



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

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**BOARD OF DIRECTORS MEETING
December 17, 2015 – 9:00 A.M.**

**CJPRMA Office
3201 Doolan Road, Suite 285
Livermore, CA 94551**

(925) 837-0667

Minutes

I. CALL TO ORDER:

Vice President Hamilton called the meeting to order at 9:07 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---|
| 1) Lucretia Akil, <i>Alameda</i> | 9) David Rawe, <i>Roseville</i> |
| 2) Laura Marquez, <i>Fairfield</i> | 10) Mary Ann Perini, <i>San Leandro</i> |
| 3) Steve Schwarz, <i>Fremont</i> | 11) Roger Carroll, <i>SCORE</i> |
| 4) Janet Hamilton, <i>Livermore</i> | 12) Bill Henderson, <i>Stockton</i> |
| 5) Janice Magdich, <i>Lodi</i> | 13) Celeste Garrett, <i>Vacaville</i> |
| 6) Ron Blanquie, <i>Petaluma</i> | 14) Jameelah Medina, <i>Sunnyvale</i> |
| 7) Lynette Frediani, <i>Redding</i> | 15) Jeff Tonks, <i>YCPARMIA</i> |
| 8) Kim Greer, <i>Richmond</i> | |

ABSENT

Chico, NCCSIF, REMIF, San Leandro, Sunnyvale, YCPARMIA

OTHERS PRESENT

- 16) Dr. William Deeb, *AON*
- 17) Craig Bowlus, *AON*
- 18) Martin Cassell, *Chandler Asset Mgmt.*
- 19) David Clovis, *CJPRMA*
- 20) Lola Deem, *CJPRMA*
- 21) Craig Schweikhard, *CJPRMA*
- 22) Saima Kumar, *CJPRMA*
- 23) Susanna Banuelos, *CJPRMA*
- 24) A. Byrne Conley, *Gibbons & Conley*
- 26) Jas Sidhu, *Livermore*
- 27) Chris Carmona, *Redding*
- 28) Misty Rhoads, *Redding*
- 29) Jacob Baldwin, *Redding*
- 30) Bill Henderson, *Stockton*
- 31) Mary Ann Henriques, *Stockton*

III. PRESENTATIONS

- None

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

V. COMMUNICATIONS

- A. Board Members:
- B. General Manager/Secretary:
- C. Next Scheduled Meetings: Executive Committee (01/21/2016) City of Vacaville
Board of Directors (03/17/2016) CJPRMA Office

VI. APPROVAL OF MINUTES

- A motion was made by Director Carroll, seconded by Director Akil, to approve the amended minutes of Board of Directors meeting held October 22, 2015 to include the corrected spelling of Director Magdich name from City of Lodi. Directors Akil, Fields, Marquez, Schwarz, Hamilton, Blanquie, Frediani, Greer, Rawe, Dolan, Carroll, Solina, Garrett and Leahy voted for approval of the minutes. Directors Fields, Islas, Ferguson, Tonks, Perini and Moon were absent. Director Magdich abstains. Motion passes.

VII. CONSENT CALENDAR

1. Financial Report of CJPRMA as of June 30, 2015 (A) (Pages 19-36)

2. Additional Covered Party Certificates Approved by the General Manager (A)

- A motion was made by Director Greer, seconded by Director Magdich, to approve the Consent Calendar. Directors Akil, Fields, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Frediani, Greer, Rawe, Dolan, Carroll, Solina, Garrett and Leahy voted for approval of the consent calendar. Directors Fields, Islas, Ferguson, Tonks, Perini and Moon were absent. Motion passes.

VIII. ACTION CALENDER (*Action Items Only*)

3. Election of Officers (A)

The general manager informed the Board that President Carmona resigned from his position as President of CJPRMA due to his new contract relationship with the City of Redding.

He stated that Alternate Director Lynette Frediani, Assistant City Attorney has been designated to serve as the Board Member and Jacob Baldwin; Deputy City Attorney will serve as the Alternate. A copy of the letter from the City was provided to the Board.

