020/2021, are shown below. Rates decreased a little more than 2% for all available SIR elections.

80% Confidence Level, 3.0% Discount			
Pool Rate Table	2020 / 21	Prior Year	
		2019 / 20	% Change
\$150k - \$1M	\$2.500	\$2.556	-2.19%
\$250k - \$1M	\$1.273	\$1.302	-2.23%
\$350k - \$1M	\$0.837	\$0.856	-2.22%
\$500k - \$1M	\$0.418	\$0.428	-2.34%

April 20, 2020

**Agenda Item 11.E.
Page 2**

For information purposes, the rates at the 80% confidence level, at various discount rates for 2020/2021, are shown below, and compared to the rate used on the 2019/2020 budget discounted at 3%. Lowering the discount rate necessitates increases to the pooling rates as it anticipates that there will be lower future earnings from investments.

80% Confidence Level, 2.75% Discount			
Pool	<i>Prior Year</i>		
Rate Table	2020 / 21	2019 / 20 @ 3%	% Change
\$150k - \$1M	\$2.565	\$2.556	0.35%
\$250k - \$1M	\$1.306	\$1.302	0.31%
\$350k - \$1M	\$0.859	\$0.856	0.35%
\$500k - \$1M	\$0.429	\$0.428	0.23%

80% Confidence Level, 2.5% Discount			
Pool	<i>Prior Year</i>		
Rate Table	2020 / 21	2019 / 20 @ 3%	% Change
\$150k - \$1M	\$2.632	\$2.556	2.97%
\$250k - \$1M	\$1.341	\$1.302	3.00%
\$350k - \$1M	\$0.881	\$0.856	2.92%
\$500k - \$1M	\$0.441	\$0.428	3.04%

80% Confidence Level, 2.0% Discount			
Pool	<i>Prior Year</i>		
Rate Table	2020 / 21	2019 / 20 @ 3%	% Change
\$150k - \$1M	\$2.771	\$2.556	8.41%
\$250k - \$1M	\$1.411	\$1.302	8.37%
\$350k - \$1M	\$0.928	\$0.856	8.41%
\$500k - \$1M	\$0.464	\$0.428	8.41%

Mike Harrington, President, Bickmore Actuarial, will discuss the draft actuarial report in further detail.

PROS & CONS:

N/A

FISCAL IMPACT:

Slightly lower rates at the 3% discount rate and 80% confidence level may decrease Member contributions for 2020/2021. Adjustments to estimated ultimate losses are lowering liabilities for most of the program years, and Unallocated Loss Adjustment Expense (ULAE) is estimated to increase slightly. The net impact of the study should be a slight increase in the net position of BCJPIA's Workers' Compensation program for the fiscal year ended June 30, 2020. Rates as recommended in the study were applied to the 2020/2021 preliminary budget.

RECOMMENDATION:

Receive and file.

REFERENCE MATERIALS ATTACHED:

- Excerpt from Draft Workers' Compensation Actuarial Report



Actuarial Review of the Workers' Compensation Program

*Funding Guidelines for Fiscal Year 2020-21
Outstanding Liabilities as of June 30, 2020*

Presented to
Bay Cities Joint Powers Insurance Authority

March 18, 2020 - DRAFT

DRAFT



Wednesday, March 18, 2020

Bay Cities Joint Powers Insurance Authority
c/o Sedgwick
Attn: Jaesa McCulligan, Director
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

**Re: Actuarial Review of the Funding Requirements for the
Workers' Compensation Program**

Dear Ms. McCulligan:

As you requested, we have completed our actuarial review of the funding requirements for the Bay Cities Joint Powers Insurance Authority's (BCJPIA, the Authority) self-insured workers' compensation program under various scenarios. Our conclusions are documented in the text and exhibits that follow.

At the undiscounted expected level, we project the program's liability for outstanding loss and allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE) to be approximately \$17,198,000 as of June 30, 2020. Discounted for anticipated investment income based on an assumption of 2.0% per year, we estimate the program's liability for outstanding loss and LAE will be \$13,982,000 as of that date. Of this amount, ULAE is estimated to be \$1,717,000, which is assumed to be approximately 14% of total outstanding losses and ALAE.

Our funding guidelines for the program's outstanding liabilities do not include any provision for reinsurance premiums and other administrative costs associated with the BCJPIA program.

DRAFT

We present funding recommendations for claims incurred during program year 2020-21 at several confidence levels in the table below. Our recommendations are displayed as rates per \$100 of payroll.

Funding Guidelines for Discounted Claims Incurred in 2020-21 3.0% Discount Rate

Confidence Level	Expected	70%	80%	90%
\$150K to \$350K	\$0.963	\$1.300	\$1.663	\$2.243
\$250K to \$350K	0.252	0.341	0.436	0.588
\$150K to \$500K	1.206	1.627	2.082	2.807
\$250K to \$500K	0.495	0.668	0.855	1.152
\$350K to \$500K	0.243	0.327	0.419	0.564
\$500K to \$750K	0.150	0.202	0.258	0.349
\$750K to \$1M	0.092	0.125	0.160	0.215

We also display safety and non-safety rates per \$100 of payroll on a discounted basis below.

Funding Guidelines Discounted Safety/Non-Safety in 2020-21 3.0% Discount Rate

	Expected	70%	80%	90%
\$150K-\$350K				
Non-Safety	\$0.704	\$0.950	\$1.215	\$1.639
Safety	\$1.286	\$1.736	\$2.221	\$2.995
\$250K-\$350K				
Non-Safety	\$0.184	\$0.249	\$0.319	\$0.430
Safety	\$0.337	\$0.455	\$0.582	\$0.785
\$150K-\$500K				
Non-Safety	\$0.881	\$1.189	\$1.521	\$2.051
Safety	\$1.611	\$2.173	\$2.780	\$3.749
\$250K-\$500K				
Non-Safety	\$0.362	\$0.488	\$0.625	\$0.842
Safety	\$0.661	\$0.892	\$1.142	\$1.538
\$350K-\$500K				
Non-Safety	\$0.178	\$0.239	\$0.306	\$0.412
Safety	\$0.325	\$0.437	\$0.560	\$0.753
\$500K-\$750K				
Non-Safety	\$0.110	\$0.148	\$0.189	\$0.255
Safety	\$0.200	\$0.270	\$0.345	\$0.466
\$750K-\$1M				
Non-Safety	\$0.067	\$0.091	\$0.117	\$0.157
Safety	\$0.123	\$0.167	\$0.214	\$0.287

Our funding guidelines above do not include any provision for reinsurance premiums, claims administration fees, and other administrative costs associated with the BCJPIA program.

DRAFT

The analysis which made it possible for us to draw these conclusions is based on the data provided to us by the Authority. This data included detailed loss reports from each prospective pool member. We have accepted all of this information without audit.

All actuarial estimates of workers' compensation claims costs are subject to uncertainty because of the complexity of the process that determines the costs. This is especially true of excess workers' compensation claims costs. For this reason, sound management practices suggest that actual funding should be in excess of expected claim activity. We generally recommend funding at the 80% to 90% confidence levels for excess workers' compensation programs, after recognition of investment income.

Another item for consideration is the relationship of pool equity to the self-insured retention (SIR) amount. We typically recommend that the ratio of equity to SIR be maintained in the range of 5:1 to 10:1 before any dividends are distributed to individual members. BCJPIA's current weighted retention is about \$800,000. This means that at a minimum, BCJPIA's fund balance should exceed the pool's discounted, expected outstanding liabilities by \$4,000,000 (5 x \$800,000) prior to considering dividends. The Board adopted a Target Equity Policy establishing a minimum equity to SIR ratio of 5:1. This will require equity to be at least five times SIR before any dividends would be release to the pool members.

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The first section of the attached report outlines the scope of our study, its background, and our conclusions, recommendations, detailed funding recommendations, assumptions, and approach to the project. The entire report has been developed for the internal use of BCJPIA, its auditors, and the representatives of its members. It is not intended for general circulation.

DRAFT

We appreciate the opportunity to be of service to BCJPIA in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Dana Winkler at (503) 419-0455 or David Kim at (916) 244-1166 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Derek Burkhalter, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Dana Winkler, MBA, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
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DRAFT

David Kim, MA
Senior Actuarial Analyst, Bickmore Actuarial

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I. BACKGROUND

The Bay Cities Joint Powers Insurance Authority's (BCJPIA, the Authority) Workers' Compensation program became effective July 1, 2002. The program offers insurance up to \$1,000,000 with each member electing a member retention amount between \$150,000 and \$500,000. BCJPIA purchases excess insurance from \$1,000,000. Sixteen members currently participate in the pooled Workers' Compensation Program.

The purpose of this study is to provide a guide to BCJPIA in evaluating appropriate contribution levels for various pool layers for the 2020-21 fiscal year and also funding guidelines for the program's outstanding liabilities as of June 30, 2020.

II. CONCLUSIONS AND RECOMMENDATIONS

A. LIABILITY FOR OUTSTANDING CLAIMS AS OF JUNE 30, 2020

At the undiscounted expected level, we project the program's liability for outstanding loss and allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses (ULAE) to be approximately \$17,198,000 as of June 30, 2020. ALAE is the direct cost associated with the defense of individual claims (e.g. legal fees, investigation fees, court charges). ULAE is the cost to administer all claims to final settlement, which may be years into the future (e.g. claims adjusters' salaries, taxes). The Authority has in the past chosen to record its liability with recognition of investment income at 2.0% per year. Discounted for anticipated investment income based on this assumption, we estimate the program's liability for outstanding loss and LAE will be \$13,982,000 as of that date.

The following table shows estimated liability for unpaid loss and LAE at various discount rate assumptions.

Bay Cities Joint Powers Insurance Authority
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and LAE
at June 30, 2020

<u>Discount Rate</u>	<u>Outstanding Liability</u>
2.00%	\$13,982,000
2.50%	13,346,000
2.75%	13,036,000
3.00%	12,744,000

Our funding guidelines for the program's outstanding liabilities do not include any provision for reinsurance premiums and other administrative costs associated with the BCJPIA program.

B. FUNDING RATES FOR 2020-21 CLAIMS

We present funding recommendations for claims incurred during program year 2020-21 at several confidence levels and discount rates in the tables below. Our recommendations are displayed as rates per \$100 of payroll. We also display safety and non-safety rates per \$100 of payroll on a discounted basis below.

**Funding Guidelines for Discounted Claims Incurred in 2020-21
3.0% Discount Rate**

Confidence Level	Expected	70%	80%	90%
\$150K to \$350K	\$0.963	\$1.300	\$1.663	\$2.243
\$250K to \$350K	0.252	0.341	0.436	0.588
\$150K to \$500K	1.206	1.627	2.082	2.807
\$250K to \$500K	0.495	0.668	0.855	1.152
\$350K to \$500K	0.243	0.327	0.419	0.564
\$500K to \$750K	0.150	0.202	0.258	0.349
\$750K to \$1M	0.092	0.125	0.160	0.215

**Funding Guidelines Discounted Safety/Non-Safety in 2020-21
3.0% Discount Rate**

	Expected	70%	80%	90%
\$150K-\$350K				
Non-Safety	\$0.704	\$0.950	\$1.215	\$1.639
Safety	\$1.286	\$1.736	\$2.221	\$2.995
\$250K-\$350K				
Non-Safety	\$0.184	\$0.249	\$0.319	\$0.430
Safety	\$0.337	\$0.455	\$0.582	\$0.785
\$150K-\$500K				
Non-Safety	\$0.881	\$1.189	\$1.521	\$2.051
Safety	\$1.611	\$2.173	\$2.780	\$3.749
\$250K-\$500K				
Non-Safety	\$0.362	\$0.488	\$0.625	\$0.842
Safety	\$0.661	\$0.892	\$1.142	\$1.538
\$350K-\$500K				
Non-Safety	\$0.178	\$0.239	\$0.306	\$0.412
Safety	\$0.325	\$0.437	\$0.560	\$0.753
\$500K-\$750K				
Non-Safety	\$0.110	\$0.148	\$0.189	\$0.255
Safety	\$0.200	\$0.270	\$0.345	\$0.466
\$750K-\$1M				
Non-Safety	\$0.067	\$0.091	\$0.117	\$0.157
Safety	\$0.123	\$0.167	\$0.214	\$0.287

**Funding Guidelines for Discounted Claims Incurred in 2020-21
2.75% Discount Rate**

Confidence Level	Expected	70%	80%	90%
\$150K to \$350K	\$0.989	\$1.334	\$1.706	\$2.301
\$250K to \$350K	0.260	0.350	0.447	0.604
\$150K to \$500K	1.237	1.669	2.136	2.880
\$250K to \$500K	0.508	0.685	0.877	1.183
\$350K to \$500K	0.248	0.335	0.430	0.579
\$500K to \$750K	0.154	0.208	0.265	0.358
\$750K to \$1M	0.095	0.128	0.164	0.221

**Funding Guidelines Discounted Safety/Non-Safety in 2020-21
2.75% Discount Rate**

	Expected	70%	80%	90%
\$150K-\$350K				
Non-Safety	\$0.723	\$0.975	\$1.247	\$1.681
Safety	\$1.321	\$1.781	\$2.278	\$3.073
\$250K-\$350K				
Non-Safety	\$0.190	\$0.256	\$0.327	\$0.441
Safety	\$0.347	\$0.467	\$0.597	\$0.807
\$150K-\$500K				
Non-Safety	\$0.904	\$1.220	\$1.561	\$2.104
Safety	\$1.652	\$2.229	\$2.852	\$3.846
\$250K-\$500K				
Non-Safety	\$0.371	\$0.501	\$0.641	\$0.864
Safety	\$0.678	\$0.915	\$1.171	\$1.580
\$350K-\$500K				
Non-Safety	\$0.181	\$0.245	\$0.314	\$0.423
Safety	\$0.331	\$0.447	\$0.574	\$0.773
\$500K-\$750K				
Non-Safety	\$0.113	\$0.152	\$0.194	\$0.262
Safety	\$0.206	\$0.278	\$0.354	\$0.478
\$750K-\$1M				
Non-Safety	\$0.069	\$0.094	\$0.120	\$0.161
Safety	\$0.127	\$0.171	\$0.219	\$0.295

**Funding Guidelines for Discounted Claims Incurred in 2020-21
2.5% Discount Rate**

Confidence Level	Expected	70%	80%	90%
\$150K to \$350K	\$1.015	\$1.368	\$1.751	\$2.362
\$250K to \$350K	0.267	0.359	0.460	0.620
\$150K to \$500K	1.270	1.713	2.191	2.956
\$250K to \$500K	0.522	0.704	0.900	1.214
\$350K to \$500K	0.255	0.345	0.440	0.594
\$500K to \$750K	0.158	0.213	0.273	0.367
\$750K to \$1M	0.097	0.131	0.168	0.227

**Funding Guidelines Discounted Safety/Non-Safety in 2020-21
2.5% Discount Rate**

	Expected	70%	80%	90%
\$150K-\$350K				
Non-Safety	\$0.742	\$1.000	\$1.279	\$1.726
Safety	\$1.355	\$1.827	\$2.338	\$3.154
\$250K-\$350K				
Non-Safety	\$0.195	\$0.262	\$0.336	\$0.453
Safety	\$0.357	\$0.479	\$0.614	\$0.828
\$150K-\$500K				
Non-Safety	\$0.928	\$1.252	\$1.601	\$2.160
Safety	\$1.696	\$2.288	\$2.926	\$3.947
\$250K-\$500K				
Non-Safety	\$0.381	\$0.514	\$0.658	\$0.887
Safety	\$0.697	\$0.940	\$1.202	\$1.621
\$350K-\$500K				
Non-Safety	\$0.186	\$0.252	\$0.322	\$0.434
Safety	\$0.341	\$0.461	\$0.588	\$0.793
\$500K-\$750K				
Non-Safety	\$0.115	\$0.156	\$0.199	\$0.268
Safety	\$0.211	\$0.284	\$0.365	\$0.490
\$750K-\$1M				
Non-Safety	\$0.071	\$0.096	\$0.123	\$0.166
Safety	\$0.130	\$0.175	\$0.224	\$0.303

**Funding Guidelines for Discounted Claims Incurred in 2020-21
2.0% Discount Rate**

Confidence Level	Expected	70%	80%	90%
\$150K to \$350K	\$1.068	\$1.441	\$1.843	\$2.486
\$250K to \$350K	0.280	0.378	0.483	0.652
\$150K to \$500K	1.336	1.804	2.307	3.112
\$250K to \$500K	0.548	0.741	0.947	1.278
\$350K to \$500K	0.268	0.363	0.464	0.626
\$500K to \$750K	0.167	0.224	0.287	0.386
\$750K to \$1M	0.102	0.138	0.177	0.239

**Funding Guidelines Discounted Safety/Non-Safety in 2020-21
2.0% Discount Rate**

	Expected	70%	80%	90%
\$150K-\$350K				
Non-Safety	\$0.780	\$1.053	\$1.347	\$1.817
Safety	\$1.426	\$1.924	\$2.461	\$3.320
\$250K-\$350K				
Non-Safety	\$0.205	\$0.276	\$0.353	\$0.476
Safety	\$0.374	\$0.505	\$0.645	\$0.871
\$150K-\$500K				
Non-Safety	\$0.976	\$1.318	\$1.686	\$2.274
Safety	\$1.784	\$2.409	\$3.081	\$4.156
\$250K-\$500K				
Non-Safety	\$0.400	\$0.541	\$0.692	\$0.934
Safety	\$0.732	\$0.990	\$1.265	\$1.707
\$350K-\$500K				
Non-Safety	\$0.196	\$0.265	\$0.339	\$0.457
Safety	\$0.358	\$0.485	\$0.620	\$0.836
\$500K-\$750K				
Non-Safety	\$0.122	\$0.164	\$0.210	\$0.282
Safety	\$0.223	\$0.299	\$0.383	\$0.515
\$750K-\$1M				
Non-Safety	\$0.075	\$0.101	\$0.129	\$0.175
Safety	\$0.136	\$0.184	\$0.236	\$0.319

Our funding guidelines above do not include any provision for reinsurance premiums, claims administration fees, and other administrative costs associated with the BCJPIA program.

C. ALLOCATION OF 2020-21 FUNDING TO MEMBERS

We have produced member allocations of the total funding amount for the \$1,000,000 self-insured retention at the discounted 70% and 80% confidence levels, assuming a 3.0% discount rate. This allocation applies the overall Authority loss rate for each layer to the members' 2020-21 estimated payroll and then adjusts the results using an experience modification factor. The experience modifiers are based on individual member's losses in the \$0 to \$1M layer during the 6-year experience period from 2012-13 to 2017-18.

Our funding projections by member at the 70% confidence level and assuming a 3.0% discount rate are as follows:

**2020-21 Funding Guidelines at the Discounted 70% Confidence Level
Based on Experience Modification Factors
\$1,000,000 Pool Limit
3.0% Discount Rate**

Member	Xmod	\$150K-\$1M	\$250K-\$1M	\$350K-\$1M	\$500K-\$1M
Albany	0.924	\$216,847	\$110,421	\$72,578	\$36,289
Brisbane	0.925	195,491	99,546	65,430	32,715
Corte Madera	0.952	66,806	34,018	22,360	11,180
CMFA	1.007	117,990	60,082	39,491	19,745
CMPA	1.025	113,459	57,775	37,974	18,987
Emeryville	1.087	350,278	178,366	117,237	58,619
Fairfax	1.011	63,815	32,495	21,359	10,679
Larkspur	0.941	65,349	33,277	21,872	10,936
Menlo Park	1.005	654,190	333,121	218,956	109,478
Mill Valley	0.966	357,688	182,139	119,717	59,859
Novato	1.094	407,339	207,422	136,336	68,168
Piedmont	0.916	268,955	136,955	90,019	45,009
San Anselmo	0.957	69,635	35,459	23,307	11,653
Sausalito	0.986	139,556	71,064	46,709	23,355
Tiburon	0.987	74,438	37,905	24,914	12,457
Union City	1.025	575,524	293,064	192,627	96,313
All Members		\$3,737,360	\$1,903,109	\$1,250,886	\$625,442

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Our funding projections by member at the 80% confidence level and assuming a 3.0% discount rate are as follows:

**2020-21 Funding Guidelines at the Discounted 80% Confidence Level
Based on Experience Modification Factors
\$1,000,000 Pool Limit
3.0% Discount Rate**

Member	Xmod	\$150K-\$1M	\$250K-\$1M	\$350K-\$1M	\$500K-\$1M
Albany	0.924	\$277,439	\$141,272	\$92,887	\$46,388
Brisbane	0.925	250,116	127,359	83,739	41,819
Corte Madera	0.952	85,473	43,523	28,616	14,291
CMFA	1.007	150,959	76,868	50,541	25,240
CMPA	1.025	145,162	73,917	48,600	24,271
Emeryville	1.087	448,155	228,200	150,042	74,931
Fairfax	1.011	81,646	41,574	27,335	13,651
Larkspur	0.941	83,609	42,574	27,992	13,980
Menlo Park	1.005	836,988	426,194	280,224	139,944
Mill Valley	0.966	457,635	233,028	153,216	76,517
Novato	1.094	521,160	265,375	174,484	87,138
Piedmont	0.916	344,108	175,220	115,207	57,535
San Anselmo	0.957	89,093	45,366	29,828	14,896
Sausalito	0.986	178,552	90,919	59,779	29,854
Tiburon	0.987	95,238	48,495	31,886	15,924
Union City	1.025	736,341	374,945	246,527	123,116
All Members		\$4,781,674	\$2,434,829	\$1,600,903	\$799,495

Note that the above represents only one possible allocation formula. There are in fact a number of ways to allocate costs. Typically, the goal in selecting a particular allocation method is to strike the most appropriate balance between the attributes of stability (i.e. limiting the change in individual Xmods from year to year) and responsiveness (i.e. allowing the change in Xmods to adequately reflect the change in actual loss experience). Any allocation method can be altered to more strongly promote either one of those attributes.

D. FUNDING GUIDELINES

We generally recommend funding of excess workers' compensation programs to the 85% confidence level, with a recommended range of the 80% to 90% confidence levels. We generally consider funding to the 75% confidence level to be marginally acceptable, and to the 95% confidence level to be conservative.

However, these should only be considered general guidelines, as we also strongly believe that the confidence level to which any future year is funded should be evaluated in light of the relative certainty of the underlying assumptions, the other budgetary constraints of those contributing to the program, and the relative risk it is believed appropriate to assume at a particular point in time. This means formulating both short-term and long-term funding goals, which may be the same in some years and different in others.

In general, we recommend considerable conservatism in refunding excess contributions, especially in light of the hardship imposed upon the members when assessments are necessary. It is always possible to refund excess contributions later, but contributions that appear to be excess that are refunded too soon may prove to be very difficult to re-collect later. For years for which assessments have not yet been levied, we recommend a staggered schedule of returns that begins when a year reaches a certain level of maturity. For example, the Authority might develop a guideline returning excess contributions on a year five to six years old that is funded above the 90% confidence level, on a year seven to nine years old that is funded above the 85% confidence level, and on a year ten or more years old that is funded above the 80% confidence level. Refunds would be made at the discretion of the Board.

E. COMPARISON WITH OUR PREVIOUS RESULTS

The most recent report for the Authority was dated March 9, 2019. At that time, we estimated the total ultimate losses for all program years through 2018-19 to be \$24,678,000. Our current estimates of those years total \$23,897,000.

The following table displays a comparison of our estimates of the program's ultimate loss versus those presented in the prior report:

Comparison with Prior Review Undiscounted Ultimate Losses at Expected Confidence Level				
Program Year	Last Review	This Review	Change in Estimates	Percent Change
2002-03	\$416,000	\$433,000	\$17,000	4.1%
2003-04	1,049,000	991,000	(58,000)	-5.5%
2004-05	1,169,000	1,156,000	(13,000)	-1.1%
2005-06	796,000	818,000	22,000	2.8%
2006-07	697,000	691,000	(6,000)	-0.9%
2007-08	846,000	839,000	(7,000)	-0.8%
2008-09	1,182,000	1,153,000	(29,000)	-2.5%
2009-10	1,566,000	1,616,000	50,000	3.2%
2010-11	1,634,000	1,614,000	(20,000)	-1.2%
2011-12	1,498,000	1,480,000	(18,000)	-1.2%
2012-13	1,582,000	1,551,000	(31,000)	-2.0%
2013-14	1,953,000	1,862,000	(91,000)	-4.7%
2014-15	1,413,000	1,489,000	76,000	5.4%
2015-16	1,902,000	1,868,000	(34,000)	-1.8%
2016-17	2,169,000	2,093,000	(76,000)	-3.5%
2017-18	2,351,000	2,112,000	(239,000)	-10.2%
2018-19	2,455,000	2,131,000	(324,000)	-13.2%
All Years	\$24,678,000	\$23,897,000	(\$781,000)	-3.2%

As shown, overall we have decreased our estimated ultimates by \$781,000 since our prior report.

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At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2019 to be \$12,444,000 at the discounted expected level. Our current estimate as of June 30, 2020 is \$13,982,000, an increase in our assessment of the Authority's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and LAE

	Prior Report at June 30, 2019	Current Report at June 30, 2020	Change
(A) Case Reserves (@12/31):	\$4,676,000	\$4,760,000	\$84,000
(B) IBNR Reserves:	10,011,000	10,326,000	315,000
(C) Claims Administration Reserves:	2,056,000	2,112,000	56,000
(D) Total Reserves:	\$16,743,000	\$17,198,000	\$455,000
(E) Offset for Investment Income at 3% (prior) and 2% (current) :	(4,303,000)	(3,216,000)	1,087,000
(F) Total Outstanding Claim Liabilities:	\$12,440,000	\$13,982,000	\$1,542,000

As shown, our estimate of outstanding claims liabilities at the discounted expected level has increased between June 30, 2019 and June 30, 2020, as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by the addition of program year 2019-20 liabilities. As a result, reserves for future claims administration expenses have also risen proportionately. The decrease in the investment income rate assumption from 3% per year to 2% per year leads to a smaller offset for investment income. The net change due to the above factors is an overall increase of \$1,542,000 in our estimate of outstanding claim liabilities for loss and LAE.

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The following table displays a comparison of the Authority's projected funding rates from current and prior studies by various layers.

Comparison with Prior Review Discounted Expected Funding Rates

Layer	Last Review 2019-20 3.0% Discount Rate	This Review 2020-21 3.0% Discount Rate	% Change From Prior
\$150K-\$1M	\$1.481	\$1.448	-2.2%
\$250K-\$1M	0.754	0.737	-2.3%
\$350K-\$1M	0.496	0.485	-2.2%
\$500K-\$1M	0.248	0.242	-2.4%
\$750K-\$1M	0.095	0.092	-3.2%

Our projected funding rates per \$100 of payroll for all layers at the expected, discounted level have decreased since our prior report. These decreases reflect favorable loss experience, partially offset by an assumption of annual loss trend over the last year.

F. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We received detailed member loss data and a list of claims in the pool layer evaluated as of 12/31/19. We also utilized the data from the Authority's most recent actuarial study for our assessment of loss development.
- We have assumed that Authority's payroll for 2019-20 and 2020-21 will be \$189,373,000 and \$191,267,000, respectively.
- The ULAE estimates in the report are based on the prior report's ratio of ULAE to loss and ALAE.
- It should be noted that Redwood City has withdrawn from the program effective 7/1/05. Although the outstanding liabilities associated with this entity have been contemplated in our estimates, we did not include its loss data for the purposes of our funding analysis.
- Belvedere and Bel/Tib Jrc are no longer members of the pool effective 7/1/06 and 7/1/07, respectively. Pleasanton has also withdrawn from the pool effective 7/1/10.
- The police department of San Anselmo joined Twin Cities Police Authority to form Central Marin Police Authority effective January 1, 2013. The projected funding and experience mods for 2019-20 in this analysis therefore contemplate this transition.
- The City of Corte Madera joined the pool effective 7/1/18.
- The fire departments of Corte Madera and Larkspur combined to form Central Marin Fire Authority effective January 1, 2019. The projected funding and experience mods for 2020-21 in this analysis therefore contemplate this transition.

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

G. OVERALL ANALYTICAL APPROACH

The approach we have taken in developing this analysis is firmly grounded in the members' loss and exposure data. Our approach to the problem of estimating the program's ultimate pooled loss costs is a multi-step process. First, we estimated the ultimate loss cost for the first \$100,000 and \$1 million of each occurrence for all of the currently participating members, and then estimated the relationship of these costs to the cost of the limits for which the Authority is responsible. Second, we estimated the cost of the \$100,000 to \$1 million layer directly. We then constructed a mathematical equation for the distribution of the Authority's losses by size by trending and developing the Authority's individual claims from the 1988-89 through 2018-19 program years. Next, using the loss distribution, the \$100,000 – \$1,000,000 ultimate loss rate, and our selected loss development patterns, we then estimated the ultimate losses of the excess layers for which the Authority is responsible.

The following actuarial techniques were applied to the program's loss data to estimate the ultimate cost of claims in the \$0 - \$100,000, \$0 - \$1,000,000 and \$100,000 - \$1,000,000 layers:

- ◆ Incurred Loss Development
- ◆ Paid Loss Development
- ◆ Exposure Development Based on Incurred Losses
- ◆ Exposure Development Based on Paid Losses
- ◆ Frequency Times Severity

Actuarial judgment was used to select among the ultimate losses indicated by the above methods.

Finally, the Expected Loss Method was applied to the Authority's loss data in order to estimate the ultimate losses in the program's actual pooled layers.

III. ASSUMPTIONS AND LIMITATIONS

Any quantitative analysis is developed within a very specific framework of assumptions about conditions in the outside world, and actuarial analysis is no exception. We believe that it is important to review the assumptions we have made in developing the estimates presented in this report. By doing so, we hope you will gain additional perspective on the nature of the uncertainties involved in maintaining a self-insurance program. Our assumptions, and some observations about them, are as follows:

- Our analysis is based on loss experience, exposure data, and other general and specific information provided to us. We have accepted all of this information without audit.
- We have assumed that the future development of incurred and paid losses can be reasonably predicted on the basis of the development of such losses in the recent past. We have also assumed that the historical development patterns for a large group of California public entities with a self-insured excess workers' compensation program in the aggregate form a reasonable basis of comparison to the patterns from the Authority's data. Specifically, we have assumed that loss development patterns for cities and city pools represent an appropriate base for use in developing BCJPIA's losses.
- We have assumed that there is a continuing relationship between past and future loss costs and between loss costs.
- It is not possible to predict future claim costs precisely. Most of the cost of workers' compensation claims arises from a small number of incidents involving serious injury. A relatively small number of such claims could generate enough loss dollars to significantly reduce, or even deplete, the self-insurance fund.
- We cannot predict and have not attempted to predict the impact of future law changes and court rulings on claims costs. This is one major reason why we believe our funding recommendations are reasonable now, but should not be extrapolated into the future.
- The changes in cost levels associated with benefit increases and administrative changes typically take place over a period of several years following their enactment, and these changes are very difficult to forecast in advance. We have based our benefit level factors on those produced by the Workers Compensation Insurance Rating Bureau of California. See Appendix A, page 20 for a display of the benefit level cost indices by fiscal year.

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- At the Authority's request, we have assumed that assets held for investment will generate an average annual return of 3.0% over the duration of payment of the loss liabilities. It should be noted that actual future investment returns may vary significantly from this assumption, depending upon the prevailing investment market conditions.
- The claims costs we have estimated include indemnity and medical payments, and all loss adjustment expenses. We have not included estimates for claims reinsurance premiums and Authority's administrative expenses.
- We have assumed that all reinsurance coverage purchased by the Authority will prove to be valid and fully collectible.
- Our funding recommendations do not include provision for catastrophic events not in the Authority's history, such as earthquakes, flooding, mass civil disorder, or mass occupational disease.

