



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

BOARD OF DIRECTORS MEETING

November 16, 2006 – 9:30 A.M.

**Concord Hilton
Golden Gate Room A
1970 Diamond Blvd.
Concord, CA 94520**

(925) 827-2000

Minutes

I. CALL TO ORDER:

President Ellerbrock called the meeting to order at 9:34 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|--|
| 1) Darrell Handy, <i>Alameda</i> | 12) Jeff Davis, <i>REMIF</i> |
| 2) Jessica Henry, <i>Chico</i> | 13) Charlie Wilson, <i>Roseville</i> |
| 3) Robyn Kain, <i>Fairfield</i> | 14) Jesse Baloca, <i>San Leandro</i> |
| 4) Steve Schwarz, <i>Fremont</i> | 15) Gus Guinan, <i>San Rafael</i> |
| 5) Bill Henderson, <i>Livermore</i> | 16) Lynne Margolies, <i>Santa Rosa</i> |
| 6) Janice Magdich, <i>Lodi</i> | 17) Roger Carroll, <i>SCORE</i> |
| 7) Dixon Coulter, <i>NCCSIF</i> | 18) Mark Moses, <i>Stockton</i> |
| 8) Scott Ellerbrock, <i>PERMA</i> | 19) Rebecca Moon, <i>Sunnyvale</i> |
| 9) Ron Blanquie, <i>Petaluma</i> | 20) Will Venski, <i>Vallejo</i> |
| 10) Julie Theirl, <i>Pomona</i> | 21) Jeff Tonks, <i>YCPARMIA</i> |
| 11) Michael Hopkins, <i>Redding</i> | |

ABSENT

Vacaville

OTHERS PRESENT

- | | |
|---|------------------------------------|
| 1) David Clovis, <i>CJPRMA</i> | 6) Janet Hamilton, <i>Lodi</i> |
| 2) Lola Deem, <i>CJPRMA</i> | 7) Brian Cooney, <i>Marsh</i> |
| 3) Caren Frykland, <i>CJPRMA</i> | 8) Jim Pinckney, <i>Marsh</i> |
| 4) Robert German, <i>CJPRMA</i> | 9) Jerry Gebhardt, <i>Petaluma</i> |
| 5) Sean Conley, <i>Gibbons & Conley</i> | 10) Shelly Green, <i>Stockton</i> |

III. APPROVAL OF MINUTES

A motion by Director Kain, seconded by Director Carroll, to approve the minutes of the Board of Director's meeting held on September 28, 2006, passed unanimously.

IV. PRESENTATIONS

None.

V. CONSENT CALENDAR

- 1. Financial Reports of CJPRMA for the periods ending July 31, August 31 and September 30, 2006**
- 2. Additional Covered Party Certificates Approved by the General Manager**
- 3. Notification of New Claims Received**
- 4. Notification of Claims Closed**
- 5. Appointment of New Board Members/Alternates**
- 6. Adoption of Investment Policy**
- 7. Reappointment of Treasurer**

A motion by Director Henderson, seconded by Director Davis, 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

8. Status Report on Property Appraisal Program

The General Manager said that the Board had approved the contract with American Appraisal Associates in September, and that the project had started shortly thereafter. He said that one city was already completed and that additional properties had been found, due to a water treatment facility being listed as a single line item when there were actually multiple structures. He said that all of the appraisers had had background checks completed using the criteria required by school districts. He said that there was still a question of whether to charge the members based on total

insured values or number of structures. He presented charts showing both options. He said that the cost was broken out over a five year period, with the first two years incurring the majority of the expense.

Director Coulter asked what the charge was for the additional structures found by the appraisers. The General Manager said that it was \$140 per structure.

Director Davis said that he had been listing all his water treatment facilities as one line item. The General Manager said that that was not the proper way to list them because there were multiple structures. Director Davis said that that would be a substantial additional cost. The General Manager said that the members were never directed on how to list their properties, which was part of the reason for the appraisal project. He said that they needed to be consistent across the board.

Director Henderson said that Livermore had listed their treatment plant as separate line items. He asked how Marsh managed the program. Brian Cooney said that, as long as the insurance company felt that they were getting correct total insured values, they had no concern about how they were broken down.

Vice President Margolies said that it was not possible to provide correct information regarding construction type and year of construction if several structures were grouped together as one line item.

The General Manager said that one of the problems had been, as noted by the insurance companies in the past, that members were not updating their values over the years. He said that he was afraid that they would be hit with a margin clause when the program renewed as a result. He said that that was why they were doing the appraisal program, so that everyone was on a level playing field and there was consistency in the listings.

Director Handy asked if the fees would be adjusted at the end of the program to account for the changes in values or number of structures. The General Manager said that they would do that, using whichever formula the Board decided upon.

The General Manager said that they could pay for the appraisal program through the redistribution approved at the September meeting. He presented charts showing how the two options differed.

President Ellerbrock said that they could use a blended rate of 50% TIV and 50% number of structures.

Director Handy asked if the contract bid was based on number of structures or TIV. The General Manager said that it was done on a per parcel basis, based on the number of structures in the database.

