



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

Accredited with Excellence from the California Association of Joint Powers Authorities

**BOARD OF DIRECTORS MEETING
May 17 -19, 2016– 1:00 P.M.**

**Seascape Beach Resort
One Seascape Resort Drive
Aptos, CA 95003**

(831-684-4266)

Minutes

I. CALL TO ORDER:

President Hamilton called the meeting to order at 1:05 p.m. on Tuesday May 17th, 2016
President Hamilton called the meeting to order at 10:15 a.m. on Thursday May 18th, 2016

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---|
| 1) Lucretia Akil, <i>Alameda</i> | 11) David Rawe, <i>Roseville</i> |
| 2) Frank Fields, <i>Chico</i> | 12) Mary Ann Perini, <i>San Leandro</i> |
| 3) Steve Schwarz, <i>Fremont</i> | 13) Rob Epstein, <i>San Rafael</i> |
| 4) Janet Hamilton, <i>Livermore</i> | 14) Roger Carroll, <i>SCORE</i> |
| 5) Janice Magdich, <i>Lodi</i> | 15) Nathan Barnette, <i>Santa Rosa</i> |
| 6) Paula Islas, <i>NCCSIF</i> | 16) Laura Marquez, <i>Sunnyvale</i> |
| 7) Ron Blanquie, <i>Petaluma</i> | 17) Mary Ann Henriques, <i>Stockton</i> |
| 8) Lynette Frediani, <i>Redding</i> | 18) Celeste Garrett, <i>Vacaville</i> |
| 9) Kim Greer, <i>Richmond</i> | 19) Claudia Quintana, <i>Vallejo</i> |
| 10) Mark Ferguson, <i>REMIF</i> | 20) Jeff Tonks, <i>YCPARMIA</i> |

ABSENT

Fairfield

OTHERS PRESENT

- | | |
|---|--|
| 21) Dr. William Deeb, <i>AON</i> | 36) Amber Foster, <i>Chico</i> |
| 22) Craig Bowlus, <i>AON</i> | 37) Jas Sidhu, <i>Livermore</i> |
| 23) Mujtaba Dato, <i>AON</i> | 38) Dominique Kurihara, <i>Petaluma</i> |
| 24) Robert Lowe, <i>Alliant</i> | 39) Jacob Baldwin, <i>Redding</i> |
| 25) Marcus Beverly, <i>Alliant</i> | 40) Tami Matuska, <i>Stockton</i> |
| 26) Bill Dennehy, <i>Chandler Asset Mgmt.</i> | 41) Rick Braziel, <i>Police Foundation</i> |
| 27) David Clovis, <i>CJPRMA</i> | 42) Chris Carmona, <i>Redding</i> |
| 28) Lola Deem, <i>CJPRMA</i> | 43) Kristen Vaughan, <i>Vacaville</i> |
| 29) Craig Schweikhard, <i>CJPRMA</i> | 44) Erika Leahy, <i>Vallejo</i> |
| 30) Saima Kumar, <i>CJPRMA</i> | 45) Marinda Griese, <i>YCPARMIA</i> |
| 31) Susanna Banuelos, <i>CJPRMA</i> | 46) Dick Whitmore, <i>Liebert Cassidy Whitmore</i> |
| 32) Matt Good, <i>Geary, Shea, O'Donnell, Grattan & Mitchell, P.C</i> | 47) Ann Macfarlane, <i>Jurassic Parliament</i> |
| 33) Ray Fullerton, <i>Geary, Shea, O'Donnell, Grattan & Mitchell, P.C</i> | 48) Roy Franco, <i>Franco Signor, LLC</i> |
| 34) A. Byrne Conley, <i>Gibbons & Conley</i> | 49) Virginia Johnson, <i>Franco Signor, LLC</i> |
| 35) Jamie Cannon, <i>Chico</i> | |

III. PRESENTATIONS

- General Manager reported that CJPRMA received Certificate of Achievement for Excellence in Financial Reporting.
- President Janet Hamilton presented Director Blanquie with a plaque for service.

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: Board of Directors (06/16/2016) CJPRMA Main Office
Executive Committee (07/21/2016) City of Livermore

VI. APPROVAL OF MINUTES

- A motion was made by Director Carroll, seconded by Director Marquez, to approve the amended minutes of the Board of Directors meeting held March 17, 2016 to include Alternate Director Marinda Griese voted for all action items except for item number three and four. Directors Akil, Fields, Schwarz, Hamilton, Magdich, Islas, Blanquie, Frediani, Greer, Rawe, Barnette, Perini, Epstein, Ferguson, Carroll, Garrett, Henriques, Marquez, Quintana and Tonks voted for approval of the minutes. Director Janice was absent. Motion passes.

