

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF JUNE 25, 2009

A meeting of the Executive Committee of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on June 25, 2009, at the Piccadilly Inn-Shaw, Fresno, California.

COMMITTEE MEMBERS PRESENT: Leon Compton, President, Ripon
Bill Lewis, First Vice President, Woodlake
Jeff Cardell, Clovis, Second Vice President, Clovis
Dave Elias, Past President, Fowler
Joe Donabed, Hughson
Greg Applegate, Sonora
Tim Przybyla, Kerman
Wendy Silva, Madera
Linda Abid-Cummings, Riverbank
Lois Hull, Selma
Felix Ortiz, Exeter
Jo Barrick, Shafter
Bob Wilburn, Maricopa

COMMITTEE MEMBERS ABSENT: None

ALTERNATE MEMBERS PRESENT: Mike Barrows, Sonora
Cruz Ramos, San Joaquin (arrived during item 6A)
Margee Fallert, Tulare

ALTERNATE MEMBERS ABSENT: None

OTHERS PRESENT: Jeanette Workman, Administrator
Mary Ann Reilly, Board Secretary
Jim Elledge, Assistant Treasurer, BRS
Tammy Vitali, Workers' Compensation Manager
Linzie Kramer, Litigation Manager
Tom Kline, Risk Control Manager, BRS
Julie Theirl, Return-to-Work Manager, BRS
Ken Walker, Treasurer, Lindsay
Charlotte Hemker-Smith, Legal Counsel
Judy Sullivan, AIMS
Ken Wilkerson, AIMS
Dave Whiteside, AIMS
Dominic Russo, AIMS
Marty Cassell, Chandler Asset Management
Susan Adams, Alliant Insurance
Kelly Buendia, Gustine
Katie Lemons, Lathrop
Cleve Morris, Patterson
Sean Rabe, Sutter Creek

1. CALL TO ORDER

President Leon Compton called the meeting to order at 2:03 p.m.

2. INTRODUCTIONS

Introductions of those present took place.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

President Compton requested that Agenda Items 7A & B be moved up to after the Consent Calendar to accommodate those needing to leave after these items.

Bob Wilburn moved to approve the agenda as posted. Seconded by Bill Lewis. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Jeff Cardell moved to approve/accept the following items: A) Minutes of the May 22, 2009, Executive Committee Meeting; B) Warrants for April 22, 2009 ~ May 27, 2009; C) Pooled Workers' Compensation Program Memorandum of Coverage for Program Year 2009/10; D) Pooled Auto Physical Damage Program Memorandum of Coverage for Program Year 2009/10; E) Pooled Low Value Vehicle Coverage Program Memorandum of Coverage for Program Year 2009/10; F) Pooled Property Program Memorandum of Coverage for Program Year 2009/10; G) Farley Consulting Services 2008 CSJVRMA Liability Claims Audit Report; H) AIMS Response to Farley Consulting Services 2008 CSJVRMA Liability Claims Audit Report; I) Sampson & Sampson Engagement Letter; and J) Chandler Bond Market Review – May 2009. Seconded by Felix Ortiz. Motion passed unanimously.

7. WORKERS' COMPENSATION PROGRAM

A. Reports by Staff and Service Providers

1. Report by Workers' Compensation Program Manager

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

Ms. Vitali thanked the members for dating the 5020 reports as only one report was not dated for May. Ms. Vitali urged members to continue the practice and to remind anyone who may complete the forms at member cities to ensure they are dated.

Ms. Vitali reported that there have been 702 indemnity claims as of June 24, 2009, and noted that 33% are future medical claims. In February, 37% of claims were future medical and Ms. Vitali stated that she hoped more members were able to use Compromise and Release to close claims.

2. Report by Claims Administrator (AIMS)

Prior to the meeting the Executive Committee received a written report pertaining to claims for May 2009, as prepared by Ms. Judy Sullivan. Ms. Sullivan was in attendance and reviewed the report with the Committee.

Ms. Wendy Silva, City of Madera, reported that several meetings ago she brought up the issue of diary reviews not being completed timely, and it was noted that this issue consistently appears on Ms. Vitali's reports. Ms. Silva noted that at that time, Ms. Sullivan reported that AIMS had a plan to address the problem and Ms. Silva inquired about the status of that plan. Ms. Sullivan reported that the plan had not yet been implemented but that she and Mr. Dave Whiteside, AIMS, had been reviewing the problem along with staffing options. Ms. Sullivan also reported that everyone is now on diary and hopefully the situation is stabilizing.

