



Yolo County Public Agency Risk Management Insurance Authority

SPECIAL BOARD MEETING MINUTES **April 23, 2020**

The special meeting of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) was held on April 23, 2020, via teleconference in accordance with Executive Order N-29-20.

BOARD MEMBERS PRESENT: Jill Cook (*President, County of Yolo*), Crystal Zaragoza (*Vice President, City of Winters*), Janet Emmett (*City of Davis*), Sheila McShane (*City of Woodland*), Liane Lee (*City of West Sacramento*), Rebecca Spiva (*Esparto USD*)

BOARD MEMBERS ABSENT: None.

OTHERS PRESENT: Armond Sarkis (*YCPARMIA CEO/Risk Manager*), Lily Viek (*YCPARMIA Administrative Assistant*), Holly Lyon (*YCPARMIA Financial Analyst*), Christopher Bensch (*City of Davis*), Elena Adair (*City of Davis*), Leah Smith (*Esparto USD*), Kellie Murphy (*YCPARMIA General Counsel*), Roberta Raper (*City of West Sacramento*)

1. CALL TO ORDER

President Jill Cook called the meeting to order at 9:06 a.m.

2. APPROVAL OF AGENDA

Liane Lee moved to approve the agenda as posted; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

3. PUBLIC COMMENTS

Public comment received via Google Hangouts Meet chat:

Roberta Raper 9:13 AM

Good morning. I have a public comment, but I can make it in chat. I just wanted to thank the Board for taking up the item on reducing member contributions during the pandemic. As one of your member agencies facing millions in lost revenues over the next few months and potentially more dramatic impacts over the long term, we appreciate you taking this matter up on your agenda.

4. CLOSED SESSION

The Board adjourned to closed session from 9:13 a.m. to 9:42 a.m.

A. Discussion of Open Claims

No reportable action was taken by the Board.

5. COMMUNICATIONS

A. Board Members

Time was provided to allow Board members to discuss any risk management communications.

President Jill Cook provided an update on the current status of COVID-19 within Yolo County and introduced the county's "Roadmap to Recovery" plan which can be found on the Yolo County website.

B. CEO/Risk Manager

CEO/Risk Manager Armond Sarkis reminded the Board of the COVID-19 Resource Memo shared with members and posted to the YCPARMIA website. Sarkis informed YCPARMIA is working hard to provide respirator fit-testing to essential workers within the county.

C. Next Meeting

The next scheduled meeting of the YCPARMIA Board of Directors will be held on May 28, 2020.

6. CONSENT CALENDAR

A. Approval of Minutes

Janet Emmett moved to approve the minutes of the regular Board Meeting of January 23, 2020, the Special Board Meeting of February 11, 2020, and the Special Board Meeting Teleconference of March 24, 2020; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

7. ACTION ITEMS

A. Discussion and Acceptance of the 2020 Actuarial Report

YCPARMIA provides data as of December 31 to actuaries so they may project fiscal year end totals for the Liability and Workers' Compensation programs.

The Actuarial Report provides us with the Anticipated Claims Cost and the Program Reserves. The Anticipated Claims Cost is the actuary's projection of what costs will be for claims that will occur in the coming fiscal year (FY 20/21) and is a major component in our premium calculations. This number is found, calculated at the Board approved 70% confidence level, on our premium

worksheets, and is identified as “actuarial determined claim costs.” The Program Reserves represent the actuary’s number of what we will need to pay all of the existing claims at the end of the fiscal year (6/30/2020). They are booked, as required by GASB, at “expected” on our balance sheet.

By Board policy, and industry practice to avoid regular periods of being underfunded, we set aside additional funds in retained earnings labeled as “Confidence Margin” to bring our funding up to an actuarially determined 80% confidence level. This number can be found on our “Quarterly Statement of Revenues, Expenses and Retained Earnings.”

- Liability Program: The 2020 premium component as recommended by AON is 39%, larger than last year’s figure. Program Reserves at “expected” as of 6/30/2020 is 37% higher than last year’s figure. A few larger liability claims developed adversely, which is in line with adverse developments surrounding public agency liability claims recently experienced in California. Significant increases in recommendations by our actuaries have been driven by both our own claims experience, and the general market. The 15.5% increase in exposure base, or member payroll, has been another contributing factor.
- Workers’ Compensation: This program had been enjoying flat frequency but increased severity for the past two years. The 2020 premium component recommended by the actuaries is 27% higher than the previous year. Program Reserves at “expected” is showing a 14% increase; however, this year’s Confidence Margin figure is lower than YCPARMIA’s 10-year average, which may indicate a more stable program and reserving pattern. As discussed in recent Board meetings, there has been a significant change over the last year, and the actuary study seems to have captured this adverse development. A significant portion of increases in actuarial recommendations has to do with the higher payroll reported.

