

Exhibit to Agenda Item #5

Discuss authorization of the Chief Executive Officer and General Manager, on behalf of **Sacramento Municipal Utility District (SMUD)**, to join, terminate, and rejoin **Public Risk Innovation, Solutions, and Management (PRISM)** for the placement or cancellation of employee benefits and other insurance policies or contracts in an amount not to exceed \$3 million each in support of SMUD's Family Paid Leave, Short-Term Disability and Long-Term Disability benefits and potential future employee benefits and other insurance needs, and to execute all agreements and documents necessary in connection with the placement or cancellation of the insurance policies or contracts.

Board Finance & Audit Committee and SMUD Board of Directors Meeting
Tuesday, September 17, 2024, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium

Requests to Board

1. Approve SMUD to join, terminate, rejoin Public Risk Innovation, Solutions, and Management (PRISM) for the placement and cancelation of employee benefits insurance policies and contracts.
2. Authorize a standing delegation for the cancelation or placement of employee benefits and other insurance policies and contracts up to a maximum of \$3 million per insurance policy or contract.

Request 1: Background

- Employees, including SMUD's Parents Employee Resource Group, have asked for a Paid Family Leave benefit (similar to the State's program).
- SMUD's current self-funded Short-Term (adopted in 1992) & Long-Term (adopted in 1975) Disability Insurance plans needed updating and enhancements to plan design parameters.
- SMUD staff looked holistically at how to modernize these benefit offerings to meet the diverse needs of our employees in a fiscally responsible way.
- Joining Public Risk Innovation, Solutions, and Management (PRISM) Joint Powers Authority would give SMUD access to these new and improved benefits and the opportunity to purchase other employee benefits and other insurance policies and contracts.

Request 1: Join PRISM Joint Powers Authority

- Public Risk Innovation, Solutions, and Management (PRISM) is a joint powers authority whose members include counties, cities and other California public entities.
- PRISM was formed under the sponsorship of the California State Association of Counties (CSAC).
- PRISM is a member-directed risk sharing pool of public agencies committed to providing risk coverage programs and risk management services, which drive member stability, efficiency and best practices.
- As a special district, SMUD will enter into a Joint Powers Agreement with PRISM, joining in their risk sharing pool with over 127 public sector employers and covering over 100,000 employees across the State of California, to help control SMUD's losses and create rate stabilization and predictability.

Request 2: Authorize a standing delegation

For the placement or cancelation of employee benefits and other insurance policies and contracts up to a maximum of \$3 million per policy or contract. Under this delegated authority, estimated cost to SMUD for two insurance policies for 2025:

NEW! Paid Family Leave Insurance		
Benefit Coverage	Care for seriously ill family member, child bonding & qualifying military exigency	
Benefit Amount	60%-70% of regular wages	\$1,620 maximum weekly benefit
Benefit Period	Up to 6 weeks per twelve-month period	
Total Estimated Premiums: \$672,337		

Improved! Core Long-Term Disability Insurance		
Benefit Coverage	Employee's own qualifying medical condition	
Benefit Amount	Up to 50% of regular wages	Up to \$5,000 maximum monthly benefit
Benefit Period	Up to 5 years	
Total Estimated Premiums Cost: \$399,672		

Note: Cost estimates based on covering 2222 SMUD employees.
Short-Term Disability Insurance and Buy-Up Long-Term Disability Insurance are voluntary, employee-paid premiums.

Recommendation

1. Approve SMUD to join, terminate, rejoin Public Risk Innovation, Solutions, and Management (PRISM) for the placement and cancelation of employee benefits insurance policies and contracts.
2. Authorize a standing delegation for the cancelation or placement of employee benefits and other insurance policies and contracts up to a maximum of \$3 million per insurance policy or contract.