IV. GLOSSARY OF ACTUARIAL TERMS

Accident Year - Year during which the accidents that generate a group of claims occurs, regardless of when the claims are reported, payments are made, or reserves are established.

Allocated Loss Adjustment Expenses (ALAE) - Expense incurred in settling claims that can be directly attributed to specific individual claims (e.g., legal fees, investigative fees, court charges, etc.)

Benefit Level Factor - Factor used to adjust historical losses to the current level of workers' compensation benefits.

Case Reserve - The amount left to be paid on a claim, as estimated by the claims administrator.

Claim Count Development Factor - A factor that is applied to the number of claims reported in a particular accident period in order to estimate the number of claims that will ultimately be reported.

Claim Frequency - Number of claims per \$1 million payroll.

Confidence Level - An estimated probability that a given level of funding will be adequate to pay actual claims costs. For example, the 85% confidence level refers to an estimate for which there is an 85% chance that the amount will be sufficient to pay loss costs.

Discount Factor - A factor to adjust estimated loss costs to reflect anticipated investment income from assets held prior to actual claim payout.

Expected Losses - The best estimate of the full, ultimate value of loss costs.

Incurred but not Reported (IBNR) Losses - Losses for which the accident has occurred but the claim has not yet been reported. This is the ultimate value of losses, less any amount that has been set up as reported losses by the claims adjuster. It includes both amounts for claims incurred but not yet received by the administrator and loss development on already reported claims.

Loss Development Factor - A factor applied to losses for a particular accident period to reflect the fact that reported and paid losses do not reflect final values until all claims are settled (see Section IV).

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Loss Rate - Ultimate losses per \$100 payroll.

Non-Claims Related Expenses - Program expenses not directly associated with claims settlement and administration, such as excess insurance, safety program expenses, and general overhead. These exclude expenses associated with loss settlements (Indemnity/Medical, BI/PD), legal expenses associated with individual claims (ALAE), and claims administration (ULAE).

Outstanding Losses - Losses that have been incurred but not paid. This is the ultimate value of losses less any amount that has been paid.

Paid Losses - Losses actually paid on all reported claims.

Program Losses - Losses, including ALAE, limited to the SIR for each occurrence.

Reported Losses - The total expected value of losses as estimated by the claims administrator. This is the sum of paid losses and case reserves.

Self-Insured Retention (SIR) - The level at which an excess insurance policy is triggered to begin payments on a claim. Financially, this is similar to an insurance deductible.

Severity - Average claim cost.

Ultimate Losses - The value of claim costs at the time when all claims have been settled. This amount must be estimated until all claims are actually settled.

Unallocated Loss Adjustment Expenses (ULAE) - Claim settlement expenses that cannot be directly attributed to individual claims (e.g., claims adjusters' salaries, taxes, etc.)

April 20, 2020

Agenda Item 11.F.

FINANCIAL MATTERS

**SUBJECT: Discussion of SIR Options for Workers' Compensation
Prepared and Presented by Alana Theiss, BCJPIA Finance Manager**

ISSUE:

BCJPIA currently offers self-insured retention (SIR) options starting at \$150,000 per occurrence. Inquiries have been made in the past as to the availability of lower SIR options.

BACKGROUND AND STATUS:

In the interest of providing more options to the existing membership and for the purposes of attracting potential new members, BCJPIA staff has been tasked with exploring lower SIR options for the Workers' Compensation Program (Program). To assist with the evaluation, Bickmore Actuarial was engaged to complete a supplement to its Workers' Compensation Study for 2020/2021 that details recommended funding rates for lower SIR options in the Program.

PROS & CONS:

The benefits of expanding the available SIR options in the Program would include:

- Existing members would be provided more options when renewing their coverage.
- Prospective members may show greater interest in "dollar-one" or lower SIR level options and elect to join the Program.
- Actuary's estimates of members' internal reserves/claims liabilities would likely be reduced for years where the member SIR is lower, reflecting the decreased risk taken on.
- Member deductible billings would be eliminated for losses occurring in program years with a zero SIR election.
- Over time, the amount required to be held as a Pay-as-you-go (PAYG) Deposit by BCJPIA may decline to reflect reduced advances of member deductibles.

The drawbacks and risks of expanding the available SIR options in the Program appear to be:

- If members were to elect lower SIR amounts, the exposure and risk to the pool would increase substantially.
- If losses develop more than anticipated, the financial position of the Program could deteriorate. Ultimately, members are responsible for any shortfalls in pooled funds and could be assessed to ensure the stability of the pool.
- Lower SIR levels may disincentivize risk control activities.

April 20, 2020

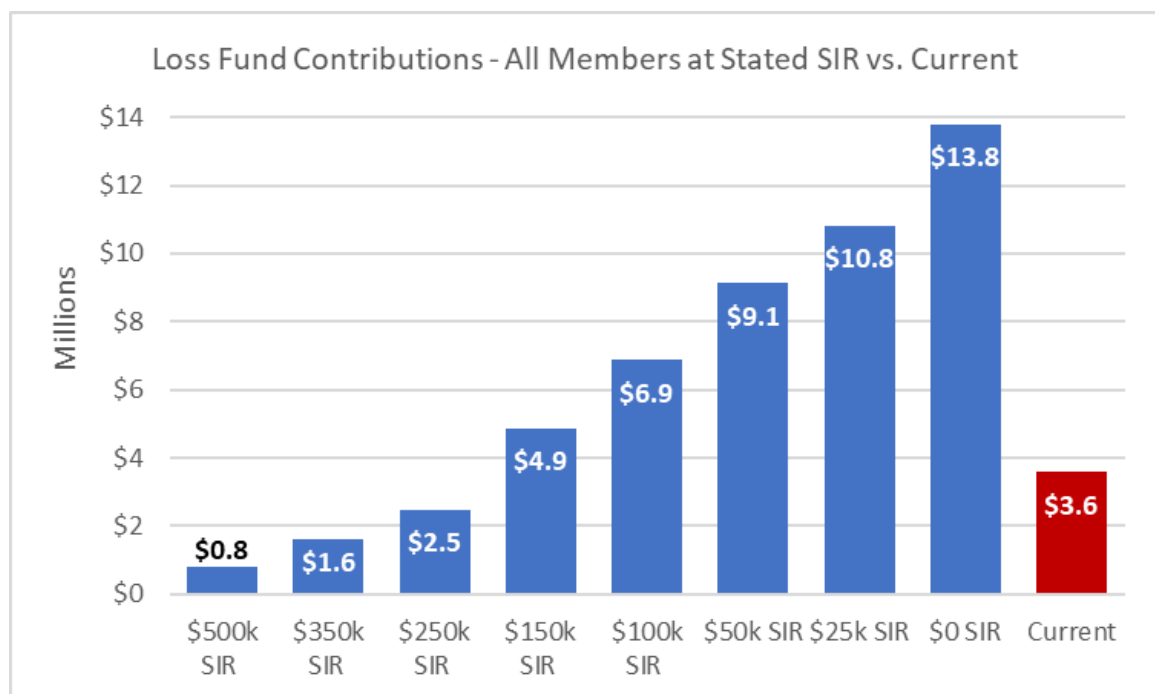
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- Member contributions would necessarily be higher under the lower SIR levels – in some cases, much higher depending on how low the SIR election is. This may not be cost-effective for the members.

The table below shows the rates in the supplemental study for the lower SIRs and compares them the \$150,000 SIR election (lowest currently available).

80% Confidence Level, 3.0% Discount			
	2020 / 21 Rates	Compared to \$150k SIR	
		Change	% Change
\$0 - \$1M	\$7.130	\$4.630	185.20%
\$25k - \$1M	\$5.593	\$3.093	123.72%
\$50k - \$1M	\$4.717	\$2.217	88.68%
\$100k - \$1M	\$3.546	\$1.046	41.84%
\$150k - \$1M	\$2.500	\$0.000	0.00%
\$250k - \$1M	\$1.273	(\$1.227)	-49.08%
\$350k - \$1M	\$0.837	(\$1.663)	-66.52%
\$500k - \$1M	\$0.418	(\$2.082)	-83.28%

The table below shows what the total loss fund contributions would be on the 2020/21 budget if all members elected a single SIR (blue columns) versus the current elections (red column). If all members were to elect a zero SIR an additional \$10.2 million would need to be collected from the membership to fund the requisite loss estimate at an 80% confidence level and 3% discount rate.



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FISCAL IMPACT:

The *precise* future fiscal impact of offering lower member SIR elections in the Program cannot be known. Risk to the Program increases with increased exposure. Further, the necessary funding to cover a lower SIR may not be cost-effective for the membership.

RECOMMENDATION:

Staff recommends that BCJPIA continue with its currently available SIR options for the Program and that the Committee receive and file the draft supplementary actuarial report.

REFERENCE MATERIALS ATTACHED:

- Draft Report, Self-Insured Projections for the Workers' Compensation Program

Wednesday, March 18, 2020

Bay Cities Joint Powers Insurance Authority
c/o Sedgwick
Attn: Jaesa McCulligan, Director
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

RE: Self-Insured Projections for the Workers' Compensation Program

Dear Ms. McCulligan:

Per your request, we have completed our analysis of alternative self-insured retention (SIR) projections for the Bay Cities Joint Powers Insurance Authority's self-insured workers' compensation program. Although the lowest member SIR is currently \$150,000 per occurrence, we present our 2020-21 funding recommendations for alternative SIRs at the confidence levels of "Expected", 70%, 80% and 90%, assuming a 3.0% discount rate. Our recommendations are displayed as rates per \$100 of payroll.

**Funding Guidelines for Discounted Claims Incurred in 2020-21
3.0% Discount Rate**

Layer	Expected	70%	80%	90%
\$0K to \$1M	\$4.130	\$5.571	\$7.130	\$9.613
\$25K to \$1M	3.240	4.371	5.593	7.541
\$50K to \$1M	2.732	3.686	4.717	6.359
\$100K to \$1M	2.054	2.771	3.546	4.781
\$150K to \$1M	1.448	1.954	2.500	3.371

Our funding guidelines above do not include any provision for reinsurance premiums, claims administration fees, and other administrative costs associated with the BCJPIA program.

We also display safety and non-safety rates per \$100 of payroll on a discounted basis below.

**Funding Guidelines Discounted Safety/Non-Safety in 2020-21
3.0% Discount Rate**

	Expected	70%	80%	90%
\$0-\$1M				
Non-Safety	\$3.018	\$4.071	\$5.210	\$7.024
Safety	\$5.515	\$7.440	\$9.521	\$12.837
\$25K-\$1M				
Non-Safety	\$2.367	\$3.194	\$4.087	\$5.511
Safety	\$4.327	\$5.837	\$7.470	\$10.071
\$50K-\$1M				
Non-Safety	\$1.996	\$2.693	\$3.446	\$4.647
Safety	\$3.648	\$4.922	\$6.299	\$8.492
\$100K-\$1M				
Non-Safety	\$1.501	\$2.025	\$2.591	\$3.493
Safety	\$2.743	\$3.700	\$4.735	\$6.385
\$150K-\$1M				
Non-Safety	\$1.058	\$1.428	\$1.827	\$2.463
Safety	\$1.934	\$2.609	\$3.339	\$4.502

This summary is intended to be a supplement to our most recent actuarial report prepared for BCJPIA's workers' compensation program and has been developed for the internal use of BCJPIA, its auditors, and the representatives of its members. It is not intended for general circulation. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying our most recent actuarial report in its entirety, including the graphs, attachments, exhibits and appendices.

DRAFT

We appreciate the opportunity to be of service to BCJPIA in preparing this report. Please feel free to call Derek Burkhalter at (916) 244-1167 or Dana Winkler at (503) 419-0455 or David Kim at (916) 244-1166 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

DRAFT

Derek Burkhalter, ACAS, MAAA
Senior Actuarial Manager, Bickmore Actuarial
Associate, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Dana Winkler, MBA, ACAS, MAAA
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DRAFT

David Kim, MA
Senior Actuarial Analyst, Bickmore Actuarial

FINANCIAL MATTERS

SUBJECT: Annual Review of Target Equity Policy
Prepared and Presented by Alana Theiss, BCJPIA Finance Manager

ISSUE:

A formal Target Equity Policy (Policy) was adopted in the spring of 2019 to provide guidance to the Committees and the Board of Directors regarding funding and other equity considerations. Periodic review of this policy should prove informative to the Committee.

BACKGROUND AND STATUS:

The purpose of the Policy is to ensure the long-term financial viability and stability of BCJPIA. It is intended to be used as a tool by the Board to guide in funding and equity decisions for the two major programs (Programs) of the Joint Powers Authority (JPA), Liability and Workers' Compensation .

Components of the Policy include:

1. Target Confidence Level Funding
To establish a minimum threshold for annual rate setting in order to build an equity contingency margin.
2. Target Equity Benchmarking Ratios
To provide an annual calculation of ratios to assist the Board in making future funding and equity distribution decisions.
3. Dividend / Assessment Calculation Process
To provide a formal process by which mature program years are adjusted.
4. Equity Building
To provide a formal process for the building of equity in the Program(s) should the target threshold(s) not be met.

PROS & CONS:

N/A

FISCAL IMPACT:

N/A

RECOMMENDATION:

None.

April 20, 2020

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REFERENCE MATERIALS ATTACHED:

- Target Equity Policy

BCJPIA
Target Equity Policy
For the Pooled Liability and Workers' Compensation Programs
Approved June, 2019

PURPOSE

The purpose of the Target Equity Policy (Policy) is to ensure the long-term financial viability and stability of the Bay Cities Joint Powers Insurance Authority (BCJPIA). It is intended to be used as a tool by the Board of Directors to guide them in their funding and equity decisions for the two major programs (Programs) of the JPA. The Policy is intentionally conservative to reflect the difficulty in accurately forecasting claims costs, to protect the Programs from adverse loss development, and to reduce the possibility of assessments in future program years. Components of this Policy include the following:

1. Target Confidence Level Funding
To establish a minimum threshold for annual rate setting in order to build an equity contingency margin;
2. Target Equity Benchmarking Ratios
To provide an annual calculation of ratios to assist the Board in making future funding and equity distribution decisions.
3. Dividend / Assessment Calculation Process
To provide a formal process by which mature program years are adjusted;
4. Equity Building
To provide a formal process for the building of equity in the Program(s) should the target threshold(s) not be met.

1. TARGET CONFIDENCE LEVEL FUNDING

Each year an actuarial study is conducted by an accredited actuary. The study reflects a revaluation of the projected ultimate losses for the historical years and the expected losses for the upcoming year. The actuary also provides a margin for contingency which represents funding above the expected level. This margin is expressed in terms of various confidence levels. The BCJPIA Board of Directors does hereby establish the **75% confidence level** as the minimum Target Confidence Level Funding (Target) for the Programs.

The actuarial evaluation of the funding for historical years will be considered when setting rates for the next program year. If the equity position for all historical years does not meet or exceed the Equity Target Threshold (see Section 4), the Board of Directors will fund the next program year at a minimum of the target funding level (the 75% confidence level).

2. TARGET EQUITY BENCHMARKING RATIOS

Benchmarking is a mechanism that provides an annual calculation of target equity ratios to assist the Board in making future funding and equity distribution decisions. The ratios are a tool to be used in determining the overall health of the Programs and to provide a comparison of various benchmarks from year to year. The BCJPIA Board of Directors will only return “Equity” to the members after evaluating and concluding the following ratios remain appropriate for the group prior to and following any potential return of “Equity”. The intent of the ratios is not to mandate a particular course of action should ratios fall within or without the target parameters.

EQUITY RATIOS

Pool Net Premiums as % of Surplus: **Target <250%**

- Compares current equity for all program years to the net contributions collected in the current year.
- This ratio is a measure of how “Equity” is leveraged against possible pricing inaccuracies.
- The higher the equity, the lower the ratio. Hence a low ratio is desirable.

Total Loss Reserves as % of Surplus: **Target <350%**

- Compares current equity for all program years to total claims liability.
- This ratio is a measure of how “Equity” is leveraged against possible reserve inaccuracies.
- The lower the liabilities, and/or the higher the equity, the lower the ratio. Hence a low ratio is desirable.

Equity as % of Weighted* Pool Retention: **Target >500%**

**Note: The weighting of pool retentions was eliminated in the 2016/2017 program year*

- Compares current equity for all program years to the group’s current self-insured retention.
- This ratio is a measure of the maximum amount that “Equity” could decline due to a single loss.
- The higher the equity, the greater number of “full hits” the group can absorb. Hence, a high ratio is desirable.

Change in Member Equity: **Target >-10%**

- Measures change in total equity from one year to the next.
- This ratio measures if a decline in equity in excess of 10% warrants action by the Board, such as an increase in annual contribution, or an assessment.

Change in Loss Reserves:

Target <20%

- Compares changes in reserve liabilities from one year to the next.
- This ratio is a measure of the change in aggregate ultimate losses from one valuation period to the prior valuation.
- The smaller the change in liability, the more stable the program.

3. DIVIDEND / ASSESSMENT CALCULATION PROCESS

As each program year is independent from the others, it is possible to assess each program year's deficit, or surplus, independently on an annual basis as each program year reaches a certain maturity threshold, as well as each Program's overall deficit or surplus position.

Article III E. of each Program's Master Program Document defines the parameters by which dividends may be released or assessments may be levied to the members. In summary:

E. DIVIDEND AND ASSESSMENTS

1. DIVIDENDS

- (a). At the end of each **fiscal year**, a dividend calculation shall be performed for all open **program years**. The total dividend to be distributed from all qualifying **program years** shall not reduce the total equity for all **program years** below a discounted 90% confidence level.

(b). Calculation

- i. Dividends may not be declared from a **program year** until five years after the end of that **program year**.
- ii. Dividends may be declared only at such time as the Program has equity, with liabilities actuarially stated discounted at a 90% confidence level. The calculated amount shall represent the maximum dividend available to be declared.
- iii. The dividend shall be reduced if any of the five succeeding years (after the five years eligible for dividend calculation) have negative equity, with liabilities actuarially stated at a discounted 90% confidence level.
- iv. Dividends may only be declared if the equity at the 90% confidence level is five times the Self Insured Retention.

2. ASSESSMENTS

- (a). Assessments may be levied on the **Participants** for the risk sharing layer of any **program year(s)**, as approved by the **Board**, at such time as an actuary finds that the assets of the Program, as a whole, do not meet the expected discounted losses of the Program. Each **Participant's** share of the assessment shall be allocated based upon the **deposit premiums** collected for the self-insured layer of each respective **program year** being assessed.

4. Equity Building

The Equity Target Threshold (Threshold) for each Program shall be established to be five times the pool unweighted self-insured retention (SIR) for each program, currently \$5,000,000. Therefore, the retained earnings balance at the expected confidence level should not fall below the Threshold. (Note: this is less conservative than the dividend return parameters which use a threshold of \$5,000,000 at the 90% confidence level before returning dividends.)

Should retained earnings fall below this Threshold, the Board of Directors will evaluate an equity building plan to increase retained earnings to meet the minimum Threshold.

- 5. The Board of Directors may re-evaluate this Policy from time to time and make changes to it as deemed necessary by a majority vote of Board.

April 20, 2020

Agenda Item 11.H.

FINANCIAL MATTERS

SUBJECT: Proposed Equity Building Plan
Prepared and Presented by Alana Theiss, BCJPIA Finance Manager

ISSUE:

The net position (i.e. equity) for the BCJPIA Liability Program is below the equity target threshold of \$5,000,000, as defined in the Equity Building section of the Target Equity Policy (Policy) as of December 31, 2019.

BACKGROUND AND STATUS:

At the October 26, 2018, Board of Directors meeting, staff was asked to present an analysis of equity building options. At that time, both the Workers' Compensation and Liability Programs were below the \$5,000,000 net position threshold, or five times the pool self-insured retention (SIR), as identified in the Target Equity Benchmarking Ratios, and Policy. Since that time, the net position of both programs has improved, but the Liability Program net position is still anticipated to be below target at June 30, 2020. The grid below shows the net position for each program at the end of each of the past eleven years. Only once has one of these Programs exceeded the target in the past twelve years, plus the balance at December 31, 2019, before the application of the updated actuarial estimates. The estimated ultimate losses for the Liability Program increased \$381,190 over the prior estimate for program years through 2019/20.

Fiscal Year Ended June 30,	Liability Program	Workers' Comp Program
2008	\$ 3,337,098	\$ 3,261,893
2009	1,719,548	4,408,361
2010	2,954,931	4,695,247
2011	2,901,619	4,266,439
2012	1,970,821	4,092,048
2013	2,289,608	3,546,508
2014	4,448,878	2,944,453
2015	2,748,849	2,007,280
2016	5,009,935	2,317,731
2017	3,861,036	3,523,917
2018	2,832,851	4,345,371
2019	3,733,111	6,752,970
Dec. 31, 2019*	4,419,443	7,484,245

**Before application of updated actuarial estimates.*

Equity building options could include:

- 1) Funding contributions at higher confidence levels (*BCJPIA funds both Programs at a conservative 80% confidence level*);
- 2) Conservative equity return policies and refraining from releasing dividends (*BCJPIA's dividend calculations have been enhanced to be even more conservative over the past few years*); and
- 3) Collection of equity building contribution via the annual budgeting process. (*BCJPIA began employing this approach with the collection of an equity building contribution for the Liability Program of \$300,411 via the 2019/20 budget.*)

Staff prepared equity building scenarios through the collection of additional funding via the budgeting process, as identified in #3 above. As discussed in this Committee last year, additional funds could be collected over a period of three to ten years. At that time, we noted that three years may be too challenging for members' budgets in terms of the amount of additional funds needed to be collected each year, and ten years may be too far out to be able to track effectively. The Board approved a seven-year plan at the June 2019 Board meeting.

Below is a grid showing the annual additional funding impact of the seven-year plan based on the net position at December 31, 2019, as adjusted for the latest actuarial estimates. This is compared to the planned funding approved in June 2019.

Program Budget Period	Liability 2019/20	Liability 2020/21	Liability Change
Equity Target Threshold	\$ 5,000,000	\$ 5,000,000	\$ -
Net Position**	(2,897,123)	(4,419,443)	(1,522,320)
Reestimate loss adjustment^	-	381,190	381,190
Shortfall	<u>\$ 2,102,877</u>	<u>\$ 961,747</u>	<u>\$ (1,141,130)</u>
Three Year Equity Building Scenario	\$ 700,959	\$ 320,582	(380,377)
Five Year Equity Building Scenario	420,575	192,349	(228,226)
Seven Year Equity Building Scenario	300,411	137,392	(163,019)
Ten Year Equity Building Scenario	210,288	96,175	(114,113)

**Net Position measured at 3/31/2019 for the 2019/2020 budget period recommendation.

Net Postion measured at 12/31/2019 for the 2020/2021 budget period recommendation.

^Losses as reestimated by the annual acturial study that were not yet incorporated into the Net Position.

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Staff recommends that BCJPIA continue its equity building plan for 2020/2021 and has included a contribution of \$137,392 (estimated shortfall divided by seven) in the preliminary budget.

Moving forward, net position will be measured annually to determine the amount to be collected until the equity target threshold is reached. This plan is subject to annual re-evaluation and will be reviewed each year for possible amendment.

PROS & CONS:

PROS: The BCJPIA Liability Program will build sufficient equity to maintain its viability going forward.

CONS: Members will have increased contributions in the Program for the next several years.

FISCAL IMPACT:

From \$320,582 to \$96,175 in additional annual contribution for affected members and additional equity retained in the Program.

RECOMMENDATION:

Committee recommend approval of the \$137,392 in additional funding for the Liability Program in accordance with the Equity Building Plan to the Board.

REFERENCE MATERIALS ATTACHED:

None.

April 20, 2020

Agenda Item 11.I.

FINANCIAL MATTERS

**SUBJECT: Draft Budget for the 2020/2021 Program Year
Prepared and Presented by Alana Theiss, Finance Manager**

ISSUE:

Annually, BCJPIA's staff provides preliminary indications to the Committee regarding BCJPIA's upcoming program year's budget.

BACKGROUND AND STATUS:

The preliminary annual budget for the 2020/2021 program year has increased 16% over the annual budget for the 2019/2020 program year. One of the main drivers in budgeted costs is the estimated cost of excess and reinsurance coverages. The insurance markets in California are "hardening" in response to large losses, adverse development, and high level of uncertainty about the impact of the COVID-19 pandemic on the global economy. Adverse development within the BCJPIA program has especially affected the liability program loss rates as determined by the most actuarial study.

No changes in membership or SIR elections are known at this time and none are reflected in the preliminary budget.

Pooled Liability Program (PLP)

The overall PLP funding is estimated to be 20% higher than the prior year. Contributing components include an estimated 7% increase in estimated payroll, a 11.6% increase in the pool rates due to adverse development in the program, an estimated 20% increase in the California Affiliated Risk Management Authorities (CARMA) contribution, and a 2% increase in program administration costs, primarily due to contractual increases. Twelve thousand in funding for CAJPA's Liability Claims Initiative was budgeted and collected on 2019/2020 budget and is not repeated in the current year. Included in the preliminary budget is \$137,392 to continue with the seven-year equity building plan in the Liability Program; the comparable amount last year was \$300,411. The CARMA contribution presented is conservative and the final amount may be lower. The final amount will be determined after the CARMA board meeting in June 2020.

Staff has prepared this budget using rates at the 80% confidence level (CL), discounted at 2%. The 2019/2020 approved funding was also at the 80% CL. BCJPIA increased its funding from the 75% CL in 2017/2018. The increase in the CL was in response to the Board's Strategic Goal and Objective to build needed equity in the program, but the higher CL also drives rate and contribution increases. Changes in the rate retention factors range from a 1.7% to a 7.09% increase for various Self-Insured Retentions (SIRs) as compared to the prior year.

Experience modification (ex-mod) factors are capped at a "floor" of 0.65 and a "ceiling" of 1.35. None of the ex-mods calculated were adjusted for the adopted caps.

Pooled Workers' Compensation Program (PWCP)

The PWCP overall budget is currently showing an increase of 7% over last year's contributions. Staff has prepared this budget using rates at the 80% confidence level, discounted at 3%. The 2019/2020 rates were also generated using an 80% CL and discounted at 3%. The loss fund contributions increased 9.9% as a result of a 9.4% increase in covered payroll. Actuarially-determined rates decreased slightly over prior year.

The Local Agency Workers' Compensation Excess Joint Powers Authority's (LAWCX) preliminary budget projects an increase of 15%. The preliminary estimate used is conservative, and the final amount will be determined after the LAWCX Board meeting in June 2020. Fees for claims servicing decreased 13% through a newly negotiated rate with the Third Party Administrator. Return to Work and Administrative costs have increased approximately 13%, and 2%, respectively, mostly due to contractual increases. Estimated DIR Assessments increased 4% over last year's budgeted amount. This estimate is based on an expected 15.73% increase over BCJPIA's actual prior year DIR bill which was about \$247,000 – or \$28,000 less than projected on the 2019/2020 budget.

Pooled Property Program (PPP)

The PPP contribution shows an overall increase of 23% from the prior year. The preliminary estimates are based on an estimated 25% increase in excess property premiums, an estimated 10% increase in Cyber Liability premiums, and a 10% increase in other coverages. Total Insured Values (TIV) increased approximately 8% from the prior year. Staff will not know the actual excess rates until the June 2020 Board meeting.

The same pool rates were applied to both the 2019/2020 and 2020/2021 budget. These rates were actuarially-determined in March 2017. The confidence level is between 75% and 80%, undiscounted.

During the 2014/2015 program year, the Committee approved a PPP Experience Modifier. Calculations were performed under the adopted model and resulted in a single levy in the amount of \$748 as an experience modified contribution for the 2020/2021 program year.

Pooled Auto Physical Damage Program (PAPD)

The APD contribution shows an overall increase of 12% over the prior year. During the 2015/2016 budget year, an APD experience rating was approved by the BCJPIA Board. For the 2020/2021 program year \$4,055 will be collected for the experience rating component for affected members.

The APD program became self-sufficient effective July 1, 2008; as such, all fully funded members, except CMFA and the Town of Corte Madera, will have no rate applied to the primary layer of coverage for the 2020/2021 program year. Excess rates and administrative charges, however, still apply to each member. The preliminary estimates are based on a 1% increase in TIV's and an estimated 25% increase in excess rates. As newer members, the CMFA and the Town of Corte Madera are subject to the updated pool rate of \$0.178.

Marina & Crime Programs

Staff has not yet received final premiums for the Marina or excess Crime Programs. Staff has adjusted the excess premiums for the 2020/2021 program year using a 20% increase to Marina and 10% increase to Crime over the prior year, based on recommended budget estimates provided by Alliant.

The Committee will recall that BCJPIA purchased and pre-paid a three-year primary Crime policy in the 2014/2015 fiscal year, and again in the 2017/18 fiscal year. Budgeted for 2020/2021 is a three-year crime bond based on the 2017/2018 amount inflated by 10%. The \$545 included in the prior year budget was paid by a member that joined after the initial purchase of the prior policy.

Employment Risk Management Authority (ERMA)

ERMA has indicated a preliminary 15% increase over last year's contribution based on funding at the 80% confidence level. The ERMA contribution also includes adjustments in individual members' contributions due to the application of their individual ex-mods. The ERMA preliminary indication is conservative and the final contribution will be known after the ERMA Board meeting in June 2020. The ERMA Board will be considering a plan to offset the pool's rate increases by releasing a portion of the available retrospective adjustment (i.e. issuing a dividend) to be applied against the budgeted contributions.

Excess Employment Practices Liability Insurance (EPLI)

Staff has projected a 0% increase for the Excess EPLI Program. However, as the insurance market continues to harden, this figure may increase. This estimate will be revised by the June 2020 Board meeting.

Administration and Broker Fee Cost Allocation

The total administrative costs are allocated to each program based on a pure percentage of total cost of the program. Broker fees are allocated to all programs except for Liability and Workers' Compensation. Costs are detailed on the Administration Expense page of the attached budget.

Member Quotes

This year, staff has received some requests for quotations to new programs and/or changes to SIRs for existing programs for current members. Any change in members' SIRs and/or program participation might affect the overall contribution amounts for those programs and the budget allocation as a whole. Along with member program participation, staff will provide specific information regarding all members' SIRs, members joining new programs, and the effects these changes will have on the affected pool contribution amounts at the June 2020 Board meeting.

PROS & CONS:

N/A

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FISCAL IMPACT:

Funding, excess and administration charges directly impact member contributions and indirectly impact the program's financial position.

RECOMMENDATION:

Staff recommends the Committee recommend approval of the 2020/2021 budget to the Board of Directors pending final amounts for excess and purchased coverages.

