



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

September 13, 2000 – 9:30 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 9:34 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|--------------------------------------|
| 1) Bob Koch, <i>Chico</i> | 5) Jeff Davis, <i>REMIF</i> |
| 2) Robyn Kain, <i>Fairfield</i> | 6) Paul Wildermuth, <i>Vacaville</i> |
| 3) Patricia Born, <i>Fremont</i> | 7) Jeff Tonks, <i>YCPARMIA</i> |
| 4) Bill Henderson, <i>Livermore</i> | |

OTHERS PRESENT

- | | |
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| 1) Lola Deem, <i>CJPRMA</i> | 6) William Kaslar, <i>Santa Rosa</i> |
| 2) Robert German, <i>CJPRMA</i> | 7) George Bist, <i>Stockton</i> |
| 3) Caren White, <i>CJPRMA</i> | 8) Kerry Adamo, <i>Sunnyvale</i> |
| 4) Byrne Conley, <i>Gibbons & Conley</i> | 9) David Lindquist, <i>Vallejo</i> |
| 5) Linda Johnson, <i>Redding</i> | |

III. APPROVAL OF MINUTES

The General Manager said that he and President Henderson had talked about making the Executive Committee more active and that they would start including the routine business of the consent calendar at Executive Committee meetings. He said that agendas would still be sent to all Board members.

A motion by Director Davis, seconded by Director Born, to approve the minutes of the June 15, 2000 meeting, passed unanimously.

IV. PRESENTATIONS

- None

V. CONSENT CALENDAR

1. Financial Reports of CJPRMA for the Periods Ending March 31, April 30 and May 31, 2000

The General Manager introduced Lola Deem, the new Financial Analyst.

Director Tonks said that many figures on the May statements were over 100% actual to budget. He said that many figures seemed to be over budget.

The General Manager said that they were still going to come in under budget overall. He said that it had been discussed at several past meetings and that, although some line items would always be over budget, the overall goal was to come in under budget, as a whole.

Director Tonks asked if it was something that had happened in the past. The General Manager said that it hadn't happened with this much regularity before. He said that this had been an unusual year. He said that if some line items were over budget, he would make up for it on other line items, because he viewed the budget as a whole.

Director Tonks asked if there would be significant changes in the next year. The General Manager said that he budgeted for what he actually planned to spend, and that if changes became necessary, they would be included in the next budget.

The General Manager said that the Executive Committee had a certain amount of budget authority and that things could be brought to their attention if it became necessary.

Vice President Koch asked how long it took to do the financial reports. He said that it was September and they only had reports through May. The General Manager pointed out that they had been without an accountant for several months and that there was catch-up work to be done. He said that the June financials would be ready for the October meeting and that he thought that the Financial Audit and the Actuarial Study would be ready for the November meeting.

Director Wildermuth said that if they wanted to look at the budget more closely that they could break the categories into smaller subcategories as a better indicator. He said that, overall, the numbers looked good to him.

Director Davis said that he thought that the General Manager was going to provide reports on line items that were over budget. The General Manager said that the items that were over had already been explained. Director Davis said that his concern was that he didn't want to make the budget any bigger than it already was.

The General Manager said that one of the Financial Analyst's goals for the year was to find a better financial reporting system in order to make the reporting process simpler. He said that the Finance Subcommittee had created a form for quarterly reporting that was going to be presented to the Board.

- 2. Additional Covered Party Certificates Approved by the General Manager**
- 3. Notification of New Claims Received**
- 4. Notification of Closed Claims**
- 5. Appointment of New Board Members/Alternates**

Director Kain said that she had noticed some interesting results on some of the closed claims. The General Manager said that, at the October meeting, they would go over the Watch List and discuss some of those outcomes.

A motion by Director Born, seconded by Director Tonks, to approve the consent calendar passed unanimously.

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

6. Proposed Policy on Sponsorship of Executive Committee Attendance at the CAJPA Conference

The General Manager said that this item had been agendaized at President Henderson's request. He said that they had been talking about getting the members more involved in other organizations. He said that the parameters would be that the General Manager's registration would be the primary with the Executive Committee members as associate registrants. CJPRMA would make all reservations at the Embassy Suites and there would be a per diem for meals. He said that Director Davis had suggested that one representative from each member be sponsored to attend the CAJPA conference.

