1. Call to Order

2. Approval of Agenda

3. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD ON ANY MATTER WHETHER OR NOT IT IS ON THE AGENDA, BUT STATE LAW PROHIBITS ACTION BY THE BOARD ON NONAGENDA ITEMS

4. Communications
   A. Board Members
   B. CEO/Risk Manager
   C. Next Meeting

5. Consent Calendar
   A. Approval of Minutes

6. Action Items
   A. Contract Extension for Financial Auditor
   B. CAFR

7. Information Items
   A. YCPARMIA Financial Report
   B. YCPARMIA Investment Statement
   C. Notification of New Claims Received Since the Previous Board Meeting
   D. Closed Liability Files
   E. Certificates Issued
   F. Workers' Compensation Loss Run Summary
   G. Property Claims
   H. Quarterly Statement of Revenues, Expenses and Retained Earnings
   I. Strategic Planning

The meeting room is wheelchair accessible and disabled parking is available. If you are a person with a disability and you need disability-related modifications or accommodations to participate in this meeting, please contact our office at (530) 666-4456 or Fax (530) 666-4491. Requests for such modifications or accommodations must be made at least 48 hours before the start of the meeting.
BACKGROUND INFORMATION:
The CEO/Risk Manager will be reporting on the following items:

1. PARMA is returning to the Disneyland Hotel complex between February 12\textsuperscript{th} and 15\textsuperscript{th}; reservations have been made at the Grand Californian for those attending.
2. CAJPA is scheduled for September 12\textsuperscript{th} thru the 15\textsuperscript{th} in South Lake Tahoe.
3. As of 12/31/16 (the loss run used for the actuary study) YCPARMIA had 299 open workers' compensation claims; of those, 125 (or 41.8\%) are by people who are no longer employed by YCPARMIA members. Our oldest open claim has an injury date of 2/27/81, or thirty-six years ago.
4. A follow-up on our prior homeless issues: since the installation of the Mosquito System we have had no problems.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

COMMUNICATIONS
AGENDA ITEM NO. 4C

DATE: January 26, 2017

SUBJECT: Next Meeting

RECOMMENDED ACTION: Information Only

BACKGROUND INFORMATION:
The following date is our next Board meeting:

DATE: March 23, 2017

Upcoming scheduled Board Meetings:
April 27, 2017
May 25, 2017
June 22, 2017
August 24, 2017
October 26, 2017
December 14, 2017

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: January 26, 2017

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of October 27, 2016 be Approved as Submitted

BACKGROUND INFORMATION: Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for October 27, 2016 for your review.

Respectfully submitted,

[Signature]

Jeffrey M. Fonks
CEO Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM

AGENDA ITEM NO: 6A

DATE: January 26, 2017

SUBJECT: Contract Extension for Financial Auditor

RECOMMENDED ACTION: That the Board approve a three-year extension to our existing contract with Crowe Horwath.

BACKGROUND INFORMATION:
YCPARMIA's Joint Powers Agreement and By-Laws require an annual independent financial audit. It is important to recognize that the auditing firm is reviewing staff's financial practices and reports of behalf of, and at the direction of the YCPARMIA Board. It allows the Board to monitor operations, and fulfill its duties as the governing body for the JPA by ensuring that YCPARMIA's financial practices conform to professional accounting standards.

In 2014 the Board, following an RFP process, chose to extend their existing contract with Crowe Horwath (formally Perry Smith) for three years. Service has been excellent, with interaction, assistance, and direction throughout the year culminating with the formal audit process in August. The three year period is now up, and we are recommending that the Board extend the agreement for an additional three years.

The financial audit is an annually budgeted expense. The cost history is:
2007   $15,300
2008   16,850
2009   16,850
2010   16,850
2011   16,850
2012   16,850
2013   16,850
2014   16,900
2015   16,900
2016   16,900

The proposed three-year renewal:
2017   16,900
2018   17,400
2019   17,900.
The last ten years have seen a 10.4% increase, or about 1% a year, in our cost. The proposal is flat for this year at $16,900, and then has $500 increases each of the next two years. This works out to an average of 1.3% a year increase since 2007.

**FISCAL IMPACT:**
Approval of the recommended action will hold costs flat in 2017 followed by $500 increases each of the next two years. The impact on YCPARMIA's budget is negligible.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

AGENDA ITEM NO. 6B
DATE: January 26, 2017

SUBJECT: COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

RECOMMENDED ACTION: That the Board review and approve this year's CAFR.

BACKGROUND INFORMATION:

On an annual basis, Lisa Carpenter, with the assistance of staff creates, and submits a Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GROA). For the last nine years YCPARMIA has been awarded its Certificate of Achievement for Excellence in Financial Reporting. Attached is this year’s offering that was submitted last month.

