

**CALIFORNIA ASSOCIATION FOR PARK AND RECREATION INDEMNITY
BOARD OF DIRECTORS MEETING**

AGENDA

Wednesday, June 27, 2018

10:00 a.m.

Telephonic Meeting

**6341 Auburn Blvd., Suite A
Citrus Heights, CA 95621
(916) 722-5550**

In compliance with the Brown Act the following Board Members and attendees will be dialing into conference call from the following locations:

*Lindsay Woods (Board Member), 16292 Lime Street, Hesperia, CA 92340
Dean Wetter (Board Member), 901 West Esplanade, San Jacinto, CA 92583
Tim Barry (Board Member), 4444 East Avenue, Livermore Area, CA 94550
Jim Friedl (Board Member), Hillcrest Center, 403 W. Hillcrest Drive, Thousand Oaks, CA 91360
Colin Miller (Board Member), 1000 La Sierra Drive, Sacramento, CA 95864
Lorena Cervantes, (Board Member), 10300 San Diego St., Lamont CA 93241
CAPRI staff, 6341 Auburn Blvd, Suite A, Citrus Heights, CA 95621
Doug Wozniak (Alliant), 8032 Avenida Secreto, Carlsbad, CA 92009
Byrne Conley (Gibbons & Conley), 3480 Buskirk Avenue Suite 200, Pleasant Hill, CA 94523*

1. CALL TO ORDER

2. INTRODUCTIONS

3. PUBLIC COMMENTS

This time is reserved for members of the public to address the Board relative to matters of the CAPRI not on the agenda. No action may be taken on non-agenda items unless authorized by law.

4. CONSENT ITEMS

The following items are expected to be routine and non-controversial and will be acted upon by the Board at one time without discussion, unless a Board member requests that an item be removed from the consent agenda and held for discussion.

*A. Draft CAPRI Board Minutes, May 30, 2018

5. DISCUSSION/ACTION ITEMS

*A. 2018/2019 CAPRI Budget	8
*B. 2018/2019 WC Allocation Formula	18
*C. 2018-2019 Liability/Property Allocation Formula	21
*D. New Member – WC Program – Conejo Recreation and Park District	22
*E. Executive Director Candidate Search	24
*F. Executive Director Interview Protocol	25
*G. Board of Directors Meeting Conflict	27

6. ADMINISTRATOR/STAFF REPORTS

The Administrator and staff will report on the following topics, report on committees, district visits, and other activities.

*A. Tenant/Vacancy Next Door	28
*B. November 4-6, 2018 Board Retreat/Meeting Update	29
*C. CAJPA Conference	30

7. BOARD MEMBER REPORTS

*A. Personnel/Finance Committee Report	
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8. CLOSING COMMENTS

This time is reserved for comments by Board members and Staff and to identify matters for future Board business.

*A. Staff	
*B. Board of Directors	

9. ANNOUNCEMENTS

The next CAPRI Board of Directors meeting will be held on August 15, 2018 at 10:00 a.m. at the CAPRI office.

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

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

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.

Stephen Fraher, Board of Directors Secretary

Agenda Item 5.A

DISCUSSION/ACTION ITEMS

SUBJECT: 2018 – 2019 Draft Budget

BACKGROUND AND STATUS:

Enclosed is a draft of the 2018-2019 CAPRI budget to the Board prior to the meeting. This will be the 4th and final opportunity to review the 2018-2019 budget.

The only changes to the 2018-2019 CAPRI Budget from the last time you viewed the budget are the following:

- 1) Property Premium increased to \$1,250,000 due changes in the property schedules and values.
- 2) Combined AL/GL Excess Premium to \$550,000 to reflect CAPRI's move to the \$750,000 SIR.
- 3) WC Excess Premium dropped slightly to \$701,000 reflecting more accurate numbers from the EIA.
- 4) WC Claims Payment increased slightly to \$3,959,566 as a result of payroll increases from the membership.

RECOMMENDATION

Approve the CAPRI 2018 – 2019 budget.

REFERENCE MATERIALS ATTACHED:

CAPRI 2018/2019 Budget

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2015 through June 2016**

	Proposed Budget	Current Year Budget	YTD Actual	Change Between Current Year and Proposed Budget	% Increase
	Jul '18 - Jun '19	Jul '17 - Jun '18	Jul '17 - Dec '17		
Ordinary Revenue/Expense					
Revenue					
Member Contributions	\$ 9,835,412	\$ 9,164,205	4,495,114.50	\$ 671,207	7.32%
WC Final PR Adjustment					
Less: Safety Credits and Discounts	(165,000)	(165,118)		118	-0.07%
Bank/LAIF Interest	2,500	2,000	1,247.11	500	25.00%
CARPD Administration	68,000	66,000	33,000.00	2,000	3.03%
Misc. Income			14.95		
Rental Income	-	-	9,800.00	-	
Portfolio Income (PFM)	350,000	250,000	177,150.65	100,000	40.00%
Total Revenue	10,090,912	9,317,087	4,716,327.21	773,825	
Total Revenue	10,090,912	9,317,087	4,716,327.21	773,825	8.31%
Expense					
Operating Expenses					
Administration-CAPRI Office					
Salaries & Benefits					
Salaries					
Accrued Vacation					
Administrator	179,000	174,000	93,475.32	5,000	2.87%
Risk Manager	83,000	81,370	40,246.32	1,630	2.00%
Admin Analyst	58,000	57,000	27,990.00	1,000	1.75%
Admin Asst	17,600	17,700	8,636.90	(100)	-0.56%
Total Salaries	337,600	330,070	170,348.54	7,530	2.28%
Employee Benefits					
Medical	39,000	39,000	5,274.40	-	0.00%
Life Insurance	2,900	2,800	610.00	100	3.57%
PERS Contributions	92,000	90,000	60,241.70	2,000	2.22%
Payroll Tax Expenses	6,000	5,000	3,445.04	1,000	20.00%
Total Employee Benefits	139,900	136,800	69,571.14	3,100	2.27%
Total Salaries & Benefits	477,500	466,870	239,919.68	10,630	2.28%
Bank Service Charges	14,000	12,000	5,134.02	2,000	16.67%
Building Services/Repairs	5,000	5,000	2,573.76	-	0.00%
Capital Assts	5,000	10,000	-	(5,000)	-50.00%
Common Area Maintenance	5,990	5,990	3,207.06	-	0.00%
Copier Service/Repair	4,500	4,500	2,399.07	-	0.00%
Depreciation	10,000	12,000	4,987.98	(2,000)	-16.67%
District Visitations	7,000	7,000	2,643.40	-	0.00%
General Contingency	5,000	5,000	-	-	0.00%
Insurance - CAPRI	2,200	2,200	-	-	0.00%
Miscellaneous	3,000	3,000	993.25	-	0.00%
Office Supplies	8,000	8,000	1,178.24	-	0.00%
Part-Time Services	2,000	2,500	-	(500)	-20.00%
Postage and Delivery	4,000	4,000	1,433.75	-	0.00%
Printing and Reproduction	6,750	6,750	1,443.85	-	0.00%
Professional Dues	2,750	2,750	695.00	-	0.00%
Project Reserve	2,580	2,580	1,075.20	-	0.00%
Publications	175	175	-	-	0.00%
Safety Meetings/Workshops	6,000	6,500	1,263.77	(500)	-7.69%
Telephone	7,000	6,200	2,873.83	800	12.90%
Travel/Meeting	11,000	11,000	10,647.83	-	0.00%
Utilities	6,600	6,600	2,964.58	-	0.00%
Total Administration-CAPRI Office	596,045	590,615	285,434.27	5,430	0.92%

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget Overview
July 2015 through June 2016**

	Jul '18 - Jun '19	Jul '17 - Jun '18	Jul '17 - Dec '17	Current Year and Proposed Budget	% Increase
Board Meeting/Travel	23,000	23,000	5,945.64	-	0.00%
Consulting Services					
Actuarial Services	10,000	10,000	2,250.00	-	0.00%
Claims Management	345,000	339,743	161,273.78	5,257	1.55%
Financial Accounting	40,000	35,000	24,333.96	5,000	14.29%
Financial Audit	22,000	20,000	1,930.00	2,000	10.00%
Investment Advisors	32,000	32,000	9,933.94	-	0.00%
IT Services	3,000	3,000	695.21	-	0.00%
Legal Fees	20,000	20,000	15,868.98	-	0.00%
Loss Prevention	1,750	1,750	-	-	0.00%
Total Consulting Services	473,750	461,493	216,285.87	12,257	2.66%
Total Operating Expenses	1,092,795	1,075,108	507,665.78	17,687	1.65%
Insurance Expenditures					
Workers' Compensation	701,000	810,000	404,882.00	(109,000)	-13.46%
Combined GL/AL Excess	550,000	410,000	204,854.50	140,000	34.15%
Property Coverage	1,250,000	1,080,000	541,805.58	170,000	15.74%
Crime Policy/Identity Theft	25,000	26,500	9,843.50	(1,500)	-5.66%
Other Premiums (W/C)	60,000	60,000	55,481.28	-	0.00%
Broker Fees	110,000	105,000	58,127.00	5,000	4.76%
Total Insurance Expenses	2,696,000	2,491,500	1,274,993.86	204,500	8.21%
Claims Expenditures					
Claim Payments					
Claim Payments	5,979,566	5,531,661	3,230,947.00	447,905	8.10%
Total Claim Payments	5,979,566	5,531,661	3,230,947.00	447,905	8.10%
Contingency					
General	50,000	50,000	-	-	0.00%
Building Repair	16,000	16,000	500.00	-	0.00%
Total Contingency	66,000	66,000	500.00	-	0.00%
Total Expense	9,834,361	9,164,269	5,014,106.64	670,092	7.31%
Net Ordinary Revenue	256,551	152,818	(297,779.43)	103,733	67.88%
	\$ 256,551	\$ 152,818	(297,779.43)	\$ 103,733	67.88%

