

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF JUNE 24, 2010

A meeting of the Executive Committee of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on June 24, 2010, at the Piccadilly Inn-Shaw, Fresno, California.

COMMITTEE MEMBERS PRESENT: Bill Lewis, President, Woodlake
Jeff Cardell, First Vice President, Clovis
Linda Abid-Cummings, Second Vice President,
Riverbank
Leon Compton, Past President, Ripon (arrived during item
7A1)
Greg Applegate, Sonora
Dave Elias, Fowler
Tim Przybyla, Kerman (arrived during item 7A1)
Felix Ortiz, Exeter
Jo Barrick, Shafter
Bob Wilburn, Maricopa

COMMITTEE MEMBERS ABSENT: Wendy Silva, Madera

ALTERNATE MEMBERS PRESENT: Mike Barrows, Sonora
Margee Fallert, Tulare

ALTERNATE MEMBERS ABSENT: Cruz Ramos, San Joaquin

OTHERS PRESENT: Jeanette Workman, Administrator
Mary Ann Reilly, Board Secretary
Tammy Vitali, Workers' Compensation Manager
Linzie Kramer, Litigation Manager
Charlotte Hemker-Smith, Legal Counsel
Judy Sullivan, AIMS
Ken Wilkerson, AIMS
Dominic Russo, AIMS

1. CALL TO ORDER

President Bill Lewis called the meeting to order at 2:00 p.m.

2. INTRODUCTIONS

Introductions of those present took place.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Felix Ortiz moved to approve the agenda as posted. Seconded by Dave Elias. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Bob Wilburn moved to approve/accept the following items: A) Minutes of the May 27, 2010, Executive Committee Meeting; B) Warrants for April 22, 2010 ~ May 26, 2010; C) Evaluation Summary for CSJVRMA "Special Events Including Transfer of Risk" Workshop; D) Evaluation Summary for CSJVRMA "Managing Recreation Risk" Workshop; E) AIMS Response to Farley Consulting Services 2009 CSJVRMA Liability Claims Audit Report; and F) Chandler Bond Market Review – June 2010. Seconded by Dave Elias. Motion passed unanimously.

6. LIABILITY PROGRAM

A. Reports by Staff and Service Providers

1. Oral Report by Litigation Manager

Mr. Linzie Kramer, Litigation Manager, stated there were 38 new claims/incidents reported during the month of June 2010, none were serious claims.

2. Report on Coverage Denials

President Lewis reported there were no new coverage denials since the last Executive Committee meeting.

3. Report by Claims Administrator (AIMS)

Prior to the meeting, the Committee received a written report from Mr. Ken Wilkerson, AIMS, regarding liability claims activity for the month of May 2010. Mr. Wilkerson reviewed the report with the Committee.

Mr. Jeff Cardell, City of Clovis, asked Mr. Dominic Russo, Chief Operations Officer of AIMS, to update the Committee on AIMS system conversion project. Mr. Russo stated that AIMS' staff have been working on the conversion and mapping transition since the beginning of the year and have a go live date of August 6, 2010. Mr. Russo noted this date has not previously been made public as staff continues to work out

some issues with David Corporation and AIMS wants to ensure the transition from David DOS to David NavRisk is a smooth one without any of the problems that occurred during the workers' compensation transition. Mr. Russo reported that a formal announcement of the August 6th date should be made within the next week and should AIMS encounter any problems during the testing period that would necessitate a delay in the go live date, AIMS will notify CSJVRMA members of the delay.

Mr. Cardell asked what would be available to members on the go live date and Mr. Russo explained that everything that members currently have on the workers' compensation side, should be available on the liability side on the go live date.

7. WORKERS' COMPENSATION PROGRAM

A. Reports by Staff and Service Providers

1. Report by Workers' Compensation Program Manager

Ms. Tammy Vitali, Workers' Compensation Program Manager, noted the December 2009 and January, February, and March 2010 Workers' Compensation Claims Reports were included in the agenda packet. Ms. Vitali reported that to date there are 16 claims for May, noting none were serious.

Ms. Vitali reported an audit on workers' compensation claims will be performed the week of August 16-27th and this audit will be included in the October 2010 agenda.

Ms. Vitali reported there has been some communication with AIMS regarding performance issues and included in the agenda packet was a letter from AIMS addressing the performance issue.

In response to a question by Mr. Cardell, Ms. Vitali reported that AIMS made changes in March 2010 to address the performance issue. Ms. Vitali reported she will be preparing the April report in the coming week and an improvement should be visible.

Ms. Judy Sullivan, AIMS, noted that Ms. Vitali monitors AIMS' compliance with the contract and items for review include entering claims in the system within 24 hours; AIMS has experienced some issues with meeting that compliance over the past year. Ms. Sullivan reported AIMS made some changes earlier this year to address this issue and performance has improved regarding entering claims within 24 hours.

