

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JUNE 27, 2008

A meeting of the Board of Directors of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on June 27, 2008, at the Piccadilly Inn-Shaw, in Fresno, California.

BOARD MEMBERS PRESENT: Leon Compton, Ripon, First Vice President
Bill Lewis, Woodlake, Second Vice President
Ken Walker, Treasurer, Lindsay
Mary Kelly, Angels Camp
Ana Mojica, Arvin
Jeanna Del Real, Atwater
Esther Strong, Avenal
Keith Howes, Ceres
Rebekah Steed, Chowchilla
Jeff Cardell, Clovis
Joyce Venegas, Corcoran
Necia Barton, Delano
Beth Nunes, Dinuba
Darrell Fonseca, Dos Palos
Lisa Nebe, Escalon
Felix Ortiz, Exeter
Patty Miller, Farmersville
Jose Garay, Firebaugh
Jeannie Davis, Fowler
Margaret Silveira, Gustine
Mary Lindsay, Hanford
Joe Donabed, Hughson
Alan Bengyel, Huron
Tim Przybyla, Kerman
Don Jensen, Kingsburg
Katie Lemons, Lathrop
JP Prichard, Lemoore
Danna Rasmussen, Livingston
Martha Brazil, Los Banos
Wendy Silva, Madera
Bob Wilburn, Maricopa
Lauri Robison, Maricopa
Gerald Forde, McFarland
Bryce Atkins, Mendota
Deneen Proctor, Merced
Michael Holland, Newman
Lorrie Schack, Oakdale
Joe Beck, Orange Cove
Cleve Morris, Patterson
John Lollis, Porterville
Rocky Rogers, Reedley

Al Zamora, Riverbank
Cruz Ramos, San Joaquin
Barbara Mergan, Sanger
Lois Hull, Selma
Jo Barrick, Shafter
Greg Applegate, Sonora
George Christner, Sutter Creek
Natalie Doyle, Sutter Creek
Denise Hoffman, Taft
Alina Mergrdom, Taft
Hannah Chung, Tehachapi
Maria Olvera, Tracy
Margee Fallert, Tulare
James Zervis, Wasco
Matt Erickson, Waterford

CITIES NOT REPRESENTED
BY A BOARD OF DIRECTORS'
MEMBER, ALTERNATE, OR
PRE-AUTHORIZED DELEGATE: None

OTHERS PRESENT:

Jeanette Workman, Administrator
Mary Ann Reilly, Board Secretary
Tammy Vitali, Workers' Compensation Program Manager
Linzie Kramer, Litigation Manager
Charlotte Hemker-Smith, Legal Counsel
Tom Kline, Risk Control Manager
K. Shyne, Senior Accountant, Bickmore Risk Services
Jim Elledge, Director of Accounting and Finance Services,
Bickmore Risk Services
David Whiteside, AIMS
Ken Wilkerson, AIMS
Dominic Russo, AIMS
Robert Smoke, AIMS
Judy Sullivan, AIMS
Janine Bowman, AIMS
Lindsey Jones, AIMS
Helen Whitaker, AIMS
Brooke Hurtado, AIMS
Martin Cassell, Chandler Asset Management
Michael Fleming, CAJPA / CSAC-EIA
Kevin Bibler, Alliant Insurance Services
Allison Smith, Merced
Felipa Tienda, Parlier
Colleen Minnis, Tracy
Rhonda Greenlee, Turlock

1. CALL TO ORDER

The meeting was called to order at 9:30 a.m. by First Vice President Leon Compton.

2. INTRODUCTIONS

Introductions took place of those present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Vice President Compton requested that items 10. A. and 10. B. be moved up to follow item 7.C.

Ken Walker moved to approve the agenda as amended. Seconded by Darrell Fonseca. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Jeff Cardell moved to approve/accept the following items: A) Minutes of the March 28, 2008, Board of Directors' Meeting; B) Pooled Workers' Compensation Program Memorandum of Coverage for Program Year 2008/09; C) Pooled Auto Physical Damage Program Memorandum of Coverage for Program Year 2008/09; and D) Pooled Low Value Vehicle Coverage Program Memorandum of Coverage for Program Year 2008/09. Seconded by Felix Ortiz. Motion passed unanimously.

