



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Thursday, October 26, 2017 at 8:30 a.m.

YCPARMIA
77 W. LINCOLN AVE.
WOODLAND, CA 95695

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. Management's Discussion and Analysis – Financial Audit
 - B. Annual Financial Audit
 - C. Tax Deferred CalPERS Contributions
7. Information Items
 - A. Cordico Presentation
 - B. YCPARMIA Financial Report
 - C. YCPARMIA Investment Statement
 - D. Notification of New Claims Received Since the Previous Board Meeting
 - E. Closed Liability Files
 - F. Certificates Issued
 - G. Workers' Compensation Loss Run Summary
 - H. Quarterly Statement of Revenues, Expenses and Retained Earnings
 - I. Reporting on Workers' Compensation Liabilities as Required by Section 30702.6 of the California Labor Code
 - J. 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.

Yolo County Public Agency Risk Management Insurance Authority

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4B</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	CEO/Risk Manager's Report
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The CEO/Risk Manager will be reporting on the following items:

1. PARMA is scheduled for February in Monterey this year; we have booked a group of rooms based on past attendance. Please let Charlotte know if you will be attending.
2. Cordico is putting together a "Resiliency Training Group for first responders to provide education on topics related to resilience development, mental toughness, stress management and trauma with a goal of developing a liaison system within the departments.
3. YCPARMIA has scheduled a government tort claims procedure and small claim handling round table for interested entities on November 9th, 11-1 at YCPARMIA – lunch will be included.
4. We remain concerned about the excess liability premium trends which have spiked unabated over the last few years. The Board might want to consider exploring other options.
5. As instructed by the Board, we are obtaining estimates for new paint and carpet; the existing materials date back to our construction in the 1980's. Work would be performed towards the end of the year.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

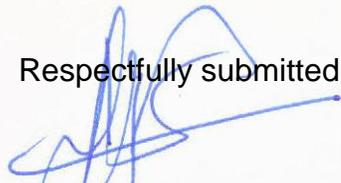
	COMMUNICATIONS
	AGENDA ITEM NO. <u>4C</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following date is our next Board meeting:

DATE: December 14, 2017

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: October 26, 2017

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of August 24, 2017 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for August 24, 2017 for your review.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6A</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Management's Discussion and Analysis – Financial Audit
RECOMMENDED ACTION:	That the Board Review and Approve the Attached Management's Discussion and Analysis for the annual Financial Audit

BACKGROUND INFORMATION:

Pursuant to GASB 34, YCPARMIA includes the required Management's Discussion and Analysis as part of our annual financial audit process. Attached is this year's submission, and when approved by the Board, will become part of the financial audit report, and of our CAFR application in December.

The report is intended to provide context for the financial audit results both for the Authority as a whole, and by individual program. As part of the presentation we attempt to place the current audited year in an historical perspective by comparing selected results with previous benchmarks.

To summarize the MD&A, YCPARMIA finished the year at budget for revenue, and under budget for expenses. All programs, Fidelity, Property, Liability and Workers' Compensation) are again fully funded to levels set by Board policy. The Board approved premium rebates to partially offset member costs resulting in flat premiums for FY 17/18.

While it is too early to project, it is hoped that this year's claim development will allow sufficient surplus to actually lower premiums for the next fiscal year. Rising excess premium costs will be a potential obstacle in achieving this.

FISCAL IMPACT:

The recommended action has no anticipated fiscal impact.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	ACTION ITEM
	AGENDA ITEM NO. <u>6B</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Annual Financial Audit
RECOMMENDED ACTION:	That the Board Review and Accept the Annual Financial Audit

BACKGROUND INFORMATION:

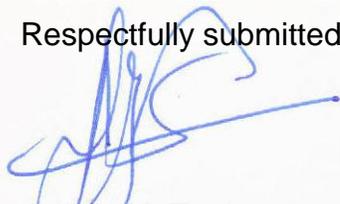
YCPARMIA, pursuant to requirements in its governing documents, has an independent annual financial audit performed after the end of our financial year on June 30th. This year's audit was again performed under contract with a national accounting firm, Crowe-Horwath, and overseen by Matt Methany, a partner located in Crowe-Horwath's Sacramento office. He will be present at the Board meeting to present and discuss the audit with the Board. It is important to note, that while the audit takes place over a few weeks in August, there is ongoing interaction between our staff and our auditors throughout the year to address and clarify standards as issues arise.

