



**CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY**

**BOARD OF DIRECTORS MEETING**

**October 5 & 6, 2000 – 8:30 A.M.**

**Embassy Suites Resort  
4130 Lake Tahoe Blvd.  
South Lake Tahoe, CA 96150  
(530) 544-5400**

**Minutes**

**I. CALL TO ORDER:**

President Henderson called the meeting to order at 8:30 a.m. on October 5, 2000.

**II. ROLL CALL**

***PRESENT***

- |                                     |   |
|-------------------------------------|---|
| 1) Darrell Handy, <i>Alameda</i>    | 10) Mary Richardson, <i>San Leandro</i> |
| 2) Bob Koch, <i>Chico</i>           | 11) Sharon Andrus, <i>San Rafael</i>    |
| 3) Robyn Kain, <i>Fairfield</i>     | 12) William Kaslar, <i>Santa Rosa</i>   |
| 4) Patricia Born, <i>Fremont</i>    | 13) Roger Carroll, <i>SCORE</i>         |
| 5) Bill Henderson, <i>Livermore</i> | 14) George Bist, <i>Stockton</i>        |
| 6) Kirk Evans, <i>Lodi</i>          | 15) Kerry Adamo, <i>Sunnyvale</i>       |
| 7) Mike Acorne, <i>Petaluma</i>     | 16) Paul Wildermuth, <i>Vacaville</i>   |
| 8) Jeff Davis, <i>REMIF</i>         | 17) David Lindquist, <i>Vallejo</i>     |
| 9) Carolyn Lyons, <i>Roseville</i>  | 18) Jeff Tonks, <i>YCPARMIA</i>         |

***ABSENT***

*NCCSIF, Redding*

## ***OTHERS PRESENT***

- |   |   |
|---|---|
| 1) Marty Cassell, <i>Chandler Asset Management</i>  | 9) Gus Guinan, <i>San Rafael</i>                    |
| 2) Lola Deem, <i>CJPRMA</i>                         | 10) Robin Johnson, <i>SCORE</i>                     |
| 3) Robert German, <i>CJPRMA</i>                     | 11) Marilyn Snider, <i>Snider &amp; Associates</i>  |
| 4) Caren White, <i>CJPRMA</i>                       | 12) Michelle Snider, <i>Snider &amp; Associates</i> |
| 5) Byrne Conley, <i>Gibbons &amp; Conley</i>        | 13) Myriam Castenada, <i>Sunnyvale</i>              |
| 6) Jim Pinckney, <i>Marsh</i>                       | 14) David Martinez, <i>Vallejo</i>                  |
| 7) Phyllis Sammon, <i>Marsh</i>                     | 15) John Powers, <i>Vallejo</i>                     |
| 8) Iris Yang, <i>McDonough, Holland &amp; Allen</i> | 16) Frederick Wright, <i>Vallejo</i>                |

### **III. APPROVAL OF MINUTES**

A motion by Director Born, seconded by Director Adamo, to approve the minutes of the June 15, 2000 Board of Directors meeting, passed unanimously.

### **IV. PRESENTATIONS**

President Henderson presented Director Davis with a plaque recognizing his contribution to the organization as President from 1992-2000.

### **V. CONSENT CALENDAR**

#### **1. Financial Reports of CJPRMA for the period ending June 30, 2000**

The General Manager said that he wanted to pull this item for further discussion. He said that Director Tonks had asked why the percentages were so high at the last meeting. He said that they had discovered that the previous reports had compared expenses to the year to date budget. The Financial Analyst said that, in the future, the reports would compare expenses to the annual budget.

A motion by Director Davis, seconded by Director Born, to approve the financial report, passed unanimously.

#### **2. Additional Covered Party Certificates Approved by the General Manager**

A motion by Director Born, seconded by Director Andrus, to approve the Consent Calendar, with the exception of Item #1, passed unanimously.

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

- No one addressed the Board of Directors

**VII. ACTION CALENDAR**

**3. Organizational Goals and Objectives**

Marylin Snider, of Snider & Associates, led the Organizational Goals and Objectives portion of the meeting. A copy of the results of that session is attached as an exhibit.

**4. CAJPA Accreditation**

The General Manager said that, after a long and tedious process, they had been granted full Accreditation with Excellence from CAJPA. He said that there had been some dissatisfaction with the accreditation process from CJPRMA and other organizations. He said that, as a board member of CAJPA, he would be taking back that information to CAJPA.

Director Acorne asked when the next re-accreditation would be. Director Born said that it would be in 2002.

**5. Proposed Amendment to PERS Contract**

The General Manager said that, at the June meeting, the Board had approved a resolution allowing staff to purchase additional years of credit for time served in the military, Peace Corps and other service organizations. He said that PERS required that a second resolution be passed no sooner than 20 days following the first. He said that he was asking them to pass that second resolution.

Vice President Koch said that, at the last meeting, they had talked about sending this sort of benefit change to the Personnel Committee first for their review. The General Manager said that they had agreed to that.

A motion by Director Acorne, seconded by Director Born, to approve the Resolution Authorizing an Amendment to the PERS contract, passed unanimously.

## **6. Resignation of Treasurer**

The General Manager said that Dave Millican, the Treasurer, had submitted his resignation. He said that they were in the process of searching for a new individual for that position. He said that the Treasurer, according to the Government Code, had to come from a member entity or be a CPA. He said that he was trying to persuade Ann Adams to become the Treasurer because she was familiar with the organization and its accounting system.

Director Lindquist said that he thought it was improper for the person who did the bank reconciliation to be the Treasurer. The General Manager said that, if that was the case, he wouldn't have her do the bank reconciliation. He said that he would rather have her as Treasurer.

Director Carroll said that he didn't agree. He said that, as long as the Treasurer didn't have any signature authority on anything, it was okay. The General Manager said that the Treasurer did have signature authority, but that they could pull it.

Director Lindquist said that it would be okay if the Treasurer couldn't disburse any money.

The Financial Analyst said that Ms. Adams no longer did the bank reconciliation. She said that she did the verification of the financial statements.

Vice President Koch asked what the organization paid the Treasurer. The General Manager said that it was \$300 a month.

## **7. Annual Report from Investment Manager**

Marty Cassell, from Chandler Asset Management, gave the annual report regarding the status of CJPRMA's investments. He said that the information in the report was current through August 31, 2000.

Board Counsel suggested that more money be moved into the long term investment account in order to draw a higher rate of return on those funds.

A motion by Director Handy, seconded by Director Lyons, to approve the Investment Report, passed unanimously.

## **8. Annual Review of Statement of Investment Policy**

The General Manager said that Government Code required that the Statement of Investment Policy be reviewed on an annual basis. He said that Marty Cassell, from Chandler Asset Management, had reviewed the policy and had recommended no changes. He said that he was asking them to approve the Statement of Investment Policy with no changes.

Vice President Koch asked if the sections on the Investment Account and the Loss Payment Account would have to be changed if Board Counsel's suggestion was implemented. The General Manager said that it would. Vice President Koch said that that was something to keep in mind.

Board Counsel said that the only thing that he noted about the language was that it talked about money required for the payment of claims and operating expenses. He said that by including IBNR in that amount, he thought that it was overloading the short-term accounts.

The General Manager said that when they hired a new Treasurer, they would address that issue and come back to the Board with a recommendation.

A motion by Director Acorne, seconded by Director Wildermuth, to approve the Statement of Investment Policy, passed unanimously.

## **9. Biennial Review of Conflict of Interest Code**

The General Manager said that they were required to approve the Conflict of Interest Code every two years. He said that this Code determined who was required to file the FPPC Form 700 every year.

Director Acorne asked if consultants were required to file and, if so, which consultants. Board Counsel said that there was a regulation that defined consultants for this purpose.

A motion by Director Born, seconded by Director Lyons, to approve the Conflict of Interest Code, passed unanimously.

## **10. Appointment of Committee Members**

President Henderson said that he wanted to pull this item and revisit it at the November meeting. He said that the Committees would stand as they were currently composed. He said that he had already asked Robyn Kain to be the head of the Personnel Committee and that she had accepted.

A motion by Vice President Koch, seconded by Director Born, to appoint Robyn Kain as chair of the Personnel Committee, passed unanimously.

## **11. Attendance of Board Members at CAJPA Conference**

The General Manager said that this item had first come up at the last Executive Committee meeting and that the original proposal had related to sponsoring Executive Committee members' attendance at the CAJPA conference. He said that it had subsequently been suggested that they sponsor one representative from each member entity. He said that the Executive Committee had determined that that could be a substantial expense, so it was referred to the Board for further discussion. He said that it was originally proposed as a way to get the members more involved in outside functions such as CAJPA. He said that they had thought that it was a good idea for members to attend for training purposes and to gain more experience. He said that there was an associated issue, regarding the scheduling of the Annual Membership Meeting, that needed to be addressed once they decided on the CAJPA Conference issue.

Board Counsel asked who currently attended the CAJPA Conference. The General Manager said that most of the JPA members did as well as some of the city members.

Director Carroll said that he didn't think that it was necessary to send everyone. Director Acorne said that he agreed. He said that he thought it was appropriate that the JPAs attend, but that cities that wanted to go, for training purposes, could pay for their own registration. He said that he didn't think that CJPRMA should send all of its members to the CAJPA Conference.

Director Davis said that he felt that they should have at least one representative from each member entity able to go and that CJPRMA should pay for it. He said that it didn't have to be the Director or the Alternate. He said that they could send anyone else that could benefit from the training and that that could enhance the organization.

Director Wildermuth said that he thought that attending the CAJPA Conference was one way to develop the members of the Board.

Board Counsel said that NCCSIF had decided to send three members of their board to the CAJPA Conference in order to get them more involved.

Director Tonks said that approximately 2/3 of the YCPARMIA board attended the CAJPA Conference and found it educational. He said that the financial sessions had been very beneficial to them. He said that the CAJPA educational programs fit well with the CJPRMA meetings. He said that they could shorten the Annual Membership Meeting by attending the CAJPA Conference for educational purposes. He said that most of the sessions were good.

Director Born asked about the sessions at the recent Conference. The General Manager said that they weren't the best. Director Born said that she had attended the CAJPA Conference in the past and that she hadn't found the sessions to be that great.

President Henderson said that the financial sessions were worth while. He said that he had been disappointed with the FEMA presentation.

The General Manager said that there had been a significant amount of negative feedback about the CAJPA Conference this year. He said that changes would be made for the next conference, including a change of location and an increase in the number of sessions.

Director Davis said that PARMA had had a similar experience. He said that he recommended that they try the proposed policy for one year and then reexamine it after that. He said that REMIF did something similar in allowing one representative from each entity to go. He said that the networking was as important an experience as the training sessions.

The General Manager asked how they felt about the per diem issue. He said that they didn't want to have to review expense reports. He said that since the Conference offered lunches and the hotel offered breakfast, the only expense would be dinner. He said that they could change the amount if they wanted.

Director Lindquist said that they could make the per diem optional. He said that they could make application for reimbursement of expenses.

Director Wildermuth asked about the tax consequences of a \$50 per diem without any receipts being turned in. The General Manager said that they only had to issue 1099s for amounts greater than \$600, so it shouldn't be an issue.

Vice President Koch asked if they needed to amend the budget to allocate money for this. The General Manager said that the policy would be for the 2001 CAJPA Conference, so it would be included in the next year's budget.

The General Manager said that they would try to arrange the accommodations at Embassy Suites. Director Davis said that there were a lot of organizations that would not want to stay in Nevada. The General Manager said that they would definitely make the reservations for Embassy Suites. He said that it would be a little more expensive, though.

A motion by Director Davis, seconded by Director Born, to pay the registration of one representative from each member entity to attend the CAJPA Conference, pay for accommodations for three nights at the Embassy Suites, offer a per diem of \$50 per day, if requested, and to review the program after one year, passed unanimously.

## **12. Proposed Holiday and Meeting Schedules for 2001**

The General Manager said that the Board had not wanted to have the Annual Membership Meeting in conjunction with the CAJPA Conference because too many people left early to play golf. He said that one idea was to have a half-day board meeting on the Friday of the CAJPA conference. He said that another suggestion was to not have the Annual Membership Meeting in October at Tahoe but to have it as a one-day meeting at a different location. He said that there had also been problems with the meeting facilities and the contract negotiations with the Embassy Suites. He said that he needed a decision as to whether or not they wanted to continue to have the Annual Membership Meeting at the Embassy Suites.

Director Davis asked if the By-laws or the JPA Agreement required the Annual Membership Meeting to be held at any particular time of year. Board Counsel said that it only required that it be held once a year. Director Davis said that they could call the April meeting the Annual Membership Meeting.

Director Acorne asked if they would be going through the Goals and Objectives process with the facilitator on an annual basis. The General Manager said that he anticipated that they would use the facilitator on at least two more occasions.

President Henderson said that he was thinking that they could have two full Board meetings tagged on to the end of the CAJPA Conference and the PARMA Conference. He said that they could then have the Executive Committee meetings in the usual locations. He said that this would help to avoid the problem of being out of the office too much.

Director Born asked if the CAJPA Conference always started on a Wednesday. President Henderson said that it did and that there was a golf tournament on Tuesday.

President Henderson said that they could start on Monday. Director Born said that that would leave the people who didn't participate in the golf tournament with nothing to do on Tuesday.

Director Acorne said that they could have the meeting on Tuesday. Board Counsel said that there now were fewer members who would miss the meeting due to the golf tournament.

Director Kaslar said that by separating the meetings, another entire day of driving was added. He said that it would be better if the two meetings were held together.

Director Acorne said that he couldn't spend an entire week out of the office if the two meetings were held in the same week. Director Kaslar asked if he would still have the same problem if the meetings were held at different times. Director Acorne said that he would have the same problem but that he would probably not attend CAJPA if that were the case. He said that he liked the idea of being able to send someone else from his organization who would benefit from the training.

Vice President Koch said that he, also, couldn't be out of the office for five days. He said that he would rather make the drive twice, several weeks apart.

Director Davis said that another option was to turn the September meeting into a regular meeting. He said that they could add a day onto the Annual Retreat in April to do some more intensive training.

The General Manager said that if they did that, the meeting would probably be held on the fourth Thursday of September, following the CAJPA Conference. Director Davis said that they always seemed to have more business at the April meeting. The General Manager said that if they were going to review the Goals and Objectives, they should consider adding another day. He said that if they wanted to expand the April meeting from one and a half days to two and a half, then they could have a regular one-day meeting in September.

Director Acorne asked if there was a floating holiday in the organization. The General Manager said that there were two. Director Acorne asked what the holidays for New Year's Day were. The General Manager said that the holidays for Christmas and New Year's were Christmas Eve and Christmas Day and New Year's Eve and New Year's Day. He said that there were twelve holidays and two floating holidays. He said that they didn't take Columbus Day or Cesar Chavez Day.

A motion by Director Born, seconded by Director Richardson, to approve the Holiday Schedule and the amended Meeting Schedule for 2001, passed unanimously.