Director Davis said that it would cost approximately \$15,000 more, but that they should include each member. He said that they were starting to look more like a primary pool, but that he didn't have any objection to it.

Vice President Koch asked if those who had attended CAJPA in the past could tell those who hadn't what the value was.

Director Davis said that there were many legal and legislative updates. He said that the conference came right after the legislature closed so that there was very current information. The General Manager said that there was a lot of specialized information as well.

Vice President Koch asked how it would help him do his job better.

Director Tonks said that they were active in the financial area as well. He said that his thought was that they should reschedule the Annual Membership Meeting for the Tuesday afternoon before the CAJPA conference and then attend CAJPA for the educational portion of the program.

Director Born said that they would lose a lot of people to the CAJPA golf tournament. She said that that was one reason they had changed the date of the Annual Membership Meeting.

Vice President Koch said that being out of the office for a whole week would be a problem for him and probably for other small organizations. He said that he still didn't see the value to him, as a board member, of attending.

Director Davis said that he wasn't suggesting that it be made mandatory. He suggested that each entity send one person who would benefit from attending.

Director Tonks said that supporting CAJPA supported groups like CJPRMA.

Vice President Koch said that they were already members of CAJPA and supported that organization. He said that he would have to explain to his boss why he would need to be out of the office and that he needed to know what the value of attending was. He said he just didn't see it.

Director Kain said that she had looked at the CAJPA schedule and that there were some good sessions. She said that it varied from year to year as to what was important. She said that CAJPA was more involved at the legislative level than PARMA was and that that was important to the Board. She said that she thought that there was value in attending.

Director Wildermuth said that he thought it would be excellent for the Executive Committee to attend. He said that they could then make it optional for other members if they wanted to attend.

President Henderson said that he thought that it would be good for the Board to get the education that CAJPA offered as well as an opportunity for CJPRMA to reach out to other organizations. He said that he had found that there was at least one session of interest to him every day.

Director Kain asked if CAJPA did sessions on pool management. The General Manager said that they did. Director Born said that that would be good for new members.

Director Bist asked if this was an action item to decide if it should be recommended to the full Board. The General Manager said that it was for the Executive Committee to vote on. He said that they had the authority to make adjustments to the budget. Director Bist suggested that they present it to the Board for discussion.

Director Kain said that she thought that it should be sent to the Board for discussion as well. She said that they should indicate their support but refer it to the Board for its approval.

Director Davis said that they should provide a more specific proposal. He said that they should decide on the per diem amount. He said that they should also discuss what to do if a member signed up, was paid for, and then didn't show up. He asked if they wanted to fine the entity or if they wanted to forgive it. He said that he would recommend that they expand the program to include one representative from each member.

Director Bist said that one way to avoid paying for members who didn't show up was to have the agencies pay for their representative to attend and then reimburse them later.

Director Davis said that they would save money by having the General Manager handle the registration and hotel reservations.

Director Kain asked how much the registration was. The General Manager said that his registration was \$250, but that they could do as many associate registrations as they needed and that those were \$100 or \$150 each. He said that if they did this, he would recommend authorizing three hotel nights and the per diem as a reimbursement after the conference.

Director Kain said that when she was involved in another organization, they had provided a similar program that included a budget for food and lodging. She said that they had been required to provide receipts and were then reimbursed up to the budgeted amount.

The General Manager said that his concern was that they would have to audit the members' expense reports and handle possible disputes. He said that they had tried to keep the proposal as simple as possible.

President Henderson said that when he worked for another organization, they had the option of a per diem or reimbursement for receipts. He said that people preferred the per diem. He said that it was just easier that way.

Director Kain asked if per diems were considered taxable income. President Henderson said that they should look into that.