6. REPORTS/PRESENTATIONS

A. Report by Tom Kline, Risk Control Manager

Mr. Tom Kline, Risk Control Manager, presented a status overview of the workshops, public works forums, police liability forums, webinars, and risk consulting projects.

B. Presentation by Marty Cassell, Chandler Asset Management, Regarding Investments

Mr. Marty Cassell, Chandler Asset Management, reviewed the CSJVRMA investment portfolio with the Board and briefly reviewed the current state of the financial markets. Mr. Cassell noted that the presentation included in the agenda packet did not contain

economic information; however, the entire presentation including the economic information is posted to the CSJVRMA website.

C. California Association of Joint Powers Authorities (CAJPA) Accreditation Presentation

Every three years the CSJVRMA applies to the California Association of Joint Powers Authorities (CAJPA) for accreditation. The accreditation process entails a detailed examination of the JPA's legal and operational documents, risk management, loss control and claims programs and statutory compliance. The CSJVRMA completed the accreditation process earlier this year and has once again been awarded Accreditation with Excellence.

Mr. Mike Fleming, CSAC-EIA, was in attendance representing the California Association of Joint Powers Authorities (CAJPA). Mr. Fleming congratulated the CSJVRMA on once again achieving Accreditation with Excellence status and presented Vice President Compton with the framed certificate from CAJPA.

7. PROPERTY PROGRAM

A. PEPIP Program Presentation by Mr. Kevin Bibler, Alliant Insurance Services

Mr. Kevin Bibler, Alliant Insurance Services, reviewed the Public Entity Property Insurance Program (PEPIP) with the Board including the scope of the program coverage, exclusions, and optional coverages. The Board received a copy of the presentation prior to the meeting.

B. Termination of the City of Orange Cove from the Property Program

Ms. Workman reported this item was on the agenda to discuss termination of the City of Orange Cove for development of an extraordinarily poor loss history. The City of Orange Cove recently incurred a claim on property scheduled at \$500k; PEPPI adjusters have the claim currently reserved at \$14M. The City of Orange Cove hired their own adjuster who has the claim reserved at \$50M, with the difference in reserves currently in dispute.

Ms. Workman reported she received an update from the City Attorney for the City of Orange Cove, who has indicated the City of Orange Cove has secured property insurance through Travelers Insurance and the City is requesting to withdraw from the property program in lieu of termination. Ms. Workman noted the property program's governing documents contain a provision that a member wishing to withdraw from the program must provide at least 90 days notice prior to the end of the program year. According to legal counsel, the Board has the authority to waive the notice and allow the member to withdraw. Ms. Workman stated that is also staff's recommendation.

Margee Fallert moved to allow the City of Orange Cove to withdraw from the Property Program and to waive the required withdrawal notice. Seconded by Ken Walker. Motion passed unanimously.

C. Pooled Property Program Memorandum of Coverage for the 2008/09 Program Year

Prior to the meeting, the Board received the Pooled Property Program Memorandum of Coverage (MOC) with changes recommended by the Memorandum of Coverage Subcommittee shown in underline/strikeout text. The following changes were recommended:

- Amend the date of coverage to become effective for the 2008/09 program year;
- Amend the form number; and
- Amendment to Section D, Conditions, as noted below:

“3. If there is no appraisal on file with the Authority for the property which is the subject of the loss, there is no coverage under the Pooled Property Program.”

At the meeting, Ms. Workman reported that the Executive Committee and staff are recommending the language to Section D, Conditions, as noted above be amended to state:

“3. Appraisals must be submitted for existing structures and construction or square footage price must be submitted on structures added for coverage within one year of construction. If there is no appraisal or construction or square footage price on file with the Authority for the property which is the subject of the loss, there is no coverage under the Pooled Property Program.”

Bill Lewis moved to approve the Pooled Property Program Memorandum of Coverage as amended. Seconded by Jo Barrick. Motion passed unanimously.

10. FINANCIAL MATTERS

A. Revised Budget for Fiscal Year 2008/09

Ms. Workman reported that in March the Board adopted a budget with most program rates estimated. Now that all program rates have been finalized and property values have been updated, staff has provided an amended budget for Board approval.

