



# Yolo County Public Agency Risk Management Insurance Authority

## **BOARD MEETING MINUTES** **June 25, 2020**

The meeting of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) was held on June 25, 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*), Christopher Bensch (*City of Davis*), Sheila McShane (*City of Woodland*), Liane Lee (*City of West Sacramento*), Rebecca Spiva (*Esparto USD*)

**BOARD MEMBERS ABSENT:** None.

**OTHERS PRESENT:** James Marta (*YCPARMIA Interim CEO/Risk Manager*), Marilyn Kelley (*YCPARMIA Interim CEO/Risk Manager*), Lily Viek (*YCPARMIA Administrative Assistant*), Holly Lyon (*YCPARMIA Financial Analyst*), David Due (*YCPARMIA Staff Investigator II*), Kellie Murphy (*YCPARMIA General Counsel, left after Item 4A*)

### **1. CALL TO ORDER**

President Jill Cook called the meeting to order at 9:05 a.m.

### **2. APPROVAL OF AGENDA**

President Jill Cook proposed the agenda be amended to remove Item 7F. Rebecca Spiva moved to approve the agenda with the amendment of removing Item 7F: Outstanding Invoice - City of West Sacramento; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

### **3. PUBLIC COMMENTS**

None.

### **4. CLOSED SESSION**

The Board adjourned to a closed session at 9:08 a.m. and reconvened at 9:22 a.m.

#### **A. Liability Claim**

Direction was given on Brown v. County of Yolo.

### **5. COMMUNICATIONS**

#### **A. Board Members**

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

Rebecca Spiva, Esparto Unified School District, reported the district is considering steps for the Fall school term with COVID 19.

Liane Lee, City of West Sacramento, reported that City Hall has reopened. A majority of City Hall staff are still working remotely, but they are available for meetings by appointment. The City is facilitating fire assessments for internal recruitments and has a police sergeant assessment planned later in July.

Christopher Bensch, City of Davis, reported the City is completing employee return-to-work teleconference training, operating summer camps and updating a workplace prevention plan.

Vice President Crystal Zaragoza, City of Winters, informed the City is working on succession planning as the City Manager will be leaving in August and there are a few upcoming retirements.

Sheila McShane, City of Woodland, reported the City opened in the beginning of June. The City of Woodland has ended a lot of telecommuting and have increased social distancing and safety practices. The City has also been holding interviews through teleconference and the same for City Council meetings.

President Jill Cook, County of Yolo, reported there has been a dramatic increase in COVID-19 cases within the county since Memorial Day, especially in Woodland and West Sacramento. As there have been numerous workplace outbreaks, everyone is encouraged to wear masks when away from their desks, adhere to social distancing and cleaning guidelines within the workplace and outside. Homeless are being housed in hotels during the quarantine.

## B. CEO/Risk Manager

Interim CEO/Risk Manager James Marta summarized some of the major projects he has been working on with Interim CEO/Risk Manager Marilyn Kelley and staff. Some of those projects include:

- Administration:
  - Developed a service calendar for the organization to identify activities and deliverables.
  - Met with each staff and reviewed their duties and activities. Working on development of updated goals and objectives, detailed deliverables and a staff monthly status report.
  - Identifying alternative services to cover the nurse position.
  - Identified certain risks in operations that need to be attended to:
    - Building, roof, gutters, HVAC
    - File storage, backup and security (doesn't appear to meet CAJPA standards and is a special risk)
  - Identifying policies to review and update.
  - Rewriting all Memorandums of Coverage to add Declarations and improve language, discussed later in this agenda.
  - Reviewing processes and software to identify opportunities for improvements in efficiency and effectiveness.

- Programs
  - Liability
    - Reviewed all litigated claims with David Due and attorneys.
    - CJPRMA, met with Tony Giles and discussed the program, coverage, rating and our SIR.
  - Workers' Compensation
    - Reviewed all large and litigated claims with LWP.
    - Identified in one case the temporary accommodation has been allowed for over 60 days. Asked the examiner to review with members the requirement. In addition, reached out to Karen Ponton - she could be available to present a training to members on the TD accommodation process.
    - Met with CSAC-EIA (now known as PRISM), Member Services, Underwriting and our Broker to discuss the program and resources available.