Items Not Budgeted	
9,003.70	Accrued Vacation
-	Penalties & Fees
-	CARPD Expenses
-	Dividends
(153,876.33)	Investment Gain/Loss
(442,652.06)	Net Revenue @ 12/31/17

California Association for Park and Recreation Indemnity
Revenues and Expenses Budget - Liability Program
July 2015 through June 2016

	Current Year Budget	
	Jul '18 - Jun '19	Jul '17 - Jun '18
Ordinary Revenue/Expense		
Revenue		
Member Contributions	\$ 4,526,577	\$ 3,854,019
Less Safety Credits and Discounts	(165,000)	(165,118)
Bank/LAIF Interest	1,500	1,200
CARPD Administration	40,800	39,600
Rental Income	-	-
Portfolio Income (PFM)	210,000	150,000
Total Revenue	4,613,877	3,879,701
Total Revenue	4,613,877	3,879,701
Expense		
Operating Expenses		
Administration-CAPRI Office		
Salaries & Benefits		
Salaries		
Administrator	107,400	104,400
Risk Manager	49,800	48,822
Analyst/Admin	34,800	34,200
Claims Clerk	10,560	10,620
Total Salaries	202,560	198,042
Employee Benefits		
Medical	23,400	23,400
Life Insurance	1,740	1,680
PERS Contributions	55,200	54,000
Payroll Tax Expenses	3,600	3,000
Total Employee Benefits	83,940	82,080
Total Salaries & Benefits	286,500	280,122
Bank Service Charges	8,400	7,200
Building Services/Repairs	3,000	3,000
Capital Assets	3,000	6,000
Common Area Maintenance	3,594	3,594
Copier Service/Repair	2,700	2,700
Depreciation	6,000	7,200
District Visitations	3,500	3,500
General Contingency	3,000	3,000
Insurance - CAPRI	1,320	1,320
Miscellaneous	1,800	1,800
Office Supplies	4,800	4,800
Part-Time Services	1,200	1,500
Postage and Delivery	2,400	2,400
Printing and Reproduction	4,050	4,050
Professional Dues	1,650	1,650
Project Reserve	1,548	1,548
Publications	105	105
Safety Meetings/Workshops	3,600	3,900
Telephone	4,200	3,720
Travel/Meeting	6,600	6,600
Utilities	3,960	3,960
Total Administration-CAPRI Office	356,927	353,669
Board Meeting/Travel	13,800	13,800
Consulting Services		
Actuarial Services	6,000	6,000
CARPD Manager	-	-
Claims Management	138,000	135,000
Financial Accounting	24,000	21,000
Financial Audit	13,200	12,000
Investment Advisors	19,200	19,200
IT Services	1,800	1,800

California Association for Park and Recreation Indemnity
Revenues and Expenses Budget - Liability Program
July 2015 through June 2016

	<u>Jul '18 - Jun '19</u>	<u>Jul '17 - Jun '18</u>
Legal Fees	12,000	12,000
Loss Prevention	1,050	1,050
Total Consulting Services	<u>215,250</u>	<u>208,050</u>
Total Operating Expenses	585,977	575,519
Insurance Expenditures		
Workers' Compensation	-	-
Combined GL/AL Excess	550,000	410,000
Property Coverage	1,250,000	1,080,000
Crime Policy	15,000	15,900
Other Premiums (W/C)	-	-
Broker Fees	66,000	63,000
Total Insurance Expenses	<u>1,881,000</u>	<u>1,568,900</u>
Claims Expenditures		
Claim Payments		
Claim Payment	<u>2,020,000</u>	<u>1,670,000</u>
Total Claim Payments	2,020,000	1,670,000
Contingency		
General	30,000	30,000
Building Repair	9,600	9,600
Total Contingency	<u>39,600</u>	<u>39,600</u>
Total Expense	<u>4,526,577</u>	<u>3,854,019</u>
Net Ordinary Revenue	<u>87,300</u>	<u>25,682</u>
Net Revenue Over Expenses	<u>\$ 87,300</u>	<u>\$ 25,682</u>
Overhead	706,577	694,019
Excess - Liability	550,000	410,000
Excess - Property	1,250,000	1,080,000
Claims	2,020,000	1,670,000
Premiums to Collect	<u>4,526,577</u>	<u>3,854,019</u>

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget - Workers' Compensation Program
July 2014 through June 2015**

