



Yolo County Public Agency Risk Management Insurance Authority

AGENDA

YCPARMIA BOARD MEETING

Tuesday, December 4, 2018 at 9:00 a.m.

**CITY OF WOODLAND
COUNCIL CHAMBERS
300 FIRST STREET
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. Retention of Recruiting For CEO/Risk Manager Position
 - B. AGRIP Accreditation
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. Strategic Planning
8. Closed Session
 - A. Consideration of a possible contract with a recruitment firm
 - B. Salary and benefits for Staff
 - C. Salary and benefits for CEO
 - D. Settlement discussion on Shernock v Yolo

AMENDED

Yolo County Public Agency Risk Management Insurance Authority

	COMMUNICATIONS
	AGENDA ITEM NO. <u>4B</u>
	DATE: <u>December 4, 2018</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 10 -13 at the Disneyland Hotel in Anaheim. A block of reservations have again been made at the Grand Californian. Attendees must be confirmed with Charlotte no later than December 10th so that unneeded rooms can be released.
2. I want to confirm that the Board has been told that YCPARMIA, due diminished qualifications, is no longer able to do employment investigations.
3. The prior CEO/Risk Manager had contacted Alliant about moving the excess liability program; I told them to table the request until the new risk manager was on board.
4. YCPARMIA's annual CAFR has been completed, and will be submitted next week.
5. The Board needs to appoint a Director and Alternate to the CJPRMA Board, and agree with the County on an appointment to the CSAC-EIA Board.
6. The current state of YCPARMIA:
 - a. Workers' comp
 - b. Property
 - c. Liability
 - d. Other programs
 - e. Loss prevention
 - f. Financial
 - g. Staffing

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>December 4, 2018</u>
SUBJECT:	Next Meeting
RECOMMENDED ACTION:	Information Only

BACKGROUND INFORMATION:

The following date is our next Board meeting:

DATE: January 24, 2019

<u>2019 Board Meeting Dates:</u>
January 24, 2019
March 28, 2019
April 25, 2019
May 23, 2019
June 27, 2019
August 22, 2019
October 24, 2019
December 12, 2019

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

CONSENT CALENDAR
AGENDA ITEM NO. 5A

DATE: December 4, 2018

SUBJECT: Minutes

RECOMMENDED ACTION: That the Minutes of the Regular Board Meeting of October 25, 2018 be Approved as Submitted

BACKGROUND INFORMATION:

Attached is a copy of the minutes of the YCPARMIA Regular Board Meeting for October 25, 2018 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>December 4, 2018</u>
SUBJECT:	Retention of Recruiting For CEO/Risk Manager Position
RECOMMENDED ACTION:	That the Board consider retaining an outside firm to conduct a recruitment for the CEO/Risk Manager position, and/or authorize the Board President to enter into contract with the chosen firm.

BACKGROUND INFORMATION:

The President of the Board has requested that this item be placed on the agenda. The CEO/Risk Manager position is unique, and the possible field of qualified applicants is limited. It should be noted that there are probably fewer than 300 public entity pool managers nationwide. It is of possible significance that the public entity pooling industry was started in 1978, and therefore is currently experiencing significant turnover due to retirements. The Board is therefore considering the retention of professional recruiting services to improve the possibility of identifying qualified candidates.

The President of the Board has identified local qualified recruiters, and has invited them to make a short (10-15 minutes) presentation to the Board.

The YCPARMIA Purchasing Policy (K-22 in the Blue Binder) outlines the procedures for the purchase of equipment, services, and supplies. While a written agreement defining the scope of services and timeframe will be required, the Board is not required follow the purchasing procedures for "the awarding of contracts for professional services unless it votes affirmatively to do so."

FISCAL IMPACT:

There is no current budget for this contracted service, but the absence of a current risk manager should see a savings in employee benefits that could offset the anticipated expense.

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>December 4, 2018</u>	
SUBJECT:	AGRIP Accreditation
RECOMMENDED ACTION:	That the Board reviews the attached application for the three-year renewal of our AGRIP Recognition/Accreditation, and direct the President to sign the application for submission .

BACKGROUND INFORMATION:

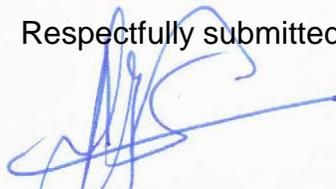
YCPARMIA is a member of AGRIP (Association of Governmental Risk Pools), which is in essence the national equivalent of CAJPA (California Association of Joint Power Authorities). Both groups offer an accreditation process that reviews policies practices, documents and standards to ensure that their member pools are meeting the highest industry standards. YCPARMIA currently has CAJPA/s Accreditation with Excellence, and AGRIP's Certificate of Recognition; it is time to renew our AGRIP Recognition. YCPARMIA benefits from the process as it forces us to self-evaluate our business practices while gathering and reviewing required documentation.

The YCPARMIA Board gains ratification of its oversight of YCPARMIA operations by measuring our performance against external industry standards. This, along with the CAJPA Accreditation, recognition of our CAFR, recognition of our Investment Policy, and other similar external audits should add to the Board's comfort level in its governance of the Authority.

