

ACWA/JOINT POWERS INSURANCE AUTHORITY

Unapproved 5/18/09
Approved 7/17/09

EXECUTIVE COMMITTEE MEETING

ACWA/Joint Powers Insurance Authority
Sheraton Grand Hotel, Camellia Room
Sacramento, CA 95814

Monday, May 18, 2009

MEMBERS PRESENT

Vice Chair: Joan C. Finnegan, Municipal Water District of Orange County
Merle Aleshire, Valley Center Municipal Water District
Tom Cuquet, South Sutter Water District
Joe Dion, Citrus Heights Water District
Mary Gibson, Mission Springs Water District
E. G. "Jerry" Gladbach, Castaic Lake Water Agency
Paul Kelley, ACWA Vice President
W. D. "Bill" Knutson, Yuima Municipal Water District
Lou Reinkens, Tahoe City Public Utility District

MEMBERS ABSENT

Chairman: Wes Bannister, Orange County Water District (Excused)

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
Chief Financial & Operations Officer: Walter "Andy" Sells
Dick Damon, Liability/Property Claims Manager
David deBernardi, Director of Finance
John Gilstrap, Director of Member Services
John Haaf, Sr. Risk Management Consultant
Debbie Kyburz, Member Services Representative II
Sylvia Robinson, Publications & Web Editor
Dianne Salvador, Workers' Compensation Claims Manager
Patricia Slaven, Training Specialist
Nancy Stangel, Director of Administration
Dianna Sutton, Accounting Manager
Chuck Wagenseller, Cost Estimator
Jeanette Waterstradt, Executive Assistant to the CEO
Nidia Watkins, Member Services Representative II
Bobbette Wells, Administrative Assistant II
R. Scott Wood, Risk Management Consultant

OTHERS PRESENT

See List of Attendees.

WELCOME AND INTRODUCTION OF GUESTS

Vice Chair Finnegan called the meeting to order at 10:15 a.m. and welcomed everyone to Sacramento. She introduced the Executive Committee members and also recognized Edward J. Tiedemann and Robin Stewart, JPIA Legal Counsel of Kronick, Moskovitz, Tiedemann & Girard, and Michael McNulty of Metro/Risk, Inc., the JPIA's insurance broker. She added that Chairman Bannister would not be available for this meeting because of health reasons.

Vice Chair Finnegan further noted that, as the agenda stated, members of the public would be allowed to address the Executive Committee on any agenda item prior to the Committee's decision on that item. Comments on any issues which may or may not be on the agenda were also welcome.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

None were noted.

CONSENT CALENDAR

Vice Chair Finnegan called for approval of the Consent Calendar. Mr. Klaff added that this includes an excused absence for Chairman Bannister.

M/S/C (Gladbach/Cuquet) (Yes – 8, No – 0): That the Executive Committee approve the minutes of the March 19-20, 2009, Executive Committee meetings as presented; approve the ACH & Wire Disbursements of March 10 – 23, March 24 – April 7, and April 8 – 22, 2009; approve the claims warrants of March 10 – 23, March 24 – April 7, and April 8 – 22, 2009; approve the regular warrants of March 31, April 15, and April 30, 2009; approve the payroll warrants of March 27, April 10, and May 8, 2009; approve the recreational activities of Borrego Water District; and approved an excused absence for Chairman Bannister.

ADMINISTRATION

Meetings Attended on Behalf of the JPIA

Vice Chair Finnegan asked if any of the Executive Committee members had attended meetings on behalf of the JPIA. She noted that she would be attending the ACWA Board meeting on May 28, 2009.

Availability for Upcoming Meetings

Vice Chair Finnegan stated that the Executive Committee Strategic Planning Session is scheduled for June 18-19, 2009, and the next meeting is scheduled for July 24, 2009. Vice Chair Finnegan noted a conflict for the Strategic Planning Session. No other conflicts were noted.

FINANCE

CalPERS Side Fund

Mr. deBernardi stated that the JPIA participates in the CalPERS defined benefit plan. Each year the JPIA must pay an actuarially-determined contribution rate to fund this

plan. The rate includes an amount to pay down an established Side Fund amortized over several years (currently twelve years left). This Fund was created years ago based on options selected by the JPIA. CalPERS was contacted to determine the dollar amount needed to pay off the remaining portion of ACWA/JPIA's obligation to the Fund. On the assumption payment is received in June 2009, CalPERS indicated that \$462,000 is the amount necessary.

