CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

May 24, 2000 — 9:30 AM

Courtyard by Marriott
Sierra Room
120 Nut Tree Parkway
Vacaville, CA 95687
(707) 431-9000

MINUTES

I. CALL TO ORDER:

President Davis called the meeting to order at 9:35 a.m.

II. ROLL CALL

PRESENT

1) Bob Koch, *Chico*
2) Linzie Kramer, *CSJVRMA*
3) Robyn Kain, *Fairfield*
4) Bill Henderson, *Livermore*
5) Jeff Davis, *REMIF*
6) Paul Wildermuth, *Vacaville*

ABSENT

Jake O'Malley, *CCCMRMIA*

OTHERS PRESENT

1) Caren White, *CJPRMA*
2) Robert German, *CJPRMA*
3) George Bist, *Stockton*

III. APPROVAL OF MINUTES

- Minutes of the Executive Committee Meeting held on April 19, 2000.

  A motion by Director Koch, seconded by Director Henderson, to approve the minutes of the April 19, 2000 meeting, passed unanimously.

IV. PRESENTATIONS

- None

V. CONSENT CALENDAR

- None

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

- No one addressed the Executive Committee

VII. ACTION CALENDAR

1) Development of an Annual Training Program

The General Manager said that the four agenda bills related to the Goals and Objectives that had been decided upon at the April meeting. He said that they could take them in sequence in terms of how the Executive Committee wanted to achieve them and what they wanted to present to the Board of Directors in June. He said that they had held up approval of the budget in case there were going to be any additional costs resulting from what they decided to do. He said that he had spoken to Director Born and that they had discussed the possibility of creating a line item for the budget and funding it during the year as they decided what they wanted to do. He said that he hoped that they had some idea of how they wanted to address the training program. He said that he thought that they should decide what they wanted to train members on first.

Director Kramer said that he had some ideas. He said that the idea he had taken to some of his other organizations was that all cities were different and that not all cities needed help in the same areas. He said that they were using a two-pronged program that consisted of both a cultural assessment and accountability standards. He said that it involved assessing what the needs were first. He said that the accountability portion looked at compliance, safety committees, and whether cities were learning from their mistakes. He said that he thought that this idea made sense for CJPRMA because he felt that they should look at individual loss trends of the members before they reached the excess level. He said that his philosophy as a pool administrator had always been that the first obligation was to protect pool funds and the second obligation was to help members save their own money as well. He said that he had been impressed with this training approach in his other groups.

President Davis said that it seemed like a very labor-intensive project. Director Kramer said that it was, but that it could be done over a period of two or three years.

Director Kain asked why it had to be labor-intensive. She said that they could ask each member to do a count of how many of each type of claim they had had. Director Kramer said that it was labor-intensive to do it right because the safety and loss control person would have to meet with each department, look at their programs and policies and find out what the priorities were in general.

Director Henderson said that there were already programs and forms available for this. He said that they could just send out forms for the department heads or employees to fill out for the cultural assessment. He said that they could also do a self-needs assessment. He said that it would be labor intensive in data collection and reporting but that that would give them a place to start. He said that sometimes people become educated through surveys.

Director Kramer said that Director Henderson was talking about a lot of new things. He said that some cities may know all the rules and laws, but that some may not and that that was where the potential for exposure was.

President Davis said that there was a third part to that that said that they wouldn't do those things because it would leave them open to liability. He said that there were two parts to the law. He said that one part said that they do the inspections and that the other part of the law said that there was a four or five year time limit on compliance. He said that that created a four or five year liability void and that a lot of JPAs were saying that they weren't going to do it.

Director Henderson asked if there was a greater risk if they just put their heads in the sand and someone got injured. President Davis said that the risk was that if they did the report and it said that corrections hadn't been made because there was no money and they had had five years in which to fix them, there was liability.

Director Wildermuth said that his city had used Internet-based training through ERMA and that it had seemed to be very effective. He said that it seemed to him that they should look at the exposures to CJPRMA and then train members to prevent those types of exposures. He said that they didn't need to get down to the Title 8 safety programs. He said that they needed to get into issues involving police. He said that they should look at their losses to see what they trends were and then share experience to find out what could have prevented the loss. He said that if the members could pass on their experience to each other, it would be a tremendous preventive agent.

Director Kramer said that any organization should help its members save their own money. He said that if they were talking about exposures to CJPRMA, one member may have a particular safety program set up and another may have a claim of that sort but no knowledge of that type of program.

