



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

September 15, 2015 - 1:00 P.M.

**Lake Tahoe Resort Hotel
Echo Restaurant (Echo Private Dining Room)
4130 Lake Tahoe Blvd.,
South Lake Tahoe, CA 96150**

**Dial in # 866-866-2244
Participant Code: 1098199**

1. *City of Redding, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150*
2. *City of Livermore, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150*
3. *City of Lodi, 221 West Pine Street, Lodi, CA 95240*
4. *NCCSIF, 380 Civic Drive Galt, CA 95632*
5. *City of Richmond, 450 Civic Center Plaza, Richmond, CA 94804*
6. *SCORE, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150*
7. *City of Vacaville, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150*
8. *Gibbons & Conley, 4130 Lake Tahoe Blvd., South Lake Tahoe, CA 96150*

(530) 544-7643

MINUTES

I. CALL TO ORDER:

- President Carmona called the meeting to order at 1:01 p.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|--------------------------------------|
| 1) Chris Carmona, <i>Redding</i> | 5) Kim Greer, <i>Richmond</i> |
| 2) Janet Hamilton, <i>Livermore</i> | 6) Celeste Garrett, <i>Vacaville</i> |
| 3) Paula Islas, <i>NCCSIF</i> | 7) Janice Magdich, <i>Lodi</i> |
| 4) Roger Carroll, <i>SCORE</i> | |

ABSENT

None

OTHERS PRESENT

- 8) A. Byrne Conley, *Gibbons & Conley*
- 9) David Clovis, *CJPRMA*
- 10) Craig Schweikhard, *CJPRMA*
- 11) Saima Kumar, *CJPRMA*

III. PRESENTATIONS

- None

IV. APPROVAL OF MINUTES

- A motion was made by Director Greer and seconded by Director Carroll to approve the minutes of the Executive Committee meeting held July 16, 2015. Directors Carmona, Carroll, Greer, Hamilton, Islas and Garrett voted for the approval of the minutes. Director Magdich abstained from voting. Motion passed.

V. COMMUNICATIONS

1. Executive Committee Members

- None

2. General Manager/Secretary

- None.

3. Next Scheduled Meetings: Board of Directors (10/22/2015) CJPRMA Office
Executive Committee (11/19/2015) Town of Loomis

VI. CONSENT CALENDAR

- None

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

VIII. ACTION CALENDAR

1. Business Calendar for 2015

The CJPRMA 2015 Business Calendar was provided as a standing agenda item for the Executive Committee. This calendar provides Committee members and staff with a listing of key business items and the required dates for completion.

No action was required on this item.

2. Broker of Record Contract Extension

The general manager presented the Broker of Record Contract Extension to the Executive Committee. He said that contract term commenced on November 1, 2010 and expired on October 31, 2013. Included within the agreement were two one-year options for extension that were approved by the general manager. The general manager showed the list of accomplishments that Aon had achieved on behalf of CJPRMA since becoming the Broker of Record in 2010. He said that a summary of total premiums paid in 2015 was approximately \$356,000 less than the total cost of premiums paid in 2010 to Marsh Risk Services as the Broker of Record.

He mentioned that an added service included with the Broker of Record services included the services of Craig Bowlus performing the annual liability claims audit. The prior contract with Marsh allocated \$40,000 a year for this service at a cost of \$325 per excess file. Aon allocated a cost of \$25,000 per year for this service at a cost of \$225 per excess file. He said that it is the staff's recommendation that CJPRMA pursue a new direction for this service. Although Mr. Bowlus has performed this service for a number of years and provided outstanding service, it appears prudent to pursue another provider for the audit function at this time. Although Mr. Bowlus has agreed to continue to perform this service, his new assignments at Aon are making his scheduling and availability to perform this service a significant concern to staff.

The general manager also mentioned that since Aon has become Broker of Record, we have added a cyber program, enhanced APD program and an environmental program. He said that Aon Risk Services continues to evaluate numerous programs for our organization and has been a highly valued member of our team. He said that Aon has asked for an increase for their cost of service. The propose increase is 6% for year one of the agreement and then a 1% increase for years two through four. This will be a 10% increase over a five-year period.

The general manager said staff recommends an increase of 10% over the next five years is reasonable. The first year's increase of 6% exceeds the current increases in trending in our programs. The general manager recommended that Staff engage in further discussions with Aon to stair-step the increases over the next five years, beginning with a 3% increase in year one and ultimately achieving the 10% requested increase over the five-year term. We would

also propose that the year two and three options be capped at no greater than 2% increase per year.

A motion by Director Greer, seconded by Director Garrett for an alternative cost increase to Aon's proposal. Committee recommends that staff engage in further discussions with Aon to stair-step the increases over the next five years, beginning with a 3% increase in year one and ultimately achieving the 10% requested increase over the five-year term. The committee also proposes that year two and three increases are capped at no greater than 2% per year. Directors Carmona, Carroll, Greer, Hamilton, Magdich, Islas and Garrett voted for the approval of the minutes. Motion passed.