REFERENCE MATERIALS ATTACHED:

- Preliminary 2020/2021 Operating Budget

Bay Cities Joint Powers Insurance Authority

2020 / 2021 Annual Budget ~ Preliminary ~ April 9, 2020

Summary of Contributions by Program

Member	Liability Program	Workcomp Program	Property Program	APD Program	Marina Program	Crime Program	EPL Program	Risk Management Fund	2020/21 Total Budget	Prior Year Comparison		
										2019/20 Total Budget	Increase/ (Decrease)	Percent Change
	Page 2	Page 4	Page 5	Page 6	Page 7	Page 8	Page 9	Page 11				
Albany	628,582	547,744	61,797	18,513		530	54,576	0	1,311,742	951,470	360,272	38%
Berkeley	2,737,262		758,136	77,427	57,751	7,350		549	3,638,475	3,018,387	620,088	21%
Brisbane	493,381	406,817	60,165	9,076	16,264	349	48,566	0	1,034,618	791,808	242,810	31%
Central Marin Fire Auth.	155,809	152,271	0	29,321			34,658	5,000	377,059	358,625	18,434	5%
Central Marin PA	177,450	183,339	17,174	8,737		40	21,670	5,000	413,410	423,784	(10,374)	-2%
Corte Madera	146,948	106,861	53,489	8,218		1,334	14,104	5,000	335,954	289,297	46,657	16%
Emeryville	805,999	337,719	102,415	14,920		640	72,882	0	1,334,575	1,313,597	20,978	2%
Fairfax	135,526	128,336	14,438	2,651		1,895	14,568	0	297,414	290,725	6,689	2%
Larkspur	139,927	145,185	30,116	1,201		3,645	7,872	5,000	332,946	293,205	39,741	14%
Los Altos	541,223		87,943	8,091		2,731	72,798	5,000	717,786	554,080	163,706	30%
Menlo Park	694,691	569,066	147,505			1,777	110,994	0	1,524,033	1,358,620	165,413	12%
Mill Valley	359,779	527,982	77,772	12,305		1,167	84,644	0	1,063,649	998,109	65,540	7%
Monte Sereno	60,088		1,711			58		0	61,857	64,540	(2,683)	-4%
Novato	562,089	917,203	130,304	11,103		4,066	80,809	5,000	1,710,574	1,272,193	438,381	34%
Piedmont	674,800	505,926	43,393	17,728		610	109,594	5,000	1,357,051	1,187,111	169,940	14%
Pleasanton	1,133,843		382,789	63,696		7,168	200,095	0	1,787,591	1,496,073	291,518	19%
Redwood City	1,624,455		432,366		37,166	10,412		0	2,104,399	1,925,870	178,529	9%
RWC Water System			127,783					0	127,783	110,849	16,934	15%
San Anselmo	178,350	134,002	30,451	2,417		4,001	17,283	5,000	371,504	333,535	37,969	11%
Sausalito	317,371	267,012	107,050	5,302		4,431	32,788	0	733,954	648,308	85,646	13%
Union City	655,372	670,778	140,876	28,022		2,249	123,137	0	1,620,434	1,511,473	108,961	7%
Tiburon		177,307					19,370	0	196,677	179,662	17,015	9%
Total	\$12,222,945	\$5,777,548	\$2,807,673	\$318,728	\$111,181	\$54,453	\$1,120,408	\$40,549	\$22,453,485	\$19,371,321	\$3,082,164	16%
P/Y Budget	\$10,215,535	\$5,394,086	\$2,284,252	\$285,789	\$92,984	\$36,880	\$991,795	\$70,000	\$19,371,321			
Incr./(Decr.)	2,007,410	383,462	523,421	32,939	18,197	17,573	128,613	(29,451)	3,082,164			
% Change	20%	7%	23%	12%	20%	48%	13%	-42%	16%			

Changes from Prior Year Include:

No changes in membership, SIRs or coverages were noted for the preliminary budget.

Changes to estimated payroll for Larkspur and Monte Sereno included in April 9, 2020 budget draft.

Bay Cities Joint Powers Insurance Authority
2020 / 2021 Annual Budget ~ Preliminary ~ April 9, 2020
Liability Program Contributions
Pool Funding @ 80% Confidence Level, 2.0% Discount Factor

Member	Info Only: Estimated 2019/20 Payroll	Estimated 2020/21 Payroll	Funding for Losses SIR-\$1 MM	CARMA Contribution \$1-54 MM	Allocation of Claims Services Costs			Allocation of Administration Costs			Liability Claims Initiative	Equity Building Contribution	80% CL 2020/21 Program Budget	Prior Year Comparison	
					Fixed	Variable	Total	Fixed	Variable	Total				80% CL 2019/20 Program Budget	Percent Increase/ (Decrease)
					Allocation	Allocation	Claims Services	Allocation	Allocation	Administration				Note 14	
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13	Note 14	
Albany	11,801,857	15,770,976	\$417,431	161,283	11,479	11,016	22,495	11,726	11,252	22,978	0	4,395	628,582	412,851	52%
Berkeley	143,937,200	156,072,163	854,109	1,596,086	11,479	109,014	120,493	11,726	111,356	123,082	0	43,492	2,737,262	2,301,579	19%
Brisbane	8,993,024	11,550,666	332,524	118,124	11,479	8,068	19,547	11,726	8,241	19,967	0	3,219	493,381	345,539	43%
Central Marin Fire Auth.	5,799,478	5,853,445	62,847	59,861	11,479	4,089	15,568	11,726	4,176	15,902	0	1,631	155,809	139,021	12%
Central Marin PA	5,135,593	4,521,223	100,364	46,237	11,479	3,158	14,637	11,726	3,226	14,952	0	1,260	177,450	171,890	3%
Corte Madera	3,475,021	3,974,426	76,378	40,645	11,479	2,776	\$14,255	11,726	2,836	\$14,562	0	1,108	146,948	\$117,099	25%
Emeryville	18,090,751	17,019,589	579,968	174,052	11,479	11,888	23,367	11,726	12,143	23,869	0	4,743	805,999	767,741	5%
Fairfax	3,047,473	3,030,000	76,212	30,987	11,479	2,116	13,595	11,726	2,162	13,888	0	844	135,526	123,461	10%
Larkspur	3,438,606	3,692,043	72,723	37,757	11,479	2,579	14,058	11,726	2,634	14,360	0	1,029	139,927	117,394	19%
Los Altos	14,028,645	16,813,179	317,651	171,942	11,479	11,744	23,223	11,726	11,996	23,722	0	4,685	541,223	400,352	35%
Menlo Park	28,873,880	30,600,000	306,818	312,934	11,479	21,374	32,853	11,726	21,833	33,559	0	8,527	694,691	578,407	20%
Mill Valley	14,264,018	14,693,352	161,469	150,263	11,479	10,263	21,742	11,726	10,484	22,210	0	4,095	359,779	309,897	16%
Monte Sereno	914,244	577,576	30,000	5,907	11,479	403	11,882	11,726	412	12,138	0	161	60,088	63,029	-5%
Novato	17,586,604	23,638,999	257,174	241,746	11,479	16,511	27,990	11,726	16,866	28,592	0	6,587	562,089	383,149	47%
Piedmont	13,470,638	14,613,706	477,441	149,448	11,479	10,207	21,686	11,726	10,427	22,153	0	4,072	674,800	557,134	21%
Pleasanton	44,057,109	48,687,455	530,419	497,907	11,479	34,007	45,486	11,726	34,738	46,464	0	13,567	1,133,843	950,250	19%
Redwood City	85,883,798	83,081,729	611,146	849,643	11,479	58,031	69,510	11,726	59,278	71,004	0	23,152	1,624,455	1,507,087	8%
San Anselmo	3,109,811	3,320,910	115,569	33,962	11,479	2,320	13,799	11,726	2,369	14,095	0	925	178,350	152,189	17%
Sausalito	6,499,638	7,037,590	210,297	71,971	11,479	4,916	16,395	11,726	5,021	16,747	0	1,961	317,371	250,798	27%
Tiburon															
Union City	28,256,213	28,490,000	292,645	291,356	11,479	19,900	31,379	11,726	20,327	32,053	0	7,939	655,372	566,668	16%
Total	\$460,663,601	\$493,039,027	\$5,883,185	\$5,042,111	\$229,580	\$344,380	\$573,960	\$234,520	\$351,777	\$586,297	\$0	\$137,392	\$12,222,945	\$10,215,535	20%
P/Y Budget		\$460,663,601	\$4,580,143	\$4,185,610	\$225,080	\$337,601	\$562,681	\$229,880	\$333,041	\$574,690	\$12,000	\$300,411	\$10,215,535		
Incr./(Decr.)		32,375,426	1,303,042	856,501	4,500	6,779	11,279	4,640	18,736	11,607	(12,000)	(163,019)	2,007,410		
% Change		7%	28%	20%	2%	2%	2%	2%	6%	2%	-100%	-54%	20%		

NOTES:
Note 1: 2019/20 estimated payroll as submitted by members.
Note 2: 2020/21 estimated payroll as submitted by members.
Note 3: Adjusted funding needed for SIR to \$1,000,000 at the 80% confidence level from page 3, note 11, based on estimated payroll.
Note 4: Preliminary estimate of CARMA contribution, allocated by estimated payroll. CARMA anticipates funding 2020/21 at the 80%CL with a 2.0% discount factor.
Note 5: 40% of proposed TPA fees distributed to members equally.
Note 6: 60% of proposed TPA fees distributed to members based on estimated payroll.
Note 7: Sum of Note 5 and Note 6.
Note 8: 40% of allocated administration from page 10 distributed to members equally.
Note 9: 60% of allocated administration from page 10 distributed to members based on estimated payroll.
Note 10: Sum of Note 8 and Note 9.
Note 11: CAJPA Liability Claims Initiative Contribution distributed to members based on estimated payroll - none anticipated for 2020/21.
Note 12: Additional contributions to build equity in the program. Year 2 of 7 year equity building plan, based on projected 3/31/20 shortfall to target equity of \$5M.
Note 13: Total 2020/21 Liability Program contribution by member based on estimated payroll (Note 3 plus Note 4 plus Note 7 plus Note 10 plus Note 11 plus Note 12).
Note 14: 2019/20 budget.

Bay Cities Joint Powers Insurance Authority
2020 / 2021 Annual Budget ~ Preliminary ~ April 9, 2020
Funding for Losses at Selected Retained Limits - Liability Program
Pool Funding @ 80% Confidence Level, 2.0% Discount Factor

	SIR-\$500K							\$500K - \$1M				80% CL			Recommended	
	Unadjusted Contribution By Projected	Retention Rate Adjustment	Contribution Adjusted for RRA	Info Only: 2019/20 Ex-Mod	2020/21 Ex-Mod	Contribution Adjusted for Ex-Mod	SIR-\$500K Adjusted Contribution	Unadjusted Contribution By Projected	Contribution Adjusted for Ex-Mod	\$500K - \$1M Adjusted Contribution	80% CL 2020/21 SIR-\$1M	80% CL 2019/20 SIR-\$1M	Percent Increase/ (Decrease)	Selected Retained Limit	Recommended Retained Limit	
Member	Payroll	Factor	Factor	Ex-Mod	Ex-Mod	Ex-Mod	Contribution	Payroll	Ex-Mod	Contribution	Total	Total	(Decrease)	Limit	Per Actuary	
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12		Note 13	Note 14	
Albany	517,288	0.573	296,406	1.044	1.065	315,729	321,978	80,274	85,507	95,453	417,431	257,385	62%	50,000	100K-250K	
Berkeley	5,119,167	0.064	327,627	0.720	0.700	229,195	233,732	794,407	555,737	620,377	854,109	660,173	29%	350,000	350K-500K	
Brisbane	378,862	0.699	264,824	0.994	0.991	262,321	267,513	58,793	58,237	65,011	332,524	221,659	50%	25,000	50K-250K	
Central Marin Fire Auth.	191,993	0.152	29,183	1.000	0.997	29,103	29,679	29,794	29,712	33,168	62,847	51,055	23%	250,000	50K-250K	
Central Marin PA	148,296	0.415	61,543	1.097	1.135	69,832	71,214	23,013	26,113	29,150	100,364	91,389	10%	100,000	50K-100K	
Corte Madera	130,361	0.415	54,100	0.980	0.982	53,143	54,195	20,230	19,872	22,183	76,378	55,272	38%	100,000	25K-100K	
Emeryville	558,243	0.822	458,987	1.036	1.027	471,332	480,661	86,630	88,960	99,307	579,968	541,553	7%	10,000	100K-350K	
Fairfax	99,384	0.573	56,947	1.044	1.012	57,644	58,785	15,423	15,611	17,427	76,212	66,444	15%	50,000	25K-50K	
Larkspur	121,099	0.415	50,256	1.003	1.007	50,600	51,601	18,792	18,921	21,122	72,723	55,977	30%	100,000	25K-100K	
Los Altos	551,472	0.415	228,861	0.966	0.966	221,018	225,392	85,579	82,646	92,259	317,651	219,844	44%	100,000	100K-350K	
Menlo Park	1,003,680	0.152	152,559	0.909	0.931	142,079	144,891	155,754	145,055	161,927	306,818	230,957	33%	250,000	250K-500K	
Mill Valley	481,942	0.152	73,255	1.009	1.021	74,772	76,252	74,789	76,338	85,217	161,469	126,741	27%	250,000	100K-500K	
Monte Sereno	18,944	0.880	16,671	0.999	1.014	16,907	17,242	2,940	2,981	3,328	30,000	30,000	0%	5,000	5K-25K	
Novato	775,359	0.152	117,855	1.050	1.010	119,091	121,448	120,323	121,584	135,726	257,174	162,629	58%	250,000	100K-500K	
Piedmont	479,330	0.822	394,105	0.984	0.985	388,010	395,690	74,384	73,233	81,751	477,441	382,900	25%	10,000	100K-350K	
Pleasanton	1,596,949	0.152	242,736	1.114	1.012	245,623	250,484	247,819	250,767	279,935	530,419	432,053	23%	250,000	350K-500K	
Redwood City	2,725,081	0.064	174,405	0.948	0.940	163,997	167,243	422,886	397,650	443,903	611,146	518,525	18%	350,000	350K-500K	
San Anselmo	108,926	0.822	89,559	1.052	1.049	93,921	95,780	16,903	17,727	19,789	115,569	94,469	22%	10,000	25K-100K	
Sausalito	230,833	0.573	132,267	1.142	1.203	159,060	162,208	35,821	43,078	48,089	210,297	154,958	36%	50,000	50K-100K	
Tiburon																
Union City	934,472	0.152	142,040	0.909	0.954	135,516	138,198	145,014	138,354	154,447	292,645	226,160	29%	250,000	250K-500K	
Total	\$16,171,680		\$3,364,186			\$3,298,893	\$3,364,186	\$2,509,569	\$2,248,083	\$2,509,569	5,883,185	\$4,580,143	28%			
P/Y Budget	\$13,792,268		\$2,726,364			\$2,682,585	\$2,726,364	\$1,851,868	\$1,683,678	\$1,851,868	\$4,580,143					
Incr./(Decr.)	2,379,412		637,822			616,308	637,822	657,701	564,405	657,701	1,303,042					
% Change	17%		23%			23%	23%	36%	34%	36%	28%					

Actuarial Rates, Discounted at 2.0%					
Actuarial Data by Layer	2020 / 21 - 80% CL			2019 / 20 - 80% CL	
	\$0-\$500K	\$500K-\$1M	Total \$0-\$1M	Prior Year	% change
Rates per \$100 Payroll	\$3.280	\$0.509	\$3.789	\$3.396	11.6%

Retention Rate Adjustment Factors			
Retained Limit	2020 / 21 - 80% CL Current Year	2019/20 - 80% CL	
		Prior Year	% Change
\$5,000	0.880	0.865	1.7%
\$10,000	0.822	0.804	2.3%
\$25,000	0.699	0.670	4.3%
\$50,000	0.573	0.541	5.9%
\$100,000	0.415	0.388	7.0%
\$250,000	0.152	0.144	5.6%
\$350,000	0.064	0.064	0.0%
\$500,000	0.000	0.000	

NOTES:
Note 1: Total 2020/21 estimated payroll from page 2 times actuarial rate (\$0-\$500,000) .
Note 2: Retained rate adjustment (RRA) factor from chart at right based on the retained limit selected by member.
Note 3: The unadjusted estimated contribution (Note 1) times the retention rate adjustment factors (Note 2).
Note 4: 2019/20 Experience modifier (ex-mod).
Note 5: 2020/21 Experience modifier is based on 5 years loss history (Program years 2014/15 to 2018/19) and 5 years average payroll. Exmods are capped with a floor of 0.65 and a ceiling of 1.35.
Note 6: Contribution adjusted for RRA (Note 3) times member experience modifier (Note 5).
Note 7: The contribution (Note 6) adjusted for off balance .
Note 8: Total 2020/21 estimated payroll from page 2 times actuarial rate (\$500K-\$1M).
Note 9: The unadjusted contribution (Note 8) times member experience modifier.
Note 10: The contribution (Note 9) adjusted for off balance .
Note 11: Total 2020/21 contribution by member, adjusted for a minimum pool contribution of \$30,000 (Note 7 plus Note 10).
Note 12: 2019/20 budgeted contributions.
Note 13: Retained limit selected by members.
Note 14: Retained limit range for each member based on actuarial recommendation Exhibit 4 of study dated March 2, 2020.

Bay Cities Joint Powers Insurance Authority
2020 / 2021 Annual Budget ~ Preliminary ~ April 9, 2020
Workers' Compensation Program Contributions
Pool Funding @ 80% confidence level, 3.0% Discount Factor

Deposit Premium Calculation														80% CL 2020/21 Program Budget	2019/20 Total Program Budget	% Change
Member	SIR	Info Only: 2019/20 Estimated Payroll <i>Note 1</i>	2020/21 Estimated Payroll <i>Note 2</i>	Funding for Losses SIR-\$1M <i>Note 3</i>	Info Only: 2019/20 Experience Modification <i>Note 4</i>	80% CL Experience Modification <i>Note 5</i>	Contribution Adjusted for Experience Modification <i>Note 6</i>	Contribution Adjusted for Ex-Mod & Off Balance <i>Note 7</i>	LAWCX Coverage \$1M-Statutory <i>Note 8</i>	Claims Services <i>Note 9</i>	Return to Work <i>Note 10</i>	Program Admin. <i>Note 11</i>	DIR Assessments <i>Note 12</i>	<i>Note 13</i>	<i>Note 14</i>	
Albany	150,000	11,801,857	15,770,976	394,274	0.911	0.924	364,310	367,178	70,841	43,415	3,316	38,071	24,923	547,744	426,308	28%
Berkeley																
Brisbane	150,000	8,993,024	11,550,666	288,767	0.906	0.925	267,109	269,212	51,884	31,797	2,428	31,315	20,181	406,817	328,249	24%
Central Marin Fire Auth.	250,000	\$5,788,478	5,853,445	74,514	1.012	1.007	75,036	75,627	26,293	16,114	1,231	22,195	10,811	152,271	156,564	-3%
Central Marin PA	150,000	5,135,593	4,521,223	113,031	1.009	1.025	115,856	116,768	20,309	12,446	951	20,063	12,802	183,339	210,218	-13%
Corte Madera	250,000	3,475,021	3,974,426	50,594	0.955	0.952	48,166	48,545	17,852	10,941	836	19,187	9,500	106,861	99,013	8%
Emeryville	350,000	18,090,751	17,019,589	142,454	1.162	1.087	154,847	156,066	76,449	46,852	3,578	40,070	14,704	337,719	385,647	-12%
Fairfax	150,000	3,047,473	3,030,000	75,750	1.021	1.011	76,583	77,186	13,610	8,341	637	17,676	10,886	128,336	133,648	-4%
Larkspur	150,000	3,438,606	3,692,043	92,301	0.940	0.941	86,855	87,539	16,584	10,164	776	18,735	11,387	145,185	140,710	3%
Los Altos																
Menlo Park	350,000	28,873,880	30,600,000	256,122	0.981	1.005	257,403	259,429	137,450	84,237	6,433	61,809	19,708	569,066	556,191	2%
Mill Valley	150,000	14,264,018	14,693,352	367,334	0.966	0.966	354,844	357,637	66,000	40,448	3,089	36,346	24,462	527,982	532,583	-1%
Monte Sereno																
Novato	150,000	17,586,604	23,638,999	590,975	1.046	1.094	646,527	651,618	106,182	65,076	4,968	50,666	38,693	917,203	690,482	33%
Piedmont	150,000	13,470,638	14,613,706	365,343	0.910	0.916	334,654	337,288	65,642	40,229	3,072	36,218	23,477	505,926	483,470	5%
Pleasanton																
Redwood City																
San Anselmo	150,000	3,109,811	3,320,910	83,023	0.955	0.957	79,453	80,078	14,917	9,142	698	18,141	11,026	134,002	130,387	3%
Sausalito	150,000	6,499,638	7,037,590	175,940	1.032	0.986	173,477	174,843	31,612	19,373	1,480	24,091	15,613	267,012	264,966	1%
Tiburon	150,000	3,983,775	4,478,706	111,968	0.964	0.987	110,512	111,382	20,118	12,329	942	19,995	12,541	177,307	162,544	9%
Union City	250,000	28,256,213	28,490,000	362,678	1.023	1.025	371,745	374,671	127,972	78,428	5,990	58,431	25,286	670,778	693,106	-3%
Total		\$175,815,380	\$192,285,631	\$3,545,067			\$3,517,377	\$3,545,067	\$863,715	\$529,332	\$40,425	\$513,009	\$286,000	\$5,777,548	\$5,394,086	7%
P/Y Budget		\$175,815,380	\$3,224,945				\$3,177,122	\$3,224,945	\$750,388	\$605,199	\$35,700	\$502,854	\$275,000	\$5,394,086		
Incr./(Decr.)		16,470,251	320,122				340,255	320,122	113,327	(75,867)	4,725	10,155	11,000	383,462		
% Change		9%	10%				11%	10%	15%	-13%	13%	2%	4%	7%		

NOTES:

Note 1: 2019/20 estimated payroll as submitted by members.

Note 2: 2020/21 estimated payroll as submitted by members.

Note 3: Funding for losses determined by taking the rate in the table to the right corresponding to the member's SIR, times their 2020/21 estimated payroll divided by 100.

Note 4: 2019/20 experience modification factors calculated by the actuary.

Note 5: 2020/21 experience modification factors calculated by the actuary.

Note 6: Funding (Note 3) times experience modifier (Note 5).

Note 7: Loss fund contribution including difference between the total funding for losses (Note 3) and adjusted contribution (Note 6), distributed proportionately.

Note 8: LAWCX estimated contribution is calculated using actual 2018-19 member payroll. LAWCX funds its losses at the 80% conf. level, discounted 2.5%.

Note 9: Cost of claims servicing for 2020/21 per contract with ICS.

Note 10: Costs includes estimated \$7,980 to Sedgwick and \$32,445 to Company Nurse. Company Nurse based on \$157.50 per claim - same as 2019/20.

Note 11: Administrative cost allocated to the members as follows: 40% equally and 60% based on estimated payroll .

Note 12: Estimated 2020 Assessment payment to the Department of Industrial Relations allocated to members 40% equally and 60% based on adjusted deposit premium.

Note 13: Total 2020/21 contributions by member (Total Notes 7 through 13).

Note 14: 2019/20 program budget.

80% Confidence Level, 3.0% Discount			
Pool	Prior Year		
Rate Table	2020 / 21	2019 / 20	% Change
\$150k - \$1M	\$2.500	\$2.556	-2.19%
\$250k - \$1M	\$1.273	\$1.302	-2.23%
\$350k - \$1M	\$0.837	\$0.856	-2.22%
\$500k - \$1M	\$0.418	\$0.428	-2.34%

Bay Cities Joint Powers Insurance Authority
2020 / 2021 Annual Budget ~ Preliminary ~ April 9, 2020
All-Risk Property - Boiler & Machinery - Flood - Cyber

		Insured Values			Purchased Coverages																			
Member	SIR	2019/20	2020/21	2020/21	Pool	Commercial	Mobile	Boiler &	Flood	Deadly	Cyber	Property	**	Program	2020/21	Property	2020/21	2019/20	% Change					
		Insured	All Risk / B & M	Insured Values		Contribution		Prop. Premium		Equipment	Machinery		Weapons		Liability		Agility			Program	Experience	Program	Budget	Budget
		Values	Insured Values	Flood Only		SIR-\$250k		Over \$250k		Quoted	Premium		Response		Premium		Appraisals			Recovery	Admin.	Contribution	Rating	Program
		Note 1	Note 2	Note 2	Note 3	Note 4		Note 4	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10	Note 11	Note 12	Note 13						
Albany	10,000	36,417,882	42,812,820	0	9,890	41,697		757		284		0	3,600	5,569	61,797	0	61,797	46,706	32%					
Berkeley	10,000	474,482,363	526,714,553	0	121,671	512,982	31,179	9,310		3,493	10,986	0		68,515	758,136	0	758,136	596,540	27%					
Brisbane	10,000	38,745,556	42,172,576	42,172,576	9,742	41,073		745	2,839	280		0		5,486	60,165	0	60,165	48,117	25%					
Central Marin Fire Auth.																								
Central Marin PA	10,000	10,743,001	12,634,530	0	2,919	12,305		223		84		0		1,643	17,174	0	17,174	12,716	35%					
Corte Madera	10,000	35,372,318	37,390,287	3,689,186	8,637	36,416		661	248	248	1,667	0		4,864	52,741	748	53,489	43,579	23%					
Emeryville	10,000	70,091,499	75,343,190	0	17,404	73,379		1,332		500		0		9,800	102,415	0	102,415	82,961	23%					
Fairfax	10,000	7,020,062	7,973,356	9,240	1,842	7,765		141		53		0	3,600	1,037	14,438	0	14,438	11,910	21%					
Larkspur	10,000	16,453,786	22,154,270	0	5,118	21,577		392		147		0		2,882	30,116	0	30,116	19,476	55%					
Los Altos	10,000	52,545,632	57,154,480	18,962,458	13,203	55,664		1,010	1,276	379	2,857	0	6,120	7,434	87,943	0	87,943	71,928	22%					
Menlo Park	10,000	100,259,309	103,826,848	0	23,984	101,120		1,835		689	6,372	0		13,505	147,505	0	147,505	124,462	19%					
Mill Valley	10,000	50,568,546	55,112,139	0	12,731	53,675		974		366	2,857	0		7,169	77,772	0	77,772	62,450	25%					
Monte Sereno	10,000	1,249,875	1,258,579	0	291	1,226		22		8		0		164	1,711	0	1,711	1,480	16%					
Novato	10,000	84,209,140	88,523,362	0	20,449	86,216		1,565		587	6,372	0	3,600	11,515	130,304	0	130,304	109,065	19%					
Piedmont	10,000	26,790,439	31,923,403	0	7,374	31,091		564		212		0		4,152	43,393	0	43,393	31,711	37%					
Pleasanton	10,000	235,661,061	259,235,519	0	59,883	252,477		4,582		1,719	30,408	0		33,720	382,789	0	382,789	306,578	25%					
Redwood City	10,000	295,474,788	295,752,973	295,752,973	68,319	288,043		5,228	19,908	1,961	10,437	0		38,470	432,366	0	432,366	375,156	15%					
RWC Water System	10,000	89,569,826	89,569,826	89,569,826	20,691	87,235		1,583	6,029	594		0		11,651	127,783	0	127,783	110,849	15%					
San Anselmo	10,000	21,390,746	22,401,404	0	5,175	21,817		396		149		0		2,914	30,451	0	30,451	25,318	20%					
Sausalito	10,000	76,615,247	78,752,621	0	18,192	76,700		1,392		522		0		10,244	107,050	0	107,050	90,683	18%					
Union City	10,000	86,718,727	95,870,599	0	22,146	93,371		1,695		636	6,958	0	3,600	12,470	140,876	0	140,876	112,567	25%					
Total		\$1,810,379,803	\$1,946,577,335	\$450,156,259	\$449,661	\$1,895,829	\$31,179	\$34,407	\$30,300	\$12,910	\$78,914	\$0	\$20,520	\$253,202	\$2,806,925	\$748	\$2,807,673	\$2,284,252	23%					

P/Y Budget	\$1,810,379,803	\$449,395,709	\$418,199	\$1,410,546	\$24,943	\$25,600	\$24,240	\$11,736	\$71,739	\$30,015	\$20,520	\$246,714	\$2,284,252	\$0	\$2,284,252
Incr./(Decr.)	136,197,532	760,550	31,462	485,283	6,236	8,807	6,060	1,174	7,175	(30,015)	0	6,488	522,673	748	523,421
% Change	8%	0%	8%	34%	25%	34%	25%	10%	10%	-100%	0%	3%	23%	100%	23%

Table of Rates Per \$100 TIV	2019/20 Rates	2019/20 Rates	2020/21 Rates	2020/21 Rates
	Pool \$50k-\$250k	Pool \$10k-\$250k	Pool \$50k-\$250k	Pool \$10k-\$250k
Total Pool Deposit - 80% CL	\$0.013200	\$0.023100	\$0.013200	\$0.023100
Commercial Property, inc Auto Comp	\$0.077914	\$0.077914	\$0.097393	\$0.097393
Boiler & Machinery	\$0.001414	\$0.001414	\$0.001768	\$0.001768
Flood Coverage	\$0.000054	\$0.000054	\$0.000067	\$0.000067
Administration	\$0.0136277	\$0.0136277	\$0.0130075	\$0.0130075
Rates for 2019/20 and 2020/21 from March, 2017 Actuarial Study.				

** Disaster Recovery and Preparedness fee from Agility to members participating via BCJPIA.

Notes:
Note 1: 2019/20 Total insured property values per budget.
Note 2: 2020/21 estimated total insured property values per Alliant database at 03/30/2020.
Note 3: Rate for BCJPIA pool (from actuarial report dated March, 2017) times total Note 2 Insured Values.
BCJPIA property pool covers contents. In-yard vehicles are covered as contents.
Note 4: Premium by Alliant Property Insurance Program (APIP) - Estimated 25% rate increase over prior year.
Note 5: Deadly Weapons Response Program coverage - Estimated 10% increase over prior year.
Note 6: Cyber Liability charges for participating members - Estimated 10% change over prior year and no change in participating members.
Note 7: Total Property Appraisals fee estimate allocated to members based on total TIV. None for 2020/21.
Note 8: Agility Recovery Services is a pass thru program for participating members. Program admin is not charged on this. Estimated no change in rate and participation from prior year.
Note 9: Administrative costs as allocated from page 10.
Note 10: Total 2020/21 contributions by member (Total Notes 3 through 9).
Note 11: Premium addition due to property experience rating, if applicable.
Note 12: Total 2020/21 contributions by member (Note 10 plus Note 11) adjusted for experience rating.
Note 13: 2019/20 budget.

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Auto Physical Damage Pool

Member	2019/20 Insured Values	2020/21 Insured Values	Contributions						
			Pool	Excess	Admin.	APD	2020/21	2019/20	% Change
			Contribution	Reinsurance	Expense	Experience Rating	Program Budget	Program Budget	
		ESTIMATED	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	
Albany	6,512,295	6,348,631	0	9,269	9,244	0	18,513	17,031	9%
Berkeley	49,607,318	49,607,318	0	72,427	5,000	0	77,427	63,041	0%
Brisbane	3,112,516	3,112,516	0	4,544	4,532	0	9,076	8,140	11%
Central Marin Fire Auth.	\$5,300,000	6,243,750	11,114	9,116	9,091	0	29,321	\$32,411	-10%
Central Marin PA	1,703,350	1,605,599	0	2,344	2,338	4,055	8,737	4,724	85%
Corte Madera	1,715,672	1,750,172	3,115	2,555	2,548	0	8,218	10,492	-22%
Emeryville	4,748,000	5,116,665	0	7,470	7,450	0	14,920	12,417	20%
Fairfax	909,065	909,065	0	1,327	1,324	0	2,651	2,378	11%
Larkspur	316,081	411,827	0	601	600	0	1,201	827	45%
Los Altos	4,174,500	2,774,433	0	4,051	4,040	0	8,091	10,917	-26%
Menlo Park									
Mill Valley	4,840,923	4,220,033	0	6,161	6,144	0	12,305	12,660	-3%
Monte Sereno									
Novato	3,807,825	3,807,825	0	5,559	5,544	0	11,103	9,958	11%
Piedmont	4,951,659	6,079,283	0	8,876	8,852	0	17,728	12,950	37%
Pleasanton	21,843,547	21,843,547	0	31,892	31,804	0	63,696	57,128	11%
Redwood City									
San Anselmo	891,505	828,929	0	1,210	1,207	0	2,417	2,331	4%
Sausalito	1,731,662	1,818,245	0	2,655	2,647	0	5,302	4,529	17%
Union City	9,121,768	9,609,833	0	14,030	13,992	0	28,022	23,855	17%
	<u>\$125,287,686</u>	<u>126,087,671</u>	<u>\$14,229</u>	<u>\$184,087</u>	<u>\$116,357</u>	<u>\$4,055</u>	<u>\$318,728</u>	<u>285,789</u>	<u>\$32,939</u>
P/Y Budget		\$125,287,686	\$24,555	\$146,586	\$114,379	\$269	\$285,789		
Incr./ (Decr.)		799,985	(10,326)	37,501	1,978	3,786	32,939		
% Change		1%	-42%	26%	2%	1407%	12%		

Pool Rates per \$100 TIV		
**	Pool Rate (70% CL)	\$0.1780
***	Pool Rate - New members (70% CL)	\$0.1780
	Reinsurance	0.146
	Administration	0.092
Notes:		
** Starting 2008/09, the actuarial rate for all members, except the following,		
was \$0 as the pool is now self sufficient:		
For Central Marin Fire Auth. - Pool Rate is 0.350 for 2019/20; 0.178 for 2020/21 - must contribute through 2025/26		
For Corte Madera - Pool Rate is 0.350 for 2017/18 - 2019/20; 0.178 for 2020/21 - must contribute through 2023/24		
***For All New Members - Pool rate is \$0.350 starting July 1, 2014		

NOTES:
Note 1: Total Insured Values as submitted by members times pool rate shown at left. BCJPIA APD pool covers Comp. and Collision (Off Premises).
Note 2: Total Excess Reinsurance - Estimated 25% rate increase from prior year. Excess coverage rate provided by Alliant Excess coverage is payable to Alliant for full coverage (In Yard and Off Premises)
Note 3: Administrative costs as allocated from page 10. Berkeley has a flat fee of \$5,000 for participating only in APIP.
Note 4: Additional contribution due to APD experience rating.
Note 5: Total 2020/21 contributions by member (Total Notes 1 through 4).
Note 6: 2019/20 budget.

