

MARICOPA COUNTY SELF-INSURED RISK TRUST

BOARD OF TRUSTEES MEETING

VIA ZOOM

Wednesday, Date

Start Time: 2:30 P.M.

June 15, 2022

OPEN SESSION MINUTES

<p>Board Present</p> <ul style="list-style-type: none"><input checked="" type="checkbox"/> Ray DiCiccio – District 1<input checked="" type="checkbox"/> Scott LeMarr – District 2<input checked="" type="checkbox"/> Thomas Katsenes – District 3<input checked="" type="checkbox"/> Russ Ackerman – District 4<input checked="" type="checkbox"/> Laura Guerrero – District 5<input checked="" type="checkbox"/> Valerie Beckett – County Manager Designee	<p>Staff Present</p> <ul style="list-style-type: none"><input type="checkbox"/> Vacant - Administrator<input checked="" type="checkbox"/> Kathleen Kolm<input checked="" type="checkbox"/> Samantha Wright<input checked="" type="checkbox"/> Shannon Murphy<input checked="" type="checkbox"/> Timothy Little<input checked="" type="checkbox"/> Joseph Vigil<input checked="" type="checkbox"/> Elena Yniguez<input checked="" type="checkbox"/> Oralee Young <p>Guests: None</p>
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The Open Session was called to order by Thomas J. Katsenes, Chairman of the Board, at 2 :37 P.M.

Public Comments:

There were no public comments.

Motion to Enter Executive Session

On motion by Trustee DiCiccio and second by Trustee Guerrero, the Open Session recessed, and the Board of Trustees entered Executive Session at 2:38 P.M.

Financial Presentation

Samantha Wright, Finance Manager, gave the financial presentation in two parts: The Risk Management Charges and the Financial Statements update. Ms. Wright reviewed with the Board what Risk Management shares with the county departments on the cost allocation for risk management charges and the methodology involved. Ms. Wright’s slides showed historically the cash balance of the Trust going from 32.5 million in FY 14-15 down to \$6.5 million at the end of FY 20-21. The fund balance has increased as we have brought in less cash. Our reserve for losses is around \$74 million. As those increase and our cash decreases, our negative fund balance is increasing.

Ms. Wright then explained the internal risk management charges to the county departments. Historically, the charges remained flat. That was to keep from overfunding the Trust because as cash comes into the Trust, it can only be used for Trust matters. It is a difficult process to make sure that we are not

over funding or underfunding the Trust.

The contingency transfer in is in reference to funds that were transferred in from the General Fund when it was needed for a large claim pay outs. In FY 18-19, \$5.1 million was transferred in and in FY 19-20, \$5,035.393 was transferred into the Trust.

Ms. Wright reported that for expenditures for FY 21-22 \$40.8M was budgeted and for FY 22-23 \$44.2M was budgeted to start increasing the cash balance. Discussion ensued.

Ms. Wright explained how the cost allocation is done to each county department. The allocation methodology takes 11 lines of business: Workers Comp (WC), General Liability (GL), Auto Liability (AL), Auto/Physical Damage (APD), Medical Malpractice (MM), Unemployment (UN), Property Damage (PD) Property Liability (PI), Environmental Property Damage (EPD) Environmental Liability (EL), Cyber (CYB) and charges each department for exposure at 35% and claims at 65% in most lines of business; the number of years (3, 5 or 20 depending on the line of business), and a limit cap up to \$250K to \$10M depending on the line of business. Discussion ensued.

For the second part of the presentation, Ms. Wright reviewed the financial statements through the period ended May 31, 2022. These are unaudited. Ms. Wright explained that when we close out June, the Risk Finance team will work with the Auditors from July – October 2022, and then issue the audit report. The Auditor from Clifton will present the audited report through June 2022 to the Board sometime after October 2022.

Environmental Presentation – Tim Little

Mr. Little gave an update on 4 environmental claims. Those claims are Queen Creek Landfill (Hot Spot), Queen Creek Landfill Contamination, Hassayampa Landfill (Superfund Site) and the Cave Creek Landfill.

Queen Creek Landfill (Hotspot) Update -- Mr. Little explained how an underground landfill becomes a “Hot Spot”. It is due to an increase in oxygen content underground. Oxygen gets pulled in around a well. If the seal, soil, and the compaction become deteriorated, or it could be a seal on top of the well that has deteriorated, the oxygen then comes in contact with the methane that lowers the flashpoint of the methane, and it begins to smolder. Mr. Little stated that they are working on getting this resolved quickly. The good news about this landfill is that the temperature is steadily coming down. It was at 500+ degrees on 4/6/2022 and as of a few days before this meeting, it is down to 215/220 range. The target range of 75 to 115 degrees. This is considered a normal decomposition temperature.

The Queen Creek Landfill Contamination Update -- Mr. Little explained that about 16 months ago a sampling from groundwater monitoring well was done. The concentration of Trichloroethylene (TCE), which is a common landfill contamination, was a little over the Federal acceptable levels, which is 5 parts per billion. The results came in at 5-10 parts per billion. This is not huge increase, but the County should take it as a warning that something is going on underground.

A consultant was hired to prepare a Corrective Measures Assessment. A variety of approaches were offered. It was decided that the County would take a more aggressive approach to resolve this problem. The County will install a soil vapor extraction system, which will draw vapors out of the vapor plume underneath the trash layer. This is to prevent the landfill gases and the vapor plume from coming into

contact with the groundwater, which causes contamination. Mr. Little stated that the fact the ground water is marginally exceeding the acceptable levels of contaminants, is a good sign that if we start pulling out these vapors and filtering them, the County stands a good chance of preventing the vapor from reaching the ground water and causing contamination. The remediation cost for these activities will be approximately \$1.2M.

