



## Administrator's Report

### March 1, 2018

#### Financial

Financial results are good so far. Investments are \$4 Million more than they were last year at this time, and Investment Income is nearly \$5 Million over budget. Administrative Expenses should be at 83% of budget, and they are at 66.8%. Claims paid is net at \$3.5 Million vs \$5.4 Million last year.

We have not yet used our new short term investment account. That will likely remain idle until May 2018.

Our dispute of the most recent property tax assessment on our Building and Parking Lot is still ongoing.

#### Annual Meeting

The 2018 dates are Tuesday evening July 17 - Dinner, Wednesday, July 18 - Workshop and Thursday, July 19 - Business Meeting. We are looking for a program for the Workshop! Mock Trial? Bill Henn?

I have been working with Wendy Hardt and Craig Lange to present a 2 hour Harassment training on Wednesday morning, July 18. We will have a continental breakfast available. Should we be creative with getting our Members to attend?

#### AGRIP

The Spring Meeting is March 4-7 in San Diego. Seven Board Members are going.

The CEO Institute in August is in Vancouver.

I worked with Ann Gergen, Executive Director of AGRiP to see if we could get AGRiP to submit an Amicus Brief to support our Application to Appeal the COA Decision in the Counties Lawsuit. We got pretty far into the analysis, and she provided the materials to her Board. Several of the Board Members did not feel an Amicus at this stage of the process would be allowed under their current Policy. We decided to not ask them to vote on it. Maybe they can submit a brief on the merits of the case if we get accepted, and we didn't think it would help any of us to have it voted down at this point. Ann has offered to talk to any or all of us, and connect us with her Board if you want to discuss the issue. They are looking at their Policy to see if it should be changed.

We still need to renew our Accreditation. It is on my list.

#### Claims

Jennifer and I will be working with Sedgwick this month to resolve our open payables and contract terms. We have never had a contract with them because of the special needs we have. Maybe this time we will get all the issues resolved. No promises.

While we have a lot of claim activity, overall, our open claims are still holding at a low point. I have been working with Shanda and Jen to better document our Claims Handling procedures and looking at outside resources to become more familiar with industry workloads and trends in claims processing. Thinking we may want to send out a survey when we close claims.

We still need to hire the Claims Administrative Assistant/Secretary and an additional Adjuster. My health issues slowed me down through January, but we are ready to get back on this.

Origami implementation is scheduled to start mid-March.

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*March 1, 2018*

## **CRA/CRASIF**

On Friday, February 2, a Livingston CRC employee was involved in a vehicle accident on his way to work. This employee was driving a CRC vehicle and was about 1,000 feet from the driveway when an elderly man crossed the center line and hit the CRC vehicle's driver side front quarter panel. The elderly man died. Our employee was injured and taken to the ER. The hospital refused to treat him because Mackinaw Administrators denied the claim over the phone when he presented at the ER. Mike Craine, manager at Livingston CRC called me and was very upset. I authorized the hospital to bill us as No-fault coverage carrier, but told him I thought it was a WC claim. He agreed. The hospital would not bill us directly, so the RC is covering the cost of repairing our employee's leg. I have since spoken to Jim deSpelder to ask him to consider covering the claims. Jim has not yet replied to my request for an update. Mike Craine called last week, and they still haven't gotten any help from CRASIF. We may need to ask the CRASIF board for help if Jim and I can't settle it.

Denise sent out an invitation to present at the Commissioners' Seminar that was to Mike Kluck, Jim de Spelder and me. We were asked to give a 1 hour presentation on "how to not get sued". I have asked for clarification, but agreed to present as part of the panel. Mike Kluck and I will be meeting later this month to devise our 2/3 of the presentation.

I have still not received anything from Jim on the CRASIF Return to Work Program. Wendy is ready to review it for us when we get it.

You are all familiar with the Building issues we are working with. Thank you again for your help. Sometimes it takes a village (or a board....).

## **Other Matters**

Hylint has done a great job on our renewals. They were very knowledgeable but still kind to me when I had questions. I think our new program is a win/win for our Members. Hylint is also already consulting with our Members on UST coverage and Drones. I intend to rope them into our Cyber coverage plan.

We still have 2 open EPL claims in Berrien County. Wendy Hardt has one of the files, and Adam is working on one with our new attorney Raechel Badalamenti. Adam is also overseeing our Pool's relationship with the County Administrator's office.

The legislation that removed our ability to permit driveways (SB 706, 707 and 708) is still causing problems. We still think RCs may need to use the encroachment law to remove some of these driveways for safety. Denise says that Sen Casperson will fix the law when he gets compromises on some other issues.

I haven't heard any more from the Shiawassee CRC regarding your approval of covering their costs to defend implementation of the Prescription Drug Policy we recommended. I did inform them of your decision, and Brent said he would let me know if and when they needed reimbursement.