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Marina Coverage

Member	Primary Contribution	Excess Contribution	Program Admin.	2020/21 Program Budget	2019/20 Program Budget	Increase/ (Decrease)	% Change
	Note 1	Note 2	Note 3	Note 4	Note 5		
Albany							
Berkeley	33,703	12,904	11,144	57,751	48,298	9,453	20%
Brisbane	9,126	4,000	3,138	16,264	13,603	2,661	20%
Central Marin Fire Auth.							
Central Marin PA							
Corte Madera							
Emeryville							
Fairfax							
Larkspur							
Los Altos							
Menlo Park							
Mill Valley							
Monte Sereno							
Novato							
Piedmont							
Pleasanton							
Redwood City	21,230	8,764	7,172	37,166	31,083	6,083	20%
San Anselmo							
Sausalito							
Union City							
	\$64,059	\$25,668	\$21,454	\$111,181	92,984	\$18,197	20%

P/Y Budget	\$51,247	\$20,534	\$21,203	\$92,984
Incr./(Decr.)	12,812	5,134	251	18,197
% Change	25%	25%	1%	20%

NOTES:

Coverage includes primary & excess marina liability protection & indemnity, and hull and machinery.

Note 1: 25% estimated increase over prior year.

Note 2: 25% estimated increase over prior year.

Note 3: Administrative costs as allocated from page 10.

Note 4: Total 2020/21 contributions by member (Total Notes 1 through 2).

Note 5: 2019/20 budget.

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Crime Program

Member	Primary Insurance Contribution	Excess Coverage	Program Admin.	2020/21 Program Budget	2019/20 Program Budget	Increase/ (Decrease)
	Note 1	Note 2	Note 3	Note 4	Note 5	
Albany	235		295	530	283	247
Berkeley	3,264		4,086	7,350	3,929	3,421
Brisbane	155		194	349	187	162
Central Marin Fire Auth.						
Central Marin PA	18		22	40	21	19
Corte Madera	177	935	222	1,334	1,608	(274)
Emeryville	284		356	640	342	298
Fairfax	337	1135	423	1,895	1,438	457
Larkspur	641	2201	803	3,645	2,772	873
Los Altos	1,212		1,519	2,731	1,459	1,272
Menlo Park	789		988	1,777	949	828
Mill Valley	518		649	1,167	623	544
Monte Sereno	26		32	58	31	27
Novato	875	2095	1,096	4,066	2,958	1,108
Piedmont	271		339	610	326	284
Pleasanton	1,951	2773	2,444	7,168	4,870	2,298
Redwood City	2,277	5283	2,852	10,412	7,544	2,868
San Anselmo	733	2350	918	4,001	3,018	983
Sausalito	839	2541	1,051	4,431	3,320	1,111
Union City	998		1,251	2,249	1,202	1,047
Total	\$15,600	\$19,313	\$19,541	\$54,453	\$36,880	\$17,573
P/Y Budget	545	17,558	18,777	36,880		
Incr./ (Decr.)	15,055	1,755	764	17,573		
% Change	2762%	10%	4%	48%		

NOTES:	
Note 1:	Estimated cost of Primary commercial crime bond up to \$1,000,000. Based on 2017/18 cost inflated by 10% Allocated to the membership based on 2017/18 allocation.
Note 2:	Cost of Excess commercial crime bond \$1,000,000 to \$2,000,000 from July 1, 2020 to June 30, 2021 - estimate 10% change over prior year.
Note 3:	Administrative costs as allocated from page 10.
Note 4:	Total 2020/21 contribution by member (Total Notes 1 through 3).
Note 5:	2019/20 budget.

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Employment Practices Liability Coverage

Member	SIR	Info Only: ERMA Member Ex-Mod	ERMA Member Ex-Mod	ERMA Contribution	EPL Excess Prem.	Program Admin.	2020/21 Program Budget	2019/20 Program Budget	Increase/ (Decrease)	% Change
		2019/20	2020/21	SIR to \$1M	\$1M to \$3M					
		Note 1	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6		
Albany	50,000	0.750	0.750	48,264	4,369	1,943	54,576	48,291	6,285	13%
Berkeley										
Brisbane	50,000	0.750	0.750	42,949	3,888	1,729	48,566	42,973	5,593	13%
Central Marin Fire Auth.	100,000	1.000	0.750	30,925	2,499	1,234	34,658	30,629	4,029	13%
Central Marin PA	100,000	0.750	0.750	18,866	2,033	771	21,670	19,215	2,455	13%
Corte Madera	100,000	0.750	0.750	12,279	1,323	502	14,104	12,506	1,598	13%
Emeryville	50,000	0.750	0.750	64,454	5,834	2,594	72,882	64,489	8,393	13%
Fairfax	50,000	0.750	0.750	12,883	1,166	519	14,568	12,890	1,678	13%
Larkspur	250,000	0.750	0.750	6,514	1,078	280	7,872	7,026	846	12%
Los Altos	100,000	0.881	0.750	64,311	5,896	2,591	72,798	64,424	8,374	13%
Menlo Park	250,000	1.000	0.913	95,223	11,820	3,951	110,994	98,611	12,383	13%
Mill Valley	50,000	0.750	0.750	74,855	6,776	3,013	84,644	74,896	9,748	13%
Monte Sereno										
Novato	250,000	1.250	1.000	70,893	7,040	2,876	80,809	71,581	9,228	13%
Piedmont	50,000	1.250	1.500	100,249	5,444	3,901	109,594	96,520	13,074	14%
Pleasanton	75,000	0.750	0.750	175,537	17,437	7,121	200,095	177,247	22,848	13%
LP Fire Dept.										
Redwood City										
San Anselmo	50,000	0.750	0.750	15,285	1,383	615	17,283	15,292	1,991	13%
Sausalito	50,000	0.750	0.750	28,996	2,625	1,167	32,788	29,012	3,776	13%
Tiburon	25,000	0.750	0.750	17,289	1,392	689	19,370	17,118	2,252	13%
Union City	75,000	0.750	0.750	108,023	10,731	4,383	123,137	109,075	14,062	13%
Total	BCJPA Ex-Mod	0.789	0.793	\$987,795	\$92,734	\$39,881	\$1,120,408	\$991,797	\$128,611	13%

P/Y Budget
Incr./(Decr.)
% Change

\$858,952	\$92,734	\$40,109	\$991,795
128,843	0	(228)	128,613
15%	0%	-1%	13%

NOTES:

Note 1: This is the preliminary individual member Experience Modifier from ERMA.
 Note 2: ERMA EPL coverage and loss prevention training estimated at 15% increase.
 Note 3: Excess Coverage from Lloyds of London \$2M X \$1M - estimate 0% change from prior year.
 Note 4: Administrative costs as allocated from page 10.
 Note 5: Total 2020/21 contributions by member (Total Notes 2 through 4)
 Note 6: 2019/20 budget.

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Administration Expenses

Administration Costs	2018/19 Actual Audited	2019/20 Operating Budget	2020/21 Preliminary Operating Budget	Prior Year:	
				Increase/ (Decrease)	Percent Incr./(Decr.)
Contract Services:					
Program Administration - Sedgwick	\$1,218,423	\$1,254,001	\$1,290,116 *	\$36,115	2.9%
Website Reconstruction	-	-	-	\$0	
Legal Counsel	16,714	20,000	20,000	0	0.0%
Broker Fees**	80,000	82,000	84,000	2,000	2.4%
Meetings & Conferences:					
Retreat	25,840	39,000	30,000	(9,000)	-23.1%
Meetings	9,921	10,000	10,000	0	0.0%
Memberships & Conferences	3,438	4,800	4,800	0	0.0%
CAJPA Accreditation	-	-	-	0	100.0%
Financial Services:					
Financial Audit	14,750	15,375	15,375	-	0.0%
Actuarial Studies	56,550	56,550	57,450	900	1.6%
Safety & Training:					
Training & Workshops	8,846	10,000	10,000	0	0.0%
Scholarship Fund	5,990	7,000	8,000	1,000	14.3%
Contingency:					
Allowance for Contingencies	-	20,000	20,000	0	0.0%
Total Administration Costs	\$1,440,472	\$1,518,726	\$1,549,741	\$31,015	2.0%

* - Program Admin fee includes 2.88% CPI Index increase per contract.

Less Allocation to:	All costs less Broker fee	Broker Fee*	Prior Year Allocation	2020/21 Allocation		
Liability Program	40.00%		574,690	586,297	11,607	See page 2.
Workers' Compensation Program	35.00%		502,854	513,009	10,155	See page 4.
Property Program	12.50%	83.31%	246,714	253,202	6,488	See page 5.
Auto Physical Damage Program	7.50%	7.65%	114,379	116,357	1,978	See page 6.
Marina Program	1.25%	3.73%	21,203	21,454		See page 7.
Crime Program	1.25%	1.45%	18,777	19,541	764	See page 8.
Employment Practices Liability Program	2.50%	3.85%	40,109	39,881	(228)	See page 9.
	100.00%	100.00%	\$1,518,726	\$1,549,741	\$30,764	

**Broker fee allocated according to percentage of estimated coverage purchased in each applicable program

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Risk Management Fund Balance

Member		Balance as of 7/1/2019	2019/20 Usage (as of 3/31/2020)	Contribution Election via 2020/21 budget *	Estimated Balance as of 7/1/2020
		Note 1	Note 2	Note 3	Note 4
Albany		\$0	\$0	0	\$0
Berkeley	^	24,451	0	549	25,000
Brisbane	^	25,000	0	0	25,000
Central Marin Fire Auth.	^	0	0	5,000	5,000
Central Marin PA	^	17,836	(2,135)	5,000	20,701
Corte Madera	^	15,000	0	5,000	20,000
Emeryville		0	0	0	0
Fairfax	^	25,000	0	0	25,000
Larkspur	^	8,659	(1,102)	5,000	12,557
Los Altos	^	10,000	0	5,000	15,000
Menlo Park		0	0	0	0
Mill Valley	^	25,000	0	0	25,000
Monte Sereno		0	0	0	0
Novato	^	9,468	0	5,000	14,468
Piedmont	^	10,000	0	5,000	15,000
Pleasanton		8,700	(4,900)	0	3,800
Redwood City	^	25,000	0	0	25,000
San Anselmo	^	15,215	0	5,000	20,215
Sausalito		25,000	0	0	25,000
Tiburon		10,000	0	0	10,000
Union City	^	25,000	0	0	25,000
Total		\$279,329	(\$8,137)	\$40,549	\$311,740

* Members were polled to determine desire for current year participation.

^ Member elected a Risk Management Fund contribution for 2020/21. The amount billed will be limited to the amount to bring the Risk Management Fund balance at July 1, 2020 to \$25,000 or \$5,000, whichever is lower.

Notes:

Note 1: BCJPIA introduced Risk Management (RM) Fund as part of 2015/16 budget and collected from each interested member via budgets thereafter.

Note 2: RM fund usage by members in fiscal year 2019/20 thru 3/31/2020.

Note 3: Additional contributions elected for 2020/21 budget to be added to the RM Fund.

Note 4: Estimated balance available for usage by members as of 7/1/20.

Bay Cities Joint Powers Insurance Authority
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Liability Experience Modification Calculation

Member	5-Year Average Total Losses	5-Year Average Payroll *	5-Year Loss Rate \$100/PR	Average Expected Losses	Member Experience Ratio	Deviation From Norm	50% Credibility Factor Based on Largest Member	Credibility Deviation	2020/21 Calculated Experience Modification	2020/21 Final Capped Experience Modification	2019/20 Final Capped Experience Modification	Percent Increase/ (Decrease)
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9	Note 10		
Albany	\$287,136	\$10,411,528	2.76	\$100,040	2.870	-1.870	0.035	-0.065	1.065	1.065	1.044	2.0%
Berkeley	572,741	\$149,344,923	0.38	1,434,997	0.399	0.601	0.500	0.300	0.700	0.700	0.720	-2.9%
Brisbane	61,704	\$9,244,802	0.67	88,830	0.695	0.305	0.031	0.009	0.991	0.991	0.994	-0.3%
Central Marin Fire Auth.	-	\$823,837	0.00	7,916	0.000	1.000	0.003	0.003	0.997	0.997	1.000	-0.3%
Central Marin PA	433,040	\$4,837,102	8.95	46,478	9.317	-8.317	0.016	-0.135	1.135	1.135	1.097	3.5%
Corte Madera	-	\$5,285,052	0.00	50,782	0.000	1.000	0.018	0.018	0.982	0.982	0.980	0.2%
Emeryville	210,687	\$13,893,338	1.52	133,496	1.578	-0.578	0.047	-0.027	1.027	1.027	1.036	-0.9%
Fairfax	61,349	\$2,730,879	2.25	26,240	2.338	-1.338	0.009	-0.012	1.012	1.012	1.044	-3.0%
Larkspur	74,794	\$5,737,116	1.30	55,126	1.357	-0.357	0.019	-0.007	1.007	1.007	1.003	0.4%
Los Altos	25,254	\$12,864,583	0.20	123,611	0.204	0.796	0.043	0.034	0.966	0.966	0.966	0.0%
Menlo Park	72,126	\$28,023,943	0.26	269,271	0.268	0.732	0.094	0.069	0.931	0.931	0.909	2.5%
Mill Valley	215,525	\$16,246,115	1.33	156,103	1.381	-0.381	0.054	-0.021	1.021	1.021	1.009	1.1%
Monte Sereno	48,475	\$819,183	5.92	7,871	6.158	-5.158	0.003	-0.014	1.014	1.014	0.999	1.5%
Novato	200,000	\$17,682,102	1.13	169,900	1.177	-0.177	0.059	-0.010	1.010	1.010	1.050	-3.8%
Piedmont	77,255	\$12,659,952	0.61	121,645	0.635	0.365	0.042	0.015	0.985	0.985	0.984	0.1%
Pleasanton	445,342	\$42,795,644	1.04	411,207	1.083	-0.083	0.143	-0.012	1.012	1.012	1.114	-9.2%
Redwood City	487,060	\$68,514,205	0.71	658,326	0.740	0.260	0.229	0.060	0.940	0.940	0.948	-0.8%
San Anselmo	168,185	\$2,954,273	5.69	28,386	5.925	-4.925	0.010	-0.049	1.049	1.049	1.052	-0.3%
Sausalito	641,341	\$6,241,923	10.27	59,976	10.693	-9.693	0.021	-0.203	1.203	1.203	1.142	5.3%
Union City	120,000	\$26,207,222	0.46	251,815	0.477	0.523	0.088	0.046	0.954	0.954	0.909	4.9%
Total	\$4,202,014	\$437,317,720	0.96	\$4,202,014	1.000	0.000	1.464	0.000	1.000	1.000	1.000	

Calculation Notes:

Note 1: 5-Year (2014/15 - 2018/19) Average Losses - From \$1 and capped at \$1M.

Note 2: 5-Year (2015 - 2019) Average Payroll.

Note 3: 5-Year Average Loss Rate - "Note 1" divided by "Note 2"/\$100 ~

Note 4: Average Expected Losses - "Note 2"/100 * Total Loss Rate - \$0.94 ~

Note 5: Member Ex Mod - "Note 1" / "Note 4" ~

Note 6: Deviation from Norm - One minus "note 5"

Note 7: Credibility Factor - 50% Credibility based on largest member's payroll

Note 8: Credibility Deviation - "Note 6" * "Note 7"

Note 9: Calculated Ex Mod - 1 - "Note 8"

Note 10: Final Capped Ex Mod - "Note 9" capped at .65

Average Losses / Average Payroll.

*Average Payroll/100 * Total Loss Rate*

Average Losses / Average Expected Losses

1 - Member Ex Mod

*Average PR/Berkeley's Average PR * .5*

*Deviation from Norm * Credibility Factor*

One minus Credibility Deviation.

Calculated Ex Mod capped at .65 on the low end or 1.35 at the high end

Bay Cities Joint Powers Insurance Authority

Period Ending March 31, 2020

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com



SECTION 1	Economic Update
SECTION 2	Account Profile
SECTION 3	Portfolio Holdings
SECTION 4	Transactions

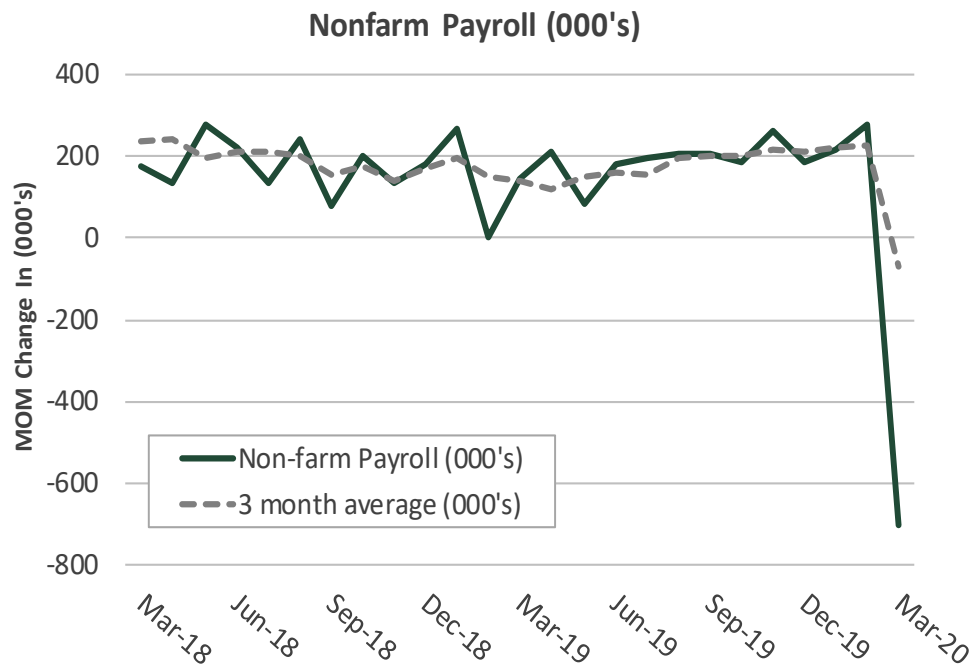


Section 1 | Economic Update

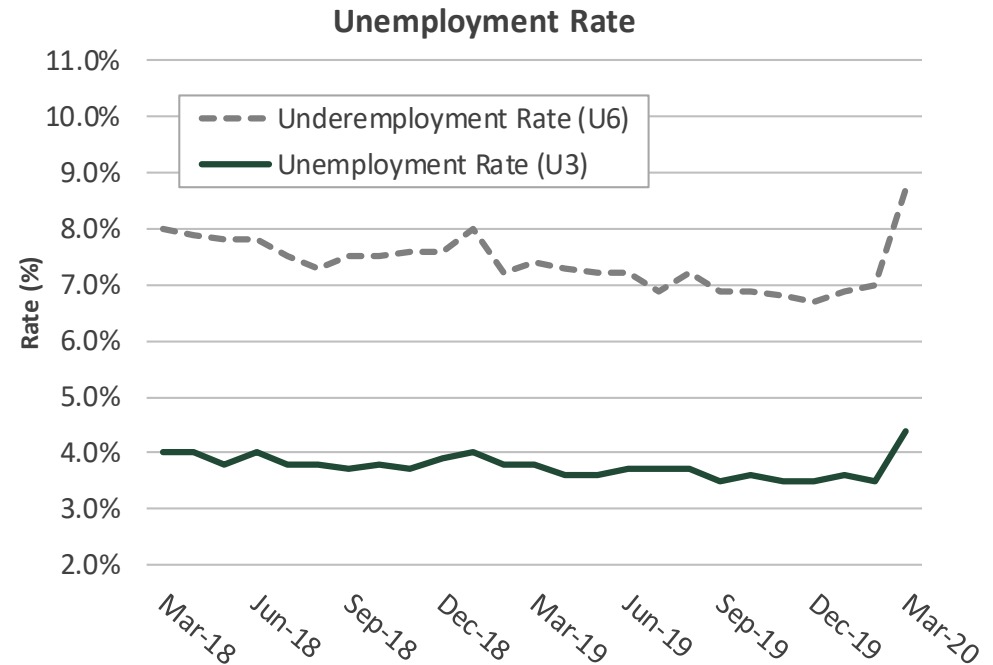
Economic Update

- Financial markets have experienced significant turbulence, driven by a high level of uncertainty about the impact of the COVID-19 pandemic on the global economy. US Treasury yields have declined, amid a global flight to quality. At the end of the first quarter, the yield on 2-year Treasuries was down 132 basis points year-to-date, and the yield on 10-year Treasuries was down nearly 125 basis points. The S&P 500 index declined 20.0% in the first quarter. There are still many unknowns about the coronavirus including how widespread it will become, how long it will take to contain the virus, and the actual impact on economic activity. We believe containment efforts and supply chain disruptions will cause a sharp increase in unemployment and a swift and deep contraction in economic activity. Financial markets will likely remain volatile over the near term but we believe that large-scale global monetary and fiscal stimulus programs will help mitigate the longer-term impact of the pandemic. Notably, President Trump approved a \$2 trillion economic relief package on March 27, the largest fiscal stimulus package in US history.
- The Fed has taken a wide range of aggressive actions to help stabilize and provide liquidity to the financial markets. The Fed has lowered the fed funds target rate to a range of 0.0%-0.25% and said it will purchase Treasury and agency mortgage-backed securities in any amount needed to support smooth market functioning. Policymakers reinstated the Commercial Paper Funding Facility and Money Market Mutual Fund Liquidity Facility in order to provide liquidity to the commercial paper, money markets, and the municipal bond markets. The Fed has established the Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility to support the corporate bond market. The Term Asset-Backed Securities Loan Facility has been established to enable the issuance of asset-backed securities backed by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration. The Fed has provided short-term funding through large-scale repo operations and lowered the reserve requirement for depository institutions. Policymakers are also working on a Main Street Business Lending Program to support lending to small-and-medium sized businesses.
- The slope of the Treasury yield curve steepened in March, though rates across the curve declined meaningfully. At March month-end, the yield on 10-year Treasuries was down 48 basis points to 0.67% while the yield on 2-year Treasuries was down 67 basis points to 0.25%. The yield on 3-month T-bills declined 121 basis points in March. The movement in yields has been driven by fears about the coronavirus and its potential impact on global economic growth and inflation expectations, as well as the cumulative 150 basis point cut to the fed funds target rate in March.

Employment



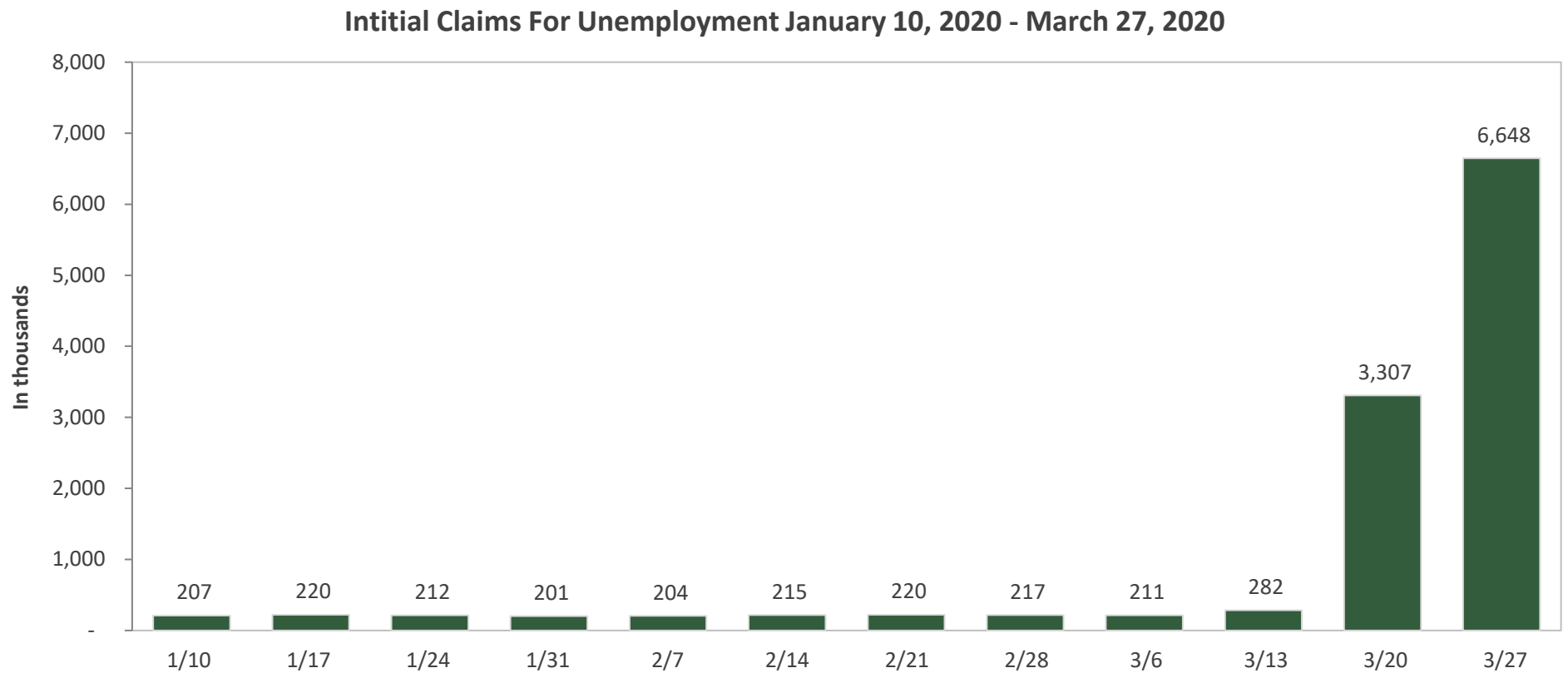
Source: US Department of Labor



Source: US Department of Labor

U.S. nonfarm payrolls declined by 701,000 in March. Employment in leisure and hospitality was particularly weak with payrolls down 459,000. The U-3 unemployment rate increased to 4.4% in March from 3.5% in February, and the participation rate declined to 62.7% from 63.4%. A broader measure of unemployment called the U-6, which includes those who are marginally attached to the labor force and employed part time for economic reasons, increased to 8.7% from 7.0%. Wages rose 0.4% in March and were up 3.1% on year-over-year basis. The average workweek declined to 34.2 hours from 34.4 hours. Notably, the establishment survey of payrolls and the household survey of unemployment were collected in the first half of March, which predates many of the business and school closures related to the pandemic.

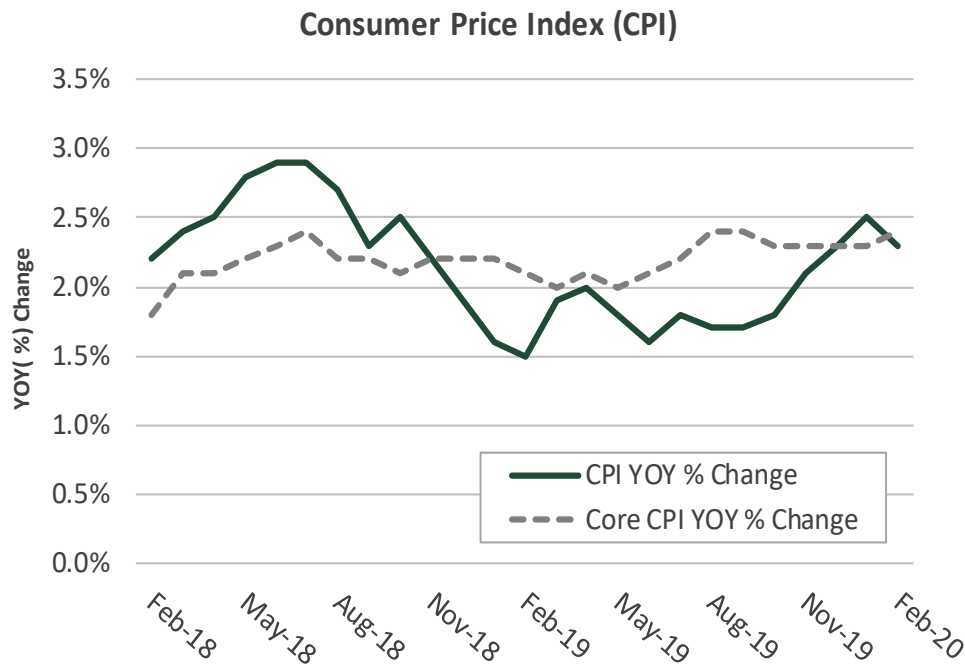
Initial Claims for Unemployment



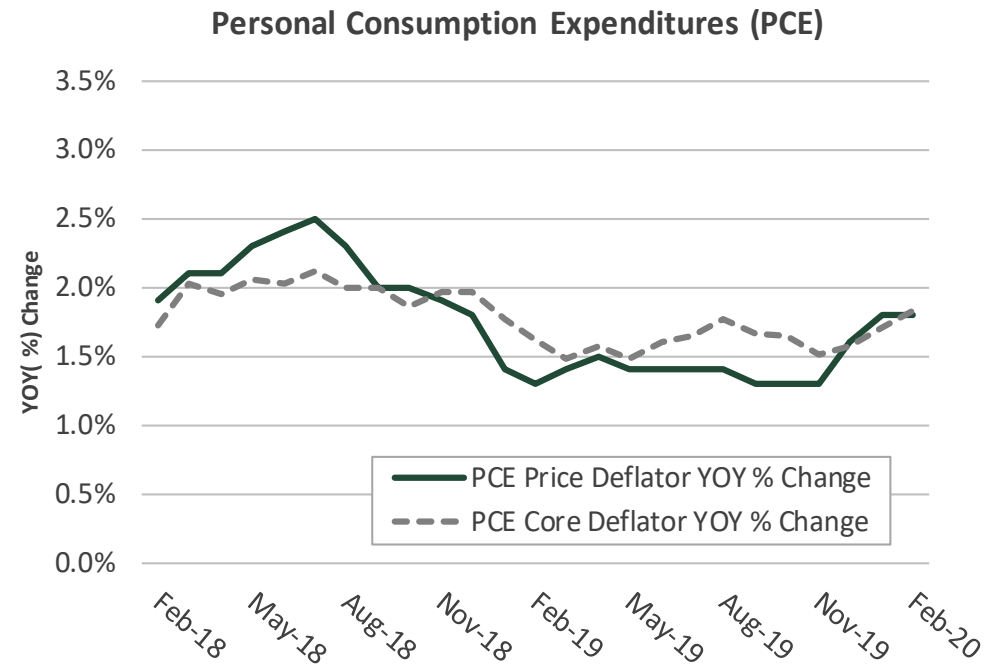
Source: US Department of Labor

In the March 28 week, 6.6 million people filed an initial claim for unemployment, following 3.3 million initial claims in the previous week. These figures indicate that the employment report for April will be very weak and suggest that the unemployment rate is already approaching 10%.

