

CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY

BOARD OF DIRECTORS REGULAR MEETING

May 17, 2023

MINUTES

1. CALL TO ORDER:

The regular meeting of the Board of Directors was held on May 17, 2023. The Meeting was called to order by President Wetter at 9:00 a.m.

Members Present: President Dean Wetter, Vice President Larry Mazzuca, Secretary Colin Miller, Director Lorena Cervantes, Director Jim Friedl, Director Michelle Lacy, and Director Jill Nunes.

Members Absent: None.

CAPRI Staff Present: Executive Director Matthew Duarte, Administrative Analyst Monica Breck, and Safety Analyst Kirk Andre.

Others Present: Michael Manduca (James Marta) via Zoom; Stefan Zepernick, Greg Beaulieu, and Dick Huntington (Bickmore) via Zoom; Allison Kaune and Ellen Clark (PFM) via Zoom; Jennifer Zraick (Gilbert) via Zoom; Charles Torretta (George Hills); Amy Whitman (Sedgwick); Peter Urhausen (Gibbons and Conley); and Doug Wozniak (Alliant Insurance).

2. INTRODUCTIONS: Introductions around the room.

3. PUBLIC COMMENTS: None.

4. CLOSED SESSION:

The Board convened to Closed Session at 12:30 p.m.

4.1 Liability & Property – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)

- CAPRI \$5K Summary

4.2 Liability & Property – Anticipated Litigation Pursuant to Government Code § 54956.9(d)(2)

- 3 cases

4.3 **Worker's Compensation – Existing Litigation Pursuant to Government Code § 54956.9(d)(1)**

- Alvarado v. Pleasant Hill Recreation & Park District
- Castanon v. Rancho Simi Recreation & Park District
- Mathes v. Tehachapi Valley Recreation & Park District
- Carabajal v. West Side Recreation & Park District

Closed Session was concluded at 1:23 p.m.

5. REPORT FROM CLOSED SESSION:

Pursuant to Government Code Section 54957.1, the Board must report in open session any action taken, or lack thereof, taken in closed session.

No reportable action.

6. CONSENT AGENDA:

6.1 Approval of CAPRI Board Minutes

- February 7, 2023
- March 16, 2023

6.2 Warrant Listings – January 2023 – March 2023

6.3 Financial Reports

- Statement of Net Position
- Statement of Revenue and Expenses Budget to Actual
- Statement of Revenue, Expenses, and Change in Net Position

MOTION:

*Director Jim Friedl made a motion to approve consent agenda items 6.1 – 6.3.
Director Jill Nunes seconded the motion.*

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes*

Nays: *None*

Abstain: *None*

7. PULLED CONSENT ITEMS: None.

8. SPECIAL REPORTS:

8.1 Investment Stats Report – PFM

Allison Kaune with PFM provided a report on the status of CAPRI's investment holdings. Allison noted that the investment portfolio remains consistent with CAPRI policy.

8.2 Financial Audit Update 2021/2022 – James Marta & Company

Michael Manduca with James Marta & Company provided a report to the Board regarding the 2021/2022 Financial Audit report. The scope was as anticipated, and there were no findings or issues.

MOTION:

Secretary Colin Miller made a motion to accept the audit for FY 21-22 as prepared by the accounting firm, James Marta & Company. Vice President Larry Mazzuca seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes

Nays: None

Abstain: None

8.3 Workers' Compensation Actuarial Analysis – Bickmore Actuarial

Stefan Zepernick with Bickmore Actuarial presented the actuarial analysis on the Workers' Compensation Program. Overall, this Program is in a very good funding position.

8.4 General Liability & Property Actuarial Analysis – Bickmore Actuarial

Stefan Zepernick with Bickmore Actuarial presented the actuarial analysis on the General Liability & Property Program. Overall, this Program is in a good funding position.

MOTION:

Director Michelle Lacy made a motion to accept the Actuarial Review of the Workers' Compensation and General Liability & Property Programs for FY 23-24 as prepared by Bickmore Actuarial. Vice President Larry Mazzuca seconded the motion.

Ayes: Wetter, Mazzuca, Cervantes, Friedl, Lacy, and Nunes

Nays: None

Abstain: None

Absent: Miller (was not present for vote)

8.5 Insurance Market Report – Alliant Insurance Services

Doug Wozniak with Alliant Insurance Services provided an update regarding the insurance market and status of the 23/24 renewals as we get closer to July. We await final numbers for the Liability and Workers' Compensation Program coverages. Like last year at this time, there is still some work to be done on the Property Program coverage and that is Alliant's focus.

8.6 WC Program Status Report

Executive Director Duarte reviewed and discussed the status of the Workers' Compensation Program. Staff continues to work with CAPRI's third-party administrator, Sedgwick, to bring claims to a timely resolution while also working with the members in an effort to reduce the number of claims sustained by district workers.

8.7 General Liability Program Status Report

Executive Director Duarte reviewed and discussed the status of the General Liability Program. The frequency of liability claims has trended upwards slightly for the 22-23 fiscal, however; the severity of claims has not seen a corresponding increase. With the casualty market in flux and defense costs on the rise, it will be beneficial to the membership to continue to strive for timely resolution of claims while also working to reduce the frequency of claims made against CAPRI members.