Director Wildermuth said that that raised the issue that there were no standards. He said that there could be a standard that said that when general liability claims hit the excess layer, the member must do certain things.

Director Kramer said that they should be proactive rather than reactive with a safety program. He said that they needed to start with an assessment.

Director Henderson said that he thought that Director Kramer and Director Wildermuth were talking about the same things. He said that Director Wildermuth was suggesting that they establish a standard and that Director Kramer was suggesting that they use the standard to make assessments.

Director Kramer said that he thought that Director Wildermuth was talking about looking at where CJPRMA had been hit so far.

Director Wildermuth said that he was suggesting focusing on those areas that can hit the excess layer. He said that their experience would tell them where many of those areas were.

Director Kramer said that that was still tough because he could say that sidewalk trip-and-falls were low on the priority list but that there could be a rare case where someone was blinded or killed. He said that it could result in a large loss.

Director Wildermuth said that it was good for the public works director of any city to know what their experience was as well as for other cities or organizations.

Director Kramer said that that might be the case but that there still might never have been a problem in a specific area. He said that it still would be advantageous for the city to know about other safety alternatives.

The General Manager asked if it would be appropriate as a first step to canvas the members to find out the components of their safety programs in terms of liability training and then select what was applicable to the organization. He said that that would give them a feel for what everyone was doing.

Director Wildermuth said that maybe safety was not the best avenue for that. He said that safety left out contract administration or risk transfer. Director Kramer said that it could include those items if the cultural assessment looked at everything.

The General Manager said that Board Counsel had sent a letter recommending training topics such as analyzing police pursuit policies, analyzing release and hold harmless language, analyzing tort claims, negotiating settlements, investigation checklists for casualty claims, insurance indemnification requirements in contracts, actuarial analysis of liability exposure, anti-discrimination policies for ADA and civil rights act compliance, preparation of employees for depositions or testimony at trial and handling public records act requests from litigants.

Director Kramer said that he thought that that was a good list but that the scope could be broadened. He said that he didn't think it was a good idea to ask the members what they wanted training on. He said that he thought that an independent consultant should evaluate and determine what areas needed training.

President Davis said that Director Kramer and Director Wildermuth were talking about the same thing. He said that they needed another staff member.

Director Kain said that a lot of the cities hired consultants to do training on personnel issues. She said that maybe they could contact a legal firm or someone else that provided training on liability issues, give them the loss information to review, survey the members to see what policies they already had and design a training program based on that.

President Davis said that he didn't disagree with that, but that the members would only respond to what they were given. He said that they had nothing at the moment to give them. He said that unless they knew what each member was doing, they couldn't help.

Director Henderson said that the pool was made up of members and that they should want to protect their money. He said that he thought that criteria should be established and sent to the members to see how they were doing. He said that if CJPRMA set a standard for policies then the members would have to comply with them. He said that he thought that an internal assessment was important but that it wasn't necessary in order to hire someone.

Director Wildermuth said that he didn't think that they wanted to get into the nuts-and-bolts stuff with the member entities. He said that what they were really talking about was training, education and information. He said that information told the members what was happening, education told them why things were the way they were and training told them specifically how to do things. He said that they needed to be doing all of those things.

President Davis said that Director Wildermuth was talking about a continual process. He said that he didn't think that an ongoing process could be sustained with contract people. He said that it was a process that would involve reevaluation and growth. He said that the General Manager didn't have enough time to do his current job. He said that, even if a consultant were hired, someone would have to go over the information collected. He said that they would need to consider putting $80,000-100,000 aside for the project annually if they thought it was worthwhile. He said that they should also be able to help the members when they needed it. He said that another issue was mandatory vs. optional training. He said that eventually training may need to be mandatory and that they may need to impose sanctions on members who didn't participate.

Director Koch asked how ERMA enforced mandatory training. Director Wildermuth said that they doubled the SIR.

President Davis said that they couldn't make the program mandatory until the information and education had gotten to all the members, which could take two or three years.

Director Kramer said that he agreed that they would have to commit $80,000-100,000 annually for a successful program. He also said that he thought that they needed to send an impartial person to do the cultural assessment.

Director Henderson said that they needed to know what they were looking for before they did the inventory. Director Kramer said that they needed to establish the parameters but that they also would have to look at all the areas where there could be claims.

Director Henderson said that they needed to identify the particular issues before they understood what the risks were for a particular member. He said that they needed to get a global list together, decide what the parameters were, and then survey the members.

Director Kramer said that they would want to include that in their RFP unless they wanted to hire a safety and loss person.

Director Henderson asked if they wanted to limit the training to liability issues or include property issues as well.

Director Wildermuth said that it seemed to be a broad based approach to what sort of training might be required. He said that he would take a more simplified approach that would look at where the greatest exposures were, determine standards to avoid those exposures and then train based on those standards.

The General Manager said that the top three exposures were results of police issues, design problems with streets and employment practices liability. He said that those were the three biggest areas of exposure.

Director Wildermuth said that they couldn't do a comprehensive program. He said that he thought that taking one or two issues a year and doing them well would be a good idea. He said that if that worked well, they could expand it later.

Director Koch asked if Director Wildermuth was saying that if his city didn't need training in those specific areas that year, could he still be able to get training from CJPRMA in other areas.

Director Kain said that she agreed with Director Wildermuth's approach but that she wanted to see a needs assessment to find out the top areas that would require training. She said that they could then decide how many issues they would train on each year. She said that maybe a city wouldn't get their training one year, but that they would the following year. She said that they had to prioritize which training was critical for the group.

Director Henderson asked if training would help in police cases.

Director Kain said that that would involve working with the chiefs and lieutenants from the agencies.

Director Henderson said that he had a suggestion. He said that issues of information, education and training were important. He said that they should deal with the information issue with regards to identifying the risks that the pool had and that the cities may also have, and then identify what they had and didn't have.

Director Koch asked where the training came in. He said that they couldn't wait a year or two to begin training. He said that it needed to be integrated somehow.

Director Henderson said that the only way he could think of to speed up the process was to put time limits on it and hire someone to help.

Director Kain suggested that they contract with a loss control consultant to do a needs-assessment and develop a training program in conjunction with the Executive Committee. She said that they could decide what to do from there.

The General Manager asked how long it would take to do the needs assessment. Director Kain said that it would take awhile. Director Wildermuth said that they didn't have to go to all the members, they could do a sampling.

Director Kain said that she thought that they could find out what the top five claims exposures are for each member based on their frequency and severity. She said that they could look at all claims over $100,000.

Director Henderson asked if any pools besides ERMA had mandatory training. Director Kramer said that Bay Cities did, as well as CSJVRMA. He said that he had some mandatory and some optional training. He said that CARMA didn't because it was made up of primary pools.

President Davis said that CJPRMA was a mixture of pools and cities. He asked if they should say that the pools could be excluded from mandatory training but that the cities were required to do it.

Director Kain said that maybe that was the way to go because that was where the gap was. She said that the cities didn't have anywhere to go for training.

Director Kramer said that wasn't always true. He said that his organization had recently helped Sunnyvale develop the scope of a training program. He said that Sunnyvale had done a tremendous amount of work, but that they did have some recommendations to make.

Director Henderson asked if they had a checklist to compare against or if they just used their experience to judge by. President Davis said that that was a good question. He asked if there was a concrete list of standards to compare against or if they used their gut feelings. Director Kramer said that they had many model policies to judge against. He said that the main purpose of it was to go in and look at risk transfer and point out aspects that needed assistance and those that were successful. He said that they could do training for the pools and cities separately if they wanted.

Director Bist said that it seemed to him that they weren't structured to do this type of training. He said that they were talking about recreating the authority and creating a whole new department to handle this. He said that he thought they should first look at their exposures, prioritize those and create a recommended policy based on their experience and exposures. He said that they should share that information with the members first before making anything mandatory. He said that after a year, they could reevaluate and expand or modify the program.

President Davis said that he thought that they should leave the money currently in the budget for training. The General Manager said that it was currently $30,000, which allowed for $3,000 in matching funds for ten members. He said that it was that low because few members utilized the program.

President Davis said that they should research what they had and ask the member entities to send in their last three years of loss information for review. He said that they could bring that information back to the next Executive Committee meeting and decide then if they should deal with it internally or if they should contract with someone. He said that they didn't know how big the problem was. He said that he felt strongly that another component needed to be added to the program if the group wanted to make the commitment that it would be the primary pool for the cities.

Director Kain said that she thought that they definitely needed to do training for the member agencies. She said that having the assistance of CJPRMA helped her out. She said that it was too much for her to do for the city on her own. She said that if the pool would develop the training, it would be a great assistance. She said that she thought that they should go ahead and hire a loss control consultant to do the needs assessment and then come back with a recommendation.

The General Manager said that if they had someone go out and gather the information, it would get done. He said that if they just requested the information from the members, it wouldn't get done. President Davis asked what the loss control consultant would do. He said that they needed to do an RFP.

Director Kain said that she thought that they needed to evaluate the loss exposures that the pool had and do an analysis of where the claims were, as well as develop training and/or policies to address those areas. She said that it was similar to Director Kramer's idea.

Director Henderson said that he was thinking of someone like Craig Bowlus, who would have a general idea of what the claims history already was. The General Manager said that Mr. Bowlus already had a lot of data. He said that they could ask him what data he had relating to categories of losses above a specific level. Director Kain said that he was a claims auditor and not really a loss control advisor.

President Davis asked if they really wanted a loss control advisor. He said that they wanted to find out where their claims were at that point. He said that they wanted to find out what their losses were and then turn it over to someone to determine how to prevent them. He said that it was a two step process.

Director Henderson said that he didn't think that they would be using that information alone to build the program but that it was a good place to start. He said that it was all in one particular location and that Mr. Bowlus knew the information. He said that each member should provide a list of the exposures specific to the member agencies, use that data in combination with the data from Mr. Bowlus, and come up with a big list.

Director Kramer said that the only real problem was that some things would not show up in that listing. Director Henderson said that it was data analysis. He said that they were thinking of potential future risks and that Mr. Bowlus was reviewing past experience.

The General Manager said that the problem with asking the members to provide information voluntarily was that they wouldn't be getting consistent information. He said that they needed one individual, whether it was a consultant or not, to ask the same questions of each member so that they got an accurate feel for what was out there. He said that they could then send out a list showing the issues that there were problems with and request information based on that.

Director Bist said that they already had a database of their exposures and that they could have someone look at that information for the last three years and then bring that information to them. He said that they could just hire someone to look at the information, analyze it and bring it back to them. He said that another option was to hire someone to go out to each member and audit their programs. He said that it would be a service they were providing to each agency and that at the end of the audit, they would know where their weaknesses were. He said that that would give them the area in which training was necessary. He said that they shouldn't do it themselves because they wouldn't get the right data back. He said that they should have someone do it and set a time limit on when it should be completed.

Director Kain said that she would like to see them focus on the liability issues and not on safety because that was what the pool did.

President Davis said that they needed to take some proposals to the Board. He said that he recommended that they continue the training program they already had; put $50,000 into the budget for RFPs for the data collection and analysis and a consultant to look at each member; and set up some sort of standards and procedures for doing this in-house in the future.

Director Henderson said that he thought that if they used the information only from claims that they had had, that they weren't looking at potential future claims. Director Kain said that that was what the site inspection process was for.

President Davis said that the Executive Committee had two more meetings after the budget was approved and that they needed to decide what they wanted to look at. He said that then they could put out an RFP to look at what they needed to do. He said that training was a ways down the road. He said that standards would produce education, information and training.

Director Wildermuth said that from a loss prevention standpoint, the past was a good indicator of what the future would be. He said that if the same type of claim hit the excess layer twice, then they needed to come up with some training to avoid it again.

The General Manager said that police issues were a major concern because juries were adversely reacting to them.

A motion by President Davis, seconded by Director Henderson, to continue the training reimbursement, recommend $50,000 in the budget to be utilized for RFPs for a consulting firm to do data analysis and member reviews, and to bring back a recommendation for standards or programs at the end of the process, passed unanimously.

2) Review of Broker Services

The General Manager said that he and Board Counsel had had the same question. He said that, apparently, there seemed to be some dissatisfaction with the broker services and he wanted to know why that was because both he and Board Counsel were both extremely pleased. He said that they had just signed on for a three-year property insurance program so he didn't want to make any changes until that period was over. He said that if, at that time, they decided that they wanted to put out an RFP for broker services, that would be fine. He said that one of the issues that had come up in the past related to commissions. He said that some brokers received a flat fee and some received commissions. He said that he was never concerned about that because his concern was getting the lowest rate available. He said that if there was dissatisfaction relating to broker services, he hadn't heard about it except peripherally. He had no specific information

Director Koch said that his perception was that there were some members who were dissatisfied, some who didn't know how the system worked and wanted to know more about it and some who felt that they should check out other brokers because they had been with the same one since the beginning. He said that that was where the commission issue sometimes came in and that he didn't know how the commission fit into the rate. He said that if the commission was built into the rate, then they might not be getting the lowest possible rate.

Director Kain said that commissions were usually fixed. Director Kramer said that they weren't. The General Manager said that commissions differed based on the type of insurance program, the company, and various other factors. He said that they weren't all the same percentage either.

Director Kramer said that Mr. Pinckney had made representations at a meeting in 1988 or 1989 that dealt with the workers' compensation insurance issues that were inaccurate. He said that the same thing had happened in 1999 when they were talking about reinsurance. He said that they had previously asked Mr. Pinckney if he would go onto a fixed fee contract and that he was resistant to that. He said that they had asked Mr. Pinckney to give a full disclosure of what his fees were and that they never received it.

The General Manager said that they had, in fact, received that information the year they requested it.

Director Kramer said that it seemed to him that if they had a broker on a fixed fee basis that they would truly go out to the market and do what was in their best interest.

Director Wildermuth said that a better way to do it was a fixed fee plus a percentage of any reduction they received on the previous year's premiums.

Director Kramer said that any type of program like that ensured that the broker was working for the clients' best interest.

President Davis said that he thought that if they paid on a fixed fee basis, that the broker would go out and find the company that would pay him a kickback. Director Kramer said that their arrangement should specify that the broker got no kickbacks. President Davis said that they still might get it. The General Manager said that, as a practical matter, it would be unverifiable.

The General Manager said that he had a suggestion. He said that they were in a contract for reinsurance for two more years and three years for the property program. He said that they could go into the last year of the property program and do an RFP for broker services so that if they decided to go with another broker, they could have that lined up prior to the end of the program.

Director Henderson asked if they had a contract with J & H Marsh and McLennan. The General Manager said that they did.

Director Henderson asked what would happen if they dropped J & H. The General Manager said that they were the ones who negotiated the property program and the reinsurance program. He said that the broker was the one who set it up and that he wouldn't want to interfere with that. He said that it wasn't an emergency situation.

Director Henderson asked what would happen if the Board decided that they were unhappy with J & H Marsh & McLennan and wanted to change. President Davis said that they could get out of both programs if they wanted to. The General Manager said that the property program was a three year commitment.

Director Koch asked if they were to drop J & H Marsh & McLennan, would they have to find new coverages for everything. The General Manager said that that was a possibility.

President Davis suggested that they go to at least six other JPAs that were similar and find out what their costs were and what coverages they offered. He said that they could look at those policies and do some comparisons.

Director Kain asked if that was already being done under the Market Growth Plan from the Goals & Objectives. The General Manager said that they could use that information. President Davis said that he saw this as being more specific. He said that it might help that committee with what they were going to do.

Director Koch asked what the value of doing that was. President Davis said that if he looked at the information and found that other pools were getting reinsurance at a cheaper rate, they could go back to the broker and ask why. He said that they needed to get rid of dissatisfaction by answering the questions.

The General Manager said that that was his question. He asked why there was dissatisfaction.

Director Koch said that he wasn't sure that that was the entire reason. He said that he never felt that he was getting the full story from J & H Marsh & McLennan.

The General Manager said that both he and Board Counsel had criticized Mr. Pinckney in private because he didn't tell the Board everything he did. He said that Mr. Pinckney was also extremely reluctant to discuss business in front of another broker, and that there were two people at the meetings who worked for Driver Insurance Services. He said that because they were a public entity, the information was subject to disclosure, but that Mr. Pinckney still had trouble with it. He said that they needed to keep pushing him to be much more explicit in explaining what he did. He said that brokers were like this around other brokers.

President Davis said that he was uncomfortable because it bothered him when Mr. Pinckney wouldn't tell him things in private. He said that they seemed to be dealing with the personality and not the product and he asked how they could get around that. He asked if they should ask for a different representative.

Director Kramer said that the rates they had on the property and APD programs were just now reaching the lower rates that his organization was getting through PEPID. He said that their excess rate was higher than the one that CARMA was getting. He said that he wanted to get the best product at the best cost for his client. He said that he had felt for many years that Mr. Pinckney was trying to get a product for CJPRMA that was the best product for himself.

President Davis said that they should go out and survey other JPAs. He said that they had to give them the information because they were public entities.

Director Bist said that if they were alleging misrepresentation by the broker, that they needed to clear up certain issues. He said that they should address that in a letter requesting that Mr. Pinckney respond to certain issues within a two-week time frame. He said that they would then know if there was a problem with his credibility and could make changes. He said that he didn't think that they should lose insurance if they changed brokers. He said that if their costs were just now getting as low as Director Kramer had said, that they were overpaying. He said that they should ask the questions, wait for the answers and then have an independent consultant come in and do a market survey.

President Davis said that they couldn't get a market survey unless they had a broker do that. He said that they could do their own by going to five or six JPAs and requesting their policies, premium calculations and descriptions of their programs. He said that they could then ask the broker why their rates were different from other organizations'.