	Current Year Budget	
	Jul '18 - Jun '19	Jul '17 - Jun '18
Ordinary Revenue/Expense		
Revenue		
Member Contributions	\$ 5,308,835	\$ 5,310,186
Bank/LAIF Interest	1,000	800
CARPD Administration	27,200	26,400
Rental Income	-	-
Portfolio Income - (PFM)	140,000	100,000
Total Revenue	5,477,035	5,437,386
Total Revenue	5,477,035	5,437,386
Expense		
Operating Expenses		
Administration-CAPRI Office		
Salaries & Benefits		
Salaries		
Administrator	71,600	69,600
Risk Manager	33,200	32,548
Analyst/Admin	23,200	22,800
Claims Clerk	7,040	7,080
Total Salaries	135,040	132,028
Employee Benefits		
Medical	15,600	15,600
Life Insurance	1,160	1,120
PERS Contributions	36,800	36,000
Payroll Tax Expenses	2,400	2,000
Total Employee Benefits	55,960	54,720
Total Salaries & Benefits	191,000	186,748
Bank Service Charges	5,600	4,800
Building Services/Repairs	2,000	2,000
Capital Assets	2,000	4,000
Common Area Maintenance	2,396	2,396
Copier Service/Repair	1,800	1,800
Depreciation	4,000	4,800
District Visitations	3,500	3,500
General Contingency	2,000	2,000
Insurance - CAPRI	880	880
Miscellaneous	1,200	1,200
Office Supplies	3,200	3,200
Part-Time Services	800	1,000
Postage and Delivery	1,600	1,600
Printing and Reproduction	2,700	2,700
Professional Dues	1,100	1,100
Project Reserve	1,032	1,032
Publications	70	70
Safety Meetings/Workshops	2,400	2,600
Telephone	2,800	2,480
Travel/Meeting	4,400	4,400
Utilities	2,640	2,640
Total Administration-CAPRI Office	239,118	236,946
Board Meeting/Travel	9,200	9,200
Consulting Services		
Actuarial Services	4,000	4,000
CARPD Manager	-	-
Claims Management	207,000	204,743
Financial Accounting	16,000	14,000
Financial Audit	8,800	8,000
Investment Advisors	12,800	12,800

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget - Workers' Compensation Program
July 2014 through June 2015**

	Jul '18 - Jun '19	Jul '17 - Jun '18
IT Services	1,200	1,200
Legal Fees	8,000	8,000
Loss Prevention	700	700
Total Consulting Services	258,500	253,443
Total Operating Expenses	506,818	499,589

**California Association for Park and Recreation Indemnity
Revenues and Expenses Budget - Workers' Compensation Program
July 2014 through June 2015**

	<u>Jul '18 - Jun '19</u>	<u>Jul '17 - Jun '18</u>
Insurance Expenditures		
Workers' Compensation	701,000	810,000
Combined GL/AL Excess	-	-
Property Coverage	-	-
Crime Policy	10,000	10,600
Other Premiums (W/C)	60,000	60,000
Broker Fees	44,000	42,000
Total Insurance Expenses	<u>815,000</u>	<u>922,600</u>
Claims Expenditures		
Claim Payments		
Claims	3,959,566	3,861,661
Total Claim Payments	<u>3,959,566</u>	<u>3,861,661</u>
Contingency		
General	20,000	20,000
Building Repair	6,400	6,400
Total Contingency	<u>26,400</u>	<u>26,400</u>
Total Expense	<u>5,307,784</u>	<u>5,310,250</u>
Net Ordinary Revenue	<u>169,251</u>	<u>127,136</u>
Net Revenue Over Expenses	<u>\$ 169,251</u>	<u>\$ 127,136</u>
Overhead	647,218	638,589
Excess	701,000	810,000
Claims	3,959,566	3,861,661
Premiums to Collect	5,307,784	5,310,250
Adj to manual rates	<u>1051</u>	<u>-64</u>
Billed Premiums	5,308,835	5,310,186

**California Association for Park and Recreation Indemnity
Operating Expenses Budget
July 2015 through June 2016**

	Current Year Budget	
	<u>Jul '18 - Jun 19</u>	<u>Jul '17 - Jun 18</u>
Expense		
Operating Expenditures		
Administration-CAPRI Office		
Salaries & Benefits		
Salaries		
Administrator	\$ 179,000	\$ 174,000
Risk Manager	83,000	81,370
Administrative Analyst	58,000	57,000
Administrative Assistant	17,600	17,700
Total Salaries	<u>337,600</u>	<u>330,070</u>
Employee Benefits		
Medical	39,000	39,000
Life Insurance	2,900	2,800
PERS Contributions	92,000	90,000
Payroll Tax Expenses	6,000	5,000
Total Employee Benefits	<u>139,900</u>	<u>136,800</u>
Total Salaries & Benefits	477,500	466,870
Bank Service Charges	14,000	12,000
Building Services/Repairs	5,000	5,000
Capital Assets	5,000	10,000
Common Area Maintenance	5,990	5,990
Copier Service/Repair	4,500	4,500
Depreciation	10,000	12,000
District Visitations	7,000	7,000
General Contingency	5,000	5,000
Insurance	2,200	2,200
Miscellaneous	3,000	3,000
Office Supplies	8,000	8,000
Part-Time Services	2,000	2,500
Postage and Delivery	4,000	4,000
Printing and Reproduction	6,750	6,750
Professional Dues	2,750	2,750
Project Reserve	2,580	2,580
Publications	175	175
Safety Meetings/Workshops	6,000	6,500
Telephone	7,000	6,200
Travel/Meeting	11,000	11,000
Utilities	6,600	6,600
Total Administration-CAPRI Office	<u>596,045</u>	<u>590,615</u>
Board Meeting/Travel	23,000	23,000
Consulting Services		
Actuarial Services	10,000	10,000
CARPD Manager	-	-
Claims Management	345,000	339,743