C. Next Meeting

The next scheduled meeting of the YCPARMIA Board of Directors will be held on August 27, 2020

**6. CONSENT CALENDAR**

A. Approval of Minutes

Rebecca Spiva moved to approve the minutes of the Board Meeting of May 28, 2020; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

**7. ACTION ITEMS**

A. Excess Liability Coverage Retained Limit (CJPRMA)

Interim CEO/Risk Manager James Marta reported he looked at the price difference from CJPRMA and the actuarial indicated loss cost and determined that the cost savings of going from a \$500k SIR to \$750k SIR was \$31,213. However, with that savings YCPARMIA would take on more loss variability and an additional \$250k exposure per occurrence. Marta discussed the situation with another pool manager and decided to recommend the Board elect to stay at the \$500k SIR for excess liability with CJPRMA. Interim CEO/Risk Manager Marilyn Kelley advised one of CJPRMA's excess carriers must be replaced, so the ultimate cost of coverage may change; however, Marta and Kelley still recommend the Board choose the \$500k SIR.

Rebecca Spiva moved to approve setting the excess liability coverage retained limit to \$500,000; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

B. Excess Workers' Compensation Retained Limit (CSAC-EIA/PRISM)

Interim CEO/Risk Manager James Marta reported he reviewed the Workers' Compensation program with the actuaries and recommends the Board approve keeping the \$1M SIR that was approved at a prior meeting.

Rebecca Spiva moved to approve setting the \$1,000,000 SIR as the final retained limit for fiscal year 2020-2021; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

C. Fiscal Year 2020-2021 Premiums

The preliminary premiums proposed were based on a \$750k retention for liability and a \$1M retention for workers' compensation. As the Board approved a \$500k retention for liability and the \$1M retention workers' compensation, updated premiums have been provided to reflect the final self-insured retention, actual payroll, and that the Yolo County Habitat Conservancy being rolled into the County rate. The Board was advised the premiums provided may change due to CJPRMA's need to replace one of their excess carriers.

The liability and workers' compensation program rates originally included contingency margins proposed by the prior CEO/Risk Manager. We reviewed the methodology and saw that it was budgeting prior claim changes as a measure of loss contingency. While we are agreeable to including a loss contingency, the prior change would not be a consistent measure to adequately provide for this loss variability. A better measure would be the forward looking actuarial based confidence level rate setting benchmarks. Accordingly, we revised the contingency margin calculation to be based on the actuarial 80% confidence level which is more of an industry standard. This change along with the other final rate and budgetary changes have reduced the proposed premiums.

**FISCAL IMPACT:**

<u>Program</u>	<u>Original</u>	<u>Capped Contribution</u>	<u>Revised</u>	<u>Change</u>
Liability	\$6,685,906		\$6,088,224	\$(597,682)
Workers' Comp	\$7,562,810		\$7,173,242	\$(389,568)
Property	\$ 861,762		\$ 857,436	\$ (4,326)
Fidelity				

Rebecca Spiva moved to approve the Fiscal Year 2020-2021 Premiums with the understanding that the rates may change due to CJPRMA's change in excess carrier; seconded by Christopher Bensch. A roll call vote was taken. Motion passed unanimously.

D. Esparto USD School Bus Coverage

The YCPARMIA Liability Memorandum of Coverage excludes coverage for multi-passenger vehicles with over thirty seats (an increase from twenty in prior years). Our Memorandum specifically exempts the Esparto School Bus fleet from this exclusion. There is a similar exemption in our coverage from CJPRMA, subject to our SIR of \$500k.