The Board should recognize that this outside recognition supports their oversight of the Authority's financial activity.

FISCAL IMPACT
There is no anticipated fiscal impact from the recommended action.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: January 26, 2017

SUBJECT: YCPARMIA Financial Report
RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:
Attached is the YCPARMIA’s Financial Report through December 31, 2016 for your review.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7B

DATE: January 26, 2017

SUBJECT: YCPARMIA Investment Statement

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:
Attached are the YCPARMIA Investment Statements through December 31, 2016 for your review.

Investment Statement

For your information:

Chandler as of 12/31/2016 $ 12,218,521
LAIF as of 9/30/2016: $ 9,053,825

For your information:

Total as of 12/31/2015: $ 6,686,394
Total as of 12/31/2016: $ 6,706,393

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7C

DATE: January 26, 2017

SUBJECT: Notification of New Claims Received Since the Previous Board Meeting

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:
Attached is a list of new Liability claims that have been received by YCPARMIA since the last Board Meeting. For your convenience, we have also included a list of all open Liability claims.

Respectfully submitted,

[Signature]
Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7D

DATE: January 26, 2017

SUBJECT: Closed Liability Files

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:
Attached is our report on closed liability files. Recognizing that this agenda is a public document, it should be emphasized that the information provided is general. It is probable during the course of the year that some files that close with a denial will re-open for litigation.

Respectfully submitted,

[Signature]

Jeffrey M. Tonks
CEO/Risk Manager
INFORMATION ITEM
AGENDA ITEM NO. 7E

DATE: January 26, 2017

SUBJECT: Certificates Issued
RECOMMENDED ACTION: Information Only; no action required.

BACKGROUND INFORMATION:
Attached is a list of the certificates that have been issued since the last Board Meeting.

Respectfully Submitted,

Jeffrey M. Tonks
CEO/Risk Manager
BACKGROUND INFORMATION:
Attached is the December 31, 2016 WC loss run summary reflecting first half results for the Workers' Compensation Program.

Summary:
The first half frequency is trending closely to, but lower than, last year's numbers. Severity is down measured by indemnity versus medical only claims. Benefit costs are a bit lower on average. Future reserves on open files are flat when compared to last year's mid-year position, and the numbers for the start of this fiscal year.

Frequency:
We received 175 new claims during the first two quarters, or 21 less than last year at the same time. This works out to an average of 29.1 injuries per month, while we averaged 30.3 last year, and 25.5 the year before that. It is important to remember the adage that "frequency breeds severity"; more claims increase the odds of a serious injury/claim.

Severity:
Of the 175 new claims, only seven were coded as indemnity, but an additional 25 claims were converted from medical only, meaning that 18% of new claims had exposures for temporary disability and/or permanent disability. This is slightly higher than the 17% that we had at this point last year. An additional consideration would how the indemnity claims are reserved – are they small, or large? That analysis is done every six months, and will be reported at the next Board meeting.

Benefits:
Our average monthly benefit payments this year are $217,649. This compares well to last year's average of $232,266. Essentially benefit payments are tracking flat when compared to last year, and due to small numbers can swing with good or bad months.

Temporary Disability: This number is trending up significantly, and is a concern. Claims with TD exposures often trigger Permanent Disability payments down the road.
**Permanent Disability:** Permanent Disability payments are trending flat.

**Medical Costs:** Our biggest benefit exposure is trending substantially lower, but again small number can be impacted by the presence or absence of a few extra surgeries.

**Vocational Rehabilitation:** is inconsequential.

**Legal, Investigative, Sub-rosa:** And, maintaining the pattern, this area is also trending flat.

**Future Reserves:**
Future reserves on existing open files are at $5,925,792, or $42,927 less than the reserves a year ago, and remain consistent with the projections that our actuary made from 12/31 figures. More importantly the flat reserve numbers bode well for this year's actuary study.

Respectfully submitted,

[Signature]

Jeffrey M. Tonks
CEO/Risk Manager
Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7G
DATE: January 26, 2017

SUBJECT: Property Claims
RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:
The YCPARMIA Property Program covers the physical property of our participating members on an all risk, with some exceptions, replacement cost basis. Our members have a $1K deductible for property losses, and a $20K deductible for vehicle/heavy equipment losses. YCPARMIA pools property losses above the $1K member deductible to the excess point of attachment at $25K; we do not have a pooled vehicle level except on large value units.

While the claim numbers are small, there should be some correlation between the number of claims and a members share of total declared values which now total over $1,000,000,000. The value shares of members who had paid claims during the period are:

<table>
<thead>
<tr>
<th>Member</th>
<th>Share of Value</th>
<th>Number of losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capay</td>
<td>0.27%</td>
<td>2</td>
</tr>
<tr>
<td>Davis</td>
<td>13.88</td>
<td>7</td>
</tr>
<tr>
<td>West Sac</td>
<td>18.40</td>
<td>4</td>
</tr>
<tr>
<td>Winters</td>
<td>2.57</td>
<td>2</td>
</tr>
<tr>
<td>Woodland</td>
<td>13.74</td>
<td>18</td>
</tr>
<tr>
<td>Davis Cemetery</td>
<td>0.17</td>
<td>1</td>
</tr>
<tr>
<td>Esparto</td>
<td>2.53</td>
<td>2</td>
</tr>
<tr>
<td>Yolo County</td>
<td>30.47</td>
<td>13</td>
</tr>
</tbody>
</table>

Attached for Board review is the Property loss run for the last 3 ½ years. It only reflects YCPARMIA payments, and does not capture payments made by the excess group or reinsurance.

Excess coverage does not have an experience modifier, but instead multiplies our declared values by a rate that covers excess costs and premiums. Similarly, YCPARMIA uses declared values to apportion our costs and excess premiums among our members. If losses rise to a level that is not reasonable or sustainable, standard risk management practices would consider an experience modifier or surcharge to encourage loss prevention.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
BACKGROUND INFORMATION:
This report reflects first half program results (except for unreported/minimal first quarter LAIF results). It should be reviewed looking forward to trends for the remaining two quarters, and back to see program financial developments since the end of our previous fiscal year on 6/30.

In summary, YCPARMIA has fully funded program, confidence and catastrophic funds in Fidelity, and Workers’ Compensation; a Net Position Surplus is developing in these programs that will offset any future “bad” quarters, and hopefully will be available for premium rebates next June. The Liability program, with fully funded program and confidence funds, still has a shortfall in its catastrophic funds (currently funded at 49% of the Board approved level), but is making slow progress towards a fully funded position.

Liability
As indicated above, the first half results finds fully funded program reserves and confidence margin; the catastrophic fund at 49% of the Board approved level. This number is a bit misleading. We are anticipating our annual rebate from the excess pool of about $180K and reimbursement of payments on a file where our SIR has been exhausted of about $150K. This $330K, which should come during this quarter, will drop to the bottom line impacting the program deficit, and raise our Catastrophic fund to about 75% of the Board approved level.

Workers’ Compensation
The report reflects a fully funded program (program reserves, confidence margin, and catastrophic fund) with a developing surplus.

Property
The property program is also fully funded in Program Reserves and Confidence Margin to Board approved levels, but has a $10K deficit in its Catastrophic Fund. This is tied entirely to claim payments which are coming in higher than budget. This has become a trend, and we anticipate that it will be necessary to increase our claims payment budget for this program.
Fidelity
The fidelity program is fully funded to Board approved levels, and is developing a surplus.

Overall Position:
The bottom line shows a $160K surplus in our net position. While it is early in the year, if surplus continues to develop the Board will be in a position to declare premium rebates in June. It also might have the option to declare an assessment to bring the Liability Program up to a fully funded position, and offset that assessment with rebates in the programs with a surplus, and still maintain premiums that are flat. Of course that is dependent on second half claim development, excess premium charges, and the results of our actuary program, all of which will firm up for the Board's March meeting.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager
INFORMATION ITEM

AGENDA ITEM NO. 71

DATE: January 26, 2017

SUBJECT: Strategic Planning

RECOMMENDED ACTION: Information Only; No Action Required

BACKGROUND INFORMATION:

This agenda item is intended to allow the Board to discuss trends, actions, future risk management plans, and to direct YCPARMIA staff as needed.

It is anticipated that the CEO/Risk Manager position will be opening in the next year or two, so succession planning will become a developing issue. To that end, there are a few items that will need lead time:

- The Board’s General Counsel position has been vacant since the retirement of Bob Jarvis; since then the work has been done in house. Anticipating that the Board will need someone to negotiate the new CEO/Risk Manager contract, it will be necessary for the Board to retain new counsel, and fund the services in the budget. It also must be anticipated that the new CEO/Risk Manager might not have a legal background necessitating legal counsel with some JPA experience.
- As the CEO/Risk Manager skill set is fairly unique, we are anticipating that there will be, as there has been in the past, a recruitment process for the position. The Board’s Purchasing Policy requires a bid process for services valued over $10K, so there will probably need to be a RFP.

Also in preparation for the turnover, we are in the process of:

- Renegotiating/extending all contracts to provide stability of services during transition.
- Reviewing and updating all Board policies.
- Reviewing and updating the Blue Binder sections.
- Addressing building maintenance issues that were deferred during the tight budgets.
- Creating a desk manual/calendar of activities for the CEO position.
- Keeping the Board Orientation Manual current.

Respectfully submitted,

Jeffrey M. Tonks
CEO/Risk Manager