Inflation



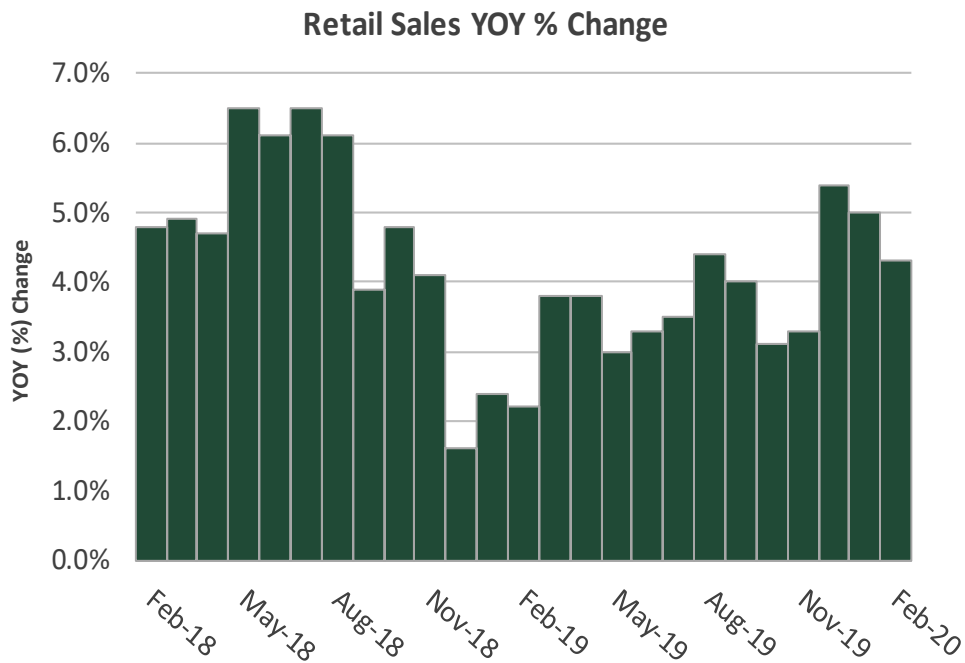
Source: US Department of Labor



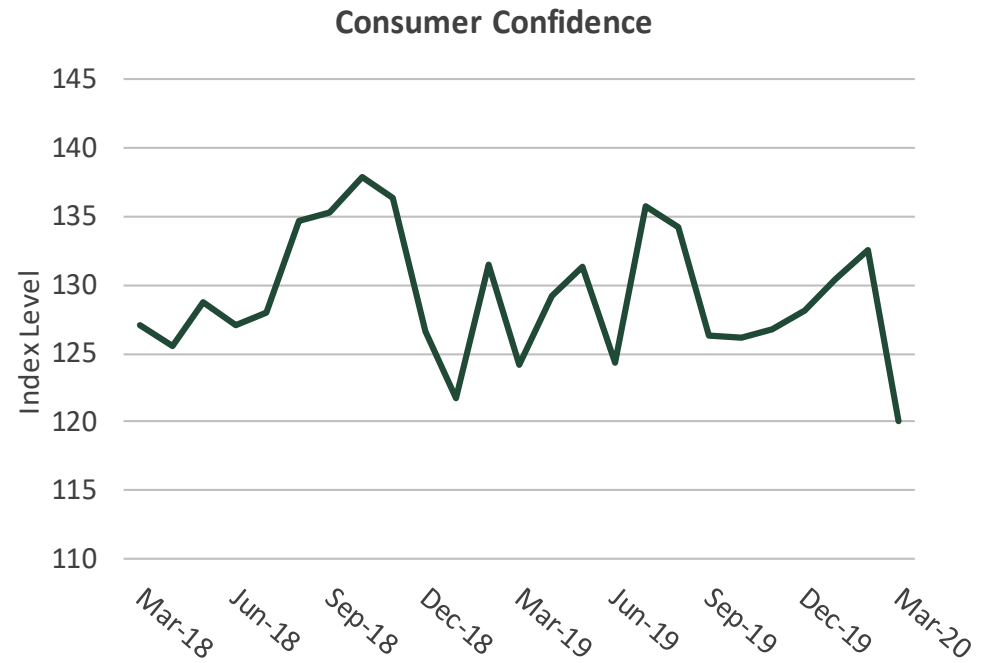
Source: US Department of Commerce

The Consumer Price Index (CPI) was up 2.3% year-over-year in February, down from 2.5% in January. Core CPI (CPI less food and energy) was up 2.4% year-over-year in February, up from 2.3% in January. The Personal Consumption Expenditures (PCE) index was up 1.8% year-over-year in February, unchanged from 1.8% year-over-year in January. Core PCE, which is the Fed's primary inflation gauge, was up 1.8% year-over-year in February versus 1.7% year-over-year in January. Core PCE was trending below the Fed's 2.0% inflation target before the COVID-19 pandemic.

Consumer



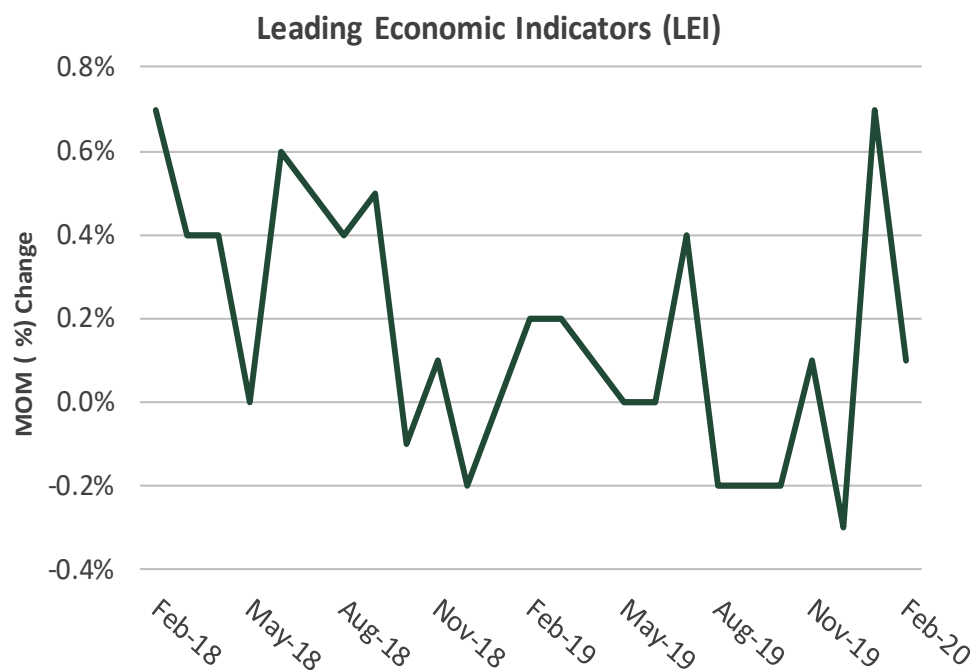
Source: US Department of Commerce



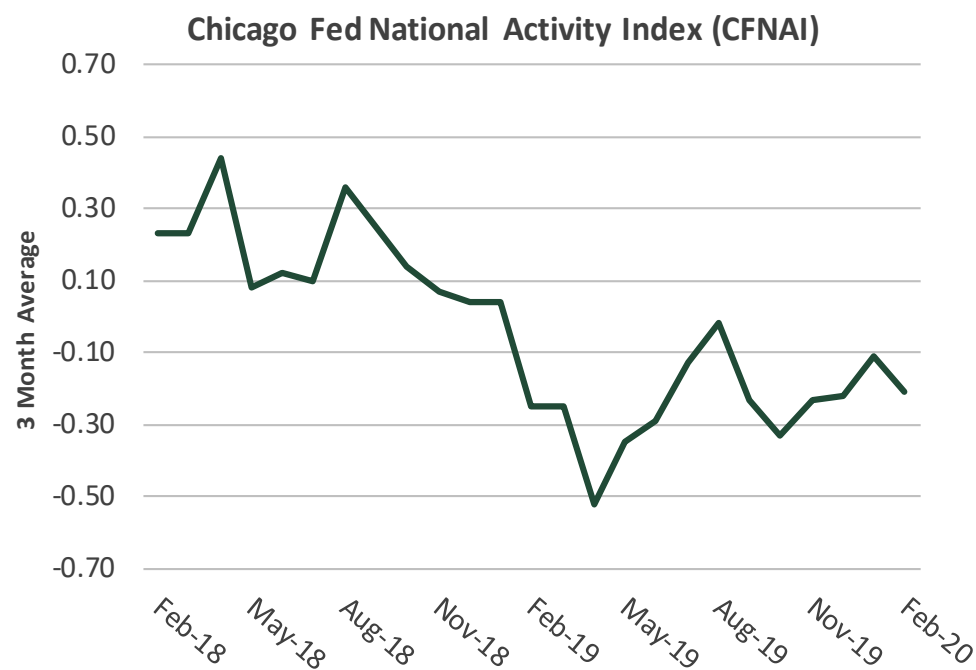
Source: The Conference Board

On a year-over-year basis, retail sales were up 4.3% in February versus 5.0% in January. On a month-over-month basis, retail sales excluding autos and gas fell 0.2% in February, well below expectations for a 0.4% increase. Control group sales were flat in February, below expectations of a 0.4% gain. Several retail categories showed weakness in February including auto sales and gasoline, building materials, clothing stores, electronics & appliances. The impact of the coronavirus was only beginning to emerge in February but the outlook for retail sales in the coming months is under significant pressure. The Consumer Confidence Index remained fairly strong in March but declined to 120.0 from 132.6 in February. The cut-off date for the survey was March 19. Confidence was high going into the pandemic, but we expect to see a meaningful decline in the coming months.

Economic Activity



Source: The Conference Board

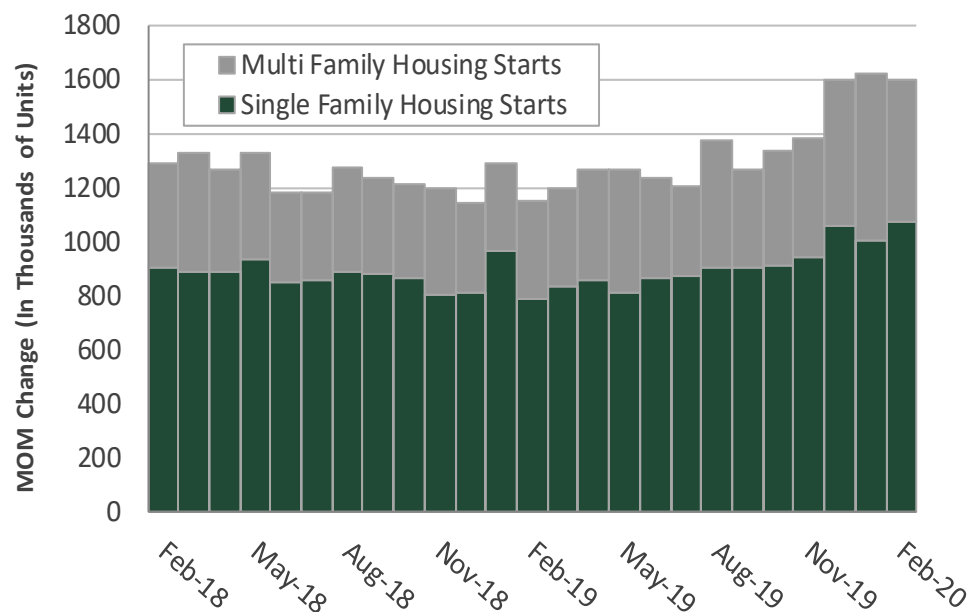


Source: Federal Reserve Bank of Chicago

The Leading Economic Indicators index (LEI) rose a modest 0.1% in February, following a 0.7% increase in January. The LEI was up 0.7% on a year-over-year basis in February versus up 0.8% year-over-over in January. However, the Conference Board cautioned that the February index didn't reflect the impact of the COVID-19 pandemic and that the economy may have now entered a contraction. The Chicago Fed National Activity Index (CFNAI) improved to 0.16 in February from -0.33 in January. On a 3-month moving average basis, the CFNAI declined to -0.21 in February from -0.11 in January. The 3-month moving average is consistent with sub-par economic growth.

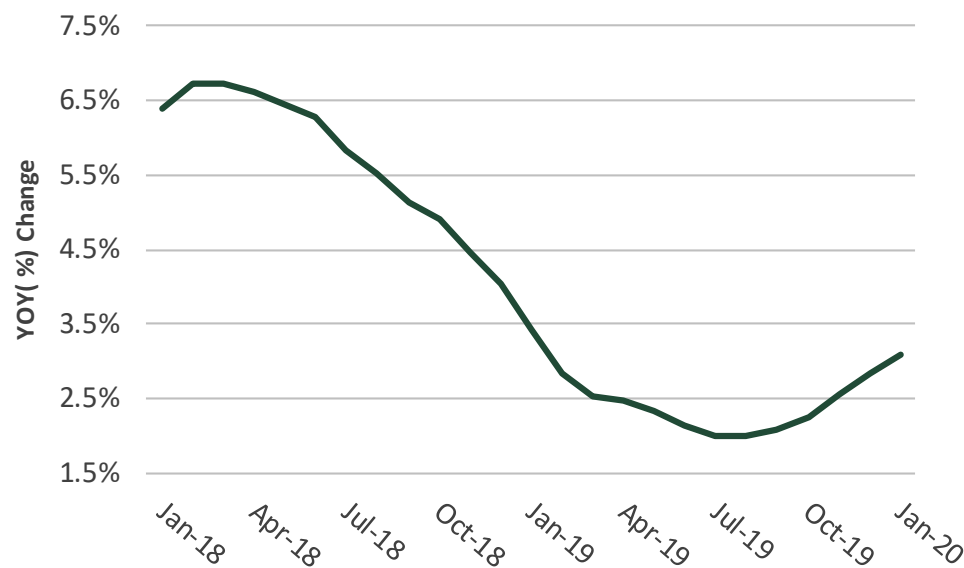
Housing

Housing Starts



Source: US Department of Commerce

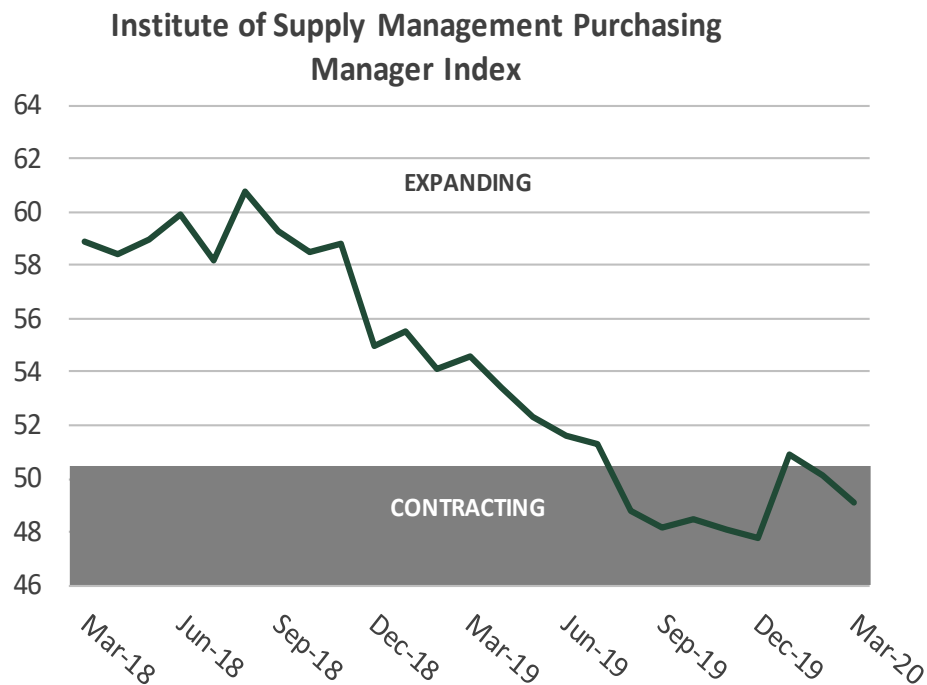
S&P/Case-Shiller 20 City Composite Home Price Index



Source: S&P

Housing starts remained strong in February at an annual rate of 1,599,000, exceeding the consensus forecast. On a month-over-month basis, single family starts rose 6.7% to an annualized rate of 1,072,000, while multi-family starts declined 14.9% to an annualized rate of 527,000. Low mortgage rates and a strong labor market were fueling housing activity heading into the COVID-19 crisis. According to the Case-Shiller 20-City home price index, home prices were up 3.1% year-over-year in January, versus up 2.9% year-over-year in December, which suggests that pricing in the sector was gaining momentum prior to the pandemic.

Manufacturing



Source: Institute for Supply Management



Source: Federal Reserve

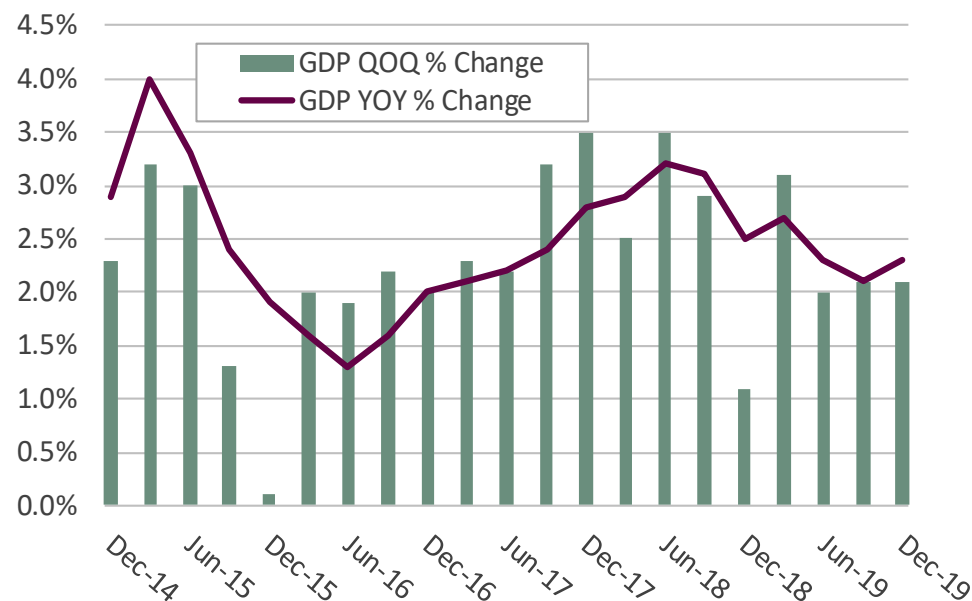
The Institute for Supply Management (ISM) manufacturing index decreased to 49.1 in March from 50.1 in February. The sub-50.0 reading suggests that the manufacturing sector is in contraction but it was stronger than the consensus estimate of 44.0. The Industrial Production index was up 0.04% year-over-year in February. In January, the index was down 1.02% year-over-year. On a month-over-month basis, the index was up 0.6% in February following a 0.5% decline in January. The Boeing 737 Max shutdown weighed on production in both months but there was a large gain in auto production in February. Capacity Utilization increased to 77.0% in February from 76.6% in January, but remained below the long-run average of 79.8% indicating there was still excess capacity for growth.

Gross Domestic Product (GDP)

Components of GDP	3/19	6/19	9/19	12/19
Personal Consumption Expenditures	0.8%	3.0%	2.1%	1.2%
Gross Private Domestic Investment	1.1%	-1.2%	-0.2%	-1.1%
Net Exports and Imports	0.7%	-0.7%	-0.1%	1.5%
Federal Government Expenditures	0.1%	0.5%	0.2%	0.2%
State and Local (Consumption and Gross Investment)	0.4%	0.3%	0.1%	0.2%
Total	3.1%	2.0%	2.1%	2.1%

Source: US Department of Commerce

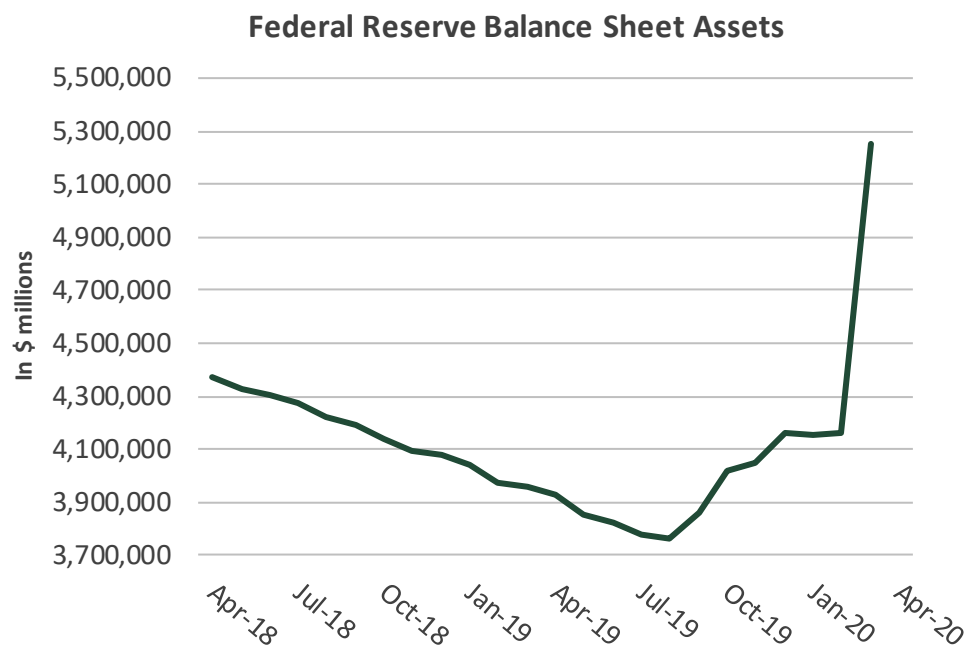
Gross Domestic Product (GDP)



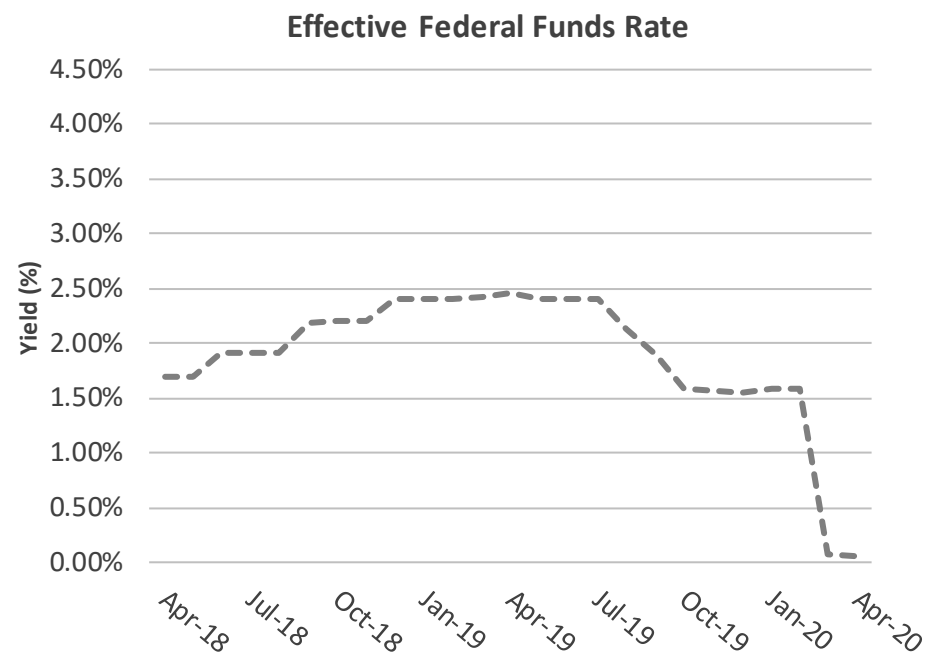
Source: US Department of Commerce

Fourth quarter 2019 GDP grew at a 2.1% annualized rate, in line with expectations. This follows growth of 2.1% in the third quarter, 2.0% in the second quarter, and 3.1% in the first quarter. Overall, GDP grew 2.3% in 2019, down from 2.9% in 2018. Fourth quarter growth was fueled by net exports and consumer spending which contributed 1.5% and 1.2% to GDP in the quarter, respectively, while gross private domestic investment was a drag on the economy. We believe the economy was expanding at a moderate pace at the beginning of this year but containment efforts related to the COVID-19 pandemic have almost certainly resulted in a steep contraction in US economic activity beginning in early March.

Federal Reserve



Source: Federal Reserve



Source: Bloomberg

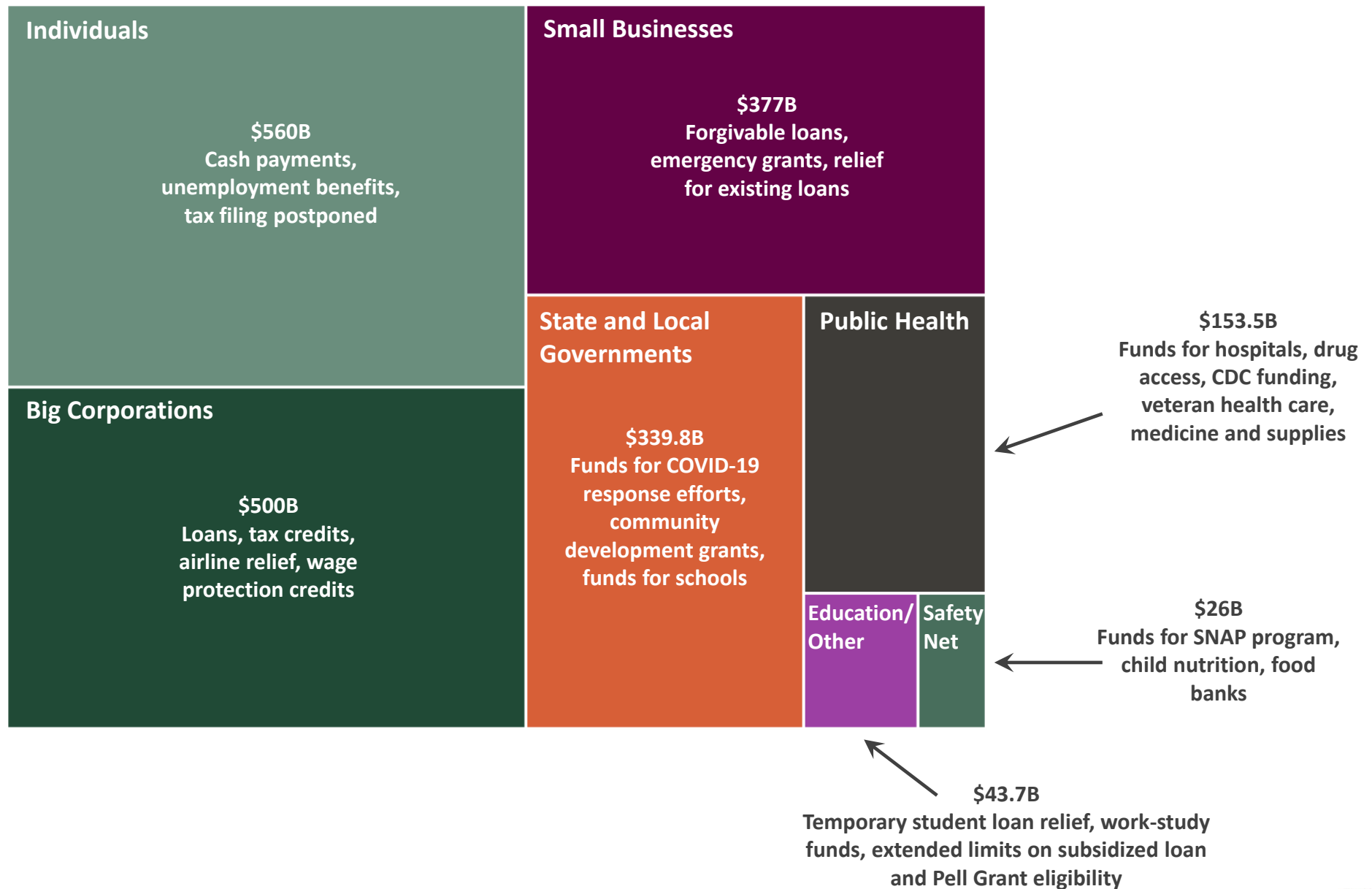
The Fed has taken a wide range of aggressive actions this month to help stabilize and provide liquidity to the financial markets. The Fed has lowered the fed funds target rate to a range of 0.0%-0.25% and said it will purchase Treasury and agency mortgage-backed securities in any amount needed to support smooth market functioning. Policymakers reinstated the Commercial Paper Funding Facility and Money Market Mutual Fund Liquidity Facility in order to provide liquidity to the commercial paper, money markets, and the municipal bond markets. The Fed has established the Primary Market Corporate Credit Facility and Secondary Market Corporate Credit Facility to support the corporate bond market. The Term Asset-Backed Securities Loan Facility has been established to enable the issuance of asset-backed securities backed by student loans, auto loans, credit card loans, and loans guaranteed by the Small Business Administration. The Fed has provided short-term funding through large-scale repo operations and lowered the reserve requirement for depository institutions.