Once again, we have a "clean audit" evidencing compliance in all material respects, and in conformity with generally accepted accounting principles. It is important that the Board recognize the importance of the audit process and this report as it applies to its responsibility for the management of the Authority, and as evidence of its oversight of our operations.

FISCAL IMPACT:

There is no fiscal impact associated with this recommended action.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

ACTION ITEM	
AGENDA ITEM NO. <u>6C</u>	
DATE: <u>October 26, 2017</u>	
SUBJECT:	Tax Deferred CalPERS Contributions
RECOMMENDED ACTION:	That the Board approve the proposed policy below to respond to retroactive premium adjustments from our excess carriers.

BACKGROUND INFORMATION:

In closed session on June 28, 2012 the YCPARMIA Board adopted a modification to staff's compensation and benefit package by transferring the responsibility for the employee's portion of their PERS retirement contribution from the Authority to the employee. At the same time, an increase in salaries was approved to offset the new expense. The increases were less than the cost of the employee's share as the Board anticipated that income tax savings would make up most of the difference.

We have now been advised by CalPERS that it is necessary for the YCPARMIA Board to adopt a resolution to make the employee's contributions tax deferred. Essentially, the resolution acknowledges that the payment of the employee's portion of their retirement contribution are being paid by the Authority from funds "...which are deducted from the salary of employees, and are credited to individual employee's accounts..."

A copy of the resolution recommended by CalPERS is attached.

FISCAL IMPACT:

Adoption of the recommended action has no anticipated fiscal impact on the Authority.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7A</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Cordico Presentation
RECOMMENDED ACTION:	Information only, no action required

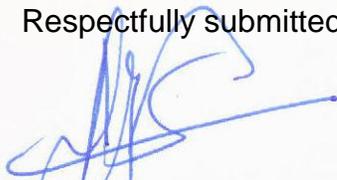
BACKGROUND INFORMATION:

YCPARMIA provides a unique service to our member's safety staffs, and the Esparto School district including EAP and critical incident debriefing.

While a significant portion of the Board and staff were at CAJPA in September, the City of West Sacramento had a triple homicide of young children. Both police and fire units responded to this tragic occurrence, and some were understandably upset by their involvement. Cordico immediately responded to give emotional and psychological support to the involved safety employees, including the involved staff at YECA.

I have asked David Black to address the Board on this incident, and Cordico's response. He will also discuss the team that he has developed.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7B

DATE: October 26, 2017

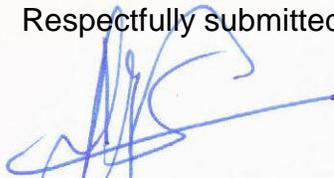
SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is the YCPARMIA's Financial Report through September 30, 2017 for your review.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u> 7C </u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through September 30, 2017 for your review.

Investment Statement

For your information:

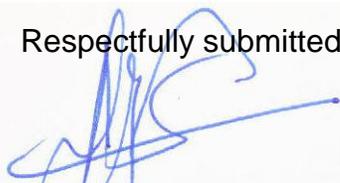
Chandler as of 9/30/2017	\$ 13,896,963.00
LAIF as of 6/30/2016:	\$ no report

Outstanding Reserves

For your information:

<i>Total as of 9/30/2016:</i>	\$ 7,215,251.00
Total as of 9/30/2017:	\$ 7,002,639.00

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7D

DATE: October 26, 2017

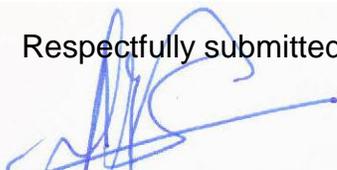
SUBJECT: Notification of New Claims Received Since the
Previous Board Meeting

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,



Jeffrey M. Tonks
CEO/Risk Manager

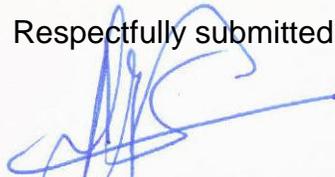
Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7E</u>
	DATE: <u>October 26, 2017</u>
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,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7F</u>
	DATE: <u>October 26, 2017</u>
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

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7G

DATE: October 26, 2017

SUBJECT: Workers' Compensation Loss Run Summary

RECOMMENDED ACTION: Information Only; no action required.

Attached is the September 30, 2017 WC loss run summary reflecting first quarter results.

Summary:

The first quarter frequency and severity is trending closely to last year's results. Benefit costs are a bit lower on average. Future reserves on open files are also lower, bit a bit higher than they were at the start of the fiscal year.

