



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

Thursday April 19, 2018 9:30 A.M.

**Carnegie Forum
305 West Pine Street
Lodi, CA 95240
Large Conference Room
(209) 333-6701**

MINUTES

I. CALL TO ORDER: President Hamilton called the meeting to order at 10:06 A.M.

II. ROLL CALL

- | | |
|-------------------------------------|---------------------------------|
| 1) Janet Hamilton, <i>Livermore</i> | 4) David Rawe, <i>Roseville</i> |
| 2) Janice Magdich, <i>Lodi</i> | 5) Roger Carroll, <i>SCORE</i> |
| 3) Lynette Frediani, <i>Redding</i> | 6) Jamie Cannon, <i>Chico</i> |

OTHERS PRESENT

- | | |
|--------------------------------|---|
| 7) David Clovis, <i>CJPRMA</i> | 9) Marcia Hart, <i>CJPRMA</i> |
| 8) Rick Buys, <i>CJPRMA</i> | 10) Bruce Kilday, <i>Angelo, Kilday, & Kilduff, LLP</i> |

NOT PRESENT

Kim Greer, *Richmond*

Byrne Conley, *Board Counsel*

III. CLOSED SESSION

1. Government Code Section 54954.3 (a)

Public Employee Appointment

Title: Assistant General Manager

IV. ACTION ON CLOSED SESSION ITEMS

- The Executive Committee conferred with staff regarding public employee appointment and provided direction.

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.

V. PRESENTATIONS

- None

VI. COMMUNICATIONS

1. Executive Committee Members
2. General Manager/Secretary
3. Next Scheduled Meetings: Board of Directors (5/30- 6/1/18) Squaw Creek, CA
Executive Committee (6/21/18) Redding, CA

VII. APPROVAL OF MINUTES

- A motion was made by Director Carrol and seconded by Director Rawe to approve the minutes of the Executive Committee meeting held January 18, 2018 and two Special Telephonic Executive Committee meetings held on February 7, 2018 and March 2, 2018. Directors Cannon, Frediani, Hamilton, and Magdich approved the motion. Richmond was not present. Motion passes.

- **CONSENT CALENDAR**

- None

- **THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS**

- **ACTION (A) AND INFORMATION (I) CALENDAR**

1. Business Calendar for 2018 **(I)**

The 2018 Business calendar was reviewed as an information only item.

- No action was required on this item.

2. Update on the Recruitment Process for the Assistant General Manager and Claims Administrator **(I)**

The general manager informed the Executive Committee on the status of the recruitment for the Assistant General Manager (AGM) and Claims Administrator (CA). AGM interviews were held on March 27, and interviews for CA will be conducted on April 30, 2018.

- No action was required on this item.

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3. Property Renewal Strategy Plan for Program Year 2018-2019 (I)

The general manager provided an update of the Property Program Renewal for PY 2018-2019. The general manager explained that he has discussed the quotations that have been received with Robert Lowe, Alliant Insurance Services in preparation for the annual meeting in May. The renewal strategy will include the timing of delivery of data to the underwriters and a set of expectations for receiving quotations. The goal is to have a complete renewal plan for approval for the may Board of Directors meeting.

- No action was required on this item.

4. Approval of Contract for Claim Auditor Services – Fiscal Years 2019 & 2020 (A)

The general manager recommended that the Executive Committee approve the proposed contract for services for Risky Business Pros to perform the 2019 and 2020 Claims Audits for CJPRMA. Mr. Buys will continue performing the excess audits, but will be unable to perform the primary audits. The 2019 quote of \$39,393 is at the same contracted amount of 2018. The 2020 quote includes a 3.5% inflationary increase.

The proposed costs for the auditor are as follows:

Audit Year	Excess Audit	Primary Audit
2019	\$29,180 (150 files)	\$10,213 (147 files)
2020	\$30,201 (150 files)	\$10,570 (147 files)

* The pricing for the primary audit will be adjusted based upon the number of members requiring primary audits for that program year.

The quote includes transportation, lodging and the preparation of the reports. Mr. Buys will provide the documents to CJPRMA, which will produce all final reports for the members. In the event that staff determines that it is not necessary to audit 150 files, the overall cost will be reduced proportionately.

- A motion was made by Director Carroll and seconded by Director Rawe to approve the quote submitted by Risky Business Pros and authorize the general manager to execute a two-year agreement for service. Directors Magdich, Hamilton, Cannon and Frediani approved the motion. Richmond was not present. Motion passes.

5. Approval of Contract Extension for Aon Risk Services (A)

The general manager gave a brief overview of CJPRMA's relationship with Aon Risk Services since 2010. The current contract is scheduled to expire on October

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31, 2018. The current Aon Risk Services agreement states the annual fee for program year November 1, 2017 to October 31, 2018 was \$352,230. The total fee was reduced by \$67,728 (property piece) and an additional \$67,728 a one-year credit from the removal of property placement.

Aon proposed that we modify the existing agreement and move the dates of service to reflect the CJPRMA fiscal year and program year. We also noted that the current brokerage services paid to Aon is through 10/31/2018.

