



Self-Insured Risk Trust Fund

Board of Trustees

November 26, 2024, 2:00 pm

Virtual Meeting

Item 1- Call to order was made at 2:03 pm by Chairman Keith Dommer. Roll call by Chairman Dommer. A quorum was established.

Item 2- Introductions

Board Members Present

Keith Dommer- Board Trustee
 Ted Moeller- Board Trustee
 Allie Matthews- Board Trustee
 Angele Ozoemelum – Finance Director

Attendees

Vivian Newsheller, Business Services Deputy Director
 Veronica Haro, Board Secretary
 Martha Castro, Public Liability Manager
 Vince Tracey, Safety Manager
 Sara Hussak, Workers Compensation Manager
 Noemi Mills, Workers Compensation Lead Analyst
 Michelle Saavedra, Principal Assistant City Attorney
 Gail Flannery, AMI Risk Consultants
 Annette Gaston, PFM Asset Management
 Trevor Stech, Mahoney Group

Item 3- Approval of Minutes – December 18, 2023 (Attachment)

A motion was made by Ted Moeller to approve the December 18, 2023, minutes as submitted. Allie Matthews seconded the motion. Motion passed.

Item 4a Financial Statements FY 24

FY 24 Financials were presented by Aaron Williams, Deputy Director of Business Services. He provided an update on the activity throughout the year. Allie asks if there is an explanation of the sale of property on non-operating revenues of 327k and what it entails on the combined statement of revenues and expenditures in change of net position. Sara response that it was sale of Michael Campbell house. Aaron continues the presentation and notes that he will follow up with any discrepancies or questions. Vivian states that the rates and valuations will be considered when developing the rates for fiscal year 26. Angele asks as a reminder if a large sum of money was transferred into the trust fund at the end of FY23. Vivian confirms that funds were transferred into the trust from the General Fund and Non-General Fund funds to cover future potential claim settlements as well as for a target reserve based on the actuarial reserve recommendation.

Item 4b- Financial Statements FY 25

Aaron presents the Unaudited Performance year to date report through November 30, 2024, which about 42% of the year. He states that these are the budget to actuals which lets us know where we are within the year to see if we are on target to meet our budget. Aaron provides an update of where we are by percentage as of November 30th for each category of the statement. He states that If everything goes to the budgeted plan, our change of net position will hopefully be to the positive of about 1.3 million, maybe a bit more depending on our current trend and if the trends hold true. He states that he does not see anything alarming in the current year-to-date amounts.

Item 5-Tort Liability Payment Update

Update was given by Maria Robinson on involuntary tort which was submitted for approval impacting FY 26. The amount submitted to the State Property Tax Oversight Commission was \$1,733,293.65 with about 15 claimants. She also provided an explanation of the report listing the claims for over \$20,000. Martha noted that last year we received notification of approval in December, so we will follow up again in December on the approval of FY 25 Tort.

Item 6- FY 24 Actuary Study (AMI Presentation)

Gail Flannery, Consulting Actuary, AMI Risk Consultant presented the Actuary Study for AMI. The study estimated the city's outstanding claim liability and loss reserves as of June 30, 2024. The study also projected the total cost of new claims, allocated claim costs to departments, and estimated the cash needs for paying claims. Chairman asks if our expected confidence level is at 50% to which Gail confirms yes. She continues presenting on the breakdown of loss reserves between workers' compensation-indemnity, liability, and workers' compensation-medical. There was an increase of 3.3 million this year between workers' compensation and liability, and a 5.1% increase in the reserves. Chairman asks for clarification on the slide showing Appendix B of Actuarial Report is where he can find the \$67.3 million estimated liability at the expected confidence level which is confirmed correct while undiscounted.

Regarding the change in loss reserves, workers' compensation indemnity increased by \$2.2 million due to addition of new 2024 claim reserves which amount to 3.6 million, including a death claim. Medical increased by \$1.0 million.

Liability reserves increased by 1.1 million due to several claims which included 2024 claims.

Projected costs for new claims in the upcoming years were presented, and they are expected to increase over time. Projected cash flow was presented for the upcoming years.

Claim Cost Trends were shared, and the frequency and severity of claims was explained by coverage. The trend in claim frequency has decreased over time, however the severity of claims has increased over time.

Cost Allocations by department were explained in the Actuarial Report. It is noted that for both Workers' Comp and Liability allocations, Police and Fire do get the biggest portions and the smaller portions for all other departments. For Workers' Comp Fire's portion went up when we changed the allocation of the Firefighter cancer fund, which was previously spread out amongst all departments. This is why Fire gets an increase this year while all other departments get a small decrease. Chairman asks if this changes the method of the allocations other than this change. Gail confirms this doesn't change the method. For Liability, Police still get the bigger portion.

Costs by employees have increased from last year in terms of workers' compensation due to higher loss and expense components and the cost per employee has decreased for Liability.

Gail shares what her company does and what the actuarial methods are. Chairman asks if we did anything different in the actuarial analysis with investment income this time and did we back some of the actual investment income out in addition to the discounting that we normally do as he was wondering if he was seeing some double consideration of the investment earnings in there somehow or is it still being handled the same way. Gail responds that there have been no changes from prior years. Chairman mentions that he had a note that we may have pulled some cash out of the loss estimate based on actual investment earnings we were having and then after that we still discounted the same way. He stated he will look further to see if he still has questions.

Gail concludes her presentation.

Item 7- FY 26 Cost Allocation Recommendations

Chairman Dommer provides a brief synopsis of what the board will be voting on. In his discussion, He refers to the Actuarial Report Appendix G, page 1 and Appendix H, page 1 that show the recommended allocations for both Workers' Compensation and Liability. The recommended allocations are as follows: The FY 26 Cost Allocation for Workers' Compensation is \$8.7 Million. The Cost Allocation for Liability is \$8.6 at the 50% expected confidence interval.

Chairman Keith Dommer entertains a motion to provide our trustee board recommendation and concurrence with the rates presented to allocate the expected cost of risk for the city across the departments for Fiscal Year 25/26. Angele Ozoemelum moved to approve the rates for FY 25/26. Allie Matthews seconded the motion. Voted. Motion passed.

Item 8- Investment Committee Quarter Update

Annette Gaston, PFM Senior Management Consultant presented a consolidated portfolio version of the Self-Insurance Risk Management Trust along with the former workers' compensation fund. The total market value as of the end of September was explained to trust board members along with the credit quality and duration distribution of the portfolio.

The portfolio activity reflecting the city's investments were evaluated in terms of investment sectors. Net activity by sector was presented. Sector allocation review was explained showing the evolution of the portfolio from September of 2023 to September of 2024 where each sector was added.

Item 9- New Business

- a. Staff update was given by Maria Robinson, Risk Manager. Veronica shared the updated organizational chart with the board.
- b. Claims Adjuster Recruitment update was provided by Maria Robinson
- c. CY 25 Trust Meeting was discussed among board members. Meetings will occur annually with special meetings as required and in virtual format. Next meeting date was set for November 25, 2025, at 2:00 PM.

Item 10- Call to the Audience

Martha Castro notified the board that the State did receive our submission of the Tort.

Item 11- Future Agenda Items

- Officer Positions for the Trustees
- Investment Subcommittee Trustees

Item 12- Adjournment

Chairman Keith Dommer entertains a motion to adjourn the meeting at 3:31 pm. Allie Matthews moved to adjourn and seconded by Angele Ozoemelum. Motion passed.

Board Chairman

Date

Board Secretary

Date