

ACWA/JOINT POWERS INSURANCE AUTHORITY

Unapproved 5/18/09

Approved 11/30/09

BOARD OF DIRECTORS' MEETING

Sheraton Grand Hotel
Magnolia/Camellia Rooms
1230 J Street
Sacramento, CA 95814

Monday, May 18, 2009

WELCOME

Vice President Finnegan called the meeting to order at 3 p.m., welcomed everyone to Sacramento, and stated that there was a quorum present. She added that President Bannister would not be available for this meeting because of health reasons.

INTRODUCTION OF GUESTS

Vice President Finnegan then introduced the Executive Committee members and esteemed guests. She added that because it is the JPIA's 30th Anniversary, the JPIA wished to recognize former Executive Committee members whom it had contacted. She then introduced past members in attendance: Bette Boatman, Contra Costa Water District, former ACWA Vice President; Gene Harris, Richvale Irrigation District, former ACWA Vice President; Edward Layton, Walnut Valley Water District, former JPIA Executive Committee President; Melody McDonald, San Bernardino Valley Water Conservation District, former Executive Committee member. She noted that several other former members had sent greetings, but had indicated that they could not be present: Ronald Vickery, Kanawha Water District, former Executive Committee President; Susan Russell, South Coast County Water District, former Executive Committee member; and Spencer Lehmann, Fallbrook Public Utility District, former Executive Committee member. Dick Weinkle, Calaveras County Water District, former Executive Committee member, had responded that he would be at the Conference, but was not present at this time.

PUBLIC COMMENT

Vice President Finnegan noted that, as the agenda stated, members of the public would be allowed to address the Board of Directors on any agenda item prior to the Board's decision on that item. Comments on any issues that may or may not be on the agenda were also welcome; however, if an item was not on the agenda, no action would be taken. No members of the public requested to be heard.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Mr. Klaff stated that, as a result of Bill Malone's absence, it had been decided to postpone Agenda Item VII. C., the AIG presentation.

CONSENT CALENDAR

Vice President Finnegan called for approval of the Consent Calendar.

M/S/C (Dave Hodgins, Scotts Valley WD/W.D. "Bill" Knutson, Yuima MWD)
(Unanimous): That the Board of Directors approve the minutes of the December 1, 2008, Board of Directors' meeting.

MEMBERSHIP

Glossary of Terms

Vice President Finnegan asked John Gilstrap, JPIA's Director of Member Services, if he wished to review the Glossary of Terms. He declined, but noted that the Glossary is available on the JPIA website, www.acwajpia.com, under FAQs. It is also included in the JPIA's Board of Directors' Manual, which is provided to each Director appointed to the JPIA Board of Directors.

ELECTIONS

Voting Procedures and List of Qualified Candidates

Mr. Klaff directed those in attendance to page 24 of the Board packet for the election procedures and rules. The JPIA's Bylaws provide that the Executive Committee shall be a Committee elected by the Board of Directors, that each position be elected for a three-year term, and that vacancies be filled by an Executive Committee appointment until the next annual meeting when an election will be held to fill the position. The Bylaws also require that all members of the Executive Committee, except the Vice President of ACWA, be representatives of JPIA members that participate in all three Programs: Liability, Property, and Workers' Compensation.

Mr. Klaff stated that this year's election will fill three Executive Committee member positions, each for a three-year term. The following Directors have qualified to be on the ballot.

Candidates for the Executive Committee Member Positions

Tom Cuquet, South Sutter Water District (*Incumbent*)

Paul Dorey, Vista Irrigation District

E. G. "Jerry" Gladbach, Castaic Lake Water Agency (*Incumbent*)

Charles Muse, Helix Water District

Lou Reinkens, Tahoe City Public Utility District (*Incumbent*)

Before voting commenced, each candidate was given the opportunity to speak for two minutes. The official timekeeper was Sylvia Robinson, JPIA's Publications & Web Editor.

Mr. Klaff instructed members to vote for no more than three Executive Committee member positions. Members were also reminded to sign their ballots, as any unsigned ballot would be invalid and could not be counted.

Votes were cast and ballots were collected and turned over to the Ballot Inspectors.

Mr. Klaff introduced the Ballot Inspectors: Jack Cunningham, Goleta Water District; Robert Noonan, Orchard Dale Water District; and Wayne Nygaard, Palm Ranch Irrigation District. Nancy Stangel, JPIA's Director of Administration, assisted them.

ADMINISTRATION

Report on Town Hall meeting

Mr. Klaff reported that several topics had been discussed at the Town Hall meeting that was held earlier in the day. He noted that it was the JPIA's 30th anniversary and briefly reviewed the history of the ACWA/JPIA. JPIAs in general were discussed also. He stated that the insurance side of AIG is hale and healthy and has the reserves necessary to remain profitable. JPIA plans to continue to do business with them; they currently insure two layers in the Liability Program. Another topic discussed was the concept of refunds versus excess reserves; Mr. Klaff stated that the Executive Committee will address that matter at its Strategic Planning Session. Other topics included the JPIA website and future projects for it; eligibility guidelines to join the JPIA; performance bonds; definition of an insurable value in the Property Program; return on investments; and the Best Practice Ad Hoc Committee meeting reports. In conclusion, he felt that this had been a good Town Hall meeting.

