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Van Maddox
Auditor, Sierra County

-Vice-President-
Rita Sherman
Risk Mgr. Mono County

-Secretary-
Karen Fouch
Auditor Lassen County



A Joint Powers Authority Established in 1980
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February 25, 2010

Item #1c

To: Members & Alternates of the Board of Directors

From: David Nelson, Ass't Executive Director & Don Hemphill, Executive Director

Re: Background information for items on the Board of Directors meeting to be held on March 3, 2010 at the Sacramento Marriott Rancho Cordova, 11211 Point East Drive, Rancho Cordova, CA 957420, Phone 916-638-1100.

Below are short narratives on all of the items on your agenda. These comments are intended as background information on issues, on which you may be asked to make decisions. They are not intended to move you in any particular direction. However there may be items that I do have definite opinions about and I will so state. Most of the items have some backup material, the Exhibits that go with a particular agenda item use the same agenda item #, i.e. material for item 6 shows as #6 in the backup material.

Wednesday, March 3, 2010, 12 noon

1. Roll Call
2. Approval of Minutes of November 5/6, 2009 meeting.

Action Requested: Correct any errors and approve minutes.

Comments: _____

Motion by _____, seconded by _____

Vote _____

3. Informational Item: Register, checks & invoices between the dates of 10-25-09 and 2-20-10 are available for review pursuant to Bylaws Article XIV, Section 2 with certification from Assistant Treasurer.

Action Requested: None, register, checks & invoice information is required, by our Bylaws, to be presented to the Board at each Board meeting. The certification from the Assistant Treasurer is presented as requested by the Board.

Comments: _____

Alpine - Colusa - Del Norte - Lassen - Modoc - Mono - San Benito - Sierra - Trinity

4. Discussion/Presentation by EIA on how Medical Malpractice premiums are calculated.

This is an informational item that the Board had requested at the 11-5/6-09 Board meeting. Staff from EIA will present the item and answer any questions.

Action Requested: None

Comments: _____

5. Discussion/Adoption of Resolution No. 10-01 amending the budget for the 09-10 fiscal year to reflect changes for the addition of Plumas County and other necessary changes for the Liability/Property, Med Mal, Workers Comp, Undistributed Loss Prevention Subsidy Funds, Pollution Program, Administration and Safety Officer budgets.

I do not intend to address all the changes here, but will touch on the more significant ones.

Workers Comp Program (backup Item #5 Page 2) – Cells AE9 through 19 (Premium Revenue) amounts are to correct to the actual premium invoices sent to members plus the payment from Plumas. Cell AE22 (Interest) there is a significant increase in cash however this is more than offset by the significant reduction in rates of return. Cell AC24 (Other Income - Recoveries), this increase is due to my estimate that excess reimbursements will start to increase with the addition of Plumas and the fact that we are 2 years out on our self insured program. Cell AC25 (Other Income – Returns/PY Refunds) this is the 08-09 payroll adjustment refund (premiums from EIA are based on estimated payroll then when actual payroll is reported to them they adjust the premium to what it should have been thus creating refunds or additional payments due, Alpine, Del Norte, Lassen, Sierra and Trinity are getting refunds and Colusa, Modoc, Mono and San Benito owe the amounts are included in Cell AE34). Cell AE31 (Chg in Claim Liabilities) this change is just an estimate on my part as the actuarial will not be completed until Oct 2010, but I thought it prudent to include this now (we usually adjust for this at year end) and to recognize some amount for Plumas. This is directly related to Cell AE32 (Claim Costs) that shows the estimated claim payments for the year, which is just an estimate. Cell AE34 (Excess Premiums) shows that the actual Excess Workers Comp (EWC) premium was less than budgeted (remember that we adopt our budget in May and the final estimates and invoices from EIA are not known till late June) and includes the 08-09 payroll adjustments for those that have to pay. Cell AE41 (W/C SIP Assessment) this is new for this year as now that we are self insured this will be an ongoing item that we will be budgeting for and rest assured the amount will go up significantly the next several years as SIP increases it's costs and the State continues to throw more costs on to public agencies. Cell AE44 (Expenditures – Return of Funds) you generally do not budget anything here as when you adopt the budget in May there is no way of knowing who will take what, so you always set this to actual at year end or in this case on this amendment.

