



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

SPECIAL WEBEX MEETING OF THE BOARD OF DIRECTORS

Monday December 11th, 2017 9:00 A.M.

**CJPRMA Office
3201 Doolan Road, Suite 285
Livermore, CA 94551
(925) 837-0667**

WebEx Link:

<https://meetings.webex.com/collabs/#!/meetings/detail?uuid=M92M9O4IMM75IPOK CUGAP5SA2G-NVIL&rnd=125926.32173>

Audio Connection: 1-844-740-1264

Access Code: 196 092 070

1. *City of Alameda, 2263 Santa Clara Avenue., Room 280, Alameda, CA 94501*
2. *City of Chico, 411 Main Street., Chico, CA 95927*
3. *City of Fairfield, 1000 Webster Street., Fairfield, CA 94533*
4. *City of Fremont, 3300 Capitol Avenue., Fremont, CA 94538*
5. *City of Livermore, 1052 S. Livermore Avenue, Livermore, CA 94551*
6. *City of Lodi, 221 West Pine Street, Lodi, CA 95240*
7. *NCCSIF, City of Lincoln, 600 Sixth Street, Lincoln, CA 95648*
8. *City of Petaluma, 11 English Street, Petaluma, CA 94952*
9. *City of Redding, 777 Cypress Avenue, Redding, CA 96001*
10. *REMIF, City of Sonoma, 414 West Napa Street., Sonoma, CA 95476*
11. *City of Richmond, 450 Civic Center Plaza, Richmond, CA 94804*
12. *City of Roseville, 311 Vernon Street, Roseville, CA 95678*
13. *City of San Leandro, 835 East 14th Street., San Leandro, CA 94577*
14. *City of San Rafael, 1400 Fifth Avenue, San Rafael, CA 94915*
15. *City of Santa Rosa, 100 Santa Rosa Avenue, Room 9, Santa Rosa, CA 95404*
16. *SCORE, Town of Loomis, 3665 Taylor Road, Loomis, CA 95650*
17. *City of Stockton, 400 E. Main Street, 3rd floor, Stockton, CA 95202*
18. *City of Sunnyvale, 505 West Olive Avenue., Suite 200, Sunnyvale, CA 94086*
19. *City of Vacaville, 650 Merchant Street, Vacaville, CA 95688*
20. *City of Vallejo, 555 Santa Clara Street, Vallejo, CA 94590*
21. *YCPARMIA, City of Woodland, 77 W. Lincoln Avenue, Woodland, CA 95695*
22. *Gibbons & Conley, 3480 Buskirk Avenue, Suite 200, Pleasant Hill, CA 94523*

MINUTES

I. CALL TO ORDER: 9:06 A.M. by Vice President Kim Greer.

II. ROLL CALL

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact CJPRMA at (925) 837-0667 24 hours in advance of the meeting.

PRESENT:

- | | |
|--------------------------------------|--|
| 1) Lucretia Akil, <i>Alameda</i> | 10) David Rawe, <i>Roseville</i> |
| 2) Amber Foster, <i>Chico</i> | 11) Mary Ann Perini, <i>San Leandro</i> |
| 3) Emily Combs, <i>Fairfield</i> | 12) Dominique Kurihara, <i>Santa Rosa</i> |
| 4) Jas Sidhu, <i>Livermore</i> | 13) Gail Kiyomura, <i>Stockton</i> |
| 5) Janice Magdich, <i>Lodi</i> | 14) Laura Marquez, <i>Sunnyvale</i> |
| 6) Cecilia Quiambao, <i>Petaluma</i> | 15) Claudia Quintana, <i>Vallejo</i> |
| 7) Lynette Frediani, <i>Redding</i> | 16) GeorgeAnne Meggers-Smith, <i>Vacaville</i> |
| 8) Kim Greer, <i>Richmond</i> | 17) Jeff Tonks, <i>YCPARMIA</i> |
| 9) Amy Northam, <i>REMIF</i> | |

NOT PRESENT:

- | | |
|-------------|----------------|
| 18) Fremont | 20) San Rafael |
| 19) NCCSIF | 21) SCORE |

OTHERS PRESENT:

- | | |
|-------------------------------------|---|
| 22) David Clovis, <i>CJPRMA</i> | 27) A. Byrne Conley, <i>Gibbons & Conley</i> |
| 23) Lola Deem, <i>CJPRMA</i> | 28) Marcus Beverly, <i>Alliant Insurance Services</i> |
| 24) Saima Kumar, <i>CJPRMA</i> | 29) Chris Carmona, <i>George Hills</i> |
| 25) Marcia Hart, <i>CJPRMA</i> | 30) Amy Meyer, <i>Maze Associates</i> |
| 26) Susanna Banuelos, <i>CJPRMA</i> | |

III. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel – Litigation

Name of Case: Harter, Lena v. City of Santa Rosa

Court: Superior Court of the State of California, County of Sonoma

Case No.: SCV 255401

IV. ACTION ON CLOSED SESSION ITEMS

- The Board of Directors conferred with staff regarding litigated claims and provided direction.

V. PRESENTATIONS

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD OF DIRECTORS ON MATTERS OF BOARD BUSINESS. STATE LAW

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PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

VII. COMMUNICATIONS

1. Board of Directors
2. General Manager/Secretary
3. Next Scheduled Meetings: Executive Committee (01/18/18) Loomis, CA
Board of Directors (03/15/18) CJPRMA

VIII. APPROVAL OF MINUTES

- None

IX. CONSENT CALENDAR

- None

X. ACTION (A) AND INFORMATION (I) CALENDAR

1. Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2017

Amy Meyers of Maze & Associates presented the financial audit as of June 30, 2017. The report was prepared by Lola Deem, Finance Officer, and audited by Amy Meyer of Maze & Associates.