In an effort to protect the pool from a potentially catastrophic loss for multiple injuries in a single accident, YCPARMIA has historically transferred the bus exposure by purchasing separate commercial coverage for this risk. As the cost of this coverage is shared between the Esparto Unified School District and YCPARMIA, this item is brought to the Board's attention annually for approval. While we have not yet received the renewal quotation from National Interstate (carrier), we have an indication from them that the

renewal will be around 5% over the expiring premium. In an abundance of caution we have estimated the amount at 10% over the prior year.

Sheila McShane moved to authorize the CEO/Risk Manager to bind liability coverage reinsuring the Esparto School Bus Fleet for an estimated annual premium of \$32,000 at a limit of \$500,000 per occurrence; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

E. Fiscal Year 2020-2021 Final Budget and Deposits

Assumptions or changes from the preliminary budget are as follows:

**Revenues**

- **Total member contributions decreased by \$(990,415)**
- Investment income was budgeted at \$500,000; we decreased this to \$300,000 based on review of the nature of investments and the related balances.
- Contribution risk margin was measured based on prior loss development vs. an actuarial base as already discussed under the premium item. The revised budget uses the actuarial 80% confidence level in place of this method. Net decrease in contributions \$(990,415).

**Expenses**

- **Total expenses increased from proposed budget by \$48,813**
- Human relations decreased \$(16,257) based on final payroll and related estimates.
- Supplies increased to properly provide for bank and water/garbage fees.
- Contract services increased to add provision for Interim CEO and E-Cert services \$98,200.
- Staff development decreased \$(18,050) based on elimination of the CAJPA fall conference.
- Capital expenditures increased \$49,830 related to required property repairs and IT needs.
- Loss prevention increased to add provision for \$10,000 for sidewalk remediation and \$2,000 for materials.
- Liability excess insurance increased to elect the \$500k SIR option from CJPRMA vs the \$750k option.
- Liability claims expense decreased based on selecting the expected loss factors off of the actuary.
- Workers' compensation excess insurance decreased based on final CSAC-EIA rates and adjustment to final payrolls.
- Workers' compensation claims increased based on final payrolls and selecting the actuary loss rate at the 80% confidence level.
- Property excess insurance decreased based on final CSAC-EIA rates.

Crystal Zaragoza moved to approve the proposed final fiscal year 2020-2021 budget; seconded by Christopher Bensch. A roll call vote was taken. Motion passed unanimously.

F. Outstanding Invoice - City of West Sacramento  
*Item was removed during Item 2: Approval of Agenda*

G. Memorandum of Coverage Updates

While all forms are following the coverage terms and conditions of the excess layers, in some areas, the Memorandum of Coverage (MOC) language did not match that of the excess coverage which could lead to confusion. In addition to adding Declarations pages, all MOCs have been amended to more closely match that of the excess coverage. All MOCs have also been assigned a memorandum number.

Liane Lee moved to approve the Renewal Memorandums of Coverage for all programs; seconded by Rebecca Spiva. A roll call vote was taken. Motion passed unanimously.

H. Policies and Procedures - Review & Approval

The CEO/Risk Manager is in the process of reviewing and updating the YCPARMIA policies. YCPARMIA policies will be reorganized to reflect the type of Policy: Administrative, Coverage, Risk Management and Personnel. Three policies have been amended for approval during this meeting:

- **A-2 - Frequency of Actuarial Studies and Claims Audits**

- This policy is being replaced with the Annual Calendar of Reports, Audits and Filings policy addressing outside reports on an annual or semi-annual basis.
- For continuity it shows all reports, audits and filings of YCPARMIA.

- **A-12 - Investment Policy**

- This policy has been reviewed by our Investment Advisor, Chandler, and they have recommended the following changes:
- IX. Authorized and Suitable Investments
  - 2. Federal Agency - Recommend Increase to 30% per single agency/GSE issuer;
  - 8. Commercial Paper - Reorganizing section to two paragraphs to more closely mirror Code;
  - 10. Corporate Medium-Term Notes - Specify that the minimum credit quality requirement is “in a rating category of A”;
  - 13. Supranationals - Specify that the minimum credit quality is “in a rating category of A”;
- XII. Risk Management & Diversification
  - Clarification of language addressing action to be taken in the event of a downgrade. The duty will fall on the Investment Advisor to notify YCPARMIA staff. Previously this was the responsibility of the CEO/Risk Manager.