VII. CONSENT CALENDAR

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

2. Financial Report of CJPRMA as of February 29, 2016 (A)

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

VIII. ACTION CALENDAR (*Action Items Only*)

3. Implementation of Property Program Experience Rating (A)

The general manager discussed the implementation of the Property Program Experience Rating with the property program members. Recommendation was made not to modify the property program with any experience rating factors. There was discussion by the program participants that it did not make sense to penalize other members in the program because of one catastrophic loss. Members agreed that the problem was fixed by adding the vacant and unoccupied clause in the Property Memorandum of Coverage.

A motion by Director Ferguson and seconded by Director Blanquie to bring this matter back to the October Board meeting. Directors Akil, Fields, Rawe, Hamilton, Henriques, Magdich, Marquez, Garrett and Quintana voted no on the motion. Directors Schwarz, Ferguson, Perini, Epstein, Blanquie and Frediani voted yes on the motion. Director Janice was absent. The motion did not pass. The general manager's recommendation not to implement an experience rating stayed.

4. Implementation of Auto Physical Damage Program Experience Rating

The general manager discussed the implementation of the APD Program Experience Rating. He stated that in recent years the APD program has been impacted with a significant amount of losses. Experience rating premium allocation was created to go in effect July 01, 2016. A five year loss payment data will be utilized in creating the experience rating. For the July 01, 2016 renewal, four years of aggregate losses provided by Hanover was used to create the premium allocation. Following allocation option was proposed:

Eighty percent of the contribution will be based upon the actual proposed rate provided by the carrier. The additional twenty percent of the premium contribution will be allocated on the percent of losses. The following chart illustrates total costs to each member based upon the current program year. Premium option of an 80/20 split and a 90/10 split.

MEMBER	Premiums 10-11 to 14-15	Total Losses Incurred	% of Losses	# Losses	Premiums % per mem	PY 15-16	Total Cost at 80%	Total Cost at 90%
Alameda	\$ 157,762	\$20,135	3.70%	1	10.68%	\$ 54,051	\$47,535	\$50,396
Chico	\$ 113,815	\$177,994	33.33%	9	7.70%	\$ 37,625	\$68,750	\$49,614
Fremont	\$ 260,603	\$0.00	0.00%	0	17.64%	\$ 86,718	\$69,374	\$78,046
Livermore	\$ -	\$0.00	0.00%	0	0.00%	\$ 26,801	\$5,360	\$26,801
Lodi	\$ 131,502	\$36,878	7.41%	2	8.90%	\$ 39,647	\$40,306	\$39,183
Petaluma	\$ 53,522	\$0.00	0.00%	0	3.62%	\$ 16,638	\$13,310	\$14,974
Redding	\$ -	\$0	0.00%	0	0.00%	\$ 85,330	\$85,330	\$85,330
San Leandro	\$ 106,165	\$30,271	3.70%	1	7.19%	\$ 33,709	\$31,262	\$32,088
Sunnyvale	\$ 115,052	\$0.00	0.00%	0	7.79%	\$ 36,710	\$29,368	\$33,039
Vacaville	\$ 107,805	\$84,782	14.81%	4	7.30%	\$ 38,617	\$48,071	\$41,756
Vallejo	\$ 117,992	\$1,232,977	33.33%	9	7.99%	\$ 32,688	\$64,800	\$45,171
REMIF	\$ 313,125	\$18,385	3.70%	1	21.20%	\$ 96,137	\$81,204	\$88,273
Total	\$ 1,477,343	\$1,601,421	100.00%	27	100.00%	\$ 584,671	\$584,671	\$584,671

Two members that started in the program in 2015, Livermore and Redding, will pay the base rate provided by the insurer and would not participate in the experience rating portion until they have achieved at minimum one year of loss data. Their loss calculation would be adjusted based upon the percentage of time they have been involved in the program.

A motion by Director Fields and seconded by Director Magdich to propose a 90/10 split for program year 2016-2017 and then a 80/20 split each year after that. Directors Akil, Fields, Hamilton, Magdich, Blanquie, Frediani, Ferguson, Perini, Garrett and Quintana voted to approve the motion. Director Marquez was absent. Director Schwarz abstained. Motion passes.

5. Property & Boiler & Machinery Programs Renewal for Fiscal Year 2016-2017

Dr. William Deeb, Aon Risk Services was present to discuss the property program renewal. The current property program is with Lexington Insurance Co, with \$300 million in limits and an annual premium of \$1,600,000 (NET) at the rate of \$0.2212/100. The proposed new rate with Lexington is \$.021/100 (5.1% decrease) with and annual premium of \$1,578,000.