While Mr. Little was presenting, Trustee DiCiccio interjected and stated that he had a 3:30 PM meeting and needed to leave, as the BOT meeting was only scheduled for 1 hour. To have Trustee DiCiccio participate in the approving of the minutes, Mr. Little's presentation was put on hold until the minutes were approved. Trustee DiCiccio exited the meeting at 3:30 P.M.

Hassayampa Landfill Contamination Update— Mr. Little continued with his presentation. Questions were asked and discussion ensued. Mr. Little then showed slides comparing the contamination levels from 2006 to 2021. In 2006, Hassayampa was exceeding 100K parts in the middle of the landfill (Hotspot) and decreasing to the outer layers at 5k to 1K contamination levels. The most recent map showed a huge decline in contamination levels, although some levels are in the 200s and 100s where at one time the levels were up at 100K.

Remediation at Hassayampa has been twofold. One is the groundwater treatment. The other is vapor extraction. When the project started there was already a significant amount of groundwater contamination. The combination of those two treatments has made significant progress in the remediation to the point that the Hassayampa Steering Committee is beginning to discuss the possibility of switching to a monitoring mode in about 5 years. The combination of those two treatments has made significant progress in the remediation. Mr. Little stated to the Board that there might still be a few hotspots. He also pointed out on the slide the map shows 1K contamination level is a small cell of hazardous waste that had been dumped there. Mr. Little stated that the levels would probably never come down from where they are now.

Cave Creek Landfill Update – Mr. Little stated that they are making progress and are trying to complete the groundwater treatment system. Due to supply chain issues, concrete shortages and time delays based on permitting, the project has taken longer. He is hoping to have the groundwater treatment operational by late July.

Mr. Little then showed a map of the intent of the groundwater treatment system. There are 2 phases. Phase One is to pull contaminated water out from under the landfill and filtering it. To do this, two extraction wells were added. The old Extraction Well 1 (EW1) was placed in the south end of the landfill. EW2 was placed on the SW corner and EW3 on the east side. They were strategically placed to address the direction and the flow of the contaminant plume.

Phase 2 is to inject clean water south of the contamination of the groundwater, creating a hydrologic barrier. This has accelerated the remediation process and will save money in the long run. In FY22 alone, the County has invested \$6.9M and overall, the amount invested to date is \$30.7M.

There were no questions for Mr. Little. The Board thanked Mr. Little for his report.

Approval of Executive & Open Session Minutes for March 16, 2022

Chairman Katsenes asked if there were any questions or changes to the minutes. Chairman Katsenes had a question on how much money the Rodriguez v. Felix case had settled. The settlement authority was granted up to \$150K. Shannon Murphy confirmed the actual settlement amount was \$125K.

On motion by Trustee DiCiccio and second by Trustee Guerrero, the Executive and Open Session Minutes for March 16, 2022, we approved.

Department Update – Kathleen Kolm

Ms. Kolm reported that the 9/1 submissions are out to market and updated the Board on how the insurance market is doing. After three years of substantial rate increases, the market is reaching a point of adequacy and it is expected to level off. Ms. Kolm stated it is her hope that with this 9/1 submission we will see the changes in cost.

The 9/1 renewals include Property, Excess Flood, Terrorism, Storage Tanks and Workers' Compensation. Ms. Kolm stated that the Aviation and Drone coverage was also placed but is not paid for by the Trust. Since they are specific to department needs, the departments pay for those premiums.

Worker's comp is running flat. Property is increasing 8-10% due to property appraisals completed this year, which means the values have increase.

Terrorism— Ms. Kolm stated that with the Super Bowl coming, it is important that we actively keep our limits. Chairman Katsenes asked if the County needed anything special with the coverage such as a Rider. Ms. Kolm said there was no need for a Rider and explained that she always informs the carriers of all major events that are coming into town and the Super Bowl was included.

Underground Storage Tanks (UST) – Ms. Kolm reported that the Risk Control and Loss Prevention Division is doing a good job at closing the USTs. At one point there were 13. We are down to 4. They have been clean closures which means there is no more environmental issues with them.

Ms. Kolm stated that she would report on the renewal at the September meeting because they renewals would not be complete in July.

There were no questions from the Board.

Department Updates – Kathleen Kolm

Mrs. Kolm reported that the Risk Control and Loss Prevention division has hired an Intern, Erin Fournier. She is mainly working out of the Parks Department, which is a well-rounded department where she can learn a lot. She will intern until the end of the university semester which is August. Ms. Kolm stated that having an intern is new to Risk Management and exciting.

Ms. Kolm stated that our new Board member, Valerie Beckett, Assistant County Manager, was introduced at the beginning of the meeting.

The Risk Management Director position has been posted. Chairman Katsenes asked if the County is using a recruiter or looking internally. Ms. Kolm stated that this recruitment would be a national recruitment. Trustee Beckett stated that at some point the County may use a recruiter depending on the quality of applicants.

Items for next meeting

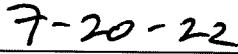
No items were offered.

Motion to Adjourn

On motion by Trustee Laura Guerrero and second by Trustee LeMarr, the meeting was adjourned at 3:45 P.M.



Thomas J. Katsenes
Chairman of the Board of Trustees



Date