Unprecedented Fed Intervention

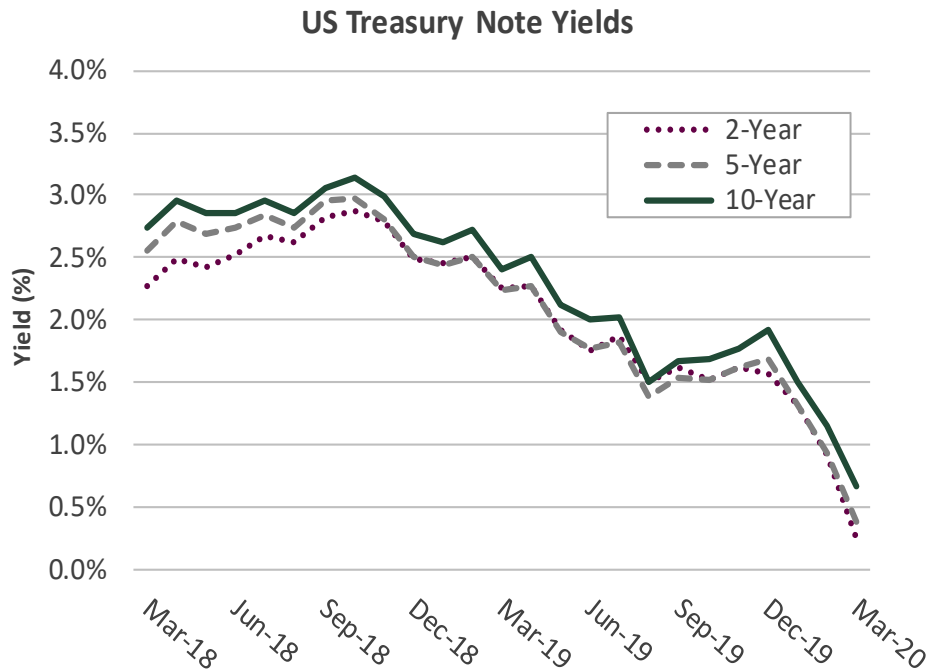
Fed Action	Details
Rate Cuts	<ul style="list-style-type: none"> • Cut fed funds target rate by 1.50% to 0.00-0.25% • Discount window rate lowered to 0.25% • Fractional reserve requirement 0% • Interest on Excess Reserves cut to 0.10%
TSY/Agency MBS Purchases	<ul style="list-style-type: none"> • \$500 billion+ TSY and \$200 billion+ AGY MBS
Repo Operations	<ul style="list-style-type: none"> • \$1.5 trillion+ short-term repo facilities to provide liquidity
Commercial Paper Funding Facility (CPFF)	<ul style="list-style-type: none"> • Purchases of Tier 1 CP*
Primary Dealer Credit Facility (PDCF)	<ul style="list-style-type: none"> • Loans to Primary Dealers up to 3 months
Money Market Mutual Fund Liquidity Facility (MMLF)	<ul style="list-style-type: none"> • Liquidity to MMFs in form of loans to banks to purchase assets from MMFs
FX Swap Lines	<ul style="list-style-type: none"> • Temporary lending to boost circulation of dollars worldwide
Primary Market Corporate Credit Facility (PMCCF)	<ul style="list-style-type: none"> • Purchases of investment grade corporate debt directly from issuers**
Secondary Market Corporate Credit Facility (SMCCF)	<ul style="list-style-type: none"> • Purchases of investment grade debt and ETFs (IG and HY) in the secondary market
Term ABS Loan Facility (TALF)	<ul style="list-style-type: none"> • Loans to investors to buy highest-rated ABS, CMBS and CLOs to support consumer and business credit
Municipal Liquidity Facility	<ul style="list-style-type: none"> • Up to \$500 billion in lending to states and municipalities via debt security purchases from states, large counties, and cities
Main Street Lending Program	<ul style="list-style-type: none"> • Up to \$600 billion in loan purchases from small- and mid-sized businesses
Paycheck Protection Program Liquidity Facility (PPP)	<ul style="list-style-type: none"> • Liquidity to participating financial institutions through term financing backed by PPP loans to small businesses

*CP issuers that were Tier 1 as of March 17, 2020 and were subsequently downgraded to no lower than Tier 2 may be eligible on a one-time basis. **Issuers that were rated at least Baa3/BBB- as of March 22, 2020 and were subsequently downgraded to no lower than Ba3/BB- may be eligible.

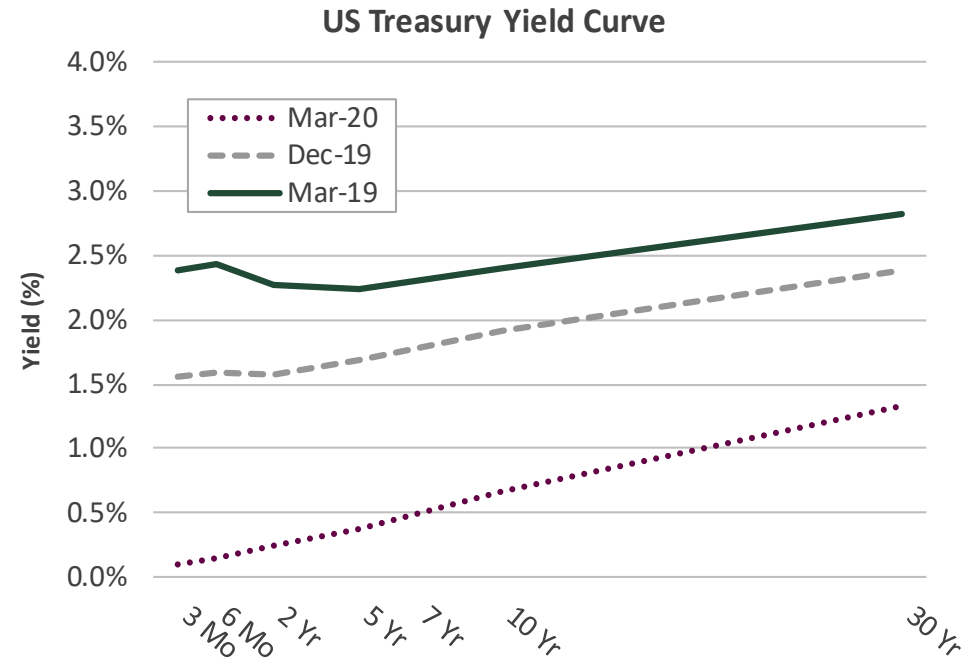
\$2 Trillion CARES Act



Bond Yields



Source: Bloomberg



Source: Bloomberg

At March month-end, Treasury yields were much lower on a year-over-year basis. The 3-month T-bill yield was down 232 basis points, the 2-year Treasury yield was down 202 basis points, and the 10-Year Treasury yield was down 174 basis points, year-over-year. Much of the spread movement was in the month of March, with the Fed cutting rates by a total of 150 basis points and concerns about a global recession and a flight to safe-haven assets driving down yields across the curve.



Section 2 | Account Profile

Investment Objectives

The principal investment objectives as stated in the Bay Cities Joint Powers Insurance Authority's Investment Policy are to ensure the safety for invested funds, maintain sufficient liquidity to meet the cash flow needs of the Authority, and attain maximum possible returns consistent with the previous two principals.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total return over a market cycle, which is approximately equal to the return of the benchmark index of the ICE BAML 1-5 Year US Treasury and Agency Index.

Strategy

In order to achieve this objective, the portfolio invests in a well-diversified mix of US Treasury and Agency securities and high-grade, US-dollar denominated corporate debt, with a maximum maturity of five years.

Bay Cities Joint Powers Insurance Authority

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

Category	Standard	Comment
Treasury Issues	5 years max maturity	Complies
U.S. Agencies	25% max per issuer; 5 years max maturity	Complies
Supranational Bonds	AA rated or better by a NRSRO; 20% maximum; 10% max per issuer; 5 years max maturity; IBRD, IFC, IADB only	Complies
Municipal Securities	A rated or better by a NRSRO; 30% maximum; 5% max per issuer; 5 years max maturity; Muni securities issued by members of BCJPIA not authorized	Complies
Banker's Acceptances	A-1/P-1/F-1 rated or better by a NRSRO; 40% maximum; 5% max per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1/F-1 rated or better by a NRSRO; 25% maximum (25% max combined Corporates/ NCD/ CP); 5% max per issuer; 270 days max maturity	Complies
Negotiable CDs	"A" rated or better by a NRSRO; 20% maximum (25% max combined Corporates/ NCD/ CP) ; 5% max per issuer; 2 years max maturity	Complies
Certificates of Deposit (CD)	20% maximum; 5% max per issuer; 2 years max maturity; Collateralized per CGC	Complies
Repurchase Agreements	10% max issuer; 30 days max maturity; Collateralized	Complies
Corporate Medium Term Notes	A rated or better by a NRSRO; 30% maximum; (25% max combined Corporates/ NCD/ CP) 5% max issuer; 5 years max maturity	Complies
Money Market Fund and Mutual Funds	Highest rating by two NRSROs; or SEC registered with 5 years experience min; Min \$500 million AUM; 20% maximum; 10% max per fund- for Mutual Funds; 20% max per fund- for Money Market Funds	Complies
LAIF	Max program limit per State Treasurer	Complies
Max Combined Limits (NCD/CP/ Corp)	The sum of investments in Negotiable CDs, Commercial Paper, and Corporate Medium Term Notes not to exceed 25% of portfolio	Complies
Maximum Maturity	5 years maximum maturity (Securities with maturities greater than 5 years can only be purchased with prior Board or Executive Committee approval)	Complies

Portfolio Characteristics

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

	3/31/2020		12/31/2019
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.64	2.61	2.62
Average Modified Duration	2.55	2.50	2.49
Average Purchase Yield	n/a	2.12%	2.14%
Average Market Yield	0.26%	0.72%	1.70%
Average Quality**	AAA	AA/Aa1	AA/Aa1
Total Market Value		39,642,122	38,548,172

*ICE BAML 1-5 Year US Treasury/Agency Index

**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

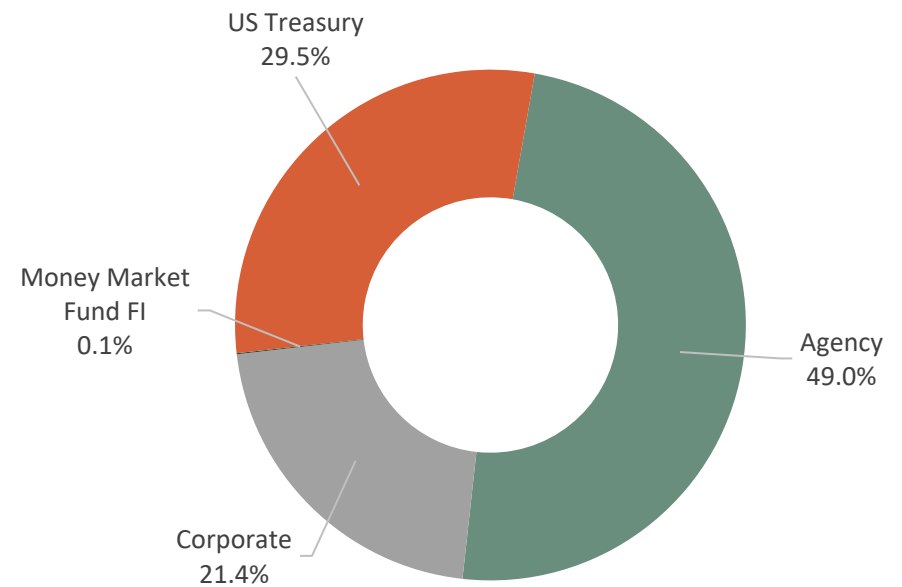
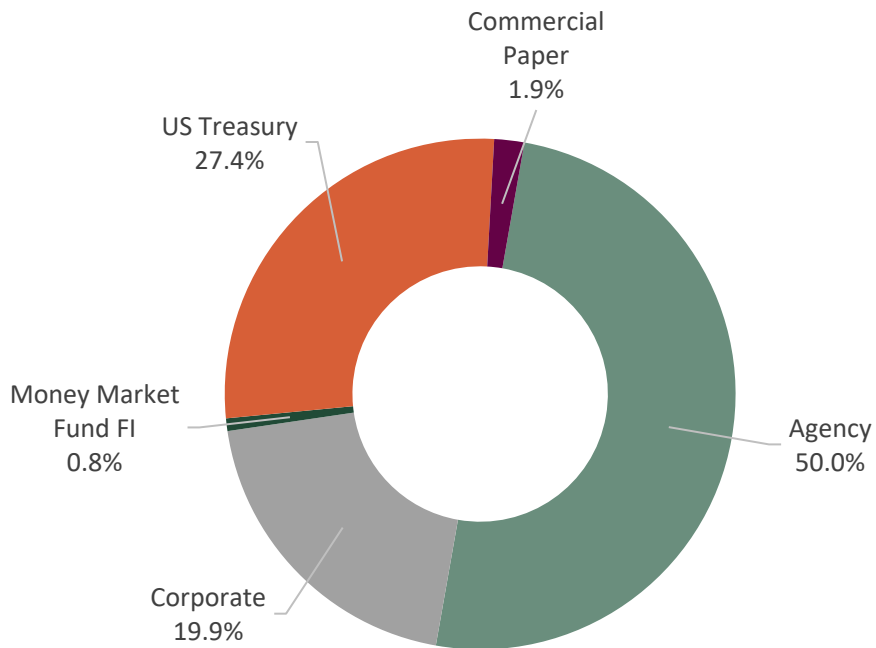
Sector Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

March 31, 2020

December 31, 2019



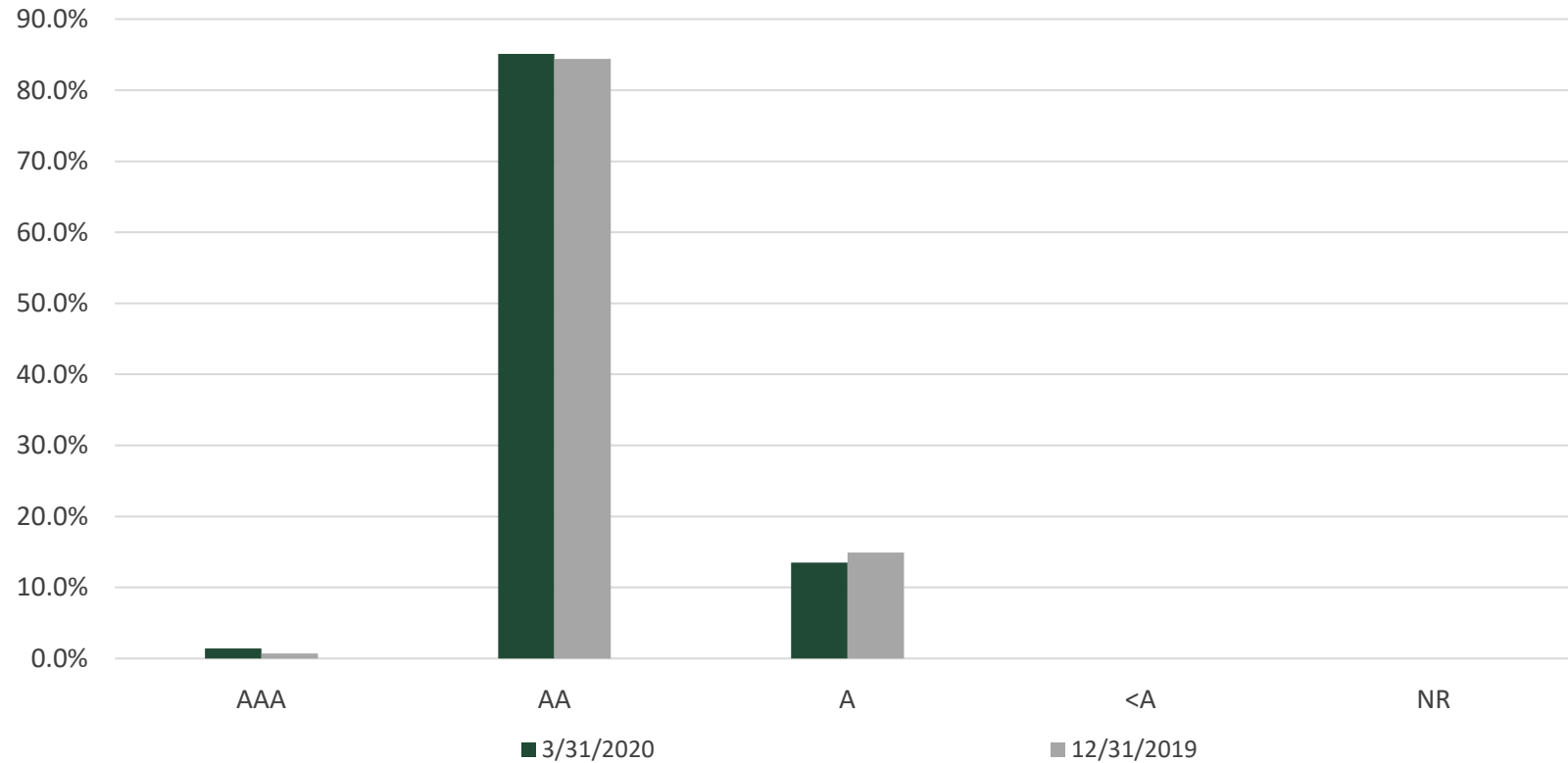
Bay Cities Joint Powers Insurance Authority – Account #10256

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	27.43%
Federal Home Loan Bank	Agency	20.63%
Federal National Mortgage Association	Agency	14.79%
Federal Farm Credit Bank	Agency	8.76%
Federal Home Loan Mortgage Corp	Agency	5.84%
MUFG Bank Ltd/NY	Commercial Paper	1.89%
Apple Inc	Corporate	1.32%
Toyota Motor Corp	Corporate	1.18%
Oracle Corp	Corporate	1.04%
Honda Motor Corporation	Corporate	1.04%
PNC Financial Services Group	Corporate	1.03%
Chubb Corporation	Corporate	1.02%
Bank of New York	Corporate	1.02%
JP Morgan Chase & Co	Corporate	0.93%
Berkshire Hathaway	Corporate	0.92%
IBM Corp	Corporate	0.92%
BlackRock Inc/New York	Corporate	0.92%
Praxair	Corporate	0.90%
Charles Schwab Corp/The	Corporate	0.90%
US Bancorp	Corporate	0.90%
Deere & Company	Corporate	0.87%
Visa Inc	Corporate	0.79%
United Parcel Service	Corporate	0.79%
First American Govt Oblig Fund	Money Market Fund FI	0.78%
State Street Bank	Corporate	0.76%
Exxon Mobil Corp	Corporate	0.64%
Microsoft	Corporate	0.57%
General Dynamics Corp	Corporate	0.54%
Paccar Financial	Corporate	0.49%
Home Depot	Corporate	0.38%
TOTAL		100.00%

Quality Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority March 31, 2020 vs. December 31, 2019



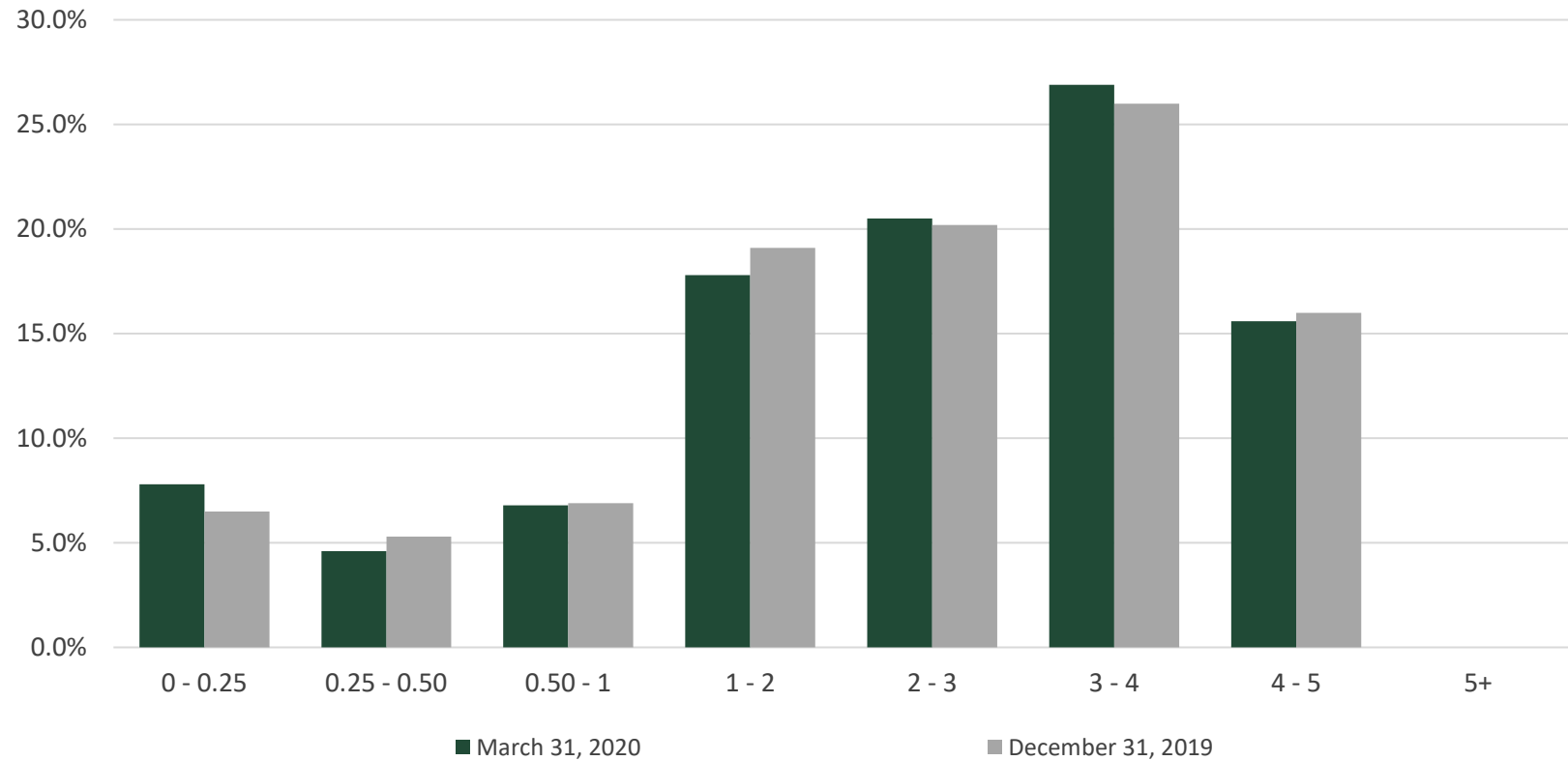
	AAA	AA	A	<A	NR
03/31/20	1.4%	85.1%	13.5%	0.0%	0.0%
12/31/19	0.7%	84.4%	14.9%	0.0%	0.0%

Source: S&P Ratings

Duration Distribution

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority March 31, 2020 vs. December 31, 2019

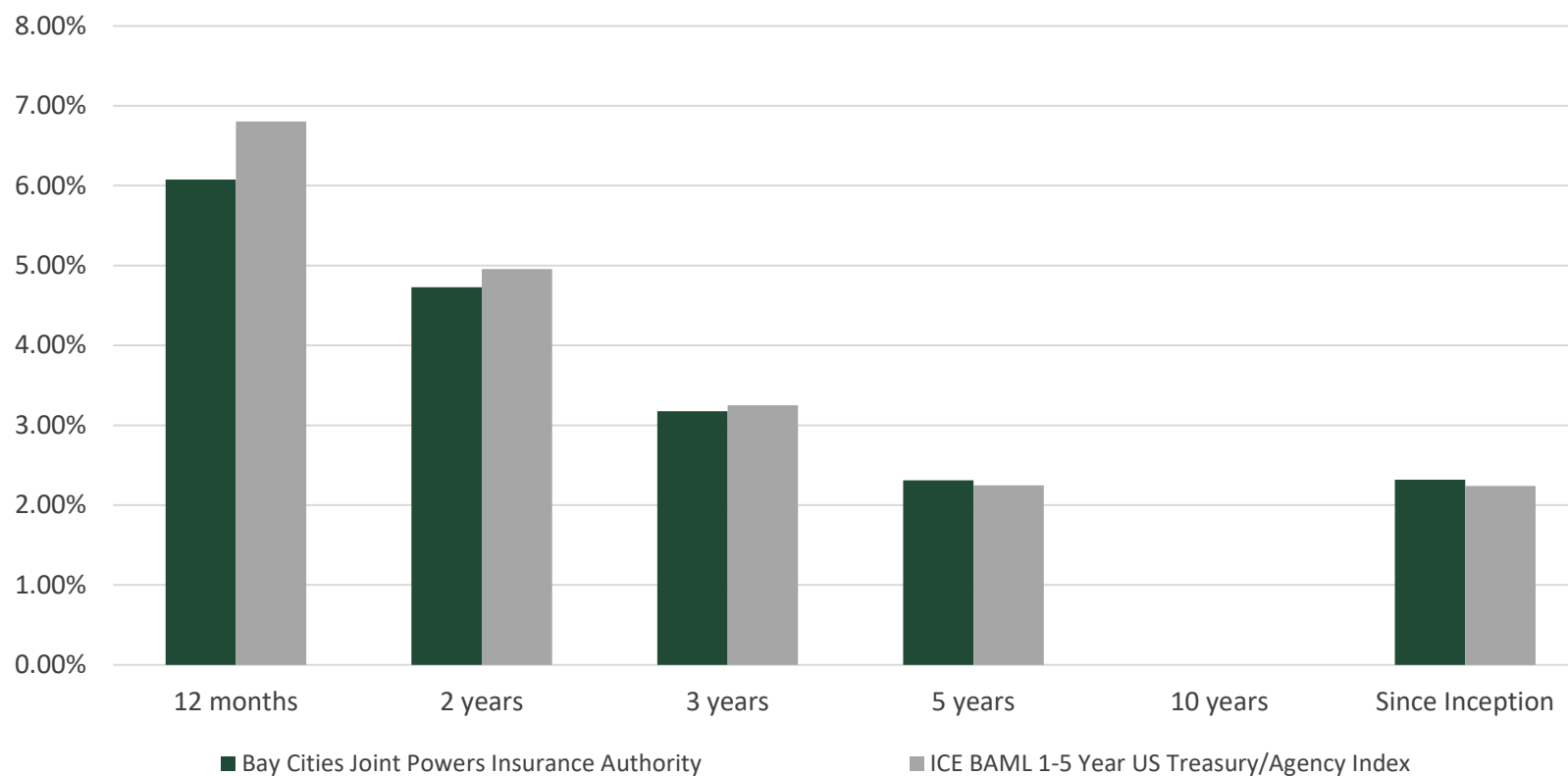


	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
03/31/20	7.8%	4.6%	6.8%	17.8%	20.5%	26.9%	15.6%	0.0%
12/31/19	6.5%	5.3%	6.9%	19.1%	20.2%	26.0%	16.0%	0.0%

Investment Performance

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority Total Rate of Return Annualized Since Inception 10/31/2014



TOTAL RATE OF RETURN	Annualized						Since Inception
	3 months	12 months	2 years	3 years	5 years	10 years	
Bay Cities Joint Powers Insurance Authority	2.86%	6.08%	4.73%	3.18%	2.31%	N/A	2.32%
ICE BAML 1-5 Year US Treasury/Agency Index	3.75%	6.80%	4.95%	3.25%	2.25%	N/A	2.24%

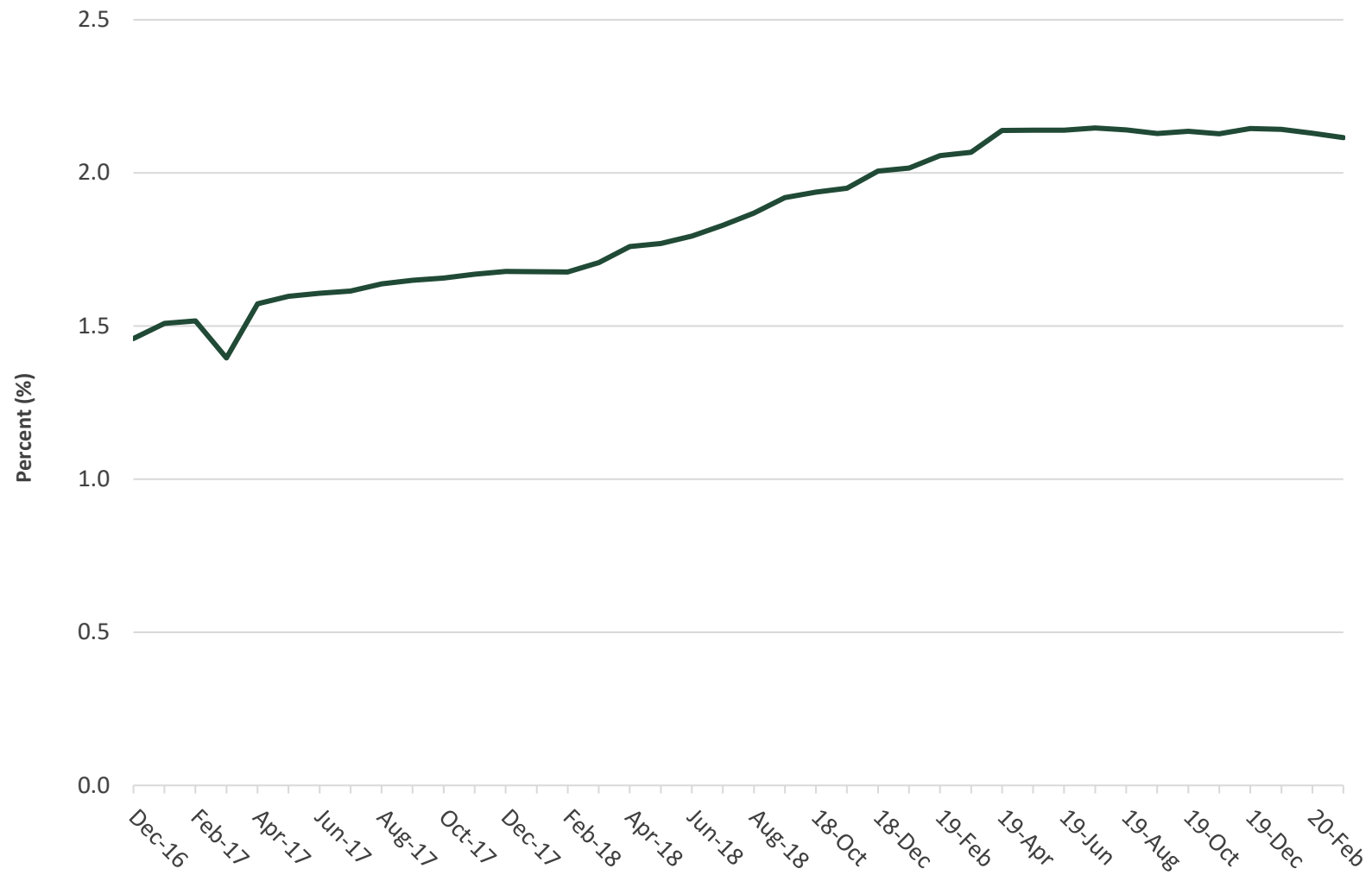
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