The Boiler and Machinery program is currently through Hartford Steam Boiler with a policy limit of \$21,250,000. The current annual premium is \$282,602 (NET) at a rate of \$.00396/100. The renewal quote from Hartford is \$282,602 (NET) at a rate of \$.00391/100.

Robert Lowe of Alliant was also present to propose an alternative property program to the members. Mr. Lowe presented an all risk property/ boiler and machinery program with a total premium of \$1,825,981. With the following coverage limits:

All risk limit of \$400 million, Terrorism (NOT TRIA) limits of \$400 million, Flood Zone A/V \$25,000,000, Flood Zone – All Other \$100,000,000. The deductible will stay at \$25, 000. The Alliant Program asked carriers to provide an earthquake quote with a deductible of 5 percent. Property participants will have the option of participating in Alliant’s Cyber Program through Beazley with an optional add-on for a premium of \$37,310 to be divided between all the members in the program.

The property program participants discussed both options and after careful consideration the following motion was made.

A motion by Director Ferguson and seconded by Director Fields to authorize the general manager to bind the property and boiler machinery programs for PY 2016-2017 with Alliant. Directors Akil, Fields, Ferguson, Rawe, Perini, Epstein, Hamilton, Henriques, Magdich, Blanquie, Garrett, Frediani and Quintana voted to approve the motion. Director Schwarz abstains. Directors Marquez and Janice were absent. Motion passes.

6. Approve City of Richmond's Request to Join the Property Program.

The City of Richmond requested that they be permitted to participate in CJPRMA's Property Program starting July 01, 2016. A two-thirds vote of the current participants was required to approve the City's request.

A motion by Director Garrett and seconded by Director Perini to allow City of Richmond to join the CJPRMA Property Program effective July 01, 2016. Directors Akil, Fields, Schwarz, Ferguson, Rawe, Perini, Epstein, Hamilton, Henriques, Magdich, Blanquie, Garrett, Frediani and Quintana voted to approve the motion. Directors Marquez and Janice were absent. Motion passes.

7. Casualty & Other Program Insurance Renewals for Fiscal Year 2016-2017

Dr. William Deeb presented the renewal of the casualty and other insurance programs. He said that the 2016-2017 excess liability programs' renewal quote was provided by Munich Reinsurance America and Scor Reinsurance Company with a two year rate guarantee. Listed below are the rates:

- \$20M xs. \$5M SIR through Munich Re America
- Rate: \$0.1049 (flat renewal)
- Annual Premium: \$1,664,358 (NET)
- \$15M xs. \$20M through Scor Re Company
- Rate: .0221 (flat renewal)
- Annual Premium: \$350,488 (NET)

The General Office Package annual premium came in at \$3,592 The 2016 DIC program renewal is \$9,656 and the 2016 Crime Program policy is \$6,905.

The Environmental Program renewal rate is \$0.1481/\$1000. We are currently in a two year term due to expire on July 01, 2017.

The Cyber Liability premium for PY2016-2017 is \$245,000 vs. the expiring of \$265,000.

- A motion was made by Director Greer and seconded by Director Carroll to approve the Excess Liability, General Office Package, DIC and Crime Policy. Directors Akil, Fields, Schwarz, Hamilton, Magdich, Islas, Blanquie, Frediani, Greer, Rawe, Barnette, Perini, Epstein, Ferguson ,

Carroll, Garrett, Henriques, Quintana and Tonks voted for approval of the motion. Directors Janice and Marquez were absent. Motion passes.

Dr. Deeb said for the APD program the quote provided by Hanover Insurance Company is \$584,575 with a rate of \$.20/\$100. He stated that Vallejo has had 9 losses totaling (\$1,232,976.72), Chico has had 10 losses totaling (\$571,797.30) and Vacaville has had 4 losses totaling (\$84,781.52), which have affected the rates this year again. He said that the carrier has quoted City of Stockton separately for APD coverage. He also asked all members to provide garaging location for all of their vehicles per the carriers’ request.

A motion was made by Director Perini and seconded by Director Ferguson to approve the Auto Physical Damage Program quote provided by Hanover Insurance Company. Directors Akil, Fields, Schwarz, Hamilton, Magdich, Blanquie, Frediani, Ferguson, Perini, Garrett and Quintana voted to approve the motion. Director Marquez was absent. Motion passes.

8. Approve the proposed Operating Budget for Fiscal Year 2016-2017

Finance Officer, Lola Deem, presented the proposed administrative and direct program year budget for the 2016-2017 program year. She also provided the Board with a summary report of the current year budget. The current year budget is in a favorable position of \$190,818.