FISCAL IMPACT:

The application fee is \$750, and is covered by funds in our current budget.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM
AGENDA ITEM NO. 7A

DATE: December 4, 2018

SUBJECT: YCPARMIA Financial Report

RECOMMENDED ACTION: Information only, no action required

BACKGROUND INFORMATION:

Attached is the YCPARMIA's Financial Report through October 31, 2018 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> 7B </u>
	DATE: <u> December 4, 2018 </u>
SUBJECT:	YCPARMIA Investment Statement
RECOMMENDED ACTION:	Information only, no action required

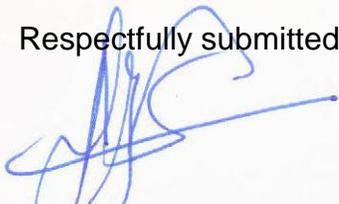
BACKGROUND INFORMATION:

Attached are the YCPARMIA Investment Statements through October 31, 2018 for your review.

YCPARMIA's financial analyst, Holly Lyon, has invited our investment service provider, Chandler, to address the Board. They will discuss the national and international economic picture, the structure of YCPARMIA's investments, and compliance with the Board's Investment Policy. Some importance should be placed on this activity; it evidences the Boards responsibility and oversight of significant assets. I anticipate about a 15-minute presentation.

	<u>Investment Statement</u>
For your information:	
Chandler as of 10/31/2018	\$ 13,859,268.00
LAIF as of 10/31/2018:	\$ no report
	<u>Outstanding Reserves</u>
For your information:	
<i>Total as of 10/31/2017:</i>	\$ 7,142,454.00
Total as of 10/31/2018:	\$ 7,700,941.00

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7C

DATE: December 4, 2018

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.

Note: normally there would be a summary of the specifics of each claim; however that information was not being tracked by the prior CEO/Risk Manager. The next agenda will include the expanded report.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

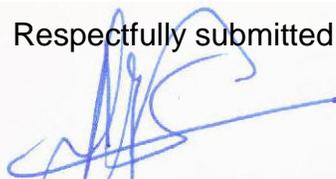
	INFORMATION ITEM
	AGENDA ITEM NO. <u>7D</u>
	DATE: <u>December 4, 2018</u>
SUBJECT:	Closed Liability Files
RECOMMENDED ACTION:	Information only, no action required

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.

Again, please note that normally there would be a summary of each closed file's resolution, but those records do not exist at this point. The next agenda will include an expanded report.

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>December 4, 2018</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. 7F

DATE: December 4, 2018

UBJECT: Workers' Compensation Loss Run Summary

RECOMMENDED ACTION: Information Only; no action required.

Attached is the October 31, 2018 WC loss run summary reflecting first third of the fiscal year's results.

Normally a comparison is made between the current year, and the previous fiscal year so that we can discuss loss and expense trends. Unfortunately, we do not have the end of year numbers for FY 17-18, so the best we can do is look at the same point last year, which, given the relatively small numbers, is not necessarily accurate for trending.

Overall, the numbers that we do have suggest negative trends, and in the coming months will necessitate a deeper look. In the short term, a file review with LWP is scheduled for November, and a litigation review is being set up for January. By the January Board meeting we should have more accurate and complete reports.

Summary:

The first third frequency and severity are both trending up when compared to last year. Benefit costs are averaging higher. Future reserves on open files are also higher. When you balance the higher benefit payments against the higher future reserves, we are seeing a significant negative shift in the program.

Frequency:

We received 160 new claims during the first third, 30 more than last year at the same time. This works out to an average of 40 injuries per month, while we averaged about 31 last year, and 30.3 per month 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 160 new claims, 22 were coded as indemnity, but an additional net 7 claims were converted from medical only, meaning that 18.1% of new claims had exposures for temporary disability and/or permanent disability. This is up from 14.6% at the same time last year of claims that had indemnity exposures. 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 \$258,422. At the same time last year, we were averaging \$200,554. This compares poorly to the average of two years ago of \$224,983, but again we are talking about small numbers, and should anticipate a return to more historical norms of under \$240K per month.

Temporary Disability: This number, ironically, is showing improvement over the historically high numbers of the last two years, but is nowhere near our historical average.

Permanent Disability: This number is trending up, but there are no records to indicate whether it represents current trends or merely the settlement of old exposures. Settling old exposures is a positive development; higher PD trends on newer claims would be a major impact on severity.

Medical Costs: This is the largest benefit expense, and continues to trend somewhat flat over the last few years – a tribute to our MPN and Lorene's effective oversight.

Legal, Investigative, Subrosa: These costs show a significant increase when compared to previous years. I will be meeting with LWP and our defense attorneys to determine what the cost drivers are.

Future Reserves

There is a correlation between benefit payments and future reserves. Payments effect the reserves by lowering the total. If both stay flat, as they have over the last few years, we have a stable program. Unfortunately, we are seeing average benefit payments go up, and future reserve's also rise. Last year, at this time, reserves on existing files were \$6,192,844; this year they are \$6,687,757. **This position will adversely impact the annual actuary report, and should lead to higher member premiums.**

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

INFORMATION ITEM

AGENDA ITEM NO. 7G

DATE: December 4, 2018

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.

As a practical matter, it appears that some degree of disconnect has developed between YCPARMIA and its members over service, risk management practices, and communication. These are areas that the Board should consider addressing at some point.

Respectfully submitted,



Jeffrey M. Tonks
CEO/Risk Manager

Yolo County Public Agency Risk Management Insurance Authority

Closed **Session**

- A. Consideration of a possible contract with a recruitment firm
- B. Salary and benefits for Staff
- C. Salary and benefits for CEO
- D. Settlement discussion on Shernock v Yolo