



# TOWN COUNCIL – AGENDA REQUEST FORM

THIS FORM WILL BECOME PART OF THE BACKGROUND INFORMATION USED BY THE COUNCIL AND PUBLIC

Please submit Agenda Request Form, **including back up information**, 8 days prior to the requested meeting date. **Public Hearing requests must be submitted 20 days prior to requested meeting date to meet publication deadlines** (exceptions may be authorized by the Town Manager, Chairman/Vice Chair).

## MEETING INFORMATION

Date Submitted: January 15, 2018  
Submitted by: Paul T. Micali  
Department: Finance  
Speakers: Paul T. Micali

Date of Meeting: January 25, 2018

Time Required: 15 minutes

Background Info. Supplied: Yes:  No:

## CATEGORY OF BUSINESS (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Appointment:	<input type="checkbox"/>	Recognition/Resignation/Retirement:	<input type="checkbox"/>
<b>Public Hearing:</b>	<input type="checkbox"/>	Old Business:	<input checked="" type="checkbox"/>
New Business:	<input type="checkbox"/>	Consent Agenda:	<input type="checkbox"/>
Nonpublic:	<input type="checkbox"/>	Other:	<input type="checkbox"/>

## TITLE OF ITEM

Primex Contribution Assurance Program (CAP) for FY 2020 - FY 2022 [Tabled at the January 11, 2018, Town Council meeting]

## DESCRIPTION OF ITEM

Town Council to consider the option of participating in the Contribution Assurance Program (CAP) for the next three coverage period years (FY 2020 - FY 2022) for Primex's Property & Liability Program.

## REFERENCE (IF KNOWN)

RSA:	Warrant Article:	
Charter Article:	Town Meeting:	
Other:	N/A	

## EQUIPMENT REQUIRED (PLEASE PLACE AN "X" IN THE APPROPRIATE BOX)

Projector:	<input type="checkbox"/>	Grant Requirements:	<input type="checkbox"/>
Easel:	<input type="checkbox"/>	Joint Meeting:	<input type="checkbox"/>
Special Seating:	<input type="checkbox"/>	Other:	<input type="checkbox"/>
Laptop:	<input type="checkbox"/>	None:	<input type="checkbox"/>

## CONTACT INFORMATION

Name:	<b>Paul T. Micali</b>	Address	<b>8 Baboosic Lake Road</b>
Phone Number	<b>424-7075</b>	Email Address	<b>pmicali@merrimacknh.gov</b>

## APPROVAL

Town Manager: Yes  No:  Chair/Vice Chair: Yes  No:

**Memo**

**TO:** Town Council  
**Thru:** Town Manager Eileen Cabanel  
**FROM:** Finance Director Paul T. Micali  
**DATE:** January 10, 2018  
Updated January 18, 2018



**RE: Primex Cap Program**

I received a letter from Primex asking if the Town was interested in signing up for a guaranty maximum (CAP) on our Property Liability (P&L) for a three year period. The last time we went out to bid for this service was January 2011 for the fiscal year beginning July 2011. We have been currently under a CAP for P&L and Workers Compensation since 2011. The last CAP agreement was for a three year period. Below is a chart of the CAP verse the Actual increase/(decrease).

<b>Workers Comp</b>		
	<b>CAP</b>	<b>Actual</b>
<b>July 2013</b>	<b>8.0%</b>	<b>0.1%</b>
<b>July 2014</b>	<b>8.0%</b>	<b>(8.6%)</b>
<b>July 2015</b>	<b>8.0%</b>	<b>(8.6%)</b>
<b>July 2016</b>	<b>10.0%</b>	<b>(7.7%)</b>
<b>July 2017</b>	<b>10.0%</b>	<b>9.5%</b>
<b>July 2018</b>	<b>10.0%</b>	<b>??</b>

<b>P&amp;L</b>		
	<b>CAP</b>	<b>Actual</b>
<b>July 2013</b>	<b>7.0%</b>	<b>7.0%</b>
<b>July 2014</b>	<b>7.0%</b>	<b>7.0%</b>
<b>July 2015</b>	<b>7.0%</b>	<b>7.0%</b>
<b>July 2016</b>	<b>7.0%</b>	<b>7.0%</b>
<b>July 2017</b>	<b>9.0%</b>	<b>3.4%</b>
<b>July 2018</b>	<b>9.0%</b>	<b>??</b>

Currently Primex is offering the CAP program for another three years at 7% for P&L.