Director Kain said that she thought that people might ask why they were focusing on CAJPA and not on PARMA. The General Manager said that CAJPA was an association of joint powers authorities. Director Kain asked if it was each individual city's responsibility to fund for PARMA. Director Davis said that they could decide, at some point in the future, to fund for PARMA as well.

A motion by Director Davis, seconded by Director Born, to 1) recommend to the Board that the proposed program include one representative from each member entity, 2) come up with a recommendation for a per diem amount, and 3) research the taxability of per diems, passed unanimously.

7. Review of Executive Committee Responsibilities under Strategic Plan

The General Manager said that the Board had approved \$100,000 for consultants to be used to accomplish these goals. He said that for the development of a training program there were a number of things they had wanted to look at. He said that he had retained Craig Bowlus, at a cost of \$4,000, to do an extensive review of the data that he had collected during the claims audit. He said that Mr. Bowlus would provide them with an analysis of the exposures at the primary level. He said that he had talked to Bob Lapidus, of Lapidus Consulting, who provided surveys and research on loss control programs. He said that they had been interested in finding out what the members were doing at the primary level for loss control. He said that Mr. Lapidus would create a survey for them and then meet with each member on site to review the surveys. He said that the cost for this was about \$2800 per member for a total cost of \$56,000. He said that there was an additional \$4,000-5,000 in costs for creation of the survey. He said that he had reviewed the survey and made some modifications. He said that it would include employment practices liability and harassment policies. He said that there was a six to nine month period for completion of the process but that he wanted the final report by May 1, 2001.

Director Kain asked if the departmental parts of the survey could be on separate pages. The General Manager said that he would make sure that that was done.

President Henderson said that Mr. Lapidus had been doing facility inspections for him for three or four years.

Vice President Koch asked if the fact that Mr. Lapidus operated out of Texas increased the cost any. The General Manager said that that probably reduced the cost. He said that Mr. Lapidus did everything on the road, and that he would be conducting the CJPRMA surveys in conjunction with a program for CalTIPS.

Director Davis asked how Mr. Lapidus would handle the JPAs. The General Manager said that he would only visit the Director of the JPAs and not their individual members.

Director Bist asked if there was a reason that they were utilizing someone out of state. The General Manager said that that was where his office was, but that he did all his work in California. Director Bist asked if there was someone in California who could do the job. Vice President Koch said that Mr. Lapidus was qualified for the job and that they didn't care where he was located. The General Manager said that he had received good referrals on Mr. Lapidus and that there had been a sense of urgency from the Executive Committee about getting the work done. He said that they could issue RFPs but that that would delay the process substantially.

The General Manager said that they were also looking at broker services and the development of a market growth plan. He said that the only way to do that was to survey other JPAs regarding their coverages and services. He said that he had retained ARM Tech to do that analysis. He said that the cost would be \$23,000. He said that that would allow them to see how they compared to other organizations.

Director Kain asked if they would be preparing a report similar to what was included in the agenda bill. The General Manager said that they would. She asked if they would be comparing rates and redistributions. The General Manager said that those would also be included in the reports.

The General Manager said that they had expended approximately \$87,000 of the \$100,000 that had been budgeted and that they hadn't attacked the marketing plan yet. He said that it would be difficult to do that until they had acquired the other information.

Director Davis said that it was interesting that at least five of the benchmark entities were primary pools. The General Manager said that they were going to look at all the excess pools as well as other pools. He said that ARM Tech had contacts at all of those organizations and that that would make gathering the information easier. He said that ARM Tech had asked if it was all right to provide participating agencies with copies of the final report if that was a condition of participating in the survey.

Board Counsel asked why they had not included SELF as a comparison. The General Manager said that SELF was made up of schools. Board Counsel said that they were an excess pool and that they had similar liability issues. He also suggested they include the housing authority's pool.

Director Kain asked if they were covering all the benchmarks. The General Manager said that they had tried to keep them relating to cities.

The General Manager said that the last item was the development of a communication plan. He said that President Henderson had recommended referring that matter to the Communications Committee. Vice President Koch said that they were supposed to come up with a mechanism to keep member entities updated on legal, insurance and legislative issues.