The general manager said that according to CJPRMA's Bylaws a vote of the membership is required to replace the President. He said that the new President will serve the remaining term of President Carmona that will expire June 2016. If re-elected, the incumbent will retain the option of serving two full terms as president following this replacement term. In the event there is a vacancy for the vice-president due to the election, the Board of Directors will also vote to replace that position.

Director Greer made a motion to nominate Director Hamilton for the office of President. No other nominations were made. A roll call vote of the membership was conducted.

- Directors Akil, Marquez, Schwarz, Magdich, Blanquie, Frediani, Greer, Rawe, Dolan, Hunt, Carroll, Solina, Garrett, Leahy voted to approve Director Hamilton to serve as the President for the remainder of President Carmona's term. Directors Fields, Islas, Ferguson, Tonks, Perini and Moon were absent. Motion passes.

The general manager said that with the election of Director Hamilton to the President, we have a vacancy for the Vice President. He called for nominations from the Board. Director Carroll nominated Director Rawe and Director Garrett nominated Director Greer. A ballot was conducted, resulting in 11 to 4 vote in favor of Director Greer. The ballot was counted by Board Counsel Byrne Conley and General Manager David Clovis.

4. Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015 (A)

Ms. Amy Meyer, of Maze & Associates, presented the results the Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2015.

She stated that the report will be submitted to the Government Finance Officers Association (GFOA) for review of the Certificate of Achievement for Excellence in Financial Reporting award.

The report was prepared by Lola Deem, Finance Officer, and audited by Maze & Associates. Ms. Meyer's stated that Maze & Associates have once again issued an unqualified opinion.

The following is a summary of the financial highlights and changes from the previous year, for fiscal year ending June 30, 2015 was provided to the Board:

- Implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. This resulted in a restatement of net position at the beginning of the year and recognizing net pension liability and deferred outflows/inflows of resources.
- Total assets decreased \$1.3 million (1.3%) – this decrease was a result of the payment of claims and the member refund.
- Total liabilities increased \$1.7 million (3.5%) - this was due primarily to a \$1.1 million increase in loss reserves and the GASB 68 net pension liability recording requirement of \$478,725.
- Total revenues – remained constant at \$12 million reflecting minimal changes in member contributions.

Operating expenses –

- Claim related expenses decreased \$.9 million (10.9%) - due to a \$3.1 million reduction in the prior years' loss provision. The current year loss provision experienced an increase of \$2.2 million.
- General administrative services decreased \$82,825.
- Investment income decreased \$769,346 – decrease due to a decline in market value.
- Rent and Other Income increased \$51,131 reflecting a full year of rental and common area maintenance income.
- Refunds to members decreased \$1.3 million from the previous year.

Ms. Meyer's said that overall the Authority's net position declined \$3.0 million (6.6%) excluding the impact of the implementation of GASB Statements #68 and 71 from June 30, 2014. This was comprised of the \$2.2 million member refund as well as the \$1.7 million increase in liabilities. 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.

Director Carroll asked why CJPRMA did perform a CAFR? Ms. Deem stated that to get the recognition by GFOA and that it was recommended by the past president. Board Counsel Conley stated that other members and pools also perform the CAFR. Director Blanquie said that it gives the organization a sound legal base on their finances.

- A motion by Director Akil, seconded by Director Garrett to approve the Comprehensive Annual Financial Report for the Year Ended June 30, 2015 and Memorandum on Internal Control and Required Communications for the Year Ended June 30, 2015. Directors Akil, Fields, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Frediani, Greer, Rawe, Dolan, Carroll, Solina, Garrett and Leahy voted for approval of the motion Directors Fields, Islas, Ferguson, Tonks, Perini and Moon were absent. Motion passes

5. Approval of Revised Growth Policy (B2) (A)

The general manager said the Board Policy B2, Growth Policy was adopted by the Board in 1993. He said that since that time there have been significant changes in the costs of actuarial studies and changes in the CJPRMA Program. Recently, CJPRMA reviewed and approved for membership ABAG PLAN. The costs of the two actuarial studies completed for their participation in our program exceed \$10,000. Staff proposes that the application fee for potential new members be increased.