The General Manager said that they would have to get the variations on the programs themselves because every one of the quotes would be different based on coverage.

Director Koch suggested having Mr. Pinckney come to the Executive Committee so that they could ask questions of him.

President Davis said that they were not locked into a three-year contract with the reinsurance and that it was the same thing with the property program. He said that they wouldn't be making any moves in the middle of the year. He said that if they made any changes it wouldn't be until July 1 of next year.

The General Manager said that they should finish out this year, do their research next year, and prepare an RFP for the year following that.

President Davis said that if they wanted to know where they stood, they would need to do something soon. He said that they would then have time to put out an RFP for broker services for the next year, if they wanted to do that. He said that there were plenty of other products out there. He said that one thing that bothered him a great deal was member needs. He said that Driver's program did not meet those member needs under the current law.

Director Henderson said that what they had looked at through J & H Marsh &

McLennan didn't meet those requirements either.

President Davis said that his recommendation was that they put $20,000 into the budget to review what was available, make sure that they could get out of the current policies, if necessary, and ask Mr. Pinckney to meet with the Executive Committee.

Director Kramer said that the first thing they needed to do was gather the information so that they could ask Mr. Pinckney specific questions.

President Davis said that they needed to make a recommendation to the Board and that there would be an additional consulting fee. He said that maybe they should wait until they got to the last agenda bill and then recommend a consulting fee line item for everything. He said that they could request information from other JPAs in the interim. He said that they didn't need to report on this at the June meeting and that they should try to have it done by October.

Director Kain asked if they should tell Mr. Pinckney that they wanted a report on commissions. She said that she thought that the whole Board would want to know that information. She said that it could be presented at the June meeting.

Director Henderson asked if this was the last year of their three-year contract with J & H Marsh & McLennan and when they needed to do another contract. The General Manager said that it would just continue in place until they changed it. Director Bist said that he wanted clarification before extending the contract. He said that Mr. Pinckney's reputation was being challenged.

President Davis said that they should have a broker's report at the June meeting and have the broker send out a summary of what programs were in place as of July 1, 2000.

Director Henderson asked what would happen if they found out that Mr. Pinckney was being less than truthful. Director Kain said that they would go out to bid if that happened. President Davis said that the point was what he was doing for them and whether he was being straightforward.

Director Henderson said that he was wondering what was going on when other programs were costing less than he was currently paying.

President Davis said they needed to poll other programs. He said that he hadn't heard one dissenting vote on the property program since the beginning.

Director Henderson said that maybe they should ask Mr. Pinckney to make sure they had information on other plans. He said that they could be asked by their city council or city manager if they were getting the best price and that it could be a problem.

The General Manager said that they wanted a report in June on the specifics of their current programs as well as the commissions earned to put that program in place.

President Davis said that he also needed to have other JPAs send information on their programs and premiums for comparison purposes.

A motion by Director Henderson, seconded by Director Kain, to hire a consultant to conduct a survey of other JPAs in order to compare coverages and costs for property and liability programs, passed unanimously.

3) Development of a Market Growth Plan

The General Manager said that Board Counsel had addressed this item in his memo. He said that he had said that while market growth plans were something of interest, there were a limited number of public entities in the state and most were already in JPAs or with commercial insurance. He said that CARMA had marketed and had no luck. He said that there probably wouldn't be a lot of change for the amount that they would invest. He said that they might also want to create criteria for membership in order to save time.

Director Kain said that she was interested in looking at where they were as an organization and what potential new members were out there. She said that they should be able to give a good presentation to potential members, if they appeared.

Director Wildermuth said that they should be able to demonstrate to both their own members and to potential new members that they were a viable alternative.

The General Manager said that the biggest hurdle was the $500,000 retained limit. He said that, of the entities that had made inquiries, all had found that $500,000 was too steep.

Director Kain said that perhaps they could help them get into a primary pool.

Director Kramer said that, actuarially, Chico, Petaluma and other cities were too small for a $500,000 retained limit.

Director Kain said that maybe they should have a plan in place for small cities to join a primary pool.

The General Manager said that they were limited to the pools that were members of CJPRMA. He said that they could ask what the requirements for membership were for those pools and keep the information in the office to share with potential members if they wanted.

President Davis said that Director Wildermuth had hit on something that was not a marketing issue. He said that it was the issue of where the organization stood in relation to other organizations. Director Wildermuth said that is was an internal marketing issue relating to the retention of existing members.