Historical Average Purchase Yield

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority

Purchase Yield as of 3/31/2020 = 2.12%





Section 3 | Portfolio Holdings

Holdings Report

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

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									
3133EHFL2	FFCB Note 1.550% Due 04/13/2020	600,000.00	04/13/2017 1.51%	600,654.00 600,007.19	100.04 0.28%	600,253.20 4,340.00	1.53% 246.01	Aaa / AA+ AAA	0.04 0.03
3137EADR7	FHLMC Note 1.375% Due 05/01/2020	425,000.00	05/26/2015 1.54%	421,702.00 424,945.06	100.09 0.28%	425,386.33 2,434.90	1.08% 441.27	Aaa / AA+ AAA	0.08 0.08
3135G0D75	FNMA Note 1.500% Due 06/22/2020	425,000.00	09/29/2015 1.49%	425,229.50 425,010.90	100.28 0.25%	426,192.98 1,753.13	1.08% 1,182.08	Aaa / AA+ AAA	0.23 0.22
3130A5Z77	FHLB Note 1.830% Due 07/29/2020	415,000.00	10/23/2015 1.52%	420,897.15 415,403.77	100.51 0.28%	417,106.54 1,307.94	1.06% 1,702.77	Aaa / AA+ AAA	0.33 0.33
3130A3UQ5	FHLB Note 1.875% Due 12/11/2020	425,000.00	02/09/2016 1.30%	436,475.00 426,650.42	101.10 0.29%	429,678.83 2,434.90	1.09% 3,028.41	Aaa / AA+ NR	0.70 0.69
3135G0H55	FNMA Note 1.875% Due 12/28/2020	425,000.00	02/09/2016 1.28%	436,895.75 426,808.05	101.08 0.41%	429,593.40 2,058.59	1.09% 2,785.35	Aaa / AA+ AAA	0.75 0.74
3130A7CV5	FHLB Note 1.375% Due 02/18/2021	360,000.00	02/17/2016 1.46%	358,545.60 359,742.87	100.90 0.35%	363,255.12 591.25	0.92% 3,512.25	Aaa / AA+ AAA	0.89 0.88
3135G0J20	FNMA Note 1.375% Due 02/26/2021	450,000.00	05/18/2016 1.50%	447,390.00 449,504.64	100.95 0.32%	454,275.90 601.56	1.15% 4,771.26	Aaa / AA+ AAA	0.91 0.90
313379RB7	FHLB Note 1.875% Due 06/11/2021	400,000.00	08/30/2017 1.66%	403,144.00 400,993.32	101.81 0.35%	407,250.00 2,291.67	1.03% 6,256.68	Aaa / AA+ AAA	1.20 1.18
3137EAEC9	FHLMC Note 1.125% Due 08/12/2021	450,000.00	09/12/2016 1.37%	444,699.00 448,528.48	101.03 0.37%	454,623.30 689.06	1.15% 6,094.82	Aaa / AA+ AAA	1.37 1.35
3135G0Q89	FNMA Note 1.375% Due 10/07/2021	425,000.00	10/11/2016 1.48%	422,930.25 424,369.63	101.45 0.41%	431,182.05 2,824.48	1.09% 6,812.42	Aaa / AA+ AAA	1.52 1.49
313378CR0	FHLB Note 2.250% Due 03/11/2022	600,000.00	04/07/2017 1.95%	608,508.00 603,358.67	103.64 0.37%	621,820.80 750.00	1.57% 18,462.13	Aaa / AA+ NR	1.95 1.91
3135G0T45	FNMA Note 1.875% Due 04/05/2022	600,000.00	04/07/2017 1.97%	597,204.00 598,873.00	102.98 0.39%	617,879.40 5,500.00	1.57% 19,006.40	Aaa / AA+ AAA	2.01 1.96
3130AEBM1	FHLB Note 2.750% Due 06/10/2022	450,000.00	09/07/2018 2.85%	448,449.75 449,094.08	105.14 0.39%	473,131.80 3,815.63	1.20% 24,037.72	Aaa / AA+ NR	2.19 2.12
313380GJ0	FHLB Note 2.000% Due 09/09/2022	575,000.00	04/15/2019 2.42%	567,089.15 569,324.83	103.58 0.52%	595,589.60 702.78	1.50% 26,264.77	Aaa / AA+ NR	2.44 2.38
3135G0T78	FNMA Note 2.000% Due 10/05/2022	400,000.00	10/06/2017 2.03%	399,360.00 399,677.72	103.61 0.55%	414,447.20 3,911.11	1.06% 14,769.48	Aaa / AA+ AAA	2.52 2.43
3130A3KM5	FHLB Note 2.500% Due 12/09/2022	300,000.00	12/15/2017 2.26%	303,408.00 301,841.86	105.41 0.47%	316,224.30 2,333.33	0.80% 14,382.44	Aaa / AA+ NR	2.69 2.59

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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
3135G0T94	FNMA Note 2.375% Due 01/19/2023	600,000.00	Various	591,487.50	105.39	632,338.80	1.60%	Aaa / AA+	2.81
			2.69%	595,051.93	0.44%	2,850.00	37,286.87	AAA	2.71
3137EAEN5	FHLMC Note 2.750% Due 06/19/2023	500,000.00	07/19/2018	497,135.00	107.13	535,659.00	1.36%	Aaa / AA+	3.22
			2.88%	498,126.18	0.51%	3,895.83	37,532.82	AAA	3.08
3133EJUS6	FFCB Note 2.875% Due 07/17/2023	450,000.00	08/28/2018	449,883.00	107.65	484,444.35	1.23%	Aaa / AA+	3.30
			2.88%	449,921.13	0.53%	2,659.38	34,523.22	AAA	3.15
3133EKZK5	FFCB Note 1.600% Due 08/14/2023	500,000.00	08/19/2019	501,100.00	103.49	517,435.50	1.31%	Aaa / AA+	3.37
			1.54%	500,929.90	0.55%	1,044.44	16,505.60	AAA	3.28
313383YJ4	FHLB Note 3.375% Due 09/08/2023	325,000.00	11/29/2018	330,401.50	110.11	357,842.88	0.90%	Aaa / AA+	3.44
			3.00%	328,889.20	0.41%	700.78	28,953.68	NR	3.27
3135G0U43	FNMA Note 2.875% Due 09/12/2023	580,000.00	09/12/2018	577,622.00	107.80	625,239.42	1.58%	Aaa / AA+	3.45
			2.96%	578,358.61	0.59%	880.07	46,880.81	AAA	3.30
3130A0F70	FHLB Note 3.375% Due 12/08/2023	500,000.00	12/13/2018	510,180.00	111.14	555,717.00	1.42%	Aaa / AA+	3.69
			2.93%	507,528.73	0.33%	5,296.88	48,188.27	AAA	3.47
3133EJ3Q0	FFCB Note 2.875% Due 12/21/2023	500,000.00	01/30/2019	503,525.00	108.26	541,315.50	1.38%	Aaa / AA+	3.73
			2.72%	502,683.74	0.63%	3,993.06	38,631.76	AAA	3.53
3135G0V34	FNMA Note 2.500% Due 02/05/2024	175,000.00	02/21/2019	174,042.75	107.57	188,242.43	0.48%	Aaa / AA+	3.85
			2.62%	174,256.53	0.51%	680.56	13,985.90	AAA	3.67
3130A0XE5	FHLB Note 3.250% Due 03/08/2024	450,000.00	03/19/2019	465,601.50	111.21	500,464.80	1.26%	Aaa / AA+	3.94
			2.50%	462,352.26	0.38%	934.38	38,112.54	NR	3.73
3130AB3H7	FHLB Note 2.375% Due 03/08/2024	750,000.00	04/08/2019	749,827.50	107.03	802,693.50	2.03%	Aaa / AA+	3.94
			2.38%	749,861.90	0.57%	1,138.02	52,831.60	NR	3.77
3133EKNX0	FFCB Note 2.160% Due 06/03/2024	500,000.00	06/25/2019	506,945.00	106.33	531,656.00	1.35%	Aaa / AA+	4.18
			1.86%	505,867.06	0.62%	3,540.00	25,788.94	AAA	3.98
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	600,000.00	Various	625,872.00	110.47	662,801.40	1.68%	Aaa / AA+	4.21
			1.96%	621,784.74	0.36%	5,127.08	41,016.66	NR	3.96
3135G0V75	FNMA Note 1.750% Due 07/02/2024	500,000.00	07/08/2019	496,080.00	104.59	522,970.50	1.32%	Aaa / AA+	4.26
			1.92%	496,655.08	0.65%	2,163.19	26,315.42	AAA	4.09
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	700,000.00	09/13/2019	736,323.00	109.91	769,361.60	1.94%	Aaa / AA+	4.46
			1.78%	732,380.04	0.61%	1,006.25	36,981.56	AAA	4.20
3133EKP75	FFCB Note 1.600% Due 09/17/2024	750,000.00	10/15/2019	747,202.50	104.29	782,169.00	1.97%	Aaa / AA+	4.47
			1.68%	747,463.89	0.62%	466.67	34,705.11	AAA	4.31
3135G0W66	FNMA Note 1.625% Due 10/15/2024	750,000.00	10/17/2019	748,717.50	104.68	785,130.75	1.99%	Aaa / AA+	4.55
			1.66%	748,834.22	0.58%	5,518.23	36,296.53	AAA	4.35
3135G0X24	FNMA Note 1.625% Due 01/07/2025	290,000.00	01/08/2020	289,074.90	104.97	304,410.68	0.77%	Aaa / AA+	4.78
			1.69%	289,116.49	0.57%	1,060.31	15,294.19	AAA	4.58

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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
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	855,000.00	02/13/2020 1.52%	854,341.65 854,358.60	104.35 0.59%	892,180.53 1,674.38	2.25% 37,821.93	Aaa / AA+ AAA	4.87 4.69
3130A4CH3	FHLB Note 2.375% Due 03/14/2025	800,000.00	03/19/2020 1.18%	846,216.00 845,911.28	109.39 0.45%	875,155.20 897.22	2.21% 29,243.92	Aaa / AA+ AAA	4.96 4.70
TOTAL Agency		18,800,000.00	1.98%	18,944,159.45 18,914,466.00	0.47%	19,745,119.59 83,867.06	50.02% 830,653.59	Aaa / AA+ Aaa	2.95 2.83
Commercial Paper									
62479LFH3	MUFG Bank Ltd Discount CP 1.690% Due 06/17/2020	750,000.00	01/29/2020 1.72%	745,070.83 747,288.96	99.64 1.72%	747,288.96 0.00	1.89% 0.00	P-1 / A-1 NR	0.21 0.21
TOTAL Commercial Paper		750,000.00	1.72%	745,070.83 747,288.96	1.72%	747,288.96 0.00	1.89% 0.00	P-1 / A-1 NR	0.21 0.21
Corporate									
437076BQ4	Home Depot Note 1.800% Due 06/05/2020	150,000.00	05/24/2017 1.82%	149,913.00 149,994.84	99.94 2.14%	149,907.00 870.00	0.38% (87.84)	A2 / A A	0.18 0.18
02665WAZ4	American Honda Finance Note 2.450% Due 09/24/2020	125,000.00	04/20/2017 2.05%	126,651.25 125,232.87	99.30 3.92%	124,130.88 59.55	0.31% (1,101.99)	A3 / A NR	0.48 0.47
00440EAT4	Chubb INA Holdings Inc Callable Note Cont 10/3/2020 2.300% Due 11/03/2020	400,000.00	04/03/2019 2.63%	397,944.00 399,231.67	100.11 2.07%	400,427.20 3,782.22	1.02% 1,195.53	A3 / A A	0.59 0.50
30231GAV4	Exxon Mobil Corp Callable Note Cont 2/1/2021 2.222% Due 03/01/2021	250,000.00	Various 1.98%	252,746.50 250,523.29	100.65 1.50%	251,625.75 462.92	0.64% 1,102.46	Aaa / AA NR	0.92 0.90
369550BE7	General Dynamics Corp Note 3.000% Due 05/11/2021	210,000.00	05/08/2018 3.24%	208,540.50 209,460.68	100.77 2.29%	211,615.74 2,450.00	0.54% 2,155.06	A2 / A NR	1.11 1.08
857477AV5	State Street Bank Note 1.950% Due 05/19/2021	300,000.00	Various 1.98%	299,517.70 299,890.72	99.56 2.34%	298,682.10 2,145.00	0.76% (1,208.62)	A1 / A AA-	1.13 1.11
09247XAH4	Blackrock Inc Note 4.250% Due 05/24/2021	350,000.00	03/30/2017 2.43%	374,916.50 356,892.85	102.33 2.18%	358,153.25 5,247.57	0.92% 1,260.40	Aa3 / AA- NR	1.15 1.10
594918BP8	Microsoft Callable Note Cont 7/8/2021 1.550% Due 08/08/2021	225,000.00	Various 1.57%	224,732.55 224,927.65	100.70 0.99%	226,564.88 513.44	0.57% 1,637.23	Aaa / AAA AA+	1.36 1.26
74005PAZ7	Praxair Note 3.000% Due 09/01/2021	350,000.00	04/18/2017 2.12%	362,789.00 354,156.02	101.76 1.73%	356,170.15 875.00	0.90% 2,014.13	A2 / A NR	1.42 1.38
24422ETL3	John Deere Capital Corp Note 2.650% Due 01/06/2022	340,000.00	01/03/2017 2.66%	339,904.80 339,966.37	100.97 2.08%	343,311.60 2,127.36	0.87% 3,345.23	A2 / A A	1.77 1.71

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91159HHP8	US Bancorp Callable Note Cont 12/23/2021 2.625% Due 01/24/2022	350,000.00	Various 2.60%	350,358.00 350,131.78	101.38 1.81%	354,823.00 1,709.89	0.90% 4,691.22	A1 / A+ AA-	1.82 1.68
06406RAA5	Bank of NY Mellon Corp Callable Note Cont 1/7/2022 2.600% Due 02/07/2022	150,000.00	06/20/2017 2.35%	151,591.50 150,619.72	100.83 2.11%	151,247.25 585.00	0.38% 627.53	A1 / A AA-	1.86 1.72
037833CQ1	Apple Inc Callable Note Cont 4/11/22 2.300% Due 05/11/2022	200,000.00	05/23/2017 2.27%	200,286.00 200,118.83	102.51 1.05%	205,012.00 1,788.89	0.52% 4,893.17	Aa1 / AA+ NR	2.11 1.97
084664BT7	Berkshire Hathaway Note 3.000% Due 05/15/2022	250,000.00	05/10/2017 2.36%	257,467.50 253,165.30	103.87 1.15%	259,681.75 2,833.33	0.66% 6,516.45	Aa2 / AA A+	2.12 2.04
69353RFE3	PNC Bank Callable Note Cont 6/28/2022 2.450% Due 07/28/2022	410,000.00	07/25/2017 2.45%	409,963.10 409,982.86	99.59 2.63%	408,317.36 1,757.88	1.03% (1,665.50)	A2 / A A+	2.33 2.24
68389XAP0	Oracle Corp Note 2.500% Due 10/15/2022	400,000.00	04/03/2019 2.71%	397,244.00 398,017.99	102.03 1.68%	408,116.00 4,611.11	1.04% 10,098.01	A3 / A+ A-	2.54 2.43
92826CAC6	Visa Inc Callable Note Cont 10/14/2022 2.800% Due 12/14/2022	300,000.00	12/13/2018 3.37%	293,631.00 295,688.48	104.15 1.13%	312,459.00 2,496.67	0.79% 16,770.52	Aa3 / AA- NR	2.71 2.44
808513AT2	Charles Schwab Corp Callable Note Cont 12/25/2022 2.650% Due 01/25/2023	350,000.00	06/08/2018 3.31%	340,210.50 344,032.35	101.45 2.10%	355,066.25 1,700.42	0.90% 11,033.90	A2 / A A	2.82 2.62
44932HAH6	IBM Credit Corp Note 3.000% Due 02/06/2023	350,000.00	03/08/2018 3.19%	347,046.00 348,283.98	103.48 1.74%	362,162.85 1,604.17	0.92% 13,878.87	A2 / A NR	2.85 2.72
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	100,000.00	04/26/2018 3.31%	97,505.00 98,488.98	103.47 1.47%	103,470.30 122.22	0.26% 4,981.32	Aa2 / AA A+	2.96 2.68
911312BK1	UPS Callable Note Cont 3/1/2023 2.500% Due 04/01/2023	300,000.00	01/30/2019 3.05%	293,607.00 295,394.52	103.26 1.36%	309,780.60 3,750.00	0.79% 14,386.08	A2 / A NR	3.00 2.78
037833AK6	Apple Inc Note 2.400% Due 05/03/2023	300,000.00	04/11/2019 2.70%	296,556.00 297,375.67	104.26 1.00%	312,765.00 2,960.00	0.80% 15,389.33	Aa1 / AA+ NR	3.09 2.96
02665WCJ8	American Honda Finance Note 3.450% Due 07/14/2023	115,000.00	07/11/2018 3.49%	114,801.05 114,869.22	101.27 3.04%	116,460.04 848.60	0.30% 1,590.82	A3 / A NR	3.29 3.07
06406FAD5	Bank of NY Mellon Corp Callable Note Cont 6/16/2023 2.200% Due 08/16/2023	250,000.00	04/11/2019 2.89%	242,972.50 244,534.17	100.45 2.05%	251,113.00 687.50	0.64% 6,578.83	A1 / A AA-	3.38 3.08
89236TFN0	Toyota Motor Credit Corp Note 3.450% Due 09/20/2023	450,000.00	Various 3.17%	454,969.00 454,025.23	103.78 2.31%	467,016.30 474.37	1.18% 12,991.07	A1 / AA- A+	3.47 3.26
02665WCQ2	American Honda Finance Note 3.625% Due 10/10/2023	165,000.00	10/03/2018 3.64%	164,864.70 164,904.64	101.60 3.14%	167,644.62 2,841.09	0.43% 2,739.98	A3 / A NR	3.53 3.24

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46625HJX9	JP Morgan Chase Note 3.625% Due 05/13/2024	350,000.00	12/05/2019 2.20%	370,958.00 369,480.44	104.27 2.52%	364,959.00 4,863.54	0.93% (4,521.44)	A2 / A- AA-	4.12 3.77
69371RQ25	Paccar Financial Corp Note 2.150% Due 08/15/2024	200,000.00	08/08/2019 2.20%	199,558.00 199,613.64	97.16 2.85%	194,315.60 549.44	0.49% (5,298.04)	A1 / A+ NR	4.38 4.12
TOTAL Corporate		7,690,000.00	2.64%	7,721,244.65 7,699,004.76	1.96%	7,824,998.47 54,717.18	19.88% 125,993.71	A1 / A+ A+	2.27 2.13
Money Market Fund FI									
31846V203	First American Govt Obligation Fund Class Y	310,968.84	Various 0.12%	310,968.84 310,968.84	1.00 0.12%	310,968.84 0.00	0.78% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund FI		310,968.84	0.12%	310,968.84 310,968.84	0.12%	310,968.84 0.00	0.78% 0.00	Aaa / AAA Aaa	0.00 0.00
US Treasury									
912828K58	US Treasury Note 1.375% Due 04/30/2020	425,000.00	03/15/2016 1.43%	424,138.14 424,983.40	100.10 0.12%	425,438.18 2,456.30	1.08% 454.78	Aaa / AA+ AAA	0.08 0.08
912828L32	US Treasury Note 1.375% Due 08/31/2020	420,000.00	09/29/2015 1.37%	420,132.66 420,011.22	100.53 0.10%	422,231.04 502.17	1.07% 2,219.82	Aaa / AA+ AAA	0.42 0.42
912828L65	US Treasury Note 1.375% Due 09/30/2020	450,000.00	05/18/2016 1.36%	450,335.49 450,038.28	100.66 0.06%	452,952.90 16.91	1.14% 2,914.62	Aaa / AA+ AAA	0.50 0.50
912828N89	US Treasury Note 1.375% Due 01/31/2021	750,000.00	04/12/2019 2.42%	736,347.66 743,662.16	101.09 0.06%	758,203.50 1,728.19	1.92% 14,541.34	Aaa / AA+ AAA	0.84 0.83
912828S27	US Treasury Note 1.125% Due 06/30/2021	425,000.00	12/27/2016 2.02%	408,731.89 420,500.31	101.27 0.11%	430,411.95 1,208.45	1.09% 9,911.64	Aaa / AA+ AAA	1.25 1.24
912828S76	US Treasury Note 1.125% Due 07/31/2021	750,000.00	04/11/2019 2.33%	729,873.05 738,368.97	101.27 0.17%	759,550.50 1,413.98	1.92% 21,181.53	Aaa / AA+ AAA	1.33 1.33
912828G53	US Treasury Note 1.875% Due 11/30/2021	450,000.00	12/13/2016 1.94%	448,718.31 449,569.94	102.79 0.20%	462,550.95 2,835.55	1.17% 12,981.01	Aaa / AA+ AAA	1.67 1.64
912828U81	US Treasury Note 2.000% Due 12/31/2021	300,000.00	01/13/2017 1.93%	301,043.97 300,368.77	103.11 0.22%	309,328.20 1,516.48	0.78% 8,959.43	Aaa / AA+ AAA	1.75 1.72
912828XW5	US Treasury Note 1.750% Due 06/30/2022	550,000.00	08/15/2017 1.81%	548,412.00 549,268.04	103.44 0.22%	568,906.25 2,432.69	1.44% 19,638.21	Aaa / AA+ AAA	2.25 2.21
9128282P4	US Treasury Note 1.875% Due 07/31/2022	750,000.00	04/11/2019 2.30%	740,009.77 742,950.51	103.82 0.23%	778,681.50 2,356.63	1.97% 35,730.99	Aaa / AA+ AAA	2.33 2.29
9128282S8	US Treasury Note 1.625% Due 08/31/2022	450,000.00	09/26/2017 1.86%	445,132.37 447,613.54	103.28 0.26%	464,765.40 635.87	1.17% 17,151.86	Aaa / AA+ AAA	2.42 2.37

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9128284D9	US Treasury Note 2.500% Due 03/31/2023	600,000.00	04/19/2018 2.75%	592,968.75 595,740.76	106.60 0.29%	639,586.20 40.98	1.61% 43,845.44	Aaa / AA+ AAA	3.00 2.91
9128284L1	US Treasury Note 2.750% Due 04/30/2023	350,000.00	09/07/2018 2.82%	348,906.25 349,273.85	107.55 0.29%	376,427.80 4,045.67	0.96% 27,153.95	Aaa / AA+ AAA	3.08 2.95
912828R69	US Treasury Note 1.625% Due 05/31/2023	550,000.00	08/20/2018 2.71%	523,359.38 532,346.58	104.16 0.30%	572,902.55 3,003.59	1.45% 40,555.97	Aaa / AA+ AAA	3.17 3.08
912828U57	US Treasury Note 2.125% Due 11/30/2023	750,000.00	04/08/2019 2.33%	743,232.42 744,660.95	106.59 0.32%	799,423.50 5,356.05	2.03% 54,762.55	Aaa / AA+ AAA	3.67 3.52
912828V80	US Treasury Note 2.250% Due 01/31/2024	750,000.00	04/12/2019 2.38%	745,693.36 746,558.62	107.33 0.32%	804,990.00 2,827.95	2.04% 58,431.38	Aaa / AA+ AAA	3.84 3.68
912828X70	US Treasury Note 2.000% Due 04/30/2024	725,000.00	09/26/2019 1.60%	737,885.74 736,469.39	106.69 0.35%	773,484.38 6,094.78	1.97% 37,014.99	Aaa / AA+ AAA	4.08 3.91
912828U3	US Treasury Note 1.875% Due 08/31/2024	550,000.00	12/30/2019 1.70%	554,382.81 554,146.32	106.60 0.37%	586,287.35 896.74	1.48% 32,141.03	Aaa / AA+ AAA	4.42 4.25
912828YV6	US Treasury Note 1.500% Due 11/30/2024	425,000.00	12/11/2019 1.68%	421,397.46 421,617.78	105.30 0.35%	447,528.40 2,142.42	1.13% 25,910.62	Aaa / AA+ AAA	4.67 4.50
TOTAL US Treasury		10,420,000.00	2.08%	10,320,701.48 10,368,149.39	0.24%	10,833,650.55 41,511.40	27.43% 465,501.16	Aaa / AA+ Aaa	2.49 2.41
TOTAL PORTFOLIO		37,970,968.84	2.12%	38,042,145.25 38,039,877.95	0.72%	39,462,026.41 180,095.64	100.00% 1,422,148.46	Aa1 / AA Aaa	2.61 2.50
TOTAL MARKET VALUE PLUS ACCRUALS						39,642,122.05			



Section 4 | Transactions

Transaction Ledger

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

December 31, 2019 through March 31, 2020

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	01/10/2020	3135G0X24	290,000.00	FNMA Note 1.625% Due: 01/07/2025	99.681	1.69%	289,074.90	0.00	289,074.90	0.00
Purchase	01/29/2020	62479LFH3	750,000.00	MUFG Bank Ltd Discount CP 1.69% Due: 06/17/2020	99.343	1.72%	745,070.83	0.00	745,070.83	0.00
Purchase	02/14/2020	3137EAEPO	855,000.00	FHLMC Note 1.5% Due: 02/12/2025	99.923	1.52%	854,341.65	0.00	854,341.65	0.00
Purchase	03/20/2020	3130A4CH3	800,000.00	FHLB Note 2.375% Due: 03/14/2025	105.777	1.18%	846,216.00	316.67	846,532.67	0.00
Subtotal			2,695,000.00				2,734,703.38	316.67	2,735,020.05	0.00
TOTAL ACQUISITIONS			2,695,000.00				2,734,703.38	316.67	2,735,020.05	0.00
DISPOSITIONS										
Sale	02/06/2020	097023BQ7	350,000.00	Boeing Co Callable Note Cont 4/15/2023 1.875% Due: 06/15/2023	99.206	2.98%	347,221.00	929.69	348,150.69	9,269.93
Sale	03/20/2020	912828J84	150,000.00	US Treasury Note 1.375% Due: 03/31/2020	100.035	1.51%	150,052.73	969.26	151,021.99	58.44
Subtotal			500,000.00				497,273.73	1,898.95	499,172.68	9,328.37
Maturity	01/10/2020	3133EG3J2	600,000.00	FFCB Note 1.55% Due: 01/10/2020	100.000		600,000.00	0.00	600,000.00	0.00
Maturity	01/17/2020	3137EAE5	600,000.00	FHLMC Note 1.5% Due: 01/17/2020	100.000		600,000.00	0.00	600,000.00	0.00
Maturity	01/21/2020	3135G0A78	415,000.00	FNMA Note 1.625% Due: 01/21/2020	100.000		415,000.00	0.00	415,000.00	0.00
Maturity	02/29/2020	912828UQ1	425,000.00	US Treasury Note 1.25% Due: 02/29/2020	100.000		425,000.00	0.00	425,000.00	0.00

Transaction Ledger

As of March 31, 2020

Bay Cities Joint Powers Insurance Authority - Account #10256

December 31, 2019 through March 31, 2020

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Maturity	03/31/2020	912828J84	275,000.00	US Treasury Note 1.375% Due: 03/31/2020	100.000		275,000.00	0.00	275,000.00	0.00
Subtotal			2,315,000.00				2,315,000.00	0.00	2,315,000.00	0.00
TOTAL DISPOSITIONS			2,815,000.00				2,812,273.73	1,898.95	2,814,172.68	9,328.37

Important Disclosures

As of March 31, 2020

2020 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. 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 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.

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.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

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.

ICE BAML 1-5 Year 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)

BCJPIA



Bay Cities Joint Powers Insurance Authority

Discussion Regarding the Excess Liability and Workers' Compensation Programs

Executive Committee Meeting

Monday April 20, 2020

Dana Winkler, MBA, ACAS, MAAA
Senior Manager, Bickmore Actuarial

Derek Burkhalter, ACAS, MAAA
Senior Manager, Bickmore Actuarial



This document was designed for discussion purposes only and is not intended to present detailed information on our analysis and findings. It is incomplete, and not intended to be used, without the accompanying oral presentation and discussion.

BCJPIA

Topics of Discussion

- Brief Review of Terminology
- Outstanding Liabilities at June 30, 2020

➤ a.k.a. Reserves



- 2020-21 Funding Guidelines

➤ a.k.a. Rates

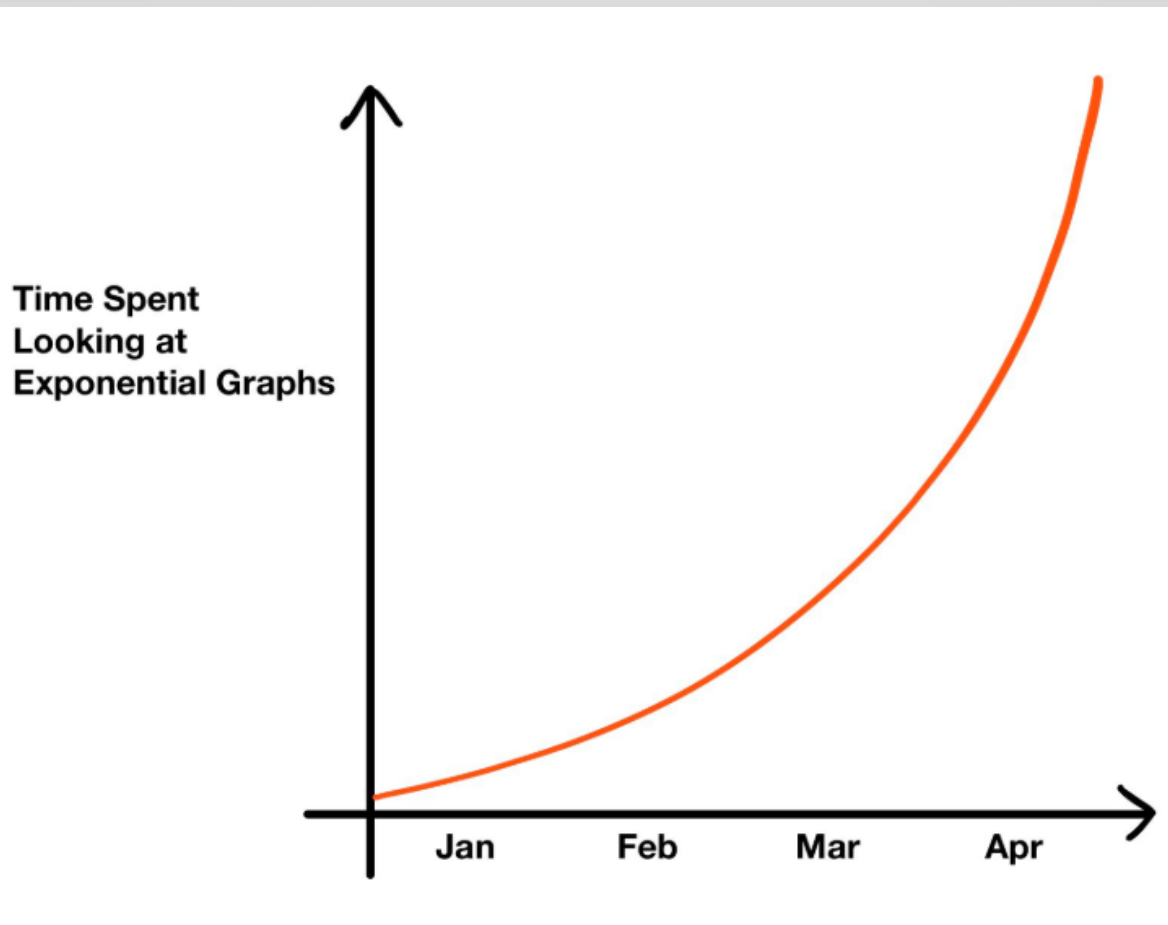
- Liability, WC

But first...

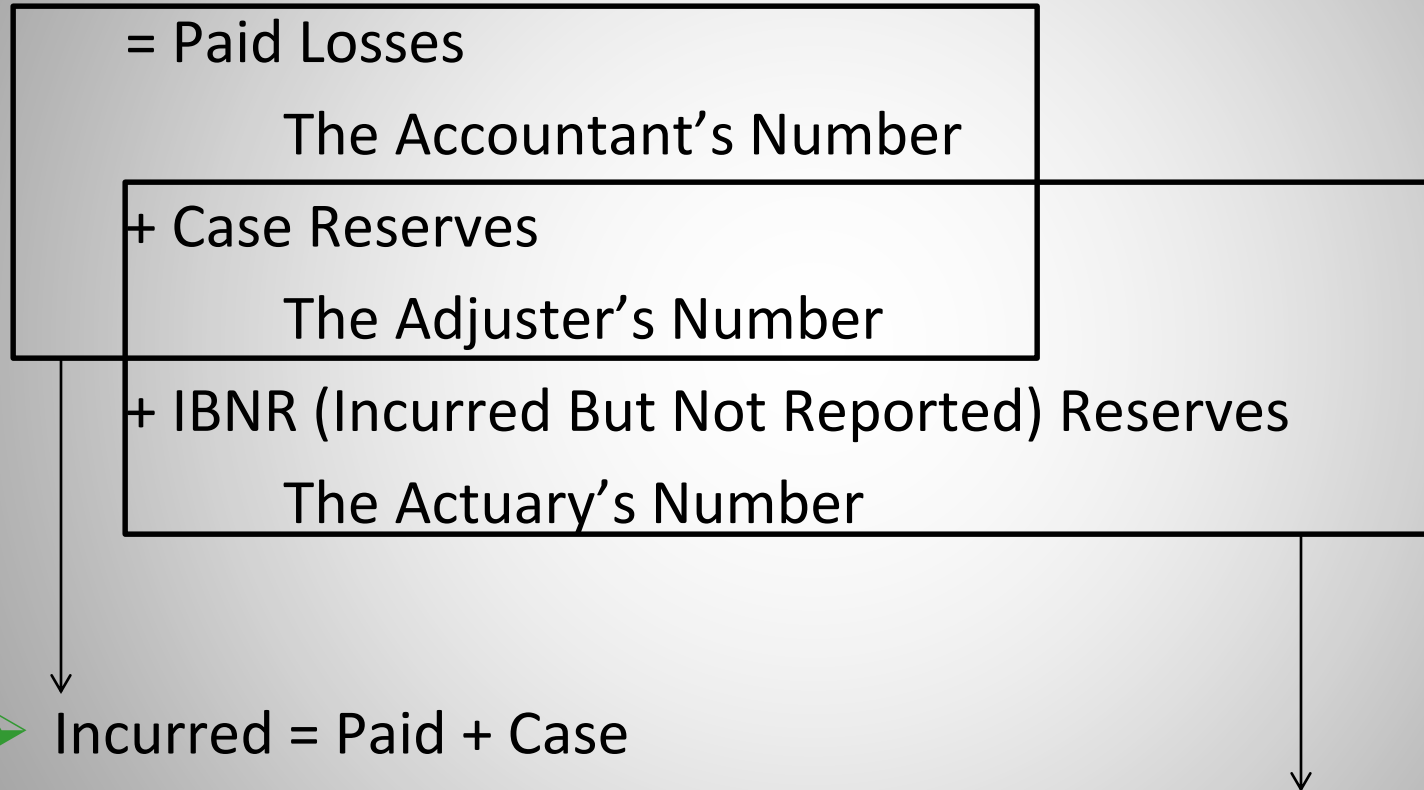


BCJPIA

Trending Topics...