**Due to the number of claims the Town has had recently, Primex will not offer the CAP program for Workers Compensation.**



December 1, 2017

Bow Brook Place  
46 Donovan Street  
Concord, NH 03301-2624

(603) 225-2841  
(800) 698-2364

www.nhprimex.org

Paul Micali, Finance Director  
Town of Merrimack  
6 Baboosic Lake Road  
Merrimack, NH 03054

**RE: Contribution Assurance Program (CAP) for FY 2020 – FY 2022 for the Property & Liability Program**

Dear Paul:

Primex<sup>3</sup> is pleased to offer the **Town of Merrimack** the option of participating in the **Contribution Assurance Program (CAP)** for the next three coverage period years. **For members who have demonstrated commitment to the Primex<sup>3</sup> pool, CAP provides stability by creating a limit on your Property & Liability contributions for future renewals.**

The following years qualify for the Property & Liability **Contribution Assurance Program (CAP)**:

**FY 2020 July 1, 2019 through June 30, 2020**

(maximum 7% increase over July 1, 2018 through June 30, 2019 contribution)

**FY 2021 July 1, 2020 through June 30, 2021**

(maximum 7% increase over July 1, 2019 through June 30, 2020 contribution)

**FY 2022 July 1, 2021 through June 30, 2022**

(maximum 7% increase over July 1, 2020 through June 30, 2021 contribution)

Based on your performance, we are pleased to offer you a **CAP Agreement** that provides you the opportunity to participate in **CAP through June 30, 2022**. (See enclosed **CAP Agreement and Resolution**.) **Please return your executed CAP Agreement and Resolution on or before February 2, 2018** to ensure budgetary peace of mind for the next three renewals.

The percentage listed is a maximum. Actual increases will not exceed that percentage, but could actually be lower, based on each member's and the pool's risk management performance and exposure changes. Performance still impacts contribution amounts, so it remains important for both Primex<sup>3</sup> and our members to leverage our partnership to effectively manage risks and any claims that occur.

Our goal has always been to provide members with the best programs at the best value. Now, add the best long-term contribution assurance and you have a commitment like no other. **CAP** provides predictable contributions in the Property & Liability Program that you and your taxpayers can count on for budgetary stability.

Please contact me or your Member Services Consultant with questions at 800-698-2364.

Sincerely,



Carl Weber  
Director of Member Services

**Property & Liability Program**  
**Contribution Assurance Program (CAP) Agreement**  
**THIS AGREEMENT AMENDS AND EXTENDS YOUR MEMBERSHIP AGREEMENT**  
**PLEASE READ CAREFULLY**

Primex<sup>3</sup> is offering members in our **Property & Liability Program** an opportunity to stabilize their annual contributions through participation in our Contribution Assurance Program (**CAP**). **CAP** is offered to members who qualify, providing them predictability by limiting the annual contribution increase during a defined period of years (**CAP Period**). By signing this Agreement, you agree to extend your Membership Agreement for **three (3) years** and Primex<sup>3</sup> agrees to guarantee that your annual contribution increase will not exceed seven percent (7%) of the prior year's contribution. Because performance matters with Primex<sup>3</sup>, you may realize an annual increase that is less than the **CAP** through sound risk management and stable underwriting exposures. The annual member contribution will be based upon your exposure base, members' loss experience, and the rates established each year by the Primex<sup>3</sup> Board of Trustees.

We are offering this opportunity so that our members can extend their commitment to pooling through the Primex<sup>3</sup> programs. Participation in **CAP** for each year of the **CAP Period** is conditioned upon a three-year commitment to participation in the Primex<sup>3</sup> Property & Liability Program.