Frequency:

We received 104 new claims during the first quarter, 4 more than last year at the same time. This works out to an average of 34.6 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. Still the numbers are small, and any average is vulnerable to a good or bad month.

Severity:

Of the 104 new claims, 10 were coded as indemnity, but an additional net 6 claims were converted from medical only, meaning that 15.3% of new claims had exposures for temporary disability and/or permanent disability. This is close to the same percentage that we had 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 after the first of the year.

Benefits:

Our average monthly benefit payments this year are \$208,826. This compares well to last year's average of \$224,983, but again we are talking about small numbers (last month our year to date average was over \$271K, but a good month in September had a great impact). Essentially benefit payments are tracking flat when compared to the last couple of years.

Temporary Disability: This number is holding its trend at an historical high, and remains a matter of concern..

Permanent Disability: Permanent Disability payments are trending flat

Medical Costs: Our biggest benefit exposure continues to trend substantially lower than what we expect; this is an area where both our nurse, Lorene Leathers, and our Medical Provider Network (MPN) should be given credit.

Legal, Investigative, Subrosa: And, maintaining the pattern, this area is also trending flat.

Future Reserves:

Future reserves on existing open files are at \$6,040,641, or \$215,987 lower than the reserves a year ago, and remain consistent with the projections that our actuary made from 12/31 figures.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM AGENDA ITEM NO. <u>7H</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Quarterly Statement of Revenues, Expenses and Retained Earnings
RECOMMENDED ACTION:	Information only, no action required

Attached is the September 30, 2017 Quarterly Report. This report tracks the financial development of each of YCPARMIA's coverage programs throughout the year, and is used by the Board at year-end to consider premium rebates out of our net position (surplus).

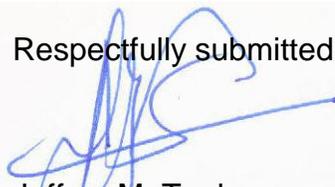
YCPARMIA finished the first quarter of the fiscal year at "expected." All programs remain fully funded (with the exception of Liability which front loaded its Lexipol expense, will catch up when we receive the budgeted rebate from CJPRMA at the end of the second quarter), and surplus is developing for potential year-end premium rebates. The numbers are small, and can be impacted either way by unanticipated claim activity.

There is one matter for clarification: While certain expenses that are unique to programs are charged directly to those programs, the Total Admin-Service Expenses (the Authority's overhead) are allocated between our four major programs. We do this on a percentage basis: 34% to Liability, 62% to Workers' Comp, 3% to Property, and 1% to Fidelity.

There is also an item of concern: Note that the cost of our excess liability coverage through CJPRMA exceeds the cost of claims at our primary level. This has been a developing trend, and should be a matter of Board concern.

All other numbers on the report are within budget and expectations. As is too common, this report does not include LAIF returns as the County continues behind in its reporting.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 71

DATE: October 26, 2017

SUBJECT: Reporting on Worker's Compensation Liability as Required by Section 30702.6 of the California Labor Code

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Section 30702.6 of the California Labor Code requires that within 90 days of the submission of the Self-Insurer Annual Report the governing body of the self-insurer be notified of the future liability and the fact that these liabilities are funded in compliance with the requirements of GASB 10. YCPARMIA's report, submitted September 20th, is attached.

It should be noted that the State uses the Annual Report to generate revenue. The State makes an assessment against self-insureds to fund the applicable activities provided by the Department of Insurance. Applying a rate to the reported estimated Future Liability generates the amount of the assessment. Over the last seventeen years we have seen the assessment spike (from under \$10K in 2000), but then level off as our reserves have remained somewhat flat, while the State's rate increased to generate additional funds:

- 2009: \$30,328
- 2010: 49,531
- 2011: 65,252
- 2012: 71,744
- 2013: 82,365
- 2014: 77,577
- 2015: 67,795
- 2016: 60,722
- 2017: pending

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

	INFORMATION ITEM
	AGENDA ITEM NO. <u>7J</u>
	DATE: <u>October 26, 2017</u>
SUBJECT:	Strategic Planning: The Board's Opportunity To Discuss Developing Issues
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.

Two immediate issues facing the Board remain staff and Board turnover. While the Board has discussed the CEO recruitment process, it should also consider Board turnover. It might be a wise to expand the March Board meeting, where the actuary study and budget are acted on and premiums are basically set, to include alternates and successors.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager