



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

SPECIAL MEETING OF THE BOARD OF DIRECTORS

July 21, 2016 - 9:00 A.M.
(Telephonic Meeting)

CJPRMA OFFICE
3201 Doolan Road, Suite 285
Livermore, CA 94551

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

1. *City of Alameda, 2263 Santa Clara Ave., 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 Ave., Livermore, CA 94550*
6. *City of Lodi, 221 West Pine St., Lodi, CA 95240*
7. *NCCSIF, City of Galt, 380 Civic Center Drive., Galt, CA 95632*
8. *City of Petaluma, 11 English Street., Petaluma, CA 94952*
9. *City of Redding, 777 Cypress Avenue., Redding, CA 96001*
10. *REMIF, 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 Ave., Room 9, Santa Rosa, CA 95404*
16. *SCORE, 3665 Taylor Rd., Loomis, CA 95650*
17. *City of Stockton, 400 E. Main Street, 3rd Fl., Stockton, A 95202*
18. *City of Sunnyvale, 505 West Olive Ave., Suite 200., Sunnyvale, CA 94086*
19. *City of Vacaville, 650 Merchant Street., Vacaville, CA 95688*
20. *City of Vallejo, 555 Santa Clara St., Vallejo, CA 94590*
21. *YCPARMIA, 77 W. Lincoln Avenue., Woodland, CA 95695*
22. *Gibbons & Conley, 2185 North California Blvd., Suite 110, Walnut Creek, CA 94596-4534*

MINUTES

I. CALL TO ORDER:

President Hamilton called the meeting to order at 9:04 a.m.

II. ROLL CALL

PRESENT

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

ABSENT

Alameda, Fairfield, Fremont

OTHERS PRESENT

- | | |
|---|--------------------------------------|
| 19) Byrne Conley, <i>Gibbons & Conley</i> | 23) Craig Schweikhard, <i>CJPRMA</i> |
| 20) David Clovis, <i>CJPRMA</i> | 24) Lola Deem, <i>CJPRMA</i> |
| 21) Chris Carmona, <i>Redding</i> | 25) Erika Leahy, <i>Vallejo</i> |
| 22) Saima Kumar, <i>CJPRMA</i> | 26) Susanna Banuelos, <i>CJPRMA</i> |

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 (09/13/2016) Lake Tahoe
Board of Directors Meeting (10/26 – 10/27/2016) Livermore

VI. APPROVAL OF MINUTES

- None

VII. CONSENT CALENDAR

- None

VIII. ACTION CALENDAR

1. Auto Physical Damage Program Experience Rating (A)

The general manager provided an updated agenda bill regarding the approved APD experience rating to the members of the APD program at the June Board meeting. He said that City of Vallejo had requested an additional review of the newly adopted APD experience rating. At the June meeting after a thorough discussion the Board determined with the agreement of Vallejo that the program adopted in May would proceed forward.

He informed the Board that City of Vallejo contacted him on June 28th and told him that the City had obtained an alternative quote for their program from Alliant and they would not be renewing their coverage through CJPRMA. Based upon the very late withdrawal by the City there are two significant issues that need to be addressed.

1. CJPRMA does not have a current policy that requires members to provide an advance notice if they determine they will not renew a program. In this instance, the late notice of withdrawal limited an opportunity to obtain favorable quotes from the underwriters without the historical loss data of Vallejo. Based upon discussions with our broker, there would have been an opportunity for a reduction in premiums if Vallejo were not included in the underwriting. To prevent this from occurring in the future, staff will provide a recommendation to the Board at the October meeting to create a policy with notice requirements for members that intend to withdraw from purchase programs.
2. Attempt to resolve the experience modification rating formula approved by the program.

He explained that Vallejo’s loss experience history contributed to over 76% of all APD losses and the required contributions for Vallejo would have been appropriate. He said that with the withdrawal by Vallejo, the loss history for the remaining members of the program is as follows:

MEMBER	Total Losses Incurred	% of Incurred Losses
Alameda	\$20,135	5.46%
Chico	\$177,994	48.31%
Fremont	\$0.00	0.00%
Livermore	\$0.00	0.00%
Lodi	\$36,878	10.01%
Petaluma	\$0.00	0.00%
Redding	\$0	0.00%
San Leandro	\$30,271	8.22%
Sunnyvale	\$0.00	0.00%
Vacaville	\$84,782	23.01%
REMIF	\$18,385	4.99%

He said after reviewing the loss history by extracting the premiums paid by Vallejo and their historic losses. The total premium contributions for PY 2011-2012 through PY2014-2015 by all members excluding Vallejo and Stockton were \$1,359,351 and total losses for the same period was \$368,444. This results in a loss ratio of approximately 27%. A loss ratio is defined as the percentage between the total premiums earned and the total losses paid.

The general manager said that he had contacted Aon and asked for a reduction from the underwriter based upon the withdrawal of Vallejo. He said since the underwriter has already committed to a rate and the overall program losses they have paid include the losses paid on behalf of Vallejo and Stockton a rate reduction was not possible.

He said that based upon the 27% loss history listed above it would be difficult to impose the experience rating to the APD program members at this time. Chico and Vacaville would experience the most significant adverse impact. He stated based on the overall losses and the premium paid it does not appear to be reasonable to implement the APD experience rating as of July 1, 2016.

He said based on the revised data he has recommended that the members of the program vote to terminate the adopted APD Experience Rating Formula scheduled to begin on July 1, 2016.

- A motion by Director Magdich, seconded by Director Garrett to approve the general manager's recommendation to terminate the adopted APD Experience Rating Formula scheduled to begin on July 01, 2016. Directors Cannon, Hamilton, Magdich, Dinsmore, Frediani, Ferguson, Perini, Solina, Marquez, Garrett and Quintana voted to approve the motion. Director Akil and Schwarz were not present. Motion passes.

IX. INFORMATION CALENDAR (I) *Information Items only*

- None

X. CLOSED SESSION

1. **Government Code Section 54956.9 (a)**
Conference with Legal Counsel - Pending Litigation
Name of Case: Andriano, Rene, v. City of Vallejo
Court: Superior Court of California, County of Solano
Case No.: FCS044401

XI. ACTION ON CLOSED SESSION ITEMS

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

XII. ADJOURNMENT

A motion by Director Garrett and seconded by Director Carroll to adjourn the meeting at 9.35 a.m., passed unanimously.