Ms. Sullivan also reported that the bill review services continue to provide savings to the CSJVRMA.

Ms. Sullivan informed the Executive Committee that she was not prepared to provide a report on the status of the future medical claims, but would do so at the Board of Directors' meeting being held the following day.

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

At the last Executive Committee meeting it was reported that the conversion process for workers' compensation claims from Talisman to NavRisk was pushed back from July 1st to August 1st, and Mr. Whiteside reported the conversion is still on target to go live on August 1, 2009. Mr. Jeff Cardell, City of Clovis, inquired about training

for members prior to the go live date of August 1st. Mr. Whiteside replied that Ms. Diane Wratten, AIMS, would be sending out notification regarding training and Ms. Vitali reported she has asked to review the information prior to it being sent out to ensure it answers all the CSJVRMA members' questions. The training notification has not yet been completed.

Mr. Whiteside also reminded the Committee that AIMS' Fresno office is moving and the phone and internet systems will be down July 6th and 7th; however, phone calls will be transferred to the AIMS' Modesto office and Modesto employees will be in contact with Fresno employees.

B. Structured Return-to-Work Services

Ms. Jeanette Workman, Administrator, reported that AIMS and Bickmore Risk Services (BRS) have partnered to bring Structured Return-to-Work Services to the CSJVRMA. The purpose of these services is to reduce costs to members. Ms. Workman noted that BRS is currently facilitating similar programs with three JPAs that are experiencing significant cost savings as a result of the implementation of these services. Therefore BRS and AIMS felt it was important to bring these services to the CSJVRMA to offer members the opportunity for similar savings. Ms. Workman reported that the Workers' Compensation Subcommittee has met in January to review these services and met again prior to today's Executive Committee meeting. At today's meeting, the Subcommittee recommended the Executive Committee approve the Structured Return-to-Work Services.

Mr. Whiteside reported the goal of the services is to get involved in a claim early, categorize the claim, assist in treatment, and assist in returning the employee to work. Mr. Whiteside noted that the nurse triage service will allow medical personnel to assist the injured worker in obtaining proper medical treatment as early in the process as possible.

Ms. Workman introduced Ms. Judy Theirl, Return-to-Work Manager, BRS, to the Executive Committee. Ms. Theirl reviewed her background with the Committee noting that she has been with BRS for 18 months. Prior to BRS, Ms. Theirl noted she was the Risk Manager for the City of Pomona, CA and prior to that Ms. Theirl served as the Risk Manager for a school district.

Ms. Theirl reported that one of the JPAs that currently contracts with BRS for their Return-to-Work Program is Bay Cities Joint Powers Insurance Authority (BCJPIA). Ms. Theirl reported that since its inception on July 1, 2006, BCJPIA has seen a 65% reduction in temporary disability costs, a 39% reduction in temporary disability days, and a 15% decrease in total incurred costs. Ms. Theirl stated these results are due to early intervention with 24-hour call-in nurse triage services and efforts by the return-to-work coordinator. The return-to-work coordinator stays on top of injuries and is notified when an employee is referred for medical treatment. The coordinator works with clinics and physicians to ensure the employee returns to work as quickly as possible. If an employee is released to light duty, the coordinator ensures they are provided with work that is productive and meaningful for both the city and the employee.

Mr. Dave Elias, Chairperson of the Workers' Compensation Subcommittee, reported that after the many meetings held in the past 18 months with the Subcommittee, BRS, and AIMS, the Subcommittee are comfortable in recommending these services. It was noted that these services will be instituted for the length of the contract; however, their success rate will be constantly tracked and the CSJVRMA can discontinue the services prior to the end of the contract, if they do not achieve the desired results.

Ms. Workman reported the fees will be charged to the claim files so members will not see an increase in budgeted premiums. Ms. Workman also noted that included in the agenda packet is an amendment to the CSJVRMA contract with BRS that specifies what services will be provided by BRS. In addition, incorporated into the enclosed contract amendment, is a Memorandum of Understanding (MOU) between AIMS and BRS which outlines responsibility for services and respective fees. Ms. Workman noted the contract, including the MOU, had not yet been approved by Ms. Charlotte Hemker-Smith, Legal Counsel, and is contingent upon her review.