JPIA Office Facilities

Mr. Gladbach, Chair of the Building and Property Committee, reported on the status of the Committee. Members of the Committee are: Vice Chair Tom Cuquet, Joseph Dion, Melody McDonald, and Lou Reinkens. Staff members supporting the Committee are Dan Klaff, Andy Sells, and Bobbette Wells.

The JPIA's current office is located in Citrus Heights, California. The building was built in 1982 and the JPIA purchased and remodeled it in 1994. There has been no major remodel or upgrade since then.

In order to maintain current high standards and protect JPIA's assets, some initial needs should be addressed; they include major security update, reduced sound levels in the office, increased needs for privacy and confidentiality, during telephone and email communications, adjustable ergonomic work spaces, and improved HVAC, lighting, paint, and carpet.

President Wes Bannister had appointed an Ad-Hoc Building and Property Committee to review and make a recommendation addressing the status of the current facilities. The Ad-Hoc Committee, with concurrence of the Executive Committee, had concluded that a more thorough in-depth study would be required to fully analyze all of the potential options. The Executive Committee authorized hiring an outside consultant to perform a detailed analysis, with the goal of presenting a full report on the determination of which way to proceed to the ACWA/JPIA Board of Directors at the May 2009 Board meeting.

The JPIA retained the services of ANOVA Architects and their team of Carson Development (real estate developers in the greater Sacramento area) and Otto Construction (for cost estimates and projections) to perform the necessary analysis. ANOVA Architects was chosen after reviewing the responses from several firms responding to a request for proposal sent out by the JPIA.

Mr. Gladbach continued with a PowerPoint presentation. He pointed out that there are three options: 1) Stay and remodel existing building; 2) Buy an existing building and remodel to suit our needs; and 3) Purchase undeveloped land and construct a new building. The Committee had looked at office buildings and shells in Citrus Heights, Orangevale, Roseville, and Folsom. Often the problem with a shell is that it is a basic box building and you have shared parking.

In anticipating the cost of Option 1, the value of the existing building was \$2.4 million and the cost to renovate and upgrade with Leadership in Energy and Environmental Design (LEED) certification was \$3.7 million, for a total \$6.1 million investment in JPIA office facilities.

Another consideration to Option 1 would be 1A, to remodel the current facility without the LEED certification; that total cost, inclusive of the estimated \$2.4 million value of the current facility, would be approximately \$5.4 million.

In Option 2, to buy an existing building, the estimated price of an existing building was \$3.9 million, plus cost of improvements at \$2.7 million, less the value of the current facility (assuming its sale), for a total investment of \$4.1 million.

Option 3A was to purchase a two-acre parcel in Folsom for an estimated cost of \$1.1 million and construction costs of \$7.2 million, less the value of the current facility, for a net cost of \$5.8 million.

Another consideration was Option 3B, to purchase a six-acre lot in Folsom; estimated price of the land was \$3.2 million, construction costs at \$7.6 million, less the value of the current facility (\$2.4 million) and less the sale of the additional four acres (\$2.2 million), for a net cost of \$6.1 million.

Mr. Gladbach noted that, based on input from the Board of Directors at the Fall 2008 conference in Long Beach, staff recommends that the Board of Directors give the Executive Committee the authority to negotiate and secure either the upgrade or the replacement of the current office facilities.

M/S (Merle Aleshire, Valley Center MWD/Tony Martinez, Pico WD): That the Board of Directors approve staff's recommendation to give the Executive Committee the authority to negotiate and secure either the upgrade or the replacement of the current office facilities.

Discussion followed. Questions were asked about the potential locations and the cost of a new site/building in these economically tough times.

Some members voiced concern on the cost. Mr. Boone pointed out that the JPIA has \$118 million in assets and \$80 million in liabilities with net assets of \$38 million.

A request was made to restate the motion. It is as follows:

M/S (Merle Aleshire, Valley Center MWD/Tony Martinez, Pico WD): That the Board of Directors approve staff's recommendation to give the Executive Committee the authority to negotiate and secure either the upgrade or the replacement of the current office facilities.

Mr. Gladbach added that regardless of where the motion goes, the members' comments will be taken into account.

More discussion followed. In regard to a question, Melody McDonald responded that the consensus of the Committee was not Option 1; it was to look at current value of the existing building in today's market. It's worth approximately \$2.4 million. She added that even if JPIA were to spend additional money on it, that would not add any significant value to it in today's market.

