

ACWA/JOINT POWERS INSURANCE AUTHORITY

Unapproved 09/30/09

Approved 11/30/09

EXECUTIVE COMMITTEE MEETING

ACWA/Joint Powers Insurance Authority
5620 Birdcage Street, Suite 110
Citrus Heights, CA 95610
(800) 231-5742

September 30, 2009

MEMBERS PRESENT

Vice Chair: Joan C. Finnegan, Municipal Water District of Orange County
Merle Aleshire, Valley Center Municipal Water District
E. G. "Jerry" Gladbach, Castaic Lake Water Agency
W. D. "Bill" Knutson, Yuima Municipal Water District (Departed 11:20 a.m.)
Melody McDonald, San Bernardino Valley Water Conservation District (Departed 11:20 a.m.)
Lou Reinkens, Tahoe City Public Utility District

MEMBERS ABSENT

Chairman: Wes Bannister, Orange County Water District (Excused)
Tom Cuquet, South Sutter Water District (Excused)
Joseph Dion, Citrus Heights Water District (Excused)
Paul Kelley, ACWA Vice President (Excused)

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
Chief Financial & Operations Officer: Walter "Andy" Sells
David deBernardi, Director of Finance
John Gilstrap, Director of Member Services
Nancy Stangel, Director of Administration
Jeanette Waterstradt, Executive Assistant to the CEO
Nidia Watkins, Member Services Rep. II (Departed 8:45 a.m.)

OTHERS PRESENT

Eldon Boone, Vista Irrigation District, ACWA/JPIA Auditor/Controller
Barbara Duggen, ACWA Benefits Administrator
Michael Sharp, Kirkwood Meadows Public Utility District, Assistant General Manager
(Departed 8:45 a.m.)
Robin Stewart, Kronick, Moskovitz, Tiedemann & Girard, JPIA Legal Counsel

WELCOME

Vice Chair Finnegan called the meeting to order at 8:35 a.m. and announced that a quorum was present. She recognized Barbara Duggen of ACWA and Michael Sharp of Kirkwood Meadows Public Utility District and welcomed everyone in attendance. She 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

Mr. Klaff requested the addition of the Significant Claims Report and a closed session item under Government Code section 54956.95 to discuss the liability claim of Finkenkeller vs. South Feather Water and Power Agency. These items arose subsequent to posting of the agenda for this meeting and require immediate action.

M/S/C (McDonald/Gladbach) (Yes – 6, No – 0): That the Executive Committee approve the agenda with the additions of the Significant Claims Report and a closed session item of Finkenkeller vs. South Feather Water and Power Agency.

CONSENT CALENDAR

Vice Chair Finnegan called for approval of the Consent Calendar.

M/S/C (Knutson/McDonald) (Yes – 6, No – 0): That the Executive Committee approve the minutes of the August 13, 2009, Executive Committee meeting as presented; approve the claims warrants of July 23 – August 6, August 7 – 25, and August 26 – September 8, 2009; approve the ACH & Wire Disbursements of July 21 – August 6, August 14 – 20, and August 20 – September 8, 2009; approve the payroll warrants of August 14, August 28, and September 11, 2009; approve the regular warrants of August 14, August 31, and September 15, 2009; approve the RPA and CAT Fund Refunds of August 21, 2009; approve the Petty Cash Disbursements; and approve an excused absence for Wes Bannister, Tom Cuquet, Joe Dion, and Paul Kelley.

Vice Chair Finnegan announced that items would be addressed as needed outside of the sequence of the agenda. As Mr. Sharp was present to represent Kirkwood Meadows Public Utility District, the District's application to become part of the Workers' Compensation Program would be the first matter addressed.

MEMBERSHIP

Kirkwood Meadows Public Utility District

Ms. Watkins reviewed the application of Kirkwood Meadows Public Utility District (PUD) for participation in the JPIA's Workers' Compensation Program. Kirkwood Meadows PUD was formed in 1985, joined ACWA in 1986, and became a member of the JPIA's Liability and Property Programs in 1986. The District has a total of 36 employees.

The March 2009 experience modification factor is 1.10%. By joining the Workers' Compensation Program, the District will save an additional \$906 on its Liability Program deposit premium, and \$456 on its Property Program deposit premium.

Following the risk management assessment, Ms. Watkins noted that there were three risk management recommendations; implementation of, or an acceptable action plan for, the risk management recommendations would be required prior to participation in the JPIA's Workers' Compensation Program. Staff recommendation was for approval subject to completion of the recommendations.

M/S/C (Aleshire/McDonald (Yes – 6, No – 0): That the Executive Committee approve the application of Kirkwood Meadows Public Utility District for participation in the JPIA's Workers' Compensation Program pending implementation of, or an acceptable action plan for, the risk management recommendations.

ADMINISTRATION

Recommendations of the Personnel Advisory Committee

Mr. Klaff reviewed the actions of the Personnel Advisory Committee from its meeting of September 29, 2009. He noted that the Committee had discussed the staffing status and activities. A request was made to add an agenda item to future Personnel Advisory Committee meeting agendas, for discussion on succession planning.

Next, the Committee had reviewed the Goals and Objectives for the 2009/2010 year. The following had been approved:

1. Complete Building purchase and move to new facility;
2. Review and develop growth options to include current JPIA members, current ACWA members, and potential ACWA members;
3. Refine relationship with ACWA; and
4. Develop and deliver special Executive Committee workshop on pricing and reserves.

Mr. Klaff then added that the Committee recommended approval of the budget approved by the Board of Directors, which included a 3% increase amount for staff salary and incentive awards, for disbursement to staff as determined by the CEO.

M/S/C (Yes – 3, Gladbach, Knutson, McDonald; No – 3, Aleshire, Finnegan, Reinkens): That the Executive Committee approve the budget that was approved by the Board of Directors on May 18, 2009, which included a 3% increase amount for staff salary and incentive awards, for disbursement to staff as determined by the CEO.

Discussion followed. Legal counsel was asked how this tie vote affects the recommendation. Ms. Stewart noted that she believes the tie is the equivalent of no action, therefore what the Board approved stands. She will research the matter and inform Mr. Klaff of her findings.

At approximately 9:10 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 Monteville Retirement Community vs. Scotts Valley Water District and Finken Keller vs. South Feather Water and Power Agency; and pursuant to Government Code Section 54957 (Personnel Matters) and Government Code Section 54957.6 (Conference with Labor Negotiators).

The Committee returned to Open Session at 10:50 a.m., with no reportable action from Closed Session.

CEO's Evaluation and Compensation Package

Upon return to Open Session, the Executive Committee discussed the CEO's performance evaluation.

M/S/C (McDonald/Gladbach) (Yes – 4; No – 2, Aleshire, Finnegan): That the Executive Committee approve an increase to the CEO in the amount of 3% of his base salary.

ADMINISTRATION

Strategic Planning Session Items

Ms. Stangel reported that the JPIA Executive Committee had held its Strategic Planning meeting on August 13 and 14, 2009, in Irvine, California. The meeting provided some follow-up items that included a review of "Ground Rules" and "Action Items".

The Executive Committee had reviewed the information provided, discussed the content, and approved final procedures.

Mr. Sells then noted that, in line with the Goals and Objectives, he distributed some information on the Strategic Growth Model which included procedures on contacting potential members. He had a list of ACWA members that were currently not members of the JPIA. A sample brochure had been designed in-house and would be mailed to the potential member Districts pointing out the additional benefits of being a JPIA member, such as the Human Resources benefits, Training and Development programs, Member Services and Risk Management assistance, and the experienced in-house claims services.

FINANCE

Recommendations of the Finance & Audit Committee

Mr. Boone, Chair of the Finance & Audit Committee, reported on the recommendations made by the Committee at its meeting on September 29, 2009. There were only two recommendations, both regarding benchmarks.

For the short term portfolio, the Finance & Audit Committee recommended using a six-month rolling U.S. Treasury average as the benchmark.

M/S/C (Gladbach/McDonald) (Yes – 6, No – 0): That the Executive Committee approve using a six-month rolling U.S. Treasury average as the benchmark for the short term portfolio.

