

Meeting Minutes

Workers' Compensation and Employer Liability

Trust Board

Regular Meeting

June 15, 2023 | 4:00 p.m.
City Hall, 2nd Floor Training Room A
175 S. Arizona Ave., Chandler, AZ



Call to Order

The meeting was called to order by Chair Lily Longacre at 4:52 p.m.

Roll Call

Board Attendance

Chair Lily Longacre
Vice Chair Vacant
Secretary Jennifer Huppenthal
Terry Bond
Val Gal

Other Attendance

Kristi Smith, Financial Services Assistant Director
Kristin Maier, Human Resources Manager
Robert Steele, Accounting Senior Manager
Roni Laxa, Assistant City Attorney
Teresa Canjar, Management Assistant

Absent

Mark Knight

Scheduled and Unscheduled Public Appearances

Consent Agenda and Discussion

1. February 2, 2023 Minutes

Ms. Bond made a motion to approve the minutes as presented from the February 2, 2023, meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board, seconded by Ms. Huppenthal, motion carried.

Briefing

2. Financial Statements

Statement of Net Position as of March 31, 2023

Robert Steele advised the Board that the total assets were \$17,552,615, cash increased \$2.1million from last quarter, and Due from the City is down \$1,519,878. Total liabilities are \$40,000, no change from the prior quarter. The unrestricted net position is \$17,512,615 which is up from last quarter. When Net Position is compared to the Reserve Goal as of 6/30/22, there is a surplus of almost \$4.1 million.

Ms. Bond asked if the claims payable of \$40,000 is comparable to other quarters? Robert responded they are exactly the same as last year.

Statement of Revenues, Expenses and Changes in Net Position – March 31, 2023

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 \$3,677,575 which is \$389,800 over budget. Operating expenses are under budget at \$2,841,411 primarily related to claims payable. This provides for an Operating Income of \$836,164, which is \$1,832,421 more than anticipated. The Non-Operating Revenues and Expenses total \$842,467 and there is a change in net position of \$1,678,631. The ending net position is \$15,833,984 which agrees with the Statement of Net Position.

Statement of Cash Flows – March 31, 2023

Robert Steele advised the Board that this report shows the inflows and outflows of cash by activity. End of year Cash and Equivalents total \$15,986,306 which agrees with the Statement of Net Position.

5. Investment Report – March 31, 2023

Robert Steele provided a brief overview of the Investment Performance Review. The portfolio statistics yield at cost is 1.85% which is up from 1.04% in the previous quarter. Yield at Market is 4.38% which is down from the prior quarter of 4.64%. Effective Duration is at 1.41 as compared to the prior quarter of 1.33. The Benchmark Effective Duration is 1.75. The money market rate is trending up at 4.45% for Allspring and 4.44% for First American Funds (PFMAM). The Sector Allocation is showing minimal change in each of the security types.

6. Excess Insurance Renewal

Kristin Maier briefed the group on the Excess Insurance Renewal. An RFP went out and we received three responses from Safety National, Arch, and Midwest Employers. After discussion and analysis with Gallagher, we decided to stay with Safety National. Unlike last year's increase of 24%, the overall increase this year was 12%. Eight percent of that increase was due to increased payroll costs. Safety National didn't adjust our SIRs which remain at \$1.5 million for general employees and \$3 million for public safety employees. We had a good year last year with low claims and low dollars and she feels that is reflected in this renewal.

Ms. Huppenthal asked if we pay this on a PEPM? Kristin replied yes, it is an overall premium, and the payroll part is a rate per employee. Ms. Huppenthal then asked what was the net? Kristin replied 4.

Action Agenda

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

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

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

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

Members Comments/Announcements

Calendar

The next regular meeting will be a combined meeting on Thursday, September 14, 2023, 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. Huppenthal made a motion to adjourn the meeting of the City of Chandler Workers' Compensation and Employer Liability Trust Board of June 15, 2023, at 5:09 p.m., seconded by Ms. Bond, motion carried.

Teresa Canjar, Secretary

Chair Lily Longacre