Ms. Sullivan noted another area reviewed is a full diary entry for every open, active, indemnity claim every 35 days and reported AIMS has struggled with this requirement. Claims have become more labor intensive since the 2004 workers' compensation legislation was enacted. Ms. Sullivan reported that she has received approval to add another one-half examiner to the CSJVRMA account to spread the

claims handling among more staff. This change took place in March and as of two weeks ago; all staff are in compliance with diary entries. Ms. Sullivan reported this issue is being monitored on a daily basis to ensure staff does not fall behind on diary entries again. Ms. Sullivan noted she believes that AIMS has a good plan on a go-forward basis and with the additional staff AIMS should meet the diary requirement. Ms. Vitali reported these issues are not unique to AIMS and noted her appreciation of AIMS' efforts to address the issues.

Mr. Russo reported AIMS has instituted some new protocols with claims staff to increase efficiencies between support staff and claims examiners.

Mr. Cardell questioned if these efforts would allow the examiners additional time to complete notes. Ms. Vitali's report indicated a problem with insufficient notes to allow for clients and Ms. Vitali to have a complete picture of the claim. Ms. Sullivan reported that the new procedures should assist with the issue with notes and stated that sometimes the issue is one of style. Ms. Vitali reiterated that style can be an issue as sometimes examiners cut and paste notes and that process is not helpful. AIMS is including this issue in their examiner training. Ms. Sullivan added that the NavRisk system does allow some forms within the system and if the examiners do not continue the required process, a form for notes may be instituted.

2. Report by Claims Administrator (AIMS)

Prior to the meeting, the Executive Committee received a written report pertaining to claims for May 2010, as prepared by Ms. Sullivan. Ms. Sullivan reported that Mr. Chris McClure, who was assigned to the CSJVRMA, recently resigned. Ms. Sullivan reviewed the process for replacing Mr. McClure. Subsequent to the meeting, AIMS informed staff that Mr. McClure will remain with AIMS and the CSJVRMA account.

3. Report by Claims Administrator (AIMS) Regarding Online Claims Access

Mr. Russo noted Ms. Diane Wratten, AIMS, has conducted much training with CSJVRMA members and will be addressing this issue during a presentation to the Board at the following day's meeting.

8. PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

A. TRIA Terrorism Coverage

Ms. Jeanette Workman, Administrator, reported that for entities with property insurance it must be determined, on an annual basis, whether to purchase optional Terrorism Risk Insurance as defined in the Terrorism Risk Insurance Act (TRIA) of 2002. Under TRIA, effective November 26, 2002, the property policy holder has the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act ("Terrorism Coverage"): the term "act of terrorism" means any act that is certified by the

Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest; as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States by coercion.

The Public Entity Property Insurance Program (PEPIP) proposal already includes terrorism coverage for both domestic and international incidents and does not require certification by the Secretary of the Treasury, Secretary of State, and Attorney General of the United States in order to submit a claim. For these reasons, staff is recommending that the CSJVRMA decline TRIA coverage.

Greg Applegate moved to decline TRIA Terrorism Coverage for the 2010/11 program year. Seconded by Tim Przybyla. Motion passed unanimously.

B. Green Coverage

Ms. Workman reported that an option available through PEPIP is “green” coverage. The broker discussed this with the CSJVRMA Board two years ago, and the Board declined the coverage. This coverage offers a limit of up to \$5,000,000 per occurrence per declaration to allow members to rebuild insured property and replace selected or damaged/destroyed personal property with products that embrace sustainability principles and reduce the overall impact of the building on the environment. While the CSJVRMA has previously declined this coverage, the cities of Gustine and Patterson expressed interest this year in “green” coverage; however, this cannot be purchased by individual members of the JPA. Ms. Workman reported the premium for this optional coverage is \$53,485 and noted it is not in the current budget for 2010/11.

Greg Applegate moved to decline Green Coverage for the 2010/11 program year. Seconded by Leon Compton. Motion passed unanimously.

Ms. Workman noted that PEPIP is including Cyber Coverage for the first time as part of the 2010/11 coverage at no additional cost and reported staff would send out information to all PEPIP members regarding this coverage.

9. ADMINISTRATIVE MATTERS

A. Resolution Canceling Obsolete Resolutions of the CSJVRMA

Prior to the meeting, the Executive Committee 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 Executive Committee.

Jeff Cardell moved to approve the resolution canceling obsolete Executive Committee resolutions. Seconded by Jo Barrick. Motion passed unanimously.

10. FINANCIAL MATTERS

A. Report by Marty Cassell, Chandler Asset Management, Regarding Investments

Prior to the meeting, the Executive Committee received a written report regarding CSJVRMA investments as of May 31, 2010, as prepared by Mr. Marty Cassell, Chandler Asset Management. Ms. Workman reported that Mr. Cassell's flight had been delayed and he would not be able to attend the meeting; however, Ms. Workman noted that Mr. Cassell will be providing a full report to the Board at the following day's meeting.

