



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

BOARD OF DIRECTORS MEETING

January 18, 2001 – 9:35 A.M.

**Holiday Inn
1350 Holiday Lane
Fairfield, CA 94533
(707) 422-4111**

Minutes

I. CALL TO ORDER:

President Henderson called the meeting to order at 9:41 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---------------------------------------|
| 1) Darrell Handy, <i>Alameda</i> | 8) Carolyn Lyons, <i>Roseville</i> |
| 2) Bob Koch, <i>Chico</i> | 9) Sharon Andrus, <i>San Rafael</i> |
| 3) Robyn Kain, <i>Fairfield</i> | 10) Roger Carroll, <i>SCORE</i> |
| 4) Bill Henderson, <i>Livermore</i> | 11) Kerry Adamo, <i>Sunnyvale</i> |
| 5) Rex Miller, <i>NCCSIF</i> | 12) Paul Wildermuth, <i>Vacaville</i> |
| 6) Mike Acorne, <i>Petaluma</i> | 13) David Lindquist, <i>Vallejo</i> |
| 7) Jeff Davis, <i>REMIF</i> | 14) Jeff Tonks, <i>YCPARMIA</i> |

ABSENT

Fremont, Lodi, Redding, San Leandro, Santa Rosa, Stockton

OTHERS PRESENT

- | | |
|---------------------------------|--|
| 1) Lola Deem, <i>CJPRMA</i> | 4) Byrne Conley, <i>Gibbons & Conley</i> |
| 2) Robert German, <i>CJPRMA</i> | 5) Scott Maze, <i>Maze & Associates</i> |
| 3) Caren White, <i>CJPRMA</i> | |

III. APPROVAL OF MINUTES

A motion by Director Lyons, seconded by Director Wildermuth, to approve the minutes of the November 16, 2000 Board of Directors meeting, passed unanimously.

IV. PRESENTATIONS

- None

V. CONSENT CALENDAR

The General Manager said that President Henderson had approved the MasterCard bills and that they had been included in the financials for the Board's review. He said that Board Counsel had been concerned about the bills being included due to the disclosure of the account number. He said that it was up to the Board whether they were included in future financial reports. The Board decided not to include the MasterCard bills in the future.

Director Kain asked if a vendor list could be included with the check register. The General Manager said that they would do so in future reports.

- 1. Financial Reports of CJPRMA for the Period Commencing July 1, 2000**
- 2. Additional Covered Party Certificates Approved by the General Manager**
- 3. Notification of New Claims Received**
- 4. Notification of Claims Closed**

A motion by Director Acorne, seconded by Director Kain, to approve the Consent Calendar, passed unanimously.

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD OF DIRECTORS ON MATTERS OF BOARD BUSINESS

VII. ACTION CALENDAR

5. 2000 Financial Audit

Scott Maze, of Maze & Associates, presented the results of the 2000 Financial Audit.

He apologized for the delay in completing the audit. He also said that it was no longer a requirement that CJPRMA's audit be included in member audits.

Mr. Maze said that everything looked great and that they had no major recommendations.

Director Wildermuth asked if the per-occurrence limit was \$15 million and not the \$10 million the shown in Note 1 of the report. Mr. Maze said that they would correct that in the next report.

A motion by Director Miller, seconded by Director Acorne, to approve the 2000 Financial Audit, with one correction to Note 1, passed unanimously.

6. Proposed Format for Annual Report

The General Manager said that staff had incorporated all of the Board's suggestions from the previous meeting into this Annual Report draft. He said that it gave a more complete view of the organization. He asked if there was anything else the Board would like added or if they had any further suggestions.

Vice President Koch asked how the final draft would look. The General Manager said that it would be a glossy, magazine-style report.

Director Lyons suggested that they include some discussion of the charts to further clarify the information.

Director Kain said that the redistribution chart in particular needed more clarification.

Board Counsel suggested that they add an additional chart showing investment vs. claims payments.

Director Wildermuth suggested that they list the property losses as well.

The General Manager said that they would include a narrative for each chart and add a chart showing how much had been paid out in claims in the next draft. He said that staff would make the adjustments and send out a new draft for comments.

Director Handy suggested that the letter from the General Manager be closer to the front and be in a more letter-like format. Director Kain suggested that the "About CJPRMA" page be moved closer to the front as well.

Director Handy said that he thought that the staff had done a great job on the format.

Director Davis asked if enough copies would be made for each JPA to distribute to all their members. The General Manager said that enough would be made to fulfill all members' requests and for marketing purposes.

Director Tonks suggested including a map of California showing the locations of the members.