For the long term portfolio, the Finance & Audit Committee recommended using the Merrill Lynch 1-5 year Government Index as the benchmark.

M/S/C (Reinkens/Gladbach) (Yes – 6, No – 0): That the Executive Committee approve using the Merrill Lynch 1-5 year Government Index as the benchmark for the long term portfolio.

Executive Committee Member Attendance, Approved List

At the last Executive Committee meeting on August 13, 2009, a discussion was held regarding Executive Committee member attendance at various events representing the JPIA and how approval for such attendance should be handled. Staff was asked to bring back a list of events that would be approved by the Committee to allow Committee members to attend these events without prior approval. It was agreed that anything not on the list would need approval either by the Committee (time permitting) or by the Chair.

Following a brief discussion, the Committee approved staff's list of regular events that may be appropriate for Executive Committee attendance and included those listed under "other possible events." The approved events are as follows:

- **CAJPA Conference**
- **PRIMA Conference**
- **PARMA Conference**
- **AGRIP Conference**
- **California JPIA Conference**
- **Member Board presentations**
- **Training classes**
- **Special District training**

M/S/C (Gladbach/McDonald) (Yes – 6, No – 0): That the Executive Committee approve the foregoing list of regular events for Executive Committee member attendance as representative of the JPIA.

Mr. Knutson and Ms. McDonald left the meeting at 11:20 a.m.

Report on Meetings Attended on Behalf of the JPIA

Vice Chair Finnegan announced that she had, along with Mr. Aleshire, Mr. Gladbach, and Mr. Klaff, attended the Mission Springs Water District's meeting on September 17, 2009, and had presented the JPIA Resolution to Mary Gibson for her service to the JPIA. Ms. Gibson had been totally surprised and greatly appreciated the thoughtfulness of the JPIA and the Executive Committee in this recognition.

Availability for Upcoming Meetings

Vice Chair Finnegan announced that the next Executive Committee meeting will be at the ACWA/JPIA Conference to be held at the Town & Country Resort & Convention Center in San Diego on November 30, 2009. No conflicts were noted.

Proposed Calendar of Meeting Dates

Mr. Klaff stated that he would work with Ms. Waterstradt to set the meeting dates for 2010 with as little conflict as possible, with the scheduled conflicts that had been noted by the Executive Committee members.

BUILDING AND PROPERTY COMMITTEE

Mr. Gladbach, Chair of the Committee, briefly noted that plans continue to go forward. Escrow opened August 27 and is expected to close on or before November 25, 2009.

The building inspection is being completed. The Executive Committee had toured the building the previous evening. Staff had contacted Mr. Oshima of ANOVA Architects to do the preliminary space drawings and had asked him to prepare architectural renderings for presentation. Otto Construction is preparing a written report on the electrical systems, mechanical, roof, and structure. Mr. Gladbach noted that he would keep the Committee informed.

POOLED PROGRAMS

Crisis Management

Information had been included in the packet as an informational item only; no action was necessary.

BYLAWS AND OTHER GOVERNING DOCUMENTS

The last revision of the JPIA Bylaws was May 2006 and several areas have been identified that are ripe for discussion and possibly for revision.

Ms. Stewart, JPIA legal counsel, stated that the Bylaws were on her desk and that she would review them and have them ready for presentation at the January meeting. She will also review other governing documents to determine whether there is any need to consider possible updates or revisions.

MISCELLANEOUS

Future Agenda Items

Vice Chair Finnegan asked the Committee members for any future agenda items. There was a brief discussion on adding an agenda item on a CEO report; however, it was felt that this was included in the CEO Update which is included with each packet.

Mr. Reinkens added that he wondered what the impacts of the Committee's actions are on staff. Vice Chair Finnegan directed each Manager to return to his/her Department and let their staff know that they are appreciated and that the Executive Committee recognizes the efforts put forth by each of them.

The Executive Committee meeting adjourned at 11:50 a.m.

JOAN FINNEGAN, VICE CHAIR

ATTEST:

DANIEL N. KLAFF, SECRETARY