**California Association for Park and Recreation Indemnity
Operating Expenses Budget
July 2015 through June 2016**

	Current Year Budget	
	Jul '18 - Jun 19	Jul '17 - Jun 18
Financial Accounting	40,000	35,000
Financial Audit	22,000	20,000
Investment Advisors	32,000	32,000
IT Services	3,000	3,000
Legal Fees	20,000	20,000
Loss Prevention	1,750	1,750
Total Consulting Services	<u>473,750</u>	<u>461,493</u>
Total Operating Expenditures	1,092,795	1,075,108
Insurance Expenditures		
Workers' Compensation	701,000	810,000
Combined GL/AL Excess	550,000	410,000
Property Coverage	1,250,000	1,080,000
Crime Policy/Identity Theft	25,000	26,500
Other Premiums (W/C)	60,000	60,000
Broker Fees	110,000	105,000
Total Insurance Expenditures	<u>2,696,000</u>	<u>2,491,500</u>
Claims Expenditures		
Claim Payments		
Claim Payment	5,979,566	5,531,661
Total Claim Payments	<u>5,979,566</u>	<u>5,531,661</u>
Contingency		
General	50,000	50,000
Building Repair	16,000	16,000
Total Contingency	<u>66,000</u>	<u>66,000</u>
Total Expense	<u>\$ 9,834,361</u>	<u>\$ 9,164,269</u>

Agenda Item 5.B

DISCUSSION/ACTION ITEMS

SUBJECT: 2018-2019 WC Allocation Formula

BACKGROUND AND STATUS:

Enclosed is the 2018-2019 WC Allocation Formula.

Overall the news is good regarding the Workers' Compensation actuarial results. CAPRI is well funded. Our confidence level is above the 90% confidence level. Also, the funding recommendations and the excess premiums decreased from last year.

As a result of being funded over the 90% confidence level and since rates are down, it is recommended that CAPRI fund higher than last year to get to the 70% confidence level for funding. CAPRI funded at approximately the 65% confidence level last year and should probably raise that amount to the 70% confidence level. Even raising the funding level to the 70% confidence level, the overall premium is flat compared to last year.

Only changes from our last Board of Directors meeting is some changes in payroll for a few Districts which changed the allocation formula slightly.

Invoices will go out the first week in July 2018.

RECOMMENDATION:

Approve the 2018/2019 WC Allocation Formula.

REFERENCE MATERIALS ATTACHED:

2018/2019 WC Allocation Formula

2018 - 2019

WC ALLOCATION FORMULA

	Gross Payroll	Police	Clerical	Recreation	Manual	Total	2018	Total	2018 Manual	Contributions	Contributions
	Class Code	7,720	8,810	9,410	9,420	Manual	%	Adjusted for	Contributions		2017-2018
	Premium Rate	4.00	0.43	2.29	9.14	Premium	MOD Factor	MOD Factor	w/ Excess & O/H		
Ambrose Recreation and Park District	497,100	-	510	5,233	13,710	19,453	143%	27,818	27,818	\$	28,057
Arcade Creek Recreation and Park District	377,596	-	779	2,868	6,513	10,160	218%	22,149	22,149	\$	23,593
Arden Manor Recreation and Park District	295,254	-	388	3,705	3,968	8,051	85%	6,843	6,843	\$	7,950
Arden Park Recreation and Park District	417,912	-	782	2,963	9,756	13,501	99%	13,366	13,366	\$	19,189
Auburn Area Recreation and Park District	2,390,296	-	1,737	22,556	91,520	115,813	94%	108,864	108,864	\$	77,791
Bear Mountain Recreation and Park District	251,826	-	509	893	8,634	10,036	108%	10,839	10,839	\$	9,392
Bear River Recreation & Park	43,752	-	15	788	545	1,348	86%	1,159	1,159	\$	1,273
Beaumont-Cherry Valley Recreation and Park Distri	777,020	-	1,085	6,747	21,020	28,852	80%	23,082	23,082	\$	30,078
Belveder-Tiburon	853,000	-	1,548	11,290	-	12,838	100%	12,838	12,838	\$	11,402
Boulder Creek	199,000	-	400	1,718	2,833	4,951	86%	4,258	4,258	\$	4,473
Burtonwillow	130,580	-	-	2,198	3,162	5,360	85%	4,556	4,556	\$	9,734
Carmichael Recreation and Park District	1,801,236	-	1,819	19,318	48,865	70,002	125%	87,503	87,503	\$	75,424
CAPRI	337,600	-	325	6,000	-	6,325	84%	5,313	5,313	\$	5,754
Central Plumas Recreation and Park District	206,472	-	197	3,457	897	4,551	86%	3,914	3,914	\$	4,115
Coalinga-Huron Recreation and Park District	739,000	-	701	5,725	29,796	36,222	75%	27,167	27,167	\$	39,401
Cordova Recreation and Park District	3,978,652	-	2,381	39,240	156,419	198,040	97%	192,099	192,099	\$	276,704
Desert Recreation and Park District (Coachella)	5,224,071	-	3,344	95,034	27,102	125,480	115%	144,302	144,302	\$	154,071
Dunsmuir Recreation & Park	52,142	-	52	-	3,658	3,710	86%	3,191	3,191	\$	3,048
Durham Recreation and Park District	453,573	-	188	4,844	18,132	23,164	86%	19,921	19,921	\$	19,270
Fair Oaks Recreation and Park District	1,270,076	-	908	16,351	31,522	48,781	202%	98,538	98,538	\$	74,130
Fulton-El Carnino Recreation and Park District	1,587,087	9,785	597	19,595	31,808	61,785	124%	76,613	76,613	\$	65,617
Greater Vallejo Recreation District	3,881,134	-	1,354	57,765	95,391	154,510	109%	168,416	168,416	\$	158,811
Hayward Area Recreation and Park District	14,963,048	7,543	4,549	162,780	603,992	778,864	121%	942,425	942,425	\$	764,545
Hesperia Recreation and Park District	2,131,000	5,840	1,793	17,725	72,572	97,930	114%	111,640	111,640	\$	121,122
Highlands Recreation District	1,633,599	-	1,304	26,604	15,416	43,324	80%	34,659	34,659	\$	39,807
Isla Vista Recreation and Park District	922,000	1,040	1,574	2,634	37,931	43,179	99%	42,747	42,747	\$	32,698
Jurupa Area Recreation and Park District	1,308,000	-	710	17,290	35,463	53,463	115%	61,482	61,482	\$	58,611
Ladera Recreation District	316,238	-	-	3,824	13,640	17,464	90%	15,718	15,718	\$	7,133
Lake Cuyamaca Recreation & Park District	395,591	-	373	2,899	16,661	19,933	141%	28,106	28,106	\$	28,143
Livermore Area Recreation and Park District	10,121,000	27,000	6,136	127,576	223,747	384,459	146%	561,310	561,310	\$	625,900
Mcfarland Recreation and Park District	598,500	-	430	5,542	23,444	29,416	100%	29,416	29,416	\$	18,510
Mendocino Coast Recreation and Park District	487,218	-	400	9,028	-	9,428	174%	16,405	16,405	\$	15,797
Mendocino Coast Recreation and Park District	873,086	-	784	6,682	36,471	43,937	174%	76,450	76,450	\$	38,552
Mission Oaks Recreation and Park District	1,759,055	-	1,357	23,231	39,218	63,806	75%	47,855	47,855	\$	43,571
Monte Rio	122,597	-	171	907	3,940	5,018	111%	5,570	5,570	\$	6,970
Mt. Shast Recreation & Park	413,500	-	378	2,920	18,097	21,395	90%	19,256	19,256	\$	17,662
North Highlands Recreation and Park District	870,701	-	381	9,441	33,797	43,619	79%	34,459	34,459	\$	38,246
North of the River Recreation and Park District	5,567,040	-	3,444	72,188	147,505	223,137	124%	276,690	276,690	\$	249,341
Orangevale Recreation and Park District	987,000	-	1,075	8,862	31,990	41,927	75%	31,445	31,445	\$	50,071
Paradise Recreation and Park District	1,090,400	-	1,340	8,817	35,993	46,150	88%	40,612	40,612	\$	68,081
Pleasant Hill Recreation and Park District	4,140,340	-	2,606	48,166	130,793	181,565	78%	141,621	141,621	\$	128,283
Pleasant Valley Recreation and Park District	3,206,078	3,377	1,890	28,438	131,633	165,338	131%	216,593	216,593	\$	183,962
Rancho Simi Recreation and Park District	10,067,810	15,200	6,302	87,501	402,266	511,269	162%	828,256	828,256	\$	947,229
Rio Linda Elverta Recreation and Park District	562,485	-	501	6,252	15,812	22,565	105%	23,693	23,693	\$	25,097
Russian River Recreation and Park District	119,000	2,560	129	-	2,285	4,974	111%	5,521	5,521	\$	5,295
Shafter Recreation and Park District	238,531	-	180	2,790	6,850	9,820	99%	9,722	9,722	\$	12,494
Soledad	242,341	-	587	1,286	4,539	6,412	86%	5,514	5,514	\$	6,013
Southgate Recreation & Park District	2,689,107	-	3,821	37,819	13,628	55,268	108%	59,689	59,689	\$	50,148
Strawberry Recreation District	794,015	-	-	14,502	14,690	29,192	82%	23,937	23,937	\$	26,536