8.8 Property Program Status Report

Executive Director Duarte reviewed and discussed the status of the Property Program. He noted that the recent weather (wind and snow) has caused an increase in claims, including a couple larger ones.

9. DISCUSSION/ACTION ITEMS:

9.1 Captive Formation Update, Service Agreements, & Funding Strategy

The Board reviewed and discussed next steps in the formation of a captive as we approach July 1st, which is largely focused on start-up costs and funding strategy. This also includes formalizing agreements for professional services, including captive management, legal counsel, accounting, actuarial, investing, auditing, and banking. Ellen Clark with PFM's Multi-Asset Class team provided in-depth information regarding funding strategy for the captive.

MOTION:

Director Michelle Lacy made a motion to:

- Authorize an initial capital contribution of \$250,000 into the captive in exchange for all shares of voting common stock in RIO.*
- Authorize the Executive Director to execute a three-year Management Service Agreement on behalf of CAPRI in which CAPRI Staff will provide management services to the captive insurance organization, RIO, in exchange for an annual management fee paid to CAPRI of \$45,000.*
- Authorize the Executive Director to enter into service agreements on behalf of the captive insurance organization with the eight organizations listed in the agenda.*
- Direct Staff to move forward with a 40% equity /60% fixed income asset allocation approach as it relates to the transition of assets to the captive.*

Director Jim Friedl seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes*

Nays: *None*

Abstain: *None*

9.2 Member Loyalty and Safety Discount Calculations 2023-2024

The Board reviewed and discussed 2023-2024 Loyalty and Safety Discount calculations.

MOTION:

Secretary Colin Miller made a motion to approve the proposed Member Loyalty & Safety Credit Discount Calculations for use in the 2023-2024 GL/Property and WC premium allocation calculations. Director Jill Nunes seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes*

Nays: *None*

Abstain: *None*

9.3 WC Experience Modification Factors 2023-2024

Executive Director Duarte reviewed and discussed the WC Experience Modification (Ex Mod) Factors for the 2023-2024 policy year. The Ex Mod calculation method minimizes volatility from year to year, and shifts the focus to frequency of claims, rather than severity, in an equitable manner.

MOTION:

Director Michelle Lacy made a motion to approve the members' Experience Modification Factors calculation for use in the 2023-2024 WC premium allocation. Director Lorena Cervantes seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes*

Nays: *None*

Abstain: *None*

9.4 WC Premium Allocation Formula 2023-2024

Staff presented and the Board discussed the WC Premium allocation formula for 2023-2024. The Board also discussed an appropriate funding level for the upcoming program year.

MOTION:

Director Michelle Lacy made a motion to direct Staff to finalize the 2023-2024 Workers' Compensation premium allocation formula with a funding level at 75% for review and final approval at the June Board Meeting. Director Lorena Cervantes seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes

Nays: None

Abstain: None

9.5 Liability/Property Premium Allocation Formula 2023-2024

Staff presented and the Board discussed the Liability/Property Premium allocation formula for 2023-2024. The Board also discussed an appropriate funding level for the upcoming program year.

MOTION:

Secretary Colin Miller made a motion to direct Staff to finalize the General Liability & Property premium allocation formula with a funding level at 70% for review and final approval at the June Board Meeting. Director Jim Friedl seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes

Nays: None

Abstain: None

9.6 CAPRI 2023-2024 Budget Review

The Board reviewed and discussed the proposed CAPRI Budget for the 2023-2024 fiscal year.

MOTION:

Director Jim Friedl made a motion to adopt the proposed draft as the CAPRI 2023-2024 Budget subject to changes related to the excess premiums. Director Jill Nunes seconded the motion.

Ayes: Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes

Nays: None

Abstain: None

9.7 CAPRI Safety Awards for District Visit Cycle XVIII (2nd Half)

The Board reviewed and discussed the Safety Award Winners based on results of each members' District Visits. Members who earned a rating of "Excellent" receive an award, which is presented at the CARPD Annual Membership Meeting.

MOTION:

Director Jill Nunes made a motion to approve the proposed winners of the Cycle XVIII (2nd Half) Safety Awards. Secretary Colin Miller seconded the motion.

Ayes: *Wetter, Mazzuca, Miller, Cervantes, Friedl, Lacy, and Nunes*

Nays: *None*

Abstain: *None*

10. EXECUTIVE DIRECTOR/STAFF REPORTS:

10.1 District Visit Update – Cycle XVIII

This item was information only.

10.2 CARPD Update

This item was information only.

10.3 Member Training Update

This item was information only.

10.4 ADA Compliance Program Update

This item was information only.

10.5 Online Training Program Utilization Review

This item was information only.

10.6 CAPRI EAP Update

This item was information only.

11. BOARD MEMBER REPORTS:

11.1 Board Member Comments

There were no comments.

12. FUTURE AGENDA ITEMS:

The Board of Directors had no comments or questions.

13. ANNOUNCEMENTS:

The next CAPRI Board of Directors Meeting will be held on June 21, 2023.

14. ADJOURNMENT:

The Board adjourned the meeting at 1:23 p.m.



Colin Miller,
Secretary for the CAPRI Board of Directors