

**CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY  
(CAPRI)**

**MINUTES OF THE BOARD OF DIRECTORS  
Meeting on May 30, 2018**

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A meeting of the Board of Directors was held on May 30, 2018 at Lake Tahoe Resort Hotel, California at 9:00 a.m.

**MEMBERS PRESENT:** Lindsay Woods, President, Hesperia Recreation & Park District  
Dean Wetter, Valley-Wide Recreation & Park District  
Colin Miller, Arden Park Recreation & Park District  
Tim Barry, Livermore Area Recreation & Park District  
Jim Friedl, Conejo Recreation & Park District  
Stephen Fraher, Secretary, Arcade Creek Recreation & Park District

**MEMBERS ABSENT:** None

**OTHERS PRESENT:** Patrick Cabulagan, Administrator (CAPRI)  
Bebe Pearson, Administrative Analyst (CAPRI)  
Doug Wozniak, Alliant Insurance Services  
Byrne Conley, Gibbons & Conley  
Jim Marta, James Marta & Company  
Mike Harrington, Bickmore Risk Services  
Chuck Torretta, George Hills Company  
Dori Zumwalt, York Risk Services Group  
Allison Kuane, PFM Asset Management  
Brandy Ream, Gilbert Associates, Inc.

**1. CALL TO ORDER**

The May 30, 2018 Board of Directors meeting was called to order at 9:00 a.m. by President Lindsay Woods.

**2. INTRODUCTIONS**

None.

**3. PUBLIC COMMENTS**

None

**4. CLOSED SESSION**

The Board convened to Closed Session, pursuant to Government Code section 54956.95 & section 54957 at 9:05 a.m.

The Board discussed the claims for the payment of tort Liability losses, Workers' Compensation losses and Property losses incurred by the Joint Powers Authority and employee evaluation.

**5. REPORT FROM CLOSED SESSION**

The Board reconvened to Open Session at 10:45 a.m. 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. SPECIAL REPORTS****A. Investment Status Reports – Public Financial Management**

Allison Kaune discussed in detail the investment portfolio. Allison informed the board of directors that two-year treasury yields continued to move higher throughout the first quarter of 2018, and the 2-year Treasury increased 38 basis points (0.38%) to 2.27%, levels not seen since 2008. The Federal Reserve continued on its path of quantitative tightening, raising the federal funds target rate by 25 basis points to a range of between 1.50% to 1.74% at its March meeting. As a result of the increase in interest rates during the quarter, CAPRI's portfolio and its benchmark had a negative total return for the quarter. While performance of the portfolio has benefitted from increased credit allocations over the past several years, some of that benefit was reversed in the first quarter. The underperformance of credit sectors due to widening spreads overwhelmed the benefit of other strategies and led to overall underperformance vs. benchmark for the period. Even though their returns were also negative, U.S. Treasuries and agencies were among the best performing fixed income sectors.

*Allison Kaune left the meeting at 10:23am*

**B. 2016/2017 CAPRI Financial Audit Update**

For the fiscal year ended June 30, 2017, total assets were \$22.9 million, an increase of approximately \$176,000 from last year. The change was attributed mainly to cash utilized in operations. Total Liabilities were \$17.8 million, an increase of \$2.9 million over the prior year. The change is due mainly to an increase in the actuarial claims

estimates for prior years liabilities. Total equity was \$5.1 million, a decrease of \$2.6 million from the prior year. The decrease was caused primarily by the increase in estimated claims liabilities. Total member contributions were \$7.5 million, an increase of approximately \$500,000 from last year. This increase in contributions is largely due to an increase in covered payroll and Workers' Compensation rates. Total operating expenses were \$10.7 million, an increase of 29% or \$2.5 million from last year. This is mainly due to a \$2.6 million increase in claims expense. The change in claim expense was caused mainly by an increase in actuarial estimates over the prior year actuarial estimates. Total non-operating income was approximately \$508,000, an increase of 87% or \$236,000 from last year. This increase is due to changes in market values of investments during the year.

*Jim Marta left the meeting at 10:45am*

#### **C. Workers' Compensation Actuarial Analysis**

In the Workers' Compensation program, Bickmore estimates that the program's liability for outstanding claims to be \$10,652,000 as of June 30, 2017 compared to \$11,359,000 as of June 30, 2016. With program assets projected to be \$14,742,000 as of June 30, 2017, the program is adequately funded.

#### **D. Liability/Property Actuarial Analysis**

The results of the actuarial study were lower when compared to last year for funding requirements for Liability and lower for Property. CAPRI is funded over the 90% confidence level in the Liability & Property program. Bickmore estimates that the program's liability for outstanding claims to be \$3,008,000 as of June 30, 2018 compared to \$2,591,000. With program assets projected to be \$8,171,000 (lower than last year) as of June 30, 2017, the program is well funded.

*Mike Harrington left the meeting at 11:25am*

*Recessed for break at 11:25am*

*Reconvened from break at 11:35am*

#### **E. Insurance Market Update – Alliant Insurance Services**

Doug Wozniak gave a presentation for the estimated renewal rates for the 2018- 2019 fiscal year. Renewal rates for Property will likely increase 10-15% in the 2018-19 fiscal year. The General Liability and the Auto Liability market has increased as a result of sexual abuse claims, police liability and vehicular accidents and the cost to repair the vehicles. Members will most likely see an increase of 10-15%. The carriers available to put up excess aren't as many effecting the renewal rates/fees. Workers' Compensation

rates will likely decrease slightly for CAPRI.