- Assets - decreased \$10.5 million (11.8%) – this decrease was a result of a \$10.4 million decrease in investments for the payment of claims and member refund.
- Liabilities - decreased \$8.8 million (17%) - this was due to a \$7.9 million decrease in loss reserves as a result of the payment and closure of claims.
- Revenues – increased \$1.4 million (11.8%) – due to an increase in member contributions in the liability program.
- Operating expenses –
 - Claim related expenses decreased \$7 million (60.8%) - due to a \$5.2 million decrease in the prior years' loss provision. The current year loss provision also experienced a decrease of \$1.9 million.
 - General administrative services increased \$353,364 (21.7%) – due to \$227,483 increase in personnel cost and \$125,881 in operating expenses.
- Investment income decreased \$4.4 million (118%) - due to a decrease in market value of some investments.
- Rent and Other Income decreased \$2,196 (0.8%) - reflecting minimal change in common area maintenance income.
- Refunds to members increased \$130,092 from the previous year.

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Ms. Meyer's noted that overall the Authority's net position declined \$1.6 million (4.3%). This decrease was somewhat expected as we continue to apply the investment income earned to reduce the premiums paid by members. As well as the continued return of the annual member refund.

- A motion was made by Director Northam, and seconded by Director Quiambao to approve CAFR. A roll call vote was taken: Directors Akil, Foster, Combs, Sidhu, Magdich, Quiambao, Frediani, Northam, Greer, Rawe, Perini, Kiyomura, Marquez, Meggers-Smith, Quintana and J. Tonks voted yes to approve the motion. Fremont, NCCSIF, San Rafael, Santa Rosa, and SCORE were absent for the roll call vote. Motion passes.

2. Annual Review of Member Loss History – City of Vallejo and Approval of Recommended Actions by the Board

The general manager recommended that the Board of Directors review the City of Vallejo's loss history and implement one of the five options from Board Policy – Annual Review of Member Loss History adopted at the November 16, 2017 Board of Directors meeting. At that meeting, the Board approved B25 Annual Review of Member Loss History, which requires the Board to review Member Loss Experience Rating 10 Year Rolling Average PY 04/05 – 13/14 with an experience rating greater than 150% annually which identified Vallejo as exceeding the 150% threshold and impacting the remaining CJPRMA members. Based on experience rating with a cap of \$2.5 million, Vallejo's 10 year loss experience for PY 15/16 was 159% and their loss experience for PY16/17 was 266%. This indicated Vallejo's losses as larger and disproportionate compared to the other members of CJPRMA.

The actuarial reports state that if the City of Vallejo were excluded from Pool B, providing the member with a \$1,000,000 SIR, the overall reduction for the remaining members of Pool B would be \$176,711. If the Board Adopts option #4, the overall savings would be \$892,391 including the savings from Pool B as stated above, providing a significant reduction in contributions for program PY 18/19. This savings is directly proportionate to the overall loss history of Vallejo during the current ten-year rolling average.

The general manager recommended that the Board of Directors consider granting the City of Vallejo a one-time 60-day extension for submission of a notice of withdrawal pursuant to the *JPA Article XXI – Withdrawal from Program AND/OR CJPRMA*. The City deadline for submission of Notice of Withdrawal would be extended until February 28, 2018. This one-time withdrawal notice extension is intended to provide the City with an opportunity to evaluate alternative coverage options and the opportunity to evaluate the fiscal impact of a change in SIR.

Director Quintana requested that the Board consider a \$1M SIR and an increase in contributions for the City of Vallejo. Director Akil stated that Vallejo has been front and center of conversations in the last ten years with CJPRMA and recommended a \$2.5M SIR in the best interest of the pool and the solvency of the business. Director Rawe asked the general manger what the calculations would be with and without Vallejo. The general manager answered that the savings to the members would be approximately \$1M. Director Rawe then stated that an increase in SIR is needed that \$1M is not enough to impact CJPRMA. The general manger confirmed that a \$2.5M SIR will immediately impact the membership. Director Jeff Tonks suggested the need for a risk management audit since there is no evidence of effective risk management for Vallejo and he agreed that a \$2.5M SIR is needed until there is evidence of improved loss experience.

A motion was made by Director Akil and seconded by Director Rawe to increase the City of Vallejo's SIR to \$2,500,000. Byrne Conley, Board Counsel suggested to amend the motion to add the 60 day extension for submitting their withdrawal notice.

- An amended motion was made by Director Akil and seconded by Director Rawe to increase the City of Vallejo's SIR to \$2,500,000 and grant a one-time 60 day extension for submission of withdrawal notice on or before March 1, 2018. A roll call vote was taken: Directors Akil, Foster, Combs, Sidhu, Magdich, Quiambao, Frediani, Northam, Greer, Rawe, Perini, Kiyomura, Marquez, Meggers-Smith, and J. Tonks voted Yes, Fremont, NCCSIF, San Rafael, Santa Rosa, SCORE were absent, and Director Quintana voted no. Motion passes.

XI. ADJOURNMENT

- A motion by Director Akil, seconded by Director Magdich to adjourn the meeting at 10:05 am passed unanimously.