B. Proposed Amendments to the Budget for Fiscal Year 2010/11

Ms. Workman noted that staff passed out a revised budget from the one approved by the Board of Directors in March 2010, and two spreadsheets, prior to the meeting. Ms. Workman apologized for the delay but reported staff only received the final CARMA numbers the previous day and the ERMA numbers three days previous. Ms. Workman reported she has emailed the budget to all Board members in preparation for the budget discussion at the following day's Board of Directors' meeting.

Ms. Workman reviewed the documents with the Committee, noting the following:

- The Pooled Workers' Compensation Program premium decreased by -.5%;
- The Pooled Liability Program premium decreased by -2.2%;
- The Auto Physical Damage Program premium rate decreased by -5.7%. However, APD values have been updated so if members have recently added vehicles, they will not see the full decrease in rates;
- The Property Program premium was decreased by -15.7% and again, as property values were updated from the March budget, if members added property they will not see the full decrease in rates;
- The General Administration premium was increased by 1.5% due to changes in the programs. When less money is allocated to the programs, more is allocated to General Administration;
- The Employment Risk Management Authority (ERMA) premium decreased -1.2%. At their Board meeting this week, ERMA reported they have purchased an excess policy for \$1M excess of \$1M in coverage. This is a claims made policy that will be long term and ERMA intends to purchase this coverage every year. Because most members had not budgeted for this additional coverage, ERMA is offering members a three-year interest free loan to pay the cost of the coverage. However, because CSJVRMA staff budgeted for an assessment, which did not take place this year, the CSJVRMA budget amount for ERMA covers the cost of the increased premium and so the full premium can be paid. The coverage provides for a \$2M aggregate per entity and a \$10M policy aggregate. ERMA will be drafting a resolution to

determine how costs will be distributed should ERMA exceed the \$10M aggregate. As previously noted, there was no ERMA assessment for the 2010/11 program year.

Ms. Workman reported the overall budget decreased by 2.1% over the budget presented in March 2010. Ms. Workman reported the Employee Assistance Program (EAP) and the Low Value Vehicle Program did not experience any change in their budgets.

Dave Elias moved to recommend to the Board of Directors approval of the amendment to the 2010/11 budget. Seconded by Felix Ortiz. Motion passed unanimously.

11. CLOSING COMMENTS

A. Executive Committee

Mr. Dave Elias, City of Fowler, commended Mr. Greg Applegate, who will be retiring from the City of Sonora in August, for his commitment to the CSJVRMA noting he has been an outstanding individual both personally and professionally. Mr. Elias noted it will be very difficult to replace someone like Mr. Applegate.

President Lewis also thanked Mr. Applegate and noted Mr. Applegate had been an outstanding role model.

B. Staff

Ms. Workman reported that ERMA is conducting training for individual members and staff has been working with those members to open up the trainings to all CSJVRMA members. Ms. Workman reported members will be receiving notice of those trainings in upcoming emails and reported most of the trainings were for AB1825.

Ms. Workman also expressed her appreciation to Mr. Applegate for his service, noting they had worked together for 25 years and remarked what a great contributor Mr. Applegate has been to the Board.

Mr. Applegate thanked the committee and noted he joined the organization in 1985 and it is like a family to him. Mr. Applegate stated he appreciated the opportunity the organization provides for meeting and noted the organization is blessed with so many quality people such as Mr. Linzie Kramer. Mr. Applegate noted he has the utmost respect for Mr. Kramer who continues to provide such a great resource to the organization and continues to save the organization money through his efforts. Mr. Applegate noted he has enjoyed watching Ms. Workman grow in her role and appreciates working with her. Mr. Applegate additionally thanked the AIMS team and specifically Mr. Russo and Mr. Wilkerson for their efforts on behalf of the CSJVRMA. Finally, Mr. Applegate stated it had been a very gratifying experience to serve with the CSJVRMA and he wished the CSJVRMA nothing but the best in the future.

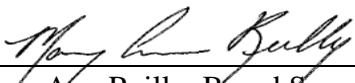
Ms. Charlotte Hemker-Smith, Legal Counsel, stated she has been with the CSJVRMA almost 25 years herself and noted how much she has appreciated working with Mr. Applegate.

Ms. Hemker-Smith also reported that there were two appeals on the following day's Board meeting agenda and as it was the first time that anyone has appealed to the full Board, she invited the Executive Committee to stay alert and involved in the discussions. President Lewis asked if those members appealing were entitled to attend the closed sessions for their agenda items and Ms. Hemker-Smith reported they were not and would be asked to leave to ensure legal counsel could openly discuss the items and the Board's options with the full Board and maintain lawyer/client confidentiality.

It was noted that Mr. Jim Zervis, City of Wasco, attended the recent Kern County Mayor's meeting where he discussed the City of Wasco case under consideration at the upcoming Board meeting, from the City of Wasco's point of view, and requested that those present attend the Board meeting in support of the City of Wasco.

12. ADJOURNMENT

The June 24, 2010, CSJVRMA Executive Committee meeting adjourned at 2:36 p.m. by general consent.



Mary Ann Reilly, Board Secretary