➤ Components of Ultimate Losses



Reserve Analysis Liability Program



Looking
Back!

BCJPIA

Comparison of Incurred Losses - Liability

Accident <u>Year</u>	Prior <u>Incurred</u>	Current <u>Incurred</u>	Change in <u>Incurred</u>
2009-2010	1,180,155	1,180,155	-
2010-2011	1,142,145	1,142,145	-
2011-2012	1,300,053	1,300,053	-
2012-2013	2,420,095	2,409,686	(10,409)
2013-2014	1,510,907	1,510,907	-
2014-2015	1,156,832	1,192,057	35,224
2015-2016	3,194,552	3,091,929	(102,623)
2016-2017	4,785,483	4,210,129	(575,354)
2017-2018	1,046,513	2,350,384	1,303,871
2018-2019	-	2,839,493	2,839,493
Total	17,736,735	21,226,937	3,490,202

BCJPIA

Actual versus Expected Loss Development - Liability

Accident <u>Year</u>	Expected <u>Incurred</u>	Actual <u>Incurred</u>	Actual vs <u>Expected</u>
2009-2010	-	-	-
2010-2011	-	-	-
2011-2012	4,000	-	(4,000)
2012-2013	23,000	(10,409)	(33,409)
2013-2014	34,000	-	(34,000)
2014-2015	178,000	35,224	(142,776)
2015-2016	172,000	(102,623)	(274,623)
2016-2017	560,000	(575,354)	(1,135,354)
2017-2018	1,069,000	1,303,871	234,871
2018-2019	936,843	2,839,493	1,902,650
Total	2,976,843	3,490,202	513,359

BCJPIA

Comparison of Selected Ultimate Loss and ALAE - Liability

Accident <u>Year</u>	Prior <u>Ultimate</u>	Current <u>Ultimate</u>	Change in <u>Ultimate</u>
2009-2010	1,180,155	1,180,155	-
2010-2011	1,142,145	1,142,145	-
2011-2012	1,304,037	1,300,053	(3,985)
2012-2013	2,446,965	2,412,435	(34,530)
2013-2014	1,573,102	1,534,692	(38,410)
2014-2015	1,398,148	1,244,146	(154,003)
2015-2016	3,619,495	3,366,355	(253,139)
2016-2017	5,809,279	4,686,963	(1,122,315)
2017-2018	3,105,341	3,239,724	134,383
2018-2019	3,085,613	4,793,240	1,707,627
Total	24,664,281	24,899,908	235,628

BCJPIA

Comparison of Outstanding Liabilities - Liability

Accident <u>Year</u>	Prior 6/30/2019 <u>Outstanding</u>	Current 6/30/2020 <u>Outstanding</u>	Change in <u>Outstanding</u>
Prior	-	-	-
2010-2011	-	-	-
2011-2012	2,753	-	(2,753)
2012-2013	33,674	1,653	(32,021)
2013-2014	50,611	17,936	(32,674)
2014-2015	185,962	73,274	(112,687)
2015-2016	1,229,783	866,704	(363,079)
2016-2017	3,915,116	1,787,511	(2,127,605)
2017-2018	2,724,739	2,409,310	(315,429)
2018-2019	3,020,771	4,155,081	1,134,310
2019-2020		3,145,508	3,145,508
Total	11,163,408	12,456,978	1,293,569

BCJPIA

Comparison of Outstanding Liabilities - Liability

<u>Component</u>	<u>Prior 6/30/2019 Outstanding</u>	<u>Current 6/30/2020 Outstanding</u>	<u>Change in Outstanding</u>
Loss and ALAE	11,163,408	12,456,978	1,293,569
ULAE	1,959,978	2,099,506	139,528
Undiscounted	13,123,386	14,556,484	1,433,097
Discounted @ 2%	12,556,516	13,945,627	1,389,111
75% CL	14,466,783	16,426,341	1,959,558
85% CL	18,332,708	20,846,478	2,513,770
95% CL	21,350,905	24,339,526	2,988,621
Assets	14,601,692	18,437,239	3,835,547

12/31/19 Assets = \$18.4 million
Approximately 80% CL

Rate Analysis Liability Program



Looking
Ahead!

BCJPIA

Change in Discounted Loss Rates - Liability (\$0 - \$500K)

Confidence <u>Level</u>	Prior 2019-20 <u>Rate</u>	Current 2020-21 <u>Rate</u>	Percentage <u>Change</u>
Expected	1.930	2.105	9.1%
75%	2.745	2.996	9.1%
80%	2.994	3.280	9.6%
85%	3.322	3.673	10.6%
90%	3.726	4.090	9.8%
95%	4.320	4.821	11.6%

2% Discount Rate

BCJPIA

Change in Discounted Loss Rates - Liability (\$500K - \$1M)

Confidence <u>Level</u>	Prior 2019-20 <u>Rate</u>	Current 2020-21 <u>Rate</u>	Percentage <u>Change</u>
Expected	0.202	0.234	15.8%
75%	0.241	0.331	37.3%
80%	0.402	0.509	26.6%
85%	0.629	0.731	16.2%
90%	0.777	0.904	16.3%
95%	0.842	0.979	16.3%

2% Discount Rate

BCJPIA

Change in Discounted Loss Rates - Liability (\$0 - \$1M)

Confidence <u>Level</u>	Prior 2019-20 <u>Rate</u>	Current 2020-21 <u>Rate</u>	Percentage <u>Change</u>
Expected	2.132	2.339	9.7%
75%	2.986	3.327	11.4%
80%	3.396	3.789	11.6%
85%	3.951	4.404	11.5%
90%	4.503	4.994	10.9%
95%	5.162	5.800	12.4%

2% Discount Rate

Reserve Analysis Work Comp Program



Looking
Back!

BCJPIA

Comparison of Incurred Losses – Work Comp

Accident <u>Year</u>	Prior Incurred <u>@ 12/31/18</u>	Current Incurred <u>@ 12/31/19</u>	Change in Incurred <u></u>
Prior	\$5,822,000	\$5,947,000	\$125,000
2010-2011	1,268,000	1,263,000	(5,000)
2011-2012	1,012,000	1,023,000	11,000
2012-2013	1,043,000	1,035,000	(8,000)
2013-2014	1,790,000	1,684,000	(106,000)
2014-2015	330,000	561,000	231,000
2015-2016	823,000	1,067,000	244,000
2016-2017	900,000	1,274,000	374,000
2017-2018	397,000	735,000	338,000
2018-2019		66,000	66,000
Total	\$13,385,000	\$14,655,000	\$1,270,000

BCJPIA

Actual versus Expected Loss Development – Work Comp

<u>Accident Year</u>	<u>Expected Incurred</u>	<u>Actual Incurred</u>	<u>Actual vs Expected</u>
Prior	\$146,000	\$125,000	(\$21,000)
2010-2011	39,000	(5,000)	(44,000)
2011-2012	39,000	11,000	(28,000)
2012-2013	58,000	(8,000)	(66,000)
2013-2014	67,000	(106,000)	(173,000)
2014-2015	89,000	231,000	142,000
2015-2016	239,000	244,000	5,000
2016-2017	282,000	374,000	92,000
2017-2018	524,000	338,000	(186,000)
2018-2019	336,000	66,000	(270,000)
Total	\$1,819,000	\$1,270,000	(\$549,000)

BCJPIA

Comparison of Selected Ultimate Loss and ALAE – Work Comp

Accident <u>Year</u>	Prior <u>Ultimate</u>	Current <u>Ultimate</u>	Change in <u>Ultimate</u>
Prior	\$7,721,000	\$7,697,000	(\$24,000)
2010-2011	1,634,000	1,614,000	(20,000)
2011-2012	1,498,000	1,480,000	(18,000)
2012-2013	1,582,000	1,551,000	(31,000)
2013-2014	1,953,000	1,862,000	(91,000)
2014-2015	1,413,000	1,489,000	76,000
2015-2016	1,902,000	1,868,000	(34,000)
2016-2017	2,169,000	2,093,000	(76,000)
2017-2018	2,351,000	2,112,000	(239,000)
2018-2019	2,455,000	2,131,000	(324,000)
Total	\$24,678,000	\$23,897,000	(\$781,000)

BCJPIA

Comparison of Outstanding Liabilities – Work Comp

Accident <u>Year</u>	Prior 6/30/2019 <u>Outstanding</u>	Current 6/30/2020 <u>Outstanding</u>	Change in <u>Outstanding</u>
Prior	\$3,419,000	\$3,139,000	(\$280,000)
2010-2011	487,000	470,000	(17,000)
2011-2012	515,000	499,000	(16,000)
2012-2013	937,000	881,000	(56,000)
2013-2014	1,025,000	888,000	(137,000)
2014-2015	1,201,000	1,114,000	(87,000)
2015-2016	1,280,000	1,138,000	(142,000)
2016-2017	1,648,000	1,302,000	(346,000)
2017-2018	2,022,000	1,681,000	(341,000)
2018-2019	2,153,000	1,907,000	(246,000)
2019-2020		2,067,000	2,067,000
Total	\$14,687,000	\$15,086,000	\$399,000

BCJPIA

Comparison of Outstanding Liabilities – Work Comp

<u>Component</u>	<u>Prior 6/30/2019 Outstanding</u>	<u>Current 6/30/2020 Outstanding</u>	<u>Change in Outstanding</u>
Loss and ALAE	\$14,687,000	\$15,086,000	\$399,000
ULAE	2,056,000	2,112,000	56,000
Undiscounted	\$16,743,000	\$17,198,000	\$455,000
Discounted @ 2%	\$13,629,000	\$13,982,000	\$353,000
75% CL	19,079,000	19,573,000	494,000
85% CL	23,558,000	24,168,000	610,000

12/31/19 Assets = \$26.1 million
> 85% CL

Rate Analysis Work Comp Program



Looking
Ahead!

BCJPIA

Change in Discounted Loss Rates – Work Comp

<u>Deductible</u>	Prior 2019-20 <u>80% CL Rate</u>	Current 2020-21 <u>80% CL Rate</u>	Percentage Change
\$150K-\$1M	\$2.556	\$2.500	-2.2%
\$250K-\$1M	1.302	1.273	-2.2%
\$350K-\$1M	0.856	0.837	-2.2%
\$500K-\$1M	0.428	0.418	-2.3%

3% Discount Rate

BCJPIA

Change in Discounted Loss Rates – Work Comp

<u>Deductible</u>	<u>Class</u>	Prior 2019-20 <u>80% CL Rate</u>	Current 2020-21 <u>80% CL Rate</u>	Percentage Change
\$150K-\$1M	Non-Safety	\$1.868	\$1.827	-2.2%
	Safety	3.414	3.339	-2.2%
\$250K-\$1M	Non-Safety	0.952	0.931	-2.2%
	Safety	1.739	1.701	-2.2%
\$350K-\$1M	Non-Safety	0.626	0.612	-2.2%
	Safety	1.144	1.119	-2.2%
\$500K-\$1M	Non-Safety	0.313	0.306	-2.2%
	Safety	0.572	0.559	-2.3%



3% Discount Rate

BCJPIA

Questions

Ask an Actuary !

Call 1-800- $[(10x)^2 - 2x + 34]$



Have an
Irrational Day
3.14



EXECUTIVE COMMITTEE MEETING

— 2020/21 Budgets

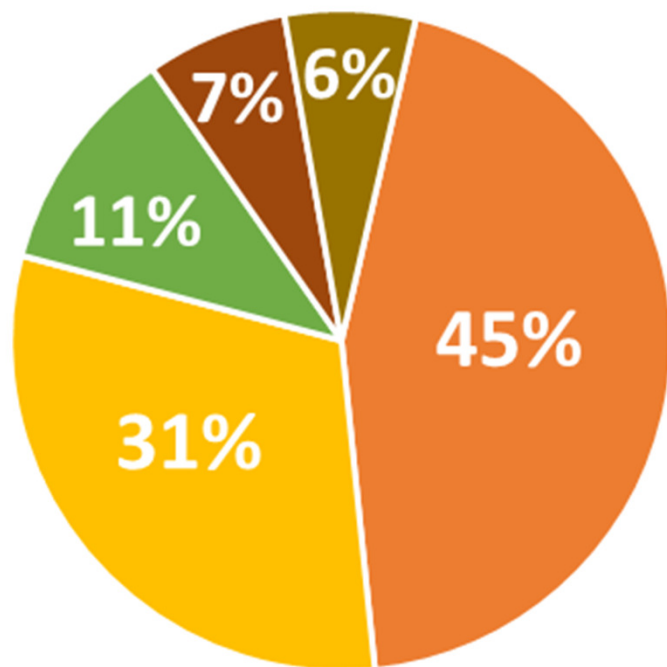
Prepared by: Alana Theiss, Finance Manager

April 20, 2020



2020/21 OVERVIEW

— What are we funding?



2020/21 Budget \$22,453,485

- Pooled losses 45%
Funding for losses in the BCJPIA layer, determined by applying actuarial study to exposure base.
- JPA coverages 31%
Contributions to JPAs that BCJPIA participates for excess coverage (CARMA and LAW CX) and for EPL coverage (ERMA).
- Purchased coverages 11%
Policies purchased through broker.
- Indirect Expenses 7%
Expenses of the pool that benefit all programs (e.g. administration).
- Direct Expenses 6%
Program-specific expenses not described above (e.g. Claims TPA).
- Risk Management Fund <1%
Voluntary member deposits to fund.

2020/21 LIABILITY PROGRAM CONTRIBUTIONS

— Contribution Summary – Page 215

Funding for Losses - \$5.9M

- Payroll x Loss Rate x RRA = Preliminary Deposit
RRA modifies loss rate for SIR elections
- Preliminary Deposit x Ex Mod = Modified Deposit
- Modified Deposit + Off-Balance = Funding for Losses
Carries from page 216 → 215

CARMA Contribution - \$5.0M

- Contribution per CARMA budget split by payroll
Covers between \$1M - \$54M

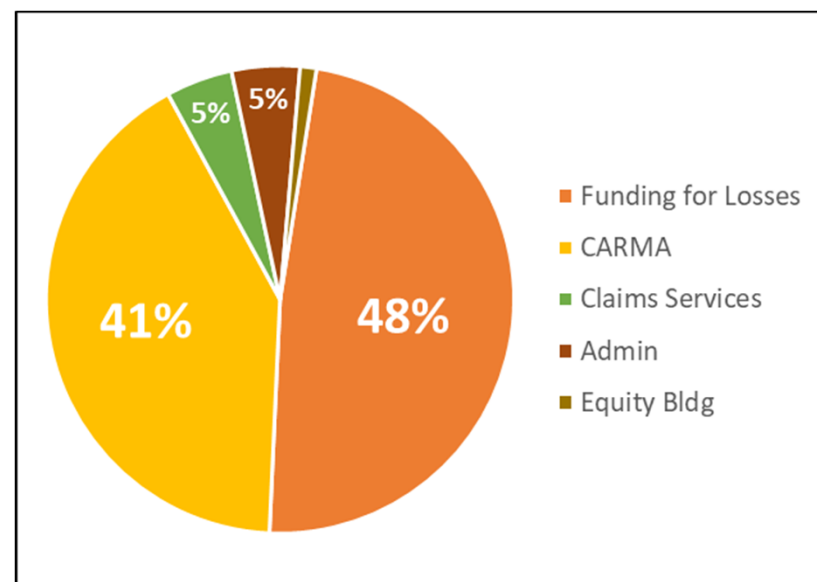
Claims Services Costs - \$573k

- Exp x 50%, split evenly by member
- Exp x 50%, split by payroll

Administrative Costs - \$586k

- Total x 40%, split evenly by member
- Total x 60%, split by payroll

2020/21 Budget \$12,222,945



Equity Building- \$137k

- Collect proportionately on total payroll
Should be \$160k based on Dec. 31 financials.
Will be re-evaluated with Mar. 31 financials.

2020/21 LIABILITY PROGRAM CONTRIBUTIONS

— Contribution Summary – Page 215

Cost Drivers	Change		IMPACT ON:		
			Loss Fund Deposit	CARMA	Direct / Indirect
Base Loss Rates	Up 12%	↑	Increase		
Payroll	Up 7%	↑	Increase	Increase	
CARMA Est.	Up 20%	↑		Increase	
Contracts / Admin	Up 2%	↑			Increase
Percentage Change from Prior Year			+28%	+20%	+2%

Equity Building contribution TBD.

Overall increase 28%

No change from Prior Year: Pool SIR (\$1M), CARMA SIR (\$54M), CL (90%) and Discount Factor (2%)

Individual member contributions are further impacted by:

- Changes in Estimated Payroll
- Changes in Experience Modification (i.e. ex-mod)
- SIR Elections / RRA Factors

2020/21 WORKERS' COMPENSATION PROGRAM CONTRIBUTIONS

— Contribution Summary – Page 217

Funding for Losses - \$3.5M

- Payroll x Loss Rate = Preliminary Deposit
Loss rate varies by SIR election
- Preliminary Deposit x Ex Mod = Modified Deposit
- Modified Deposit + Off-Balance = Funding for Losses

LAWCX Contribution - \$863k

- Contribution per LAWCX budget split by payroll
Covers between \$1M – Statutory Limit

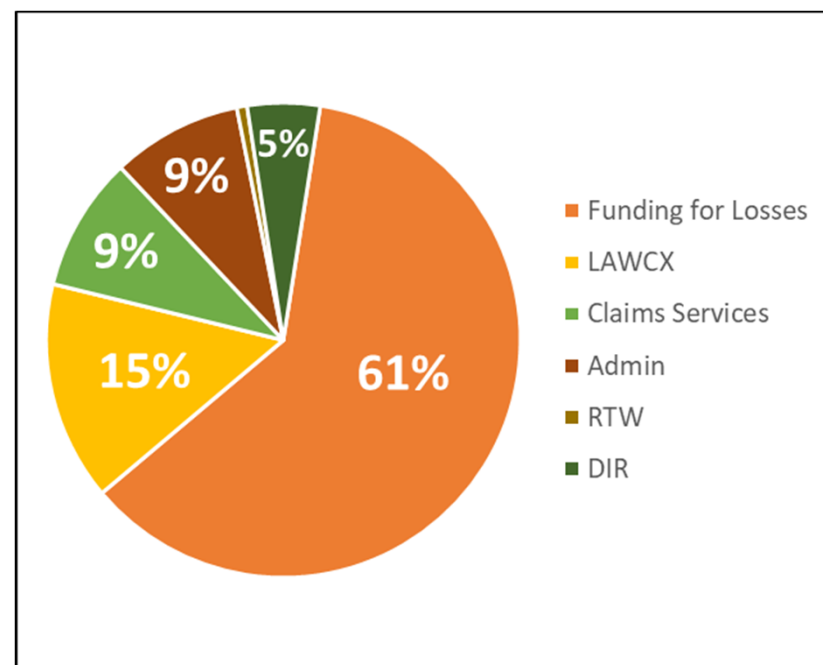
Claims Services Costs - \$529k

- Split by payroll

Administrative Costs - \$513k

- Total x 40%, split evenly by member
- Total x 60%, split by payroll

2020/21 Budget \$5,777,548



RTW- \$40k

- Split by payroll

DIR Assessment- \$286k

- Total x 40%, split evenly by member
- Total x 60%, split by payroll

2020/21 WORKERS' COMPENSATION PROGRAM CONTRIBUTIONS

— Contribution Summary – Page 217

Cost Drivers	Change		IMPACT ON:			
			Loss Fund Deposit	LAWCX	Claims Serv.	Everything Else
Loss Rates	Down 2%	↓	Decrease			
Payroll	Up 9%	↑	Increase	Increase		
LAWCX Est.	Up 15%	↑		Increase		
TPA Contract	Down 13%	↓			Decrease	
Everything Else	Up	↑				Increase

Percentage Change from Prior Year	+10%	+15%	-13%	+3%
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Overall increase 7%

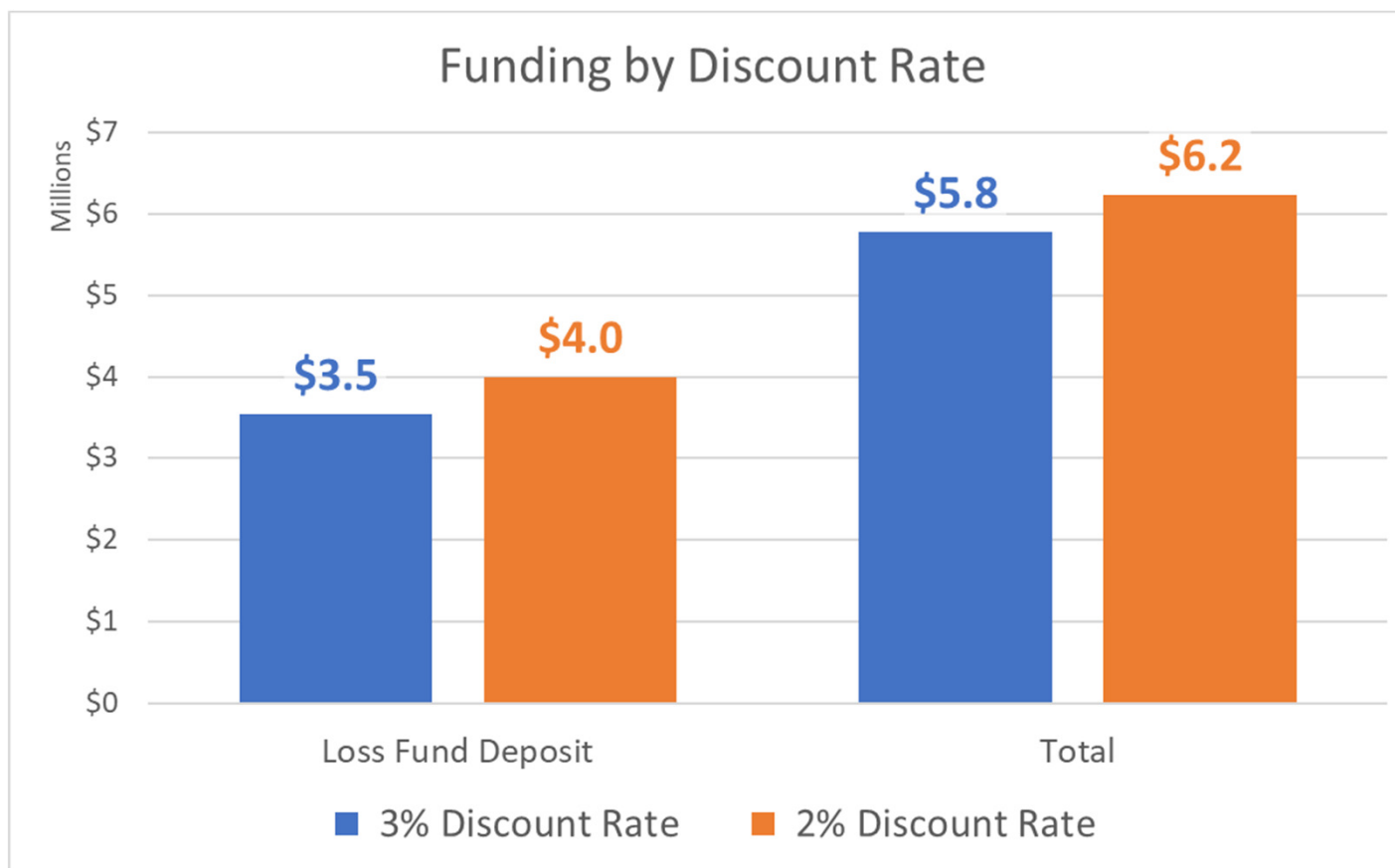
No change from Prior Year: Pool SIR (\$1M), LAWCX SIR (Statutory), CL (80%) and Discount Factor (3%)

Individual member contributions are further impacted by:

- Changes in Estimated Payroll
- Changes in Experience Modification (i.e. ex-mod)
- SIR Elections

2020/21 WORKERS' COMPENSATION PROGRAM CONTRIBUTIONS

— Discount Rate – Workers' Comp.



BCJPIA is currently funding Workers' Compensation coverage using a 3% discount rate. If it were to fund at a 2% discount rate, approximately \$458k more would be collected to fund 2020/21 program year losses – an 8% increase over current.

2020/21 PROPERTY PROGRAM CONTRIBUTIONS

— Contribution Summary – Page 218

Funding for Losses - \$450k

- TIV x Loss Rate = Deposit
Pooled losses from \$10k to \$250k
- No change in rates, Member TIV up 8%

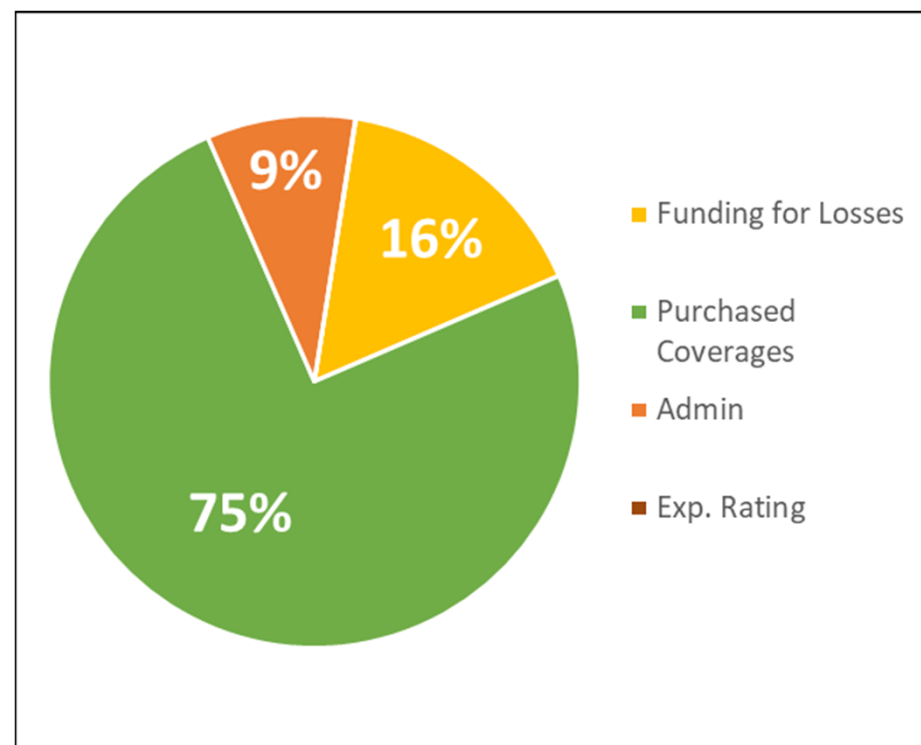
Purchased Coverages - \$2.1M

- **ESTIMATES**
25% INCREASE FOR PROPERTY
10% INCREASE ADWRP, CYBER
NO CHANGE IN AGILITY RECOVERY
- Member TIV up 8%

Administrative Costs - \$253k

- Total split by TIV

Property Experience Rating - \$748



Final cost of purchased coverage TBD.

Overall increase 23%

2020/21 AUTO PHYSICAL DAMAGE CONTRIBUTIONS

— Contribution Summary – Page 219

Funding for Losses - \$14k

- TIV x Loss Rate = Deposit
Only newer members contribute
- Rates down per recent actuary study

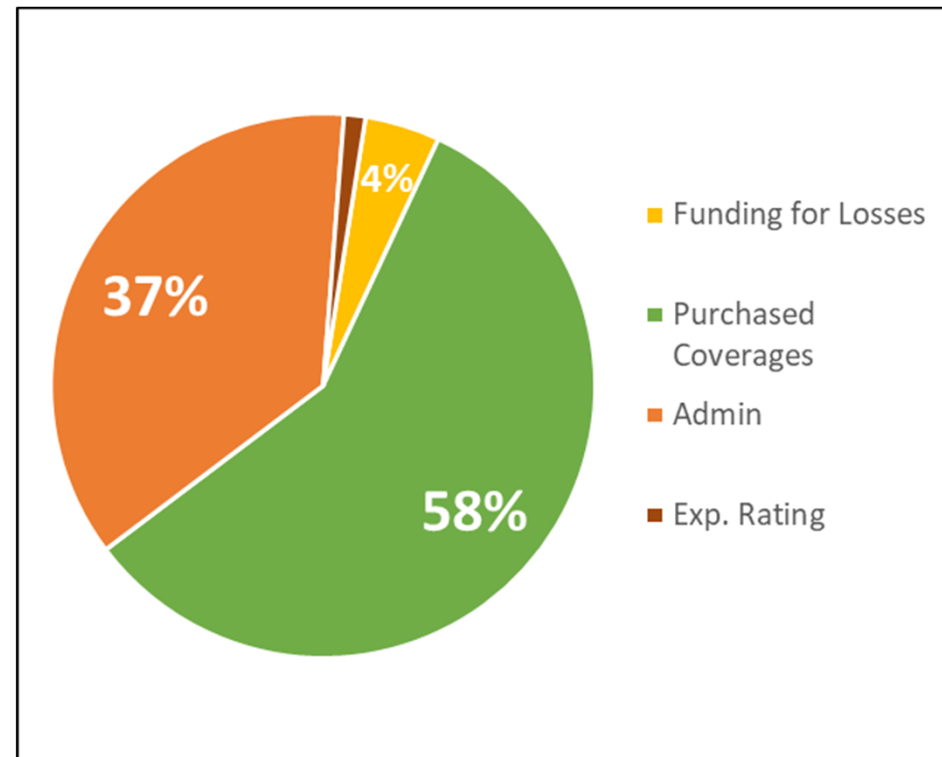
Purchased Coverage - \$184k

- **ESTIMATE**
25% INCREASE IN RATES
- Member TIV up 1%

Administrative Costs - \$116k

- Total split by TIV

APD Experience Rating - \$4,055



Final cost of purchased coverage TBD.

Overall increase 12%

— Everything Else

Page 220: Marina estimated 20% increase.

Page 221: Crime estimated 48% increase – new 3 year crime bond \$16k.

Page 222: EPL estimated 13% increase – mainly due to ERMA.

Preliminary ERMA budget shows \$974k. ERMA board to consider offset of increase with dividends

Page 223: Admin expenses overall 2% increase – mainly due to contract increases.

Page 224: Voluntary risk management fund elections

Positive election will trigger billing of \$5,000 or amount to bring fund balance to maximum \$25,000 – whichever is more.

Page 225: Liability Ex-Mod Calculation

Information only.

THANK
YOU

Thank you