

**CITY OF CHANDLER WORKERS' COMPENSATION AND
EMPLOYER LIABILITY TRUST BOARD
MEETING MINUTES
Thursday, June 17, 2021**

MINUTES OF THE **WORKERS' COMPENSATION AND EMPLOYER LIABILITY TRUST BOARD** OF THE CITY OF CHANDLER, ARIZONA, held in the Chandler City Hall, Council Chambers, Council Conference Room, 88 E. Chicago Street, Chandler, Arizona.

1. CALL TO ORDER & ROLL CALL:

Mr. Myer, Chairperson called the meeting to order at 5:14 p.m.

The following members answered roll call:

Mr. Alex Myer, Chairperson
Mr. Mike Bohnert, Vice Chairperson
Ms. Terry Bond, Secretary
Ms. Lilly Longacre
Assistant Fire Chief Val Gale

Also in attendance:

Carol Osterhaus, Benefits Analyst
Dawn Lang, Management Services Director
Kristi Smith, Accounting Manager
Kristin Maier, Human Resources Manager
Rae Lynn Nielsen, HR Director
Roni Laxa, Assistant City Attorney
Teresa Canjar, Management Assistant

2. APPROVAL OF MINUTES

Mr. Bohnert made a motion to approve the minutes as presented from the March 4, 2021, meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board, seconded by Assistant Fire Chief Gale, motion carried.

3. SCHEDULED/UNSCHEDULED PUBLIC APPEARANCES/CALL TO PUBLIC

None.

4. BRIEFING ITEMS

a. Financial Statements

Statement of Net Position – March 31, 2021

Kristi Smith advised the Board that the Statement of Net Position shows total assets of \$13,856,870 of that total there is \$12,652,621 in cash and investments. The Due from City is \$1,185,000 which means the City's main account has received more Worker's Comp funds than has paid, therefore this

net amount will be transferred to Worker's Comp. This is the opposite direction than the Healthcare Trust Board. There are no liabilities to report. The report shows there is a surplus of \$2.5M.

Statement of Revenues, Expenses and Changes in Net Position – March 31, 2021

Kristi Smith reported the Statement of Revenues, Expenses and Changes in Net Position show the total operating revenues of \$3,251,584 and it is slightly under budget. The total operating expenses are \$1,939,898 which is under budget. The operating income totals \$1,311,686. The nonoperating revenues (expenses) are \$219,902 with a change in net position of \$1,531,588. The Total Net Position for March 31 is \$13,856,870 which agrees with the Statement of Net Position.

Statement of Cash Flows – March 31, 2021

Kristi Smith advised the Board that this report shows the inflows and outflows of cash by activity providing an increase in cash of \$971,129. The ending cash is at \$12,652,621 which agrees to the Statement of Net Position.

Assistant Fire Chief Gale gave kudos to Rae Lynn, Kristin, Chris and Nichole for the unbelievable customer service that has been provided through the challenging past year.

b. Investment Report

Kristi Smith provided a brief overview of the Investment Performance Review. The Portfolio Statistics yield at cost is 0.61% which is down from the previous quarter of 0.9%. The money market rate for Wells Fargo is 0.01% and PFM is 0.02%. The Sector Allocation shows the primary funds being held are in Federal Agencies and we continue to see a shift away from U.S. Treasuries which is a sector that is down from previous quarters. Maturity Distribution shows the yield at market of 0.28% which is higher than the index at 0.19%. The effective duration is at 1.76 which is in line with the benchmark of 1.84 which has been consistent with the last two quarters.

c. Excess Insurance Renewal

Kristin Maier advised the Board that an RFP went out to three insurance companies and Safety National provided the City a quote. There are two options: Option 1: Keep our SIR for Police and Fire at \$2.25M and raise our general employee SIR from \$750K to \$1M. This option increases our premium about 48% from \$346,541 to \$514,108. Option 2: Raise our SIR for Police and Fire from \$2.25M to \$3M and raise the SIR for all other employees from \$750K to \$1M which increases our premium by 10% from \$346,541 to \$381,028. We have reviewed these options with Gallagher and Oliver Wyman and it was determined the second option would be the best for the City to accept. Once it is approved our SIR for Police and Fire will go up to \$3M and \$1M for all other employees.

Ms. Bond asked if SIR stands for Self-Insured Reserve and this would be what the City would be responsible for on insurance? Kristin Maier responded yes and that there were a few contributing factors for this change and it was not unexpected. We had two work related deaths this year. We didn't receive quotes from other insurance companies because of the climate in public safety right now which is nation-wide; however, with the increases in our SIR it may open up a bigger variety of vendors for us to choose from when we go back out next year.

5. ACTION ITEMS

Election of Officers – Chairperson, Vice Chairperson, and Secretary

Assistant Fire Chief Gale made a motion to nominate Alex Myer as Chairperson of the Workers' Compensation Trust Board, seconded by Ms. Bond, motion carried unanimously.

Mr. Bohnert made a motion to nominate himself as Vice Chairperson of the Workers' Compensation Trust Board, seconded by Assistant Fire Chief Gale, motion carried unanimously.

Ms. Longacre made a motion to nominate herself as Secretary of the Workers' Compensation Trust Board, seconded by Assistant Fire Chief Gale, motion carried unanimously.

6. COMMENTS AND ANNOUNCEMENTS

None.

7. CALENDAR

The next scheduled meeting is Thursday, September 16, 2021.

8. INFORMATION ITEMS

Agenda Items for Future Meeting Dates

Financial Statements

Investment Report

CorVel Stewardship Report

Annual Safety Update

9. ADJOURNMENT

There being no other business, Ms. Bond made a motion to adjourn the meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board of June 17, 2021, seconded by Assistant Fire Chief Gale, motion carried. The meeting adjourned at 5:30 p.m.

Alex Myer
Chairperson

Teresa Canjar
Recording Secretary