

APPROVED 9/20/22

**MINUTES
ORANGE COUNTY
BOARD OF COMMISSIONERS
SPECIAL MEETING
August 1, 2022
6:30 p.m.**

The Orange County Board of Commissioners met for a Special Meeting on Monday, August 1, 2022 at 6:30 p.m.

COUNTY COMMISSIONERS PRESENT: Chair Renee Price and Commissioners Amy Fowler, Sally Greene, Jean Hamilton, and Earl McKee

COUNTY COMMISSIONERS ABSENT: Vice Chair Jamezetta Bedford and Commissioner Anna Richards

COUNTY ATTORNEYS PRESENT: John Roberts

COUNTY STAFF PRESENT: County Manager Bonnie Hammersley, Deputy County Manager Travis Myren, and Clerk to the Board Laura Jensen. (All other staff members will be identified appropriately below)

Chair Price called the meeting to order at 6:31 p.m. All members were present except for Vice Chair Bedford and Commissioner Richards.

1. Ratification of the County Manager's Approval of ARPA Policies

The Board ratified the County Manager's approval of seven ARPA-related policies.

BACKGROUND: The American Rescue Plan Act of 2021 (ARPA) was signed into law in March 2021. ARPA established the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF), which is a program that provides funding to all states, counties, and municipalities across the country. The County has received its ARPA allocation of \$28.8 million.

The U.S. Department of Treasury Final Rule governs the eligible uses of American Rescue Plan Act (ARPA) funds and includes certain compliance policies (attached).

The BOCC adoption of these policies is consistent with current County practices and ARPA compliance requirements.

County Attorney John Roberts introduced the item. He said the policies that the Board is considering ratifying were based on templates from the School of Government which incorporated feedback from county attorneys across the state. He said the policies are required by the federal government.

A motion was made by Commissioner Greene and seconded by Commissioner Hamilton to ratify the County Manager's approval of seven ARPA related policies.

VOTE: UNANIMOUS

2. Ratification of County Manager's Execution of an Insurance Coverage Agreement with Travelers Insurance and Approval of a Letter of Credit Agreement

The Board ratified the County Manager's execution of an agreement with Travelers Indemnity Company for Casualty and Workers' Compensation insurance coverage and approved a Letter of Credit for Travelers Indemnity Company.

BACKGROUND: As part of a comprehensive risk management program, the County purchases liability, property, and workers compensation insurance. Those programs had been purchased through the North Carolina Association of County Commissioners' Risk Pools. The County marketed these programs in 2022 and has moved these programs to Travelers Indemnity Company (Travelers).

The Travelers coverage offered a premium savings of over \$250,000, provided more robust risk control and claim advocacy, and provided access to a state of the art risk management information system. The Travelers proposal also included a dedicated, as opposed to shared, policy limits for each claim category with the same or better coverage limits and deductibles compared to the County's former provider. Due to the timing of this conversion, the County Manager signed the agreement to purchase this insurance coverage from Travelers. This agenda item seeks ratification of the County Manager's signature from the Board of Commissioners.

In addition, Travelers is requiring the County to secure a \$300,000 letter of credit to guarantee the County is in a position to meet its financial obligations under the terms and conditions of the policy. This amount is equivalent to the per claim deductible for the Workers Compensation coverage. The letter of credit would only be accessed if the County failed to pay a part or all of the deductible. This practice is consistent with industry standards for loss programs.

The County's current bank, Truist, will provide a letter of credit not to exceed \$500,000 for a rate of 0.5% if it needs to be accessed by Travelers. Even though the FY2022-23 Budget contains sufficient funding to pay deductibles, Truist is requiring Board approval of the letter of credit since the bank considers it a debt instrument.

John Roberts introduced the item. He said the county received quotes from insurance carriers after the Board's meetings ended for the previous fiscal year. He said the county would save \$260,000 a year by entering into an agreement with Travelers. He said initially there was nothing that indicated that a follow-up Board meeting would be required. He said Travelers required a letter of credit, and the county's bank, Truist, required that the letter of credit be approved by the Board of Commissioners.

Gary Donaldson, Chief Financial Officer, said the letter of credit would be treated as a pre-paid expense on the balance sheet. He said this is a required step by the bank. He said funds are budgeted in the FY23 budget for the expense.

Commissioner McKee asked why the county would need to draw on the funds.

Gary Donaldson said it would be extremely unlikely.

Commissioner McKee asked why the cap on the letter of credit is \$500,000 and not \$300,000 as requested by Travelers.

Gary Donaldson said the \$500,000 cap provides additional flexibility.

Commissioner Fowler asked what the purpose is of the letter of credit.

Gary Donaldson said the county does not expect claim amounts that would trigger a draw on the letter of credit. He said there are budgeted funds for claim amounts. He said the letter of credit is a requirement from Travelers. He said this is additional security. He said it would be an extraordinary event to draw on the funds.

Commissioner Fowler asked what the letter of credit would be used for, premiums or claims.

Gary Donaldson said it would be for claims. He said there are two accounts, one for premiums and one for claims. He said that there are funds budgeted for each in the FY23 budget. He said despite these funds, the underwriter still said the insurance agency would require a letter of credit.

Commissioner Fowler said the letter of credit is available for whenever the county needs it.

Gary Donaldson said that was correct.

Commissioner Hamilton asked for more information on what scenarios would require the flexibility of a \$500,000 cap on the letter of credit.

Gary Donaldson said he does not think the \$500,000 cap is an onerous position for the county. He said the language was requested, so it was added, but the actual letter of credit is for \$300,000.

Bonnie Hammersley introduced Alisa Cornetto, Risk Manager.

Alisa Cornetto said the \$500,000 would also be available for a cost-benefit analysis. She said that over time as losses improve, it may make sense to increase the deductible and save the county money. She said it would provide flexibility for the County Manager.

A motion was made by Commissioner McKee and seconded by Commissioner Fowler to:

- 1) Ratify the County Manager's execution of an agreement with Travelers Indemnity Company for insurance coverage;
- 2) Authorize the County Manager or her designee, the Chief Financial Officer, to execute the required \$300,000 Letter of Credit for Travelers Indemnity Company;
- 3) Authorize the County Manager or her designee, the Chief Financial Officer, to execute any renewals, amendments, or extensions, and other associated legal documents as necessary to meet Travelers Indemnity Company's Letter of Credit and Guaranty Agreement requirements;
- 4) Authorize the County Manager or her designee, the Chief Financial Officer, to make changes to any of the legal documents prior to execution, consistent with this approval; and
- 5) Authorize the County Manager or her designee, the Chief Financial Officer, to sign and submit an application to Truist Bank for a Letter of Credit cap not to exceed \$500,000.

VOTE: UNANIMOUS

A motion was made by Commissioner Fowler and seconded by Commissioner Hamilton to adjourn the meeting at 6:44 p.m.

VOTE: UNANIMOUS

Renee Price, Chair

Laura Jensen
Clerk to the Board

Submitted for approval by Laura Jensen, Clerk to the Board.