Ms. Workman noted that a revised budget was emailed out to all members along with a cover memo and two spreadsheets outlining the deposit premium difference by city and by program. Copies of the aforementioned items were also available at the meeting.

Ms. Workman reviewed the documents with the Board noting that the first spreadsheet provided the difference for all programs in total by member for the proposed budget versus the budget approved in March. The second spreadsheet provided the difference by member and by program for the proposed budget versus the budget approved in March. Ms. Workman reported that for those members participating in ERMA the second spreadsheet provides the net assessment amount due as ERMA refunded monies for program years 1999/00 through 2001/02, and levied an assessment for program years 2003/04 and 2004/05.

Ms. Workman reviewed the memo, which accompanied the revised budget, noting the major reasons for revisions in the workers' compensation, liability, auto physical damage, property, and ERMA programs as well as the minor changes to the general administration line item. Ms. Workman informed the Board that the ERMA assessment was not included on page one of the budget; members should pick up the assessment amount either on page thirteen of the budget or from the second spreadsheet provided.

Jeff Cardell moved to approve the revised budget for Fiscal Year 2008/09. Seconded by Rocky Rogers. Motion passed unanimously.

B. Annual Review of Investment Policy

In accordance with the Bylaws, the Board of Directors is required to review the Investment Policy on an annual basis. On March 27, 2008, the Investment Subcommittee, staff, and Mr. Cassell met and reviewed the policy and recommended some minor amendments. Ms. Workman noted the proposed revisions are as follows:

- Prudent person standard was changed to prudent investor standard;
- Submission of Treasurer's report changed from monthly to quarterly; and
- A new glossary of investment terms, provided by Chandler Asset Management replaced the previous glossary.

Michael Holland moved to approve the Investment Policy as amended. Seconded by Beth Nunes. Motion passed unanimously.

8. LIABILITY PROGRAM

A. Reports by Staff and Service Providers:

1. Report by Linzie Kramer, Litigation Manager

Prior to the meeting, the Board received a written report of claims opened since March 2008. Mr. Linzie Kramer, Litigation Manager, briefly reviewed the report with the Board.

Mr. Kramer reviewed the status of AB 1985; a bill seeking to authorize an adjoining property owner to complain to a public entity about the state of

disrepair of any publicly owned abutting sidewalk and require the entity to make needed repairs at its own expense. Mr. Kramer reported AB 1985 failed to pass committee.

2. Coverage Denial Reports

Ms. Hemker-Smith noted that the agenda packet contained a report regarding two self-explanatory coverage denials.

3. Report by Claims Administrator (AIMS)

Mr. Ken Wilkerson, AIMS, reported that liability claims are being received on a timely basis. Mr. Wilkerson noted that in the past quarter AIMS received a rash of tree limb and pothole claims; however, with warmer weather now prevailing, Mr. Wilkerson felt the number of these types of claims would be declining.

Mr. Wilkerson introduced Mr. Robert Smoke, liability claims adjuster from AIMS and noted Mr. Smoke is working out of AIMS' Modesto office.

4. Report on California Affiliated Risk Management Authorities (CARMA)

CARMA is the excess pool through which the CSJVRMA obtains excess liability coverage.

The CSJVRMA representative serving on CARMA's Board of Directors is Mr. Joe Donabed, City of Hughson. The alternate representative is Ms. Linda Abid-Cummings, City of Riverbank.

Ms. Workman reviewed the following recent CARMA activity with the Board:

- The CARMA Board met on June 11, 2008, and took action to levy an assessment in the amount of \$949,643 for the 2000/01 program year. The CSJVRMA's portion of the assessment is \$171,651. This assessment will be collected through the retrospective adjustment process for the Pooled Liability Program; and
- The CARMA Board addressed excess coverage placement and took action to increase CARMA's limits for the 2008/09 program year by purchasing coverage for the layer of \$5 million excess of \$24 million for total limits of \$29 million (CARMA's current limit is \$25 million).

5. Report on Employment Risk Management Authority (ERMA)

The Employment Risk Management Authority (ERMA) provides employment practices liability coverage to its members. ERMA is an optional program of the CSJVRMA.