WC ALLOCATION FORMULA

	Gross Payroll	Police	Clerical	Recreation	Manual	Total	2018	Total	2018 Manual	Contributions	Contributions
	Class Code	7,720	8,810	9,410	9,420	Manual	%	Adjusted for	Contributions	w/ Excess & O/H	2017-2018
	Premium Rate	4.00	0.43	2.29	9.14	Premium		MOD Factor			
Sunrise Recreation and Park District	4,253,767	-	1,328	54,337	143,696	199,361	93%	185,406	185,406	\$	251,442
Tehachapi Valley Recreation and Parks District	535,459	-	810	2,772	20,653	24,235	140%	33,929	33,929	\$	27,635
Truckee-Donner Recreation and Park District	3,003,882	-	3,322	28,803	88,985	121,110	149%	180,454	180,454	\$	131,963
Tuolumne Park & Recreation District	145,500	-	426	103	3,839	4,368	96%	4,193	4,193	\$	7,478
Valley-Wide Recreation and Park District	3,512,384	-	3,806	49,984	40,624	94,414	75%	70,811	70,811	\$	104,051
Wasco Recreation and Parks District	216,146	-	482	344	8,136	8,962	107%	9,589	9,589	\$	10,539
Weed Recreation and Park	115,500	-	-	515	8,500	9,015	111%	10,007	10,007	\$	9,156
Western Gateway	53,000	-	56	-	3,656	3,712	77%	2,858	2,858	\$	56,029
West Side Recreation and Park District	1,210,006	-	626	14,768	38,348	53,742	108%	58,041	58,041	\$	2,863
	105,429,303	72,345	72,690	1,215,618	3,074,051	4,434,704	63	5,308,828	5,308,828		5,310,250

Agenda Item 5.C

DISCUSSION/ACTION ITEMS

SUBJECT: 2018-2019 Liability/Property Allocation Formula

BACKGROUND AND STATUS:

We will provide the Liability/Property Allocation Formula prior to the meeting.

Overall. CAPRI is well funded and our confidence level is above the 90% confidence level. For Liability, the funding recommendations by the actuary increased and excess premiums also increased. It also appears that payroll has increased which will result in a premium increase for those whose payrolls increased. For Property, the funding recommendations increased slightly, and the excess premiums/rates increased.

Even though we are funded over the 90% confidence level, it is recommended that CAPRI fund at a higher level than last year. Last year we funded at around 60%, so we need to move towards the 70% confidence level. 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.

At our last meeting, the Board of Directors voted to lower the self-insured retention to \$750,000 from \$1,000,000 that increase in premium is reflected in the 2018/2019 allocation formula.

There still may be changes prior to the invoices going out due to changes in property schedules and values. Invoices for the program will go out the 2nd week in July 2018.

RECOMMENDATION:

Approve the 2018/2019 Liability/Property premium allocation formula.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 5D.

DISCUSSION/ACTION ITEMS

SUBJECT: New Member – WC Program – Conejo Recreation and Park District

BACKGROUND AND STATUS:

At previous meetings, the Board discussed Conejo joining the WC Program at the \$350,000 SIR level (directly into the excess layer). The Board directed staff to working with Conejo and CSAC-EIA (our excess carrier) to obtain a quote at the \$350,000 SIR in CAPRI's program and a stand-alone quote from CSAC-EIA for Conejo.

Since that time, we received the quotes for Conejo joining CAPRI and going directly to the EIA for their quote.

The quote for Conejo to join CAPRI at the \$350,000 is \$69,200. Staff recommends that we charge Conejo \$3,800 for Administrative charges amounting to \$73,000 for Conejo's premium through CAPRI. In the WC program overhead charges run around 12% for the members for first dollar coverage. Since Conejo is not attaching coverage until \$350,000 they will not use the same level of overhead services as the other members (TPA, auditing, actuarial and administrative services) so I estimated about 5.5%.

Conejo has \$9,507,623 in payroll and would be our 4th largest district in the WC program. They have good loss experience especially for claims over the \$350,000 SIR.

The quote for Conejo to join the EIA directly was \$79,000 to go directly to the EIA.

