

MINUTES OF MEETING
OF THE INDUSTRIAL COMMISSION OF ARIZONA
Telephonic Meeting
Held at 800 West Washington Street
Phoenix, Arizona 85007
Thursday, June 4, 2020 – 1:00 p.m.

Present: Dale L. Schultz	Chairman (Telephonic)
Joseph M. Hennelly, Jr.	Vice Chair (Telephonic)
Scott P. LeMarr	Commissioner (Telephonic)
Steven J. Krenznel	Commissioner (Telephonic)
James Ashley	Director (Telephonic)
Gaetano Testini	Chief Legal Counsel (Telephonic)
Trevor Laky	Legislative Affairs Chief/Public Information Officer (Telephonic)
Sylvia Simpson	Chief Financial Officer (Telephonic)
Renee Pastor	Self Insurance (Telephonic)
Lisa Padgett	Labor Director (Telephonic)
Victoria Kamm	Labor Supervisor (Telephonic)
Kara Dimas	Commission Secretary (Telephonic)

Chairman Schultz convened the meeting at 1:00 p.m. Also in attendance on the telephone, confirmed by roll call were Lisa Marlin, Monica Welch, Kay Eldridge and Sondra Matthews (City of Yuma); and David Parker (Central Arizona Project).

Public Hearing to accept comments and other information regarding the assessment under A.R.S. § 23-1065(F). During this hearing, the Commission may also discuss the assessment and information relevant to the levying of the assessment.

Chairman Schultz introduced the agenda item, noting that the Commission had published a Notice of Public Hearing on May 7, 2020. He stated that public comments would be accepted through the close of business today. Chairman Schultz indicated that a written report regarding the one-half percent assessment under A.R.S. § 23-1065(F) had been submitted into the record by staff. The Commission will take action at a later date.

Ms. Simpson summarized the written report and discussed § 23-1065(F), the Commission's prior assessment history, and whether current circumstances would permit an assessment under § 23-1065(F) for calendar year 2021.

Chairman Schultz invited questions and/or public comment. Mr. Parker was happy to hear that the Special Fund is healthy and funded well. This particular function of the Commission has had an outstanding liability that has greatly exceeded the threshold. The regulated community is very happy to hear that the fund is sound and that it is well funded, and appreciated the chance to comment.

Chairman Schultz restated that comments will be open through the end of the day should anyone wish to comment on the assessment.

Approval of Minutes of May 21, 2020 Regular Meeting Minutes.

Commissioner Krenzel moved to approve the Minutes of the May 21, 2020 regular session meeting and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

Consent Agenda:

All items following under this agenda item are consent matters and will be considered by a single motion with no discussion unless a Commissioner asks to remove an item on the consent agenda to be discussed and voted on separately. The Commission may move into Executive Session under A.R.S. § 38-431.03(A)(2) to discuss records exempt by law from public inspection. Legal action involving a final vote or decision shall not be taken in Executive Session. If such action is required, then it will be taken in General Session.

a. Approval of Requests for Renewal of Self-Insurance Authority.

1. City of Yuma
2. Viad Corp
3. Weyerhaeuser Company

Chairman Schultz noted that folks from the City of Yuma were on the line and would like to give them the opportunity to comment. Vice Chair Hennelly requested 3(a)(1) City of Yuma and 3(a)(2) Viad Corp be moved to the regular agenda.

Commissioner LeMarr moved to approve the remaining item on the Consent Agenda for Weyerhaeuser Company and Commissioner Krenzel seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

Approval of Requests for Renewal of Self-Insurance Authority.

1. City of Yuma
2. Viad Corp

Vice Chair Hennelly had a general question which applied to both entities concerning the current circumstances for the liability and asset side of the balance sheet and how current was the analyzed financial data .

Ms. Pastor explained the changes made to the processes following the 2008 economic troubles, which ensure current financial information is used for the analysis.

Vice Chair Hennelly was less concerned about Viad because of the limited exposure, but their business has been impacted by the current circumstances. With all government entities with a taxed based, the City of Yuma probably has some challenges ahead of it. He was curious about the exposure and asset/income side.

Ms. Pastor tracks the quarterly reports for the publicly traded companies, but private business and municipalities are limited to once a year.

Vice Chair Hennelly opened the floor to the City of Yuma for comments.

Ms. Marlin is the Director of Financial Services with the City of Yuma. The delay in auditing of the last two years of their financials was due partially to turnover in staff. She is happy to report they are back on track, and while they do have some concern about the recent health crisis they do not see it as a concern on the industrial side. They are in a much better position with new staff members and everyone is past the learning stage and well into the nuts and bolts of everything that needs to be done. She plans to have the financial statements audited and out to the public within the six month framework.

Vice Chair Hennelly thanked her for her comments and confirmed that for the work comp side, notwithstanding the challenges we are faced with, no problems are anticipated with the current data. Ms. Marlin did not anticipate an issue.

Chairman Schultz asked about the investment pool with the Arizona Treasurer and which other areas of liability besides the workers' compensation liability are covered by the investment pool.

Ms. Marlin noted there is a portion of various city funds and bond proceeds that are in the investment pool, but diversified with private investment groups and not wholly inside the Local Government Investment Pool (LGIP).

Chairman Schultz noted his interest in what funds could come out of the pool, and large liability losses that could deplete the fund.

Ms. Marlin noted the pool is fully liquid and can be utilized at any time to serve cash flow needs. If the fund were in danger of depletion they do have resources that could be transferred over if needed to maintain the balance.

Ms. Pastor checks the balances and gets updates from the treasurer's office.

Chairman Schultz noted they indicated they had created the workers' comp trust fund but it did not appear to be funded yet leaving the investment pool as their security. That makes him feel more comfortable.

Vice Chair Hennelly moved to approve the application for self-insurance renewal for the City of Yuma and Viad Corp and Commissioner LeMarr seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenznel voted in favor of the motion. The motion passed.

Discussion and Action regarding Proposed Youth Employment Penalty.

CL1819-0480 - Sunset Pizza, Inc. DBA Little Caesars Pizza

Ms. Padgett summarized the Labor Department's investigation, which included findings of various violations of A.R.S. § 23-232(8)(b), § 23-233(A)(2), § 23-231(A)(10). Ms. Padgett recommended that the Commission approve issuance of a Civil Penalty in the amount of \$1,000.00.

Chairman Schultz noted he was initially surprised at the size of the proposed penalty, but after working through each of the violations it certainly is appropriate.

Commissioner Krenznel moved to approve issuance of a Civil Penalty in the amount of \$1,000.00 to Sunset Pizza, Inc. DBA Little Caesars Pizza. Commissioner LeMarr seconded the motion.

Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

CL1819-0515 - Baci Hospitality Group, Inc. DBA Baci's Italian Bistro

Ms. Padgett summarized the Labor Department's investigation, which included findings of various violations of A.R.S. § 23-231(A)(10). Ms. Padgett recommended that the Commission approve issuance of a Civil Penalty in the amount of \$600.00.

Commissioner LeMarr moved to approve issuance of a Civil Penalty in the amount of \$600.00 to Baci Hospitality Group, Inc. DBA Baci's Italian Bistro. Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion. The motion passed.

Announcements, Scheduling of Future Meetings and Retirement Resolutions.

Mr. Ashley provided an update regarding the recent events over the last week and over the course of several nights of civil unrest, vandalism, and looting downtown. The ICA Phoenix building sustained 14 broken windows and 19 graffiti locations on the building and property. He noted that multiple surveillance cameras are being reviewed. Mr. Ashley credited the Governor's emergency declaration and curfew that went into effect Sunday night, with allowing peaceful protests to take place while protecting the building which has not sustained any damage since the curfew went into effect. He noted the temporary changes in extra security and closing the Phoenix building at 3:00 pm each day this week for the safety of the employees.

Chairman Schultz noted he drove around the building to see the damage and noted Mr. Ashley has taken the steps to keep people safe and prioritizing safety. He thanked him for the good decisions and adding the additional security and closing the office early and securing the parking garage.

Ms. Dimas confirmed Commission meeting dates through August 2020.

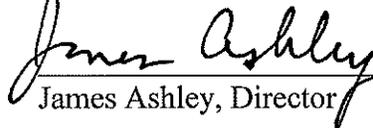
Mr. Ashley noted this year's annual claims seminar is going to be a remote virtual seminar. The Claims Division and MIS are working closely to come up with something creative, innovative, and successful.

Public Comment.

There was no public comment.

Commissioner Krenzel moved to adjourn and Vice Chair Hennelly seconded the motion. Chairman Schultz, Vice Chair Hennelly, Commissioner LeMarr and Commissioner Krenzel voted in favor of the motion and the meeting was adjourned at 1:34 p.m.

THE INDUSTRIAL COMMISSION OF ARIZONA

By  _____
James Ashley, Director

ATTEST:



Kara Dimas, Commission Secretary