Jack Hoagland, Rancho California Water District, stated that he was encouraged by the Committee's comments. Because of the strong financial position of the JPIA, it is in a financial position to take advantage of this market. It is the Committee's job to look at it for the long term for the JPIA.

Joe Dion added that we are in this position because of economic conditions; property in Sacramento is down and now is the time to buy. The Committee is looking at property that it probably would not be looking at, if the economy were stronger.

Mr. Gladbach noted that all have heard the saying in real estate is "location, location, location". It is his philosophy that it is also "timing, timing, timing". This is the time to buy.

The following substitute motion was made:

M/S (Fred Bockmiller, Mesa Consolidated WD/Keith Lewinger, Fallbrook PUD): That the Board of Directors give authority to the Executive Committee to renovate the existing building.

Another question was asked: Had the Committee considered holding the existing building until the JPIA could get a better price for selling it? Mr. Gladbach responded that if the decision is to move, the JPIA's current building would probably not be sold right away, because it could be 18 months to two and one-half years before a building could be completed. The existing building would not be sold until the JPIA has moved. After the JPIA had moved, the existing building could be put on the market, or it could be held and rented for a period of time until the market improved.

Mr. Dion noted that the present building is in an area in which property values are not rising and are not likely to rise. Because of the neighborhood, ten years from now, he would not want to live there.

Mr. Sells stated that the real question is what is the best thing for the JPIA to do? Granted, there are some options; the Committee wants your approval to move forward.

Vice President Finnegan called the substitute motion.

M/S/F (Fred Bockmiller, Mesa Consolidated WD/Keith Lewinger, Fallbrook PUD) (Ayes, 24; Opposed, 50+): That the Board of Directors give authority to the Executive Committee to renovate the existing building.

Vice President Finnegan then called the original motion:

M/S/C (Merle Aleshire, Valley Center MWD/Tony Martinez, Pico WD) (Ayes, 50+, Opposed, 13): That the Board of Directors grant authority to the Executive Committee to negotiate and secure either the upgrade or the replacement of the current office facilities.

At 4:05 p.m., the Ballot Inspectors presented the results to Mr. Klaff. He announced that both incumbents, Jerry Gladbach and Lou Reinkens, had been re-elected to a three-year term. There was a tie between Tom Cuquet and Charles Muse. A run-off vote was necessary and attendees were instructed to vote for only one on the green ballot. They were again reminded to be certain to sign the ballot so that it could be counted.

FINANCE

Audited Financial Statements for the Year Ending September 30, 2008

Mr. Boone, JPIA's Auditor/Controller, stated that each year the JPIA provides for an independent audit of the JPIA's financial statements. The independent CPA firm of Mayer Hoffman McCann P.C. performed this year's audit. Three reports were given.

This audit received an unqualified opinion, which is the highest rating available. The Independent Auditors' Report stated that the financial statements presented fairly, in all material respects, the financial position of the JPIA in conformity with generally accepted accounting principles.

The second report, Summary of Audit Results, was on compliance and other matters of internal controls. It reports that the auditors found no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards and found no transactions that had a lack of approval.

The Management Letter noted no deficiencies in internal control that could be considered to be material weaknesses.

Mr. Boone added that the financial health of the JPIA is very good with assets at \$118 million and liabilities at \$80 million, reflecting liabilities at only 67% of assets.

Growth in Net Assets came in the form of additional Catastrophic Reserve Funds for the Liability and Workers' Compensation Programs.

In looking at expenses, claims are at 38%, excess insurance is at 39%, and G&A expenses are at 23%.

This year's audit again reflects the changes prescribed by GASB Statement No. 34, which includes Management's Discussion and Analysis.

M/S/C (Keith Lewinger, Fallbrook PUD/John Hoagland, Rancho California WD) (Unanimous): That the Board of Directors accept the audited financial statements as presented for year ending September 30, 2008.

Proposed Operating Budget for Fiscal Year 10/1/2009-10

Mr. Sells stated that in March of each year, a proposed budget is submitted first to the Finance & Audit Committee and then to the Executive Committee for review. At the Spring Conference, the proposed Operating Budget is then presented for approval to the Board of Directors. The budget covers General & Administrative Expenses for the fiscal year. The most significant change to the G&A budget for the fiscal year is an increase in Staff Employee Benefits. The change is largely due to increases to health benefits for current staff, \$59,000, and retiree health benefits, \$50,000. The overall increase in the operating budget is 2.7%. Salaries remain the largest line item in the budget. He added that all current positions are filled and it is not anticipated that any new positions will be added.

Staff recommends approval of the proposed Operating Budget for the fiscal year ending September 30, 2010, as presented.

M/S/C (Sandy Kozlen, Carmichael WD/W.D. "Bill" Knutson, Yuima WD) (Ayes – All but one, Opposed – 1, Keith Lewinger, Fallbrook PUD): That the Board of Directors approved the proposed Operating Budget for fiscal year 10/1/2009-10.