Under the current amortization schedule, the additional amount added to the contribution rate is 1.826% of payroll. The JPIA's projected payroll for fiscal year end 2010 is \$2,975,000. Assuming a 3% payroll increase over each of the next twelve years, staff estimates that the JPIA would pay \$771,000 to pay off the Side Fund obligation over that time. The present value of those payments (assuming a 2% rate of return) is \$675,000.

Staff recommends approval to pay off the Side Fund for \$462,000 in June 2009 since this is significantly less than the present value of what it would cost to pay it off over twelve years – i.e., \$675,000. Paying off the Fund in June 2009 provides the JPIA an estimated savings of \$213,000.

M/S/C (Dion/Reinkens) (Yes – 8, No – 0): That the Executive Committee approve staff recommendation to pay off the CalPERS Side Fund for \$462,000 in June 2009.

POOLED PROGRAMS

Recommendations of the Workers' Compensation Program Subcommittee

Mr. Knutson, Chair of the Workers' Compensation Program Subcommittee, reported on the recommendations of the Subcommittee from its meeting held earlier in the day. The Subcommittee had reviewed the excess insurance renewal proposals. It was the Subcommittee's recommendation to accept the proposal from ARCH Insurance for the renewal effective July 1, 2009; to make no change in rates charged to members; and to make contributions to the Self-Insured Excess Fund and Catastrophic Reserve Fund, effective July 1, 2009.

M/S/C (Cuquet/Gibson) (Yes – 8, No – 0): That the Executive Committee approve the Subcommittee's recommendation to accept the proposal from ARCH Insurance Company for the renewal of the excess coverage, effective July 1, 2009, including the two-year rate guarantee; to make no change in rates charged to members; and to make contributions to the Self-Insured Excess Fund and Catastrophic Reserve Fund, effective July 1, 2009.

MEMBERSHIP

Joshua Basin Water District

Ms. Kyburz, JPIA Member Services Representative II, reviewed the application of Joshua Basin Water District (JBWD) for participation in the JPIA's Liability, Property, and Workers' Compensation Programs. The District was formed in 1963 and joined ACWA in 1983.

JBWD was formed as a public agency in 1963 when the District purchased and combined several small existing water systems. JBWD services the unincorporated area of Joshua Tree, between Yucca Valley, Twentynine Palms, Joshua Tree National Park, and the Twentynine Palms Marine Corps Base. It retails nearly 1.5 million gallons of groundwater to approximately 5,500 connections throughout its 96-square mile service area. The District's water supply comes directly from two local groundwater basins and is minimally treated with liquid chlorine at well sites. JBWD is in the process of implementing a groundwater recharge system that will be supplemented with water from the State Water Project.

District operations are managed by a general manager who is appointed by the Board of Directors. The District employs 25 staff members with six individuals in management, thirteen in the field, and six in the office. The safety officer is a part-time position. The District has an interim director of operations and is currently recruiting for the position. A Memorandum of Understanding covers field and office staff.

The Risk Management assessment resulted in six recommendations. Ms. Kyburz noted that the District is already implementing several of the recommendations. It is staff recommendation that Joshua Basin Water District be accepted into the Liability, Property, and Workers' Compensation Programs, subject to the completion of, or concurrence with, the risk management recommendations. Ms. Kyburz added that Susan Greer from JBWD is in attendance at this meeting.

M/S/C (Gladbach/Knutson) (Yes – 8, No – 0): That the Executive Committee approve the application of Joshua Basin Water District for participation in the JPIA's Liability, Property, and Workers' Compensation Programs, subject to the completion of, or concurrence with, the risk management recommendations.

Madera Irrigation District

Ms. Watkins, JPIA Member Services Representative II, reviewed the application of Madera Irrigation District (MID) for participation in the JPIA's Workers' Compensation Program. The District was formed in 1920, joined ACWA in 1962, and became a member of the JPIA's Liability and Property Programs in 1989. The multi-program discount would save the District \$389 for the Property Program and \$2,235 for the Liability Program.

MID has approximately 40 full-time employees; the majority of the employees participate in a collective bargaining unit, but they are not union.

Ms. Watkins noted that a previous workers' compensation risk assessment had resulted in numerous recommendations, particularly for programmatic improvements. The District has made remarkable progress in completing the Workers' Compensation recommendations, mainly by the efforts of the new management shaping the safety culture. They have been very focused on improving training for all their employees.

They have also been on a service plan and on a workers' compensation assistance program with the JPIA.

The Risk Management assessment resulted in twelve recommendations. Ms. Watkins added that Paul Jansen, board member, is in attendance at this meeting.

It is staff's recommendation that the Executive Committee approve the application of Madera Irrigation District for participation in the JPIA's Workers' Compensation Program, subject to the completion of, or concurrence with, the risk management recommendations.