Growth Policy with modified changes to reflect the proposed language changes was provided to the Board for review. The following language is currently within the policy:

A non-refundable fee of \$1000 must be paid at the time the application is submitted for consideration.

The general manager said that staff recommends the above language be changed to the following:

A non-refundable fee of \$2500 must be paid at the time the application is submitted for consideration for any entity submitting an application. A JPA (pool) applying for membership will pay a non-refundable fee of \$5000.

He also stated that staff performs site visits and claims audits of potential new members where additional data may be required. He said that staff recommends adding the following language to the policy:

CJPRMA may, at its sole discretion, perform a risk management audit and/or a claims audit of the applicant prior to final approval by the Board of Directors.

- A motion by Director Carroll, seconded by Director Greer to approve the proposed changes to the growth policy. Directors Akil, Fields, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Frediani, Greer, Rawe, Dolan, Carroll, Solina, Garrett and Leahy voted for approval of the motion Directors Fields, Islas, Ferguson, Tonks, Perini and Moon were absent. Motion passes

IX. INFORMATION CALENDAR

6. Report from the Investment Manager (I)

Martin Cassell, Chandler Asset Management, presented the CJPRMA investment portfolio, investment strategy, and update on economic factors that have had a direct impact on the investments.

Pool investments are managed by Chandler Asset Management. The assets are held in CJPRMA's bank custody account managed by the Bank of New York.

The investment program is divided into three parts: The Loss Payment Account, the Long Term Growth Account and the new Long Term Growth/Tactical Account.

The Loss Payment Account is utilized to provide funds for operating expenses and the payment of losses. The Loss Payment Account invests in high grade securities with a maximum maturity of 5 years. As of November 30, 2015, the Loss Payment Account was valued at \$11,264,718. This was an increase of \$6,005,191 from its valuation of \$5,259,527 on August 31, 2015. Two securities were purchased during the reporting period, a Commercial Paper security and an Asset Backed security. One security was sold and two securities matured to fund the additions to the portfolio. The LAIF balance also expanded materially due to a \$6 million contribution. He stated that the Loss Payment Account has sufficient funds to meet the expenditure requirements of the next six months.

He said that as of November 30, 2015 the Long Term Growth Account was valued at \$38,476,506. This was an increase of \$255,314 from its valuation of \$38,221,192 on August 31, 2015. Two securities were purchased with maturities in 2024 and 2025 to extend the maturity profile of the portfolio to be more consistent with the risk profile of the strategy. Two shorter maturity securities, maturing in May 2020 and May 2021, were sold to fund the new purchases.

As of November 30, 2015, the Long Term Growth/Tactical Account was valued at \$37,736,068. This was an increase of \$77,760 from its valuation of \$37,658,308 on August 31, 2015. Several securities were purchased across the Treasury, Agency and Commercial Paper sectors of the market to keep the portfolio structure in line with Chandler objectives. The purchased securities ranged in maturity from February 2016 to October 2020. Several securities were sold and two matured to help facilitate the additions to the portfolio.

Mr. Cassell stated that the investments in all accounts comply with CJPRMA's investment policy.

No action was required on this item.

7. Board Member Requirements Alternative (I)

The general manager said that at the October Board meeting he presented a request from President Carmona and the City of Redding for consideration of modifying the CJPRMA Bylaws regarding Board Member qualifications. He stated that the Board of Directors rejected the request to modify the Bylaws that would allow for a non-employee or officer to serve in the capacity of a Board Member

He said furthermore the Board members requested that the general manager review the status of the current Board Member and Alternate for the City of Petaluma. The general manager reviewed the history of events leading up to Director Blanquie's appointment to the Board of Directors. The city entered into a contract with Mr. Blanquie and Insurance Consulting Associates Inc. on January 26, 2009. As a result of that contract, the City issued a letter appointing Director Blanquie on October 26, 2009. A copy of the letter was provided to the Board for review. The appointment letter included the following text:

"Please be advised that the City of Petaluma has appointed Ron Blanquie to the position of Risk Manager, an Officer of the City. Mr. Blanquie is hereby appointed by the city as its Director on the CJPRMA Board."