### **13. Concerns About the Actuarial Study**

The General Manager said that this item had been agendaized at the request of Director Wildermuth and President Henderson. He said that there had been a peer group review of the actuarial study for workers compensation for

LAWCX. Steve Glicksman, of ARM Tech, had performed the work. He said that the peer group had indicated that they felt that inappropriate methodology had been utilized for the study. He said that he had spoken with Mr. Glicksman and that Mr. Glicksman had disagreed with the peer group's conclusions. He said that a written response had been prepared by Mr. Glicksman. He said that both he and President Henderson had talked to the peer group to find out if their report affected general liability as well. The peer group said that it didn't. He said that nothing that Mr. Glicksman had done for CJPRMA had been called into question.

Director Wildermuth said that, from the perspective of the LAWCX board, there had been an unprecedented upturn in losses in Worker's Compensation. He said that the initial response that they had gotten from ARM Tech, regarding the peer review, was that they agreed with all the conclusions. He said that later, ARM Tech said that they didn't agree. He said that, as they studied the issue more and more, they needed to understand what assumptions were being made in the actuarial study in relation to what measurements were being used. He said that they needed to know how the methodology was affected by assumptions and whether the actuary tended to overestimate or underestimate in loss patterns and funding. He said that they should engage in more of a dialogue with the actuary so that they understood his methodology and that they should use some comparative basis year to year to understand what had changed in the study.

President Henderson said that Mr. Glicksman would explain his methodology at the November meeting, as well as talk about the financial impact of the loss of CCCMRMIA and CSJVRMA. He said that they had talked about doing a peer review of Mr. Glicksman. Director Tonks said that they did an internal peer review at YCPARMIA by looking at what the actual losses were in comparison to what the actuary had projected.

Director Tonks said that he was less interested in knowing how Mr. Glicksman got his numbers, than he was in knowing whether the numbers had any validity and that the only way to measure that was to look back and see how Mr. Glicksman had done in the past. He said that they had looked at the actuarial report's projections and compared them to actual losses. He said that if the numbers didn't have any validity then there might be a problem.

Director Henderson asked if this was something that the Financial Analyst could review. The General Manager said that she could. He said that one of the problems was that the IBNR changed every year.

Director Wildermuth said that that was something that they should be driving. The General Manager said that that was something that Mr. Glicksman took from the information he was given regarding reserves and losses. Director Wildermuth said that they needed to understand the

assumptions used in the methodology. He said that none of this should cast any shadow on ARM Tech or Mr. Glicksman.

Director Davis said that his organization did the same thing that Director Tonks' organization did. He said that they told Mr. Glicksman what they expected for an investment rate and asked him what he estimated in terms of experience. He said that his concern was that this item did cast aspersions on Mr. Glicksman. He said that he thought that when something like this came up, it should be researched thoroughly before being presented to the Board.

President Henderson said that it wasn't until the issue was brought up that they learned that Mr. Glicksman disagreed with the peer review results.

Director Davis said that LAWCX had been going through some changes with assessments and rates over the last few years.

President Henderson said that they could ask Mr. Glicksman to present something at the next meeting and then they could ask him questions.

The General Manager said that his concern was that they didn't provide Worker's Compensation coverage and that there was no issue regarding liability. He said that he didn't think it was appropriate for them to investigate Worker's Compensation problems.

Vice President Koch said that many of them used Mr. Glicksman for their own self-insured Worker's Comp programs. He asked if it was safe to say that the peer review conclusions would have the same affect on their programs as it did on a JPA program.

The General Manager said that if it was a methodology issue, he would assume that it applied across the board but that he hadn't seen the report so he couldn't say for sure.

Director Tonks said that he would like to see CJPRMA review the actuarial studies against actual experience. Board Counsel said that that was already done. He said that IBNR had dropped each year. He said that, at their level, it was not a fine science. He said that, as long as there was a large enough IBNR for the pool, he couldn't be that precise in predicting losses.

## VIII. COMMITTEE REPORTS

### A) Claims: Patricia Born, Chair

Director Born said that the Claims Committee had met four times and was working on two policies that would be brought to the November meeting. She said that one was litigation policies and procedures. She said that they were hoping to standardize what was sent to outside counsel and including what their expectations were.