Investment Policy

Mr. Boone noted that each year at the Spring Conference, the ACWA/JPIA Investment Policy is submitted to the Board of Directors for review and approval.

An outside consultant performed a complete review of the Investment Policy in October 2007. The Policy was reviewed this year by the Finance & Audit Committee, the Executive Committee, and the JPIA's investment advisor, PFM Inc. The Policy is in full compliance with the California Government Code.

Mr. Boone stated that the Finance & Audit Committee meets on a regular basis several times a year, but usually not at the Conferences. The Committee is made up of financial officers of the member agencies who contribute their time. The members of the Committee are: Eldon Boone, JPIA Auditor/Controller and Chair of the Committee, Vista Irrigation District; Mark Gardner, Wheeler Ridge-Maricopa Water Storage District; Michael Grandy, El Toro Water District; Suha Kilic, Pebble Beach Community Services District; Dennis Michum, Glenn-Colusa Irrigation District; Steve Ruettgers, Kern County Water Agency; and Tom Scaglione, Vallecitos Water District. Mr. Boone stated that the Committee reviews the Investment Policy, management of investments, audit, etc. He introduced Mark Gardner, Dennis Michum, and Tom Scaglione, who were in attendance.

Mr. Boone then reviewed the changes to the Investment Policy noting that the primary changes were to add Local Government Investment Pools with the requirement of an AA rating; reduced % of investment portfolio to LAIF from 75% to 50%; changed limit on CDs from \$100,000 to whatever the Federal Government sets as an insurable limit (due to the change in the FDIC limit on 1/1/09 and possible future changes); and the average life of the portfolio shall not exceed five years.

The Finance & Audit Committee and the Executive Committee have reviewed the Investment Policy and both recommend approval by the Board of Directors as presented.

M/S/C (Fred Bockmiller, Mesa Consolidated WD/John Hoagland, Rancho California WD) (Unanimous): That the Board of Directors approve the Investment Policy as presented.

Current Investment Portfolio Performance

Mr. Boone then reviewed the JPIA Investment Portfolio, which currently ranges from \$90 million to \$110 million during a given year. The Investment Portfolio reports being reviewed were as of March 31, 2009.

Interest rates remain low. For the month of March, the JPIA's yield to maturity was 2.76%, which was approximately 90 basis points greater than the LAIF rate of 1.82% for the same period. The market value is about \$200 thousand more than book value, \$100,062,518 vs. \$99,860,791. The Portfolio's average days to maturity is slightly more than one year.

Union Bank of California provided the market values. The current report is in compliance with the JPIA's written Investment Policy and there are sufficient funds to meet the pool's cash requirements for the next six months.

TRAINING

Ms. Stangel, JPIA Director of Administration, stated that the JPIA has endeavored to provide cost effective training to employees of member districts in an effort to increase knowledge and ability to meet day-to-day challenges of their work tasks. It has been shown that many forms of training allow employees to work more productively and safely, reducing costs and unnecessary losses.

Ms. Stangel noted that the Training Calendar, complete with many classes planned for the coming year, was included in the packet. She added that there is a Training Conference scheduled for June 18 and 19 in San Diego and another in Visalia scheduled for September 22 and 23, 2009.

The JPIA staff has presented 201 classes with 3,298 participants at 75 different locations since October 1, 2008. In addition, the JPIA's first webinar was presented in October with 98 participants. The Professional Development Program (PDP) has been updated with new Participant Guides and curriculum and currently has 760 participants enrolled. The Program consists of four specialty areas that include Supervisor, Human Resources, Risk Management, and Operations.

Regional Human Resource Groups have been facilitated and planned with meetings held in Sacramento and Ontario since October. Future meetings include June 11 in San Diego, July 8 in Fresno, July 28 in Soquel, and July 30 in Santa Barbara.

PreventionLink was launched in early 2008 and currently has 101 members utilizing the service with 2,653 registered users. PreventionLink is a suite of online risk management, training, communications, and compliance programs designed to help members cost-effectively manage risk and maintain compliance.

The JPIA staff has identified statewide regions and will focus on presenting training periodically in these locations. This will provide opportunity for all JPIA member districts' employees to attend more convenient venues with less travel and cost involved.

The JPIA website now accommodates on-line registration for most training classes, as well as links to valuable resources and other current water district information.

POOLED PROGRAMS

Loss Reports for the Liability Program

Reported Losses Per \$1 Million of Payrolls

Mr. Sells stated that it is not by coincidence that this follows Ms. Stangel's report on training. The JPIA has done an excellent job. It is also the work of the member agencies in reducing claims, partly through the training programs provided. Members are encouraged to take advantage of the training and resources available. The JPIA is here for the water agencies.

Mr. Sells reviewed the loss reports for the Liability Program. The first graph reflected the actual dollars incurred in losses for each million dollars of payroll. Losses for the past several years have remained relatively constant at approximately \$15 thousand per \$1 million of payrolls. The obvious exception is the 2004-05 policy year, which includes a major auto accident, a child drowning in a canal, \$580 thousand in employment practice claims, and an increase in the severity of infrastructure failure claims.