Director Henry asked if the cost for the appraisal was the same for a multi-million dollar building as for a \$20,000 building. The Risk Manager said that it was, and that the appraisal company took that into account when they bid the cost for the entire project.

Director Wilson said that if they used the per parcel basis, then members who had accurately reported their values would be punished. He said that he was not opposed to a blended rate.

A motion by Director Kain, seconded by Director Henderson, to use a blended rate based 50% on total insured values and 50% on the number of structures, passed by a vote of 16 to 1. Fremont was opposed.

The General Manager said that it was important for the members to follow the schedule laid out by American Appraisal Associates, in order for the project to be completed on time. He said that the amount of staff time required of the cities was minimal.

9. Report on Special Events Program Options

The General Manager said that the Board had asked Staff to review the Gales Creek TULIP Special Events program. He said that there were a few advantages to the program including that they used Midwestern Employers Casualty, an A XV rated company and an admitted carrier. He said that they had on-line access and that the minimum annual premium was \$2,500. He said that TULIP had a \$1 million coverage limit per occurrence with a \$2 million aggregate, with some exceptions, and that they covered host liquor, which PROMPT excluded. He said that most of the other exclusions were similar to those of the PROMPT program. He said that pricing was very similar as well.

President Ellerbrock asked if they could run both programs concurrently. The General Manager said that they could. The Risk Manager said that the TULIP program would be written just for CJPRMA members, and that there were discounted rates.

A motion by Director Davis, seconded by Director Henderson, to approve the use of the Gales Creek Special Events Coverage Program, effective January 1, 2007, passed unanimously.

10. Review of Expense Policy

The General Manager said that, in April, the Board had adopted a new expense policy to comply with the requirements of AB 1234. He said that the new expense policy was a supplement to the expense policies previously approved by the Board. He said that the Board had previously approved a policy that paid the expenses of one representative from each member entity to both CAJPA and PARMA, and that the attendee need

not be a board member or alternate. He said that, for the CJPRMA Annual Meeting, CJPRMA would provide reimbursement for two representatives from each member entity, as long as one was either a Board Member or Alternate. He said that Section #3, Number of Authorized Attendees, on the attached expense policy, had been added to the expense policy adopted in April in order to avoid confusion.

Vice President Margolies said that the language was still unclear, because Section #2, Attendance at Conferences or Organized Educational Activities, referred to reimbursing the expenses of “Board Members/Alternates and Staff.” President Ellerbrock said that the expense policy applied to Board Members, Alternates and Staff, and that there may be other events attended by those people. The General Manager said that Section #3 specifically stated how many people were authorized to go to specific events. He said that if any others came up, the new policy was the basis upon which they would be reimbursed. Vice President Margolies said that it was still unclear.

A motion by Director Venski, seconded by Director Schwarz, to approve the expense policy as amended, passed by a vote of 20 to 1. Santa Rosa was opposed.

Director Moses asked if they should include language stating that Board members should not be reimbursed by CJPRMA if they were also reimbursed by their member entity. The General Manager said that it was not up to CJPRMA to monitor that. Director Kain suggested that that language be included on the reimbursement form. The General Manager said that they would do that.

11. 2006 Annual Report

The General Manager presented the 2006 Annual Report.

12. Risk Management Issues

The Board discussed the following risk management issues, at length, but took no action:

- 1) Uniform general liability coverage requirements for pyrotechnic firms (Charlie Wilson)
- 2) Indemnification language that complied with the requirements of AB 573 (Jeff Davis)
- 3) Risk Manager David Clovis reviewed upcoming training programs.

13. Recommended Premium Calculation for Port District

The General Manager said that the City of West Sacramento had assumed control of the former Sacramento/Yolo Port District. He said that the Board had voted to restrict coverage to the CJPRMA program, not letting it penetrate to the reinsurance level. He said that there had been some revisions. He said that the City of West Sacramento was going to require the terminal operator to carry \$5 million in coverage which would be primary to the \$150 million excess of \$5 million, subject to a \$1 million SIR, provided by CAPP. He said that, because they did meet the definition of a covered party, they were already covered by the CJPRMA program, but that the Port District had decided to waive their right to the additional \$4 million in coverage CJPRMA provided in the Pool C layer. He said that the Port District wanted CJPRMA to provide coverage of \$500,000, excess of \$5.5 million. He said that, using the same calculation method utilized to determine the premium charged for PERMA's Tram in Palm Springs, it was determined that the amount of premium to be charged for the Port District would be \$8,500. He said that an endorsement would be issued indicating the coverage limits.

A motion by Director Davis, seconded by Director Henderson, to approve the proposed premium of \$8,500 for the Port District, passed unanimously.

VIII. REQUESTS FOR FUTURE AGENDA ITEMS

IX. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: Bachor v. City of St. Helena

Court: N/A

Case No.: N/A

X. ACTION ON CLOSED SESSION ITEMS

- None

X. BOARD MEMBER PRESENTATIONS

XI. ADJOURNMENT

A motion by Director Venski, seconded by Director Theirl, to adjourn the meeting at 12:55 p.m., passed unanimously.