Sheila McShane moved to accept the 2020 Actuarial Report; seconded by Rebecca Spiva. A roll call vote was taken. Motion passed unanimously.

B. Preliminary Budget for Fiscal Year 2020-2021

CEO/Risk Manager Armond Sarkis presented the preliminary budget for the Board to review and approve. The preliminary budget shows a 33% increase in expenses as well as a 33% increase in revenues. 10.6% of the budgeted expense is for Administrative and Service expenses which cover standard business operating costs. The budgeted amount is consistent with prior years and has seen very little change historically. The remaining 89.4% falls under Coverage Program expenses which includes:

- Excess Coverage: \$3,696,654 (29% of the total budget, and 32% of the coverage portion of the budget)
- Funding claims within our SIR: \$3,980,000 (31% of the total budget, and 35% of the Coverage portion of the budget)
- The remaining 33% of the coverage portion covers claims administration; state assessments; our public safety wellness program; Lexipol services for law enforcement and fire; and changes in program reserves

Sarkis reminded the Board changes can be made to the preliminary budget and the final budget will be presented for Board approval at the June meeting.

Sheila McShane moved to adopt the Preliminary Budget for FY 2020-2021 but directed staff to do an analysis and search for options of reducing costs by 5%; seconded by Janet Emmett. A roll call vote was taken. Motion passed unanimously.

C. Excess Workers' Compensation Coverage SIR

CEO/Risk Manager advised the Board that switching from a \$500,000 Excess Workers' Compensation self-insured retention (SIR) to a \$1,000,000 SIR would save YCPARMIA money in premium expenses and, over time, build a financial cushion against the unexpected.

Janet Emmett moved to authorize binding Workers' Compensation Coverage with a \$1M SIR; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

D. Catastrophic Fund Policy

As the Board approved the adjustment of the Excess Workers's Compensation SIR from \$500,000 to \$1,000,000, CEO/Risk Manager advised the Board increase the current Workers' Compensation Catastrophic Fund Policy to \$3,000,000 in order to meet the standard catastrophic fund amount of 3 to 5 times the pooled layer.

Rebecca Spiva moved to modify the existing Catastrophic Fund Policy to increase the Catastrophic Fund for Workers' Compensation by \$300,000 each year for five years starting 7/1/2020 to reach \$3,000,000; seconded by Sheila McShane. A roll call vote was taken. Motion passed unanimously.

E. ICMA-RC 457 Policy Update

Due to the financial effects COVID-19, ICMA-RC has implemented Coronavirus Aid, Relief, and Economic Security (CARES) Act provisions which offer

assistance to those affected by coronavirus (COVID-19). Part of the CARES Act allows “qualified” participants to borrow against their applicable plans.

Janet Emmett moved to approve the proposed changes to the ICMA-RC 457 Policy; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

F. YCPARMIA Budget Alignment Ref: JPA Budget Letter

On April 16, 2020, YCPARMIA, along with five other JPAs in Yolo County, received a letter from the County and four City Managers ref: JPA Budget. The letter states that unfortunately one of the projected outcomes of COVID-19 is a recession.

The letter recommends that YCPARMIA (and its Board) consider strategies which will in turn allow the city and county contribution rates to be reduced by a target amount of 5%.

Janet Emmett moved to direct CEO/Risk Manager to identify cost-cutting opportunities including a 5% reduction in member contributions and to provide recommendations to the Board during the next meeting; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

8. INFORMATION ITEMS

A. Proposed Fiscal Year 2020-2021 Premiums

The Board reviewed the Proposed Fiscal Year 2020-2021 Premiums.

B. YCPARMIA Investment Statement

The Board reviewed the YCPARMIA Investment Statement as of March 31, 2020.

C. YCPARMIA Financial Report

The Board reviewed the YCPARMIA Financial Report as of March 31, 2020.

D. Statement of Revenues, Expenses, and Retained Earnings

The Board reviewed the YCPARMIA Quarterly Statement of Revenues, Expenses, and Retained Earnings.

E. Notification of New Claims Received Since the Previous Board Meeting

The Board reviewed a list of new claims received since the previous Board meeting.

F. Closed Liability Files

The Board reviewed a list of liability files closed since the previous Board meeting.

G. Certificates Issued

The Board reviewed a list of certificates issued since the previous Board meeting.

H. Strategic Planning

Time was provided to allow the Board to discuss any trends, actions, or future risk management plans.

9. ADJOURNMENT

The April 23, 2020, YCPARMIA Special Board meeting adjourned at 11:53 a.m. by general consent.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Lily Viek', with a long horizontal flourish extending to the right.

Lily Viek
Administrative Assistant, YCPARMIA