The proposed rates are as follows:

- November 1, 2018 to June 30, 2019 \$180,597
- July 1, 2019 to June 30, 2020 \$270,896
- July 1, 2020 to June 30, 2021 \$270,896
- July 1, 2021 to June 30, 2022 \$270,896
- July 1, 2022 to June 30, 2023 \$270,896

The new proposed fee structure would include placements for the Office Package, Office DIC, Auto Physical Damage, XS Liability, 2nd XS Liability, and the Office Crime. Aon proposed that any new programs added to the placement structure would be compensated on a commission basis as agreed to in advance by Aon and CJPRMA. This would include XS Workers' Compensation, Group Crime, etc.

While evaluating the proposed rates to the current rates, the estimated savings in year 1 would be \$20,742, and year 2 savings would be \$27,930. If we agreed to the total five-year extension, additional savings in year 3, 4, and 5 would be a total of \$128,712. The total estimated savings over the next 5 years would equal \$177,384.

There will be benefits to both parties for approving the recommended changes in the contract structure. First, the savings off the existing contract and the removal of any increases in subsequent years. The ability for both parties to lock in the relationship for 5 years which creates stability for both sides. The ability for CJPRMA to contractually have provisions to add services and subsequent placements on an a la carte offering with compensation discussions to be agreed upon by both parties. The existing contract will allow for placements in 2018, 2019 and 2020.

- A motion was made by Director Cannon and seconded by Director Magdich for adopting the recommendations and approve the terms and agreements for a three year contract extension and two one-year renewal options effective July 1, 2018. Directors Rawe, Carroll, Hamilton and Frediani approved the motion. Richmond was not present. Motion passes.

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6. Approval of the Livermore Pleasanton Fire Department Joint Powers Authority New Member Application and to Recommend the Board of Directors Approve the Application at the May Board meeting **(A)**

The general manager provided the Executive Committee with copies of Livermore Pleasanton Fire Department JPA application, basic information, loss history, policies and the 2018-19 program year contributions that included LPFD, then discussed the positive impact their participation will be to CJPRMA.

The Livermore Pleasanton Fire Department (LPFD) Joint Powers Authority was created by the City of Livermore and City of Pleasanton and has been in operation since 1996. The initial JPA agreement complicated the ability for the agency to acquire liability coverage from one source. The current agreement has rectified those issues and the JPA now has the ability to obtain liability coverage on behalf of LPFD. CJPRMA has been providing liability coverage to LPFD operations on behalf of the City of Livermore since July 1, 2013. The City of Livermore, City of Pleasanton and LPFD requested quotations from CJPRMA and BCJPIA (risk sharing pool for Pleasanton) for the 2018-2019 program year. CJPRMA is fortunate to have been selected as the partner for liability coverage for LPFD JPA effective July 1, 2018.

LPFD JPA provides fire protection and paramedic services to the City of Livermore and City of Pleasanton as their service area. They operate with approximately 122 employees, which are employees of the City of Pleasanton. FY 2016-2017 payroll was approximately \$19.9 million. LPFD services the two cities out of ten fire stations. LPFD is a full service fire operation and does not provide patient transportation services. CJPRMA will be responsible for coverage of any employment practices claim arising out of action involving the 122 employees that are contracted to LPFD. CJPRMA will work with the City of Pleasanton regarding the reporting of and handling of all EPL cases that may arise out of LPFD operations.

LPFD JPA submitted a membership application and provided loss data for their organization. A thorough review by staff determined that the loss history was significantly less than other CJPRMA members and that based upon their loss history they meet the approved underwriting criteria for membership. For the program year 2018-2019, LPFD has not requested participation in the CJPRMA Property program or APD program. CJPRMA will continue to provide Property and APD coverage to the City of Livermore and their assets that are utilized by LPFD operations.

The anticipated contributions for LPFD JPA for program year 2018-2019 will be approximately \$148,744. The contribution will have a slight impact on other members of the program by reducing overall contributions from other members in the amount of \$97,468.

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Formal approval by the CJPRMA Board of Directors will be required at the May meeting.

- A motion was made by Director Carroll, and seconded by Director Frediani to approve the membership application from LPFD JPA effective July 1, 2018 and recommend the Board of Directors formal approval to LPFD JPA as participating members at the May meeting. Directors Rawe, Cannon, Hamilton, and Magdich approved the motion. Richmond was not present. Motion passes.

7. Approval of Underwriting Policy by Executive Committee with a Recommendation for Approval to the Board of Directors (A)

The Executive Committee was presented with a copy of the proposed Underwriting Policy. The general manager stated that CJPRMA recently completed their CAJPA Accreditation review and in order to receive accreditation with excellence an adopted underwriting policy is required by CAJPA.

Staff reviewed a number of the current CJPRMA documents regarding an underwriting policy and determined that a majority of the processes are already adopted. Staff evaluated the requirements of an underwriting policy and developed the proposed policy. The majority of the current requirements for an underwriting policy can be found in the JPA agreement, By-laws and other board policies. The document is intended to meet and/or exceed the requirements of the CAJPA Accreditation Committee.

- A motion was made by Director Cannon and seconded by Director Magdich to approve the Underwriting Policy and recommend approval to the Board of Directors. Directors Rawe, Carroll, Hamilton and Frediani approved the motion. Richmond was not present. Motion passes.

8. Risk Management Issues (I)

- There were no risk management issues requested to be discussed. No action was required on this item.

XI. ADJOURNMENT

- A motion was made by Director Rawe and seconded by Director Magdich to adjourn the meeting at 10:58am. The motion was approved by Director Cannon, Carroll, Frediani and Hamilton. Richmond was not present. Motion passes.

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