Bill Henn is working with Alcona CRC under our coverage for our Members that are also Drain Commissioners. The usual system isn't working up there right now, and we need to get more familiar with the relevant statutes to make sure our coverage is appropriate for their needs. We have 14 of our RCs that also act as their County's Drain Commissioner and it looks to me as if those responsibilities are very different from their road responsibilities, and their immunities may be different too.

Pat Harmon called last week with a request that we clarify a portion of the Disconnect Mandate language. I have attached copies of the current Mandate to this report. Can we discuss how to do that?

Saginaw CRC's truck fire was caused by the electrical system. The truck did not have the disconnect properly installed. Nothing was shut off. Should we send them a letter?

***Administrator's Report***  
***March 1, 2018***

DIFS has given us the go ahead to work with Morgan Stanley to provide a way for our members to get lower fees for their 457(b) pension plans. We were instructed to be careful that everyone knows that this is not a Pool program. MCRC SIP membership is the criteria that Morgan Stanley can use to group the plans. Attached are the promotional materials. Adam worked with the DIFS attorneys to make sure they approved. I believe we are set to go. There are quite a few interested. Tony Casali, Manager at Isabella CRC has already offered to be on the Committee.

### **Jackson, Calhoun, Ingham Lawsuit**

Everything has been submitted for our Application. The Counties have submitted their Brief in Opposition and we have submitted our Brief Opposing their Brief. We hope to have the Members' Amicus submitted by March 16.

### **Renewals**

As I mentioned earlier, this year was the most difficult year ever. Everything was held up when the reinsurance/excess pricing became a problem. Both Hyland and Milliman raced-walked us to a decent finish line. We could have still made the deadline until we found that the renewal program in AMWA was not updating properly and Thatch seemed to have a difficult time getting it fixed. We did it in pieces and it was not fun.

That being said, we have a very nice renewal program. Less money for our Pool's insurance, better benefits for our Members and lower costs across the board. The proposal you will review today includes \$50 M of terrorism coverage, elimination of the margin clause in our PD program, Discounts of almost 40% on Building insurance for Truck Storage Facilities with Fire Suppression Systems, increased coverage for Flood & Earthquake and the addition of EPL coverage for Third Parties. We have 35 Members with Truck Storage properties that have Fire Suppression Systems for a total insurable value of \$255,904,938. The overall decrease in cost of our program this year is 5%. We adjusted the Allocation of our Administrative Costs to better reflect actual work, and were able to pass through reductions of 3%-4% in all lines of coverage.

### **Budget**

Revenue is matched to the Renewal worksheets and Expenses are just about flat. We have included salary and benefits to get up to full staff. There are no plans for normal operational changes this year. We will be focusing on getting to full staff and converting our software. The big cost of the new software was in this last year, so this Budget reflects the annual ongoing costs to maintain. The rest of the Analytical review notes can be found in the Budget worksheets.

Thank you again for this opportunity.....

Respectfully Submitted

Gayle Cummings  
Administrator

## 2017 Battery Disconnect Mandate



*Each member will be required to install battery electrical disconnect switches on truck (Classification 6 and larger) and other off road equipment. Install battery electrical disconnect switches to any non-factory electrical modification to smaller fleet trucks within (Classification 1-5).*

1. Elevate the starting point of the existing battery disconnect switch mandate to **(Classification 6)** beginning with F- 650's, GM/Dodge 6500 upward thru Vehicle Classifications 7, 8 and 9.

NOTE: Including all cab-chassis and large commercial trucks such as semi-tankers and lowboys, bucket trucks, plow/blade trucks, etc.

2. For US Truck Classification 5 and smaller (1-4) passenger style vehicles. (i.e., Ford F-150, F-250, F-350, F-450, F-550. Similar sizes in GM/Dodge.
  - A Battery Disconnect Switch is NOT required provided no vendor or member changes have been made to the factory wire harnesses.
  - Aftermarket powered options installed WILL require a positive (+) or negative (-) disconnect or installation of NON-recycling circuit breaker(s). Low voltage aftermarket accessories (i.e., strobe light) of 30 amps or less are exempt.

### APPLICABLE FLEET VEHICLES:

- Required on all owned and rented.
- Positive (+) or negative (-) side cable disconnect located as close to batteries as possible by members.
- Switch indicator lights to be installed or other lights (i.e., overhead, plow, button type) utilized.

### APPLICABLE CONSTRUCTION AND OFF-ROAD EQUIPMENT:

- Required on all owned and rented.
- Positive (+) or Negative (-) cable disconnect located as close to batteries as possible.
- Battery Disconnect Switch indicator lights are to be installed and used similar to all applicable vehicles with battery disconnects

### TOWABLE POWERED EQUIPMENT:

- Required if unit is equipped with batteries and fuel.
- NOT required if solar powered.

### RENTAL EQUIPMENT:

- Required on all rentals. If not practical, unit(s) are to be parked outside sufficiently isolated away from buildings and other parked vehicles.
- One provisional option allows all batteries to be disconnected while parked within facilities or storage buildings.
- A temporary disconnect switch can be used that doesn't require permanent alterations to the battery and cable system. NOTE: Connect battery cables on rear of switch and use heavy magnets or zip ties to temporarily secure switch onto equipment.