Board Counsel suggested including the balance sheet from the Financial Audit.

7. Proposed Redistribution Plan

The General Manager said that staff had prepared six options for the redistribution plan. He said that the first three options related to the redistribution plan that was proposed in the actuarial study. He said that the last three included the closure of two program years and use of part of the proceeds to offset the negative balances in Pool B from the 1995-96 and 1989-90 program years. He said that his recommendation was to follow the plan in Exhibit #6 which would close out two program years, offset the negative balances, and return the \$705,000 from Pool D in the 1999-2000 program year, for a total redistribution of \$2.6 million.

Board Counsel said that the actuarial study didn't recommend closing out any program years. He said that there was a substantial portion of equity in the 1992-93 and 1993-94 program years and that they might want to consider spreading the redistribution out over those two years along with the 1990-91 and 1991-92 program years.

The General Manager said that NCCSIF would not get funds back in any of the redistribution plans because they had joined in the 1993-94 Program Year. He said that the plan that he had recommended reduced the negative to the lowest level for NCCSIF. He said that he had spoken to Marilyn Kelly to explain that NCCSIF would not get a redistribution this year but that there would probably be one next year.

Director Lindquist asked where the \$705,000 was coming from. The General Manager said that that was the excess collected above what was necessary to pay the premium for the reinsurance.

President Henderson asked if there was any money in the 1989-90 program year that they could redistribute. The General Manager said that that year still had an open case and that that was why they hadn't recommended its closure.

The General Manager said that the 1993-94 year also had no open claims and that he would recommend its closure in the near future. He said that the negative balances did not require an assessment because they were just a reflection that that member was below the 80% confidence level in that pool for that year. He said that there was no interest charge to the member. He said that the reason he was recommending the plan in Exhibit #6 was to continue the process of closing out the older program years so that IBNR would no longer be added to those years in the actuarial studies.

Director Kain asked if they should retain any or all of the \$705,000 in the event that the insurance market hardened and rates went up. The General Manager said that he didn't think it was necessary to hold onto the money. He said that there would be future redistributions that they could use to offset any premium increases. He said that he wanted to give back as much as possible.

A motion by Director Wildermuth, seconded by Director Lyons, to approve the redistribution plan set forth in Exhibit #6, which would close out the 1990-91 and 1991-92 program years as well as return the excess \$705,000 from Pool D in the 1999-2000 program year, passed unanimously.

8. Proposed Policy on Review of Open Claims

The General Manager said that this item had been agendized at the request of Director Davis. He said that the proposed policy was being suggested in order to keep the level of communication between board members and claims administrators open and to eliminate delinquent claims reporting. He said that the policy required that board members provide short status updates on open claims on a periodic basis. He said that they would also include an agenda item for all cases more than 9 months delinquent in reporting.

Director Davis said that the first part of the proposed policy was that five members would review their open claims each quarter so that everyone was aware of what was going on. He said that sometimes, some of the member entities didn't share information with their board representative. He said that the second part of the proposed policy was that claims that hadn't been

reported on in nine months should be brought to the attention of the board, possibly for some type of sanctions.

The General Manager said that the claims would come off of his “Open Claims by Member Entity” list. He said that if the date of last update was more than 9 months old, the member would be required to provide an explanation to the Board. He said that they would not discuss the specifics of the case.

Board Counsel asked if the “Open Claims by Member Entity” list could be sorted by date of last update. He suggested that the policy be effective for claims that were six months delinquent rather than nine.

Director Tonks suggested that any member who was more than six months delinquent at the time of a redistribution, not get their redistribution until all their files were brought current.

The General Manager said that they couldn’t do it for the current redistribution because there had been no warning. He said that they could bring it back as a proposed policy at the April meeting.

Directors Tonks said that having five members discuss claims at a meeting would become very cumbersome and that he didn’t support that. Director Wildermuth said that they should put the delinquent cases on the Watch List.

The General Manager said that they put the more serious cases on the Watch List. He said that maybe some cases were not on the Watch List because they hadn’t received updates on them. He said that that was why there was some concern.

Director Davis said that something needed to be done about the delinquent reporting. He said that it had gotten better but that they could still improve.

President Henderson asked if it would be of any benefit to publish a list of the delinquent cases to the members. The General Manager said that they already got that information on a quarterly basis.

President Henderson said that they could include a list of delinquent cases in the agenda as part of the Claims Committee’s report.

The General Manager said that they could create a list of cases that were six or more months delinquent to send out with the quarterly case status update reports. He asked if they wanted to agendize that list for discussion.