- **C-7 - Liability Litigation Management**

- This policy has been amended to allow for some responsibilities to be shared with the Risk Manager and the Staff Investigator and to correct typographical errors.
- The policy has also added some additional reporting requirements prior to trial.

Rebecca Spiva moved to approve amended policies A-2 Annual Calendar of Reports, Audits & Filings, A-12 Statement of Investment Policy, and C-7 Liability Litigation

Management; seconded by Crystal Zaragoza. A roll call vote was taken. Motion passed unanimously.

I. Election of Officers

The YCPARMIA JPA Agreement states the Board shall elect a President and Vice-President prior to each succeeding fiscal year. The Secretary shall be the YCPARMIA CEO/Risk Manager. The Board shall appoint as Treasurer a person who need not be a member of the Board, whose qualifications will be set by Board policy.

The current officers are:

President -	Jill Cook, Yolo County Deputy County Administrator
Vice President -	Crystal Zaragoza, City of Winters HR Manager
Treasurer-	Chad Rinde, Yolo County, Chief Financial Officer

If nominated, all current officers have agreed to serve for the next year.

Christopher Bensch moved to nominate Jill Cook as President and Crystal Zaragoza as Vice President; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

Rebecca Spiva moved to elect the nominees; seconded by Christopher Bensch. A roll call vote was taken. Motion passed unanimously.

**8. INFORMATION ITEMS**

A. Program Renewals

The Board was informed of the status of various fiscal year 2020-2021 program renewals and reviewed the following attachments:

- CSAC-EIA/PRISM - June Quotations for:
  - Excess Workers' Compensation
  - Cyber Liability
  - Pollution Program
  - Excess Property
  - Property - Port of Sacramento
  - Yolo County - Medical Malpractice, Airport and Aircraft
- CJPRMA - Excess Liability
- Other Coverages Summary Sheet

B. 5-Year Workers' Compensation Claim Summary

The Board reviewed a 5-year summary of Workers' Compensation claims.

C. Utilizing the PRISM Website

Public Risk Innovation, Solutions, and Management (PRISM), formerly known as CSAC-EIA, is YCPARMIA's excess coverage provider for Workers' Compensation and Property coverages. As members of YCPARMIA, we are able to utilize resources offered by PRISM at no additional cost, such as their online training courses. Some programs offered by PRISM require YCPARMIA to register with a vendor and pay a negotiated rate for services. For these services, staff will review the options available to us through PRISM and compare them with the programs/services already provided by YCPARMIA.

- D. YCPARMIA Monthly Investment Statement  
The Board reviewed the YCPARMIA Investment Statement as of May 31, 2020.
- E. YCPARMIA Quarterly Treasurer's Report  
The Board reviewed the Quarterly Treasurer's Report.
- F. YCPARMIA Monthly Financial Report  
The Board reviewed the YCPARMIA Financial Report as of May 31, 2020.
- G. Monthly Statement of Revenues, Expenses, and Retained Earnings  
The Board reviewed the YCPARMIA Statement of Revenues, Expenses, and Retained Earnings.
- H. Budget v. Actual Comparison  
The Board reviewed a comparison of budgeted versus actual revenues and expenses for the first eleven months of the fiscal year.
- I. Notification of New Claims Received Since the Previous Board Meeting  
The Board reviewed a list of new claims received since the previous Board meeting.
- J. Closed Liability Files  
The Board reviewed a list of liability files closed since the previous Board meeting.
- K. Certificates Issued  
The Board reviewed a list of certificates issued since the previous Board meeting.

**9. ADJOURNMENT**

The June 25, 2020 YCPARMIA Board Meeting adjourned at 11:05 a.m. by general consent.

Respectfully submitted,



Lily Viek  
Administrative Assistant, YCPARMIA

Reviewed by Marilyn Kelley,  
Interim CEO/Risk Manager