The following **CAP Period** years qualify for the Contribution Assurance Program (**CAP**):

**FY 2020 July 1, 2019 through June 30, 2020**

(maximum 7% increase over July 1, 2018 through June 30, 2019 contribution)

**FY 2021 July 1, 2020 through June 30, 2021**

(maximum 7% increase over July 1, 2019 through June 30, 2020 contribution)

**FY 2022 July 1, 2021 through June 30, 2022**

(maximum 7% increase over July 1, 2020 through June 30, 2021 contribution)

By signing this Agreement, the **Town of Merrimack** agrees to extend its risk pool membership and participation in the Primex<sup>3</sup> **Property & Liability Program** for three coverage period years, through **June 30, 2022**. The **Town of Merrimack** agrees and understands it remains bound by and subject to the terms and conditions of the Membership Agreement, Public Entity Coverage Documents and Trust Agreement, and all Trust by-laws, policies and procedures.

The **Town of Merrimack** agrees that the seven percent (7%) maximum increase currently available for this **CAP Period** does not apply to any other year or period of years, and upon expiration of the **CAP Period** in this Agreement, any subsequent participation in a Primex<sup>3</sup> **CAP** will be subject to underwriting review, membership criteria, **CAP** criteria, determination of contribution and the maximum increase in place for the subsequent **CAP Period**.

The **Town of Merrimack** further acknowledges that by extending its Membership Agreement for three (3) coverage period years, the Public Entity Coverage Documents, General Conditions Section (L) ("Terminating Participation in Our Program(s)") is suspended during year one (1) and year two (2) of the three (3) year

**Town of Merrimack**

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term, as there is no right to cancel or terminate during year one (1) and year two (2) but shall be reinstated for the end of year three (3).

The **Town of Merrimack** agrees that failure to provide notice in strict accordance with the Public Entity Coverage Documents, General Conditions Section (L) shall result in automatic renewal of risk management pool membership and continuation in the Primex<sup>3</sup> Property & Liability Program, but not continuation of **CAP** which must be separately offered and accepted.

Primex<sup>3</sup> acknowledges that the **Town of Merrimack** is a NH public entity which receives budgetary authorization for appropriations from an annual meeting of its legislative body and pertains to a fiscal year which commences on the following January 1 or July 1, of any given year. The **Town of Merrimack** also acknowledges that it is legally required to carry insurance coverage. As such, if the legislative body, at such annual meeting for any years that are within the anticipated term of the contract, fails to approve such appropriation, and there are no other lawful means of funding the coverage, this contract may be terminated by the **Town of Merrimack** by notice to Primex<sup>3</sup> made within 30 days of the legislative action at which such funding initiative was defeated and such cancellation shall be effective as of the commencement on the following fiscal year or on the anniversary of the policy, whichever first occurs.

The **Town of Merrimack**, however, agrees that it shall seek the requisite appropriations in good faith and that the availability of lower cost or otherwise preferable coverage alternatives during the term of this Agreement shall not constitute a good faith and permissible basis on which to fail to pursue the appropriations or assert that appropriations are unavailable. In the event of an early termination, the **Town of Merrimack** agrees to return the difference between the **CAP** increase and the uncapped contribution.

By affixing my signature below, I am attesting, representing and warranting that I am a duly authorized representative of the governing body of the **Town of Merrimack** with legal authority to contractually bind the **Town of Merrimack** to the terms of this Agreement, and that I understand the commitment being made to membership in the Primex<sup>3</sup> risk management pool and participation in the Property & Liability Program.

\_\_\_\_\_  
Authorized Representative  
of the Governing Body

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Print Name

**Town of Merrimack**

December 1, 2017

PL-2022-07-3

**RESOLUTION TO ENTER PRIMEX<sup>3</sup>**  
**Property & Liability Contribution Assurance Program (CAP)**

**RESOLVED:** To hereby accept the offer of the New Hampshire Public Risk Management Exchange (Primex<sup>3</sup>) to enter into its **Property & Liability Contribution Assurance Program (CAP)** as of the date of the adoption of this resolution, and to be contractually bound to all of the terms and conditions of Primex<sup>3</sup> risk management pool membership during the term of the **Property & Liability Contribution Assurance Program (CAP)**. The coverage provided by Primex<sup>3</sup> in each year of membership shall be as then set forth in the Coverage Documents of Primex<sup>3</sup>.

I attest that the foregoing is a true copy of the Resolution of the Governing Board of the **Town of Merrimack** adopted on \_\_\_\_\_.

Board: \_\_\_\_\_

Title of Board

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_ duly authorized

Date: \_\_\_\_\_