Jeff Cardell moved to approve the Structured Return-to-Work Services. Seconded by Greg Applegate. Motion passed unanimously.

6. LIABILITY PROGRAM

A. Reports by Staff and Service Providers

1. Oral Report by Litigation Manager

Mr. Linzie Kramer, Litigation Manager, stated there were 35 new claims/incidents reported during the month of June 2009, of which three were serious claims. Mr. Kramer briefly discussed some of the claims with the Executive Committee.

2. Report on Coverage Denials

Prior to the meeting, the Committee received a written report on coverage denials as prepared by Ms. Charlotte Hemker-Smith. Ms. Hemker-Smith reviewed the report with the Committee and noted the report included an update on the City of Lemoore case which she briefly reviewed with the Committee.

3. Report by Claims Administrator (AIMS)

Prior to the meeting, the Committee received a written report from Mr. Ken Wilkerson, AIMS, regarding liability claims activity for the month of May 2009. Mr. Wilkerson reviewed the report with the Committee.

B. Pooled Liability Program memorandum of Coverage for Program Year 2009/10

Prior to the meeting the Executive Committee received the Pooled Liability Memorandum of Coverage (MOC) with changes recommended by the Memorandum of Coverage

Subcommittee shown in underline/strikeout text. The following changes were recommended:

- Amend the date of coverage to become effective for the 2009/10 program year;
- Amend the CSJVRMA address;
- Amend the form number;
- Amend Section II – Definitions, add number five, which includes the Administrator for coverage arising out of their reporting duties on behalf of the Authority regarding the Medicare/Medicaid & State Children’s Health Insurance Program (CHIP) Extension Act 2007 (MMSEA);
- Amend Section VI, Exclusions, add number 18 to read: “Claims arising out of the ownership, operation, maintenance, or use of any skateboard park foam pit” and renumber all exclusions after number 18; and
- Amend Section VI – Exclusions, number 30 (formally number 29), add additional language to preclude coverage exclusion for the Administrator as an “additional covered party.”

Ms. Workman noted that all the program memoranda of coverage (MOC) were included in the Consent Calendar with the exception of the Pooled Liability Program as it was the only MOC which included substantial changes. Ms. Workman reviewed the changes noting that the exclusion for the skateboard park foam pit was regarding the City of Lindsay’s McDermont Field House. Ms. Workman stated the McDermont Field House skateboard park foam pit was the only CSJVRMA skateboard park that contains a foam pit.

Ms. Workman asked Ms. Hemker-Smith to review the amendment to Section VI – Exclusions, which adds language to preclude the coverage exclusion for the Administrator as an “additional covered party.” Ms. Hemker-Smith reported this exclusion in the MOC precludes coverage for claims by covered parties against their employees, agencies, etc. This exclusion was added approximately ten years ago when a member city sued its former Finance Director and expected the CSJVRMA to defend and indemnify the Finance Director because of financial/economic loss and thereby reimburse the city for the monies it had lost. Therefore, the CSJVRMA added what is essentially a covered party v. covered party exclusion. At its May 2009 meeting, the MOC Subcommittee drafted an exception for claims against the Administrator and staff specifically arising out of the MMSEA reporting requirement. The Administrator is now a covered party and claims by a member against the covered party (the Administrator) will be covered.

Mr. Kramer initiated discussion regarding the ADA requirements of providing medication to children by public entities that have day care, swimming programs, and day camping programs and the practice of administering regularly scheduled medication either orally or intravenously to participants of CSJVRMA city programs. Mr. Kramer noted that only the administration of emergency medication is covered by the Pooled Liability Program. At the direction of the MOC Subcommittee, staff sent out a survey to determine the extent of the practice of administering regularly scheduled medication among CSJVRMA members. Staff received 55 responses with three members administering regularly scheduled medication orally and no members administering regularly scheduled medication

intravenously. Ms. Silva noted that City of Madera is one of the cities that administers regularly scheduled medication but reported it is only to adults in an adult day care program. Ms. Hemker-Smith reported that another pool for which she is legal counsel, is currently drafting protocols for this practice. Mr. Kramer suggested once the protocols are drafted, the CSJVRMA can review them to determine if they want to endorse this practice subject to protocols.

Bill Lewis moved to approve the Pooled Liability Program Memorandum of Coverage as amended. Seconded by Bob Wilburn. Motion passed unanimously.

C. New Recreational Attraction at McDermont Field House, Lindsay, CA

Ms. Workman noted this item was on the agenda at the request of City of Lindsay and reminded the Committee that at the May 2009 meeting, which was held at McDermont House, Mr. Ken Walker, City of Lindsay, stated the City would request the Risk Control Manager access and make a recommendation regarding any extraordinary attractions and allow the Executive Committee to sign off on these new attractions prior to coverage being extended.

Mr. Walker notified the Committee that the City of Lindsay has purchased a very large inflatable water slide and noted the product brochure was included in the agenda packet. Mr. Walker reported he had hoped that the Mr. Tom Kline, Risk Control Manager, would have the opportunity to access the attraction prior to the Executive Committee; however, the slide has been held in customs and delivery was therefore delayed. Mr. Walker reported there are currently 13 of the Hippo® slides in use in the United States. The company providing the Hippo® will be flying employees in to train City of Lindsay employees on the set-up, use, and dismantling of the slide. Mr. Walker reported the city has tried to contact the owners of the slides in use in the United States to discuss claims and only found one owner willing to do so. The owner is in Florida and has use the Hippo® for three years, setting it up on the beach daily and taking it down each evening. The owner reported they have had over 100,000 users and they collect a waiver from each user. So far, they have only received one claim for a minor fracture and they believe the waiver covers the claim.

Discussion ensued regarding Hippo® specifics and possible exposures; however, it was determined that it would be preferable to discuss these details after Mr. Kline's assessment. Mr. Kramer reported that as there is no exclusion to water slides, coverage is currently available. President Compton asked if the excess coverage through CARMA covered water slides and Mr. Kramer reported that CARMA would cover the slide as there is no exclusion. It was determined that this item would be brought back to the next Executive Committee meeting for a final review and determination of any action required regarding coverage.

D. California Affiliated Risk Management Authorities (CARMA) Self-Insured Retention (SIR)

CSJVRMA participates in the California Affiliated Risk Management Authorities (CARMA) for their excess liability coverage with a \$1 million self-insured retention. Ms. Workman noted that effective July 1, 2009, CARMA is offering its members a

\$2 million self-insured retention and at the 2009 Annual Retreat staff reported they would evaluate the feasibility of CSJVRMA increasing its retention. Ms. Workman reported that the CSJVRMA's actuary recommended that if CSJVRMA were to consider taking on an additional \$1 million of coverage they should do so at the 90% confidence level. Ms. Workman reported that staff ran the "Equity to Self-Insured Retention Ratios" as prescribed by the Target Equity Policy, at both the \$1 million SIR and \$2 million SIR and the CSJVRMA would remain above the benchmarks for both SIRs. However, staff feels the cost savings of \$188,405 is not substantial enough for staff to recommend the SIR change. In addition, staff took into consideration the impact of the current economic conditions on the exposure. Ms. Workman noted that many cities have downsized their budgets and staff and this will result in less funds and means to maintain cities, which in turn could result in additional claims in the areas of road conditions, trip and falls, etc. Ms. Workman further noted that current economic conditions are resulting in an even more litigious society. Based on these facts, staff is recommended remaining at the \$1 million SIR and sharing risk with the other CARMA members for the additional \$1 million layer of coverage. Discussion ensued and a consensus was reached to remain at the current \$1 million SIR.

E. Updating ADA Checklist

At the April 22, 2004, Executive Committee meeting, the Executive Committee approved \$18,000 in funds to hire a consultant to develop an Americans with Disabilities (ADA) Self Evaluation and Transition Plan checklist for use exclusively by the CSJVRMA members. The consultant utilized for this project was Moore Iacofano and Goltzman (MIG). A representative from each member city was provided with a hard copy of the ADA Self Evaluation and Transition Plan checklist binder and a CD copy of the same at the March 18, 2005, Board of Directors' meeting. After the Board meeting, Mr. Tim Gilbert, and MIG principal, reviewed the ADA Self Evaluation and Transition Plan checklist binder with the CSJVRMA members. In addition, Mr. Gilbert conducted a series of regional workshops about the ADA implementation at an additional cost of \$7,342.68.

Currently only CSJVRMA members have access to the ADA Self Evaluation and Transition Plan checklists in the Members Only section of the CSJVRMA website. The checklist binder is now approximately five years old.

Mr. Kline reported that staff has been approached by the Public agency Risk Sharing Authority of California (PARSAC) about a project to update the ADA Self Evaluation and Transition Plan checklists. The approximately \$7,000 costs for the update would be assumed by PARSAC and updated checklists would then be made available electronically to both PARSAC and CSJVRMA members.

Mr. Kline further reported that PARSAC has asked the CSJVRMA to share in the training costs for educating both PARSAC and CSJVRMA members on how to best utilize the updated checklists. Mr. Kline recommended a combined webinar as a cost effective means of providing this training to members of both JPAs. A makeup webinar could also be provided if needed. MIG has quoted a not to exceed price of \$3,150 to conduct a webinar.

Jeff Cardell moved to recommend authorization to participate in updating the ADA Self Evaluation and Transition Plan checklist in conjunction with PARSAC, at no cost to the CJSVMRA, and evenly share training costs on the updated checklists with PARSAC. Bill Lewis seconded. The motion passed unanimously.

8. PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

A. Green Coverage and TRIA Terrorism Coverage

Ms. Workman reported that staff recently met with the broker to review the Public Entity Property Insurance Program (PEPIP) renewal proposal for the 2009/10 program year. The broker noted the CSJVRMA has the option of upgrading to “green” coverage. This coverage offers a limit of up to \$5,000,000 per occurrence per declaration to allow Members to rebuild insured property and replace selected or damaged/destroyed personal property with products that embrace sustainability principles and reduce the overall impact of the building on the environment. The premium for this optional coverage is \$51,646. Ms. Workman noted that at the June 2008 Board of Directors’ meeting this topic was covered in a presentation and there were no members interested at that time. Therefore, due to lack of interest and the current economic situation of many members, staff is recommending that the CSJVRMA decline upgrading to “green” coverage for the 2009/10 program year.

Ms. Workman reported to the Committee that the CSJVRMA must also respond to the broker regarding optional Terrorism Risk Insurance as defined in the Terrorism Risk Insurance Act (TRIA) of 2002. Under TRIA, effective November 26, 2002, the property policy holder has the right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act (“Terrorism Coverage”): the term “act of terrorism” means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property; or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interest; as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States by coercion.

Ms. Workman noted that included in the agenda packet was a spreadsheet provided by the PEPIP broker, Alliant, which compares the coverage provided by the two programs. The PEPIP proposal already includes terrorism coverage for both domestic and international incidents and does not require certification by the Secretary of the Treasury, Secretary of State, and Attorney General of the United States in order to submit a claim. For these reason, Staff is recommending that the CSJVRMA decline TRIA coverage.

Jeff Cardell moved to decline Green Coverage and TRIA Terrorism Coverage for the 2009/10 program year. Seconded by Felix Ortiz. Motion passed unanimously.

9. ADMINISTRATIVE MATTERS

A. Resolution Canceling Obsolete Resolutions of the CSJVRMA

Prior to the meeting, the Executive Committee received a resolution canceling obsolete resolutions that have either been incorporated into other governing documents of the CSJVRMA or have become obsolete. Ms. Workman reviewed the resolution with the Executive Committee.

Greg Applegate moved to approve the resolution canceling obsolete Executive Committee resolutions. Seconded by Tim Przybyla. Motion passed unanimously.

B. Crime Shield Coverage

Ms. Workman noted that this item has been previously discussed by the Executive Committee and staff has been working with two brokers to provide details of their available programs. Ms. Workman introduced Ms. Susan Adam, Alliant Insurance, who is the broker that staff is recommending due to the coverage provided and the willingness to provide a quote without each member completing an application. Ms. Adams noted that one of the frequently asked questions regarding Crime Shield Coverage is why an entity needs the coverage if they have surety bonds. Ms. Adams reported that surety bonds only cover bonded employees whereas the Crime Shield policy covers bonded and non-bonded employees. Additional endorsements are provided for volunteers, non-compensated officers, chairpersons, treasurers and tax collectors. Ms. Adams noted this coverage is specific to Alliant and they currently have 255 public entities purchasing this coverage. Three limits of coverage are available: \$1 million, \$3 million, and \$5 million and two deductibles are available: \$2,500 or \$25,000. There is an approximate 20% rate decrease when choosing the \$25,000 deductible. Ms. Adams noted the rates provided in the agenda packet are indications pending receipt of applications and rates will be lower if the all or the majority of the pool enrolls in the coverage. Finally, Ms. Adams noted that fraudulent claims have risen as a result of the current unfavorable economic conditions.

Mr. Cardell questioned the difference between Crime Shield Coverage and a blanket bond and Ms. Adams replied that they are the same. Ms. Barrick asked what the renewal date was and if the first year would be prorated as members join at the expiration of their current coverage. Ms. Adams replied that the annual renewal date is July 1st and that Alliant would prorate premium for the first year. Ms. Silva asked if there would be an administration fee and Ms. Workman replied that a small administration fee is included for each program. It was reiterated that members must follow local government code for bonding employees.

Tim Przybyla moved to recommend to the Board of Directors approval for the Crime Shield Coverage Program as an optional program of the CSJVRMA. Seconded by Jo Barrick. Motion passed unanimously.

C. Agreements between CSJVRMA and AIMS for Liability Claims Adjusting Services & Workers' Compensation Claims Administration Services

This item was placed on the agenda at the request of AIMS. Mr. Dominic Russo, AIMS, reported that AIMS recently received their annual calculation for their fee adjustments for the Agreements for Liability Claims Adjusting Services and Workers' Compensation Claims Administration Services for the 2009/10 program year which results in a 3.705% increase. Mr. Russo stated that he was under the impression that the annual fee increase was capped at 3%; however, after conferring with Ms. Workman it was noted that AIMS had requested a 3.5% minimum fee increase with a cap of 5% in March 2007 for their five year contract. Ms. Russo stated that in light of the economic conditions being experienced by CSJVRMA members, AIMS would like to amend their Agreements with the CSJVRMA to provide a flat 3% fee increase each year.

Greg Applegate moved to approve revising the Agreements between CSJVRMA and AIMS for Liability Claims Adjusting Services and Workers' Compensation Claims Administration Services to a flat 3% annual fee increase. Seconded by Jo Barrick. Motion passed unanimously.

D. Amendment to Resolution 4-2007 Establishing Eligibility Criteria to Serve on the Executive Committee

Ms. Workman reported that in April 2008, the Executive Committee adopted Resolution 4-2007 establishing eligibility criteria to serve on the Executive Committee based on the recommendation of the Administration and Financial Services Subcommittee. The intent of the criteria was to ensure that new members elected to the Executive Committee have some firsthand knowledge of the Central San Joaquin Valley Risk Management Authority. The criteria are as follows:

- “1. The member must have represented their Member City as a Board or Alternate Board Member for a minimum of one year on the Central San Joaquin Valley Risk Management Authority Board of Directors.
2. The member must have attended at least two of the three Board of Directors' meetings in the past twelve months.
3. The member must have attended at least one Central San Joaquin Valley Risk Management Authority Executive Committee meeting in the past twelve months.”

Ms. Workman noted that in preparation for the upcoming elections to be held at the June 26, 2009, Regional Meetings, staff prepared a report of the Board and Alternate members who met the above criteria. In doing so, it was realized that the resolution does not differentiate between new members and members currently serving on the Executive Committee and if applied to current members, it precludes some long-term Executive Committee members from being eligible.

Ms. Workman noted that staff does not believe this was the intent of the resolution and, therefore, recommends the Executive Committee clarify the intent of the resolution to apply to new members interested in serving on the Executive Committee, not to current members of the Committee. Ms. Workman reported President Compton alerted her to a situation in one region where a position is vacant and the only person who has expressed interest in the position would be new to the Executive Committee and does not meet the criteria. Therefore, the Committee needs to reach a consensus on how to address this Resolution.

Discussion ensued and it was noted that there are two issues before the Executive Committee. One is that members who have previously served on the Executive Committee and are therefore familiar with the commitment and procedures required to serve should not be subject to the criteria. The second issue is that regions may find themselves with the only person willing to serve unable to meet the criteria of the Resolution. It was also noted that a region can function with a vacancy until they find a member willing to serve or a member who meets the revised criteria.

Bob Wilburn moved to Amend Resolution 4-2007 as suggested by staff with the addition of language to express that if no members of the region meet the resolution criteria, a vacant position can be filled by a member who does not meet the resolution criteria but does fill the risk management function for the member. Seconded by Jo Barrick. Motion passed unanimously.