M/S/C (Knutson/Kelley) (Yes – 8, No – 0): That the Executive Committee approve the application of Madera Irrigation District for participation in the JPIA's Workers' Compensation Program, subject to the completion of, or concurrence with, the risk management recommendations.

FUTURE AGENDA ITEMS

Vice Chair Finnegan called for future agenda items from the Executive Committee. None were noted.

At approximately 10:40 a.m. the Executive Committee, upon advice of counsel adjourned to closed session pursuant to Government Code Section 54956.95 to discuss liability claims in Nichols et al vs. Solano Irrigation District.

The Committee returned to open session at approximately 10:45 a.m. and reported that it had given staff authority to accept the plaintiff's offer to settle the case for \$115,000.

The Executive Committee meeting adjourned at 11:48 a.m.

JOAN FINNEGAN, VICE CHAIR

ATTEST:

DANIEL N. KLAFF, SECRETARY

List of Attendees

<u>District</u>	<u>Name</u>	<u>Title</u>
ACWA	Barbara Duggen	Director of Member Benefits
ACWA	Jan Jennings	Director of Administration
Antelope Valley-East Kern WA	Linda Godin	Director
Antelope Valley-East Kern WA	Russell E. Fuller	Alternate Director
Antelope Valley-East Kern WA	Andy Rutledge	Director
Bolinas Community PUD	Jennifer Blackman	General Manager
Calaveras CWD	Bertha E. Underhill	Director
Calleguas MWD	Don Hauser	Director
Carmichael WD	Sanford Kozlen	Director
Centerville CSD	Larry Whitehead	Director
Central WD	Christi Marani-Leach	Director
Crestline Village WD	C.N. "Bud" McGehee	Director
Cucamonga Valley WD	Kathy Tiegs	Director
Elsinore Valley MWD	Phil Williams	Director
Goleta WD	Jack Cunningham	Director
Helix WD	Charles Muse	Director
Hi-Desert WD	Roger Mayes	Director
Humboldt CSD	Kevin McKenny	Director
Joshua Basin WD	Susan Greer	Asst. General Manager
Kern County WA	Terry Rogers	Director
Kronick, Moskovitz, Tiedemann & Girard	Robin Leslie Stewart	Legal Counsel
Kronick, Moskovitz, Tiedemann & Girard	Ed J. Tiedemann	Legal Counsel
Madera ID	Carl Janzen	Director
Madera-Chowchilla W&PA	Carl Janzen	Director
Mesa Consolidated WD	Fred Bockmiller	Director
Metro/Risk, Inc.	Michael McNulty	Insurance Broker
Orchard Dale WD	Robert J. Noonan	Director
Palm Ranch ID	Wayne D. Nygaard	Director
Palmdale WD	Curtis Paxton	Asst. General Manager
Paradise ID	George Barber	District Manager
Paradise ID	Ken Hunt	Board Member
Purissima Hills WD	Ernest Solomon	Director
Rancho CA WD	John Hoagland	Director
Rancho CA WD	Dave Morrison	Safety Officer
Rincon Del Diablo MWD	Mitch Dion	General Manager
Rio Alto WD	Max Richman	Director
San Benito CWD	Frank Bettencourt	Director
San Bernardino Valley WCD	Melody McDonald	Director
San Bernardino Valley WCD	Claud Seal	Asst. General Manager
San Dieguito WD	Jace Schwarm	Alternate Director
San Gabriel Basin WQA	Bob Kuhn	Director
San Geronio Pass WA	John Jeter	Director
Scotts Valley WD	Dave Hodgkin	Director

<u>District</u>	<u>Name</u>	<u>Title</u>
Scotts Valley WD	William A. Kassis	Alternate Director
Sierra Lakes CWD	Ulrich Luscher	Director
Solano ID	Steven Curnow	Alternate Director
Suisun Solano WA	Steven Curnow	Alternate Director
Sweetwater Authority	Margaret Welsh	Director
Three Valleys MWD	Bob Kuhn	Alternate
Tulare Lake Basin WSD	Frank Apcar	Director
Twentynine Palms WD	Phil Cisneros	Director/President
Upper San Gabriel Valley MWD	Al Contreras	District President
Valley Center MWD	Bill Jeffrey	Alternate Director
Vista ID	Eldon Boone	JPIA Auditor/Controller
Vista ID	Paul Dorey	Director
Walnut Valley WD	Edwin Hilden	Director
Walnut Valley WD	Edwin Layton	Past JPIA President
Wheeler Ridge-Maricopa WSD	Mark Gardner	Alternate Director
	Joe Adams	Visitor
	Cathy Clark	Visitor