Director Acorne asked if there would be an opportunity for review and comment before the policies were adopted. Director Born said that they would be mailed out with the Agenda packets. Director Davis said that the committee did not see them as mandatory policies, but more as guidelines.

Director Born said that the second policy they were working on was a model fee agreement. She said that that would also be available at the next meeting. She said that it would not be mandatory but that their hope was that by having the members use the same procedures that claims handling and management would be more uniform.

### B) Coverage: Jeff Tonks, Chair

Director Tonks said that he hadn't yet been confirmed in the position of Chair of the Coverage Committee. He said that there were two issues currently before the Coverage Committee. He said that one of them was to look at the inverse condemnation language, which was causing some confusion. He said that there had been discussion on the previous day regarding looking at the coverage afforded to coworkers who were accused of harassment.

The General Manager said that they were in the process of scheduling a meeting.

Board Counsel said that there were a few other issues to be looked at. He said that they were going to look at extending the firing range endorsement to others, archery ranges, light rail in Sunnysvale and Exclusion 31. He said that if anyone had any other issues that they would like reviewed, they should send them to Director Tonks, the General Manager and himself so that they could be included in the agenda.

### C) Personnel: Robyn Kain, Chair

President Henderson said that Director Kain had left the previous afternoon but had provided a Personnel Committee report that he would hand out. He said that there had been some difficulty getting the committee meeting scheduled and the Director Kain was looking at doing a teleconference instead.

**D) Communications:** Bob Koch, Chair

Vice President Koch said that the Communications Committee had been established during the previous Goals and Objectives process. He said that they were supposed to establish a needs-assessment survey process whereby the member entities could determine what level of contact they wanted with the General Manager and the JPA as a whole. He said that the committee had met in September and determined that the General Manager would draft a form and then email it to the committee members for comments and approval. He said that they would continue to do that. He said that the due date for that goal had been changed to December 1. He said that the other thing the committee was working on was the implementation of a communications system for keeping the members informed.

**E) Finance:** Paul Wildermuth, Chair

Director Wildermuth said that the Finance Committee was working on two things. He said that they were working on identifying and quantifying indicators of financial stability and designing a concise reporting mechanism. He said that the committee had met in July and produced a performance report for the General Manager to use to report to the Board. He said that that would be agendaized for approval by the Board at the November meeting. He explained the proposed report and suggested more categories to be added.

Director Acorne asked if this was the beginning of an annual report. Director Wildermuth said that the intent was to present this information quarterly to the Board and that the information could be used for an annual report. The General Manager said that a lot of the information would go into the annual report.

**IX. CLOSED SESSION**

1. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Calderon v. City of Redding  
**Court:** United States District Court, Eastern District of California  
**Case No.:** CIV S-99-1231 LKK/JFM
2. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Oviedo v. City of Shafter  
**Court:** Kern County Superior Court  
**Case No.:** 239624-SPC

3. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Lyon v. County of Yolo  
**Court:** Yolo County Superior Court  
**Case No.:** V9700073
4. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Lease v. City of Redding  
**Court:** California State Court of Appeal, Third Appellate District  
**Case No.:** 3 Civil C034090
5. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Kuns v. City of Ukiah  
**Court:** California State Court of Appeal, First Appellate District  
**Case No.:** A 087470
6. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Twilley v. City of Vacaville  
**Court:** Solano County Superior Court  
**Case No.:** C 12529
7. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** Kao v. City of Rohnert Park  
**Court:** United States District Court, Northern District of California  
**Case No.:** C 98-0387 TEH
8. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
**Name of Case:** County of Solano v. City of Vallejo  
**Court:** unknown  
**Case No.:** unknown

**X. ACTION ON CLOSED SESSION ITEMS**

None.

**XI. ADJOURNMENT**

A motion by Director Born, seconded by Director Andrus, to adjourn the meeting at 12:03 on Friday, October 6, 2000, passed unanimously.