Director Tonks suggested that they put that discussion into Closed Session. The General Manager said that they could begin Closed Session with a discussion of the delinquent list.

Director Davis asked the General Manager to bring a new proposed policy, including sanctions, to the April meeting.

9. Review of Organizational Goals and Objectives

The General Manager said that he was concerned that members were not preparing for their meetings with Bob Lapidus regarding the loss control surveys. He said that many of the members Mr. Lapidus had met with were not prepared with the required documents/personnel.

Director Kain said that two weeks notice was not enough time to prepare. She said that they should have at least a month's lead time before meeting with Mr. Lapidus. The General Manager said that he would try to arrange that.

The General Manager said that if they were having reservations about going forward with the loss control survey, they should cancel it and save the money.

Vice President Koch said that they should finish the project because they wanted that information.

The General Manager said that there had also been concern about whether the information collected in the loss control survey could be used against the members in litigation. He said that they were not going to ask them to keep any of the information. He said that the sole purpose was to gather the information and then see where, as a whole, the organization had areas of weakness. Then they could develop recommended policies to cover those. He said that the documents would be destroyed after the information was all gathered.

President Henderson said that it was important to have the appropriate people at the meeting with Mr. Lapidus so that the people who were familiar with the requested information could answer his questions.

Director Davis said that he had been opposed to this survey from the beginning because he thought it was a waste of time. He said that they didn't need to spend the money to gather the policies and create a model policy. He asked what the Board was going to do once they created those model policies.

Director Kain said that she looked at it as an opportunity to do an audit of the members' internal policies and procedures. She said that if it resulted in new model policies that that was a benefit.

The General Manager said that they would also be able to decide what type of training programs they wanted to provide to the members.

Director Acorne said that he thought that all the information in the survey were good and necessary items for them to be looking at. He said that he thought that the goal was admirable and necessary and would result in having a listing of policies necessary for a good risk management program.

Director Handy said that loss control was an issue whether they were a pool or went with commercial insurance.

The General Manager said that they shouldn't look at it as something that was pass or fail. He said that it was simply an identification of areas of weakness and that they had to identify those areas before they could do anything to correct them.

Board Counsel asked how many members had found the sample litigation policy helpful and had implemented it. Director Acorne said that he had done so with minimal changes. Director Tonks said that he had made small changes. Director Wildermuth said that it was under review in his city attorney's office.

President Henderson asked if anyone had any further comments on the status of the Goals and Objectives.

Director Kain said that some of the items had no dates or boxes marked to indicate what the current status was.

The General Manager said that, in the case of the reporting mechanism for indicators of financial stability, the committee had created a form that staff had difficulty completing. He said that staff had proposed revisions that they would discuss with the Finance Committee.

The General Manager said that they would update the Status Report and send out a revised copy.

VIII. COMMITTEE REPORTS

A) Claims: Patricia Born, Chair

The Claims Committee had nothing to report.

B) Coverage: Jeff Tonks, Chair

Director Tonks said that the Coverage Committee had met and discussed some modifications to the Memorandum of Coverage and that they would meet again prior to the April Board Meeting. He said that it would include the Inverse Condemnation recommendations.

C) Personnel: Carolyn Lyons, Chair

The Personnel Committee had nothing to report.

D) Communications: Bob Koch, Chair

The Communications Committee had nothing to report.

E) Finance: Paul Wildermuth, Chair

The Finance Committee had nothing to report.

IX. CLOSED SESSION

1. **Government Code Section 54956.9 (a)**

Conference with Legal Counsel - Pending Litigation

Name of Case: Davis v. City of Auburn

Court: Placer County Superior Court

Case No.: SVC9736

2. **Government Code Section 54956.9 (a)**

Conference with Legal Counsel - Pending Litigation

Name of Case: Maher v. City of Fairfield

Court: Solano County Superior Court

Case No.: L010332

3. **Government Code Section 54956.9 (a)**

Conference with Legal Counsel - Pending Litigation

Name of Case: Staunton v. City of Clovis

Court: United States District Court, Eastern Division of California

Case No.: CV-F-99-5902 AWI/DLB

4. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation

Name of Case: County of Solano v. City of Vallejo

Court: Court of Appeals, First Appellate District

Case No.: A082666

5. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation

Name of Case: Yorn v. City of Stockton

Court: San Joaquin County Superior Court

Case No.: 004816

X. ACTION ON CLOSED SESSION ITEMS

None.

XI. ADJOURNMENT

A motion by Director Wildermuth, seconded by Director Kain, to adjourn the meeting at 11:40, passed unanimously.