President Davis said that that became a market comparison rather than a market growth plan. He said that they would see an appointed insurance commissioner within the next few years and that that could pose a problem if they were to start competing with other public entities. He said that they were not a broker or provider and should not be advertising. He said that if they wanted to look internally to show why they should stay that that was a project that they should undertake.

Director Kain said that that was one of their goals. She said that they were supposed to survey other JPAs to see how they compare. She said that they needed to know how good they were so that if someone asked, they could tell them.

Director Kramer said that the biggest problem was that they needed to compare themselves to excess pools, but that they were an anomaly in that they were an excess pool made up of both cities and JPAs.

Director Kain said that she wanted to know how they compared to other pools so that if someone asked, she could show what the alternatives were.

Director Henderson said that if he was asked why Livermore was a member of CJPRMA, he didn't have the information to provide as an answer.

President Davis said that that was something that the Executive Committee needed to give direction to the General Manager about.

Director Henderson said that there were other parts of the Market Growth objective that needed to be done as part of this. He said that he thought that they were being asked to put money into the budget for a consultant.

Director Koch said that the Board had said that they wanted to grow and that they were supposed to figure out how to do that. He said that they could come back and say that they had evaluated the potential for growth and found that it didn't exist but that they should be prepared in case the potential did arise.

Director Wildermuth said that they should determine what the advantages of growth were.

Director Koch said that the Board, as a whole, had decided that it wanted to grow. He said that that was how he read the objective.

Director Kain said that they needed to be prepared to grow and bring on new members if other members dropped out.

Director Wildermuth said that the fact that they were able to grow gave a certain vitality to the organization. He said that if they were attractive to other organizations, they would maintain members.

Director Henderson said that, according to the Goals & Objectives, the Executive Committee must make recommendations to the full Board on how and where the JPA should grow by the January 2001 meeting. He said that by October 5, 2000 the General Manager was supposed to have an independent consultant do that. He said that they had between October and January to come up with a recommendation for the Board. He said that they couldn't do anything until then except hire the marketing consultant.

President Davis asked what that marketing consultant would cost. He said that he was up to $75,000 for consulting fees. The General Manager said that that seemed low. He said that when they started hiring consultants, it would get expensive. President Davis said that he thought the General Manager might be right, but that a growth plan was an imperfect reaction to losing two members.

Director Koch said that he had been against growth in the past but that he had changed his mind. He said that they should do something different and get some new members. He said that there were new people on the Board who wanted to grow.

The General Manager said that a lot of Board members were reacting to the loss of CCCMRMIA and CSJVRMA. He said that there was panic on the part of some members and that it was a quick reaction because they didn't know why those members were leaving.

President Davis asked how they were supposed to grow. Director Koch said that they could identify agencies of a certain size or nature and let them know what CJPRMA offered.

The General Manager said that one of the things that CAJPA was concerned with was that once JPAs started marketing and picking off other groups' members, any resulting problems could affect all JPAs. He said that there had been a gentleman's agreement not to market and that if any JPAs went under and claims went unpaid, legislation would get passed that would regulate JPAs as though they were insurance companies.

Director Kramer said that the process was to identify other potential members that were not already in pools. He said that that wouldn't hurt anyone. Director Koch said that maybe they should just go forward and leave themselves open to new members joining.

President Davis said that they would need to find out from the actuary what was necessary to create a $250,000 pool layer. Director Kramer said that they might have to go with reinsurance to do that.

Director Henderson said that they didn't have any information yet upon which to make any decisions and that they wouldn't until after October.

President Davis said that they needed to tell the Board how much they would need for consultants and that the General Manager would decide how that money would be used.

4) Development of a Communication System

The General Manager said that this goal was intended to develop a mechanism to keep the members updated on legal, legislative and insurance issues. He said that they used to publish a newsletter but that there had been little response from the members when articles or information had been solicited.

Director Kain said that she thought that it would be helpful to get a summary of cases or changes in laws included in the agenda packet to keep them informed. She said that when she had been on the board of NCCSIF, they had done something similar. She said that sometimes the information would be discussed and sometimes it would just be for information purposes.

Director Wildermuth said that they should look at developing a communication plan that outlined how the JPA communicated with its members. He said that if there was an urgent communication, they should have a plan on how to deal with it. Director Koch said that there wasn't that much critical information that couldn't go out with an agenda packet.