The general manager said that he contacted the prior General Manager Robert German and he provided the following comments. Mr. German stated that based upon the language included within the letter from the city, Mr. Blanquie met the requirements of the Bylaws. This item was provided to the Board of Directors at the December 2009 meeting and was approved.

General Manager Clovis said that On May 22, 2012, the city sent a letter to CJPRMA appointing Dominique Kurihara as the Alternate Representative position on the CJPRMA Board. Based upon the fact that Mr. Blanquie was already serving as a Board Member the appointment was forwarded to the Board of Directors and that was approved at the June 2012 Board meeting. After further review, the general manager said that he has determined that Alternate Kurihara did not meet the minimum standard and was not serving as an official of the city.

The general manager said that he discussed the item with Director Blanquie and advised him of his findings. Director Blanquie understood the position of the general manager and understood the decision of the Board at the October meeting. Director Blanquie has submitted a notice to CJPRMA, that Dominique Kurihara has been removed as the Alternate Board Member for the City of Petaluma.

Following the October board meeting, the general manager said that he received notice from the City of Redding that Lynette Frediani, Assistant City Attorney is appointed as the Board Member and Jacob Baldwin, Deputy City Attorney is appointed as the Alternate. He said furthermore the City of Redding has withdrawn their request for modifications of the By-laws at the present time. The City advised that they are in the process of modifying the existing contract with George Hills and it will be in compliance with the CJPRMA Bylaws for future consideration.

Chris Carmona, George Hills and Company, expressed that he was displeased that the process impacted the City of Petaluma.

No action was required on this item.

8. Claims Experience Report (I)

Claims Administrator Craig Schweikhard presented an overview of claims experience to the Board of Directors. The presentation included claims that have been reported to CJPRMA beginning with program year 2000-2001 through 2014-2015. The presentation included claims frequency, severity and development history. The members asked that a claims report be forwarded to them every six months.

9. New Board Member/Alternates (I)

Notifications regarding a change in director/alternate designations that have been received as of the last meeting are indicated herein:

- 1) Redding **Board Director** – Lynette Frediani, Assistant City Attorney
Alternate – Jacob Baldwin, Deputy City Attorney
- 2) Petaluma **Alternate** – None

10. Business Calendar for 2015 and 2016 (I)

The business calendar was provided to the Board as a standing agenda item. The calendar provides key business items and the required dates for completion for the Board.

No action was required. This was an information only item.

11. Risk Management (I)

- City vehicle take home policy (Police Department) – *(Mary Ann Perini – San Leandro)*
Agreement review process – *(Mary Ann Perini – San Leandro)*: City of San Leandro was not present to discuss the above risk management issues.
- Critical Incident Services and Mainstream Unlimited – *(Kim Greer – Richmond)* – Director Greer discussed critical incident services and the importance of it after the San Bernardino County incident. She said that CSAC has webinar training through Mainstream Unlimited. The general manager stated that he will look into post incident handling training if members are interested.
- Director Ferguson asked the general manager to discuss the SMART training asking Cities to have special events permit if the event if run through a railroad crossing. This was provided as in information item to members.
- Dr. William Deeb asked if members would be interested in terrorism coverage. He said he would work with the general manager on getting something together for the members.

X. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Fang v. City of Fremont

Court: N/A

Case No.: N/A

2. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Parminder Shergill Survivors (Kaur) v. City of Lodi

Court: United States Federal Court – San Joaquin County

Case No.: 2:14-cv-00828-GEB-AC

3. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Thomas, Andrew v. Town of Paradise (NCCSIF)

Court: N/A

Case No.: N/A

XI. ACTION ON CLOSED SESSION ITEMS

- The general manager reported that he received authority from the Board of Directors on one of the items included in closed session.

XII. ADJOURNMENT

- A motion by Director Blanquie, seconded by Director Hunt to adjourn the meeting at 12:10 p.m.