The 2007-08 and 2008-2009 policy years are off to a good start, but it is too early to make any predictions about them.

Occurrences Per \$1 Million of Payrolls

The next graph tracked the frequency of claims per \$1 million of payroll. While not always an accurate predictor of claims activity, generally speaking, the lower the frequency rate, the lower the severity.

Frequency has had a steady gradual decline for the past twelve years and that is a very favorable trend. The five-year average from 1998 to 2003 was .82. The current five-year average is down to 0.55. Controlling and reducing frequency is an important aspect of what the JPIA helps its members do.

Loss Reports for the Property Program

Reported Losses Per \$1 Million of Insured Values

Mr. Sells continued with a review of the loss reports for the Property Program. The first graph represented the actual dollars lost for each \$1 million of insured property. As the JPIA currently has \$3.5 billion in insured values, the actual dollar amount appears small.

Losses have generally trended downward since the 2002-03 policy year, which included a \$1 million Boiler and Machinery loss. The Southern California fires in 2003-04 and 2007-08 impacted those years and a hydroelectric plant was damaged in 2006-07, valued at \$1.5 million. The 2007-08 policy year includes the fires in San Diego County and the 2008-09 policy year includes a group of boiler and machinery losses.

Mr. Sells concluded by noting that the total value of insured properties has more than tripled between 1990 and the present.

Occurrences Per \$1 Million of Insured Values

The next graph reviewed represented the actual number of losses for each policy year. The frequency of loss is often an indicator of severity, and that appears to be the case in this Program.

There has been a moderate downward trend in the frequency of claims for the past five years. Trends in the Property Program are hard to project due to the relatively small amount of claims. As always, this Program is designed to provide coverage primarily for large losses.

Loss Reports for the Workers' Compensation Program

Reported Losses Per \$1 Million of Payrolls

Mr. Sells continued his review of loss reports by reviewing those for the Workers' Compensation Program. He noted that the first graph represented reported losses per \$1 million of payrolls. Since the 2000-2001 policy year the JPIA has seen a very favorable trend. These good results suggest that the JPIA is making significant progress.

Legislative changes, such as SB899 which was passed in 2004, are showing very positive results throughout the state of California. The JPIA has benefited from the changes in the law, as well as from our own emphasis on workplace safety. Over the past three years, the JPIA has reduced the premium contribution rates charged to members by more than 50 percent.

The years 1995 through 1997 were fully insured by Cal Comp. They are now bankrupt and the JPIA is no longer able to update the numbers for those years with any confidence. In all probability they are higher than the graphs would suggest, as the results have not been updated for several years. The California Insurance Guaranty Association is handling the remaining claims.

Claims Per \$1 Million of Payrolls

Mr. Sells continued with the graph representing the frequency of claims. For reporting purposes, the graph showed frequency as the number of claims per \$1 million of payroll. He added that the number of employees in the Program has increased and yet the number of losses has been reduced. Again, credit goes to the members.

Since 1994, the JPIA has made steady progress in reducing frequency. This is a very favorable trend. Frequency is usually a good predictor of future severity. That is, when there are fewer claims, the claims that do occur are usually less severe.

The JPIA's training for the last several years has focused heavily on workplace safety and management training. The result for all three Programs suggests that it is the right emphasis.

The full impact of legislative changes appears to be very favorable. The initial results look very good; however, proposed changes to the law may dampen the positive trends, and the benefits gained may begin to level off or even reverse.

Review of Procedures for Securing Reinsurance Coverages

Vice President Finnegan read a note President Bannister had sent to be read in his absence. In closing, he stated that if the Board found it necessary to make a motion, he would ask that it read as follows:

“That the Board of Directors continue to endorse the procedure whereby the staff of the JPIA, with approval of the Executive Committee, is responsible for securing the excess and reinsurance needs of the JPIA.”

Mr. Sells stated that the JPIA pays a fee for \$135,000 annually for excess and re-insurance needs.

Mr. Aleshire took the podium. He said that the JPIA does not pursue competition for brokerage services and there is no written contract or consulting agreement. It was his opinion that the same broker has been providing brokerage service to the JPIA since its beginning. He summarized the history of his concerns and noted that he was asking for consideration of the following two motions:

1 - “The Executive Committee and Chief Executive Officer shall take action to conduct a competitive procurement for JPIA broker services and re-visit the competition every five years.”

2 - “The Executive Committee and Chief Executive Officer shall take action to develop a service agreement with the JPIA insurance broker that defines broker responsibilities and total compensation for services rendered. Compensation shall include, but is not limited to, income from fees, commissions, intermediaries, offsets or any other form of compensation for services rendered. The business relationship should be formalized, transparent, and open to the public.”

Discussion followed.

