

Meeting Minutes

Workers' Compensation and Employer Liability

Trust Board

Regular Meeting

June 16, 2022 | 4:00 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Vice Chairman Bohnert at 4:47 p.m.

Roll Call

Board Attendance

Vice Chair Mike Bohnert
Secretary Lily Longacre
Terry Bond
Jennifer Huppenthal

Other Attendance

Kristi Smith, Accounting Manager
Kristin Maier, Human Resources Manager
Rae Lynn Nielsen, HR Director
Roni Laxa, Assistant City Attorney
Teresa Canjar, Management Assistant

Absent

Val Gale

Scheduled and Unscheduled Public Appearances

Consent Agenda and Discussion

1. February 3, 2022 Minutes

Ms. Bond made a motion to approve the minutes as presented from the February 3, 2022, meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board, seconded by Ms. Longacre, motion carried.

Briefing

2. Financial Statements

Statement of Net Position as of March 31, 2022

Kristi Smith advised the Board that the total assets were \$15,367,646, cash is up \$316,000 from last quarter, and Due from the City is up \$276,000. Total liabilities are \$31,000, no change from the prior quarter. The unrestricted net position is \$15,336,646 which is up from last quarter. When Net Position is compared to the Reserve Goal as of 6/30/21, there is a surplus of almost \$2.2 million.

Statement of Revenues, Expenses and Changes in Net Position – March 31, 2022

The prorated budget is shown, some items are based on the number of months while other items may have been 100 percent spent and the budget reflects as such. The total actual operating revenues are \$3,433,504 which is \$146,000 over budget. Operating expenses are under budget at \$3,329,938 primarily related to claims payable. This provides for an Operating Income of \$103,566, which is \$2,022,645 less than anticipated. The Non-Operating Revenues and Expenses total \$765,702 and there is a change in net position of \$869,268. The ending net position is \$15,336,646 which agrees with the Statement of Net Position.

Statement of Cash Flows – March 31, 2022

Kristi Smith advised the Board that this report shows the inflows and outflows of cash by activity. End of year Cash and Equivalents total \$14,887,716 which agrees with the Statement of Net Position.

5. Investment Report – March 31, 2022

Kristi Smith provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 0.55% which is up from 0.48% in the previous quarter. Yield at Market is 2.14% which is up from the prior quarter of 0.69%. Effective Duration is at 1.63 as compared to the prior quarter of 1.77. The Benchmark Effective Duration is 1.80. The money market rate is finally trending up and is 0.02% for Allspring and 0.02% for First American Funds (PFMAM). The Sector Allocation is showing minimal change in each of the security types.

Ms. Bond asked what falls under Federal Agency on the Sector Allocation Review? Kristi Smith said these are listed on page 22 of the report. They are Freddie Mac and Fannie Mae. Pages 21-24 of the report show what we are investing in if you are interested.

6. Excess Insurance Renewal

Kristin Maier said as you all know, the Board is not involved with the rates for excess insurance, but I wanted to provide you a briefing. We just completed our process for next year and we did things a little different this year. We only sent rates to Safety National because they were the only ones that responded last year. We were provided two options. Option 1) Kept SIR for Police and Fire at \$3M and raised SIR for general employees from \$1M to \$1.5M and raised Wild Land Firefighter SIR from \$1M to \$1.5M which increased our premium from \$381,028 to \$472,340; a 24% increase and Option 2) Kept SIR for Police and Fire at \$3M and raised SIR for general employees from \$1M to \$2M and raised Wild Land Firefighter SIR from \$1M to

\$2M which increased our premium from \$381,028 to \$428,058; a 12% increase. Given the large increases for those SIRs, we had a lengthy discussion with Gallagher and decided the 1st option would be best for the City. She added that although this sounds high, rates for public entities continue to rise due to the continuing climate surrounding public safety and new firefighter cancer coverage legislation and the effects of the COVID-19 pandemic. We have also had 3 line of duty deaths in the last 2 years. All of these things are taken into consideration when they provide these options.

Ms. Bond asked if the actual rates would be provided at the next meeting? Rae Lynn Nielsen replied the rates at the next meeting would be for health care.

Action Agenda

7. Election of Officers – Chairperson, Vice Chairperson, and Secretary

Mr. Bohnert made a motion to nominate Lily Longacre as Chairperson of the Workers' Compensation Trust Board, seconded by Ms. Bond, motion carried unanimously.

Ms. Longacre made a motion to nominate Mike Bohnert as Vice Chairperson of the Workers' Compensation Trust Board, seconded by Ms. Huppenthal, motion carried unanimously.

Mr. Bohnert made a motion to nominate Jennifer Huppenthal as Secretary of the Workers' Compensation Trust Board, seconded by Ms. Bond, motion carried unanimously.

Members Comments/Announcements

Calendar

The next regular meeting will be a combined meeting on Thursday, September 15, 2022, at 4:00 p.m., in the Council Chambers Conference Room, 88 E. Chicago Street.

Informational Items

Agenda Items for Future Meeting Dates

- Financial Statements – Management Services
- Investment Report – Management Services
- CorVel Stewardship Report
- Annual Safety Update

Adjourn

Ms. Bond made a motion to adjourn the meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board of June 16, 2022, at 5:04 p.m., seconded by Ms. Longacre, motion carried.

Teresa Canjar, Secretary

Mike Bohnert, Vice Chair