10. FINANCIAL MATTERS

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

Prior to the meeting the Executive Committee received a written report regarding CSJVRMA investments as of May 31, 2009, as prepared by Mr. Cassell. Mr. Cassell noted the economy does seem to be forming some kind of a bottom with signs of a slow recovery with bumps ahead in the road.

Mr. Cassell noted the compliance reports are included in the report provided and reported that the securities in which the CSJVRMA invests are in compliance with the Investment Policy and state codes. Mr. Cassell stated the CSJVRMA is holding investments very close to the benchmarks. Regarding the claims payment account, Mr. Cassell noted the sectors of the claims payment account had been modified a bit because of concern with some of the credits. Mr. Cassell reported that since his last report to the Committee he has sold US Bank and Bank of America and reduced the exposure to Toyota. These were replaced with the DIC insured U.S. notes which were discussed in detail at the last meeting.

Mr. Cassell reviewed the performance of the investment portfolios with the Committee. Mr. Cassell reported that both portfolios are doing well; the total 12-month return for the claims payment account was 7.22% with a benchmark of 6.41%, since inception in 1999 the return is 5.56% with a benchmark of 5.19%. The long term account achieved a 12-month return of 7.80% with a benchmark of 7.15%; since inception in 1999 the return is 6.10% with a benchmark of 5.66%.

Mr. Cassell reported that exposure was reduced to both Wal-Mart and Toyota in the long term account and replaced those with FDIC insured U.S. corporate bonds. Mr. Cassell noted that he will continue to look at corporate notes but at this time the decision was made to invest in the FDIC U.S. corporate bonds.

B. Proposed Amendments to the Budget for Fiscal Year 2009/10

Ms. Workman noted that staff passed out a revised budget memo and two spreadsheets, along with a revised page one of the annual budget, prior to the meeting. Ms. Workman reported that a formula error was found in the budget that only effected page one and the Auto Physical Damage (APD) Program specifically.

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

- The Pooled Workers' Compensation Program premium decreased by 1% due to a decrease in the excess rate through the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX);
- The Pooled Liability Program premium decreased by 6% due to a decrease in the excess rate through the California Affiliated Risk Management Authority (CARMA);
- The Auto Physical Damage Program premium rate increased by 20% due to a \$22 million increase in vehicle values;
- The Property Program premium was decreased by 11% and the Boiler and Machinery premium was increased by 1%. In addition there was a 1% increase in total insured values;
- The General Administration premium was increased by 3% due to changes in the programs. When less money is allocated to the programs, more is allocated to General Administration;
- The Employment Risk Management Authority (ERMA) premium increased 10%, for a 20% total increase over the 2008/09 program year. This increase was due to the following: an increase in the pools' Ex Mod from .910 to .931, an 8% payroll increase, and an increase in confidence level funding from 70% to 75%. There was no ERMA assessment for the 2009/10 program year.

Ms. Workman noted that due to AIMS' announcement at today's meeting, the budget will need to be updated to reflect the reduction in claims adjusting fees for both the Pooled Liability and Pooled Workers' Compensation programs.

Bill Lewis moved to recommend to the Board of Directors approval of the amendment to the 2009/10 budget. Seconded by Jo Barrick. Motion passed unanimously.

11. CLOSING COMMENTS

A. Executive Committee

Mr. Dave Elias, City of Fowler, alerted members that due to the economic downturn and cities experiencing a reduction in force and furloughs that the CSJVRMA may be at risk for attendance at Board meetings as they are held on Fridays. Discussion ensued and since the CSJVRMA Board meetings have been held on Fridays for 25 years, it was determined that cities need to factor in Board meeting attendance when scheduling furloughs.

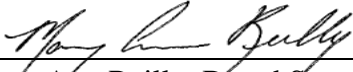
Mr. Greg Applegate, Sonora, complimented AIMS, specifically Ms. Janine Bowman, for her handling of a police officer pursuit which resulted in a vehicle accident in which the officer was critically injured. The officer asked Mr. Applegate to extend his appreciation and thanks for the incredible service he has received.

B. Staff

None.

12. ADJOURNMENT

The June 25, 2009, CSJVRMA Executive Committee meeting adjourned at 3:55 p.m. by general consent.



Mary Ann Reilly, Board Secretary