Director Tonks said that CSAC was in the process of starting an excess pool for cities. Director Kain said that they also had employee benefit programs that they allowed cities to participate in.

Director Wildermuth said that he had been through the liability loss control process with Mr. Lapidus with CalTIPS. He said that the last time he did this, some organizations were cooperative and some were not. He said that they needed to ask themselves what they would end up with and what they would do about it.

The General Manager said that Mr. Lapidus would do all the analysis and present it in a report and that they could pick what they wanted out of it. He said that what he thought they would get out of it was a number of standardized policies for recommendation. He said that, when it was finished, they could plan an annual training program and determine how they could assist the members. He said that there might also be some underwriting issues that could arise.

Director Davis said that they had to be careful when they created standardized policies. The General Manager said that they would be recommending model policies, not standardized ones.

Director Wildermuth asked what would happen if a loss occurred and the member did not follow the model policy. Board Counsel said that the model policies were educational and that there was risk in not providing them.

Director Wildermuth asked about the member that did not follow the model policy. The General Manager said that that was for them to address when it occurred.

Director Kain said that they could review the members' policies in the future to make sure that important aspects were included.

President Henderson said that the purpose was to make sure that the members were doing something to avoid risk.

The General Manager said that this process was to provide the members with the tools to avoid losses. He said that if members chose not to use the tools, then the Board could take whatever action they felt was appropriate. He said that he would never recommend checking on the members' policies.

President Henderson said that it was important to make sure that the report was useful.

The General Manager said that they would be making this report available to the Board so that they would know if there were members who were unresponsive.

Director Tonks asked if they were really concerned about what happened at the primary level.

The General Manager said that that concern had been expressed before. He said that the Board had asked him to find out from Mr. Bowlus, in terms of data, what the losses were. He said that they were paying Mr. Bowlus to analyze the data that he already had.

Director Kain said that Mr. Bowlus got information on all claims in excess of \$25,000. She said that they were trying to determine what type of claims needed to be focused on in terms of loss control.

The General Manager said that they were going to look at where the losses were and what programs were in place. He said that they would then make recommendations about what they could do to assist or train. He said that they needed to gather the data before they could make recommendations.

A motion by Director Davis, seconded by Director Born, to refer the development of a communication system to the Communications Committee, passed unanimously.

Director Kain asked about the status of the development of indicators of financial stability. She said that the report said that it was done and asked if it had been reported yet. The General Manager said that it would be reported on at the October meeting.

8. Review of Authority and Responsibilities of Officers and Executive Committee Members

The General Manager said that this item had been agendaized at the request of President Henderson. He said that he had pulled the information out of the governing documents.

President Henderson said that he wanted everyone to understand what the Executive Committee did and that he wanted to increase their level of responsibility.

Director Davis said that they tended to be shy about decision making and that they often sent issues to the full Board for decisions.

The General Manager said that, in the past, the Executive Committee had simply become a figurehead.

President Henderson said that some things needed to be sent to the Board, but that many things could be handled by the Executive Committee.

The General Manager said that the Board members received agenda packets for every meeting and could request that specific items be agendaized if they wanted. He said that they would also start having closed sessions at the Executive Committee meetings, as needed.

Director Born asked if they would have more meetings. The General Manager said no.

Director Davis said that the Executive Committee had no authority to set reserves. The General Manager said that they would only do it when they needed to report critical cases or to ask for authority that was within the Executive Committee's powers.

President Henderson asked if there was anything else that the Executive Committee members wanted included on the agendas as a standard item.

Vice President Koch said that the Communications Committee was going to discuss a method of letting members know about legislative matters.

President Henderson said that they could have committee reports. The General Manager asked if they wanted to schedule committee reports and updates on the strategic plan.

Director Davis said that they needed to be careful about the ad-hoc committees becoming standing committees because there just wasn't enough work time to get everything done.

VIII. CLOSED SESSION

- None

IX. ACTION ON CLOSED SESSION ITEMS

- None

X. ADJOURNMENT

A motion by Director Born, seconded by Director Kain, to adjourn at 10:50 a.m., passed unanimously.