Vice President Finnegan stated that there was a motion on the floor and she reread Mr. Bannister's motion:

"That the Board of Directors continue to endorse the procedure whereby the staff of the JPIA, with approval of the Executive Committee, is responsible for securing the excess and reinsurance needs of the JPIA."

Keith Lewinger asked if the existing motion is to have selection of the broker continue to be done the way it is currently done, so it is silent with regard to second motion?

Mr. Klaff responded that Mr. Bannister's request was to leave things the way they are. The JPIA currently doesn't have a written service agreement, so that's not part of the motion.

Keith Lewinger suggested an amendment to the original motion: Select the same way you currently select, but then enter into a contract, and make that contract public. He proposed the following substitute motion:

M/S (Keith Lewinger, Fallbrook PUD, John Hoagland, Rancho California WD): That the Board of Directors continue to endorse the procedure whereby the staff of the JPIA, with approval of the Executive Committee, is responsible for securing the excess and reinsurance needs of the JPIA. The Executive Committee and Chief Executive Officer shall take action to develop a service agreement with the JPIA insurance broker that defines broker responsibilities and total compensation rendered by the JPIA."

In the discussion that followed, it was noted that the motion does not specify the way things are. Mr. Klaff responded that there's 30 years of history. There's a long history of JPIA's practices in this area.

Vice President Finnegan then called the substitute motion.

M/S/C (Keith Lewinger, Fallbrook PUD, John Hoagland, Rancho California WD) (Majority): That the Board of Directors continue to endorse the procedure whereby the staff of the JPIA, with approval of the Executive Committee, is responsible for securing the excess and reinsurance needs of the JPIA. The Executive Committee and Chief Executive Officer shall take action to develop a service agreement with the JPIA insurance broker that defines broker responsibilities and total compensation rendered by the JPIA.

The Ballot Inspectors presented the results of the run-off ballot to Mr. Klaff. He announced that Tom Cuquet had been re-elected to a three-year term. He thanked all the candidates for running and they received a round of applause from the audience.

Property Program Renewal

Mr. Gilstrap stated that the JPIA's Property Program renewed on April 1, 2009. The reinsurance for the Program also renewed on that date. Federal Insurance, a subsidiary of the Chubb Group, was the incumbent reinsurer. The JPIA's retention for property losses is \$50,000. The machinery breakdown, or boiler and machinery, coverage is fully reinsured by Chubb.

Due to current economic conditions, poor investment returns, and catastrophic losses, the insurance market has begun to harden, particularly for property coverage. Once again, the JPIA's brokers, Mr. Malone and Mr. McNulty of Metro/Risk, Inc., were asked to obtain competitive proposals for the renewal of the Property Program reinsurance coverage.

Chubb's renewal proposal included a 10% increase in the rates charged to the JPIA, but with no change in conditions or coverage. There was greater interest by other carriers than has been seen in recent years. Nonetheless, Chubb's proposal was the most competitive. Acting on the recommendation of the Property Program Subcommittee, the Executive Committee agreed to renew coverage with Chubb.

Even though the cost of the reinsurance is a major component of the Property Program premiums, both the Property Program Subcommittee and the Executive Committee felt the Program was in a strong enough financial condition to absorb the increase in costs without increasing the rates charged to members. In these difficult economic times, that will be of some help to members' budgets.

Proposals were received that would have increased the JPIA's retention from \$50,000 to \$100,000 and more. However, the premium savings were insufficient to warrant taking on the likely increased loss costs.

There were no changes to the Memorandum of Property Coverage (MOPC) at renewal. This year, in an effort to reduce costs of paper, assembly and mailing, the MOPC was only distributed to members as a link to the JPIA's website. The individual members' declarations pages and endorsements were printed and mailed, however, as these are unique to each member.

RISK MANAGEMENT

H.R. LaBounty Safety Award Program

Mr. Sells noted that the format of the Safety Award Program was given approval by the Executive Committee at its April 13, 1999, meeting. The Program has been actively promoted by the JPIA to promote safe workplace behavior. This Program was intended to allow employees to be nominated, recognized and rewarded for proactive safety behavior and action. The Program is ongoing and the Awards are presented at the biannual conferences. Any employee of the members participating in the JPIA's pooled programs may submit nominations.

This Program is announced periodically in the *Risk Control Bulletin* and the *Perspective*. The Program continues to be promoted during risk assessment and training visits by risk management and other JPIA staff.

JPIA staff has selected nominations that demonstrate proactive safety contributions. The Chairpersons of the Executive Committee and Risk Management Subcommittee reviewed the nominations and concurred with presentation of the Awards announced.