Liability/Property Program (backup Item #5 Page 3) – Cells AE10 through 19 (Premium Revenue) amounts are to correct to actual premium invoices sent to members plus the payment from Plumas, the changes are specifically related to the fact that the original budget included the amount that is for the LSTP (which should not have been included here, my mistake). Cell AE22 (Interest) there is an increase in cash however this is more than offset by the significant reduction in rates of return. Cell AE23 (Other Income – Claim Recoveries) increased due to several claims settling sooner than anticipated. Cell AE31 (Chg in Claim Liabilities), this change is just an estimate on my part as the actuarial will not be completed until Oct 2010, but I thought it prudent to include this now (we usually adjust for this at year end) and to recognize some amount for Plumas. This is directly related to Cell AE33 (Claim Costs) that shows the estimated claim payments for the year, which is just an estimate. Cell AE33 (Exp - Claim Costs), increased due to a couple of settlements that were not anticipated to settle this soon. Cell AE36 (Return of Funds) you generally do not budget anything here as when you adopt the budget in May there is no

way of knowing who will take what, so you always set this to actual at year end or in this case on this amendment. Cell AC38 (EIA Dividend Passthrough) same issue as Cell AC36.

Safety Officer Budget (backup Item #5 Page 4)– There are numerous minor changes to the Services & Supplies budget, the most significant of which is Cell AE29 (Loss Prev Off Meetings) as we hired a trainer to train the Loss Prev Officers to do ergonomic evaluations and additional meetings for the year. This was funded by not doing any Law Enforcement Meeting, Cell AE27, this year, holding off on any web page upgrades, Cell AE22, and lastly a reduced level for Road Comm Meetings, Cell AE26. Of note is the fact that this was done without any increase in the total budget.

Administration Budget (backup Item #5 Page 5) – With the hiring of the Assistant Executive Director effective 12-1-09, numerous changes to Cells AE10 through 16 (Salary & Benefits) need to be made. Funds for this change were originally budget in Cell AE34 (Staffing Support) for 6 months but since the costs are for 7 months additional changes are made as presented in Column AE. Please note that Miscellaneous Revenue in both Workers Comp and Liability/Property budgets is increased to reflect revenue from Trinity County for David to train the new staff there. In addition there is much more travel cost, due to having 2 of us traveling instead of 1. Of note is the fact that this was done without any increase in the total budget.

Medical Malpractice Program (backup Item #5 Page 6) – Cells Y11 through 20 (Premium Revenue) amounts are to correct to the actual premium invoices sent to members plus the payment from Plumas. Cell Y31 (Excess Premiums) to adjust to the actual premium paid for the 09-10 year.

Undisbursed Loss Prevention Subsidy Fund (backup Item #5 Page 8) – Cell V16 (Contributions from Members) to reflect the payment from Plumas. Cell V21 (Interest) there is an increase in cash however this is more than offset by the significant reduction in rates of return.

Pollution Program (backup Item #5 Page 9) – Cell V17 (Revenues: Plumas) to reflect the payment from Plumas. Cell V24 (Interest) there is an increase in cash however this is more than offset by the significant reduction in rates of return. Cells V32 through 35 (Expenditures:) to reflect the actual payments made for the 09-10 year.

Action Requested: Adopt Resolution No. 10-01 as amended, if any changes.

Comments: _____

Motion by _____, seconded by _____
Vote _____

6. Discussion/Direction: staff report on deficit balances, if any, as requested in Item #6 at the 11-2/3-06 Board meeting and possible action to deal with members potential future financial issues and review the Balance Sheet & Income Statement detail spreadsheets as of December 31, 2009, if time permits.