3. Consolidated Claims Procedures and Audit Standards

The general manager said that staff receives numerous requests from Board Members regarding the requirements for submission of claims to CJPRMA. He said that staff transitions in our members affect the Board Member or Alternate there is a learning curve of our requirements. He said that the purpose of this new document is to incorporate all of the varied adopted Board Policies and procedures and to incorporate all issues surrounding claims in one readily accessible document.

He mentioned that the document does not modify or change any of the reporting requirements but instead documents the individual policies in a single document. CJPRMA is aware that in the event of change of any of the pertinent sections of the various policies, staff will be required to update and transmit the document. He said that this document will also be useful to members as they assign cases to outside counsel, TPA's or staff attorneys. The policies and procedures adopted by the Board of Directors apply to all claims/litigation assigned to CJPRMA.

He said that in addition, staff created a preliminary set of objective and identifiable standards for claims management that will be the basis of all future claims audits. The general manager said that it is staff's recommendation that the President create an ad-hoc committee of the Board of Directors to assist staff with the final review process.

The Executive Committee reviewed the proposed claims procedures and audit standards and made the recommendation that the Board of Directors review and approve the procedures and audit standards.

4. Approval of Biannual Review of Staff Salaries and Benefits and Approval of the Financial Analyst Job Description

The general manager advised the committee that pursuant to the recommendations of the committee, CPS HR Consulting Company was assigned the task of reviewing the salary survey completed by staff earlier this year. The report indicated that all CJPRMA positions were significantly below the surveyed median and required attention to bring the positions within the target of the median. Staff provided the following chart that demonstrated the required adjustments to raise the salary range to the median target.

Position	Current Top Step Salary	New Top Step Salary	New Total Comp	Survey Median
Administrative Assistant	\$4,504	\$5,576	\$6,909	\$6,995
Executive Assistant	\$4,954	\$6,485	\$7,745	\$7,867
Financial Analyst	\$8,489	\$9,445	\$10,474	\$10,474
Claims Administrator	\$10,361	\$11,507	\$12,365	\$12,457

The general manager also presented the findings of the job specification and title of the Financial Analyst Position. CPS reviewed all of the job duties and responsibilities of the position and recommended that the position be reclassified to Finance Officer. In addition, in light of the additional duties placed upon the position associated with the 3201 Doolan Road Condo, the general manager recommended that this position receive an additional 6% modification to the salary range.

A motion was made by Director Carroll and seconded by Director Hamilton to approve staff’s recommendation for the adjustment of stop step salary ranges for the four staff positions. Directors Carmona, Carroll, Greer, Hamilton, Magdich, Islas and Garrett voted for the approval of the modifications to staff salary ranges. Motion passed.

A motion was made by Director Hamilton and seconded by Director Magdich to approve staff’s recommendation for the modification of the Financial Analyst Job Specification and change in title to Finance Officer. Directors Carmona, Carroll, Greer, Hamilton, Magdich, Islas and Garrett voted for the approval of the modifications to the Financial Analyst job specification and change in title. Motion passed.

5. Request for Modification of Bylaws regarding Board Member Requirements

The general manager said that he received a request from President Carmona and the City of Redding for consideration of modifying the CJPRMA Bylaws regarding Board Member qualifications. Director Carmona recused himself from this discussion. A copy of the letter was provided to the committee for review.

He stated that President Carmona submitted his resignation to the City of Redding that will be effective November 2, 2015. President Carmona will be assuming a new position with the George Hills Company as Claims Manager. The City of Redding has agreed in terms to outsource the liability claims process to George Hills Company on a one-year trial basis. President Carmona and City of Redding are requesting a review of the current Bylaws and proposing a modification to the Bylaws that would permit an employee of George Hills, a contract risk manager for the city, to serve as the designated Board Member for the city.

The general manager said that he has reviewed President Carmona's proposal with Board Counsel Byrne Conley. Mr. Conley served in his role as Board Counsel when this language was added to the Bylaws.

The following text was a discussion on this issue provided by Counsel:

The language Mr. Carmona is concerned about was added a long time ago, 1989-1990, I believe. Former Board President Frank James was upset about member JPAs appointing vendors such as Mike Simmons of Alliant and Ed Bickmore/Linzie Kramer of Bickmore as CJPRMA Board members. He thought it was a conflict of interest for a broker or vendor to sit on the CJPRMA Board, and that only public employees or officials should be deciding how to spend public money. So the Bylaws were amended to specify the Board members must be agency employees or officials.

(Mr. Kramer) did not like this so he had the CSJVRMA Board designate him as an "officer" of the agency in a letter to CJPRMA. Board President James was unhappy about this but discussed it with the Board, and they backed down and let CSJVRMA continue with Linzie Kramer as its CJPRMA Board member. They felt that if the CSJVRMA Board was oblivious to the conflict, and insisted on continuing to appoint a vendor on their behalf by holding him out as an "officer" of the JPA, even after the Bylaws were changed, they would not take the dispute further.

I think President Jame's concerns were well taken, evidenced by the fact that the Bickmore people ultimately lobbied CSJVRMA's Board to leave and join another excess pool operated by Bickmore.

Mike Simmons, Alliant Insurance Services complied with what was intended and SCORE (and later NCCSIF) appointed member employees as Directors to CJPRMA.