# 2017 Battery Disconnect Mandate

## Supplemental Information - Truck Classification

US Truck Class	Duty Classification	Weight limit	
Class 1	Light truck	0–6,000 pounds (0–2,722 kg)	<u>Dodge Dakota, Chevrolet Colorado/ GMC Canyon, Toyota Tacoma, Nissan Frontier, Ford Ranger</u>
Class 2	Light truck	6,001–10,000 pounds (2,722–4,536 kg)	<u>Ram 1500, GM 1500, Ford F-150</u>
Class 3	Light truck	10,001–14,000 pounds (4,536–6,350 kg)	<u>Ram 2500 – 3500, GMC 2500 – 3500, Ford F-250- F-350</u>
Class 4	Medium truck	14,001–16,000 pounds (6,351–7,257 kg)	<u>Ram 4500, GMC 4500, Ford F-450</u>
Class 5	Medium truck	16,001–19,500 pounds (7,258–8,845 kg)	<u>Ram 5500, GMC 5500, Ford F-550,</u>
Class 6	Medium truck	19,501–26,000 pounds (8,846–11,793 kg)	<u>Chevrolet Kodiak/GMC Top-Kick C6500, Ford F-650,</u>
Class 7	Heavy truck	26,001–33,000 pounds (11,794–14,969 kg)	<u>Autocar ACMD, GMC C7500, Ford F-750</u>
Class 8	Heavy truck	33,001 pounds (14,969 kg)+	<u>Autocar ACX, International WorkStar, Kenworth T600, Kenworth T660, Kenworth T680, Other Makes</u>
Class 9	Super-heavy / special duty truck	33,001 pounds (14,969 kg)+	Usually class 8 truck with special duty characteristics, e.g. - <u>Autocar ACX 12x6, International WorkStar, Western Star 6900 (6900XD or 6900TS).</u>



## **Announcing a NEW Retirement Plan Exchange Service that is now available to Members of MCRC SIP**

Morgan Stanley and Graystone Consulting have offered to pool the retirement plan assets of interested MCRC SIP Members into a Retirement Plan Exchange (the "Exchange").

Members of the Exchange can benefit from the following:

1. **Lower ultimate plan costs** – *By joining the Exchange, members will secure total plan cost in the lowest 25% versus plans of similar size.*
2. **Fiduciary risk management** – *Graystone Consulting will select and monitor Exchange investments to assure employees have access to funds that are delivering on performance. This will save Member Road Commission Staffs a tremendous amount of time and helps to mitigate fiduciary risk.*
3. **Easier Administration** – *Through the Exchange the administration of your plan will be handled by Empower Retirement Services, which is one of the leading recordkeepers in the nation.*
4. **Investment Education** – *By joining the Exchange, Graystone Consulting will offer comprehensive financial plans for employees and their families to help them understand how much may be needed to properly fund their retirement and assist in guiding their investment decisions.*





## **Members of MCRCSIP Retirement Plan Exchange**

### **Fiduciary Support to Exchange Members Include:**

Graystone Consulting Fiduciary Services will ...

1. Draft an Investment Policy Statement ("IPS").
2. Select and monitor Exchange investment menu categories and funds.
3. Identify and benchmark total plan fees.
4. Assist in the maintenance of the Fiduciary Audit File.
5. Coordinate employee education with the service provider.

Fiduciary risk is shared and mitigated by joining the Retirement Exchange because these tasks will be completed and monitored on a consistent basis.

### **Disclaimer: The Exchange is separate from MCRCSIP.**

MCRCSIP is not managing the Exchange or any of its investments. MCRCSIP is not warranting any particular investment outcome. None of MCRCSIP's assets or monies are going to be invested in, or comingled with, the Exchange. MCRCSIP and the Exchange are separate legal entities. Other than allowing its interested Members an opportunity to join the Exchange, there is no relationship between MCRCSIP and the Exchange, whatsoever.



#### **About Empower Retirement**

Headquartered in metro Denver, Empower Retirement administers \$500 billion in assets for more than 8.2 million participants. It is the nation's second-largest retirement plan record keeper by total participants (Pensions & Investments, April, 2016). Empower serves all segments of the employer-sponsored retirement plan market: government 457 plans, small, midsize, and large corporate 401(k) clients, non-profit 403(b) entities and private-label recordkeeping clients.



#### **About Graystone Consulting**

Graystone Consulting, a business of Morgan Stanley Smith Barney LLC, provides a complete range of investment consulting services to institutional clients, which include corporations, endowments and foundations, health care organizations, insurance entities, state and local governments, Taft-Hartley funds and family offices. Tailored investment advice is delivered by Institutional Consulting Directors, experienced investment professionals who are backed by a dedicated consulting team and the broad resources of Morgan Stanley.