This report on deficits was requested at the Board meeting on 11-2/3-06 and will be on each agenda unless the Board directs otherwise.

Members with deficit balances as of 12-31-09 or 1-31-10(if these are done prior to the Board meeting):

Workers Comp Program: The only deficit balances as of 12-31-09 (have less than the 50% (expected) confidence level funding are in Colusa and Modoc and once they pay their 09-10 premiums these deficits will go away.

Liability/Property Program: Colusa, Del Norte, Modoc & San Benito show deficits as of 12-31-09 (have less than the 50% (expected) confidence level funding. Colusa and Modoc will be out of the deficit position once they pay their 09-10 premiums. Del Norte and San Benito (San Benito's 09-10 premium was received in February) have both paid their entire 09-10 premiums however they are still in a deficit position. There are a couple of excess claim reimbursements that San Benito will receive prior to 6-30-10 but it is likely they will continue with a deficit at 6-30-10 as will Del Norte. Whatever the deficit ends up being, 10% of that deficit will be added to their 10-11 premium. San Benito had an amount included (\$29,799) in their 09-10 premium, so this is an ongoing problem for San Benito. Based on this if their loss history does not improve they will continue to have deficits for many years to come, overall they still have a positive cash balance.

Medical Malpractice: Del Norte, Modoc and San Benito have deficits as of 12-31-09. Del Norte's came about a number of years ago when the premium they were billed by Trindel was substantially less than the premium paid to EIA. This happens because Trindel bills in July based on estimates from EIA and then the real bill comes in in September, well one of the years the actual invoice came in much higher than what they were billed by Trindel and I have just not been able to get them caught up (they have a couple of losses that are sending their premiums very high and to add the deficit to that premium at this point would cause a hardship so once the losses go off the loss data (I think this happens in 11-12 there will be sufficient room to get caught up and eliminate the deficit). Once Modoc and San Benito (San Benito's 09-10 premium payment was received in February) pay their 09-10 premiums they will no longer be in a deficit position.

Pollution Program: Alpine, Colusa, Modoc and San Benito have deficit positions as of 12-31-09. Once they pay their 09-10 premiums none of them will be in a deficit position (Alpines' premium was received in January and San Benito's in February).

Undisbursed Loss Prevention Subsidy Fund: No deficit balances as of 12-31-09.

As to the review of the Balance & Income Statement if time permits I will use the December 31, 2009 (or the January 31, 2010 if it is completed in time) statement for the review, it is part of the back up material and is also posted on our web site.

Action Requested: None.

Comments: _____

Motion by _____, seconded by _____

Vote _____

7. Staff report on activities since the November 2009 Board meeting, including an update on David's transition. The Board may give direction on any of the items reflected below. Review of and direction to staff on projects and other miscellaneous reports by staff and/or members. Some of these items may be included as action items else where on the agenda. This item will also include the opportunity for individual members to discuss any topics of interest relating to their specific county, i.e. how do others handle xxx, this is what we are doing xxx, State program/funding issues.

I have broadened the topic for this item to include Board members networking with each other on topics of interest. You generally don't get to spend much time with each other to discuss common problems/issues, so I felt that it might be of interest to you to have some time to discuss topics of general interest, but not necessarily directly related to Trindel.

Discussion/Direction on issuance of a check vs. voucher from York for temporary disability payments in certain circumstances (4850).

Action Requested: None

Comments: _____

Motion by _____, seconded by _____

Vote _____

Item #8 may be taken up in Closed Session.

8. Discussion/Direction/Action on renewal of Safety Officers Contract, contract ends 6-30-10, and evaluation of Safety Officer.

Gene's contract ends on 6-30-10. This is the end of a 2 year contract, contract included in back up material. So the decision is: do you want to renew or not renew and if you want to renew then refer to a committee to negotiate or just have Gene come into closed session today and hear any proposal he may have and then decide where to go with that or do nothing.