The proposed administrative budget for FY 2016-2017 increases by \$229,030 (15.2%) to \$1,739,030 an increase of \$229,030. Ms. Deem said that these increase are due to the Risk Management Analyst position that was added. The proposed funding is listed below:

Funding: FY 2016-2017

Administrative portion of premium	\$1,425,000
CSRMA member payments	23,250
PINS member payments	8,800
Risk Console member payments	16,000
Davita rental income	137,774
Davita/Golden Gate Cam and PG&E payments	<u>133,000</u>
Total Funding	1,743,824
Projected Administrative Expenses	<u>1,739,030</u>
Favorable position	<u>\$4,794</u>

A motion by Director Greer and seconded by Director Akil to approve the proposed FY 2016-2017 administrative and direct program budgets.

Directors Akil, Fields, Schwarz, Hamilton, Magdich, Islas, Blanquie, Frediani, Greer, Rawe, Barnette, Perini, Epstein, Ferguson , Carroll, Garrett, Henriques, , Quintana and Tonks voted for approval of the minutes. Directors Janice and Marquez were absent. Motion passes.

IX. INFORMATION CALENDAR (*Information Items Only*)

9. Report from Investment Manager (*I*)

Mr. William Dennehy from Chandler Asset Management presented a report on CJPRMA's investment portfolio, investment strategy, and update on economic factors that have had a direct impact on the investments.

Mr. Dennehy said the investment program is divided into three parts: Loss Payment Account, Long Term Growth Account and 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 five years. He reported that as of April 30, 2016, the Loss Payment Account was valued at \$9,156,525. This was an increase of \$281,995 from its valuation of \$8,874,530 on January 31, 2016. Transactional activity by Chandler was light as CJPRMA staff is working to increase liquidity in the portfolio via the allocation to LAIF. The Loss Payment Account has sufficient funds to meet the expenditure requirements of the next six months.

Both Long Term Growth Accounts are utilized to provide long term asset growth in order to offset inflation. The maturity range of these investments is a maximum of ten years.

It was reported that as of April 30, 2016 the Long Term Growth Account was valued at \$38,502,422. This was a decrease of \$854,250 from its valuation of \$39,356,672 on January 31, 2016. Two securities were purchased during the quarter; one corporate note maturing in February 2021 and one agency note maturing in April 2026. Three securities were sold; one agency, one corporate and one treasury note to facilitate the aforementioned purchases and to fund the \$1.3 million withdrawal from the portfolio.

As of April 30, 2016, the Long Term Growth/Tactical Account was valued at \$36,962,580. This was a decrease of \$1,081,922 from its valuation of \$38,044,502 on January 31, 2016. Several securities were purchased across the treasury, agency, asset backed, commercial paper and corporate sectors of the market to keep the portfolio structure in line with Chandler objectives. The purchased securities ranged in maturity from June 2016 to March 2021. One security was sold and two matured to help facilitate the additions to the portfolio and to fund the \$1.3 million withdrawal during the reporting period.

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

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

10. 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)	Fairfield	Board Director Steve Janice, Director of Human Resources Alternate Laura Snideman, Assistant City Manager
2)	San Rafael	Director Stacey Peterson, Human Resources Director
3)	Sunnyvale	Director Laura Marquez, Risk Manager

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

11. 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.

12. Risk Management (I)

- Board discussed tail coverage regarding professional liability policies.
- Board discussed coverage issues regarding train tracks and cities having to sign mutual hold harmless agreements and rights to review any special events the cities hold that crosses a railroad. This is an ongoing issue that members need to be aware of it.
- CJPRMA’s MOC does not cover drones. There is a specific exclusion on aircrafts in the MOC.
- A discussion about using software to manage contracts instead of relying on programs such as Excel and databases. Other members who are currently using software programs shared information regarding software programs.
- Board and staff discussed police immunity for civil liability resulting from vehicle pursuits. Make sure members have a qualified policy regarding vehicle pursuits. Immunity only applies if you have lights and sirens on.
- Board discussed pool safety and inspections. They also discussed certified playground inspections and having training for members.

X. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Arash Akbarieh v. City of Chico

Court: Superior United States District Court, Eastern District of California

Case No.: 2:13-CV-01816-KJM-DAD

2. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: Milan v. City of Vallejo

Court: Superior Court of California, County of Solano

Case No.: FCS042585

3. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Gorla Veeru v. City of Sunnyvale

Court: Superior Court of California, County of Santa Clara

Case No.: 114CV262389

XI. ACTION ON CLOSED SESSION ITEMS

- The Board of Directors conferred with staff regarding litigated claims and provided direction. There was no reportable action.

XII. ADJOURNMENT

- The Board of Directors adjourned the meeting at 11:45 am on May 19, 2016.