President Davis said that that wasn't true. He said that, in another two months, they would need legislative input from cities and that the League was very poor in providing that information. He said that there were bills that were coming up and that CJPRMA could act as a focal point to get letters out, if necessary. He said that that was one example of a communication program. He said that he thought that there were three levels of communication.

Director Henderson said that Director Wildermuth's point about having a plan could mean many things. He said that they would probably need some sort of multimedia system to accomplish that, including fax, email, telephone and other systems.

Director Wildermuth said that there were immediate communications as well as action communications that required attention. He said that that was generally not successful and that they needed to determine why that was and then fix it. He said that there was also basic information that needed to be distributed.

The General Manager said that they usually didn't have an immediacy problem. He said that the biggest problem was that when they requested information from the members, the response was usually less than enthusiastic. He said that there was no motivation to respond.

President Davis said that he had received 21 out of 22 responses to the General Manager's evaluation. He said that, in the past, he had only received a few. He said that the reason that the response had been so great was that the members knew that someone would be calling them if they didn't respond promptly. He said that maybe they needed to do that for other issues. He said that maybe the Executive Committee could be responsible for making those phone calls when it was necessary.

Director Kain said that, in terms of a newsletter, she was troubled that they would be asking the members to contribute items. She said that what she envisioned was something that would come from the CJPRMA office. She said that it could include things such as information on pending legislation that might impact the members, summaries of important cases or sharing of information on programs in other JPAs. She said that it should be a service from the JPA to the members.

The General Manager said that it was very time consuming to gather that sort of information. He said that it would work well for the first two or three issues but that, after that, they usually ran out of information. Director Kain said that it could be one page long. She said that other JPAs had newsletters. The General Manager asked if they were from primary pools with larger staffs. Director Kain suggested that maybe the JPA members of CJPRMA could share their newsletters and information. The General Manager said that that was why they had asked the questions of the members.

Director Kain said that she was dealing with so many other things in her daily job that responding to requests for information was low on her list and that that was why she thought that others could share that information. She said that maybe that could be accomplished by including information in the agenda and that it didn't necessarily have to be in newsletter form.

The General Manager said that they could include information on legislation and case law for the agenda. Director Kain said that it didn't have to be many pages long. She said that a quick summary was all that was needed.

Director Henderson asked if they anticipated hiring a consultant to examine the best form of communication for them.

President Davis said that they needed to revisit this item as something that the Executive Committee could do rather than a consultant. He said that sometime between the end of October and the middle of November a listing from the General Manager, including the bills that had been passed and how they would affect the members, should be sent out. He said that that information could come from CAJPA and be filtered by the General Manager. He said that that could be an annual item.

Director Henderson said that by January 1, 2001, they needed to present a specific mechanism to the Board to keep the members informed. President Davis said that he thought that they were brainstorming that but that they couldn't make any decisions until the next meeting. He asked if they would need money for a consultant. Director Kain said that she didn't think so. She said that it seemed like it was only a matter of sharing information. She said that they had the contingency fund if they needed it.

A motion by Director Kain, seconded by Director Wildermuth, to defer this matter to the next Executive Committee meeting, after the election of new members, passed unanimously.

President Davis said that they needed to recommend an amount to be put into the budget for consultant services. He said that the amount that he had was $75,000.

The General Manager said that he recommended putting in $100,000 and that if they didn't spend it, then it wasn't an issue. He said that he would be coming back and telling them exactly what the costs were as they went along.

Director Kain asked if it would affect the administrative part of their premium. The General Manager said that it would only affect it as it was spent.

The General Manager said that as they spent the money, it would be charged to the current program year. He said that they would know, as they went along, and that it didn't affect their premium at all.

A motion by Director Henderson, seconded by Director Kramer, to recommend the addition of $100,000 to the budget, for consulting fees, passed unanimously.

Director Kain asked about the item that involved the Personnel Committee and the General Manager delegating non-claims work. She said that that was due by June 15, 2000. She asked if the Personnel Committee was going to meet before that. President Davis said that that goal was not going to be completed on time. Director Kain said that they could change the due date on that item. The General Manager suggested that they change that due date to October because the new Accountant was starting and he would be able to shift some duties around. Director Koch said that he wanted to have that item done before the October meeting. The General Manager said that they should revise the due date to

October 5, 2000.

An Executive Committee meeting was scheduled for August 17, 2000 at 9:30 a.m.

VIII. CLOSED SESSION

- None

IX. ACTION ON CLOSED SESSION ITEMS

X. ADJOURNMENT

A motion by Director Kain, seconded by Director Kramer, to adjourn at 12:20 P.M., passed unanimously.