Award recipients are listed as follows:

American River FCD

Eric Maculak - \$100
Sean O'Connor - \$100
Ross Kawamura - \$100
Roger Unruh - \$100

Carmichael WD

Ryan Stinson - \$100

Crescenta Valley WD

Dave Spain - \$100
Jim Halaszynski - \$100
Richard Scott - \$100

East Contra Costa ID

Butch Stevens - \$150
John Granado - \$150
Toby LaMunyon - \$150
Ron Allen - \$75
Gary Smith - \$200

Helix WD

Jason Moore - \$200
Matt Yantos - \$100
Terry Hartnett - \$200
Ken Nakamura - \$150

Mesa Consolidated WD

Donald (Drew) Gardner - \$75
Piet Pijl - \$75
Frank Scheafer - \$100
Bob Mitchell - \$100
Tom Neville - \$100

Orange County WD

Glen Arrieta - \$75

Palo Verde ID

Richard Mackey - \$150

Rancho California WD

Chris Lopez - \$200
David Holguin - \$200

Sacramento Suburban WD

Todd Artrip - \$100
Dan York - \$50

Tahoe City PUD

Ralph Turner - \$100

Western MWD

William (Bill) Brighton - \$100
Valmore Thomas - \$100
James Boucher - \$150

OTHER BUSINESS

Pending Lawsuits Directly Involving the JPIA

Edward Tiedemann, JPIA Legal Counsel, was pleased to announce that there were no lawsuits to report on at this time.

Open Discussion

Vice President Finnegan called for any open discussion. No comments were made.

Mr. Klaff announced that there was a photographer on hand to take pictures for the 30th anniversary and all Directors present were asked to follow the direction of the photographer.

Board of Directors' Reception

Vice President Finnegan announced that the Board of Directors' reception would follow in the Grand Nave Foyer. She thanked the sponsors for their support. This year's sponsors were Kronick, Moskovitz, Tiedemann & Girard; William G. Malone and Michael McNulty of Metro/Risk, Inc.; Law Offices of Robert Gokoo; Greenfield Hardy Law Firm; Barber & Bauermeister; and Occu-Med.

The Board of Directors' meeting adjourned at 5:15 p.m.

JOAN FINNEGAN, VICE PRESIDENT

ATTEST:

DANIEL N. KLAFF, SECRETARY

LIST OF ATTENDEES

Directors in Attendance

<u>District</u>	<u>Name</u>
Alta ID	Norman B. Waldner
Amador WA	Terence Moore
Antelope Valley State Water Contractors	Linda Godin
Antelope Valley-East Kern WA	Andy D. Rutledge
Bella Vista WD	Jeff O. Steppat
Cachuma O&M Board	Robert Lieberknecht
Calaveras CWD	Bertha E. Underhill
Calleguas MWD	Donald G. Hauser
Carmichael WD	Sanford Kozlen
Carpinteria Valley WD	Frederick Lemere
Castaic Lake WA	E. G. "Jerry" Gladbach
Centerville CSD	Larry Whitehead
Central California ID	Ann Wieser
Central Coast WA	Frederick Lemere
Central WD	Christy Leach Marani
Citrus Heights WD	Joseph Dion
Crestline Village WD	C. N. "Bud" McGehee
Cucamonga Valley WD	Kathy Tiegs
Del Paso Manor WD	Michael Clohossey
El Toro WD	Ted F. Martin
Elsinore Valley MWD	Phil Williams
Feather WD	Dennis Serger
Fresno ID	George Porter
Fresno Metropolitan FCD	Mike Rastegar
Friant PA	Carl Janzen
Georgetown Divide PUD	Bob Diekon
Goleta WD	Jack F. Cunningham
Helix WD	Charles Muse
Hi-Desert WD	Roger Mayes
Humboldt CSD	Kevin McKenny
Kern County WA	Terry Rogers
Kings River CD	Norman Waldner
Madera ID	Carl Janzen
Madera-Chowchilla W&PA	Carl Janzen
Merced ID	Timothy Pellissier
Mesa Consolidated WD	Fred Bockmiller
Mission Springs WD	Mary Gibson
MWD of Orange County	Joan Finnegan
Orange Cove ID	H. A. Collin, III
Orchard Dale WD	Robert J. Noonan
Palm Ranch ID	Wayne D. Nygaard
Palmdale WD	Richard Wells

Directors in Attendance continued

<u>District</u>	<u>Name</u>
Paradise ID	Kenneth Hunt
Purissima Hills WD	Ernest Solomon
Rancho California WD	John E. Hoagland
Richvale ID	Gene Harris
Rincon Del Diablo MWD	David A. Drake
Rio Alto WD	Max Richman
San Benito CWD	Frank Bettencourt
San Bernardino Valley WCD	Melody McDonald
San Gabriel Basin Water QA	Bob Kuhn
San Geronio Pass WA	John Jeter
San Juan WD	Kenneth Miller
San Luis & Delta-Mendota WA	William Pucheu
Santa Fe ID	Michael Bardin
Scotts Valley WD	David Hodgins
Semitropic WSD	Ted R. Page
Sierra Lakes CWD	Ulrich Luscher
South Montebello ID	Robert E. Brown
South Sutter WD	Thomas A. Cuquet
Stockton East WD	Thomas McGurk
Sweetwater Authority	Margaret Welsh
Tahoe City PUD	Lou Reinkens
Tehachapi-Cummings CWD	Jonathon Hall
Tulare Lake Basin WSD	Frank Apgar
Twentynine Palms WD	Philip Cisneros
Upper San Gabriel Valley MWD	Alfonso Contreras
Vallecitos WD	Trish Hannan
Valley Center MWD	Merle J. Aleshire
Vista ID	Paul Dorey
West Basin MWD	Ronald C. Smith
Yolo County Flood Control & WCD	Erik A. Vink
Yorba Linda WD	William R. Mills
Yuima MWD	W.D. "Bill" Knutson