*Recessed for lunch at 11:55am*

*Reconvened from lunch at 12:25 pm.*

**7. CONSENT ITEMS**

Board of directors moved item #6E (a) – 11/13/17 Board Meeting minutes & 6E (b) – 02/21/18 Board Meeting minutes to Pulled Consent Items to amend changes.

*Tim Barry made a motion to approve the consent items #6A - #6D & 6E(c). Jim Friedl seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Colin Miller, Tim Barry, Stephen Fraher and Jim Friedl.*

*Nays: None*

*Abstain: None*

**8. PULLED CONSENT ITEMS**

The Board of Directors recommended the following changes; Consent Item #6E(a)-11/13/17 Meeting minutes to change Item #10G; Consent Item #6E(b)-02/21/18 Meeting minutes to change Item#9H.

*Stephen Fraher made the motion to approve the pulled consent items #6E (a) - #6E (b) with the recommended changes. Colin Miller seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Colin Miller, Tim Barry, Stephen Fraher and Jim Friedl.*

*Nays: None*

*Abstain: None*

**9. DISCUSSION/ACTION ITEMS**

**A. 2018/2019 Draft Budget**

The Board of Directors reviewed the 2018/2019 Draft Budget. Since the last Board of Directors meeting the only thing that changed on the budget was the General Liability/Property premiums increased and the Workers' Compensation premiums decreased.

**B. WC Allocation Formula**

It is recommended that CAPRI fund higher than last year to get to the 70% confidence

level for funding. The overall renewal premium is estimated to be a flat renewal.

**C. 2018-2019 Liability/Property Allocation Formula**

It is the recommendation of staff, that we try and keep the overall premiums from CAPRI limited to an overall 10-15% increase for property and liability. Since CAPRI's claims experience is increasing staff is recommending that we lower our SIR to \$750,000 confidence level. With more losses showing up that have reserves that could go over the \$500,000 to \$1,000,000 level, it makes sense to look at lowering our SIR. This will increase the Excess Liability premium to \$550,000.

*Jim Friedl made the motion to approve lowering the SIR to the \$750,000 level for the 2018/19 fiscal year. Colin Miller seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Colin Miller, Tim Barry, Stephen Fraher and Jim Friedl*

*Nays: None*

*Abstain: None*

**D. Board of Directors Appointment of Vacancy**

CAPRI received the resignation for Brigitte Shearer from the CAPRI Board of Directors. Her term on the Board of Directors expires on December 21, 2020. The following individuals have expressed their interest in serving on the CAPRI Board of Directors: Larry Mazucca (North Highlands), Lorena Cervantes (Bear Mountain) and Brian Danzl (Cordova). Their letters of interest were included in the agenda.

*Dean Miller made the motion to appoint Lorena Cervantes (Bear Mountain Recreation & Park District) to fill the vacancy on the Board of Directors. Tim Barry seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Tim Barry, and Jim Friedl*

*Nays: Stephen Fraher & Colin Miller*

*Abstain: None*

**F. Approval of CARPD/CAPRI Executive Director Services Contract**

The personnel sub-committee and Byrne Conley, Legal Counsel have reviewed the contract. The Board reviewed the CARPD/CAPRI contract for Executive Director Services.

*Jim Friedl made a motion to approve the CARPD/CAPRI Executive Director services contract with CARPD for 3 years. Tim Barry seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Tim Barry, Stephen Fraher, Jim Friedl & Colin Miller*

*Nays: None*

*Abstain: None*

**G. Executive Director Recruitment**

The Board of Directors reviewed the Job Description, Job Flyer/Announcement, HR Edge Contract for the Executive Directors Recruitment and Approval of the Salary Range for the Executive Director.

*Tim Barry made a motion to approve items a through d for the Executive Director Recruitment and process. Jim Friedl seconded the motion.*

*Ayes: Lindsay Woods, Dean Wetter, Tim Barry, Stephen Fraher, Jim Friedl & Colin Miller*

*Nays: None*

*Abstain: None*

**10. ADMINISTRATOR/ STAFF REPORTS**

**A. CARPD Board of Directors Meeting/Spring Conference Update**

Staff updated the Committee on the CARPD meeting and CARPD Conference. Looking forward to an educational conference.

**B. Safety Awards Plaques Update**

Staff reviewed the Safety Awards recipients and the Board of Directors had no additional comments or questions on this writeup.

**C. November Board of Directors Retreat/Board Meeting Update**

The Board of Directors Meeting and Strategic Retreat is scheduled for November 4-6, 2018 in Anaheim, CA.

**D. CAJPA Conference**

Staff reminded the Board that if they are interested in attending the CAJPA conference from September 11-14, 2018 to let staff know so that they can register and secure the hotel accommodations.

**E. Update on District Visitations**

Letters will be going out soon on the new District Visitation criteria and then we will start cycle 16.

**F. Liability Claims Summary Reports**

The Board of Directors had no additional comments or questions on this writeup.

**G. Workers' Compensation Claims Summary Reports**

The Board of Directors had no additional comments or questions on this writeup.

**H. Property Claims Summary Report**

The Board of Directors had no additional comments or questions on this writeup.

**12. CLOSING COMMENTS**

**A. Board**

Tim Barry thanked everyone on the board and expressed how he enjoyed serving on the Board of Directors.

**B. Staff**

None.

**13. ANNOUNCEMENTS**

None.

**14. ADJOURNMENT**

The Board adjourned the meeting at 1:54 p.m.

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Stephen Fraher, Board of Directors Secretary