Pros

- 1) By bringing Conejo into the CAPRI WC Program, Conejo benefits because they purchase catastrophic coverage (statutory limits) which would provide Conejo with sleep insurance (allows them to rest easy since they would not be subject to a devastating catastrophic loss).
- 2) Conejo receives a cheaper quote from CAPRI compared to a stand-alone quote from the EIA because Conejo wouldn't have to pay the one-time entry fee from the EIA and their experience is based on the group experience. From year to year, Conejo's loss experience would be shared with the whole CAPRI membership (a bad loss year would not affect Conejo as hard).
- 3) The benefit to CAPRI is lower administrative costs to CAPRI members.
- 4) CAPRI benefits from Conejo's current favorable loss experience and they do not play in our self-insured layer up to \$350,000 so their good/bad loss experience doesn't affect that layer. The higher payroll that Conejo brings to CAPRI with the good loss experience

lowers CAPRI's Experience Modification factor.

- 5) Allows other members the option of moving to the \$350,000 SIR.
- 6) Conejo already uses York for their Third Party Administrative services, so handling claims that exceed the \$350,000 layer should be smooth transition.

Cons

- 1) If Conejo has large losses once in the program, it would have an adverse effect on our excess premium, but that goes for any district that has a large loss in the excess layer.

RECOMMENDATION:

To approve Conejo into the WC program at the \$350,000 SIR.

REFERENCE MATERIALS ATTACHED

None

Agenda Item 5.D

DISCUSSION/ACTION ITEMS

SUBJECT: Executive Director Candidate Search

BACKGROUND AND STATUS:

The Executive Director candidate search is underway. HR Edge and staff advertised in Indeed.com, PARMA and CAJPA. We will start looking at the pool of candidates beginning on June 29, 2018.

Lindsay Woods will provide an update on how the search is going.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 5.F

DISCUSSION/ACTION ITEMS

SUBJECT: Executive Director Interview Protocol

BACKGROUND AND STATUS:

At the last Board of Directors meeting, the Board briefly discussed how the interview process for the Executive Director would be handled. We have a number of options on how the process can be handled.

Option 1

HR Edge will review the applications/resumes and narrow the candidates down to a reasonable number. The Personnel/Finance Subcommittee would then review the applications screened by HR Edge and determine the candidates to be interviewed (6-10 candidates). The Personnel/Finance Subcommittee would conduct the interviews and provide a recommendation to the Board of Directors on the Executive Director candidate.

Option 2

HR Edge will review the applications/resumes and narrow the candidates down to a reasonable number. The Personnel/Finance Sub-Committee would then review the applications screened by HR Edge and determine the candidates to be interviewed (6-10 candidates). The Personnel/Finance Sub-Committee would conduct the interviews and narrow the candidates to 2-3. The Board of Directors would then interview the final candidates and make the selection for the new Executive Director.

Option 3

HR Edge will review the applications/resumes and narrow the candidates down to a reasonable number. The Personnel/Finance Sub-Committee would then review the applications screened by HR Edge and determine the candidates to be interviewed (6-10 candidates). The Board of Directors would then interview the candidates and make the selection of the new Executive Director.

The Board needs to discuss the Executive Director Interview process and finalize how they want to handle the interviews. The Personnel/Finance Sub-Committee can then create a schedule for the Executive Director search and get moving on the process after the June 29, 2018 date.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 5.G

DISCUSSION/ACTION ITEMS

SUBJECT: Board of Directors Meeting Conflict

BACKGROUND AND STATUS:

President Lindsay Woods has a conflict on our next scheduled Board of Directors meeting on Wednesday, August 15, 2018?

Please have your calendars available at the meeting to discuss options for the CAPRI Board of Directors meeting for August (August 8, August 22 or August 29??).

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 6.A

ADMINISTRATOR/STAFF REPORTS

SUBJECT: Tenant/Vacancy Next Door

BACKGROUND AND STATUS:

As you may recall, Demetrius Painting asked if they could go month to month once their lease expired in November 2017. Demetrius Painting continued to pay month to month until April 2018.

We will begin the search for a new tenant in the building soon.

RECOMMENDATION:

None

REFERENCE MATERIALS ATTACHED:

None.

Agenda Item 6.B

ADMINISTRATIVE/STAFF REPORTS

SUBJECT: November 4-6, 2018 Board Retreat/Meeting Update

BACKGROUND AND STATUS:

Just a reminder that our November Board of Directors meeting and Strategic Retreat is scheduled for November 4-6, 2018 at the Hilton Anaheim in Anaheim, CA.

Bebe will be finalizing the contract and working on room reservations. If you will be coming in early or staying later, please let Bebe know so that she can make the appropriate arrangements.

More details to come in future meetings.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 6.C

ADMINISTRATOR/STAFF REPORTS

SUBJECT: CAJPA Conference

BACKGROUND AND STATUS:

The CAJPA Conference is scheduled for September 11-14, 2018 in South Lake Tahoe. The hotels for this conference include: Lake Tahoe Resort; Harrah's and Harvey's in South Lake Tahoe. The Lake Tahoe Resort usually sells out quickly.

If you would like to attend the conference, let me know as soon as possible so I can make hotel reservations and get you registered early.

Staff will discuss this in greater detail at the meeting.

RECOMMENDATION:

Information only.

REFERENCE MATERIALS ATTACHED:

None.