The CSJVRMA representative on ERMA's Board of Directors is Mr. Dave Elias, City of Fowler. The alternate representative is Mr. Gerald Forde, City of McFarland.

Ms. Workman reviewed the following recent ERMA activity with the Board:

- Beginning July 1, 2008, the ERMA training period will become the same as the state mandated AB 1825 two-year training period;
- While ERMA hopes members will have 100% of their managers and supervisors attend training, there is an ERMA requirement that 90% of a member's managers and supervisors attend training. If this requirement is not met, the member's SIR will double for any claims while the member is not compliant with the training requirement;
- An online process will be in place to allow members to directly track the status of training for their employees in real time; and
- ERMA is instituting a Risk Assessment Program with target performance standards to assist those members that exceed those target performance standards. Currently, one CSJVRMA member is scheduled to receive a Risk Assessment.

Ms. Workman noted that ERMA will be providing additional information on training and the on-line tracking system directly to ERMA members.

B. Pooled Liability Program Memorandum of Coverage for the 2008/09 Program Year

Prior to the meeting, the Board received the Pooled Liability Program Memorandum of Coverage (MOC) with changes recommended by the Memorandum of Coverage Subcommittee shown in underline/strikeout text. The following changes were recommended:

- Amend the date of coverage to become effective for the 2008/09 program year;
- Amend the form number;
- Incorporate Endorsement #4 into the body of the MOC, under Section VI, Exclusions, #17, and the deletion of Endorsement #4; and
- Amend Section VI, Exclusions, as noted below, to clarify the exclusion to condemnation proceedings and inverse condemnation:

“(13) (a) Claims arising out of or in connection with condemnation proceedings, eminent domain, or inverse condemnation, by whatever name called, resulting from deliberate, decision-making conduct by the governing body of the ‘Covered Party’, and whether or not liability accrues directly against any ‘Covered Party.’

(b) Claims arising out of or in connection with land use regulation or land use planning, including zoning, enforcement of building codes and/or regulations, and planning decisions, by whatever name called.

These exclusions do not apply to claims for 'Property Damage' arising from accidental structural failure of a 'Covered Party's' property or equipment."

Jeff Cardell moved to approve the Liability Program Memorandum of Coverage as amended. Seconded by Margee Fallert. Motion passed unanimously.

Ms. Cruz Ramos, City of San Joaquin, inquired about coverage for Farmer's Markets noting that in the City of San Joaquin's case individual vendors did not wish to purchase coverage. Ms. Workman replied that vendors did need coverage and if it is a city sponsored event, the member city would be covered but if the city does not transfer the risk their retained limit would be doubled in the event of a claim. Ms. Ramos replied that the event in question is not city sponsored but rather sponsored by an organization. Mr. Kramer suggested the City of San Joaquin contact Diversified Risk for special event coverage options.

9. WORKERS' COMPENSATION PROGRAM

A. Reports by Staff and Service Providers:

1. Report by Tammy Vitali, Workers' Compensation Program Manager

Ms. Tammy Vitali, Workers' Compensation Program Manager, reported that effective July 1, 2008, the City of Maricopa will be joining the Pooled Workers' Compensation Program.

Ms. Vitali briefly discussed claims with the Board and noted that the CSJVRMA had an average of 18 indemnity claims filed in the past three months which is a decrease over the 22 indemnity claims per month incurred in the previous quarter.

Ms. Vitali informed the Board that a workers' compensation claims audit was recently conducted and based on the results of the audit Ms. Vitali commended AIMS for their hard work in achieving a positive result. Ms. Vitali noted that the audit report will be included in the August Executive Committee meeting agenda.

Ms. Vitali reported that temporary disability payments will be raised 4.5% effective January 1, 2009. The maximum benefit will rise from \$916.33 to \$956.20 and permanent disability payments will also increase.

Ms. Vitali also reported on the following legislation:

- SB 115 - which has been approved by the Senate is also known as the anti-age discrimination bill and would eliminate apportionment;
- SB 1717 - would increase the number of weeks permanent disability is paid by approximately 16%; and
- AB 2754 – is the presumption for public safety exposure for medically resistant staph infections. Ms. Vitali noted that an email had been sent to members earlier in the week to encourage their support in fighting the bill.