Action Requested: Your call. I recommend that you discuss, then ask Gene for his input, then make a decision on renew or not and if renew then refer to a committee to negotiate or offer terms to Gene and if he accepts authorize the President to execute an amendment to the Safety officer's contract.

Comments: _____

Motion by _____, seconded by _____

Vote _____

9. Discussion/Direction/Action on role of current Executive Director after 7-1-10 and possible amendment to the current contract that ends 6-30-10.

The current Executive Director has expressed an interest in continuing on with Trindel for a couple of reasons. 1. David may still need some assistance on those items that occur in the later half of the calendar year (premium calculations, closing the 6-30-10 books, dealing with the 6-30-10 actuarials, etc). 2. His terms on the EIA committees (Claims Review, Finance, Employee Benefits) and the Board of Directors continue till 12-31-10 and he would like to complete those terms which he can't do if he is not an employee of Trindel.

Action Requested: Negotiate an extension of the current Executive Director's contract for 6 months at a nominal hourly rate (as extra help) and title change and bring back an agreement at the May 2010 meeting or authorize the President to execute an amendment based on terms you approve.

Comments: _____

Motion by _____, seconded by _____

Vote _____

10. Acceptance/Rejection of the Annual Audit for the period ended 6-30-09.

As usual Trindel received an unqualified audit for the year ended 6-30-09. I have not requested Rich Gonzales (Gallina) to attend as there are no findings or recommendations (no management report was issued). If you really want Gallina to present the audit then we will do that at the May 2010 meeting.

Action Requested: Accept Audit for the period ending 6-30-09 as presented.

Comments: _____

Motion by _____, seconded by _____
Vote _____

11. Discussion/Direction on extending the existing letter of understanding for auditing services with Gallina LLP for an additional 3 years and authorizing the Executive Director to negotiate and execute a new letter of understanding with Gallina LLP or do an informal Request for Proposal (RFP) for audit services for a 3 year period starting with the year ending 6-30-10.

Action Requested: Authorize the Executive Director to negotiate a 3 year letter of understanding with Gallina LLP to perform the audit of Trindel starting with the year ending 6-30-10.

Comments: _____

Motion by _____, seconded by _____
Vote _____

12. Discussion/Action of adopting Resolution No 10-02 amending Resolution No 08-02 to increase the balances in the bank accounts that are used to pay for workers compensation claims to \$200,000 and for liability/property claims to \$50,000 because of the addition of Plumas County as a member of Trindel.

Since Plumas has joined it is necessary to increase the authorized balances in the bank accounts that are used to pay for workers compensation and liability/property claims. You might ask why I request you to set these balances and that has to do with a lack of internal controls when you have a staff of one and I feel it at least adds the appearance that there is oversight as to what is routinely maintained in these accounts.

Action Requested: Approve Resolution No 10-02.

Comments: _____

Motion by _____, seconded by _____
Vote _____

13. Discussion/Direction on taking workers compensation claims handling in house.

Would like authority to negotiate York's contract to bring back to you this fall or entertaining the concept of Trindel managing our own workers compensation claims. York's contract is ending June 30, 2011 at a cost of \$ 384,000 for the 10-11 year (including Plumas).

Action Requested: Direction for staff

Comments: _____

Motion by _____, seconded by _____
Vote _____

14. Future meetings – The Annual Organizational meeting is scheduled for May 14, 15 & 16, 2010 in Hollister. The fall meeting will be November 4 & 5, 2010 at the EIA office In Folsom.

Comments: _____

Motion by _____, seconded by _____
Vote _____

15. Public Comment
Matters under the jurisdiction of the Board, whether or not on the posted Final Agenda, may be addressed by the general public at this time. The total amount of time for public comment shall be no more than fifteen minutes. The Chair, with consensus of the Board, may establish reasonable regulations including, but not limited to, limiting the amount of time allocated for a particular issue and for each speaker. No action is to be taken or substantive discussion pursued on matters not on the posted Final Agenda.

Adjourn. Date: Time: