

CENTRAL SAN JOAQUIN VALLEY RISK MANAGEMENT AUTHORITY

AMENDED MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF APRIL 24, 2008

A meeting of the Executive Committee of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) was held on April 24, 2008, at the Piccadilly Inn-Shaw, Fresno, California.

COMMITTEE MEMBERS PRESENT: David Elias, President, Fowler
Leon Compton, First Vice President, Ripon
Bill Lewis, Woodlake
Jeff Cardell, Clovis
Felix Ortiz, Exeter
Joe Donabed, Hughson
Tim Przybyla, Kerman
Lois Hull, Selma
Jo Barrick, Shafter
Greg Applegate, Sonora
Bob Wilburn, Maricopa

COMMITTEE MEMBERS ABSENT: Darrel Pyle, Past President, Tulare
Linda Abid-Cummings, Riverbank

ALTERNATE MEMBERS PRESENT: Wendy Silva, Madera
Mike Barrows, Sonora
Margee Fallert, Tulare

ALTERNATE MEMBERS ABSENT: None

OTHERS PRESENT: Jeanette Workman, Administrator
Mary Ann Reilly, Board Secretary
Ken Walker, Treasurer, Lindsay
Linzie Kramer, Litigation Manager
Greg Trout, Bickmore Risk Services
Mr. Gerald Forde, McFarland
Judy Sullivan, AIMS
Ken Wilkerson, AIMS
Dave Whiteside, AIMS (arrived during Item 6)
Kevin Bibler, Alliant Insurance

1. CALL TO ORDER

President Dave Elias called the meeting to order at 10:00 a.m.

2. INTRODUCTIONS

Introductions of those present took place.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Tim Przybyla moved to approve the agenda as amended. Seconded by Bob Wilburn. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Jeff Cardell moved to approve/accept the following items: A) Minutes of the Executive Committee Meeting of March 27, 2008; B) Warrants for February 25, 2008 ~ March 24, 2008; C) Chandler Bond Market Review – March 2008; D) Evaluation Summary for CSJVRMA “Traffic Control and Flagging” Public Works Forum; E) Evaluation Summary for CSJVRMA “Classroom Driver Training” Workshop; and F) Evaluation Summary for CSJVRMA “Providing Effective Training” Workshop. Seconded by Tim Przybyla. Motion passed unanimously.

6. PRESENTATIONS

A. Presentation by Mr. Greg Trout to provide an update regarding Bickmore Risk Services

Ms. Jeanette Workman, Administrator, introduced Mr. Greg Trout, Bickmore Risk Services (BRS), by noting that while BRS has been primarily known as a pool administration firm, the business has split into two practices and Mr. Trout would be detailing the changes in the firm and how those changes are beneficial to BRS’s clients. Ms. Workman noted that each attendee received a packet of information on BRS outlining their services.

Mr. Trout reviewed the history of BRS with the Committee, noting that CSJVRMA was the cornerstone of the firm. Mr. Trout stated that when he joined BRS in 1998, the focus of the company was to strengthen their pool administration practice and BRS is now the leading pool administration firm in California and a leader in the nation. Mr. Trout stated that while the firm’s client list has grown BRS has continued to offer a consistent quality of service and has employed key personnel who are essential to the firm’s success. Mr. Trout noted that Mr. Linzie Kramer, Litigation Manager, has been working with the CSJVRMA for twenty-one years, Ms. Workman began working with the CSJVRMA with Mr. Ed Bickmore at the inception of the firm, and eventually Mr. Bickmore prepared Ms. Workman to assume

his place with the pool. Mr. Trout reported that BRS currently employs 106 people with 60 employees working on pool administration.

Mr. Trout reported that before expanding into any new areas of business, BRS has always applied a litmus test to the opportunity to ensure that it would not detract from their service to current clients or put BRS in conflict with any of their service partners. For these reasons BRS has never added brokerage or claims administration units, preferring to serve their clients through pool administration and partnering with valued providers like AIMS and Alliant.

Mr. Trout announced that BRS has expanded into risk management consulting which is complimentary to pool administration. While the pool administration practice has not expanded outside of California, Mr. Trout reported that the risk management practice is active in 32 states, providing actuarial, general risk management, and risk control consulting to a wide variety of clients. Mr. Trout noted that BRS actuarial services include actuarial benefits consulting including projects related to GASB 45. While these services have not been aggressively marketed, their depth of talent and expertise allows BRS to respond to requests for projects, often at a cost benefit to their clients. Mr. Trout assured the Committee that the growth experienced by BRS has not been at the expense of the CSJVRMA, as their service to the first and foremost BRS client is of utmost importance.

In conclusion, Mr. Trout expressed his gratitude to the CSJVRMA for their continued support of BRS and extended his pledge to personally address any concern, or areas of service that the CSJVRMA may have. In addition, Mr. Trout noted that if there are any areas of expansion that the CSJVRMA would like to explore, or if the CSJVRMA or any Member City is in need of any service or study that BRS provides, BRS has the capacity and talent to undertake these projects and will work to provide cost effective solutions.

Mr. Joe Donabed, Hughson, thanked Mr. Trout for the BRS update. Mr. Donabed noted that he remembered meeting Ms. Workman at the first annual retreat as well as working with Mr. Bickmore when the firm was located in his home. Mr. Donabed stated the CSJVRMA is extremely pleased with BRS. Mr. Donabed reported that the CSJVRMA is also extremely pleased with services provided by Ms. Workman, Mr. Kramer, Ms. Reilly, and other BRS staff members.

Ms. Jo Barrick, Shafter, commented on the range of services that BRS provides and suggested that BRS should market their services more aggressively, including sending the packet distributed at the meeting to all Member Cities. Ms. Barrick also noted that she and the CSJVRMA would be interested in being notified of new services and programs as BRS continues their service expansion.

Mr. Ken Walker, Lindsay, noted that BRS staff should be proud of the growth they have experienced since Mr. Bickmore left the firm and stated that the CSJVRMA was proud to have BRS as their administrator. Mr. Walker also stated that the CSJVRMA is pleased that BRS is growing as the CSJVRMA is growing.

7. LIABILITY PROGRAM

A. Reports by Staff and Service Providers

1. Oral Report by Litigation Manager

Mr. Linzie Kramer, Litigation Manager, stated there were 44 new claims/incidents reported during the month of April 2008; one of these was a police excessive force case and one was a serious claim. Mr. Kramer briefly discussed some of the claims with the Executive Committee.

Mr. Kramer informed the Committee that AB 1985 regarding regulations in conflict with the Streets and Highways code, which he addressed at the March Board meeting, did not make it out of committee. Mr. Kramer noted that although the author has the opportunity to bring the bill back, the bill will most likely not pass.

2. Report by Claims Administrator (AIMS)

Prior to the meeting, the Committee received a written report from Mr. Ken Wilkerson, AIMS. Mr. Wilkerson reviewed the report with the Committee.

3. Report on the Status of the Trials and Settlement Conference Calendar (AIMS)

This item was placed on the agenda as a result of discussion at the Annual Retreat. At the meeting, Mr. Dave Whiteside, AIMS, reported that this calendar is actually for the workers' compensation program and not the liability program. Mr. Whiteside stated AIMS has created a quarterly calendar for conferences and trials and that members will receive a city-specific calendar to allow them sufficient time to prepare for these appointments.

Mr. Jeff Cardell, Clovis, inquired about gaining access to liability file claim notes. Mr. Whiteside responded that options are to enter notes in the notepad and grant member access to view them, or scan and email documents to members. Mr. Whiteside further stated that City of Clovis has agreed to a one month pilot program of both methods and AIMS will report back to the Committee on the results. Mr. Kramer cautioned regarding the release of information which might harm the interests of the CSJVRMA, as well as the process for granting and securing access to this information. Mr. Whiteside stated that due to this issue AIMS anticipates that utilizing the notepad will be the preferred method. Mr. Kramer requested that he be included on the receipt of the prototypes of each method to ensure his concerns are addressed and Mr. Whiteside agreed.

B. Discussion of Process to Inform the Executive Committee of Coverage Denials and Pending Litigation

This item was placed on the agenda at the request of the Executive Committee, who at their March 2008 meeting directed staff to draft a process for informing the Committee of coverage denials and pending litigation.

Included in the agenda packet was the following procedure list which was developed by staff with input from Legal Counsel:

Coverage Denials

1. Whenever staff is notified by Legal Counsel of a coverage denial, that denial will be added to the next Executive Committee agenda with the title "Coverage Matters" under the Liability Program agenda section;
2. The Litigation Manager will report on these items at Executive Committee meetings;
3. A coverage report for all denied cases will be attached to the Executive Committee agenda; and
4. In the agenda email notification sent to all members, a notation will be made that the agenda contains "coverage denials."

Pending Litigation

1. Litigation issues will be addressed in closed session, under the litigation privilege exception to the Brown Act with legal counsel in attendance; and
2. In the agenda email notification sent to all members, a notation will be made that the agenda contains "litigation information."

In addition, at the meeting the Committee was provided with a sample written coverage denial report to assist in determining if the report met the Committee's needs.

Mr. Kramer stated he discussed this item with Mr. Jeff Cardell, Clovis, and Ms. Hemker-Smith and they believe that a white paper amended annually with the types of coverage denials and coverage denial reports provided at every Executive Committee meeting, would best meet the requests of the Executive Committee. Mr. Kramer noted that the majority of coverage opinions are not appealed. Ms. Workman noted that when an Executive Committee meeting agenda notice is sent out, the notice will state if there are coverage denials being reported in the agenda.

Ms. Jo Barrick, Shafter, requested that in addition to reporting to the Executive Committee, that this item be placed on every Board of Directors' meeting agenda and that Mr. Kramer provide the Board with a synopsis of the coverage denials since their last Board meeting.

Mr. Greg Applegate, Sonora, stated that he thought the white paper might help to educate the members regarding the types of coverage claims handled by the CSJVRMA.

Mr. Cardell thanked Mr. Kramer for the opportunity to discuss this issue and noted he hoped it would not only educate members on the types of coverage opinions requested but also assist in preparing the Committee to respond to coverage denial appeals.

Mr. Joe Donabed, Hughson, noted that while it may be beneficial for members to review the coverage denials for similar cases, he cautioned that members should continue to request coverage opinions whenever there is any doubt regarding coverage or if members need support regarding coverage issues.

8. WORKERS' COMPENSATION PROGRAM

A. Report by Service Provider

1. Report by Claims Administrator (AIMS)

Prior to the meeting, the Executive Committee received a written report pertaining to claims for March 2008, as prepared by Ms. Judy Sullivan. Ms. Sullivan was in attendance and reviewed the reports with the Committee.

9. PROPERTY PROGRAM

A. Discussion and Action Concerning the 2008/09 Property Insurance Renewal

Ms. Workman reported to the Committee that this item was placed on the agenda as the CSJVRMA has been notified by the broker, Alliant Insurance Services (Alliant), for the Public Entity Property Insurance Program (PEPIP) that the carriers have advised they do not intend to offer renewal terms to the City of Orange Cove due primarily to a recent claim incurred by the City. Ms. Workman briefly reviewed the history of this issue with the Committee and noted that the ultimate value of the Orange Cove claim is in dispute between the program adjusters (McLarens Young) and a public adjuster the City hired soon after the loss, with the former setting a reserve of \$14 million and the latter setting an initial reserve closer to \$50 million. This claim involves a location purchased by the City at a cost of approximately \$156,000 and was added to the property schedule on February 21, 2006, with an "estimated market value" of \$500,000.

Ms. Workman reported that it is not just the value of the property loss the carriers are taking issue with, but also the fact that the property was so significantly undervalued and the manner in which Orange Cove has handled the claim with both the adjusters and the CSJVRMA. Ms. Workman further noted that the City Manager, Mr. Bill Little, was invited and encouraged to attend the Executive Committee meeting to provide the City's point of view, but he is not in attendance.

As a result of this claim, Alliant is trying to work with the carrier to continue coverage to the CSJVRMA including Orange Cove; however, estimates of increased premium were ranging from 40-50% at the time the agenda was written.

Ms. Workman announced that Mr. Kevin Bibler, Alliant, was in attendance to discuss this claim and its effect on the CSJVRMA with the Committee.

Mr. Bibler stated that the purpose of insurance was to cover losses and the issue with Orange Cove is not that they incurred a large loss but rather that they incurred a large loss on property they valued at only \$500,000 and also that they have brought a public adjuster into the picture who is causing difficulty. Mr. Bibler further noted that the information regarding renewal as included in the agenda was correct at the time the agenda was written, however, he has continued to negotiate with the carrier and now feels he can offer a renewal package to the CSJVRMA which does include the City of Orange Cove at a lower rate than was originally reported. Mr. Bibler explained that he felt it was not the underwriter's role to determine who is in the program as that should be the decision of the CSJVRMA.

Mr. Bibler stated that due to other loss experience, and without Orange Cove, currently the carrier is offering a rate increase of 5-10% and he is continuing to work with them to try to negotiate a lower rate. If the CSJVRMA continues to include Orange Cove in the Property Program, the carrier would require a significant increase to the City's deductible and an additional 15-20% rate increase in addition to the aforementioned 5-10% increase for all participants. Mr. Bibler reported that he will continue to negotiate for better rates before the program renewal.

Discussion ensued regarding the claim and the question was raised regarding how the property was added to the program without an appraisal as required by the CSJVRMA. Ms. Workman explained that during staffing turnover, a temporary employee received the property addition and forwarded it to PEPiP without an appraisal. As PEPiP does not require the appraisal, the property was added to the City's property schedule in 2006. Mr. Bibler added that PEPiP provides for periodic appraisals of property values and since the PEPiP program members as a whole have been doing a good job on values, the Program continues to receive coverage options that do not require a co-insurance clause. Mr. Bibler noted that his staff has recently reviewed values based on current Marshall-Swift standards and this process was put in place partially as a result of the Orange Cove loss. Mr. Bibler noted this exercise assists in finding properties that may be under or overvalued or providing the extraordinary reasoning for the current valuation.

Discussion continued regarding all aspects of the claim including the timeline of events, the cause of the loss, how the reserves were set, the difficulties in dealing with the outside adjuster, the fact that the City would have paid considerably more premium if they had correctly valued the property and the effects this claim is having on all Property Program members. Mr. Bibler noted that to date the public adjuster had not provided any backup regarding his reserve amounts; however, they are expected within the next 60-90 days.

Staff recommended that the City of Orange Cove be terminated from the Pooled Property Program pursuant to the termination provision of the Pooled Property Program Master Plan Document that a member may be terminated due to development of extraordinarily poor loss history.

Greg Applegate moved to terminate the City of Orange Cove from the Property Program and direct BRS and/or Alliant to assist the City of Orange Cove in obtaining stand-alone property coverage if desired. Seconded by Jeff Cardell. A roll call vote was taken and the motion passed unanimously.

The Committee directed staff to bring information regarding the process for expulsion of a member from the CSJVRMA, to the next Executive Committee meeting for discussion. Ms. Lois Hull, Selma, requested that the Committee make another attempt to reach out to the City of Orange Cove to allow them to present their position.

10. FINANCIAL MATTERS

A. Report on Administrative Costs

In response to a request at the annual retreat, staff created an Administrative Costs report which was presented at the March Executive Committee meeting and noted they would provide further detail at the April meeting. Ms. Workman reviewed the report with the Committee and questions arose regarding some line items. In the interest of time the Committee requested this report be brought back to the May meeting.

B. Report from the Administration and Financial Services Subcommittee

Ms. Workman reported that the Administration and Financial Services Subcommittee met on April 8, 2008, to determine whether to establish minimum and maximum levels in each of the non-equity pools as well as the Scholarship Policy, board meeting attendance, and eligibility criteria and training for Executive Committee members.

Regarding the non-equity pools, staff prepared and presented a report on the Pooled Auto Physical Damage (APD) Program. The Subcommittee reviewed the report and reached consensus that the method and assumptions used for the APD pool report, with minor changes, were acceptable to the Subcommittee. The Subcommittee directed staff to return with reports for the remaining non-equity pools, at a date to be determined. Once the Subcommittee has reviewed all the non-equity pool reports, they will provide a recommendation to the Executive Committee.

Ms. Workman reported that staff also presented the Subcommittee with a draft resolution establishing criteria to serve on the Executive Committee for review and suggestions from the Subcommittee. This item was addressed in detail under agenda item 10.A. of this meeting.

Ms. Workman noted the Subcommittee reviewed training materials for Executive Committee members, which were prepared by staff, and provided input. This item was addressed under agenda item 10.B. of this meeting.

Ms. Workman reported the Subcommittee also reviewed the current Scholarship Program and discussed various options for expanding or changing the program and a consensus was reached to make no changes to the Scholarship Program at this time.

Lastly, staff provided the Subcommittee with an amendment to the Bylaws regarding board meeting attendance to clarify the intent of the mandatory training requirement. This issue was addressed under agenda item 10.C. of this meeting.

11. ADMINISTRATIVE MATTERS

A. Resolution Establishing Eligibility Criteria to Serve on the Executive Committee

Prior to the meeting the Committee received a draft Resolution Establishing Eligibility Criteria to Serve on the Executive Committee which was recommended by the Administration and Financial Services Subcommittee.

Jeff Cardell moved to approve the CSJVRMA Resolution Establishing Eligibility Criteria to Serve on the Executive Committee. Seconded by Tim Przybyla. Motion passed unanimously.

B. Executive Committee Training Materials

Ms. Workman reported that Ms. Mary Ann Reilly, Board Secretary, created a PowerPoint presentation for new Executive Committee members which was presented to the Administration and Financial Services Subcommittee at their April meeting. Mr. Applegate, Chairperson of the Subcommittee, noted the Subcommittee recommends the materials and thanked Ms. Reilly for the detailed presentation.

C. Proposed Amendment to the Bylaws Regarding Board Meeting Attendance

This item was brought to the Administration and Financial Services Subcommittee as several members have questioned the intent and interpretation of the Bylaws regarding board meeting attendance, since the July 1, 2007, inception of mandatory Orientation Training. Specifically, staff noted that prior to July 1, 2007, the term “non-voting delegate” referred to any Member City personnel other than the appointed Board or Alternate Board Representative. Since the inception of the training provision, staff has received requests for Board or Alternate Board Representatives who have not completed the required training, to attend the Board meetings as a “non-voting delegate.” Staff does not believe it was the intent of the Executive Committee to allow Board and/or Alternate Board members to not attend training and attend the Board meeting as a “non-voting delegate.”

Staff reported to the Subcommittee at their April meeting, that the addition of the following sentence to the Bylaws, would clarify the acceptance of a non-voting delegate: “A non-voting ‘delegate’ is defined as any Member City personnel other than the appointed Board or Alternate Board Representative.”

Prior to the meeting the Executive Committee received the proposed language for the amendment to the Bylaws which the Administration and Financial Services Subcommittee recommended.

Bill Lewis moved to direct the Bylaws be amended as proposed, for final approval by the Board of Directors. Seconded by Bob Wilburn. Motion passed unanimously.

12. GOALS & OBJECTIVES

A. Review and Approve Revised Goals & Objectives

This item was held over from the March 2008 Executive Committee meeting due to time constraints.

At the 2008 Annual Retreat the Executive Committee discussed and revised the CSJVRMA Goals & Objectives. The Executive Committee received the revised version of the Goals & Objectives with changes shown in underline/strikeout text in the meeting agenda packet.

Ms. Workman noted the BRS Succession Plan was not yet complete and would be presented to the Committee no later than at their June meeting.

Tim Przybyla moved to approve the CSJVRMA Goals & Objectives as revised. Seconded by Felix Ortiz. Motion passed unanimously.

13. RISK CONTROL

A. Review of Workshops Scheduled In Conjunction with the Board of Directors’ Meetings

Ms. Workman noted that during the research for the Administrative Cost reports, it was noted that trainings held after Board of Director’s meetings, in accordance with Goal IV, B and its Objective/Action 3 are not always well attended.

Ms. Workman reported that Member City personnel who sign up for these trainings tend to cancel more than at other trainings. Ms. Workman noted that this may be due to the uncertain start time, since trainings cannot begin until the Board meeting has ended. Consequently, the cost of the speakers and lunches provided do not always positively correspond with the number of attendees.

A short discussion ensued and the Committee directed staff to discontinue scheduling trainings after Board meetings and add those trainings as additions to the current regional training schedules.

B. Attendance at Regional Workshops and Forums

This item was placed on the agenda at the request of Mr. Donabed, as a result of discussion of the Three-Year Strategic Risk Control Plan for the CSJVRMA as presented by Mr. Tom Kline, Risk Control Manager, at the annual retreat.

During that discussion the Committee directed staff to report on the history of attendance by Member Cities and non-attendance by Member Cities at Workshops and Forums for the past several years. In addition, staff was also directed to report on any correlation between Member City training attendance and incurred losses.

Included in the agenda packet were the following reports: Report of Attendance by Member Cities at Workshops and Forums for 2004/05-2007/08, Report of Non-attendance by Member Cities at Workshops and Forums for 2004/05-2007/08, and Correlation of Losses to Training Attendance.

Ms. Workman reported that the results show there is no clear correlation between training attendance and incurred losses.

14. CLOSING COMMENTS

A. Executive Committee

None

B. Staff

Mr. Trout commended the CSJVRMA on twenty-four years of successful operation noting that for thirty years he has attended JPA Board and Executive Committee meetings and has noticed a decline in the quality of representation and level of participation. Mr. Trout stated he felt this decline was due to turnover and the level of importance members place on their JPA involvement. Mr. Trout expressed his appreciation for the discussion, participation, and level of interest and commitment that the CSJVRMA Executive Committee members display in carrying out their responsibilities to the JPA.

15. ADJOURNMENT

The April 24, 2008, CSJVRMA Executive Committee meeting adjourned at 12:05 p.m. by general consent.



Mary Ann Reilly, Board Secretary