2. Report on Local Agency Workers' Compensation Excess JPA (LAWCX)

The Local Agency Workers' Compensation Excess JPA (LAWCX) provides excess workers' compensation coverage to the CSJVRMA.

The CSJVRMA representative serving on LAWCX's Board is Mr. Leon Compton, City of Ripon, and the alternate Board representative is Mr. Greg Applegate, City of Sonora.

Ms. Vitali reviewed the following recent LAWCX activity with the Board:

- LAWCX approved their budget for Fiscal Year 2008/09;
- One member withdrew from LAWCX – a housing authority JPA;
- LAWCX approved a three-year contract with their financial auditor;
- LAWCX approved a three-year contract with Bickmore Risk Services (BRS);
- The LAWCX Board elected a new President, Vice President and three new Executive Members-At-Large; and
- LAWCX elected not to charge members for coverage for volunteers.

Outgoing LAWCX President, Mr. Jeff Cardell, City of Clovis, reported that the new LAWCX contract with BRS provides for a 0% increase for the first year and a 3.5% increase for each successive year. Mr. Cardell stated it was a good negotiation with a good outcome for everyone.

Vice President Compton thanked Mr. Cardell for his service as President of LAWCX for the past two years noting especially that Mr. Cardell kept meetings timely and moving.

3. Report by Claims Administrator (AIMS)

Prior to the meeting, the Board received a written report from Ms. Judy Sullivan, AIMS, regarding claims for May 2008. Ms. Sullivan briefly reviewed the report with the Board.

Ms. Sullivan reviewed some recent case law regarding apportionment with the Board.

11. OTHER POST EMPLOYMENT BENEFITS (OPEB) JPA (GASB 45)

A. Decision Regarding the Future of the OPEB JPA

Ms. Workman reminded the Board that at their October 2007 meeting they approved offering the GASB 45 Investment Trust JPA (now known as the Other Post Employment Benefits (OPEB) JPA) as an optional program to CSJVRMA members. The goal of the JPA was to allow members to invest funds to reduce their recorded GASB 45 liabilities. Ms. Workman thanked Ms. Jo Barrick and Mr. Ken Walker for their service on the Formation Team but noted the Service Team has determined it is not currently viable to move forward with the JPA. This is mostly due to the inability to compete with CalPERS at this time. The Service Team plans to re-evaluate the project again prior to July 1, 2009, the date on which all public entities are required to be in compliance with GASB 45.

Ms. Workman stated that the Board took action on March 28, 2008, to authorize the President to sign the Joint Powers Agreement for the JPA and as that is no longer necessary, staff recommends the Board rescind their action.

Tim Przybyla moved to rescind action taken on March 28, 2008, to authorize the President to sign the Joint Powers Agreement for the Other Post Employment Benefits Joint Powers Authority (OPEB) JPA. Seconded by Ken Walker. Motion passed unanimously.

Ms. Workman noted that members are still required to obtain actuarial studies per GASB 45 and reminded the Board that Mr. Jeff Furnish, BRS, is able to provide those studies to any interested members at an additional cost.

12. ADMINISTRATIVE MATTERS

A. Biennial Review of the CSJVRMA Conflict of Interest Code

Prior to the meeting, the Board received a copy of the current Conflict of Interest Code. Ms. Workman informed the Board that the Fair Political Practices Commission (FPPC) requires agencies to review the Conflict of Interest Code every even numbered year to determine whether changes are necessary. Ms. Workman stated staff reviewed the CSJVRMA's current Conflict of Interest Code against FPPC's guidelines and has determined no changes are necessary. The Board should acknowledge no changes are necessary.

Alan Bengyel moved to acknowledge no changes are necessary to the current Conflict of Interest Code. Seconded by Rocky Rogers. Motion passed unanimously.

B. Proposed Amendment to the Bylaws Regarding Board Meeting Attendance

Ms. Workman reminded the Board that they recently amended the Bylaws to require that every new Board and Alternate representative attend training prior to voting at a Board meeting. The Bylaws also provide for one excused absence per program year where a member may send a non-voting delegate provided the member has notified the Authority as required by the Bylaws. Ms. Workman stated that to clarify the intent of the Board, staff suggested and the Executive Committee recommends the following sentence be added to the Bylaws:

"A non-voting 'delegate' is defined as any Member City personnel other than the appointed Board or Alternate Board Representative."