Alternate Directors in Attendance

<u>District</u>	<u>Name</u>
Antelope Valley-East Kern WA	Russell Fuller
Arvin-Edison WSD	David A. Nixon
Bolinas Community PUD	Jennifer Blackman
Browns Valley ID	Walter Cotter
Byron-Bethany ID	Rick Gilmore
Del Paso Manor WD	Richard Allen
East Contra Costa ID	Patricia A. Corey
El Dorado ID	Bill George

Alternate Directors in Attendance continued

<u>District</u>	<u>Name</u>
Fallbrook PUD	Keith Lewinger
Feather WD	Francis K. Silva
Forestville WD	Wm. Massey
Glenn-Colusa ID	Dennis Michum
Glide WD	Michael Alves
Golden Hills CSD	Eldwin Kennedy
Kanawha WD	Michael Alves
La Habra Heights CWD	Michael Gualtieri
Pacheco WD	Julie Cascia
Panoche Drainage D	Julie Cascia
Panoche WD	Julie Cascia
Pico WD	Rick Mercado, Sr.
Purissima Hills WD	Robert N. Anderson
Rowland WD	Ken Deck
San Dieguito WD	Jace Schwarm
San Luis & Delta-Mendota WD	Sally Keck
San Luis WD	Kay Berman
Scotts Valley WD	William Kassis
Solano ID	Steve Curnow
South Coast WD	Betty Burnett
Suisun-Solano WA	Steven D. Curnow
Three Valleys MWD	Bob Kuhn
Valley Center MWD	William Jeffrey
Walnut Valley WD	Edwin Hilden
Westborough WD	Perry Bautista
Wheeler Ridge-Maricopa WSD	Mark Gardner

Others in Attendance

<u>District/Association</u>	<u>Name</u>	<u>Title</u>
ACWA	Glenn Peterson	ACWA President
ACWA	Paul Kelley	ACWA Vice President
ACWA	Barbara Duggen	Director of Member Benefits
Antelope Valley State Water Contractors	Curtis Paxton	General Manager
Cal Rural Water Assn.	Dusti Hardwick	Director of Resource Dev.
Central Basin MWD	Dan Lam	HR Manager
Kronick, Moskovitz, Tiedemann & Girard	Robin Stewart	JPIA Legal Counsel
Kronick, Moskovitz, Tiedemann & Girard	E. J. Tiedemann	JPIA Legal Counsel
Metro/Risk, Inc.	Michael McNulty	JPIA Insurance Broker
Palmdale WD	Curtis Paxton	Assistant General Manager
Pico WD	Tony Martinez	Board Vice President
Rancho CA WD	Dave Morrison	Safety Officer
Rincon del Diablo	Ray Bosch	Board of Directors
Rincon del Diablo	Mitch Dion	General Manager
San Bernardino Valley WCD	John Longville	Director
Vista ID	Eldon Boone	Asst. Gen. Manager/Treasurer

Staff In Attendance

Name

Daniel N. Klaff
Walter "Andy" Sells
Melanie Bickford
Ginny Bolan
Dick Damon
David deBernardi
Monica Duff
John Gilstrap
John Haaf
Erik Kowalewski
Debbie Kyburz
Sylvia Robinson
Dianne Salvador
Nancy Shaffer
Patricia Slaven
Nancy Stangel
Dianna Sutton
Tandra Vaughan
Chuck Wagenseller
Jeanette Waterstradt
Nidia Watkins
Bobbette Wells
R. Scott Wood
Cece Wuchter
Chris Young

Title

Chief Executive Officer
Chief Financial & Operations Officer
Office Assistant
Administrative Assistant II
Liability/Property Claims Manager
Director of Finance
Workers' Compensation Adjuster
Director of Member Services
Sr. Risk Management Consultant
Systems/Network Administrator
Member Services Representative II
Conference & Publications Coordinator
Workers' Comp Claims Manager
Sr. Workers' Comp Examiner
Training Specialist
Director of Administration
Accounting Manager
Sr. Workers' Compensation Examiner
Cost Estimator
Executive Assistant to the CEO
Member Services Representative II
Administrative Assistant II
Risk Management Consultant
Sr. Claims Examiner
Administrative Assistant II