This issue arose again with Director Ron Blanquie when he was hired by Petaluma but was still running ICA and appointed on a contract basis. Former General Manager Bob German thought

it violated the Bylaws for Petaluma to use an independent contractor as its appointed director. As I understand it the City decided to hire Ron directly instead of by contract with his firm to clear up the problem. I also suggested to Bob German that if the City sent us a letter saying “we hereby appoint Ron Blanquie as our Risk Manager, an official of the City” even though he was hired on a contract basis, we might have trouble excluding that choice under the Bylaws language.

Bob dealt directly with Ron Blanquie on this and I had some involvement, but you might want to discuss with Ron what they said to each other at the time.

We did not define “employee” or “officer” separately. The Tort Claims Act defines “employee” at section 810.2 as including “an officer, judicial officer as defined in Section 327 of the Elections Code, employee, or servant, whether or not compensated, but does not include an independent contractor.”

The problem has always been drafting language that covers different situations while keeping with the intent to avoid outside influences or conflicts. Some cities hire an outside attorney with independent practices as “City Attorney” and there is no doubt that such a person would be an “officer” of the City under the Government Code since the position is defined by statute. I would not want to disallow appointment of a City Attorney such as Rob Epstein – who legitimately is a City official even if he also has a private practice. I think “does not include an independent contractor” does not apply when the person holds an office recognized in the Government Code. That’s why we put “employee or officer” in the Bylaws; you can hold an office but be compensated as an independent contractor, but cannot be an “employee” if you are an independent contractor.

I think if a member decided to hire a retired risk person on a contract basis and appoint them “Risk Manager” (i.e., Bill Henderson) we would not object to that appointment, either, just on the basis that the member used a contract rather than an employee/employer hiring.

But having an employee of a TPA as a Board member (or President) while employed by George Hills, a TPA company, might raise a number of complicating issues. For one thing, he would be a public official (as a CJPRMA Board member) but his sources of income for FPCC purposes not be just the City of Redding, it would be George Hills, and all of George Hills’ sources of income too. Sometimes the Board considers claims audits covering Hills and other rival TPAs, sometimes it considers settling claims that Hills adjusts for other members. These would create potential conflicts that Rob and Bill do not have.

The general manager said that he has taken in account all of the issues raised by Board Counsel and President Carmona. He stated that the evaluation of the alternatives is not based upon the person, but upon the precedent set by making the recommended changes. President Carmona has been an outstanding Board Member and adds significant value to CJPRMA as an organization. However, this decision cannot be made upon the basis of the individual but must be made based upon the perceptions and status of the person in the position.

Director Carroll stated that he was under the impression that to serve on the Board you had to be an employee or an officer of the member agency. He said that he was not aware that Director Blanquie was not an employee of Petaluma.

The Executive Committee asked to have this matter is reviewed by the full board. The general manager recommends that the Executive Committee not take any formal action on this request and recommend that the bylaws not be modified. No formal action was taken on the request to modify the bylaws.

6. Succession Planning

This is a standing agenda item. The Executive Committee and the general manager have begun preliminary discussions regarding a succession plan for CJPRMA. The general manager said he had nothing new to share on this item. Director Carmona said that it wants to see this item in front of the committee to take input on ideas. He also suggested rehiring the Risk Manager's position.

No action was taking on this item.

7. Status Update on General Manager's Goals and Objectives 2013-2015 with Accomplishments

The general manager provided the committee with the General Manager Goals and Objectives for FY 2013-2015. He gave a status updates on all items listed. The Committee reviewed all items and their corresponding progress updates.

No Action was required on this item.

8. Risk Management Issues

ARM – Director Carmona asked CJPRMA to look into the armstudygroup.com. He said that this is an online program with recorded sessions on the ARM study guide. He stated that it is free to certain members that sponsor the program.

PPE's (Personal Protective Equipment) – Director Hamilton asked if any member agencies let their Code Enforcement Officers carry pepper spray or wear protective gear. Director Carmona said that City of Redding lets them carry pepper spray and one Code Enforcement Officer wears bullet proof vest. Director Greer said that at City of Richmond no one has requested any personal protective equipment.

E&O protection for finance staff – Director Hamilton asked if there is any E&O protection for finance staff. Director Garrett suggested looking into bonds. But no one is aware of E&O coverage for finance staff.

IX. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: Holt-Singh v. City of Stockton

Court: N/A

Case No.: N/A

2. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Gilliam, et. al. v. City of West Sacramento (YCPARMIA)

Court: United States District Court – County of Yolo

Case No.: NO 2:13 - CV - 02276- WBS-AC

3. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Litigation

Name of Case: Plummer v. City of Richmond

Court: United States District Court – Northern District of California

Case No.: NO 3:14 - CV - 03962

X. ACTION ON CLOSED SESSION ITEMS

The general manager gave status update on all three closed session items and received authority on one of the items.

XI. ADJOURNMENT

A motion was made by Director Hamilton and seconded by Director Carroll to adjourn the meeting at 3.32 p.m. Directors Carmona, Hamilton, Islas, Magdich and Garrett voted for the approval to adjourn. Motion passed.