



Yolo County Public Agency Risk Management Insurance Authority

BOARD MEETING MINUTES **September 17, 2020**

The meeting of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) was held on September 17, 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: 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*), Christopher Bensch (*City of Davis*), Kim McKinney (*City of Woodland*)

1. CALL TO ORDER

President Jill Cook called the meeting to order at 9:03 a.m.

2. APPROVAL OF AGENDA

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

3. PUBLIC COMMENTS

None.

4. COMMUNICATIONS

A. Board Members

Time was provided to allow Board members to discuss any risk management communications. All Board members informed they have nothing to report.

B. CEO/Risk Manager

Interim CEO/Risk Managers James Marta informed the Board that he attended the Hanna Brophy workers compensation update. SB1159 expected to be signed by the governor by September 30th; the City Manager's meeting and discussed the Analysis report and recommendations as an overview; and the Yolo County claims review conducted by LWP. LWP is working on scheduling claim reviews for the cities and Esparto USD. As we are continuing to review and improve the communications between YCPARMIA and members, YCPARMIA has developed a new 30 day claims status report for the liability claims that members will begin receiving shortly. Lastly, Marta and Kelley informed the Board that for the 13th consecutive year, YCPARMIA has been awarded the Certificate of Achievement for

Excellence in Financial Report for our Comprehensive Financial Report (CAFR) by the Government Finance Officers Association (GFOA).

C. Next Meeting

The next regularly scheduled meeting of the YCPARMIA Board of Directors will be held on October 22, 2020.

5. CONSENT CALENDAR

A. Approval of Minutes

Janet Emmett moved to approve the minutes of the Board Meeting of August 27, 2020; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

6. ACTION ITEMS

A. Project 1 - Financial Efficacy

The Project 1 (Financial Efficacy) Report was introduced during YCPARMIA's August 27, 2020 Board Meeting. During that meeting, the Board moved to accept the report but to postpone discussion of the information and recommendations at the following meeting. The Board was provided with a report and the following recommendations:

1. Draft changes in policies and procedures
2. Revise the rate setting policy
 - a. Allocate all costs in a ratio to exposure and experience to ensure all are allocated a portion of the potential pooling layer loss cost. Currently pool layer costs are allocated based on loss history. So, if a Member has exposure but no losses in the past 3 years, they are not allocated a % of the pooling layer costs;
 - b. Revise rate capping to exclude changes in exposure (payroll increases) and to exclude the core rate increase that the pool pays. Currently the programs are capped at a 50% increase regardless of changes in payroll and the base rate. This has resulted in YCPARMIA collecting less in deposits than is developed to cover costs and exposures;
 - c. Revise the period that loss experience is taken from the most recent six months (December of current years and 36 months back) to the past three to five full policy years (not counting the most recent year) to ensure that the claims used are relatively matured;
 - d. Revise the premium allocation method to ensure there is a balancing to ensure that the budgeted contributions are fully allocated and collected through the individual rates set along with any rate caps or adjustments (for example, if the final calculation is 3% less than the budgeted contributions, then all Members allocated deposits would be increased by 3% to meet the budgeted requirements); and
 - e. Include an exposure modifier to allocate for the inherent risk of some operations
3. Review impact of changes and consider a cap on the impact of the formula portion only up or down not more than 20%
4. Update the Underwriting Policy to reflect the change in the premium allocation
5. Update the capital and target equity policy into one policy

6. Update or delete the funding section of the JPA Agreement and Bylaws to reflect the change in the premium allocation.

Interim CEO/Risk Manager James Marta advised that setting rates at the 70% confidence level is only considered marginally acceptable and that many pools funding at this level have had insufficient funding. The rate setting benchmark for primary pools is at the 80% confidence level; however, due to YCPARMIA's current rate setting policy, the pool is currently funding at lower than a 70% confidence level.

Additionally, it was pointed out that some of the different types of members may need to follow different rate setting methods due to their riskiness. Member payroll is a major factor in rate calculations and for determining a member's exposure. YCPARMIA has several districts with a low number of employees and low payroll. As these districts have different types of exposure and may receive or require different services, Marta recommends YCPARMIA take these factors into consideration when setting premiums. Upon Board direction, YCPARMIA will review the riskiness of members, YCPARMIA's minimum rates, and the rate setting formula.

Rebecca Spiva moved to direct YCPARMIA to provide example premium calculations with 5 year smoothing, taking into consideration a 70-30 calculation and an 80-20 calculation, and include an Excel worksheet showing the calculations. And ask actuaries to review the riskiness of members and YCPARMIA's minimum premium values; seconded by Janet Emmett. A roll call vote was taken. Motion passed unanimously.

B. Project 3 - CEO Alternatives

The Project 3 (CEO Alternatives) Report was introduced during YCPARMIA's August 27, 2020 Board Meeting. During that meeting, the Board moved to accept the report but to postpone discussion of the information and recommendations at the following meeting.

Interim CEO/Risk Manager James Marta discussed several options for the Board to review such as hiring a contracted CEO, sharing a CEO with another JPA, or hiring a full time staff CEO. Marta advised that a pool manager requires a variety of very specialized skills and experience and that smaller pools, such as YCPARMIA, may struggle finding the right person. Marta also advised it is important the job posting reflects the needs of the JPA.

The Board discussed some of their expectations of YCPARMIA and of a potential CEO/Risk Manager. They expressed interest in reviewing the organizational structure of YCPARMIA in order to assist in determining the necessary qualities of a future CEO. Marta informed he will work on providing a report within 60 days.

Janet Emmett moved to direct Interim CEO/Risk Manager to complete the project on YCPARMIA's organizational structure and staffing and to develop a revised job description for future CEO/Risk Manager recruitment; seconded by Liane Lee. A roll call vote was taken. Motion passed unanimously.

7. **ADJOURNMENT**

The September 17, 2020 YCPARMIA Board Meeting adjourned at 10:58 a.m. by general consent.

Respectfully submitted,

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

Lily Viek
Administrative Assistant, YCPARMIA

Reviewed by,

A handwritten signature in black ink, appearing to read "Marilyn Kelley", with a long horizontal line extending to the right.

Marilyn Kelley
Interim CEO/Risk Manager, YCPARMIA