Jeff Cardell moved to approve the Bylaws as amended. Seconded by Margee Fallert. Motion passed unanimously.

C. Resolution Cancelling Obsolete Board Resolutions of the CSJVRMA

Prior to the meeting, the Board received a resolution canceling obsolete resolutions that have either been incorporated into other governing documents of the CSJVRMA or have become obsolete. Ms. Workman reviewed the resolution with the Board.

Margee Fallert moved to approve the resolution canceling obsolete Board resolutions. Seconded by Rocky Rogers. Motion passed unanimously.

D. Brown Act and Agenda Support Materials

Ms. Workman reported that this item was added to the agenda for information only. Ms. Workman informed the Board that there is a new Brown Act requirement that any information handed out at meetings must be available at the meeting and/or posted on the agency's website. Ms. Workman noted the agenda packet contains details of the requirement; however, staff wanted to ensure the Board that staff is aware and is in compliance with the new requirement.

13. ELECTION OF PRESIDENT, FIRST VICE PRESIDENT, AND SECOND VICE PRESIDENT

A. Nominating Subcommittee Report

It was reported that a Nomination Subcommittee, consisting of the CSJVRMA's past presidents was appointed to nominate officers for the 2008/09 fiscal year and met via teleconference on May 6, 2008. Included in the meeting agenda packet was a report from the Nominating Subcommittee stating that the subcommittee nominated Mr. Leon Compton, City of Ripon, as President; Mr. Bill Lewis, City of Woodlake, as First Vice President; and Mr. Jeff Cardell, City of Clovis, as Second Vice President.

B. Call for Nominees from the Floor

Vice President Compton called for nominations from the floor. There were no nominations from the floor.

Alan Bengyel moved to close nominations from the floor. Seconded by Ken Walker. Motion passed unanimously.

C. Election

Ken Walker moved to accept the nominations as presented. Seconded by Margee Fallert. Motion passed unanimously.

14. REPORT FROM REGIONS REGARDING REPRESENTATIVES ELECTED TO THE EXECUTIVE COMMITTEE FOR THE 2008/09 PROGRAM YEAR

A. Northern Region

Vice President Compton reported the Northern Region elected Mr. Joe Donabed, City of Hughson; Ms. Linda Abid-Cummings, City of Riverbank; and Mr. Greg Applegate, City of Sonora, as the Northern Region representatives. Mr. Mike Barrows, City of Sonora, was elected to serve as the alternate representative.

B. Central Region

Mr. Cardell reported the Central Region elected Mr. Tim Przybyla, City of Kerman; Ms. Lois Hull, City of Selma; and Ms. Wendy Silva, City of Madera, as the Central Region representatives. Ms. Cruz Ramos, City of San Joaquin, was elected to serve as the alternate representative.

C. Southern Region

Mr. Lewis reported the Southern Region elected Mr. Felix Ortiz, City of Exeter; Ms. Jo Barrick, City of Shafter; and Mr. Bob Wilburn, City of Maricopa, as the Southern Region representatives. Ms. Margee Fallert, City of Tulare, was elected to serve as the alternate representative.

15. CLOSING COMMENTS

A. Board of Directors

Mr. Cardell reported to the Board that Mr. Bill Little, City Manager, City of Orange Cove, was involved in a vehicle accident on Wednesday evening and was gravely ill. Mr. Cardell asked the Board to keep Mr. Little and his family in their thoughts and prayers.

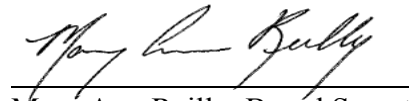
Mr. Tim Przybyla, City of Kerman, offered congratulations and best wishes to Mr. Jose Garay, City of Firebaugh, on his upcoming retirement.

B. Staff

None.

16. ADJOURNMENT

The June 27, 2008, Board of Directors' meeting adjourned at 11:15 a.m. by general consent.



Mary Ann Reilly, Board Secretary